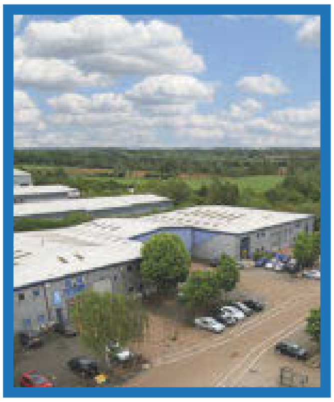
ESKMUIR
PROPERTIES

30 SEPTEMBER 2023



Annual Report and Consolidated Financial Statements

ESKMUIR
PROPERTIES LIMITED

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FINANCIAL HIGHLIGHTS

	2023	2022	% change
Turnover	£17.1m	£15.9m	8%
(Loss) / profit before tax	(£20.7m)	£18.7m	(211%)
(Loss) / earnings per share (see note 22)	(101.5p)	88.4p	(215%)
Ordinary dividend paid per share	28.22p	27.41p	3%
Special dividend paid per share	0.00p	5.00p	(100%)
Dividend paid per share	28.22p	32.41p	(13%)
Net assets per share	1,026p	1,155p	(11%)
TOTAL SHAREHOLDER RETURN	**(8.8%)**	**8.0%**	
i) Adjusted profit before tax	**£11.8m**	**£7.5m**	**57%**
ii) Adjusted profit before tax (including realised revaluation surpluses)	**£21.6m**	**£10.8m**	**100%**
iii) Adjusted profit before tax (including realised revaluation surpluses) per share	**133.5p**	**66.7p**	**100%**

	2023	2022	% change
(Loss) / profit before tax	(£20.7m)	£18.7m	
Adjustments:			
Deficit / (gains) arising on revaluation of investment property	£32.5m	(£11.2m)	
i) Adjusted profit before tax	**£11.8m**	**£7.5m**	**57%**
Historic revaluation (loss) / surplus before tax realised in the year	£9.8m	£3.3m	
ii) Adjusted profit before tax (including realised revaluation surpluses)	**£21.6m**	**£10.8m**	**100%**
iii) Adjusted profit before tax (including realised revaluation surpluses) per share	**133.5p**	**66.7p**	**100%**

Of these highlights, the board and senior management consider: Adjusted profit before tax; Adjusted profit before tax (including realised revaluation surpluses); and total shareholder return as key performance indicators.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C M Laing*	Chairman
P A Hodgson	Managing Director
J A Harding	Finance Director
R J M Collier*	
N J Gregory* (appointed 1 September 2023)	
D E Laing*	
N J Treble*	

*Non-Executive

COMPANY SECRETARY

J A Harding

REGISTERED OFFICE AND DOMICILE

8 Queen Anne Street
London
W1G 9LD

BANKERS

National Westminster Bank PLC

SOLICITORS

Osborne Clarke LLP
Brodies LLP
CMS Cameron McKenna Olswang Nabarro LLP
BDB Pitmans LLP
DLA Piper UK LLP
Clyde & Co LLP

AUDITOR

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

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STRATEGIC REPORT

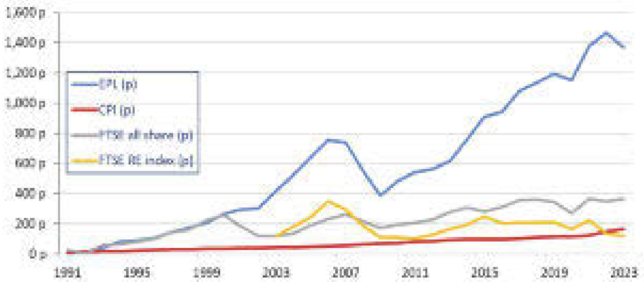
Eskmuir's 2023 financial year started during a period of heightened economic and geopolitical uncertainty. High levels of inflation and rising central bank rates saw risk-free rates rebased for investors, impacting commercial real estate values. Whilst Eskmuir has had a commendable 2023 financial year the portfolio has not been immune to softening yields. Asset management endeavour and stock selection have helped mitigate the impact on the Eskmuir portfolio. Considered and opportunistic transactions combined with intensive asset management have resulted in very profitable transactions which have materially enhanced Eskmuir's 2023 performance adding to its long-term track record with 2023 being Eskmuir's 32nd successive year of dividend growth.
The 2023 financial year headlines include:

- **-8.8% total Shareholder Return (2022: 8.0%) resulting in 24.6% total shareholder return over the last five years (2022: 42.8%)**
- **£20.7m Loss Before Tax including unrealised revaluation movements (2022: Profit £18.7m). £11.8m (6.3% of opening shareholders' funds) Profit Before Tax excluding unrealised revaluation movements**
- **28.64p per share Standard Dividend, 3.0% increase on 2022 and Eskmuir's 32nd successive year of dividend growth, 132.8% increase since 2006 (2022: 126% since 2006)**
- **£166.0m Shareholders Funds, 11.2% decrease on 2022**
- **-3.8% Total Property Return including profits on investment property sales (2022: 9.9%). -6.2% Total Property Return excluding disposals (2022: 9.3%) compares favourably to the -13.80% recorded by MSCI All Property Index**
- **Preferred sector weightings maintained, despite £42m of transactions, multi-let urban industrial portfolio weighting 51% (2022: 52%). Post year-end Eskmuir completed the Artemis portfolio purchase, 10 multi-let industrial estates for £60.1m (6.2% NIY) increasing the portfolio weighting in this preferred sector to 60%**
- **Profitable investment management activity; £33.75m disposals (4.5% NIY), crystallising £16.8m total profit on historic cost, £8.4m acquisitions (5.1% NIY)**
- **Rent Collection, an average of 99.3% collected each quarter during the 2023 year (2022: 99.4%)**

The Eskmuir Board consider adjusted profit before tax (including realised revaluation surpluses) - which ignores unrealised revaluation movements and provisions against carrying value of investments - to be a good measure of the realised results of the business in any single year. Adjusted profit before tax (including realised revaluation surpluses) for the current year was £21.6m (133.5p per share) compared to £10.8m (66.7p per share) for 2022. Adjusted profit before tax (including realised revaluation surpluses) has only been higher in one of the last 17 years.

Long-Term Performance

Total Shareholder Returns (cumulative p): EPL vs RPI, FTSE all share & FTSE Real Estate Index 350



Eskmuir Capital and Income Returns

The above charts show Eskmuir's relative returns and the component parts of total return. CPI growth since 1990 would have seen the initial £16m investment in Eskmuir grow to £38m (+£22m, +135%) Eskmuir's 2023 NAV is £166.0m (+£150.6m, +931%), in addition to this capital growth shareholders have been paid total dividends of £73.1m (+452%). Total return averaged 10.56% pa over 33 years.
The distributable reserves in the balance sheet (retained profits from prior years) total £119.8m which is equivalent to over 26 years of dividends at the 2023 level.

Economic Background

The 2023 financial year started in economic turmoil prompted by the Truss/Kwarteng "Mini Budget". Heightened economic and geopolitical uncertainty resulted in high levels of inflation prompting central banks to rapidly increase their rates to control inflation. CPI inflation peaked in October 2022 at 11.1% and has since reduced to 4.7%. The Bank of England's Monetary Policy Committee has increased the base rate 14 times times to 5.25% which is considered to be at or close to its peak for this cycle. There has been an economic slowdown globally as: the geopolitical events of the Russia/Ukraine conflict; China's delayed opening up post Covid; and now the Israel/Hamas conflict have increased uncertainty. The UK has managed to avoid recession, but GDP has been subdued and nominally positive with the PMI (Composite) being below 50 in recent months suggesting economic contraction. As inflation declines further the Bank of England's Monetary Policy Committee can move its attention away from containing inflation to supporting economic growth and easing interest rates. However, it is widely anticipated inflation and interest rates are likely to stay higher for longer. The macroeconomic and geopolitical headwinds are not likely to dissipate in the short-term however the Eskmuir business with its strong balance sheet and resilient portfolio income is well placed to navigate these challenges.

STRATEGIC REPORT (continued)

The firm foundations of Eskmuir's business model are as follows:

Investment Management – Acquiring quality investment properties well, having completed a pre-purchase bespoke 5-year asset plan ensures the hidden potential to enhance rental income and, in turn, capital values are spotted early. Delivering the asset plan, often repositioning the asset so it meets the needs of today's occupiers, enables enhanced values to be crystallised through investment sales. That capital can then be recycled into acquiring new opportunities which add to both the rental income and the asset management pipeline. The profit crystallised by each investment sale serves to reduce leverage and add to the funds Eskmuir has to invest. The timing and pricing of buying and selling are crucial as are the sectors and nature of assets targeted. Targeting well located properties in locations where tenants need and want to be ensures a ready supply of tenant demand to support rental growth. In a market where values are declining Eskmuir did not anticipate being able to complete a P&L accretive sale in 2023. However, the sale at Watford Business Park saw an opportunistic acquisition asset managed well and sold into a different strata of the market profitably.

Asset Management – Preparing a 5-year asset plan for each property enables the risks and opportunities each property exhibits to be rationalised into a clear plan of how income and value accretive initiatives may be implemented. Understanding occupiers' property needs and combining them with a detailed knowledge of local markets is key to releasing hidden value through enhancing the rental income and in turn capital value. Tenant retention and high occupancy rates mitigate void costs improving income returns. Asset management amplifies returns in strong markets and mitigates the impact of more challenging ones.

