Brightbay
Real Estate Partners

Annual Report and Financial Statements

Period ended 31 December 2022

Registration number: 010534V
TISE share code: RDIREI

Brightbay Real Estate Partners Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2022

Contents

Company Information

Directors	N Chadwick S J Oakenfull M Parrott T M Tolley
Company secretary	T Savides
Registered number	010534V
Registered office	2nd Floor St Mary's Court 20 Hill Street Douglas Isle of Man IM11EU
Independent Auditors	KPMG LLP 15 Canada Square London E14 5GL

Strategic Report

For the year ended 31 December 2022

Introduction

The Directors present their Strategic Report for Brightbay Real Estate Partners Limited ("Brightbay", the "Group" or the "Company") for the year ended 31 December 2022.

Brightbay was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 1111908C) and was re-registered under the Isle of Man Companies Act 2006 on 3 December 2013 (Registered Number: 010534V). On 4 December 2013, the Company converted to a UK REIT and transferred its tax residence from the Isle of Man to the United Kingdom ("UK"). The Company held a primary listing on the LSE and a secondary listing on the JSE until 6 May 2021 and 7 May 2021 respectively. Following the conclusion of a take-private transaction (the "Transaction") on 4 May 2021, the Company applied for listing on The International Stock Exchange, Guernsey, which was approved and became effective on 5 May 2021.

During the period ended December 2021, Brightbay changed its accounting reference date from 31 August to 31 December in order to align its financial calendar to the date used by the funds managed by Starwood Capital Group under which Brightbay ultimately sits. All references to 31 December 2021 therefore refer to the sixteen months ended 31 December 2021, or the date, as the context requires.

Brightbay's principal activity is investment in commercial property.

Business review

2022 was certainly a year of two halves. The strength of the investment market in the first half of the year gave way to significant political and macro-economic uncertainty. A sharp increase in the interest rate environment and a tightening of capital markets led to a rapid increase in property yields. Almost all sectors were impacted with the industrial market experiencing a particularly sharp fall in values given the prevailing low yields in the sector. Fortunately, occupational markets across our key sectors of industrial and hotels remained extremely robust, with hotels in particular seeing headline revenues exceed 2019 levels.

A number of well-timed disposals totalling £194.3 million were completed during the year in line with the Group's strategy of focusing on core assets. The successful disposal of the London Serviced Office portfolio in July was the most significant transaction during the year and benefited from a strong recovery in occupancy and the move to more flexible working practises.

Financial results

A loss after tax for the year of £24.4 million (31 December 2021: profit after tax £88.5 million) was driven by a £65.8 million reduction in the market value of the portfolio. Net operating income for the year of £32.1 million (31 December 2021: £21.8 million) was supported by a significant improvement in the performance of the Hotels portfolio and a reduction in overhead costs.

Dividends for the year of £96.0 million (31 December 2021: £219.0 million) were supported by £86.9 million generated from disposals in the UK and £2.1 million generated from disposal of the Group's final remaining German asset. A net cash outflow of £21.7 million was applied toward the repayment of debt following the sale of secured properties.

The year ended with cash and cash equivalents of £22.1 million (31 December 2021: £37.0 million). Although borrowings were reduced by £93.3 million during the year, lower valuations, primarily in the Commercial portfolio, have led to Group LTV increasing to 48.3 per cent (31 December 2021: 43.8 per cent).

Net assets attributable to the Parent decreased to £300.3 million (31 December 2021: £426.1 million) reflecting a value of 78.7 pence per share (31 December 2021: 111.7 pence per share) on a basic IFRS NAV measure.

Outlook

While there continue to be several macro-economic risks and uncertainties, 2023 has started on a more stable footing. Inflation remains high, but the rate of growth has started to ease. Lower energy costs in particular are starting to feed through to lower inflation readings and interest rates and credit conditions look to have stabilised.

There is emerging evidence of investor confidence returning to the real estate market. The sharp rise in real estate yields experienced in the last quarter of 2022 appears to have peaked with some early evidence of yields firming across sectors benefitting from strong occupational demand and structural support.

ESG remains central to our strategy and capital allocation decisions. We recognise the critical role that real estate plays in global carbon emissions and our responsibility to ensure how we invest and manage is sustainable. We are actively targeting improvements across our portfolio based on data collection, external evaluation and accreditation.

The Brightbay portfolio is now well positioned in core industrial markets and mid-scale and economy hotels focused on the London and Edinburgh markets.

The Board would like to thank its Brightbay colleagues and advisers for their commitment during the year and look forward to 2023 with confidence.

Principal risks and uncertainties
Brightbay acknowledges that it faces a number of risks which could impact the achievement of its strategy.

While it is not possible to identify or anticipate every risk due to the changing business environment, the Group has an established and robust risk management process to manage and mitigate risk. The Group's process for identifying and managing risk is set by the Board. Risks are identified by applying a dual approach, "bottom up" at the operational level having established responsible risk-owners throughout the business and layered with a "top down" or corporate overlay as determined by the Board. Identified risks are then assessed by rating each risk gross and net of mitigating controls. The Board considers emerging risks and uncertainties which may prevent the Group achieving its strategic objectives and the evolution of existing and emerging risks during the year. The Board reviews the risk management plan bi-annually with design, implementation and monitoring being the responsibility of management on a day-to-day basis. Risks, both principal and emerging, are considered in terms of their impact and likelihood from both a financial and reputational perspective.

Principal risks
Although not exhaustive, the principal risks facing the Group are categorised into four broad risk types: Strategic, Financial, Operational and Legal, Regulatory and Human Resources. The nature of the Group's risks has changed considerably, notably by the significant reduction in retail exposure and repositioning of the Group's portfolio through disposals, change in ownership from public to private.

Emerging risks
New and emerging risks identified by management during the risk management process and discussed by the Board included higher rates of inflation impacting finance, property and other direct costs relevant to the Group.

Strategic risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Stephen Oakenfull (CEO)		
Significant business interruption due to terrorist event or cybercrime	• Inability to access or operate properties • Operational interruption and disruption • Significant reduction in footfall • Interruption to key business processes • Injury, sickness or loss of life of occupier, customer, employee or contractor • Loss of key supplier	• Appropriate insurance in place at both a corporate and property level • Maintenance of a comprehensive business continuity plan • Implementation and regular review of corporate cyber security systems • Disaster recovery planning including frequent replication of data and offsite storage • Robust security including CCTV and access controls
Significant business interruption due to a pandemic	• Tenant failures, reduced rental income, covenant defaults and cash flow disruption • Increased refinancing risk and pressure on capital maintenance • Resource constraints and disruption to flow of management information • Injury, sickness or loss of life of occupier, customer, employee or contractor	• Active engagement with and financial assistance to tenants during disruption period • Government support packages and easing of restrictive measures • Temporary suspension or reduction of dividends • Disposal of assets • Deferral of all non-essential capital expenditure • Alternate use or exit strategy for assets and/or units where there are tenant failures or CVAs

Risk	Impact potential	Mitigation factors
Primary responsibility: Stephen Oakenfull (CEO)		
Continuing uncertainty surrounding economic climate and volatility in the global markets.	• Ongoing and heightened economic uncertainty leading to general market dislocation, increased volatility with potential impact on property valuations and delayed strategic decision making of investors, lenders and occupiers	• Close relationships with shareholders and lenders
Lack of engagement with ESG matters renders Group portfolio unattractive to investors.	• Investors and occupiers increasingly value assets with environmental credibility. Failing to ensure the business aligns with these values could impact the Group's ability to meet financial targets	• Use of professional advisers
		• Quarterly ESG reporting
Failure to formulate and execute an appropriate sustainable investment strategy and income returns. This includes but is not limited to gearing levels, diversification, incorrect timing of investment and capital recycling decisions, inadequate consideration of social and environmental impact of investment strategy, resulting in erosion of shareholder value	• Declining asset values and total property return (income and capital), • Declining total shareholder returns	• Regular review of investment strategy • Defined asset appraisal process • Monitoring of macro-economic and property market trends • Flexible and agile decision making • Ongoing dialogue and communication with lenders and brokers
Change in investment strategy of shareholder	• Perceived loss of confidence • Disruption to implementation of strategic objectives	• Close relationships and open dialogue maintained with shareholder

Financial risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Louis Ward (FD)		
Reduction in investor and occupier demand for UK real estate, and accelerated structural changes in consumer and commercial workforce behaviour	• Reduced availability of financing as a result of past or future events • Inability to fund property investments • Increased cost of finance	• Mix of lenders and maturities of facilities • Non-recourse debt structure • Early refinancing of debt and focus on lower leverage capital structure • Regular assessment of market conditions including annual external valuations and monitoring of covenants • Detailed capital planning and forecasting

Financial risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Louis Ward (FD)		
Significant decline in market conditions and exceptional market disruption, increasing the need for liquidity during periods of extended disruption	• Declining valuations and earnings leading to covenant breaches, cash cure requirements and constrained liquidity • Pressure on meeting shareholder business plans	• Ensure sufficient liquidity to meet commitments and plausible stress scenarios • Reduce or temporarily suspend dividends or dispose of assets to ensure sufficient liquidity in the face of heightened market volatility • Negotiation of covenant waivers and payment holidays during disruption periods • Commitment to operational efficiencies and low-cost base
Adverse interest rate movements and inflationary pressures	• Increased cost of borrowing and hedging reducing financial and operational flexibility • Adverse impact on property valuations • Cost inflation impacting profitability of hotel assets	• Interest rate hedging policy providing interest rate protection • Target staggered debt maturities • Early refinancing where economically viable to reduce refinancing risk

Operational risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Adrian Horsburgh (Property Director)		
Failure to anticipate changes in the property cycle or poor trading performance from operational assets	• Reduced investment demand and declining property values • Potential pressure on banking covenants	• Annual external valuation of properties • Diversified portfolio • Active asset management • Regular monitoring of covenants, including scenario modelling • Flexible cost base of operational assets
Inability to support stakeholders during periods of severe market dislocation	• Occupier or supplier failures • Reputational damage	• Where a tenant can demonstrate a need, the provision of assistance to tenants in the form of rent deferrals, rent reductions and rent-free periods and reduced service charge budgets
Reduced occupier demand for space and deferral of decisions, increased supply, or occupier defaults, impacting the ability to buy, develop, manage and sell assets	• Reduced rental income and cash flow • Loss of key tenants • Increased void costs • Declining property values	• Diverse tenant base • Long leases and strong tenant covenants • Open dialogue with tenants and property managers • Review consumer trends • Regular monitoring of tenants at risk • Proactive monitoring of lease expiries and/or breaks to minimise periods of vacancy • Reputable property managers and efficient rent collection procedures

Financial risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: Louis Ward (FD)		
Inappropriate cladding or construction materials	• Increased devastation in case of fire	• Annual fire risk assessment • Comprehensive review of cladding and insulation in place across portfolio and monitoring of compliance with national Health and Safety requirements
Reliance on third-party service providers (asset and property managers, offshore administrators and accountants) due to complex Group structure	• Financial or reputational impact • Operational ineffectiveness • Failure to comply with regulatory requirements in offshore jurisdictions	• Robust service level agreements in place • Appropriate due diligence and tendering process for reputable service providers • Regular engagement and active management of all service providers • Periodic review and formal update of services provided in line with changes in the business. Renewal of service level agreements

Legal, regulatory and human resource risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: All three Executive Directors and Company Secretary		
Health, safety and environmental risk	• Loss or injury to employees, tenants or contractors • Impact on reputation, adverse publicity or financial impact	• Policies in place with audit and risk assessments undertaken • Environmental programme in place • All properties actively managed • Comprehensive tendering process for contractors • Engagement with regulators and health and safety authorities to ensure that ongoing compliance is being adhered to
Stakeholder welfare	• Sickness of employees, tenants or contractors during a pandemic	• Adherence to government guidelines across portfolio and head office during disruption period • Significant planning and co-ordination to ensure the safe operation of assets for customers, clients and occupiers • Deferral of all non-essential capital projects • Implementation of flexible work practices

Legal, regulatory and human resource risks		
Risk	**Impact potential**	**Mitigation factors**
Primary responsibility: All three Executive Directors and Company Secretary		
Changes in or breach of regulatory or legislative requirements	• Financial or reputational impact • Reduced financial returns as a result of increased taxes across the Group's non-REIT residual business • Adverse tenant behaviour	• Sound governance and internal policies • Appointment of appropriately qualified employees • Regular review of compliance e.g. REIT legislation • Proactive identification of changes in legal and regulatory environment with planned response to changes prior to implementation • Maintenance of a data protection policy to ensure compliance with EU GDPR Regulations • Early engagement with regulators
Failure to recruit, develop and retain employees with the right skills and experience.	• Ineffective decision-making and failure to deliver against business objectives and performance • Operational ineffectiveness	• Active succession planning to mitigate key person risk • Clear employee objectives and annual performance appraisal to ensure alignment to business objectives • Competitive and benchmarked remuneration to attract and retain talent • Periodic employee engagement surveys and employee health and well-being initiatives

Date of authorisation of Issue
The strategic report was authorised for issue by the Board on 9 March 2023.

Stephen Oakenfull
Chief Executive Officer

9 March 2023

Directors' Report

For the year ended 31 December 2022

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2022.

Directors

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

N Chadwick
D A Grant (resigned 31 March 2022)
S J Oakenfull
M Parrott
T M Tolley

Going concern

At 31 December 2022, the Group's cash balances were £22.1 million and its capital commitments were £0.6 million.

The Directors have considered the Group's principal risks and plausible downside scenarios in assessing the Group's going concern for a period of not less than 12 months from the date of approval of these consolidated financial statements. The Directors have considered:

- continued reduction in property valuations impacting LTV;
- the continued recovery of the performance of the Group's RBH managed hotels;
- increased costs of debt on refinanced loan facilities; and
- cash cure requirements as a result of earnings declines and increased interest costs

The main loan facility of the Group is due to expire in January 2024, which is within the next 12 months from the date that the financial statements are authorised. At the time of approving these financial statements, the Group has commenced discussions with the lenders for a refinancing of this facility however this is not yet agreed.

Overall, based on inquiries the Directors have made, the Directors are confident that the required refinancing can be achieved. However, there can be no certainty this will be the case. Notwithstanding this, the Directors have also received a letter of support and confirmation from its parent companies that financial support will be provided to the Group, such that it is able to meet its liabilities as they fall due, for a period not less than twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the parent company support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Therefore, having made enquiries and considered all events which have and which may occur post the balance sheet date, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of approval of the consolidated financial statements. In addition, having reassessed the Group's principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group's financial statements.

Dividends

The directors declared and paid the following interim dividends:

- 28 February 2022: £11.0 million
- 20 June 2022: £4.0 million
- 20 July 2022: £53.0 million
- 07 September 2022: £22.5 million
- 12 December 2022: £5.5 million

Political donations

During the financial period, Brightbay made no political donations (December 2021: nil).

Statement as to disclosure of information to auditors

The directors at the time when this Directors' Report is approved have confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, KPMG LLP, will be proposed for reappointment for the year ended 31 December 2023.

Statement of directors' responsibilities in respect of the annual report and the financial statements
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors are required to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB");
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so; and

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Stephen Oakenfull
Chief Executive Officer

9 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIGHTBAY REAL ESTATE PARTNERS LIMITED

Opinion

We have audited the consolidated financial statements of Brightbay Real Estate Partners Limited ("the Company") for the year ended 31 December 2022 which comprise, the Consolidated statement of comprehensive income, the Consolidated balance sheet as at end of year, Consolidated changes in equity and Consolidated cash flows and related notes, including the accounting policies and other explanatory information.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"); and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the consolidated financial statements on the going concern basis as they do not intend to liquidate the Group or to cease its operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- Reading minutes of meetings of those charged with governance; and
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- Incorporating an element of unpredictability in our audit procedures; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our general commercial and sector experience and through discussion with directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the Group is subject to laws and regulations that directly affect the consolidated financial statements including financial reporting legislation and taxation legislation ((including conditions to maintain UK Real Estate Investment Trust ("REIT")) status in accordance with the REIT regime) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated financial statements, for instance through the imposition of fines or litigation or impacts on the Group's ability to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, fire safety regulations, Isle of Man Companies Act 2006 and The International Stock Exchange rules. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the directors' report and strategic report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Section 80(C) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Kelly (Senior Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

9 March 2023

Consolidated income statement

for the year ended 31 December 2022

Continuing operations	Note	**Year ended 31 December 2022 £m**	Period ended 31 December 2021 £m
Revenue	3	**44.2**	55.8
Rental income		**42.9**	53.3
Rental expense		**(4.4)**	(11.8)
Net rental income	4	**38.5**	41.5
Other operating income		**1.3**	2.5
Other operating expense		**(0.4)**	(0.7)
Other operating income and expense	5	**0.9**	1.8
Administrative costs and other fees	6	**(7.3)**	(21.5)
Net operating income		**32.1**	21.8
Loss on disposal of subsidiaries	8	**(0.5)**	(2.5)
(Loss)/gain on revaluation of investment property	9	**(65.8)**	82.9
Gain on disposal of investment property	9	**7.2**	1.3
Loss on disposal of investment property held for sale	10	**-**	(0.9)
Foreign exchange gain/(loss)		**0.1**	(0.8)
(Loss)/profit from operations		**(26.9)**	101.8
Finance expense	11	**(16.3)**	(23.6)
Other finance income	12	**0.1**	4.3
Other finance expense	12	**(0.2)**	(0.3)
Change in fair value of derivative financial instruments		**14.1**	8.9
		(29.2)	91.1
Impairment of loan to continuing joint venture interest	13	**(0.4)**	(0.3)
Reversal of Impairment of associate	14	**-**	0.7
Share of post-tax profit from associate	14	**2.1**	0.9
(Loss)/profit before tax		**(27.5)**	92.4
Taxation	15	**-**	-
(Loss)/profit for the period attributable to continuing operations		**(27.5)**	92.4
Profit/(loss) from discontinued operation [1]	3	**3.1**	(3.9)
(Loss)/profit for the period		**(24.4)**	88.5

	Note	**Year ended 31 December 2022 £m**	Period ended 31 December 2021 £m
Profit/(loss) attributable to:			
Equity holders of the Parent			
Continuing operations		**(31.5)**	93.1
Discontinued operation		**3.1**	(3.6)
		(28.4)	89.5
Non-controlling interests			
Continuing operations	16	**4.0**	(0.7)
Discontinued operation	16	**-**	(0.3)
		4.0	(1.0)
		(24.4)	88.5
Earnings per share			
Weighted average number of shares (millions)	17	**381.5**	381.0
Diluted weighted average number of shares (millions)	17	**381.5**	381.0
Earnings per share from continuing operations			
Basic earnings per share (pence)		**(8.3)**	24.4
Diluted earnings per share (pence)	17	**(8.3)**	24.4
Total earnings per share			
Basic earnings per share (pence)	17	**(7.5)**	23.5
Diluted earnings per share (pence)	17	**(7.5)**	23.5

(1) Included in loss from discontinued operation is the Group's share of post-tax loss from joint ventures of £0.1 million (31 December 2021: post-tax loss £0.1 million). Refer to Note 13.