Financial Management – Eskmuir has a strong balance sheet which combines appropriate levels of equity, core debt (2047 Debentures) and strategic debt (NatWest revolving facility) from long-standing relationship partners. This structure, a fundamental part of Eskmuir's financial risk management, has enabled banking covenants to be complied with should valuations soften whilst providing the firepower to invest opportunistically at the right time in the cycle.

Risk Management – At a business, portfolio and property level steps are taken to identify and mitigate risks which may negatively impact performance. Eskmuir's Interim Economic Risk Management Committee (IERMC), a sub-committee of the Eskmuir Properties Limited Board convenes monthly. Inevitably, there is a relationship between risk and returns which we manage diligently. Whilst risk cannot be eliminated completely the Executive Directors, IERMC and the Board have a low tolerance of risks which may materially impact the businesses long-term objectives. Business risk is reviewed quarterly by the Eskmuir Board.

Fund Management – Eskmuir Properties Limited's long-term track-record and provenance are an attractive platform from which to provide a real estate fund manager role to third parties. Eskmuir's actual track-record in managing The Diversified Property Fund for Charities (DPFC) continues to grow. DPFC is delivering on the target returns sought by investors who have now received a total return of 98% since launch in 2015. The revenues from this area of endeavour contribute materially to covering the overhead cost of the management team. It is anticipated Eskmuir's growing track-record will provide further opportunities.

Objectives, Business Model and Strategy

The Eskmuir Board reviews the businesses objectives, model and strategy in detail at the September and March Board meetings.

Objective

Eskmuir is a long-term investor in real estate and the custodian of investors' endowments with the objective of providing a sustainable and growing income stream whilst growing the capital in real terms over the medium-term, to benefit both current and future generations of shareholder / beneficiary. Eskmuir invests in a risk managed way observing clear Board Room guidance of "do not bet the farm".

Business Model

The current Eskmuir business model, first adopted in 2006, has demonstrated its resilience navigating the challenges of the Global Financial Crisis, Brexit, the Covid-19 pandemic and the current economic uncertainty. The disciplined implementation of the business model through a clear dynamic strategy which is responsive to changing macro-economic factors and occupier needs has enabled attractive long-term performance.

Strategy

Eskmuir's Business Model is implemented through a clear dynamic strategy which is responsive to changing economic, social and occupier trends. Technology has enabled trends in remote working, online retailing and increased levels of consumer convenience. The challenging economic environment has seen consumers seek value as they contend with the increased cost of living.

The structural change in retailing accelerated during the Covid-19 pandemic when physical retailing was restricted to only essential retailers. Internet sales as a percentage of the total retail sales stood at 19% pre-pandemic, peaking at almost 38% in January 2021 and since reducing to c. 26% although they have returned to pre-pandemic growth rates. Consumers preference for increased convenience has seen reduced footfalls in town centres and retailers reducing their physical store networks. Reduced occupier demand has increased voids and seen rents decline in towns across the country. Investment yields have softened reflecting investor sentiment for the risks associated with in-town retail. Retail warehouses are a subsector of the retail market which has faired better being more closely aligned to the multi-channel retail model, adopted by many successful retailers, combining physical retailing with online including click and collect and local distribution.

Strategy (continued)
The office sector is also undergoing structural change. Technological developments have enabled remote working, a trend which also accelerated during the Covid-19 pandemic. Hybrid / flexible working patterns are commonplace resulting in occupiers reassessing their office requirements seeking smaller footprints in better quality buildings to help encourage employees into the office. Reduced occupier demand and ESG legislation (MEES), requiring landlords to enhance the Energy Performance Certification, are impacting investor sentiment and seeing yields increase. The office market is polarising between the best quality properties where tenants want to locate and secondary / tertiary building where values are likely to soften to levels enabling alternative uses.

The increase in online sales volumes has added to demand for warehouse accommodation with many retailers acquiring large 100,000sqft plus warehouses to satisfy the online demand for goods. However, the tenant risk and valuation profile of these assets is not attractive in a portfolio the size of Eskmuir's. Additionally, this subsector of the industrial / warehouse market saw yields harden the most which have subsequently softened. The real estate fundamentals in the smaller unit multi-let urban industrial warehouse market have been more resilient. The depth of occupier demand has increased as the accommodation serves the traditional industrial occupiers, trade counter suppliers, the growing demand from logistics service providers making the "last mile" deliveries as consumers demand faster deliveries. Geopolitical uncertainty and the Covid-19 pandemic have seen businesses revisit their globalised supply chains opting for "just in case" rather than "just in time" and "onshore" rather than "offshore" which all add to occupier demand. Land in urban areas is a limited commodity and industrial land has been eroded by higher value alternative uses, especially residential. This trend in addition to the high levels of build cost inflation recently has curtailed the supply of new accommodation. Constrained supply and increased demand have resulted in strong levels of rental growth with market rents exceeding the passing rents. Standard UK industrial assets have 12% rental growth forecast over the next five years during a period of subdued economic performance. Rental growth serves to enhance capital values in buoyant markets and mitigate the impact of softening yields. Whilst the multi-let urban industrial warehouse subsector has not been immune to yields softening and short-term valuation volatility, the subsectors fundamentals are aligned to Eskmuir's long-term objective of providing resilient and growing dividends. The post year-end acquisition of the Artemis portfolio adds a further 10 multi-let urban industrial assets to the portfolio in strong locations where attractive levels of rental growth are anticipated.

Eskmuir has completed on sales totalling £419m since 2015 (2022: £377.3m). £277.7m sales (2022: £241.0m) and £144.6m acquisitions (2022: £136.3m). This has seen portfolio LTV reduce from 45% to 31% whilst increasing the rental income from £13.6m to £17.1m. At the end of the 2023 financial year Eskmuir had significant capacity to recycle the profits from disposals into purchasing assets in sectors with attractive supply and demand dynamics offering rental income growth potential to support the stated business objective of a sustainable and growing income stream. These market dynamics overlap with the current social, economic and occupier trends in the multi-let urban industrial warehouse subsector. Post year-end Eskmuir has completed the purchase of the Artemis portfolio for £60.1m, its largest purchase ever. The portfolio comprises 10 multi-let urban industrial warehouse assets in strong locations where occupiers need and want to locate as evidenced by numerous trade counter occupiers.

Environmental, Social and Governance (ESG)
Eskmuir is fully committed to the protection of the environment, maximising social value across the portfolio and ensuring the highest level of governance across the business. Our aim is to continually integrate ESG objectives into our business strategy to ensure continuous improvement in our ESG performance through responsible business and property management practices whilst considering the various stakeholder interests and requirements.

A key ESG objective at Eskmuir is to annually report to GRESB (Global Real Estate Sustainability Benchmark). In 2023, Eskmuir Properties Limited received a score of 43 out of 100. This also resulted in a score of 73% for the Management section and 29% for the Performance section (occupier energy use data capture). Eskmuir scored highly on the social questions in 2023, with a 67% score. The annual results from the GRESB submission assist the Fund to identify further sustainability opportunities to action in 2024 and to contribute towards our strategy towards Net Zero carbon by 2040. This is an important commitment for Eskmuir, and GRESB will support us in measuring our ESG performance within a global benchmark.

To enhance this score and, continue on the trajectory to achieving a target GRESB score of 60 in the 2024 results, and capture an improvement coverage of occupier energy usage data, we have recently appointed the ESG consultancy EVORA, to work with us on achieving our ESG objectives.

The key components of our ESG policy include:
<u>Environmental</u>
- Eskmuir has set a target to reach Net Zero by 2040.
- Accurate data collection and transparent reporting are key to reaching our goal of reducing carbon emissions across the fund and reaching the Net Zero commitment by 2040. We have made progress in 2023 to implement a data collection and analysis program for all assets, and for Scope 1, 2 and 3 emissions data. This data collection program will endeavour to significantly increase the proportion of data coverage across the fund, and the consumption data will be collated and analysed by the real estate industry recognised SIERA+ ESG data platform. This will enable Eskmuir to measure energy consumption and access live data which we can analyse and then use to shape our building operation decisions. With ongoing access to the transparent and up-to-date consumption dataset we can take control of the Fund's associated carbon emissions with integrity and strategically use this insight to direct and impact the future fund strategy.

STRATEGIC REPORT (continued)

Environmental, Social and Governance (ESG) (continued)

Environmental (continued)

- Manage the portfolio so it is compliant with all levels of environmental regulation. When refurbishing assets it is an opportunity to future-proof them by enhancing the EPC rating above the minimum legal Minimum Energy Efficiency Standards (MEES). Eskmuir targets EPC B ratings in line with the MEES level anticipated in 2030. In accordance with this initiative, refurbishment works undertaken at Waverley Industrial Estate, Harrow, to Units 7, 10 and 11 in 2023, improved the EPCs to a B Rating (from previous C & D Ratings) through works including removal of gas-fired boilers, installation of a VRF System and point of source water heaters. Additionally, at Leatherhead, the EPCs have been reassessed, maintaining their EPC A Rating. At Baron Avenue Trade Park, Kettering, landlord consent was granted to a tenant to undertake works to their unit, including the installation of air source heat pumps.
- Tenant engagement to reduce energy consumption and improve energy efficiency, reduce water usage and minimise amount of waste generated.
- Continue to ensure 100% of the centrally procured energy derives from renewables. During 2023, an initial review of the portfolio has been undertaken to consider feasibility of those assets for onsite solar PV where there are landlord managed supplies.
- Encourage our agents, suppliers and contractors to improve their own environmental performance through inclusion of commitments within contractual obligations.
- Encourage contractors to reuse materials and items, recycling when working on Eskmuir's behalf.

As part of the refurbishment of 8 Queen Anne Street during the Summer of 2023, a sustainable design review was undertaken, and the works included initiatives to improve Energy Efficiency and the use of sustainable finishes and materials within the restrictions of a Grade II Listed Building. The refurbishment involved the removal of gas fired central heating to the refurbished floors and installation of electric powered energy efficient AC System, installation of LEDs and PIR sensors, and water sensor taps. Materials and finishes were all responsibly sourced where possible, alongside a focus on re-using existing materials and hardwood products, assisting with a low embodied carbon usage. The contract for the works included an obligation on the contractor to recycle waste materials.

Social

- Anti-Slavery and no-child labour policies. This includes working with managing agents and consultants to ensure they have anti-slavery and no-child labour policies, and this feeds down to contractors.
- Commitment to maintaining a safe working environment.
- Commitment to ensuring Inclusivity & Diversity in the workplace and business practices, and during the 2022-2023 financial year, undertook an Inclusion & Diversity Survey of employees, with an equal split of male and female workers.
- Having a proactive approach to Health & Wellbeing in the workplace, and collaboration with tenants, managing agents and contractors to ensure this is followedthrough to those properties in the portfolio. As part of this commitment, a Staff Engagement Survey was undertaken, with those employees who responded, confirming they consider Eskmuir promotes employee wellbeing, and promotes a work/life balance. Additionally, all employees who responded stated they would recommend Eskmuir as a good place to work.
- The refurbishment of 8 Queen Anne Street included the installation of showers to the refurbished offices and bike racks to the common parts.
- At The Grosvenor Centre, Macclesfield, vacant units have been used by local stakeholders for community engagement projects.
- Where possible and considering the wider objectives, use local contractors for projects.

Governance

- Annually report and audit our environmental performance to demonstrate accountability and improvements.
- Having ESG embedded within the business strategy.
- Ensuring a clear governance structure for the reporting of ESG, including an ESG Lead in October 2022, with a dedicated ESG Section within the periodic Board Reports where updates and actions are reported.
- Ensuring compliance with legislation in the conduct of our business along with continual review and improvement to our policies and processes.
- Investment & Asset Strategies that include ESG considerations. As part of the acquisition of 28-34 Greenhill Crescent, Watford the due diligence process included the consideration of sustainability criteria (including, environmental, social, human and financial matters) as part of the Building Surveys and recommendations of measures to put in place to improve the sustainability of the asset, and the wider financial implications.
- Green lease clauses continue to be utilised when granting new leases to tenants. These include landlord and tenant commitments to Environmental Performance, consideration of environmental performance when undertaking alterations and sharing of environmental data.

The Eskmuir business and the management team are committed to meeting these objectives and this is demonstrated by the systems, processes and practices adopted.

STRATEGIC REPORT (continued)

The Portfolio

The Eskmuir portfolio comprises 26 properties (2022: 28) with a total value of £249.6m (2022: £296.8m), average lot size is therefore c.£9.2m (2022: c.£10.6m).

The portfolio weighting by sector is: 51% industrial, 19% offices and 31% retail (2022: 52% industrial, 19% offices and 29% retail).
The industrial warehouse weighting has reduced marginally from 52% in 2022 to 51% in 2023 as industrial warehouse properties have been both acquired and disposed of during the year. The portfolio is geographically diverse with 69% located in the South East, South West and East regions which tend to display stronger GVA (regional GDP). Businesses tend to perform well in regions where the economy is growing which supports strong occupier demand, lower voids and void costs, and importantly the potential to grow the level of rental income. The Eskmuir vacancy rate was 9.2% at the end of September 2023 (2022: 9.2%). The MSCI All Property Monthly Index Vacancy Rate at that date was 10.6% (2022: 9.5%). The Eskmuir Vacancy Rate excludes units that have been developed but not yet let, this differs from MSCI which excludes properties which have been developed until the earlier of: 75% of the property being let or six months after practical completion.

An important part of managing tenant specific risk in the portfolio is Eskmuir's diverse occupier base. There are 237 tenancies (2022: 250) in the portfolio which has increased from 168 tenancies in 2020 and the Artemis portfolio post year-end acquisition increases this to 312 tenancies. The top 50 tenants account for 65% of the rent from the portfolio (2022: 62%). 86% of this rental income is from tenants with a Dun & Bradstreet (D&B) risk rating of "minimal", "lower than average" or "partnership" suggesting a reliable and sustainable rental income stream (2022: 83%). A diverse tenant base with strong financial covenants is a key fundamental to a resilient rental income stream to maintain and grow the dividends to investors.

Rent collection is procedural at Eskmuir with the Asset Managers meeting weekly with the Credit controllers to ensure rents are collected promptly. Rent collection has been an average of 99.3% collected each quarter during the 2023 year (2022: 99.4%). The usual rent collection measure we look to is the average collected 21 days after the quarter day which was 94% up from 90% in 2022. The characteristics of the portfolio structurally support the level of rent collection and include: sector weightings, with 51% of the portfolio being industrial assets, the financial covenant quality with 86% of the top 50 tenants being classed as minimal or lower than average risk by D&B and the diversity of the occupier base with 237 tenancies.

£42.2m of investment transactions were completed during the year (2022: £28.1m); £33.75m of sales and £8.4m of acquisitions. The £33.75m of sales contributed 53% of the Adjusted profit on ordinary activities before tax in the form of profit (over book value) on the sale of investment properties. The Watford Business Park asset acquired at the start of the year was combined with the existing Eskmuir Watford Business Park asset and the two properties formed a single disposal:

- **Acquisition of New Watford** - £8.4m, c.£0.4m of back-rent to be retained by Eskmuir.
- **Asset Management at Combined Watford** – 8 transactions completed (2 lease renewals, 2 rent reviews, 1 lease regear, 1 letting, 1 long leasehold extension, 1 refurbishment).
- **Disposal of Combined Watford** – Combined Watford created a lot size attractive to the active buyers seeking to bulk up funds. Disposal completed at £33.75m (4.51% NIY), £16.9m total profit.

Delivering on the 5-year Asset Plan for each property has enabled Eskmuir to meet its objectives of delivering a sustainable and growing income stream to its investors whilst growing the capital in real terms as demonstrated by the NAV and dividend graphs in the Finance section of this report.

Rental income increased by £1.1m (7%) from £15.5m to £16.6m during the year as a consequence of lease event activity demonstrating the rental growth nature of the assets in the portfolio. However, the impact of transactional activity saw Net Rent decrease to £15.2m ie £1.9m of rental income was sold and £0.5m of rental income was acquired.

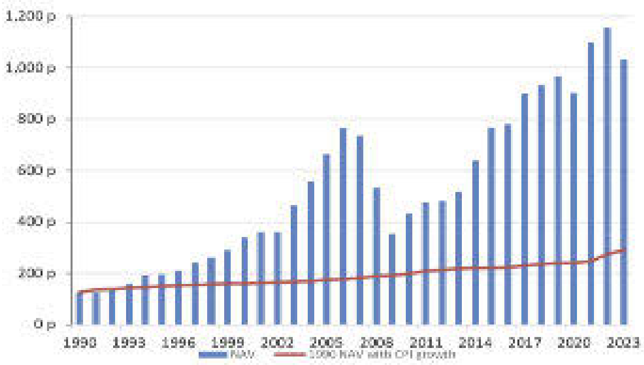
With property yields softening across the market Eskmuir's portfolio has seen a reduction in values of 10.8% (2022: 5.0%) excluding acquisitions and disposals. The MSCI All Property Monthly Index saw capital values decrease by 18.2% (2022: 8.2%) over the same period. The Eskmuir portfolio valuation out performance of the MSCI All Property Index was due to rental growth and asset management on the urban industrial assets. The first quarter of the year saw commercial real estate values decrease swiftly although the decline has slowed over the later quarters of the financial year. Investor sentiment has been weak and the volume of transactions have been c.50% down on 2022. The industrial assets in the portfolio decreased in value this year by 7.8% which is significantly stronger than the industrial assets in the MSCI All Property Index which saw a 21.1% reduction. Office assets saw a 19.3% decline in values comparing again favourably to the MSCI index where values declined by 25.1%.

STRATEGIC REPORT (continued)

Finance

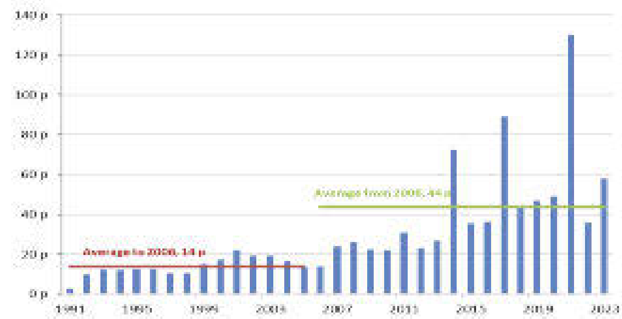
The extended period of low interest rates we have seen since the Global Financial Crisis ended this year with central banks materially increasing rates. As risk free rates have moved so has Investor sentiment impacting property values with softer yields. The portfolio valuation has not been immune with softer yields reducing its value which has seen Shareholders' funds reduce by 11.2% to £166.0m (1,026p per share) this year from £187.0m (1,155p per share) in 2022.