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Note	**Year ended 31 December 2022 £m**	Period ended 31 December 2021 £m
Profit/(loss) for the period		**(24.4)**	88.5
Other comprehensive income/(loss)			
Items that may be transferred to the income statement			
Other comprehensive loss from discontinued operation		**(0.2)**	(1.9)
Total other comprehensive loss, net of tax effects		**(0.2)**	(1.9)
Total comprehensive (loss)/income for the period		**(24.6)**	86.6
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent		**(28.6)**	87.6
Non-controlling interests	16	**4.0**	(1.0)
		(24.6)	86.6
Total comprehensive income/(loss) attributable to equity holders of the Parent arising from:			
Continuing operations		**(31.5)**	93.1
Discontinued operation		**2.9**	(5.5)
		(28.6)	87.6

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet

as at 31 December 2022

	Note	31 December 2022 £m	Restated 31 December 2021 £m	Restated 1 September 2020 £m
Non-current assets				
Investment property	9	**600.0**	887.5	1,069.2
Investment in joint ventures	13	**-**	2.2	2.5
Loans to joint ventures	13	**-**	0.4	0.7
Investment in associate	14	**8.8**	6.8	5.5
Other non-current assets	18	**1.5**	0.4	0.8
Derivative financial instruments	23	**13.7**	0.9	-
Other receivables	19	**8.0**	6.6	11.3
Total non-current assets		**632.0**	904.8	1,090.0
Current assets				
Trade and other receivables	19	**15.0**	21.6[1]	20.8[1]
Cash and cash equivalents	20	**22.1**	37.0[1]	64.1[1]
		37.1	58.6	84.9
Non-current assets and disposal group held for sale	10	**33.4**	2.2	125.0
Total current assets		**70.5**	60.8	209.9
Total assets		**702.5**	965.6	1,299.9
Non-current liabilities				
Borrowings	21	**(315.8)**	(408.8)	(535.7)
Lease liabilities	22	**(34.9)**	(50.2)	(49.9)
Derivative financial instruments	23	**-**	(1.0)	(12.3)
Deferred tax	24	**-**	(0.1)	(5.3)
Total non-current liabilities		**(350.7)**	(460.1)	(603.2)
Current liabilities				
Borrowings	21	**(0.3)**	(0.6)	(66.1)
Lease liabilities	22	**(0.1)**	(0.2)	(0.8)
Derivative financial instruments		**-**	-	(0.3)
Trade and other payables	25	**(15.7)**	(30.6)	(27.7)
Current tax		**(3.6)**	(7.2)	(2.1)
Total current liabilities		**(19.7)**	(38.6)	(97.0)
Total liabilities		**(370.4)**	(498.7)	(700.2)
Net assets		**332.1**	466.9	599.7
Equity				
Share capital	26	**152.6**	152.6	152.1
Share premium	26	**534.9**	534.9	534.8
Other components of equity		**(387.1)**	(261.3)	(129.7)
Total attributable to equity holders of the Parent		**300.4**	426.2	557.2
Non-controlling interests	16	**31.7**	40.7	42.5
Total equity		**332.1**	466.9	599.7

[1] Balances as at 31 December 2021 have been restated as a result of a change in accounting policy. See note 2.1 for further details.

The accompanying notes on pages 20 to 63 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 9 March 2023 and were signed on its behalf by:

Stephen Oakenfull
Chief Executive Officer

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Note	Share capital £m	Share premium £m	Retained losses £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2022		152.6	534.9	(275.8)	14.5	426.2	40.7	466.9
Profit for the period		-	-	(28.4)	-	(28.4)	4.0	(24.4)
Items that may be transferred to the income statement								
Foreign currency translation on subsidiary foreign operations		-	-	-	(0.2)	(0.2)	-	(0.2)
Total comprehensive income for the period		**-**	**-**	**(28.4)**	**(0.2)**	**(28.6)**	**4.0**	**(24.6)**
Transactions with owners								
Dividends paid		-	-	(96.0)	-	(96.0)	(7.2)	(103.2)
		-	**-**	**(96.0)**	**-**	**(96.0)**	**(7.2)**	**(103.2)**
Changes in ownership interests in subsidiaries								
Disposal of non-controlling interests with loss of control	16	-	-	(1.2)	-	(1.2)	(5.8)	(7.0)
Balance at 31 December 2022		**152.6**	**534.9**	**(401.4)**	**14.3**	**300.4**	**31.7**	**332.1**

The accompanying notes form an integral part of these financial statements.

Dividends

The following dividends were recognised and paid during the period:

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Interim dividend of 3 pence (2021: 5 pence) per qualifying ordinary share	**11.0**	19.0
Interim dividend of 1 pence (2021: 25 pence) per qualifying ordinary share	**4.0**	95.0
Interim dividend of 14 pence (2021: 25 pence) per qualifying ordinary share	**53.0**	95.0
Interim dividend of 6 pence (2021: 3 pence) per qualifying ordinary share	**22.5**	10.0
Interim dividend of 1 pence	**5.5**	-
Total dividends	**96.0**	219.0

Consolidated statement of changes in equity (continued)

for the period ended 31 December 2021

	Note	Share capital £m	Share premium £m	Retained losses £m	Share based payment reserve £m	Foreign currency translation reserve £m	Total attributable to equity holders of the Parent £m	Non-controlling interests £m	Total equity £m
Balance at 1 September 2020		152.1	534.8	(147.0)	0.9	16.4	557.2	42.5	599.7
Profit for the period		-	-	89.5	-	-	89.5	(1.0)	88.5
Items that may be transferred to the income statement									
Foreign currency translation on subsidiary foreign operations		-	-	-	-	(1.9)	(1.9)	-	(1.9)
Total comprehensive income for the period		**-**	**-**	**89.5**	**-**	**(1.9)**	**87.6**	**(1.0)**	**86.6**
Transactions with equity holders of the Parent									
Issue of shares	26	0.5	0.1	-	-	-	0.6	-	0.6
Dividends paid		-	-	(219.0)	-	-	(219.0)	-	(219.0)
Release of share-based payment reserve	27	-	-	1.1	(1.1)	-	-	-	-
Additional payment in relation to Restricted Stock Plan	27	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Fair value of share-based payments	31	-	-	-	0.2	-	0.2	-	0.2
		0.5	**0.1**	**(218.4)**	**(0.9)**	**-**	**(218.7)**	**-**	**(218.7)**
Changes in ownership interests in subsidiaries									
Dividends paid to non-controlling interests	16	-	-	-	-	-	-	(0.7)	(0.7)
Disposal of non-controlling interests	16	-	-	0.1	-	-	0.1	(0.1)	-
Balance at 31 December 2021		**152.6**	**534.9**	**(275.8)**	**-**	**14.5**	**426.2**	**40.7**	**466.9**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2022

Continuing operations	Note	**Year ended 31 December 2022 £m**	Restated Period ended 31 December 2021 £m
Cash generated from operations	28	**30.6**	9.1[1]
Finance income		**0.1**	-
Finance expense and head lease payments		**(16.5)**	(20.4)
Net cash inflow from continuing operating activities		**14.2**	(11.3)[1]
Discontinued operation			
Net cash (outflow)/inflow from discontinued operating activities		**(0.2)**	9.4
Net cash inflow from discontinued operating activities		**(0.2)**	9.4
Net cash inflow from operating activities		**14.0**	(1.9)[1]
Cash flows from investing activities			
Disposal of subsidiaries		**65.2**	212.5
Sale of investment property		**23.8**	65.5
Purchase and development of investment property		**(1.5)**	(2.7)
Acquisition of property, plant and equipment		**(0.5)**	-
Distributions from associate	14	**0.2**	0.3
Net cash inflow from continuing investing activities		**87.2**	275.6
Discontinued operation			
Net cash inflow from discontinued investing activities		**4.5**	110.1
Net cash inflow from discontinued investing activities		**4.5**	110.1
Net cash inflow from investing activities		**91.7**	385.7
Cash flows from financing activities			
Issue of shares	26	**-**	0.6
Proceeds from borrowings	21	**-**	106.1
Repayment of borrowings	21	**(21.7)**	(239.7)
Other finance expense		**-**	(2.2)
Settlement of derivative financial instruments		**0.2**	(1.4)
Dividends paid to equity holders		**(96.0)**	(219.0)
Dividends paid to non-controlling interests		**(0.7)**	(0.7)
Shareholder loan repayment to non-controlling interests		**(1.5)**	-
Net cash outflow from continuing financing activities		**(119.7)**	(356.3)[1]
Discontinued operation			
Net cash outflow from discontinued financing activities		**(1.0)**	(55.4)
Net cash outflow from discontinued financing activities		**(1.0)**	(55.4)
Net cash outflow from financing activities		**(120.7)**	(411.7)[1]
Net (decrease)/increase in unrestricted cash and cash equivalents		**(15.0)**	(27.9)
Effect of exchange rate fluctuations on cash and cash equivalents		**0.1**	0.8
Cash and cash equivalents at 1 January 2022		**37.0**	64.1
Cash and cash equivalents at 31 December 2022	20	**22.1**	37.0[1]

1 Cash flows for the period ended 31 December 2021 have been restated as a result of a change in accounting policy. See note 2.1 for further details.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Brightbay Real Estate Partners (formerly RDI REIT P.L.C.) was incorporated in the Isle of Man on 28 June 2004 (Registered Number: 1111908C) and was re-registered under the Isle of Man Companies Act 2006 on 3 December 2013 (Registered Number: 010534V).

On 4 December 2013, the Company converted to a UK REIT and transferred its tax residence from the Isle of Man to the United Kingdom ("UK").

The Company held a primary listing on the LSE and a secondary listing on the JSE until 6 May 2021 and 7 May 2021 respectively, at which dates it was deregistered from those exchanges. As of 5 May 2021 equity shares of the Company have been listed on The International Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Group financial statements for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company financial statements have been prepared in accordance with IFRS as issued by the IASB and with those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS.

The relevant new standards, amendments and interpretations that have been adopted, as applicable to the Group and the Company, are as follows:

- Demand deposits with restrictions on use arising from a contract with a third party (IAS 7) – IFRIC agenda paper 3
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Onerous contracts – Cost of fulfilling a contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3

Demand deposits with restrictions on use arising from a contract with a third party

The March 2022 IFRIC agenda decision considered accounting for deposits subject to contractual restrictions on use. The Committee clarified the position such that where an entity has a contractual obligation with a third party to keep a specified amount of cash in a separate demand deposit for specified purposes, it will not meet the definition of cash and cash equivalents if it cannot be accessed on demand. This agenda decision applies to deposits held in connection with facility arrangements. Following this decision, the Group reviewed its cash and cash equivalents balances and reclassified £4.8 million of restricted cash held in deposit accounts as an other receivable within the financial statement line, trade and other receivables as these accounts are restricted until the fulfilment of certain conditions and thus do not satisfy the requirement to have access on demand. Prior year balances have also been restated by reclassifying £8.6 million of restricted cash held in deposit accounts as an other receivable. The restatement would have the following financial effects on the Consolidated Balance sheet:

As at 31 December 2021

- Decrease in cash and cash equivalent balances of £8.6m from £45.6m to £37m.
- Increase in trade and other receivables balances of £8.6m from £13m to £21.6m

As at 1 September 2020

- Decrease in cash and cash equivalent balances of £3.5m from £67.6m to £64.1m.
- Increase in trade and other receivables balances of £3.5m from £17.3m to £20.8m

Cash flows related to restricted cash movements have also been restated in the prior year. £5.1 million financing cash outflow has been reclassified as an operating cash outflow. There is no impact on equity and earnings per share as a result of this change.

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

Accounting standards, amendments and interpretations not yet adopted

Disclosed in the table below are the relevant new standards, amendments and interpretations that have been issued by the IASB but are not yet effective or have not been early adopted. The Group is considering the impact of these amendments on the Group's financial statements and the impact is set out below.

International Financial Reporting Standards

	Effective annual periods beginning on or after:
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	1 January 2023
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	1 January 2024
Amendment to IAS 12, 'Income tax', deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to IAS 12, 'Income tax' on deferred tax related to assets and liabilities arising from a single transaction
This amendment requires the recognition of deferred tax on transactions that give rise to equal amounts of taxable and deductible temporary differences.

The impact of the above amendments are expected to be immaterial.

2.2 Basis of preparation
The financial statements are presented in Great British Pounds, which is the functional currency of the Company and the presentational currency of the Group, and rounded to the nearest hundred thousand pounds. They are prepared using the historical cost basis except for investment property, certain assets held for sale and derivative financial instruments, all of which are carried at fair value.

Going concern
At 31 December 2022, the Group's cash balances were £22.1 million and its capital commitments were £0.6 million.

The Directors have considered the Group's principal risks and plausible downside scenarios in assessing the Group's going concern for a period of not less than 12 months from the date of approval of these consolidated financial statements. The Directors have considered:

- continued reduction in property valuations impacting LTV;
- the continued recovery of the performance of the Group's RBH managed hotels;
- increased costs of debt on refinanced loan facilities; and
- cash cure requirements as a result of earnings declines and increased interest costs

The main loan facility of the Group is due to expire in January 2024, which is within the next 12 months from the date that the financial statements are authorised. At the time of approving these financial statements, the Group has commenced discussions with the lenders for a refinancing of this facility however this is not yet agreed.

Overall, based on inquiries the Directors have made, the Directors are confident that the required refinancing can be achieved. However, there can be no certainty this will be the case. Notwithstanding this, the Directors have also received a letter of support and confirmation from its parent companies that financial support will be provided to the Group, such that it is able to meet its liabilities as they fall due, for a period not less than twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the parent company support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Therefore, having made enquiries and considered all events which have and which may occur post the balance sheet date, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of not less than 12 months from the date of approval of the consolidated financial statements. In addition, having reassessed the Group's principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Group's financial statements.

2.3 Key judgements and estimates
The preparation of the financial statements in conformity with IFRS requires the use of judgements and estimates that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the year. Although these estimates are based on the Directors' best knowledge of the amount, event or actions, actual results may differ materially from those estimates.

The principal areas where such judgements and estimates have been made are detailed below:

Judgements
Classification of UK Hotels as investment property
The UK Hotels are held for capital appreciation and to earn rental income. Apart from five Travelodge branded hotels, the hotels have been let to wholly owned subsidiaries of RBH Hotel Group Limited (collectively "RBH"), on lease terms which are subject to annual review. At each review, the revised rent is set with reference to the forecast EBITDA of each hotel. RBH runs the hotels' operating business and is therefore exposed to fluctuations in the underlying trading performance of each hotel under management. RBH is responsible for the key decision making of the business operations and the day-to-day upkeep of the properties. The Group is not involved with the operation of the hotel management business and there are limited transactions between Brightbay and RBH. As a result, the hotels are classified as investment property in accordance with IAS 40.

The Group cumulatively holds a 27.4 per cent (31 December 2021: 27.4 per cent) shareholding in RBH. Having considered the guidance in IFRS 10 'Consolidated Financial Statements' ("IFRS 10"), the respective rights of each of the shareholders in RBH and the relative size of the Group's shareholding, the Directors have determined that the Group has the ability to exercise significant influence over, but does not control, RBH. The investment in RBH has therefore been classified as an associate.

Estimates
Investment property valuation
The Group uses valuations determined by independent valuers in accordance with IFRS 13 'Fair Value Measurement' ("IFRS 13") as the fair value of its investment property. The valuations are based upon assumptions including estimated rental values, future rental income, anticipated maintenance costs, future development costs and appropriate market yields. The valuers make reference to market evidence of transaction prices for similar properties. Further details with respect to assumptions and estimation uncertainties are provided in Note 9.

Derivatives
In estimating the fair value of derivatives, the Group incorporates debit and credit valuation adjustments to appropriately reflect both its own non-performance risk and respective counterparty's non-performance risk in the fair value measurements which are subjective in nature.

2.4 Accounting policies
Basis of consolidation
Investment in subsidiaries
A subsidiary is an investee controlled by the Group. The Group controls an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated in the Group's financial statements from the date on which control commences until the date that control ceases. The Group reassesses whether it controls a subsidiary when facts and circumstances indicate that there are changes to one or more elements of control.

The Group may elect to apply the optional concentration test in IFRS 3 to assess whether an acquisition must be accounted for as a business combination. When substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. The consideration paid is allocated to the identifiable assets and liabilities acquired on the basis of their relative fair values at the acquisition date. Where an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Group applies the acquisition method of accounting, under which the consideration transferred is measured at fair value, and acquisition related costs are recognised in the consolidated income statement as incurred. Any excess in the purchase price of business combinations over the Group's share of the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill while any discount received is credited immediately to the consolidated income statement. If it is determined that an acquisition does not constitute a business combination, the transaction is accounted for as an asset acquisition and the relevant IFRSs are applied in the recognition of a group of assets and liabilities. No goodwill arises on initial recognition but any premium paid or discount received is allocated to the individual identifiable assets and liabilities based on their relative fair values.

The Group recognises non-controlling interests on the basis of their proportionate share in the subsidiary's identifiable net assets. Non-controlling interests are presented separately from the equity of the owners of the Parent on the balance sheet. Profit or loss and total comprehensive income or expense for the year attributable to non-controlling interests are presented separately in the income statement and the statement of comprehensive income.

If the Group loses control of a subsidiary, the Group:

- derecognises the assets (including any goodwill) and liabilities of the former subsidiary at their carrying amounts at the date control is lost;
- derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date control is lost (including amounts of other comprehensive income attributable to non-controlling interests);
- recognises the fair value of any consideration received;

- reclassifies to profit or loss, or transfers directly to retained earnings, amounts recognised in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Parent had directly disposed of the related assets or liabilities;
- recognises any investment retained in the former subsidiary at its fair value at the date when control is lost; and
- recognises any resulting difference of the above items as a gain or loss in the income statement.

The Group subsequently accounts for any investment retained in the former subsidiary in accordance with IFRS 9, or when appropriate, in accordance with IAS 28. For a change in the Group's interest in a subsidiary that does not result in a loss of control, the Group adjusts the carrying amounts of the controlling and non-controlling interest to reflect the changes in their relative interests. Any difference between the value of the non-controlling interest acquired or disposed of and the fair value of the consideration is recognised directly in equity and attributed to the equity holders of the Parent.

Transactions eliminated on consolidation
Intra-group balances, transactions, any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the Group financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investment in associates and joint ventures
Associates are entities over whose financial and operating policies the Group has the ability to exercise significant influence but not control and which are neither subsidiaries nor joint arrangements. The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's contractual rights to the assets and obligations with respect to the liabilities. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms and other facts and circumstances specific to each transaction.

Investments in associates and joint ventures are initially recorded at cost and subsequently increased or decreased each year by the Group's share of the post-acquisition net profit or loss and other movements recognised in other comprehensive income or directly in equity. The Group's share of the post-tax results of the associate or joint venture reflects the Group's proportionate interest in the relevant undertaking.

Goodwill arising on the acquisition of an associate or joint venture is included in the carrying amount of the investment. When the Group's share of losses in an associate or joint venture has reduced the carrying amount to zero, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations to make payments on behalf of the associate or joint venture.