Net Asset Value per Share



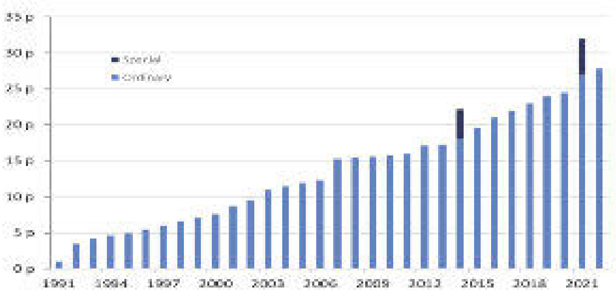
The graph to the left shows the NAV growth since Eskmuir was established in 1990. The NAV has increased from 125p per share (£16.2m) in 1990 to 1026p per share (£166.0m) in 2023, a 721% increase. The NAV has increased year on year and materially above CPI (see graph) save for during periods of acute macroeconomic headwinds (ie the Global Financial Crisis, the Covid pandemic and the current economic challenges). Conservative levels of gearing and careful stock selection have maintained headroom over all banking covenants and, no rights issues have ever been required. The NAV contains £120.6m of distributable reserves, profit from prior periods and realised revaluation reserves on assets sold. Since the 2006 adoption of the current asset management business model distributable reserves have increased by £106.0m (627%) net of the payment of dividends.

Earnings per share (excluding revaluation movement)



Eskmuir's 2023 loss before tax was £20.7m (2022: Profit £18.7m). Loss after tax was £16.4m (2022: Profit £14.3m). This has fed through to a loss per share of 101.5p (2022: earnings per share of 88.4p). Earnings per share excluding the valuation movements (Adjusted EPS) is often seen as a measure of how healthy a business's profit and loss account is. Rental income has increased this year in addition to there being very profitable investment property sales which have combined to increase Adjusted EPS to 58p (2022: 36p). Adjusted EPS has averaged 44p per share since the 2006 adoption of the current asset management business model, as shown in the graph to the right.

Annual Dividend Per Share (Declared for year)



The total ordinary dividend for the 2023 financial year at 28.64p per share is a 3% increase on last year's ordinary dividend. An interim dividend of 14.32p per share was paid on 30 September 2023 and the final dividend of 14.32p per share will be paid in March 2024. Excluding revaluation movements and deferred tax thereon the profit after tax for the year covers the dividend by 2.2 times (2022: 1.3 times). The ordinary dividend has grown by 133% since 2006 which, as shown by the chart to the left, is real as it is in excess of CPI inflation over all time periods noted. Special Dividends were paid in 2014 and 2021. £63.8m of dividends have been paid since 2006 and 2023 is Eskmuir's 32nd successive year of dividend growth.

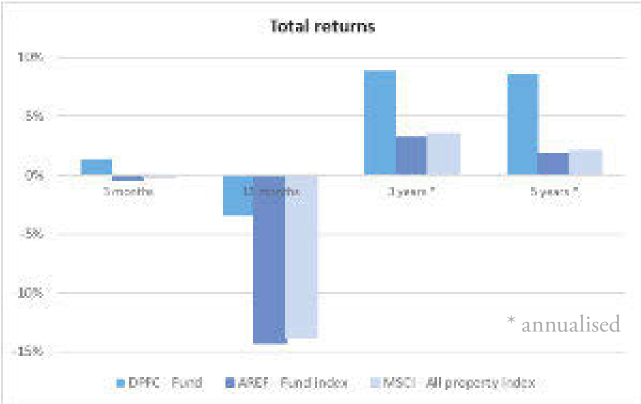
2023 is Eskmuir's 32nd successive year of dividend growth with special dividends declared in 2014 and 2021, which can be seen in the graph above. The current asset management business model has been in place since 2006 during which time a total of £64m of dividends have been paid to shareholders.

STRATEGIC REPORT (continued)

The Diversified Property Fund for Charities

DPFC is managed by Eskmuir and targets providing its investors with a sustainable and growing distribution whilst maintaining and growing the capital values together with targeting an IRR of 7% - 9% over 5 years. DPFC is meeting and exceeding the targets set. The distribution paid during 2023 increased to 7.657p per unit (2022: 7.577p per unit) representing a total distribution yield for the year of 5.1% on opening NAV. The total return for the year was -3.5% (2022: 14.1%) with the capital value decreasing by 8.8% (2022: increasing 8.7%).

The portfolio valuations decreased during the first quarter of the year but saw marginal gains throughout the rest of the year where active asset management supported income growth mitigating the impact of weak investor sentiment and softening yields. DPFC has significantly outperformed its market benchmarks over 1, 3 and 5 years as shown in the chart below.



DPFC's investment strategy has demonstrated its resilience through the Covid-19 pandemic and the current economic and geopolitical headwinds. The strategy is clear and remains appropriate, investing in well located multi-let properties in the £3m - £12m strata of the market which are receptive to being asset managed. The portfolio is made up of 12 properties and 85 tenancies with a weighting of 66% in the multi-let urban industrial subsector. Tenant retention in the portfolio is good as evidenced by the low void rate of 6.3% at 30 September (MSCI All Property 10.6%). DPFC's seed investors have received a total return of 98% (9.9% annualised) formed of a 60% distribution and 38% capital growth, since inception in February 2015. DPFC's performance is published as part of the MSCI AREF index and in ESG terms participant in the GRESB benchmark.

Strategy and Outlook

The Eskmuir business model and strategy and five year plan are formally considered twice a year. Eskmuir's business model has been in place since 2006 and has demonstrated its resilience through the Global Financial Crisis, Brexit, the Covid-19 Pandemic and the current environment of geopolitical and economic uncertainty. The Eskmuir Board considers the business's clear business model and strategy, as outlined above, remain appropriate in serving Eskmuir's stated objectives. 2023 is the 32nd successive year of dividend growth for Eskmuir. The 28.64p dividend paid (2.5% of opening NAV) is an increase of 3% on last year. An interim dividend of 14.32p was paid in September 2023 and the final dividend of 14.32p will be paid in March 2024. Over the last 5 years, a total shareholder return of 24.6% has now been delivered. The dividend has been covered 2.2 times by profit after tax this year (2022: 1.4 times).

As a long-term investor in real estate Eskmuir has the ability and financial strength to be able to look through the current short-term valuation volatility. High inflation and interest rates have moved risk free rates impacting investor sentiment and asset pricing. The Eskmuir business model, strategy and portfolio continue to demonstrate their resilience. The portfolio is weighted in the preferred, and performing, multi-let urban industrial sector with a diverse tenant base of strong financial covenants. Aligning the portfolio to long-term social, economic and occupier trends ensures investment in subsectors of the market with attractive supply and demand fundamentals which are delivering rental growth. The rent collection rate is strong and there is a long pipeline of asset management initiatives for the Eskmuir team to action driving income and property capital values improvements. Whilst profit accretive investment property sales may be a challenge in the current environment the rental income now covers the dividend, and the post year-end purchase of the Artemis portfolio offers exciting opportunities to enhance returns. Eskmuir is in excellent financial health with a portfolio carefully selected to support the business objectives set, which the Eskmuir Board is confident will be met.

Before signing off I would like to thank the Eskmuir team for all they do each and every day to deliver the returns summarised in this report. I would also like to welcome Nick Gregory on to the Eskmuir Board as a Non-Executive Director and thank him for taking on the role. Nick has over 25 years' experience in the real estate industry and the Eskmuir Board look forward to working with him.

The Strategic Report has been approved for issue by the board of directors and signed on behalf of the Board.

P A Hodgson
Managing Director
19 December 2023

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 30 September 2023. The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report, which would otherwise be required to be disclosed in the Report of the Directors. Matters so referred to include: financial risk management objectives and policies, post balance sheet events and future developments.

PRINCIPAL ACTIVITY

The principal activity of the Group is the business of property investment, carried out wholly within the United Kingdom, which is the country of domicile, registration and incorporation of Eskmuir Properties Limited.

RESULTS AND DIVIDENDS

The results for the year are detailed in the consolidated income statement on page 18 and show a loss before tax of £20.7m (2022: profit £18.7m). The Company paid a final dividend of £2.25m (13.90p per share) on 31 March 2023 in respect of the 2022 financial year. An interim dividend of £2.32m (14.32p per share) was paid on 30 September 2023 in respect of the year then ended. Total dividends paid during the financial year were £4.57m, (28.22p per share). The Board recommends a final dividend of 14.32p per share payable on 31 March 2024 (2022: 13.90p per share paid 31 March 2023).

BUSINESS REVIEW

The information that fulfils the requirements of the Business Review and Future Developments can be found in the Strategic Report on pages 4 to 10 and the key performance indicators for the Group set out on page 2, all of which are incorporated into this report by reference.

The key business risks facing the Group are considered in detail by the Board on a quarterly basis. The principal risks facing the Group are:

- interest rate risk - this is detailed in note 17 to the financial statements;
- tenant failure - the significant risk to cash flow in property investment is the loss of rental income, particularly so in the current environment. The nature of the Group's portfolio is such that this income is derived from a large and diverse tenant base thereby reducing risk. In addition, the exposure and control over potential bad debts in the portfolio is managed through intensive asset and property management and careful vetting of potential tenants. Specific impacts are noted in the Going Concern review over the page.
- market risk - the uncertainty surrounding the UK economy at the current time with the Ukraine / Russia war, cost of living crisis, elevated inflation and interest rates and the combined impact on property values. This risk is mitigated at group level by maintaining leverage (LTV) within the Board approved range of 30%-50%.
- liquidity risk - as detailed in note 17 this risk is managed through day-to-day monitoring of future cash flow requirements to ensure the Company has sufficient resources to repay all future amounts outstanding; and
- covenant compliance risk – as detailed in note 17, financial ratios are monitored on a regular basis and reported to the Board.

DIRECTORS

The present membership of the Board is set out on page 3.

The Directors who served throughout the year, up to the date of signing, together with their interests in the £1 nominal shares of the Company were as follows:

	30 September 2023		30 September 2022	
	Beneficial	**Non-Beneficial**	**Beneficial**	**Non-Beneficial**
C M Laing*	1,222,083	726,092	1,222,083	726,092
P A Hodgson	-	-	-	-
J A Harding	-	-	-	-
R J M Collier*	-	12,627,810	-	12,627,810
N J Gregory*	996,920	-	-	-
D E Laing*	654,387	2,492,254	654,387	2,492,254
N J Treble*	-	12,627,810	-	12,627,810

*Non-Executive

MAJOR INTERESTS IN SHARES

The Company has been notified of the following interests, other than Directors, that represent 3% or more of the issued share capital of the Company at 30 September 2023.

	No. of ordinary shares held	**%**
Sir Kirby Laing Principal Settlement Trust	11,827,810	73
The Kirby Laing Foundation	1,926,722	12
Sir Kirby Laing Residual Settlement Trust	800,000	5
The Beatrice Laing Trust	508,476	3

REPORT OF THE DIRECTORS (continued)

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group is set out in the Consolidated Balance Sheet and the accompanying notes to the financial statements. Note 17 describes the financial position of the Group, its borrowing facilities and its exposure to interest rate risk, market risk, credit risk and liquidity risk.

Since 2015 Eskmuir realised £275m of proceeds (and generated £71m of profit on book value - £109m on historic cost) from investment property sales and had reinvested £145m (£205m including post year-end acquisition of Artemis portfolio), excess proceeds were used to repay debt and reduce leverage. Having a balanced portfolio of investment properties, the knowledge and experience of the Group's management team and a conservative level of bank funding are the standard approach adopted to help mitigate business risks. Directors remain focused on actions that will minimise financial downside to Eskmuir, such actions include: tight credit control of outstanding tenant arrears; implementation of the 2023 investment property sale programme and repayment of bank debt with proceeds; continuing to pursue the letting of vacant space; maintenance of low specific tenant risk by acquiring multi-let rather than single let assets, there were 237 tenants across the portfolio at year-end (2022: 250); IERMC meetings have been maintained throughout the year.

A dashboard of the business is presented at the IERMC meetings, this includes rent collection data, cash, bank covenant compliance data, asset details and projections for the current financial year. Also included is a set of projections which show a base case, best case and worse case sensitivity of given assumptions. 2023 has been a good year on an Adjusted profit before tax basis (2nd best since 2006) but profit before tax was impacted by negative valuation movements. Leverage remains low at the year-end (LTV 38%). Directors are continuing to proactively manage the impact any fall in rental income would have on the Group's ability to meet loan to value or interest cover covenants. With cash balances of £16.9m and an undrawn £60.0m bank facility at the year-end the Directors, after making reasonable enquiries, are of the opinion that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

Details of Post Balance Sheet Events are described in note 29.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director at the date of approval of the report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

QUALIFYING THIRD PARTY INDEMNITY PROVISION

A qualifying third party indemnity provision as defined in section 232(2) of the Companies Act 2006 is in force for the benefit of each of the Directors and the Company Secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law, in relation to the Company and its group, including all subsidiaries. In respect of those liabilities for which Directors may not be indemnified, the Company maintains a Directors' and officers' liability insurance policy throughout the financial year. This also applies to the wider group which includes all subsidiaries.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor.

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

P A Hodgson
Managing Director
Date: 19 December 2023

REPORT BY THE BOARD ON DIRECTORS' REMUNERATION

Remuneration policy

Executive remuneration packages are designed to attract, motivate and retain Directors of the highest calibre, needed to maintain the Company's position and to reward them for enhancing value to shareholders.

There are three main elements of the remuneration package for Executive Directors:

- basic annual salary and benefits;
- discretionary annual performance-related bonus; and
- pension arrangements.

Basic salary and benefits

The salary and benefits are reviewed annually by a committee comprising Non-Executive members of the Board. The committee makes recommendations to the Board. No Executive Director plays a part in any discussion about his own remuneration. Full details of Directors' emoluments are given in note 6 to the financial statements.

Discretionary annual performance-related bonus

The Executive Directors participate in a performance-related bonus each year.

The annual bonus is based upon meeting targets set by the Board. Company performance in excess of the target set by the Remuneration Committee annually may merit the maximum bonus as follows:

P A Hodgson	100% of annual salary
J A Harding	100% of annual salary

30% of any award that exceeds 25% of salary is to be deferred. The employee may also elect to defer an additional sum. The deferred element will grow in line with shareholder return on equity, (defined as profit before tax - excluding revaluation movements - as a percentage of shareholders' funds) and be paid three years after the date of grant.

Pension arrangements

The Company makes contributions to defined contribution pension schemes on behalf of employees, including Directors. The Company's annual contributions vary, being a constant percentage of the individual's annual salary. Eskmuir also provides a Stakeholder pension scheme option to all employees. For employees likely to be affected by either the Pension Lifetime Allowance or maximum annual pension contribution cap, the Company offers the alternative of taking additional salary in lieu of pension contributions.

Directors' contracts

The Company has service agreements with P A Hodgson from 4 February 2014 and J A Harding from 6 February 2017.

These may be terminated by either:

(a) the Company giving not less than twelve months' written notice; or
(b) either Director giving not less than six months' written notice.

Non-Executive Directors

The remuneration of Non-Executive Directors, including the Chairman, is determined by the Board.

Details of Directors' remuneration

This report should be read in conjunction with note 6 to the consolidated financial statements, and the Directors' Report giving details of Directors' share interests. Together with the foregoing note relating to incentive schemes, these contain full details of all elements in the remuneration package of each Director.

Retirement by rotation

J A Harding, C M Laing and D E Laing retire by rotation and, being eligible, offer themselves for re-election at AGM.

Appointment

N J Gregory's appointment is subject to approval by shareholders at AGM.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 year. 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate 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 and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR PROPERTIES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Eskmuir Properties Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated and company balance sheets;
- the consolidated and company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29; and company notes A to K.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the parent 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 the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR PROPERTIES LIMITED

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including tax and real estate valuation specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- management's incentive to manipulate assumptions used by the external valuer in their estimation of the fair value of the investment properties: We have engaged internal property valuation experts to challenge the key assumptions used in the valuation against industry data, including those in respect of yields and expected rental values.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESKMUIR PROPERTIES LIMITED

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the 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.

Andy Siddorns, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

Date: 19 December 2023

ESKMUIR
PROPERTIES LIMITED

CONSOLIDATED INCOME STATEMENT
For the year ended 30 September 2023

	Note	2023 £'000	2022 £'000
TURNOVER	**3**	17,124	15,931
Rents payable		(483)	(281)
		16,641	15,650
Administrative expenses		(6,327)	(5,031)
Provision for impairment of investments	**12**	-	(15)
Profit on disposal of investment properties		6,818	1,801
OPERATING PROFIT		17,132	12,405
(Deficit) / surplus on revaluation of investment property	**11**	(32,543)	11,172
Interest receivable and similar income		39	2
Interest payable and similar charges	**5**	(5,362)	(4,900)
(LOSS) / PROFIT BEFORE TAXATION	**4**	(20,734)	18,679
Tax on profit	**7**	4,306	(4,371)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(16,428)	14,308
Basic and diluted (loss) / earnings per share	**22**	(101.5p)	88.4p

The above results are from continuing operations and are attributable exclusively to the equity shareholders of the Company.
A statement of comprehensive income has not been provided as there were no items of "Other comprehensive income" in either year.

ESKMUIR PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET
As at 30 September 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Tangible fixed assets	**10**	27	23
Investment properties	**11**	250,259	297,571
Investments	**12**	888	888
		251,174	298,482
CURRENT ASSETS			
Debtors	**13**	5,846	12,142
Cash at bank and in hand		16,952	2,811
		22,798	14,953
CREDITORS: amounts falling due within one year	**14**	(10,698)	(8,643)
NET CURRENT ASSETS		12,100	6,310
TOTAL ASSETS LESS CURRENT LIABILITIES		263,274	304,792
CREDITORS: amounts falling due after more than one year	**15**	(94,873)	(107,784)
PROVISIONS FOR LIABILITIES	**16**	(2,432)	(10,045)
NET ASSETS		165,969	186,963
CAPITAL AND RESERVES			
Called up share capital	**18**	16,182	16,182
Profit and loss reserve		149,787	170,781
SHAREHOLDERS' FUNDS		165,969	186,963
NET ASSETS PER SHARE	**24**	1,026p	1,155p

These consolidated financial statements of Eskmuir Properties Limited, registered number 02512752, from page 18 to 36, were approved and authorised for issue by the Board of Directors on 7 December 2023.
Signed on behalf of the Board of Directors.