As goodwill forms part of the carrying amount of the net investment, it is not recognised separately and it is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset where there is objective evidence that the investment may be impaired. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate or joint venture increases.

Capital contributions result from the non-reciprocal transfer of resources to an associate or joint venture without a corresponding increase in the Group's equity interest. Capital contributions are also accounted for as an increase in the Group's net investment and are subject to impairment.

Unrealised gains and losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in those entities.

Where the Group obtains significant influence or joint control over an investment that was previously accounted for as a financial instrument under IFRS 9, the Group's previously held interest is remeasured to fair value through profit or loss. The deemed cost of the associate or joint venture is the fair value of the existing investment plus the fair value of any consideration given to achieve significant influence or joint control.

When the Group ceases to have significant influence or joint control, it is accounted for as a disposal of the entire interest under the equity method, with a resulting gain or loss being recognised in the income statement. Any retained interest in the investment at the date when significant influence or joint control is lost is recognised at fair value on initial recognition of a financial asset or, when appropriate, treated as the deemed cost on initial recognition of an investment in an associate.

Any gain or loss on the dilution of an interest in an equity accounted investee is calculated as the difference between the carrying amounts of the investment in the equity accounted investee, immediately before and after the transaction that resulted in the dilution and is recognised in the income statement.

Intangible assets
Intangible assets arising on business combinations are carried at cost less impairment. Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over their estimated useful life from the date that they are available for use. The Group assesses the continuing recoverability and useful life of the intangible asset at each reporting date.

Currency translation
Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date that the values are determined.

Foreign operations
Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. Cumulative exchange differences are subsequently released to the income statement upon disposal or partial disposal. On consolidation, the balance sheets of foreign subsidiaries are translated at the closing rate and the income statement and statement of comprehensive income are translated at the transaction date rates or at an average rate for the year where this is a reasonable approximation.

Revenue recognition
Rental income, including fixed stepped rent, is recognised in the income statement on a straight-line basis over the lease term. Tenant lease incentives, including rent-free periods granted and cash contributions paid, which are an integral part of securing leases, are amortised as a reduction of rental income over the lease term. Surrender premiums that are paid by the Group to tenants to vacate a property are also treated as lease incentives if the surrender results in an enhanced future rental income stream. Licence fee income from customers of the London Serviced Offices portfolio is recognised on a basis consistent with rental income from other tenants of the Group, albeit shorter term in nature. Room-hire income of this portfolio is recognised at the fair value of the consideration receivable once the room has been availed of.

Contingent rents are recognised as they arise. Rent reviews are recognised as income or as a reduction thereof from the date it is probable that the revised terms will be agreed. Surrender premiums paid by the tenant to terminate a lease early are recognised immediately in the income statement.

Service charge income is recorded as income over time in the year in which the services are rendered. Service charge is recognised as revenue over time because the tenants benefit from the services as soon as they are rendered by the Group. The actual service provided during each reporting period is determined using cost incurred as the input method.

Other operating income includes service fees, management fees and other general property related income. Service fee income is recognised when the services have been rendered by the Group, the associated costs and recharge margin on those costs can be measured reliably and with reference to the stage of completion of the service. Management fees receivable from joint ventures are recognised in other operating income during the year in which the services are rendered and specific performance fees are recognised if the performance targets are satisfied over the investment period on disposal of property interests. All sources of other operating income are only recognised when it is probable that the economic benefits will flow to the Group.

Finance income is earned on cash invested is recognised using the effective interest rate method.

Employee benefits and share-based payments
Employee benefits, such as salaries and other benefits, are accounted for on an accruals basis over the period during which employees have provided services. Bonuses are recognised to the extent that a legal or constructive obligation to employees can be measured reliably.

Share-based incentives were previously provided to certain employees and Executive Directors for services rendered. The share-based payments were all equity-settled. The fair value of each award granted was calculated at the grant date, using the Monte Carlo and Black-Scholes valuation methodologies. The fair value was not subsequently remeasured and was recognised in the share-based payment reserve in equity on a straight-line basis over the vesting period as adjusted for the estimate of the awards that would eventually vest at each reporting date. The corresponding compensation cost was recognised as an administrative expense over the vesting period.

Income taxes
Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income.

Current tax is based on taxable profit or loss for the period and is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income that are not taxable or expenses that are not tax deductible.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their relative tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement, using tax rates enacted or substantively enacted at the reporting date.

The following temporary differences are not provided for: those arising from goodwill not deductible for tax purposes; those arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and those relating to investments in subsidiaries and joint ventures where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are provided only to the extent that there are not sufficient tax losses to shield the charge.

Investment property
In accordance with IAS 40, paragraph 14, judgement may be required to determine whether a property qualifies as investment property. The Group has developed criteria so that it can exercise judgement consistently in recognising investment property, namely: property held for long term capital appreciation; property owned (or held under long term leases) and leased out under one or more operating leases; and property that is being developed for future use as investment property. The recognition and classification of property as investment property principally assumes that the Group:

- does not retain significant exposure to the variation in cash flows arising from the underlying operations of tenants; and
- will recover the carrying value through continuing rental income streams and longer term capital appreciation.

Investment properties are initially recognised at cost, including directly attributable transaction costs, and subsequently measured at fair value. The portfolios are valued on an annual basis by external, independent and professionally qualified valuers, having recent experience in the location and category of the property being valued. The fair values are based on market values, being the estimated amount for which the property could be exchanged on a highest and best use basis between a willing buyer and seller in an arm’s length transaction.
The valuations are determined by considering comparable and timely market transactions for sales and lettings and having regard for the current leases in place. In the case of lettings, this includes consideration of the aggregate net annual market rents achievable for the property and associated costs. A yield which reflects the risks inherent in the future cash flows is applied to the net annual rents to arrive at the property valuation.

The valuations of investment property are based upon estimates and subjective judgements that may vary materially from the actual values and sales prices that may be realised by the Group upon ultimate disposal. The critical assumptions made in determining the valuations have been included in Note 9 to the financial statements.

In determining fair value, the market value of the property as determined by the independent valuers is reduced by the carrying amount of tenant lease incentives and increased by the carrying amount of head leases or ROU assets.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the year in which they arise.

Subsequent expenditure is capitalised to investment property when the expenditure incurred enhances the future economic benefits associated with the property, such as enhanced future rental income, capital appreciation or both. Contributions to tenant refurbishments under lease arrangements are treated as tenant lease incentives and amortised against rental income over the term of the lease.

As the fair value model is applied, property under construction or redevelopment for future use as investment property continues to be measured at fair value unless the fair value cannot be measured reliably and the property is measured at cost.

Acquisitions and disposals of investment property are recognised when control of the property has transferred to, or from, the Group. This will ordinarily occur on completion when performance obligations are satisfied or on unconditional exchange of contracts when completion is imminent at the reporting date. The profit or loss on disposal of investment property is recognised separately in the income statement and is the difference between the net sales proceeds and the opening fair value asset plus any capital expenditure during the period to disposal.

Property will be transferred to or from investment property when, and only when, there is a change in use and there is substantive evidence to support that change in use. A property ceases to be recognised as investment property and is transferred at its fair value to property held for sale when it meets the criteria of IFRS 5. Under IFRS 5 the asset must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets and its sale must be highly probably.

The criteria for a sale being highly probably per IFRS 5 are as follows:

- management is committed to a plan to sell;
- the asset is available for immediate sale;
- an active programme to locate a buyer has been initiated;
- the sale is highly probable (within 12 months of classification as held for sale unless circumstances are beyond the control of the Group);
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value; and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

Leases
The Group assesses whether a contract is or contains a lease at inception. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset. The Group recognises a right-of-use ("ROU") asset and the lease liability at the commencement date of the lease.

Lease liabilities are measured at the present value of future lease payments, which include fixed payments and variable payments that depend on an index. Each lease payment is allocated between the liability and finance expense. The lease payments are discounted using the incremental rate of borrowing specific to each lease. The finance cost is charged to finance expense in the income statement over the lease term so as to produce a constant rate of interest on the outstanding liability over the lease term. Total lease payments are presented as cash flows from operating activities.

The ROU assets are initially measured at cost based on the amount of the initial measurement of the lease liability, as adjusted for any prepayments and lease incentives received.

After initial measurement, where ROU assets relate to land or property that meet the definition of investment property under IAS 40, the ROU assets are subsequently accounted for as investment property and carried at fair value (see investment property accounting policy). The ROU assets are presented within investment property (including investment property held for sale) and the related lease obligations are presented as separate line items, 'lease liabilities', on the balance sheet.

Other ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. These ROU assets are subject to impairment review, should indictors of impairment exist. Other ROU assets are presented within property, plant and equipment and the related lease obligations are presented as separate line items, 'lease liabilities' on the balance sheet as above.
The Group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than or equal to twelve months, or for low value leases.

Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Depreciation is calculated to write off the cost of items less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Property, plant and equipment are depreciated over a period of between two to five years.

Financial instruments
Recognition, classification and measurement
A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument in accordance with IFRS 9. Financial assets are derecognised when the contractual rights to the cash flows from those assets expire or when the assets are transferred to another party without retaining control or substantially all the risks and rewards of ownership. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised when the obligations specified in the contract expire.

Non-derivative financial instruments
Non-derivative financial instruments are recognised initially at fair value plus, for those instruments not designated at fair value through profit or loss, any directly attributable transaction costs. Financial 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. The Group does not hold financial assets that meet the criteria of fair value through other comprehensive income and therefore, assets that do not meet the definition of amortised cost are measured at fair value through profit or loss. All non-derivative financial liabilities are measured at amortised cost as the Group has not opted to measure any liabilities at fair value through profit or loss. Gains or losses arising from the change in fair value are recognised in the year in which they occur. Non-derivative financial instruments comprise loans to joint ventures, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables which the Group holds with the objective to collect or settle the contractual cash flows. Loan receivables and payables are subsequently measured at amortised cost, using the effective interest rate method.

Derivative financial instruments
Derivative financial instruments are held to manage interest rate risk exposure. Derivatives are recognised initially at fair value on the date of the contract; any attributable transaction costs are recognised in the statement of comprehensive income as incurred. Derivatives are subsequently re-measured to fair value at each reporting date, and changes therein are accounted for in the income statement, presented under change in fair value of derivative financial instruments. The Group does not apply hedge accounting in accordance with IFRS 9.

Impairment of financial assets (Group)
The Group assesses the expected credit losses associated with its financial assets carried at amortised cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Financial assets are specifically impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible. For accounts receivable, the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected loss rates are considered with reference to the historic payment profiles of tenants and credit losses incurred over a corresponding period. The resulting loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors: namely economic, regulatory, technological and environmental factors; external market indicators; and the current tenant base. Separately, the Group applies a 25 per cent provision against all balances (excluding VAT) in excess of 120 days-past-due in line with the Group's stated bad debt policy. Where there is a material difference in the resulting provision requirement relative to total expected credit losses, the Group will adjust in line with the latter.

Impairment losses and reversals are recognised in the income statement.

Interest rate benchmark reform
The Group implemented interest rate benchmark reform in the period ended 31 December 2021. When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and short-term call deposits. Cash and cash equivalents are recognised at fair value and have maturities of less than three months. Cash deposits that are restricted until the fulfilment of certain conditions are classified as other receivables.

Non-current assets and disposal groups held for sale
A non-current asset or a disposal group (comprising assets and liabilities) is classified as held for sale if it is expected that the carrying value will be recovered by the Group principally through sale rather than through continuing use and the sale is highly probable. The asset or disposal group must be available for immediate sale, be actively marketed at a reasonable approximation to fair value and the sale must have the appropriate level of management commitment. The sale may complete beyond a period of one year from classification so long as there is sufficient evidence of a firm commitment from both parties and the circumstances of the delay are beyond the Group's control.

Where there is commitment to a sale plan involving the loss of control of a subsidiary, the loss of joint control of a joint venture or significant influence over a joint venture and the criteria set out above are met, the Group classifies all the assets and liabilities of that subsidiary or the equity accounted investment in the joint venture or associate as held for sale. This classification is appropriate regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Where significant influence over an associate will not be lost, only that portion of the investment for which there is a commitment to sell shall be reclassified as held for sale.

On initial classification as held for sale, non-current assets and disposal groups are ordinarily measured at the lower of the previous carrying amount and fair value less costs to sell, with any adjustments recognised in the income statement and subsequently re-measured at each reporting date. Certain assets such as financial assets within the scope of IFRS 9 and investment property in the scope of IAS 40 continue to be measured in accordance with those standards.

Gains and losses on remeasurement and impairment losses subsequent to classification as held for sale are presented within continuing operations in the income statement, unless they meet the definition of a discontinued operation. Non-current assets held for sale are presented separately under current assets on the balance sheet. Comparatives are not reclassified.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The post-tax results and other comprehensive income of discontinued operations are presented separately in the income statement and the statement of other comprehensive income respectively and detailed analysis of the revenue, expense and pre-tax profits of the discontinued operation is disclosed in the notes to the financial statements. Comparative income statements, statements of comprehensive income, statements of cash flows and related notes are re-presented for comparability and in line with the requirements of IFRS 5.

Borrowings
Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Any difference between the transaction price and the deemed fair value of the borrowing is treated as a gain or loss in the income statement when the determination of fair value is based on observable inputs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost. Any differences between cost and the redemption value as a result of transaction costs incurred or fair value adjustments are recognised in the income statement over the contractual term of the borrowings on an effective interest rate basis.

A financial liability is derecognised when it is extinguished. This may happen when:

- full repayment is made to the lender;
- the borrower is legally released from primary responsibility for the financial liability; or
- where there is an exchange of debt instruments with substantially different terms or a substantial modification to the existing terms of a debt instrument.

In the event of a substantial modification of terms, any difference between the carrying amount of the original liability and the consideration paid is recognised in the income statement. The consideration paid includes non-financial assets transferred and the assumption of liabilities, including the new modified financial liability. The modified borrowing is recognised initially at fair value and subsequently carried at amortised cost under the effective interest rate method. Any costs or fees incurred are recognised as part of the gain or loss on extinguishment.

Where existing borrowings are exchanged for new or amended borrowings and the terms are not substantially different, the total contractual cash flows of the modified borrowings are discounted at the effective interest rate of the original loan in line with IFRS 9 and any material difference is recognised immediately as a gain or loss in the income statement. The adjustment to the carrying value of the modified loan is subsequently reversed though the income statement as a finance expense to maturity. Any costs or fees incurred as a result of the modification are adjusted against the carrying value and amortised over the remaining term.

Ongoing finance costs and debt servicing payments are recognised in the income statement on an accruals basis, using the effective interest rate method.

Capital commitments and contingent liabilities
Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, an obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Capital commitments are disclosed when the Group or Company has a contractual future obligation to a third party which has not been provided for at the balance sheet date.

Share capital
Ordinary share capital
Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, net of tax, are shown as a deduction from any recognised share premium.

Where the Company's own equity instruments are purchased as the result of a share buy-back, the consideration paid by the Group, including any directly attributable incremental costs net of tax, is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

Where the Company performs a share consolidation, the number of shares is reduced for the current year and re-presented for the prior years.

Dividends
Dividends to shareholders are recognised when they become legally payable. In the case of interim dividends, this is when the dividends are declared by the Board.

Earnings per share
The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Where the Company performs a share consolidation the weighted average number of shares is reduced without any consideration for time apportionment so that the effect of the share consolidation on EPS is constant for current and prior year comparatives, together with subsequent years.

Segmental reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and in respect of which it may incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker to inform decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available as disclosed in Note 3 below.

Net asset value per share
The Group presents net asset value per share to fulfil listing requirements with The International Stock Exchange. Net asset value per share is calculated by dividing the net assets of the Group by weighted average number of ordinary shares outstanding during the year.

3. Segmental reporting

As required by IFRS 8, the information provided to the Board, which is the Chief Operating Decision Maker, has been classified into operating segments. The segments are as follows:

UK Commercial:	The Group's portfolio of Greater London and regional offices, London serviced offices (disposed of 1 July 2022), roadside service stations and logistics & distribution centres;
UK Retail:	The Group's portfolio of shopping centres, retail parks (disposed during the year ended 31 December 2021);
UK Hotels:	The Group's hotel portfolio comprising 17 predominantly limited-service branded hotels: • five Travelodge branded and externally managed hotels; and • 12 RBH managed hotels, of which nine are branded Holiday Inn Express, two Hilton and one Crowne Plaza. The Group's hotel interests also include a 27.4 per cent investment in RBH. RBH is an independent hotel management company engaged in developing and managing a diverse portfolio of hotels in partnership with reputable international hotel brands;
Europe: (Discontinued operation)	The Group's residual portfolio in Germany, comprised of shopping centres, discount supermarkets and retail parks. Since 1 March 2019, this segment met the criteria of IFRS 5 to be classified as a Discontinued operation ("Dis Op") and is therefore presented as a single line item on the consolidated income statement. Detailed analysis of the post-tax results from the Dis Op is presented in the segmental income statements; and
Other:	The Group's holding and management companies that carry out the head office and centralised asset management activities of the Group.

Management information, as presented to the Chief Operating Decision Maker, is prepared on a proportionately consolidated basis. Segmental reporting is therefore reported in line with management information, with the Group's share of joint ventures presented line-by-line. Joint venture adjustments are disclosed to reconcile segmental performance and position to the consolidated financial statements.

Segmental income statement for the year ended 31 December 2022	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Other £m	Total £m	Joint venture elimination £m	Group total £m	Europe Dis Op adj £m	IFRS total £m
Continuing operations										
Revenue										
Rental income	24.9	17.6	-	0.1	-	**42.6**	(0.8)	**41.8**	(0.1)	**41.7**
Service charge income	0.9	0.3	-	-	-	**1.2**	-	**1.2**	-	**1.2**
Other operating income	1.3	-	-	-	-	**1.3**	-	**1.3**	-	**1.3**
Total revenue	**27.1**	**17.9**	**-**	**0.1**	**-**	**45.1**	**(0.8)**	**44.3**	**(0.1)**	**44.2**
Net rental income	21.9	17.5	(0.1)	-	-	**39.3**	(0.8)	**38.5**	-	**38.5**
Other operating income and expense	0.9	-	-	-	-	**0.9**	-	**0.9**	-	**0.9**
Administrative costs and other fees	(0.9)	(0.2)	-	(0.5)	(6.2)	**(7.8)**	-	**(7.8)**	0.5	**(7.3)**
Net operating income/(expense)	**21.9**	**17.3**	**(0.1)**	**(0.5)**	**(6.2)**	**32.4**	**(0.8)**	**31.6**	**0.5**	**32.1**
(Loss)/gain on revaluation of investment property	(68.4)	0.6	-	-	-	**(67.8)**	2.0	**(65.8)**	-	**(65.8)**
Loss on revaluation of investment property held for sale	-	-	-	-	-	**-**	-	**-**	-	**-**
Gain on disposal of investment property	7.2	-	-	-	-	**7.2**	-	**7.2**	-	**7.2**
Loss on disposal of investment property held for sale	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**	0.1	**-**
(Loss)/gain on disposal of subsidiaries (Note 8)	(3.2)	2.7	-	-	-	**(0.5)**	-	**(0.5)**	-	**(0.5)**
Other expenses										
Foreign exchange gain	-	-	-	-	0.1	**0.1**	-	**0.1**	-	**0.1**
Finance income	-	0.1	-	-	-	**0.1**	-	**0.1**	-	**0.1**
Finance expense	(9.3)	(7.3)	-	-	(0.1)	**(16.7)**	0.3	**(16.4)**	-	**(16.4)**
Other finance expense	-	(0.1)	-	-	-	**(0.1)**	-	**(0.1)**	-	**(0.1)**
Change in fair value of derivative financial instruments	7.7	7.0	-	-	-	**14.7**	(0.7)	**14.1**	-	**14.1**
Share of post-tax profit from associate	-	2.1	-	-	-	**2.1**	-	**2.1**	-	**2.1**
(Loss)/profit before tax per reportable segments	**(44.1)**	**22.4**	**(0.1)**	**(0.6)**	**(6.2)**	**(28.6)**	**0.9**	**(27.7)**	**0.6**	**(27.1)**
Taxation	-	-	-	3.4	-	**3.4**	-	**3.4**	(3.4)	**-**
(Loss)/profit after tax per reportable segments	**(44.1)**	**22.4**	**(0.1)**	**2.8**	**(6.2)**	**(25.2)**	**0.9**	**(24.3)**	**(2.8)**	**(27.1)**
Continuing operation										
Impairment of loan to continuing joint venture interest						**-**	(0.4)	**(0.4)**	**-**	**(0.4)**
Movement in losses restricted						**0.4**	(0.4)	**-**	-	**-**
Discontinued operation										
Share of post-tax loss from joint ventures						**-**	(0.1)	**(0.1)**	0.1	**-**
Reversal of impairment of investment						**0.4**	**-**	**0.4**	(0.4)	**-**
Profit for the period from discontinued operation						**-**	-	**-**	3.1	**3.1**
IFRS profit for the period						**(24.4)**	**-**	**(24.4)**	**-**	**(24.4)**

Segmental income statement for the period ended 31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Other £m	Total £m	Joint venture elimination £m	Group total £m	Europe Dis Op adj £m	IFRS total £m
Continuing operations										
Revenue										
Rental income	38.9	3.8	7.6	6.3	-	**56.6**	(1.1)	**55.5**	(6.3)	**49.2**
Service charge income	1.4	0.1	2.6	2.0	-	**6.1**	-	**6.1**	(2.0)	**4.1**
Other operating income	2.2	-	0.1	-	0.2	**2.5**	-	**2.5**	-	**2.5**
Total revenue	**42.5**	**3.9**	**10.3**	**8.3**	**0.2**	**65.2**	**(1.1)**	**64.1**	**(8.3)**	**55.8**
Net rental income	33.0	3.6	6.0	5.2	-	**47.8**	(1.1)	**46.7**	(5.2)	**41.5**
Other operating income and expense	1.5	-	0.1	-	0.2	**1.8**	-	**1.8**	-	**1.8**
Administrative costs and other fees	(1.5)	(0.1)	-	(0.5)	(19.9)	**(22.0)**	0.1	**(21.9)**	0.4	**(21.5)**
Net operating income/(expense)	**33.0**	**3.5**	**6.1**	**4.7**	**(19.7)**	**27.6**	**(1.0)**	**26.6**	**(4.8)**	**21.8**
Gain/(loss) on revaluation of investment property	92.1	0.5	(11.4)	-	-	**81.2**	1.7	**82.9**	-	**82.9**
Loss on revaluation of investment property held for sale	-	-	-	(0.3)	-	**(0.3)**	-	**(0.3)**	0.3	**-**
Gain/(loss) on disposal of investment property	1.7	-	(0.4)	-	-	**1.3**	-	**1.3**	-	**1.3**
Loss on disposal of investment property held for sale	(0.9)	-	-	(6.4)	-	**(7.3)**	-	**(7.3)**	6.4	**(0.9)**
Loss on disposal of subsidiaries (Note 8)	(1.1)	-	(1.4)	(0.3)	-	**(2.8)**	-	**(2.8)**	0.3	**(2.5)**
Other expenses										
Foreign exchange gain/(loss)	-	-	-	0.2	(0.8)	**(0.6)**	-	**(0.6)**	(0.2)	**(0.8)**
Finance income on loans to joint ventures	-	-	-	-	-	**-**	-	**-**	-	**-**
Finance expense	(15.2)	(7.1)	(2.0)	(1.6)	-	**(25.9)**	0.7	**(25.2)**	1.6	**(23.6)**
Other finance income/(expense)	(0.2)	2.0	2.2	(0.1)	-	**3.9**	-	**3.9**	0.1	**4.0**
Change in fair value of derivative financial instruments	8.7	0.7	0.5	0.5	-	**10.4**	(1.0)	**9.4**	(0.5)	**8.9**
Reversal of Impairment of associate interest	-	0.7	-	-	-	**0.7**	-	**0.7**	-	**0.7**
Share of post-tax profit from associate	-	0.9	-	-	-	**0.9**	-	**0.9**	-	**0.9**
Profit/(loss) before tax per reportable segments	**118.1**	**1.2**	**(6.4)**	**(3.3)**	**(20.5)**	**89.1**	**0.4**	**89.5**	**3.2**	**92.7**
Taxation	-	(0.1)	-	(0.6)	0.1	**(0.6)**	-	**(0.6)**	0.6	**-**
Profit/(loss) after tax per reportable segments	**118.1**	**1.1**	**(6.4)**	**(3.9)**	**(20.4)**	**88.5**	**0.4**	**88.9**	**3.8**	**92.7**
Continuing operation										
Impairment reversal of loan to continuing joint venture interest						**-**	(0.3)	**(0.3)**	-	**(0.3)**
Discontinued operation										
Share of post-tax loss from joint ventures						**-**	(0.1)	**(0.1)**	0.1	**-**
Loss for the period from discontinued operation						**-**	-	**-**	(3.9)	**(3.9)**
IFRS profit for the period						**88.5**	**-**	**88.5**	**-**	**88.5**

Segmental balance sheet as at 31 December 2022	UK Commercial £m	UK Hotels £m	Europe Dis Op £m	Total £m	Joint venture adj £m	IFRS total £m
Investment property	302.1	305.8	-	**607.9**	(7.9)	**600.0**
Investment in associate	-	8.8	-	**8.8**	-	**8.8**
Trade and other receivables	11.5	11.4	0.3	**23.2**	(0.5)	**22.7**
Cash and cash equivalents	5.4	7.4	0.1	**12.9**	(0.1)	**12.8**
Non-current assets held for sale	8.8	24.6	-	**33.4**	-	**33.4**
Borrowings, including lease liabilities	(193.5)	(163.5)	-	**(357.0)**	7.5	**(349.5)**
Trade and other payables	(6.4)	(8.7)	-	**(15.1)**	1.4	**(13.7)**
Segmental net assets	**127.9**	**185.8**	**0.4**	**314.1**	**0.4**	**314.5**
Unallocated assets and liabilities:						
Other non-current assets				**1.5**	-	**1.5**
Trade and other receivables				**0.2**	-	**0.2**
Cash and cash equivalents				**9.3**	-	**9.3**
Derivative financial instruments				**13.7**	-	**13.7**
Lease liabilities				**(1.5)**	-	**(1.5)**
Trade and other payables				**(2.0)**	-	**(2.0)**
Current tax liabilities				**(3.6)**	-	**(3.6)**
				331.7	**0.4**	**332.1**
Joint venture adjustments:						
Joint Venture non-controlling interests				**-**	-	**-**
Investment in joint ventures				**-**	-	**-**
Recognised loan to joint ventures				**-**	-	**-**
Cumulative restricted losses in joint ventures				**0.4**	(0.4)	**-**
IFRS net assets				**332.1**	**-**	**332.1**

Restated Segmental balance sheet as at 31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Total £m	Joint venture adj £m	IFRS total £m
Investment property	557.9	339.3	-	-	**897.2**	(9.7)	**887.5**
Investment in associate	-	6.8	-	-	**6.8**	-	**6.8**
Trade and other receivables[1]	10.1	16.3	0.6	3.6	**30.6**	(2.9)	**27.7**
Cash and cash equivalents[1]	10.3	1.8	1.6	5.4	**19.1**	(0.4)	**18.7**
Non-current assets held for sale	-	-	-	2.2	**2.2**	-	**2.2**
Borrowings, including lease liabilities	(299.6)	(167.9)	-	-	**(467.5)**	7.9	**(459.6)**
Trade and other payables	(9.5)	(13.1)	(1.9)	(4.7)	**(29.2)**	0.4	**(28.8)**
Segmental net assets	**269.2**	**183.2**	**0.3**	**6.5**	**459.2**	**(4.7)**	**454.5**
Unallocated assets and liabilities:							
Other non-current assets					**0.4**	-	**0.4**
Trade and other receivables					**0.5**	-	**0.5**
Cash and cash equivalents					**18.3**	-	**18.3**
Derivative financial instruments					**(1.9)**	1.8	**(0.1)**
Lease liabilities					**(0.2)**	-	**(0.2)**
Deferred tax					**(0.1)**	-	**(0.1)**
Trade and other payables					**(1.8)**	-	**(1.8)**
Current tax liabilities					**(7.2)**	-	**(7.2)**
					467.2	**(2.9)**	**464.3**
Joint venture adjustments:							
Joint Venture non-controlling interests					**(0.3)**	0.3	**-**
Investment in joint ventures					**-**	2.2	**2.2**
Recognised loan to joint ventures					**-**	0.4	**0.4**
IFRS net assets					**466.9**	**-**	**466.9**

(1) Cash and receivables balances have been restated as a result of a change in accounting policy. Restricted cash has been reclassified as an other receivable in UK Commercial by £1.2 million, UK Hotels by £6.7 million and Europe by £0.7 million See note 2.1 for further information.

Other segmental information 31 December 2022	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	IFRS total £m
Additions to investment property during the year per reportable segment:					
Capitalised expenditure	**0.2**	**1.2**	**-**	**-**	**1.4**
	0.2	**1.2**	**-**	**-**	**1.4**

Other segmental information 31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	IFRS total £m
Additions to investment property during the period per reportable segment:					
Capitalised expenditure	**0.8**	**0.9**	**1.0**	**-**	**2.7**
	0.8	**0.9**	**1.0**	**-**	**2.7**

4. Net rental income

Group – Continuing operations	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Rental income [1]		
Gross lease payments from third parties	**25.3**	44.1
Third party tenant lease incentives	**1.4**	3.1
	26.7	47.2
Gross lease payments from related party (Note 30)	**18.3**	3.2
Related party tenant lease incentives (Note 30)	**(3.3)**	(1.2)
	15.0	2.0
Service charge income	**1.2**	4.1
	42.9	53.3
Rental expense		
Service charge expenditure (recoverable and non-recoverable)	**(1.1)**	(4.5)
Direct property operating expenses	**(1.8)**	(4.9)
Reversal of expected credit losses against rent and service charge receivables	**0.2**	0.3
Reversal of expected credit losses against tenant lease incentives	**-**	0.6
Repairs and maintenance	**(0.4)**	(0.6)
Property services provided by related party (Note 30)	**(0.4)**	(1.0)
Letting costs	**(0.4)**	(0.6)
London Serviced Offices portfolio direct staff and sales costs	**(0.5)**	(1.1)
	(4.4)	(11.8)
Net rental income	**38.5**	41.5

[1] Further disaggregation of the Group's revenues, including revenue from contracts with customers, based on segment is contained in Note 3.

The future aggregate minimum rent receivable under non-cancellable operating leases at the balance sheet date, as presented under IFRS 16 disclosure requirements, is as follows:

Group – Continuing operations	31 December 2022 £m	31 December 2021 £m
Not later than one year	**41.5**	36.5
Later than one year not later than two years	**40.0**	27.0
Later than two year not later than three years	**38.2**	24.7
Later than three year not later than four years	**36.7**	22.6
Later than four year not later than five years	**30.2**	21.4
Later than five years	**135.1**	102.7
	321.7	234.9

5. Other operating income and expense

Continuing operations	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Other operating income [1]		
Service fee income [2]	**1.3**	2.2
Insurance rebates	**-**	0.2
Other property related income	**-**	0.1
	1.3	2.5
Other operating expense		
Service fee expense	**(0.4)**	(0.7)
	(0.4)	(0.7)
Other operating income and expense	**0.9**	1.8

(1) Further disaggregation of the Group's other operating income by segment is contained in Note 3.

(2) Service fees relate to recoverable costs incurred by the Group in the London Serviced Offices portfolio that are recharged to tenants at a margin.

6. Administrative costs and other fees

Continuing operations	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Staff costs	**3.6**	7.3
Non-executive Director fees and insurance	**0.2**	0.4
Professional fees	**1.5**	2.1
Corporate costs	**0.2**	0.4
Non-recurring transaction costs	**0.2**	8.7
Head office costs	**0.7**	1.2
Share-based payments (Note 31)	**-**	0.2
Investment management fees to related party (Note 30)	**0.3**	0.6
Depreciation	**0.3**	0.5
General administrative expenses	**0.3**	0.1
Administrative costs and other fees	**7.3**	21.5

The table below presents fees payable to the company's auditor, which are included in professional fees.

	31 December 2022 £m	31 December 2021 £m
Audit fees	**0.5**	0.4
Non-audit fees	**-**	0.1
Total fees	**0.5**	0.5

7. Staff costs

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Wages and salaries	**3.1**	6.2
Social security costs	**0.5**	0.9
Pension costs	**-**	0.2
Staff costs	**3.6**	7.3

The average monthly number of employees, including the directors, during the year was as follows:

	31 December 2022	31 December 2021
	31	57

8. DISPOSAL OF SUBSIDIARIES

The impact of corporate disposals during the year ended 31 December 2022 and the related net cash inflow is presented below:

Continuing operations	**London Serviced Offices £m**	**Brentford £m**	**Disposals in prior year £m**	**31 December 2022 £m**
Carrying value of net assets disposed				
Investment property	(162.5)	(12.9)	-	**(175.4)**
Property plant and equipment	(0.5)	-	-	**(0.5)**
Trade and other receivables	(2.5)	-	-	**(2.5)**
Cash and cash equivalents	(4.3)	-	-	**(4.3)**
Borrowing	92.2	-	-	**92.2**
Trade and other payables	14.5	-	-	**14.5**
Net assets disposed	**(63.1)**	**(12.9)**	-	**76.0**
Non controlling interest disposed	6.0	-	-	**6.0**
Consideration received	53.9	16.0	-	**69.9**
Consideration adjustment	0.1	-	0.3	**0.4**
Transaction costs	(0.3)	(0.5)	-	**(0.8)**
Profit/(loss) on disposal of subsidiaries	**(3.4)**	**2.6**	**0.3**	**(0.5)**

On 1 July 2022, the Group completed the sale of the London Serviced Offices Limited subsidiary group consisting of four serviced office space properties in London ("London Serviced Offices", "LSO"), for gross consideration of £53.9 million. The net assets of the subsidiaries disposed were £63.1 million on the date of sale and the Group recognised a loss on disposal of £3.4 million, inclusive of transaction costs and an estimated completion adjustment.

On 1 July 2022, the Group disposed of a UK Hotels property in Brentford, London for a gross consideration of £16.0 million. The net assets of the subsidiary were £12.9 million on the date of sale and the Group recognised a gain on disposal of £2.6 million, inclusive of transaction costs.

The Group also received £0.3 million additional consideration in relation to disposals made in the prior year.

The impact of corporate disposals during the year to 31 December 2021 and the related net cash inflow is presented below:

Continuing operations	**UK Retail Parks Portfolio £m**	**Charing Cross Road, London £m**	**31 December 2021 £m**
Carrying value of net assets disposed			
Investment property	(153.1)	(58.5)	**(211.6)**
Trade and other receivables	(5.8)	(0.3)	**(6.1)**
Cash and cash equivalents	(0.7)	(0.1)	**(0.8)**
Trade and other payables	2.2	0.5	**2.7**
Net assets disposed	**(157.4)**	**(58.4)**	**(215.8)**
Consideration received	157.0	58.1	**215.1**
Consideration adjustment	(0.8)	0.1	**(0.7)**
Transaction costs	(0.4)	(1.0)	**(1.4)**
Loss on disposal of subsidiaries	**(1.6)**	**(1.2)**	**(2.8)**

On September 2020, the Group exchanged contracts for the sale of six UK Retail properties namely The Arches Watford, Banbury Cross Banbury, Priory Park Merton, Queens Drive Kilmarnock, St Davids Bangor and Milton Road Edinburgh ("Retail parks Portfolio"), for gross consideration of £156.9 million. The transaction was structured as a corporate disposal, such that, along with the disposal of working capital, preliminary proceeds of £157.0 million were received in relation to the subsidiary disposals. The transaction subsequently completed on 30 October 2020. The net assets of the subsidiaries disposed were £157.4 million on the date of sale and the Group recognised a loss on disposal of £1.6 million, inclusive of transaction costs and an estimated completion adjustment (£1.2 million in total).

On 1 February 2021, the Group disposed of a UK Commercial property at Charing Cross Road, London for gross consideration of £59.3 million. The transaction was structured as a corporate disposal, such that, along with the disposal of working capital, preliminary proceeds of £58.1 million were received on completion. The net assets of the subsidiary were £58.4 million on the date of sale and the Group recognised a loss on disposal of £1.2 million, inclusive of transaction costs and an estimated completion adjustment (£0.9 million in total).