P A Hodgson
Managing Director
Date: 19 December 2023

ESKMUIR
PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2023

	Called up share capital (Note 18) £'000	Profit and loss reserve £'000	Total £'000
At 30 September 2021	**16,182**	**161,718**	**177,900**
Profit for the financial year	-	14,308	14,308
Total comprehensive income	-	14,308	14,308
Dividends paid during the year (Note 9)	-	(5,245)	(5,245)
Total movement in year	-	9,063	9,063
At 30 September 2022	**16,182**	**170,781**	**186,963**
Loss for the financial year	-	(16,428)	(16,428)
Total comprehensive income	-	(16,428)	(16,428)
Dividends paid during the year (Note 9)	-	(4,566)	(4,566)
Total movement in year	-	(20,994)	(20,994)
At 30 September 2023	**16,182**	**149,787**	**165,969**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2023

	Note	2023 £'000	2022 £'000
Net cash inflow from operating activities	**19**	7,675	8,668
Cash flows from investing activities			
Investment property acquisitions		(8,896)	(15,793)
Investment property additions		(2,882)	(1,882)
Payments to acquire tangible fixed assets		(21)	(16)
Net proceeds on sale of investment properties		41,152	5,419
Net cash inflow / (outflow) from investing activities		29,353	(12,272)
Cash flows from financing activities			
Repayments of bank loan facility		(27,650)	(8,100)
Advances under bank loan facility		14,450	21,300
Costs of refinancing bank facility		-	(522)
Interest received		39	2
Interest paid		(5,160)	(4,710)
Equity dividends paid to shareholders		(4,566)	(5,245)
Net cash (outflow) / inflow used in financing activities		(22,887)	2,725
Increase / (decrease) in cash and cash equivalents in the year		14,141	(879)
Cash and cash equivalents at beginning of the year		2,811	3,690
Cash and cash equivalents at end of the year		16,952	2,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 September 2023

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

a) General information and basis of accounting

Eskmuir Properties Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's Registered Office is shown on page 3.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Report of the Directors on page 11.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC).

The functional currency of the Group is considered to be Pounds Sterling, which is the currency of the primary economic environment in which the Company operates.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings (as detailed in note E of Company only accounts) drawn up to 30 September each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

c) Going concern

The financial statements have been prepared using the going concern basis of accounting. Assessment of going concern is provided in the Directors' Report on page 11.

d) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Fixtures and fittings	20% per annum
Computer equipment	33 ⅓% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already at the age and in the condition expected at the end of its useful life.

e) Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the statement of comprehensive income.

Acquisitions and disposals of investment properties are accounted for in the period in which contracts become unconditional.

Disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting period and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

Where an investment property is held under a head lease, the head lease is initially recognised as an asset at the present value of the minimum ground rent payable under the lease. The corresponding rent liability to the leaseholder is included in the balance sheet as a finance lease obligation.

f) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

i) Financial assets & liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1 ACCOUNTING POLICIES (continued)

f) Financial instruments (continued)

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is: (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transactions) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii) Investments

Investments in subsidiaries, associates and other fixed asset investments are measured at cost less impairment.

g) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1 ACCOUNTING POLICIES (continued)

g) Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i) Rental income

Rental income represents amounts receivable for the year exclusive of VAT. Surrender premiums received during the year are included in rental income.

Rental income billed in advance is recorded as deferred income and included as part of Creditors: amounts falling due within one year.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

j) Employee benefits

The Company makes contributions into defined contribution pension schemes for eligible employees. The assets of the schemes are held separately from those of the Company in independently administered funds.

The charge against profits is the amount of contributions payable to the pension scheme in respect of the accounting period.

Other longer-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

For employees likely to be affected by either the Pension Lifetime Allowance or maximum annual pension contribution cap, the Company offers the alternative of taking additional salary in lieu of pension contributions.

1 ACCOUNTING POLICIES (continued)

k) Leases

The Group as a lessee
Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

The Group as a lessor
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

l) Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets.

Capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n) Valuation of equity investments

Eskmuir Investments Limited, a subsidiary of Eskmuir Properties Limited, invests in a number of start-up businesses at their inception and development stages. Due to the difficulty in measuring at fair value without undue cost or effort, these investments are held at cost, subject to impairment considerations.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant accounting judgements exercised during the current year (2022: none).

Key sources of estimation uncertainty

Investment properties were revalued to fair value as at 30 September 2023 based on a valuation by Jones Lang LaSalle, Chartered Surveyors, an independent professionally qualified valuer with recent experience in the location and class of the investment property being valued. The valuation basis is market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

The key assumptions used in determining the fair value of investment properties were property yields and estimated rental values (note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2023

3 TURNOVER

	2023 £'000	2022 £'000
Rental income	16,629	15,405
Asset and fund management fee income	495	526
	17,124	15,931

Rental income, asset and fund management fee income, loss before tax and net assets derive solely from the Group's single principal activity carried out wholly within the United Kingdom.

4 (LOSS) / PROFIT BEFORE TAXATION

(Loss) / profit before taxation is stated after charging:	2023 £'000	2022 £'000
Depreciation of tangible fixed assets (see note 10)	17	12
Impairment of tangible fixed asset investments (see note 12)	-	15
(Deficit) / surplus on revaluation of Investment property (see note 11)	(32,543)	11,172

The impairment of tangible fixed asset investments in the prior year arose as a result of the liquidation of an investee company.

Depreciation of tangible fixed assets are included in administrative expenses. Impairment of tangible fixed asset investments are disclosed separately on the face of the consolidated income statement.

The analysis of the auditor's remuneration is as follows:

Fee payable to auditor for the auditing of the Company's financial statements	79	67
Fees payable for the audit of the Company's subsidiaries financial statements	98	83
Total audit fees	177	150
Taxation compliance services	44	17
Taxation advisory services	19	33
Audit related assurance services	12	6
Total non-audit fees	75	56
Total audit and non-audit fees	252	206

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £'000	2022 £'000
Debenture interest	4,061	4,061
Bank loans and overdrafts	1,119	573
Amortisation of bank facility fees	168	225
Other interest payable	14	41
	5,362	4,900

During the year no interest expenses were capitalised into the carrying value of investment properties during the course of construction (2022: £nil).

6 STAFF COSTS

Employee costs for the Company and its Group, including Directors, during the year were as follows:	2023 £'000	2022 £'000
Wages and salaries	2,565	1,505
Social security costs	176	182
Pension costs	54	38
Healthcare	57	25
	2,852	1,750

	No.	No.
Monthly average number of employees (excluding Non-Executive Directors) for the Company and its Group	8	6

There is only one category of employees.

Emoluments of Directors' who are considered to be key management personnel:

	Salary and fees including cash bonus awards granted in year £'000	Vested deferred bonus awards paid in year £'000	Additional salary in lieu of pension contributions £'000	Benefits £'000	Total 2023 £'000	Total 2022 £'000
Executive						
P A Hodgson	411	-	36	9	456	516
J A Harding	250	-	25	5	280	281
Non-Executive						
R J M Collier	55	-	-	-	55	55
C M Laing	40	-	-	-	40	40
D E Laing	30	-	-	-	30	30
Sir J M K Laing	-	-	-	-	-	9
N J Gregory	3	-	-	-	3	-
N J Treble	55	-	-	-	55	55
	844	-	61	14	919	986

N J Gregory was appointed to the Board on 1 September 2023.

Bonus awards are paid on the 31 January following the year-end. Deferred bonuses and investment gains are subject to the terms of the discretionary annual performance-related bonus scheme and are paid three years following grant. There were no deferred awards payable in the year ended 30 September 2022 or 30 September 2023.

Bonus awards are accrued in the accounts in full in the year of grant, the accrual is then adjusted each year for the investment gain which applies to the deferred element. Until the 2019 Annual Report and Consolidated Financial Statements the table above included both cash and deferred bonus awards at time of grant. Presentation of the table was adjusted in the 2019 report so as to only reflect the cash bonus awards granted and deferred bonus awards paid in the year.

6 STAFF COSTS (continued)

P A Hodgson Award	Vesting (payable the following January)	At 1 October 2022 £'000	Investment gain accrued in year £'000	Deferred award vesting in year £'000	Current year deferred award £'000	At 30 September 2023 £'000
2019 award	30 September 2022	-	-	-	-	-
2020 award	30 September 2023	-	-	-	-	-
2021 award	30 September 2024	88	-	-	-	88
2022 award	30 September 2025	-	-	-	-	-
2023 award	30 September 2026	-	-	-	-	-
		88	-	-	-	88

J A Harding Award	Vesting (payable the following January)	At 1 October 2022 £'000	Investment gain accrued in year £'000	Deferred award vesting in year £'000	Current year deferred award £'000	At 30 September 2023 £'000
2019 award	30 September 2022	-	-	-	-	-
2020 award	30 September 2023	-	-	-	-	-
2021 award	30 September 2024	45	-	-	-	45
2022 award	30 September 2025	-	-	-	-	-
2023 award	30 September 2026	-	-	-	-	-
		45	-	-	-	45

Pensions
In addition to remuneration noted on the previous page, the Company makes contributions to Directors defined contribution pension schemes as follows:

	2023 £'000	2022 £'000
P A Hodgson	6	-
J A Harding	-	2
	6	2

7 TAX ON (LOSS) / PROFIT

	2023 £'000	2022 £'000
Current Tax		
United Kingdom corporation tax at 22.0% (2022: 19.0%)	3,443	1,944
Adjustment in respect of prior periods	(136)	(145)
Total current tax charge	3,307	1,799
Deferred tax		
Origination and reversal of timing differences	145	342
Tax on revaluation surpluses	(7,758)	2,230
Total deferred tax (credit) / charge - see note 16	(7,613)	2,572
Total tax (credit) / charge on (loss) / profit	(4,306)	4,371

There is no expiry date on timing differences, unused tax losses or tax credits.

The main rate of corporation tax, as enacted during 2022, was increased from 19% to 25% from 1 April 2023.
Deferred tax assets and liabilities were measured at 19% prior to 30 September 2021 and 25% from that date thereafter.