9. INVESTMENT PROPERTY

31 December 2022	UK Commercial £m	UK Hotels £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 January 2022	548.2	339.3	887.5	634.2	253.3
Head lease adjustment	0.2	2.2	2.4	-	2.4
Capitalised expenditure	0.2	1.2	1.4	1.1	0.3
Disposals through sale of subsidiary (Note 8)	(162.5)	(12.9)	(175.4)	(27.4)	(148.0)
Disposals through sale of property	(16.7)	-	(16.7)	(16.7)	-
Transfer to assets held for sale (Note 10)	(8.8)	(24.6)	(33.4)	(33.4)	-
Gain/(loss) on revaluation of investment property	(66.4)	0.6	(65.8)	(59.1)	(6.7)
IFRS carrying value at 31 December 2022	**294.2**	**305.8**	**600.0**	**498.7**	**101.3**
Adjustments:					
Head lease assets (Note 22)	(2.7)	(30.7)	(33.4)	-	(33.4)
Tenant lease incentives (Note 19)	7.2	3.1	10.3	8.8	1.5
Market value of Group portfolio at 31 December 2022	**298.7**	**278.2**	**576.9**	**507.5**	**69.4**
Market value of assets held for sale (Note 10)	8.8	24.6	33.4	33.4	-
Market value of Group portfolio at 31 December 2022	**307.5**	**302.8**	**610.3**	**540.9**	**69.4**
Joint ventures					
Share of joint venture investment property	8.2		8.2	8.2	-
Market value of total portfolio at 31 December 2022 (on a proportionately consolidated basis)	**315.7**	**302.8**	**618.5**	**549.1**	**69.4**

31 December 2021	UK Commercial £m	UK Hotels £m	UK Retail £m	Europe Dis Op £m	Total £m	Freehold £m	Leasehold £m
Opening carrying value at 1 September 2020	525.3	336.9	207.0	-	1,069.2	763.1	306.1
Head lease adjustment due to rent review	4.2	1.0	0.6	-	5.8	-	5.8
Capitalised expenditure	0.8	0.9	1.0	-	2.7	1.7	1.0
Disposals through sale of subsidiary	(58.5)	-	(153.1)	-	(211.6)	(169.6)	(42.0)
Disposals through sale of property	(16.9)	-	(44.1)	-	(61.0)	(50.5)	(10.5)
Transfer to assets held for sale (Note 10)	(0.5)	-	-	-	(0.5)	(0.5)	-
Gain/(loss) on revaluation of investment property	93.8	0.5	(11.4)	-	82.9	90.0	(7.1)
IFRS carrying value at 31 December 2021	**548.2**	**339.3**	**-**	**-**	**887.5**	**634.2**	**253.3**
Adjustments:							
Head lease assets (Note 22)	(22.0)	(28.3)	-	-	(50.3)	-	(50.3)
Tenant lease incentives (Note 19)	5.8	1.6	-	-	7.4	7.1	0.3
Market value of Group portfolio at 31 December 2021	**532.1**	**312.6**	**-**	**-**	**844.6**	**642.2**	**203.3**
Market value of assets held for sale (Note 10)	-	-	-	2.2	2.2	-	2.2
Market value of Group portfolio at 31 December 2021	**532.1**	**312.6**	**-**	**2.2**	**846.8**	**641.3**	**205.5**
Joint ventures							
Share of joint venture investment property	10.0	-	-	-	10.0	10.0	-
Market value of total portfolio at 31 December 2021 (on a proportionately consolidated basis)	**542.1**	**312.6**	**-**	**2.2**	**856.8**	**651.3**	**205.5**

The tables above present both segmental and market value investment property information prepared on a proportionately consolidated basis. Properties that have been classified as held for sale in the current year are also included so that the market value of the total portfolio can be determined. This format is not a requirement of IFRS and is for informational purposes as it is used in reports presented to the Group's Chief Operating Decision Maker.

Valuation

The carrying value of investment property is its market value as determined by appropriately qualified independent valuers (and adjusted for minimum payments under head leases and tenant lease incentives), with the exception of properties exchanged for sale by or just after the reporting date. These properties have been valued in line with the contractual sales price at year-end. Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property-by-property basis, and in limited circumstances in aggregation with other assets, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the

valuer will consider the cost and the likelihood of achieving and implementing this change to determine an appropriate valuation. Fees paid to valuers are based on arms-length fixed price contracts.
The fair value of the Group's property for the year ended 31 December 2022 was assessed by independent and appropriately qualified valuers in accordance with the Royal Institute of Chartered Surveyors ("RICS") standards and IFRS 13. The valuations are performed by Savills for the Group's portfolio. The valuations are reviewed internally by senior management and presented to the Board. The presentation includes discussion around the assumptions used by the external valuers, as well as a review of the resulting valuations.

Valuation inputs

The fair value of the property portfolio (excluding RBH managed UK Hotels and London Serviced Offices) has been determined using either a discounted cash flow or a yield capitalisation technique, whereby contracted and market rental values are capitalised at a market rate, having regard for: tenant covenant strength; lease maturity; quality and location of the property; occupancy; non-recoverable costs and head rents. For RBH managed UK Hotels and London Serviced Offices, fair value is determined with reference to a capitalisation rate applied to the EBITDA of the underlying operational business. The resulting valuations are cross-checked against the net initial yield and the fair market values per square foot of comparable recent market transactions, as available.

The valuation techniques are consistent with IFRS 13 and use significant unobservable inputs. Valuation techniques can change at each valuation round depending on prevailing market conditions, market transactions and the property's highest and best use at the reporting date. Where there is a lack of market comparable transactions, the level of estimation and judgement increases on account of fewer observable inputs and the degree of variability could be expected to widen.

Fair value disclosures

The Group considers all its investment property to fall within 'Level 3', as defined by IFRS 13 (refer to Note 29). There has been no transfer of property within the fair value hierarchy during the year. The key unobservable valuation inputs of the Group's total portfolio, including assets held for sale, are set out in the tables below:

31 December 2022	Market value £m	Lettable area sqm	Average rent per sqm £	Weighted average lease length yrs[1]	Weighted average net initial yield %	Net initial yield % range	Average market rent per sqm £
UK Commercial	307.5	161,675	106.8	9.5	4.6	0.8 - 16.0	111.6
UK Hotels	302.8	71,718	351.1	2.7	7.1	3.5 - 6.0	301.1
Joint ventures							
UK Commercial	8.2	2,753	315.4	5.5	9.9	9.9	314.2
Total	**618.5**	**236,146**					

31 December 2021	Market value £m	Lettable area sqm	Average rent per sqm £	Weighted average lease length yrs[1]	Weighted average net initial yield %	Net initial yield % range	Average market rent per sqm £
UK Commercial	532.1	177,863	124.4	8.6	3.6	0.8 - 16.0	129.6
UK Hotels	312.6	77,391	152.1	14.6	5.0	3.5 - 6.0	145.6
Europe	2.3	1,088	185.1	1.2	5.9	5.9	174.0
Joint ventures							
UK Commercial	10.0	2,753	315.4	6.5	8.1	8.1	315.4
Total	**857.0**	**259,095**					

(1) Excluding the RBH managed hotels and London Serviced Offices portfolios given the operational nature of the underlying trading businesses.

Valuation sensitivities

The tables below set out the financial impact of positive and negative shifts in the primary unobservable inputs on the valuation of the Group's controlled property segments:

31 December 2022	**Market value £m**	**+5% ERV/ EBITDA £m[1]**	**-5% ERV/ EBITDA £m[1]**	**-25bps Yield/ Capitali-sation rate £m[1]**	**+25bps Yield/ Capitali-sation rate £m[1]**	**+20% ERV/ EBITDA £m[1]**	**-20% ERV/ EBITDA £m[1]**	**-100bps Yield/ Capitali-sation rate £m[1]**	**+100bps Yield/ Capitali-sation rate £m[1]**
UK Commercial	307.5	14.0	(13.7)	17.3	(15.5)	55.7	(53.0)	91.3	(55.0)
UK Hotels	302.8	11.3	(16.2)	10.7	(9.9)	52.9	(57.9)	48.5	(35.8)
Total	**610.3**	**25.3**	**(29.9)**	**28.0**	**(25.4)**	**108.6**	**(110.9)**	**139.8**	**(90.8)**

31 December 2021	Market value £m	+5% ERV/ EBITDA £m[1]	-5% ERV/ EBITDA £m[1]	-25bps Yield/ Capitali-sation rate £m[1]	+25bps Yield/ Capitali-sation rate £m[1]	+20% ERV/ EBITDA £m[1]	-20% ERV/ EBITDA £m[1]	-100bps Yield/ Capitali-sation rate £m[1]	+100bps Yield/ Capitali-sation rate £m[1]
UK Commercial	532.1	30.8	(19.1)	26.4	(44.0)	106.4	(90.4)	177.3	(122.3)
UK Hotels	312.6	13.2	(16.1)	13.3	(12.1)	58.7	(61.1)	61.1	(43.3)
Europe	2.2	0.1	(0.1)	-	-	0.4	(0.4)	0.2	(0.2)
Total	846.9	44.1	(35.3)	39.7	(56.1)	165.5	(151.9)	238.6	(165.8)

1. EBITDA and capitalisation rate inputs are applicable to the RBH managed hotels and the London Serviced Offices portfolio given the operational nature of the underlying businesses.

An increase in the current or future rental stream would increase capital value while a higher yield or discount rate would decrease capital value. There are interrelationships between these unobservable inputs however as they are partially determined by market conditions, the valuation movement in any one year depends on the balance between them.

Disposals

The Group made 5 investment property disposals during the year ended 31 December 2022 by way of asset sales from the UK Commercial portfolio.

31 December 2022	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Fair value adjustments £m	Gain on disposal £m
Continuing operations						
Commercial portfolio	24.5	(0.6)	23.9	16.7	-	7.2
Total disposals during the period	**24.5**	**(0.6)**	**23.9**	**16.7**	**-**	**7.2**

The Group made 7 investment property disposals during the period ended 31 December 2021 by way of asset sales from the UK Commercial and retail portfolios. Fair value adjustments on sale relate to the release of tenant incentives and associated head lease liabilities.

31 December 2021	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Fair value adjustments £m	Gain/(loss) on disposal £m
Continuing operations						
Commercial portfolio	18.7	(0.1)	18.6	16.9	-	1.7
Retail portfolio	45.7	(2.0)	43.7	46.6	(2.5)	(0.4)
Total disposals during the period	**64.4**	**(2.1)**	**62.3**	**63.5**	**(2.5)**	**1.3**

Committed expenditure

At 31 December 2022, the Group was contractually committed to expenditure of £0.6 million for the future development and enhancement of investment property (31 December 2021: £0.7 million) of which nil is related to JV expenditure (31 December 2021: £0.4 million).

Commercial property price risk

The Board draws attention to the risks associated with commercial property investments. Although over the long term property is considered a low risk asset, investors must be aware that significant short and medium term risk factors are inherent in the asset class. Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds and this restricts the Group's ability to realise value in cash in the short-term.

10. Non-current assets and disposal group held for sale

	UK Commercial £m	UK Hotels £m	Europe Dis Op £m	Total £m	Freehold £m	Leasehold £m
Investment property						
Opening balance at 1 September 2020	**3.5**	**-**	**121.5**	**125.0**	**94.3**	**30.7**
Capitalised expenditure	-	-	0.6	**0.6**	**-**	**0.6**
Transfers from/to investment property (Note 9)	0.7	-	-	**0.7**	**0.7**	**-**
Head lease movements	-	-	0.1	**0.1**	**-**	**0.1**
Loss on revaluation of investment property	-	-	(0.1)	**(0.1)**	**-**	**(0.1)**
Disposals through the sale of property	(4.2)	-	(112.7)	**(116.9)**	**(89.5)**	**(27.4)**
Foreign currency translation	-	-	(7.2)	**(7.2)**	**(5.5)**	**(1.7)**
Opening balance at 1 January 2022	**-**	**-**	**2.2**	**2.2**	**-**	**2.2**
Capitalised expenditure	-	-	-	**-**	**-**	**-**
Transfers from investment property (Note 9)	8.8	24.6	-	**33.4**	**33.4**	**-**
Head lease movements	-	-	-	**-**	**-**	**-**
Loss on revaluation of investment property	-	-	-	**-**	**-**	**-**
Disposals through the sale of property	-	-	(2.3)	**(2.3)**	**-**	**(2.3)**
Foreign currency translation	-	-	0.1	**0.1**	**-**	**0.1**
Market value of Group assets held for sale at 31 December 2022	**8.8**	**24.6**	**-**	**33.4**	**33.4**	**-**

Discontinued Europe portfolio

In March 2019, the Board approved a marketing exercise for the prospective sale of the Europe portfolio, a separately identifiable line of business containing the Group's investment properties located in Germany. All assets within the Europe portfolio were classified as a disposal group held for sale in addition to the results and cash flows of the segment being treated as a discontinued operation. At 31 December 2022, all properties had been disposed.

UK portfolio

As at 31 December 2022, eleven UK Commercial and one UK Hotel asset met the criteria of IFRS 5 as held for sale and were transferred from investment property.

Disposals

The Group disposed of one property during the year ended 31 December 2022 from the discontinued Europe portfolio.

31 December 2022	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Foreign currency translation £m	Loss on disposal £m
Discontinued operation						
Discontinued Europe portfolio	2.2	0.1	2.1	2.2	(0.1)	-
Total disposals during the period	**2.2**	**0.1**	**2.1**	**2.2**	**(0.1)**	**-**

The Group disposed of four held for sale assets during the period ended 31 December 2021 from the discontinued Europe portfolio and three from the UK portfolio.

31 December 2021	Sales proceeds £m	Disposal costs £m	Net sales proceeds £m	Carrying value £m	Foreign currency translation £m	Loss on disposal £m
Continuing operations						
UK portfolio	3.5	(0.2)	3.3	4.2	-	(0.9)
Discontinued operation						
Discontinued Europe portfolio	113.6	(6.0)	107.6	112.7	1.3	(6.4)
Total disposals during the period	**117.1**	**(6.2)**	**110.9**	**116.9**	**1.3**	**(7.3)**

Fair value disclosures

All non-current assets held for sale fall within 'Level 3', as defined by IFRS 13 (refer to Note 29). Accordingly, there has been no transfer within the fair value hierarchy during the year.

11. Finance expense

Continuing operations	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Finance expense on secured bank loans	**(12.9)**	(19.7)
Amortisation of debt issue costs	**(1.5)**	(1.7)
Finance expense on lease liabilities [1]	**(1.9)**	(2.2)
Total finance expense	**(16.3)**	(23.6)

[1] Finance charges have been calculated with reference to the incremental rate of borrowing specific to each lease. The incremental rates of borrowing range between 2.6 to 6.4 per cent per cent. Additional turnover rent charge specific to one of the UK Hotel long-leasehold interests is also included in the finance cost above. Excess turnover rent incurred for the year ended 31 December 2022 was £0.3 million (31 December 2021: £Nil).

12. Other finance income and expense

Continuing operations	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Interest income on loans to joint ventures	**0.1**	-
Reversal of expected credit losses on amounts receivable from related party (Note 30)	**-**	1.9
Other non-recurring finance income	**-**	2.4
Other finance income	**0.1**	4.3
Other non-recurring finance expense	**(0.2)**	(0.3)
Other finance expense	**(0.2)**	(0.3)

13. Investment in and loans to joint ventures

	31 December 2022 £m	31 December 2021 £m
Investment in joint ventures		
Opening balance at 1 January 2022	**2.2**	2.5
Share of post-tax loss	**(0.1)**	(0.1)
Distributions received from joint ventures	**(2.3)**	-
Foreign currency translation	**0.2**	(0.2)
Investment in joint ventures	**-**	2.2

	31 December 2022 £m	31 December 2021 £m
Loans to joint ventures		
Opening balance at 1 January 2022	**0.4**	0.7
Impairment of loans to continuing joint venture	**(0.4)**	(0.3)
Loan to joint ventures	**-**	0.4
Carrying value of net interest in joint ventures	**-**	2.6

The Group's interests in joint venture entities are in the form of:
1) an interest in the share capital of the joint venture companies; and
2) loans advanced to the joint venture entities.

The Esplanade
At 31 December 2022, the Group's material investment in this continuing joint venture comprised:
(i) 50 per cent interest in TwentySix The Esplanade Limited, a joint venture with Rimstone Limited, which owns an office building in St. Helier, Jersey.
Under the equity method, the investment in Esplanade is carried at £Nil in the Group's financial statements as cumulative losses to date exceeded or materially equalled the cost of the Group's net investment at 31 December 2022. Additionally the outstanding loan to the joint venture was fully impaired.

On a proportionate basis and for segmental reporting purposes, the Group's interest in the Esplanade is recognised on a line-by-line basis. Refer to Note 3.

Discontinued operations
The joint ventures previously classified as discontinued operations ceased trading and were fully liquidated in the year ended 31 December 2022.

Fair value disclosures
The fair value of the Group's recognised loan to joint venture as at 31 December 2022 was nil (31 December 2021: £0.4 million) and the Group considers that this financial asset falls within 'Level 3' as defined by IFRS 13 (refer to Note 29).

Summarised financial information
The summarised financial information of the Group's joint ventures, in addition to reconciliations to the amounts presented in the financial statements, are set out separately below:

31 December 2022	**The Esplanade £m**	**Elimination of joint venture partners' interest £m**	**Proportionate total £m**
Percentage ownership interest	50%		
Summarised income statement			
Net rental income	1.7	(0.9)	**0.8**
Net operating income	1.6	**(0.8)**	**0.8**
Loss on revaluation of investment property	(3.9)	2.0	**(1.9)**
Finance expense	(0.6)	0.3	**(0.3)**
Change in fair value of derivative financial instruments	1.3	(0.7)	**0.6**
Loss and total comprehensive expense for the period	**(1.6)**	**0.8**	**(0.8)**
Reconciliation to IFRS:			
Elimination of joint venture partners' interests	0.8	(0.8)	**-**
Group share of joint venture results	**(0.8)**	**-**	**(0.8)**
Presented as:			
Excess losses in joint venture not recognised	(0.4)	-	**(0.4)**
Impairment of loan to continuing joint venture interest	(0.4)	-	**(0.4)**
Summarised balance sheet			
Investment property	15.9	(8.0)	7.9
Trade and other receivables	0.9	(0.4)	0.5
Cash and cash equivalents	0.2	(0.1)	0.1
Total assets	**17.0**	**(8.5)**	**8.5**
External borrowings	(15.0)	7.5	(7.5)
Loans from joint venture partners	(6.6)	3.3	(3.3)
Trade and other payables (inc. current tax liabilities)	(2.8)	1.4	(1.4)
Total liabilities	**(24.4)**	**12.2**	**(12.2)**
Net assets/(liabilities)	**(7.4)**	**3.7**	**(3.7)**
Reconciliation to IFRS:			
Elimination of joint venture partners' interests	3.7	(3.7)	-
Impaired loan to joint venture (Note 30)[(1)]	3.3	-	3.3
Excess losses in joint venture not recognised	0.4	-	0.4
Carrying value of net interest in joint ventures	**-**	**-**	**-**

[(1)] Loans to joint ventures include the opening balance, any advances or repayments and foreign currency movements during the year.

31 December 2021	The Esplanade £m	Dis-continued operation £m	Total £m	Elimination of joint venture partners' interest £m	Propor-tionate total £m
Percentage ownership interest	50%	49%-52%			
Summarised income statement					
Net rental income	2.2	**-**	**2.2**	(1.1)	**1.1**
Net operating income	2.2	(0.3)	**1.9**	(1.0)	**0.9**
Loss on revaluation of investment property	(3.5)	-	**(3.5)**	1.8	**(1.7)**
Finance expense	(1.3)	-	**(1.3)**	0.7	**(0.6)**
Change in fair value of derivative financial instruments	2.0	-	**2.0**	(1.0)	**1.0**
Loss and total comprehensive expense for the period	**(0.6)**	**(0.3)**	**(0.9)**	**0.5**	**(0.4)**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	0.3	0.2	**0.5**	(0.5)	**-**
Group share of joint venture results	**(0.3)**	**(0.1)**	**(0.4)**	**-**	**(0.4)**
Presented as:					
Share of post-tax loss from joint ventures *(discontinued operation) (Note 3)*					**(0.1)**
Impairment of loan to continuing joint venture interest					**(0.3)**
Summarised balance sheet					
Investment property	19.5	-	19.5	(9.7)	9.8
Trade and other receivables	0.6	5.0	5.6	(2.7)	2.9
Cash and cash equivalents	0.8	-	0.8	(0.4)	0.4
Total assets	**20.9**	**5.0**	**25.9**	**(12.8)**	**13.1**
External borrowings	(15.8)	-	(15.8)	7.9	(7.9)
Loans from joint venture partners	(6.6)	-	(6.6)	3.3	(3.3)
Derivative financial instruments	(3.6)	-	(3.6)	1.8	(1.8)
Trade and other payables (inc. current tax liabilities)	(0.7)	(0.2)	(0.9)	0.4	(0.5)
Total liabilities	**(26.7)**	**(0.2)**	**(26.9)**	**13.4**	**(13.5)**
Net assets/(liabilities)	**(5.8)**	**4.8**	**(1.0)**	**0.6**	**(0.4)**
Reconciliation to IFRS:					
Elimination of joint venture partners' interests	2.9	(2.3)	0.6	(0.6)	-
Elimination of non-controlling interests		(0.3)	(0.3)		(0.3)
Recognised loan to joint venture (Note 30)[1]	0.4		0.4		0.4
Excess losses in joint venture not recognised	2.9		2.9		2.9
Carrying value of net interest in joint ventures	**0.4**	**2.2**	**2.6**	**-**	**2.6**

(1) Loans to joint ventures include the opening balance, any advances or repayments and foreign currency movements during the year.