7 TAX ON (LOSS) / PROFIT (continued)

Factors affecting the tax charge for the current year

The differences between the total tax charge shown above and the amounts calculated by applying the standard rate of UK corporation tax to the (loss) / profit before tax is as follows:

	2023 £'000	2022 £'000
Group (loss) / profit before tax	(20,734)	18,679
Tax on Group (loss) / profit at standard UK corporation tax rate of 22% (2022: 19%)	(4,564)	3,549
Tax on chargeable gains on sale	938	565
Tax on unrealised revaluation surpluses	(596)	107
Expenses not deductible for tax purposes	18	51
Release of deferred tax on capital allowances no longer capable of being reversed	-	(38)
Capital allowances in excess of depreciation	34	282
Adjustments to tax charge in respect of previous periods	(136)	(145)
Group total tax charge for the year	(4,306)	4,371

8 (LOSS) / PROFIT ATTRIBUTABLE TO THE COMPANY

As permitted by Section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the Company. See Company Balance Sheet, page 37.

9 DIVIDENDS

Amounts recognised as distributions to equity shareholders in the period:	2023 Per share	2023 £'000	2022 Per share	2022 £'000
Previous period final dividend	13.90p	2,249	13.50p	2,185
Previous period final dividend - Special	0.00p	-	5.00p	809
Current period interim dividend	14.32p	2,317	13.91p	2,251
	28.22p	4,566	32.41p	5,245

The Board recommends a final ordinary dividend of 14.32p per share, £2.317m making a total ordinary dividend for the year of 28.64p, £4.635m (2022: 27.81p per share, £4.500m).

10 TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 October 2022	83	175	258
Additions	-	21	21
At 30 September 2023	83	196	279
Accumulated Depreciation			
At 1 October 2022	80	155	235
Charge for the year	2	15	17
At 30 September 2023	82	170	252
Net book value			
At 30 September 2023	1	26	27
At 30 September 2022	3	20	23

No leased assets are included above.

11 INVESTMENT PROPERTIES

	Freehold £'000	Long Leasehold £'000	Total £'000
At valuation at 1 October 2022	265,165	31,645	296,810
Acquisitions	-	8,896	8,896
Additions	1,486	1,396	2,882
Spreading of lease incentives	153	77	230
Disposals	-	(26,675)	(26,675)
Revaluation in year	(31,529)	(1,014)	(32,543)
At valuation at 30 September 2023	235,275	14,325	249,600
Head leases treated as finance leases on investment properties (See note 23)	-	659	659
Total property value	235,275	14,984	250,259
At cost			
At 30 September 2023	208,432	6,546	214,978
At 30 September 2022	207,052	12,886	219,938

Investment properties were revalued to fair value as at 30 September 2023 based on a valuation by Jones Lang LaSalle, Chartered Surveyors, an independent professionally qualified valuer with relevant experience in the location and class of the investment properties being valued. The valuation basis is open market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

In the year to 30 September 2023 no interest was capitalised (2022: £nil). A cumulative total of £823k of interest has been capitalised into the balance sheet (2022: £823k).

As set out in note 3, property rent receivable during the year was £16.6m (2022: £15.4m). No contingent rents have been recognised as rent income in the current year.

The Group's debenture and bank loans are secured on investment properties with a total value of £236,109,000 (2022: £265,486,000).

12 INVESTMENTS

	£'000
Cost	
At 1 October 2022	2,110
Investment additions	-
At 30 September 2023	2,110
Provision for impairment	
At 1 October 2022	1,222
Provision during the year	-
At 30 September 2023	1,222
Net book value	
At 30 September 2023	888
At 30 September 2021	888

All investments are unlisted and are included at historical cost and net of provision against impairment of value.

Principal Group unlisted investments:

Entity	Principal activity	Registered	2023 £'000 Net book value	2022 £'000 Net book value
Vir2us Inc	Development & sale of cyber security systems	USA	707	707
Alvant Plc (formerly CMT Plc)	Development of new to the world metal composite	England & Wales	-	-
VV Vital Ltd (formerly Arc Devices Ltd)	Development & sale of non-contact thermometers	England & Wales	181	181
Leisure Brands Ltd	High end food delivery service	England & Wales	-	-
Quench Worldwide Ltd	Caffeine free natural energy drink	England & Wales	-	-
Nightingale EOS Ltd	Algorithm derived measurement of transparent media	England & Wales	-	-
			888	888

In respect of each investment the Group holds between 0% and 5% of the total equity in issue.
These investments are held at cost less impairment charges due to the difficulty in fair valuing them. The investments are in small businesses in their start up or development phase and with very limited information available, it is considered that the process of fair valuing them would be subject to undue cost and effort.

13 DEBTORS

	2023 £'000	2022 £'000
Trade debtors	1,958	1,904
Corporation tax recoverable	189	24
Other debtors	3,115	9,632
Prepayments	454	442
Accrued income	130	140
	5,846	12,142

Included within other debtors above are:
- proceeds from the sale of investment property of £nil (2022: £7,659,000, received 31 October 2022).
- amounts collected from tenants by property agents but not yet paid over to the Group. The agents hold these monies in designated client accounts and pay the balances over on a periodic basis. At the year-end the balance outstanding was £1,317,000 (2022: £958,000).
- amounts held by property agents in respect of rent deposits. At the year-end the balance outstanding was £1,339,000 (2022: £937,000).
- unamortised loan costs of £224,000 (2022: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2023

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade creditors	1,690	942
Corporation tax	-	-
Other taxes and social security costs	1,248	1,434
Other creditors	1,587	1,280
Accruals	3,354	2,201
Deferred income	2,819	2,786
	10,698	8,643

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £'000	2022 £'000
Bank loan	-	12,827
Bond loan 4.255% 2047	94,214	94,196
Finance lease liabilities (note 23)	659	761
	94,873	107,784

The bank loan facility, undrawn at the prior year-end, is in the name of a subsidiary undertaking. The loan is secured on properties held by the subsidiary undertaking and has no recourse to Eskmuir Properties Limited. The £60m loan facility was refinanced on 30 September 2021 and the term extended to 31 March 2025. Interest on the refinanced facility is charged at a margin over SONIA of either 2.05% or 2.55% depending on covenant performance.

Borrowings are repayable as follows:

	2023 £'000	2022 £'000
Debenture loan		
More than ten years	94,214	94,196
Bank loan		
Between two and five years	-	12,827
	94,214	107,023

16 PROVISIONS FOR LIABILITIES

	2023 £'000	2022 £'000
Deferred taxation - amounts provided:		
At 1 October	10,045	7,473
(Credit) / charge to consolidated income statement	(7,613)	2,572
At 30 September	2,432	10,045
Analysis of Deferred Tax balance		
Capital allowances in excess of depreciation	1,220	1,074
Capital gains assuming sale	1,212	8,971
	2,432	10,045

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2023

17 FINANCIAL INSTRUMENTS

The carrying values of the Group's financial assets and liabilities are summarised by category below: **Financial assets**	2023 £'000	2022 £'000
Measured at fair value through profit or loss:		
Cash at bank and in hand	16,952	2,811
Trade debtors	1,958	1,904
	18,910	4,715
Financial liabilities		
Measured at amortised cost:		
Trade creditors	1,690	942
Bond loan 4.255% 2047	94,214	94,196
Bank loan	-	12,827
	95,904	107,965

The Group's income, expense, gains and losses in respect of financial instruments are summarised below: **Interest income and expense**	2023 £'000	2022 £'000
Total interest expense for financial liabilities at amortised cost	5,362	4,900
	5,362	4,900
Fair value losses		
On financial assets measured at fair value through profit and loss	-	-

Risk management

Interest rate risk

Interest rate risk is split into two different types of risk: cash flow interest rate risk; and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the Company has variable rate debt (undrawn at the Balance Sheet date) it is exposed to cash flow interest rate risk. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As the Company also has fixed rate debt, it is also exposed to fair value interest rate risk.

The table below summarises the contractual maturity dates of the Company's financial instruments, from year-end, which are exposed to interest rate risk:

	Contracted interest rate at 30 Sept 23	Contracted interest rate at 30 Sept 22	Less than one year £'000	More than two and less than five years £'000	More than five years £'000
Short-term deposits held at banks	SONIA	SONIA	16,952	-	-
Bank loan	SONIA plus 2.05%	SONIA plus 2.05%	-	-	-
4.255% Bonds	4.255%	4.255%	-	-	(94,214)

Market risk - sensitivity analysis

The sensitivity analysis has been determined based on the Company's assets and liabilities present in the balance sheet as at the balance sheet date and by reference to a movement in market interest rates reasonably possible in the Company's next financial reporting period.

If interest rates for the current year had been 50 basis points higher and this movement applied to the financial assets and financial liabilities as at the balance sheet date, the pre-tax loss for the year ended 30 September 2023 would have been £60,500 lower (2022: pre-tax profit £38,000 lower). This results from a higher weighted average Natwest loan balance in the current year. The inverse is equally true for the current year if interest rates had been 50 basis points lower.

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17 FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. In order to manage this risk, management regularly monitors all amounts that are owed to the Company to ensure that all amounts are paid in full and on time. No significant credit risks were noted at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day-to-day monitoring of future cash flow requirements to ensure that the Company has enough resources to repay all future amounts outstanding.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and debentures.

Short-term flexibility is achieved by bank loan facilities. The Group has a £60,000,000 loan facility with two and a half years until its maturity date of 31 March 2025. At 30 September 2023, the Group had drawn £0 (2022: £13,200,000) under this facility.

It has been the Group's stated policy that, to ensure continuity of funding, at least 40% of its borrowings should mature in more than five years. As at the end of the financial year 100% (2022: 88%) of the Group's borrowings were due to mature in more than five years.

Covenant compliance risk

Covenant compliance risk is the risk of the Group breaching the loan to value or interest cover ratios that are a condition of the debenture trust deeds or the loan documentation. The covenants require that the Company maintains an agreed loan to value ratio of the properties secured, and an income from the secured properties to interest ratio. The Company considers it expects to continue to meet them.