14. INVESTMENT IN ASSOCIATE

	31 December 2022 £m	31 December 2021 £m
Investment in RBH		
Opening balance at 1 September	**6.8**	5.5
Share of post-tax profit	**2.2**	0.9
Distributions (Note 30)	**(0.2)**	(0.3)
Reversal of impairment/(Impairment) of investment	**-**	0.7
Carrying value of investment in associate	**8.8**	6.8

RBH

The summarised financial information of RBH is set out below.

	31 December 2022 £m	31 December 2021 £m
Summarised income statement		
Revenue	**73.6**	16.5
Other income	**9.8**	2.6
Expenses	**(74.8)**	(15.5)
Profit from operations	**8.6**	3.6
Taxation	**(0.6)**	(0.1)
Profit for the period	**8.0**	3.5
Elimination of third party interest	**(5.8)**	(2.6)
Share of post-tax profit	**2.2**	0.9
Summarised balance sheet		
Non-current assets	**0.9**	1.4
Trade and other receivables	**4.4**	5.4
Cash and cash equivalents	**15.4**	10.3
Total assets	**20.7**	17.1
Loans from Brightbay	**-**	(4.5)
Trade and other payables	**(14.2)**	(10.6)
Total liabilities	**(14.2)**	(15.1)
Net assets	**6.5**	2.0
Share of net assets attributable to the Group	**1.8**	0.5
Valuation adjustment	**7.0**	6.3
Carrying value of the Group's investment in associate	**8.8**	6.8

The Group's interest in RBH at 31 December 2022 was 27.4 per cent (31 December 2021: 27.4 per cent).

Distributions received from RBH for the year ended 31 December 2022 were £0.2 million (31 December 2021: £0.3 million).

15. Taxation

Tax recognised in the income statement

Continuing operations	**Year ended 31 December 2022 £m**	Period ended 31 December 2021 £m
Current income tax		
Income tax in respect of current period	**-**	0.1
Adjustments in respect of prior years	**-**	(0.1)
Tax charge for the period recognised in the income statement	**-**	-
Discontinued operation		
Current income tax	**(3.3)**	5.6
Deferred income tax	**(0.1)**	(5.0)
Tax (credit)/charge for the period included in post-tax loss from discontinued operation	**(3.4)**	0.6
Total tax (credit)/charge for the period	**(3.4)**	0.6

There was £nil tax recognised in equity or other comprehensive income during the year (31 December 2021: £nil).

Reconciliation

The tax rate for the year is lower than the average standard rate of corporation tax in the UK of 19.0 per cent (31 December 2021: 19 per cent). The differences are explained below:

Continuing operations	**Year ended 31 December 2022 £m**	Period ended 31 December 2021 £m
Profit/(loss) before tax	**(27.5)**	92.4
Profit/(loss) before tax multiplied by standard rate of corporation tax	**(5.2)**	17.5
Effect of:		
- Loss on disposal of subsidiary	**0.1**	0.5
- Loss/(gain) on revaluation of investment property (including held for sale)	**12.5**	(15.7)
- Net profit on disposal of investment property (including held for sale)	**(1.4)**	(0.1)
- Change in fair value of derivative financial instruments	**(2.7)**	(1.7)
- Income not subject to UK income tax	**(0.4)**	-
- REIT exempt property rental profits	**(3.1)**	(1.9)
- Unutilised losses carried forward	**0.5**	0.4
- Items not (assessable)/deductible for tax	**(0.3)**	1.1
- Adjustments in respect of prior periods	**-**	(0.1)
Tax charge for the year recognised in the income statement	**-**	-

As shown in the reconciliations above, the effective tax rate of the Group is not meaningful given the loss position in the current year.

The measures announced at Budget 2021 which are contained within Finance Act 2021, states that the main rate of corporation tax is to remain at 19 per cent for 2021 and 2022, increasing to 25 per cent effective 1 April 2023.

On 4 December 2013, the Group converted to a UK-REIT. As a result, the Group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided certain conditions are met. Non-qualifying profits and gains of the Group continue to be subject to corporation tax such as the profits and gains outside of the UK. The Directors intend the Group to continue as a REIT for the foreseeable future. As a result, deferred tax is no longer recognised on temporary differences relating to the UK property rental business which is within the REIT structure.

16. NON-CONTROLLING INTERESTS

Group	**31 December 2022 £m**	31 December 2021 £m
Opening balance at 1 January 2022	**40.7**	42.5
Comprehensive income for the year:		
Share of profit/(loss) for the year – continuing operations	**4.0**	(0.7)
Share of loss for the year – discontinued operation	**-**	(0.3)
Changes in ownership interests in subsidiaries:		
Dividends paid	**(7.2)**	(0.7)
Disposal of non-controlling interests	**(5.8)**	(0.1)
Total non-controlling interests	**31.7**	40.7

On 1 July 2022, subsidiaries in the LSO portfolio were sold to the non-controlling interests. As a result, the related non-controlling interests were derecognised. On 31 January 2021 and 19 November 2021, subsidiaries in the Europe discontinued operations segment were formally liquidated in which there were 12 per cent and 24 per cent non-controlling interests respectively. These non-controlling interests were therefore derecognised. As part of this liquidation a final dividend was paid of which £0.2 million was paid to non-controlling interests.

The following table summarises the current and comparative financial information relating to the Group's material non-controlling interests in the London Serviced Offices portfolio (LSO), IHL Holdco Limited hotels portfolio (IHL) and Redefine Hotels Holding Limited hotels portfolio (RHHL), before any intra-group eliminations.

	31 December 2022					31 December 2021				
	LSO £m	IHL £m	RHHL £m	Europe Dis Op £m	Total non-controlling interests £m	LSO £m	IHL £m	RHHL £m	Europe Dis Op £m	Total non controlling interests £m
Principal place of business	United Kingdom	United Kingdom	United Kingdom			United Kingdom	United Kingdom	United Kingdom		
Country of incorporation	Isle of Man	BVI	BVI			Isle of Man	BVI	BVI		
NCI %	20.0%	25.9%	17.5%	Individually immaterial		20.0%	25.9%	17.5%	Individually immaterial	
Summarised balance sheet										
Investment property	-	122.5	166.6			162.5	123.8	199.1		
Other non-current assets	-	-	24.6			0.1	-	-		
Receivables	9.0	2.2	3.7			0.7	2.5	5.4		
Cash and cash equivalents	-	2.6	9.5			5.3	3.1	5.3		
Derivative financial instruments	-	1.6	6.5			-	-	0.9		
Borrowings, including lease liabilities	-	(71.6)	(91.9)			(92.4)	(69.2)	(98.7)		
Trade and other payables	-	(10.1)	(18.9)			(4.1)	(15.3)	(28.5)		
Net assets	9.0	47.3	100.1			72.1	44.9	83.5		
Elimination of Brightbay interests	(7.2)	(35.0)	(82.6)			(57.7)	(33.3)	(68.9)		
NCI share of net assets	1.8	12.2	17.5	-	-	14.4	11.6	14.6	0.1	40.7
Summarised statement of comprehensive income										
Revenue	6.8	8.2	8.6			12.4	1.9	0.9		
Profit/(loss) for the year	2.9	2.2	16.6			(1.8)	(1.2)	(0.6)		
Profit/(loss) attributable to NCI	0.6	0.6	2.9	-	4.1	(0.4)	(0.3)	(0.1)	(0.2)	(1.0)
Dividends paid to NCI	(7.2)	-	-	-	(7.2)	0.5	-	-	0.2	0.7
Summarised cash flow statement										
Cash inflow/(outflow) from operating activities	3.1	(0.3)	(4.2)			1.7	8.2	19.2		
Cash outflow from investing activities	(4.8)	(0.1)	15.5			(0.1)	(0.2)	(0.3)		
Cash outflow from financing activities	(3.6)	(0.1)	(7.1)			(3.2)	(5.7)	(13.9)		
Net increase/(decrease) in cash and cash equivalents	(5.3)	(0.5)	4.2			(1.6)	2.3	5.0		

17. Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue and the profit attributable to shareholders.

	31 December 2022 £m	31 December 2021 £m
IFRS (loss)/profit attributable to equity holders of the Parent:		
Continuing operations	**(31.5)**	93.1
Discontinued operation	**3.1**	(3.6)
	(28.4)	89.5
Number of ordinary shares (millions)		
IFRS weighted average	**381.5**	381.0
Basic and diluted IFRS earnings per share (pence)		
Continuing operations	**(8.3)**	24.4
Total Group	**(7.4)**	23.5

18. Other non-current assets

	31 December 2022 £m	31 December 2021 £m
Property, plant and equipment		
Opening balance at 1 September	**0.4**	0.8
Additions	**1.9**	0.1
Disposals	**(0.5)**	-
Depreciation	**(0.3)**	(0.5)
Closing balance	**1.5**	0.4
Total other non-current assets	**1.5**	0.4

19. Receivables

	31 December 2022 £m	Restated 31 December 2021 £m
Non-current		
Tenant lease incentives (gross) [(1)]	**10.3**	7.4
Expected credit losses [(1)]	**(3.4)**	(1.9)
	6.9	5.5
Letting costs	**1.1**	1.1
Total non-current other receivables	**8.0**	6.6
Current		
Gross rent and other accounts receivable	**0.7**	2.1
Expected credit losses	**(0.1)**	(0.5)
	0.6	1.6
Gross service charge receivable	**-**	0.3
Expected credit losses	**-**	(0.1)
	-	0.2
Recoverable service charge expenditure	**0.3**	0.1
Tenant lease incentives [(1)]	**0.6**	0.4
Other amounts receivable from related parties (Note 30)	**5.7**	8.7
Accrued income in relation to corporate and property disposals	**-**	0.1
Prepayments and accrued income	**2.0**	0.7
Other receivables [(2)]	**5.8**	9.8
Total current trade and other receivables	**15.0**	21.6
Total receivables	**23.0**	28.2

(1) Total tenant lease incentives of £10.3 million (31 December 2021: £7.4 million) have been deducted from investment property, including property assets held for sale, in determining fair value at the balance sheet date. Refer to lease in Note 9 (£10.3 million) and Note 10 (£nil) respectively (31 December 2021: £7.4m and £nil respectively).

(2) Restricted cash and cash equivalents has been reclassified as an other receivable. See note 2.1 for further details.

20. Cash and cash equivalents

	31 December 2022 £m	Restated 31 December 2021 £m
Cash and cash equivalents	**22.1**	37.0
Cash and cash equivalents	**22.1**	37.0[1]

1 £4.8 million restricted cash and cash equivalents in 31 December 2022 and £8.6 million in 31 December 2021 has been reclassified as other receivables. See note 2.1 for further details.

At 31 December 2022, the Group's share of total cash and cash equivalents, including its share of joint venture cash, was £22.2 million (31 December 2021: £37.4 million). £2.0 million of cash and cash equivalents is held in deposit accounts which are available for use by the group within a three-month period.

21. BORROWINGS

Group	31 December 2022 £m	31 December 2021 £m
Non-current		
Bank loans	**318.0**	412.8
Less: unamortised debt issue costs	**(2.2)**	(4.0)
Total non-current borrowings	**315.8**	408.8
Current		
Bank loans	**0.3**	0.8
Less: unamortised debt issue costs	**-**	(0.2)
Total current borrowings	**0.3**	0.6
Total borrowings	**316.1**	409.4

Analysis of movement in net borrowings,

The following table presents the movements in net borrowings for the periods ended 31 December 2022 and 31 December 2021, split between cash and non-cash movements as required by IAS 7.

	Non-current £m	Current £m	Cash and cash equivalents £m	Net borrowings £m
Opening balance at 1 September 2020 - Restated	535.7	66.1	(64.1)[1]	537.7[1]
Financing activities (cash)				
Continuing operations				
Borrowings drawn	106.1	-	(106.1)	-
Borrowings repaid	(237.9)	(1.9)	239.8	-
Discontinued operation				
Borrowings repaid	(53.4)	(0.4)	53.8	-
	(185.2)	(2.3)	187.5	
Financing activities (non-cash)				
Accretion of debt fair value adjustments	0.7	-	-	0.7
Waiver of debt	(2.4)	-	-	(2.4)
Reclassification between current and non-current	63.2	(63.2)	-	-
	61.6	(63.2)	-	(1.7)
Other net cash movements - Restated	-	-	(159.3)[1]	(159.3)[1]
Foreign currency translation	(3.2)	-	(1.1)	(4.3)
Opening balance at 31 December 2021 - Restated	**408.8**	**0.6**	**(37.0)[1]**	**372.4[1]**
Financing activities (cash)				
Continuing operations				
Borrowings repaid	**(21.4)**	**(0.2)**	**21.6**	**-**
Discontinued operation				
Borrowings repaid	**-**	**-**	**-**	**-**
	(21.4)	**(0.2)**	**21.6**	**-**
Financing activities (non-cash)				
Debt issue costs movements	**1.9**	**-**	**-**	**1.9**
Disposal of subsidiary	**(73.1)**	**(0.5)**	**-**	**(73.6)**
Reclassification between current and non-current	**(0.4)**	**0.4**	**-**	**-**
	(71.6)	**(0.1)**	**-**	**(71.7)**
Other net cash movements	**-**	**-**	**(6.6)**	**(6.6)**
Foreign currency translation	**-**	**-**	**(0.1)**	**(0.1)**
Closing balance at 31 December 2022	**315.8**	**0.3**	**(22.1)**	**294.0**

1 Prior year cash and cash equivalents figures have been restated as a result of an accounting policy change. Refer to note 2.1 for details.

Bank loans

	31 December 2022			Restated 31 December 2021		
	Carrying value £m	**Nominal value £m**	**Fair value £m**	Carrying value £m	Nominal value £m	Fair value £m
Non-current liabilities						
Bank loans	**318.0**	**318.0**	**318.0**	412.8	412.8	412.8
Less: unamortised debt issue costs	**(2.2)**	**-**	**-**	(4.0)	-	-
Less: fair value adjustments	**-**	**-**	**0.2**	-	-	(1.0)
Total non-current bank loans	**315.8**	**318.0**	**318.2**	408.8	412.8	411.8
Current liabilities						
Bank loans	**0.3**	**0.3**	**0.3**	0.8	0.8	0.8
Less: unamortised debt issue costs	**-**	**-**	**-**	(0.2)	-	-
Total current bank loans	**0.3**	**0.3**	**0.3**	0.6	0.8	0.8
Total IFRS bank loans	**316.1**	**318.3**	**318.5**	409.4	413.6	412.6
Joint ventures						
Share of joint ventures bank loans	**7.5**	**7.5**	**7.5**	7.9	7.9	7.9
Total bank loans (on a proportionately consolidated basis)	**323.6**	**325.8**	**326.0**	417.3	421.5	420.5
Cash and cash equivalents	**(22.1)**	**(22.1)**	**(22.1)**	(37.0)[1]	(37.0)[1]	(37.0)[1]
Share of joint ventures cash and cash equivalents	**(0.1)**	**(0.1)**	**(0.1)**	(0.4)	(0.4)	(0.4)
Net debt (on a proportionately consolidated basis)	**301.4**	**303.6**	**303.8**	379.9[1]	384.1[1]	383.1[1]

The table above presents bank loans, cash and cash equivalents and net debt information prepared on a proportionately consolidated basis. This format is not a requirement of IFRS and is presented for informational purposes only as it is used in reports presented to the Group's Chief Operating Decision Maker.

[1] Prior year figures have been restated as a result of an accounting policy change. Refer to note 2.1 for details.

At 31 December 2022, the Group's bank loans were secured over investment property of £618.5 million (31 December 2021: £864.7 million) and were carried at amortised cost.

The Group's principal value of drawn debt (on a proportionately consolidated basis) has decreased during the period by £95.3 million (31 December 2021: £70.6 million) as a result of foreign currency movements, scheduled amortisation and disposal transactions the Group completed during the period. This is in line with the Group's strategy to reduce leverage and refinancing risk and to improve the debt maturity profile in the near term.

In the prior period, the Group had in place covenant waivers on 40.9 per cent of the Group's facilities as a result of COVID-19. As at 31 December 2022, all covenant waivers had expired on debt subject to financial covenants.

Fair value disclosures

The nominal value of floating rate borrowings is considered to be a reasonable approximation of fair value. The fair value of fixed rate borrowings at the reporting date has been calculated by discounting cash flows under the relevant agreements at indicative interest rates for similar debt instruments, with indicative quotes provided by each lender, which are considered unobservable. Given current market volatility, the potential spreads on the rates provided by the lenders at the reporting date had widened considerably. The Group considers floating rate borrowings, at a total carrying value of £315.5 million, fall within 'Level 2' while fixed rate borrowings, at a total carrying value of £8.3 million, fall within 'Level 3' as defined by IFRS 13 (refer to Note 29). The fair value equivalent of all bank loans at the reporting date was £318.5 million as presented in the bank loans table. An increase in the discount rate by 10 per cent would result in a decrease of the fair value of the bank loans by £0.2 million (31 December 2021: £1.3 million). A decrease in the discount rate by 10 per cent would result in an increase of the fair value of the bank loans by £0.2 million (31 December 2021: £1.3 million).

Maturity

The maturity of Group bank loans, gross of unamortised debt issue costs and fair value adjustments is as follows:

	31 December 2022 £m	31 December 2021 £m
Less than one year	**7.5**	7.9
Between one year and five years	**310.0**	404.9
More than five years	**8.3**	8.7
	325.8	421.5

Certain borrowing agreements contain financial and other covenants that, if contravened, could alter the repayment profile.

22. Lease liabilities

Obligations under the Group's lease arrangements at the reporting date were as follows:

	31 December 2022 £m	31 December 2021 £m
Minimum lease payments under lease obligations:		
Not later than one year	**1.4**	1.8
Later than one year not later than five years	**5.8**	6.6
Later than five years	**482.9**	529.9
	490.1	538.3
Less: finance charges allocated to future periods	**(455.1)**	(487.9)
Present value of minimum lease payments	**35.0**	50.4
Present value of minimum lease obligations:		
Not later than one year	**1.3**	1.5
Later than one year not later than five years	**4.4**	5.3
Later than five years	**29.3**	43.6
Present value of minimum lease payments	**35.0**	50.4
Less current portion of head lease obligations	**(0.1)**	(0.2)
Amounts due after more than one year	**34.9**	50.2
Reconciled to the following categories of right-of-use assets:		
Investment property (Note 9)	**33.4**	50.3
Property, plant and equipment (Note 18)	**1.5**	0.2
Straight-lining differences on depreciation of property, plant and equipment	**0.1**	(0.1)
	35.0	50.4

Lease obligations relate to the Group's leasehold interests in investment property and the lease on the Group's head office. These leases are effectively secured obligations, as the rights to the leased asset revert to the lessor in an event of default. The discount rates used in calculating the present value of the minimum lease payments range from 3.1% to 4.7% per cent. The fair value of the Group's lease obligations at 31 December 2022 was £36.2 million (31 December 2021: £52.5 million) and the Group considers that these liabilities fall within 'Level 3' as defined by IFRS 13 (refer to Note 29).

23. Derivative financial instruments

The Group enters into interest rate swap and interest rate cap agreements to manage the risks arising from the Group's operations and its sources of finance.

Interest rate swaps and caps are employed by the Group to manage the interest rate profile of financial liabilities. In accordance with the terms of the majority of bank debt arrangements, the Group has entered into interest rate swaps to convert the rates from floating to fixed which has limited exposure to interest rate fluctuations. Likewise, interest rate caps are used to limit the downside exposure to significant changes to the low interest rates currently prevailing in the market.

It is the Group's policy that no economic trading in derivatives is undertaken.

Group	**31 December 2022 £m**	31 December 2021 £m
Non-current derivative assets		
Interest rate caps	**8.1**	0.9
Interest rate swaps	**5.6**	-
	13.7	0.9
Non-current derivative liabilities		
Interest rate swaps	**-**	(1.0)
	-	(1.0)
Net derivative financial instruments	**13.7**	(0.1)

The Group holds interest rate caps at a strike rate of 1.5 per cent, maturing from December 2024 to July 2027. The Group also holds interest rate swaps with maturities from January 2024 and swap rates of 1.3 per cent.

24. DEFERRED TAX

The table below presents a reconciliation of the recognised deferred tax balances:

	On investment property £m	On derivative financial instruments £m	On losses carried forward £m	Total £m
Opening balance 1 September 2020	5.7	(0.4)	-	5.3
Credit for the year recognised in the income statement (within loss from discontinued operation)	(5.3)	0.4	-	(4.9)
Foreign currency translation	(0.3)	-	-	(0.3)
Opening balance 1 January 2022	**0.1**	**-**	**-**	**0.1**
Credit for the year recognised in the income statement (within loss from discontinued operation)	(0.1)	-	-	(0.1)
Closing balance at 31 December 2022	**-**	**-**	**-**	**-**

At 31 December 2022, there were unrecognised deferred tax assets of £3.9 million (31 December 2021: £7.1 million) due to carried forward losses in the residual business.

Deferred tax has historically been recognised on the Europe segment as local tax would arise on disposal of property and settlement of the derivatives, irrespective of the UK REIT status of the Group. As the Group has disposed of the final European investment property, no deferred tax remains.

25. TRADE AND OTHER PAYABLES

	31 December 2022 £m	31 December 2021 £m
Amounts payable to related parties (Note 30)	**5.1**	12.4
Rent received in advance	**3.6**	6.4
Trade payables	**-**	0.3
Finance expense accruals	**0.5**	2.4
VAT payable	**0.6**	1.3
Accruals	**5.4**	4.5
Deferred service charge income	**0.3**	0.9
Tenant deposits	**-**	2.2
Other sundry payables	**0.2**	0.2
Total current trade and other payables	**15.7**	30.6

At 31 December 2022, the Group had no deferred payments outstanding on VAT liabilities as allowed under the UK government grant as a result of COVID-19 (31 December 2021: £0.1 million).

26. SHARE CAPITAL AND SHARE PREMIUM

Authorised	Number of shares	Authorised share capital £m
At 31 December 2021 and 31 December 2022 (ordinary shares of 40.0 pence each)	**600,000,000**	**240.0**

Issued, called up and fully paid	Number of shares	Share capital £m	Share premium £m
At 1 September 2020	**380,315,623**	**152.1**	**534.8**
Share issuance – 1 December 2020	274,438	0.1	0.1
Share issuance – 4 May 2021	880,980	0.4	-
At 31 December 2021	**381,471,041**	**152.6**	**534.9**
At 31 December 2022	**381,471,041**	**152.6**	**534.9**

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any rights of redemption.

Share transactions

Deferred bonus share awards

On 1 December 2020, deferred bonus awards made to Executive Directors under the Company's short term incentive plan, as approved by shareholders at the Annual General Meeting held on 23 January 2017, vested in full. The vesting price per ordinary share was 92.8 pence. On 2 December 2020, 274,438 ordinary shares were issued to participants (after a number of shares were settled by the Company in cash to meet tax and national insurance liabilities).

On 28 April 2021, following a Court sanctioning of the Company's Scheme of Arrangement between RDI REIT P.L.C. and SOF-12 Cambridge BidCo Limited, certain awards made to Executive Directors and Employees of the Group under the Company's short-term incentive plan, long-term incentive plan and restricted stock plan, as approved by shareholders at the Annual General Meeting held on 23 January 2020, vested under change of control provisions. On 29 April 2021, 880,980 ordinary shares were issued to participants (after a number of shares were settled by the Company in cash to meet tax and national insurance liabilities).

No share transactions took place in the year to 31 December 2022.

27. Reserves

Foreign currency translation reserve
The foreign currency translation reserve at 31 December 2022 of £14.3 million (31 December 2021: £14.5 million) represents exchange differences arising from the translation of the Group's net investment in foreign operations, including both subsidiary and joint venture interests.

28. Cash generated from operations

Continuing operations	Note	**Year ended 31 December 2022 £m**	Restated Period ended 31 December 2021 £m
Cash flows from operating activities			
(Loss)/profit before tax		**(27.5)**	92.4
Adjustments for:			
Straight lining of rental income		**-**	(0.4)
Depreciation	18	**0.3**	0.5
Share-based payments	31	**-**	0.2
Share award costs recognised directly in equity	31	**-**	(0.6)
Loss/(gain) on revaluation of investment property	9	**65.8**	(82.9)
Gain on disposal of investment property	9	**(7.2)**	(1.3)
Loss on disposal of investment property held for sale	10	**-**	0.9
Loss on disposal of subsidiaries	8	**0.5**	2.5
Foreign exchange (gain)/loss		**(0.1)**	0.8
Finance income		**(0.1)**	(4.3)
Finance expense	11	**16.5**	23.6
Other finance expense	12	**-**	0.3
Change in fair value of derivative financial instruments		**(14.1)**	(8.9)
Impairment reversal of loan to continuing joint venture interest	13	**0.4**	(0.3)
Share of post-tax profit from associate	14	**(2.2)**	(0.9)
		32.3	21.6
Changes in working capital		**(1.7)**	(12.4)[1]
Cash generated from operations		**30.6**	9.1[1]

1 Prior period balances have been restated as a result of an accounting policy change. See note 2.1 for further details.

29. Fair value of financial instruments

Basis for determining fair values
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of financial instruments that are traded in active markets is based on quoted market prices or dealer price quotations. For all other financial instruments, the Group uses valuation techniques to arrive at a fair value that reflects a price that would have been determined by willing market participants acting at arm's length at the reporting date. For common and simple financial instruments, such as over-the-counter interest rate swaps and caps, the Group uses widely recognised valuation models for determining the fair value. The models use only observable market data and require little management judgement which reduces the uncertainty associated with the determination of fair values. For other financial instruments, the Group determines fair value using net present value or discounted cash flow models and comparisons to similar instruments for which market observable prices exist. Varying degrees of judgement are required in the determination of an appropriate market benchmark. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, foreign currency exchange rates and expected price volatilities and correlations. Availability of observable market prices and inputs vary depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The tables below present information about the Group's financial instruments carried at fair value as of 31 December 2022 and 31 December 2021.

31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total fair Value £m
Financial assets				
Derivative financial assets (Note 23)	-	**13.7**	**-**	**13.7**
	-	**13.7**	**-**	**13.7**
31 December 2021				
Financial assets				
Derivative financial assets (Note 23)	-	0.9	-	0.9
	-	0.9	-	0.9
Financial liabilities				
Derivative financial liabilities (Note 23)	-	(1.0)	-	(1.0)
	-	(1.0)	-	(1.0)

Derivative financial instruments have been categorised as 'Level 2', as although they are priced using directly observable inputs, the instruments are not traded in an active market.

As stated in Note 9 and Note 10, the Group considers investment property, including held for sale assets, to be categorised as 'Level 3'. The fair value of loans to joint ventures is presented in Note 13 and this financial asset is classified as 'Level 3'. As stated in Note 13, the Group considers floating rate borrowings to be categorised as 'Level 2' and fixed rate borrowings as Level 3', the fair value adjustment on fixed rate borrowings is disclosed therein. Lease obligations are classified as 'Level 3'', the fair value of which is presented in Note 22.

The carrying values of trade and other receivables, cash and cash equivalents and trade and other payables are considered to be a reasonable approximation of fair value.

30. Related party transactions

Related parties of the Group include: associate undertakings; joint ventures; Directors and key management personnel; connected parties; the major shareholder; as well as entities connected through common directorships.

	Year ended 31 December 2022 £m	Period ended 31 December 2021 £m
Revenue transactions		
Rental income (Note 4)		
Gross lease payments from RBH	**18.3**	3.2
Lease incentive contributions to RBH	**(3.3)**	(1.2)
	15.0	2.0
Rental expense (Note 4)		
Office Space In Town (OSIT) rental expense charges	**(0.1)**	(0.3)
Office Space Cleaning Company Limited cleaning fees	**(0.3)**	(0.7)
	(0.4)	(1.0)
Administration costs and other fees (Note 6)		
OSIT investment management fees	**(0.3)**	(0.6)
Loss on disposal of subsidiaries		
Sale of LSO group to OSIT	**(3.4)**	-
Other finance expense (Note 12)		
Expected credit losses on amounts receivable from RBH	**-**	1.9
Impairment on loan to joint venture Twenty Six The Esplanade	**(0.4)**	-
Total revenue transactions	**10.5**	2.3
Capital transactions		
Investment in associate (Note 14)		
Dividends received from RBH	**(0.2)**	(0.3)
	(0.2)	(0.3)
Non-controlling interests (Note 8, Note 16)		
Dividends payable to Secure German Investments Limited	**-**	(0.2)
Dividends paid to OSIT	**(7.2)**	
	(7.2)	(0.2)
Total capital transactions	**(7.4)**	(0.5)
Related party transactions with equity holders of the Parent		
Funds controlled by Starwood Capital Group – cash dividends	**96.0**	205.6
Total related party transactions with equity holders of the Parent	**96.0**	205.6
Related party balances		
Recognised loans to joint ventures (Note 13)		
TwentySix The Esplanade Limited	**-**	0.4
	-	0.4
Trade and other receivables (Note 19)		
RBH – tenant lease incentives	**2.8**	1.5
RBH – gross rent and other accounts receivable	**-**	2.4
RBH – gross amounts advanced to associate	**-**	2.8
OSIT – other accounts receivable	**1.8**	-
Tsogo Sun Hotels Limited – Outstanding loan and interest	**1.1**	1.8
RI Menora German Holdings S.à.r.l – accrued performance fee income	**-**	0.2
	5.7	8.7
Trade and other payables (Note 25)		
Enderle International Limited – trading loan	**(2.9)**	(4.4)
Tsogo Sun Hotels Limited – trading loan and interest	**(2.2)**	(3.4)
RI Menora German Holdings S.à.r.l – trading balances	**-**	(4.0)
Wichford VBG Holdings S.à.r.l – trading balance	**-**	(0.6)
	(5.1)	(12.4)
Total related party balances	**0.6**	(3.3)

OSIT
Office Space In Town (OSIT) indirectly held a 20 per cent non-controlling interest in the LSO portfolio up until the sale of the LSO portfolio to the OSIT group on 1 July 2022. OSIT was contracted as the asset manager of each property. Management fees were payable on a ratcheted basis with reference to the forecast EBITDA of each property. Management fees of £0.3 million were charged by OSIT for the year ended 31 December 2022 (31 December 2021: £0.6 million) until the date of the disposal. OSIT continues to hold a 20 per cent non-controlling interest in the remaining subsidiary not sold in the transaction.

Office Space Cleaning Limited was also considered a related party as it is a controlled subsidiary of OSIT. Fees charged for cleaning services to the LSO portfolio during the year ended 31 December 2022 amounted to £0.3 million (31 December 2021: £0.7 million). In addition, there are a number of operating expenses that OSIT incurs and recharges to the Group at cost. These amounted to £0.1 million for the year ended 31 December 2022 (31 December 2021: £0.3 million) and are included in net rental income.

During the period to 31 December 2022 St Dunstan's Holdco and LSO have declared dividends of £7.2 million to OSIT as non-controlling interests of the Group (31 December 2021: £0.5 million). Of the £7.2 million, £0.7 million was paid and £6.5 million was extinguished against a receivable from OSIT.

RBH
Enderle International and Tsogo Sun Hotels hold a 17.5 per cent and 25.9 per cent non-controlling interest in Redefine Hotel Holdings Limited (RHHL) and IHL Holdco Limited respectively. They have provided operational funding to RBH via loans advanced directly to RHHL and IHL. At 31 December 2022 the Enderle International loan to RHHL was £2.9 million (31 December 2021: £4.4 million) and the Tsogo Sun loan to IHL was £2.2 million (31 December 2021: £3.4 million).

RI Menora German Holdings S.à.r.l. and Wichford VBG Holdings S.à.r.l. were previously joint ventures of the Group. Both have been fully liquidated in the year ended 31 December 2022.

Directors remuneration
Of the 5 directors that served during the year, 2 were remunerated by the Company (2021: 11) and the amounts included below are those relating to their services as directors for the Company.

Remuneration paid to directors of the Company was:

	31 December 2022 £m	31 December 2021 £m
Emoluments	**1.1**	3.3
Contribution to defined contribution pension scheme	**-**	0.1
	1.1	3.4

31. Share-based payments

Share-based payment reserve	**31 December 2022 £m**	31 December 2021 £m
Opening balance	**-**	0.9
Expense for the year	**-**	0.2
Release of reserve on lapsed and vested awards	**-**	(1.1)
Closing balance	**-**	-

The Company's share-based payments were all equity-settled and ceased in April 2021 following the Court sanctioned Scheme of Arrangement between RDI REIT P.L.C. and SOF-12 Cambridge BidCo Limited.

32. Financial risk management

The Group is exposed to the following financial risks through its operations:

- credit risk;
- liquidity risk; and
- market risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The following quantitative and qualitative disclosures describe the Group's objectives, policies and processes for measuring and managing these risks, in addition to the Group's management of capital.

The Group's risk management policies require the identification and analysis of the risks faced by the Group, the setting of appropriate risk limits and controls and the monitoring of risks and adherence to limits. Risk management policies and systems are reviewed regularly and adjusted to reflect changes in market conditions and the Group's activities.

The Group's Board of Directors has responsibility for the establishment and oversight of the Group's risk management framework. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility and ability to maximise returns. The Board oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework relative to the risks faced by the Group.

There are no significant concentrations of risk and there has been no significant change during the period to the types of financial risks faced by the Group or the Group's approach to the management of such risks.

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. The carrying amount of financial assets, together with off balance sheet undrawn commitments, represent the Group's maximum credit risk exposure. The maximum exposure to credit risk at the current and comparative reporting dates is set out in the following table.

	31 December 2022 £m	Restated 31 December 2021 £m
Loans to joint ventures	**-**	0.4
Trade and other receivables (gross)	**9.7**	29.8[1]
Expected credit losses	**(0.1)**	(2.5)
	9.6	27.3[1]
Cash and cash equivalents	**22.1**	37.0[1]
Credit risk on balance sheet	**31.7**	64.7
Undrawn commitments	**-**	-
Total credit risk	**31.7**	64.7

Prepayments, letting costs and lease incentives are excluded from trade and other receivables as these balances are not exposed to credit risk. At 31 December 2022 this includes prepayments of £2.0 million, letting costs of £1.1 million and lease incentives £10.3 million (31 December 2021: prepayments of £0.6 million).

[1] Prior year balances have been restated as a result of a change in accounting policy. See note 2.1 for further details.

Cash and cash equivalents

Credit risk arises on the Group's holding of assets such as cash and cash equivalents and deposits with banks or financial institutions. The Group limits such exposure by investing in liquid deposits with material counterparties that have a credit rating of A, A2 or above from Standard & Poor's or Moody's, except where specific exemptions are granted by the Board.

Counterparties	**2022 Credit rating**	2021 Credit rating	**Total 31 December 2022 £m**	Total 31 December 2021 £m
Cash and cash equivalents:				
HSBC	**A1**	A1	**15.5**	24.4
NatWest	**A1**	A2	**4.0**	1.7
Barclays	**A1**	A1	**-**	5.4
Bayern LB	**Aa3**	Aa3	**0.1**	2.6
Santander	**A1**	A1	**2.0**	3.0
HSH Nordbank	**Baa1**	Baa1	**-**	3.2
Other			**5.3**	5.3
Total cash and undrawn commitments			**26.9**	45.6
Of which is classified as				
Cash and cash equivalents			**22.1**	37.0
Other receivables			**4.8**	8.6

Included in the above monitoring of credit risk for cash and cash equivalents is £4.8 million in a restricted deposit account that has been reclassified as an other receivable (2021: £8.6 million). See note 2.1 for further details.

The Group actively monitors its credit exposure to each counterparty and in dealing with high quality, reputable and long-established institutions, management do not expect any counterparty will fail to meet its obligations.

Trade and other receivables
The Group is exposed to credit risk from lease contracts in relation to its property portfolio. This risk is actively managed by the asset and property managers who continuously monitor and work with tenants, anticipating and wherever possible, identifying and addressing risks prior to default. The credit risk associated with rent receivables and tenant lease incentives has historically been considered low (owing to the long-term nature and diversity of the Group's tenancy agreements, credit checks performed prior to inception of a material lease, advanced payments made by tenants (or licencees) and deposits or guarantees received.

Trade receivables exposed to credit risk were 0.0 per cent of net assets at 31 December 2022 (31 December 2021: 0.9 per cent).

The assessment of expected credit losses (in line with IFRS 9) associated with the Group's accounts receivable by segment at 31 December 2022 and at 31 December 2021, are set out in the tables below:

31 December 2022	Current £m	1-2 months £m	2-3 months £m	3-4 months £m	4-5 months £m	5+ months £m	**Total accounts receivable £m**
Accounts receivable subject to credit loss assessment							
Loss rate (%)		30%	30%	30%	30%	50%	
UK Commercial – Gross accounts receivable	0.7	-	-	-	-	-	**0.7**
UK Commercial – Net accounts receivable (excl. VAT)	0.6	-	-	-	-	-	
UK Commercial – Loss allowance	-	-	-	-	-	-	**-**
Other accounts receivable by portfolio							
UK Hotels							**-**
Other							**-**
Total accounts receivable							**0.7**

31 December 2021	Current £m	1-2 months £m	2-3 months £m	3-4 months £m	4-5 months £m	5+ months £m	**Total accounts receivable £m**
Accounts receivable subject to credit loss assessment							
Loss rate (%)		40%	40%	40%	40%	50%	
UK Retail – Gross accounts receivable	0.1	-	-	-	-	0.5	**0.6**
UK *Retail – Net accounts receivable (excl. VAT)*	0.1	-	-	-	-	0.4	
UK Retail – Loss allowance	-	-	-	-	-	(0.2)	**(0.2)**
Loss rate (%)		30%	30%	30%	30%	50%	
UK Commercial – Gross accounts receivable	0.5	-	-	0.1	-	0.2	**0.8**
UK Commercial – Net accounts receivable (excl. VAT)	0.4	-	-	0.1	-	0.2	
UK Commercial – Loss allowance	-	-	-	-	-	(0.1)	**(0.1)**
Loss rate (%)		20%	20%	20%	20%	50%	
Europe – Gross accounts receivable	-	-	-	-	-	0.3	**0.3**
Europe – Net accounts receivable (excl. VAT)	-	-	-	-	-	0.2	
Europe – Loss allowance	-	-	-	-	-	(0.1)	**(0.1)**
Other accounts receivable by portfolio							
London Serviced Offices							**0.3**
UK Hotels							**2.7**
Other							**-**
Total accounts receivable							**4.3**

The Group's bad debt policy is as follows:
If there is objective evidence that the Group may not be able to collect all amounts due according to the original terms of the lease, a specific impairment is made. The Group also makes a general loss allowance of 25 per cent against all receivables 120 days or more past due that have not been specifically impaired. Provisions are made on the net outstanding receivable balance, excluding VAT. At 31 December 2022, specific provision requirements against doubtful debts were subject to thorough review by both the asset and property managers, with regard for the aging of the debt, the sector of the tenant, rent concessions to the reporting date and impact of COVID-19 on operational cashflow of those tenants.

To comply with the provisions of IFRS 9, the Group assesses on a forward-looking basis the lifetime expected credit losses associated with its trade receivables. To measure the expected credit losses, trade receivables are grouped based on credit risk characteristics, being the sector of the tenant and the days past due. Insofar as the resulting provision requirements are materially in line with the provisions calculated under the Group's established bad debt policy, no loss allowance adjustments are made.

As at 31 December 2022, the expected loss rate considered appropriate for the UK Commercial and Europe sectors was 50 per cent of net accounts receivable over 5 months past due.

The expected loss rate considered appropriate for the UK Commercial sector was 30 per cent of accounts receivable between one and five months past due. While this sector has shown resilience in uncertain market conditions, the loss rate that has been applied to UK Commercial factors a number of specific tenant failures, rent concessions that were still under negotiation at the reporting date and the reduced likelihood of recovery of the aged receivable based on historic payment profiles, in particular with reference to collection stats during the disruption period.

As at 31 December 2022, there was no material difference between the cumulative bad debt provision balance based on the Group's bad debt policy (£0.1 million) and total expected credit losses as required under IFRS 9 of £nil, as presented in the above table.

Loans to joint ventures
The credit risk associated with loans to joint ventures is the risk that the loans advanced may not be recoverable. As at 31 December 2022, the loan has been fully impaired. See note 13.

Reconciliation of loss allowances
A reconciliation of the movements in loss allowances against each financial asset subject to impairment from prior year-end to the reporting date is set out in the following table:

	Tenant lease incentives £m	**Rent and other accounts receivable £m**	**Service charge receivable £m**	**Total £m**
31 December 2021	**1.9**	**0.5**	**0.1**	**2.5**
Charge for the year	1.5	2.5	0.2	4.2
Utilised/released	-	(2.9)	(0.3)	(3.2)
31 December 2022	**3.4**	**0.1**	**-**	**3.5**

Liquidity risk
Liquidity risk arises from the Group's working capital and debt servicing obligations. The below disclosure considers the risk that the Group will encounter difficulties in meeting its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that there will always be sufficient resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is actively managed by the Group's finance department. Twice a month, management receive and review rolling six-month cash flow projections to ensure that there is sufficient headroom in the near term to meet ongoing operational requirements and upcoming capital commitments.

The monitoring of liquidity is also assisted by the quarterly review of covenants imposed by financial institutions, such as loan to value and interest cover ratios. Loans are renegotiated in advance of any potential covenant breaches insofar as the factors are within the control of the Group. The Board will ensure during periods of increased market uncertainty, as evidenced in the current disruption period, that sufficient cash resources are available for potential loan repayments or cash deposits as may be required by financial institutions. The Group's loan facilities and other borrowings are also spread across a range of banks and financial institutions so as to minimise any potential concentration of risk.

Due to the circumstances caused by the onset of COVID-19, the Group negotiated covenant waivers and amortisation holidays for the majority of the Group's facilities given the likely impact on covenants, in particular, interest cover. At the latest compliance date, all covenant waiver periods had expired and no covenant waivers were in place on debt subject to financial covenants (31 December 2021: 40.9 per cent).

The tables below set out the contractual maturities of financial liabilities based on the undiscounted obligations to make interest payments and to repay the principal:

31 December 2022	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
Financial liabilities							
Bank and other loans	**316.1**	**(319.7)**	**(0.1)**	**-**	**(218.8)**	**(92.1)**	**(8.7)**
Lease liabilities	**34.9**	**(490.1)**	**(0.7)**	**(0.7)**	**(1.4)**	**(4.4)**	**(482.9)**
Trade and other payables	**15.7**	**(15.7)**	**(15.7)**	**-**	**-**	**-**	**-**
Tax liabilities	**3.6**	**(3.6)**	**(3.6)**	**-**	**-**	**-**	**-**
	370.3	**(817.4)**	**(20.0)**	**(0.6)**	**(220.1)**	**(96.0)**	**(491.6)**

31 December 2021	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 5 years £m	More than 5 years £m
Financial liabilities							
Bank and other loans	**409.4**	**(424.3)**	**(0.5)**	**(8.4)**	**(0.5)**	**(406.2)**	**(8.7)**
Lease liabilities (IFRS 16)	**50.4**	**(527.0)**	**(0.9)**	**(0.7)**	**(1.5)**	**(4.5)**	**(519.4)**
Trade and other payables	**30.6**	**(30.6)**	**(30.6)**	**-**	**-**	**-**	**-**
Tax liabilities	**7.2**	**(7.2)**	**(7.2)**	**-**	**-**	**-**	**-**
Derivative financial liabilities							
Interest rate swaps	**1.0**	**(4.9)**	**(1.2)**	**(1.2)**	**(2.4)**	**(0.1)**	**-**
	498.6	**(994.0)**	**(40.4)**	**(10.3)**	**(4.4)**	**(410.8)**	**(528.1)**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its investments in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group enters into derivative financial instruments in the ordinary course of business and incurs financial liabilities in order to manage market risks. The Board of Directors receives reports on a quarterly basis with regards to currency exposure, as well as interest rate spreads and takes the necessary steps to hedge and limit the risk the Group is exposed to. The Group does not apply hedge accounting.

Currency risk

The Group operates internationally and is exposed to currency risk, primarily with respect to the Euro ("EUR"). Foreign exchange risk arises from the Group's exposure to monetary assets and liabilities and net investments in foreign operations recognised in EUR. The Group's income from income-producing rental properties is denominated in the same currencies as the loans that are financing those properties. The Group's investments in foreign subsidiaries are not hedged as the currency positions are considered to be long term in nature.

As can be seen from the table below, the carrying net assets denominated in Euro, and the related foreign currency exposure, declined during the year as a result of the targeted Europe portfolio disposal programme. At 31 December 2022, there were GBP equivalent net liabilities of £1.9 million denominated in Euro, decreasing from £0.5 million net assets at 31 December 2021. Foreign currency movement exposures on realised investments are managed by converting to Sterling at the earliest opportunity or entering foreign currency forward contracts prior to significant transactions.

The carrying amount of the Group's foreign denominated assets and liabilities were as follows:

	31 December 2022 £m	31 December 2021 £m
Assets		
EUR	**0.4**	10.6
ZAR	**0.1**	0.2
Liabilities		
EUR	**(2.3)**	(10.1)

The following exchange rates were applied during the year:

	Average rate		**Year end rate**	
	2022	2021	**2022**	2021
EUR	**1.170**	1.152	**1.130**	1.189
ZAR	**20.220**	20.616	**20.592**	21.582

Sensitivity analysis

A five per cent strengthening in the GBP exchange rate against the EUR at year end would have increased equity by £0.1 million (31 December 2021: nil) and decreased profit by £0.1 million (31 December 2021: decreased losses by £0.2 million). A five per cent weakening in the GBP exchange rate against the EUR at year end would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group uses interest rate derivatives to mitigate its exposure to interest rate fluctuations. At the year end, as a result of the use of interest rate swaps and caps, the majority of the Group's borrowings were at fixed interest rates.

Group (proportionately consolidated)	**Fixed/capped 31 December 2022 £m**	**Floating 31 December 2022 £m**	Fixed/capped 31 December 2021 £m	Floating 31 December 2021 £m
Nominal value of Group bank loans	**121.9**	**196.5**	181.2	232.4
Nominal value of joint venture bank loans	**-**	**7.5**	-	7.9
	121.9	**204**	181.2	240.3
Derivative impact	**176.0**	**(176.0)**	183.0	(183.0)
	297.9	**28.0**	364.2	57.3
Interest rate protection (%)	**91.4%**		86.4	

Capital structure and management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the balance between its net debt and capital. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages the capital structure and takes reasonable steps in light of changes in the economic conditions and the risk characteristics of its underlying business and assets. Over the last eighteen months, the Board and management have focused on the following strategic priorities to improve the capital structure: reduction in retail exposure; lower leverage capital structure; and focused capital allocation to assets backed by occupational demand.

The key ratios used to monitor the capital structure of the Group, as presented in the following table, are the loan to value and the interest cover ratios:

Group (proportionately consolidated)	Note	**31 December 2022 £m**	31 December 2021 £m
Loan to value			
Net debt	21	**(298.8)**	(375.5)
Market value of total property portfolio	9	**618.5**	856.9
Loan to value (%)		**48.3**	43.8
Interest cover			
Net rental income	3	**39.3**	47.8
Operating lease charges		**(1.9)**	(1.9)
		37.4	45.9
Net finance expense	3	**16.7**	25.9
Debt fair value adjustments (discontinued operation)		**-**	(0.2)
Operating lease charges	11	**(1.9)**	(1.9)
		14.8	23.8
Interest cover (times)		**2.5**	1.9

The tables above are presented on a proportionately consolidated basis. The ratios are not a requirement of IFRS and are presented for informational purposes only as they are used in reports presented to the Group's Chief Operating Decision Maker for monitoring the Group's capital structure.

33. Net asset value per share

	31 December 2022 £m	31 December 2021 £m
Net assets attributable to equity holders of the Parent	**300.3**	426.1
Number of ordinary shares (millions)		
In issue	**381.5**	381.5
Diluted	**381.5**	381.5
Net asset value per share (pence):		
- Basic	**78.7**	111.7
- Diluted	**78.7**	111.7

34. Contingencies, guarantees and commitments

A former subsidiary of the Group, Redefine Australian Investments Limited, has undergone a review by the Australian Tax Office in respect of its calculation of Capital Gains Tax arising on the disposal of securities formerly held in Cromwell Property Group during 2013, 2014 and 2015. Due to the subjective nature of the claim, it is not possible to reasonably estimate the exposure which could arise. The Directors continue to remain of the view, having sought advice from reputable tax agents and advisers, that the respective filing positions were correct and therefore following the orderly wind down of activities, the Directors placed the company in liquidation in January 2018. Due to the technical nature of the claim, the liquidators report is taking longer than anticipated to finalise.

At 31 December 2022, the Group was contractually committed to expenditure of £0.6 million for the future development and enhancement of investment property (31 December 2021: £0.7 million) of which £nil is related to JV expenditure (31 December 2021: £0.4 million).

35. Ultimate parent undertaking and controlling party

The most immediate entity with control is SOF-12 Cambridge Bidco Limited, a company registered in Guernsey at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL. The ultimate controlling party is Starwood Capital Group.

36. Subsequent events

On 08 March 2023, the Group exchanged contracts for the disposal of 24 Kwik Fits for gross consideration of £20.3 million. Of these 24 properties, 11 were classified as held for sale at the reporting date.

37. Related undertakings of the Company

As at 31 December 2022, the Company had an interest (as shown), direct or indirect, in the ordinary share capital of the following subsidiaries, joint ventures and associates. Those undertakings that were in liquidation at the reporting date have not been included.

Subsidiaries

Name of subsidiary/undertaking	Domicile	Principal activity	Segment	Effective ownership %
Redefine International Holdings Limited	Jersey	Holding	Multiple	100
Redefine Wigan Limited	British Virgin Islands	Holding	UK Retail	100
Ciref Coventry Limited	British Virgin Islands	Holding	UK Retail	100
Seaham Wax Limited	British Virgin Islands	Holding	UK Retail	100
St George's Harrow Limited	British Virgin Islands	Investment property	UK Retail	100
Trito Kwik Fit Limited	British Virgin Islands	Holding	UK Commercial	100
Trito Gibson Limited	British Virgin Islands	Holding	UK Commercial	100
Gibson Property Holdings Limited	British Virgin Islands	Investment property	UK Commercial	100
Ciref Kwik-Fit Stafford Limited	United Kingdom	Investment property	UK Commercial	100
Ciref Kwik-Fit Stockport Limited	United Kingdom	Investment property	UK Commercial	100
Ciref Jersey Limited	British Virgin Islands	Holding	UK Commercial	100
Ciref Europe Limited	Isle of Man	Holding	Europe	99
R.I. Waldkraiburg Limited	Cyprus	Holding	Europe	99
Ciref Premium Limited	Ireland	General Partner	Europe	99
Ciref Premium Holdings Limited	Cyprus	Holding	Europe	93.9
Ciref Europe Management Limited	Ireland	Holding	Europe	93.9
Premium Portfolio 2 Ltd & Co. KG	Germany	Investment property	Europe	93.9
Kalihora Holdings Limited	Cyprus	Holding	Europe	100
Redefine International Management Holdings Limited	British Virgin Islands	Holding	Other	100
Brightbay Management Services Limited	United Kingdom	Services Company	Other	100
RDI German Services GmbH	Germany	Services Company	Other	100
Redefine International Fund Managers Europe Limited	British Virgin Islands	Services Company	Other	100
RDI Serviced Offices Limited	Isle of Man	Holding	UK Commercial	100
St Dunstan's Holdco Limited	Isle of Man	Holding	UK Commercial	80
Redefine AUK Limited	British Virgin Islands	Holding	Multiple	100
Redefine AUK Holdings Limited	British Virgin Islands	Holding	Multiple	100
Redefine Camino Park Crawley Limited	British Virgin Islands	Investment property	UK Commercial	100
Redefine Express Park Bridgwater Limited	British Virgin Islands	Investment property	UK Commercial	100
Redefine Kingsthorne Kettering Limited	British Virgin Islands	Investment property	UK Commercial	100
Redefine North Street Limited	British Virgin Islands	Investment property	UK Commercial	100
Newington House Limited	British Virgin Islands	Investment property	UK Commercial	100
Wichford Zeta Limited	Isle of Man	Holding	Multiple	100
RDI Bicester Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Atherton Wigan Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Dalkeith Limited	Isle of Man	Investment property	UK Commercial	100
Wichford DSA Dundee Limited	Isle of Man	Investment property	UK Commercial	100
Wichford DSA Uxbridge Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Gillingham Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Newington Causeway Limited	Isle of Man	Investment property	UK Commercial	100
Wichford Weymouth Limited	Isle of Man	Investment property	UK Commercial	100
RDI Farnborough Limited	Isle of Man	Investment property	UK Commercial	100
Redefine Share Investments Limited	Isle of Man	Holding	Multiple	100
IHL Holdco Limited	British Virgin Islands	Holding	UK Hotels	74.1
International Hotel Properties Limited	British Virgin Islands	Holding	UK Hotels	74.1
Redefine Dunstable Limited	British Virgin Islands	Holding	UK Hotels	74.1
Dunstable PropCo Limited	United Kingdom	Investment property	UK Hotels	74.1
Forest Bidco Limited	British Virgin Islands	Holding	UK Hotels	74.1
Edinburgh PropCo Ltd	British Virgin Islands	Investment property	UK Hotels	74.1
Splendour BidCo Limited	British Virgin Islands	Holding	UK Hotels	74.1
Southampton Propco Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redditch PropCo Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Gatwick Propco Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Belvedere Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Leatherhead Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Perth Limited	British Virgin Islands	Investment property	UK Hotels	74.1
Redefine Slough Limited	British Virgin Islands	Investment property	UK Hotels	74.1
RDI Kingston Limited	Isle of Man	Investment property	UK Commercial	100
RDI Hotel Group Limited	Isle of Man	Holding	UK Hotels	100
Redefine Hotel Holdings Limited	British Virgin Islands	Holding	UK Hotels	82.5

Subsidiaries

Name of subsidiary/undertaking	Domicile	Principal activity	Segment	Effective ownership %
Redefine Hotels Portfolio 2 Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio III Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio IV Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Portfolio V Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Reading Limited	British Virgin Islands	Investment property	UK Hotels	82.5
BNRI Earls Court Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Hotels Edinburgh Limited	British Virgin Islands	Investment property	UK Hotels	82.5
Redefine Enfield Limited	British Virgin Islands	Investment property	UK Hotels	100
Everton Shopping Centre S.à.r.l	Luxembourg	Holding	Europe	100
Brightbay Real Estate Partners Limited	United Kingdom	Holding	Other	100
Redefine Cyprus Limited	Cyprus	Holding	Other	100

Joint ventures

Name of Joint Venture	Domicile	Principal Activity	Segment	Effective ownership %
TwentySix The Esplanade Limited	British Virgin Islands	Holding	UK Commercial	50.0
26 Esplanade No1 Limited	Jersey	Investment property	UK Commercial	50.0

Associate

Name of associate	Domicile	Principal Activity	Segment	Effective ownership %
RBH Hotel Group Limited	British Virgin Islands	Holding	UK Hotels	27.4
RBH Hotels UK Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
RBH Hospitality Management Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Hotel Lease (Number 2) Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Hotel Employees Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
RBH Hotel Management Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
RBH Earls Court Management Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
IHL Tenant Holdco Limited	United Kingdom	Holding	UK Hotels	27.4
The Gateway Hotel Dunstable Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Sankara Hotels Gatwick Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Southampton OpCo Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Redditch OpCo Limited	United Kingdom	Hotel Operator	UK Hotels	27.4
Edinburgh OpCo Limited	United Kingdom	Hotel Operator	UK Hotels	27.4