18 CALLED UP SHARE CAPITAL

	2023 £'000	2022 £'000
Authorised:		
64,773,414 ordinary shares of £1 each (2022: 64,773,414)	64,773	64,773
Called up, allotted and fully paid:		
16,182,085 ordinary shares of £1 each (2022: 16,182,085)	16,182	16,182

19 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2023 £'000	2022 £'000
Operating profit	17,132	12,405
Profit on disposal of investment properties	(6,818)	(1,801)
Depreciation of tangible fixed assets	17	12
(Increase) / decrease in debtors	(974)	390
Increase / (decrease) in creditors	2,019	(738)
Lease incentive adjustments	(229)	(40)
Provision for impairment of investments	-	15
Taxation paid	(3,472)	(1,575)
Net cash inflow from operating activities	7,675	8,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2023

20 ANALYSIS OF CHANGES IN NET DEBT

	2022 £'000	Cash flows £'000	Non-cash movements £'000	2023 £'000
Cash at bank and in hand	2,811	14,141	-	16,952
Debt due after more than one year	(107,784)	13,200	(289)	(94,873)
	(104,973)	27,341	(289)	(77,921)

Non-cash movements comprise amortisation of the costs of raising loan finance and issue costs relating to the bank loan.

21 RECONCILIATION OF MOVEMENT IN NET DEBT

	2023 £'000	2022 £'000
Decrease in cash in the year	14,141	(879)
Repayment under bank loan facility	27,650	8,100
Advances under bank loan facility	(14,450)	(21,300)
Total cash movements	27,341	(14,079)
Non-cash movements	(289)	290
Change in net debt	27,052	(13,789)
Net debt at 1 October	(104,973)	(91,184)
Net debt at 30 September	(77,921)	(104,973)

22 EARNINGS PER SHARE

		2023	2022
Basic and diluted (loss) / earnings per share		(101.5p)	88.4p
Basic and diluted (loss) / earnings per share have been calculated based upon the following figures:			
Weighted average number of shares in issue	**No.**	16,182,085	16,182,085
(Loss) / earnings for the year	**£'000**	(16,428)	14,308

23 FINANCIAL COMMITMENTS

Total minimum future lease receipts under non-cancellable operating leases are as follows:

	Land and Buildings	
	2023 £'000	2022 £'000
In less than one year	14,265	13,635
Between two and five years	38,318	30,267
In more than five years	7,616	5,244
	60,199	49,146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 September 2023

23 FINANCIAL COMMITMENTS (continued)

	2023 £'000	2022 £'000
Capital Commitments contracted but not provided for are as follows:	-	-

At 30 September 2023 the Group was committed to making the following minimum future payments in respect of finance leases:

	Land and Buildings	
In less than one year	63	58
Between two and five years	251	231
In more than five years	5,722	5,424
	6,036	5,713
Less future finance charges	(5,377)	(4,952)
Net present value of finance leases recognised as liabilities	659	761

The minimum lease payments noted above relate to head rent payable on leasehold properties over the remaining 96 years (2022: 99 years) weighted average unexpired lease term.

24 NET ASSETS PER SHARE

Net asset value per share has been calculated on 16,182,085 (2022: 16,182,085) ordinary shares in issue at the year-end and on net assets of £165,969,000 (2022: £186,963,000).

25 RELATED PARTY TRANSACTIONS

Eskmuir Asset Management Limited (EAM) and Eskmuir FM Limited (EFM), both wholly-owned subsidiaries of the Company are asset manager and fund manager respectively of The Diversified Properties Fund for Charities (DPFC). Certain shareholders of Eskmuir Properties Limited are also investors in DPFC and hold sufficient units to be able to exercise control.

Clare College Cambridge is an investor in DPFC, the previous Bursar of that organisation (Mr Paul Warren) is a member of the Investment Advisory Board (IAB) of EAM. Mr Warren received a fee of £10,000 for services to the IAB during the year (2022: £10,000), £2,500 of which was outstanding at the balance sheet date (2022: £2,500).

Services provided to DPFC totalled £330,110 (2022: £350,480) in EAM and £165,055 (2022: £175,241) in EFM. At the balance sheet date, a total of £124,740 (2022: £140,154) was outstanding in respect of these services.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in these financial statements.

During the year, EAM incurred costs of £7,436 on behalf of DPFC (2022: £6,822). The amount outstanding at the balance sheet date was £11,982 (2022: £34,110).

26 CONTINGENT LIABILITIES

There were no contingent liabilities noted at the year-end (2022: nil).

27 SUBSIDIARY UNDERTAKINGS

Full details of subsidiary undertakings are shown in note E to the Company financial statements.

28 CONTROLLING PARTY INFORMATION

The Sir Kirby Laing Principal Settlement Trust is the controller and ultimate controller of Eskmuir Properties Limited, as noted on page 11.

29 POST BALANCE SHEET EVENTS

On 24 October 2023 Eskmuir Securities Limited, a wholly-owned subsidiary of Eskmuir Properties Limited, exchanged contracts to acquire the Artemis portfolio comprising ten multi-let industrial properties spread across the UK. The contract price was £60.1m, the acquisition completed on 31 October 2023.

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COMPANY BALANCE SHEET
As at 30 September 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Tangible fixed assets	**C**	27	22
Investment properties	**D**	161,421	160,766
Investments	**E**	6,169	10,100
		167,617	170,888
CURRENT ASSETS			
Debtors due in more than one year	**F**	94,799	96,817
Debtors due in less than one year	**F**	3,791	11,049
Cash at bank and in hand		1,068	1,711
		99,658	109,577
CREDITORS: amounts falling due within one year	**G**	(6,309)	(3,717)
NET CURRENT ASSETS		93,349	105,860
TOTAL ASSETS LESS CURRENT LIABILITIES		260,966	276,748
CREDITORS: amounts falling due after more than one year	**H**	(98,738)	(98,107)
PROVISIONS FOR LIABILITIES	**J**	197	(5,476)
NET ASSETS		162,425	173,165
CAPITAL AND RESERVES			
Called up share capital	**K**	16,182	16,182
Profit and loss reserve		146,243	156,983
SHAREHOLDERS' FUNDS		162,425	173,165
NET ASSETS PER SHARE		1,004p	1,070p

The Company has not set out its own income statement, as permitted by Companies Act 2006. The loss after tax for the year was £6,174,000 (2022: Profit after tax £7,881,000).

These financial statements of Eskmuir Properties Limited, registered number 02512752, on pages 37 to 43, were approved and authorised for issue by the Board of Directors on 7 December 2023.

Signed on behalf of the Board of Directors.

P A Hodgson
Managing Director
Date: 19 December 2023

ESKMUIR PROPERTIES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2023

	Called up share capital £'000	Profit and loss reserve £'000	Total £'000
At 30 September 2021	**16,182**	**154,347**	**170,529**
Profit for the financial year		7,881	7,881
Total comprehensive income	-	7,881	7,881
Dividends paid during the year	-	(5,245)	(5,245)
Total movement in year	-	2,636	2,636
At 30 September 2022	**16,182**	**156,983**	**173,165**
Profit for the financial year		(6,174)	(6,174)
Total comprehensive income	-	(6,174)	(6,174)
Dividends paid during the year	-	(4,566)	(4,566)
Total movement in year	-	(10,740)	(10,740)
At 30 September 2023	**16,182**	**146,243**	**162,425**

NOTES TO THE COMPANY BALANCE SHEET
For the year ended 30 September 2023

A BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC). The accounting policies adopted are set out in the Group accounting policies in note 1 to the consolidated financial statements.

The Directors' statement on going concern is made in the Report of the Directors.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The Company has taken advantage of the exemption available to wholly-owned subsidiary undertakings under Financial Reporting Standard 102, 'Related Party Transactions', not to disclose details of any transactions with entities that are included in the Company's consolidated financial statements.

B AUDITOR REMUNERATION

The remuneration in respect of the audit of the Company for the period was £79,000 (2022: £67,000).
Fees payable to the auditor by the Group are disclosed in note 4 to the consolidated financial statements.

C TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 October 2022	83	173	256
Additions	-	21	21
At 30 September 2023	83	194	277
Accumulated Depreciation			
At 1 October 2022	79	155	234
Charge for the year	1	15	16
At 30 September 2023	80	170	250
Net book value			
At 30 September 2023	3	24	27
At 30 September 2022	4	18	22

No leased assets are included above.

D INVESTMENT PROPERTIES

	Freehold £'000	Long Leasehold £'000	Total £'000
At valuation at 1 October 2022	134,130	26,600	160,730
Acquisitions	-	8,896	8,896
Additions net of dilapidations receipts	33,259	1,215	34,474
Spreading of lease incentives	(77)	16	(61)
Disposals	-	(26,658)	(26,658)
Revaluation in year	(15,577)	(419)	(15,996)
At valuation at 30 September 2023	151,735	9,650	161,385
Head leases treated as finance leases on investment properties (See note I)	-	36	36
Total property value	151,735	9,686	161,421
At cost			
At 30 September 2023	118,579	9,232	127,811
At 30 September 2022	85,351	15,754	101,105

NOTES TO THE COMPANY BALANCE SHEET (continued)
For the year ended 30 September 2023

D INVESTMENT PROPERTIES (continued)

Investment properties were revalued to fair value as at 30 September 2023 based on a valuation by Jones Lang LaSalle, Chartered Surveyors, an independent professionally qualified valuer with relevant experience in the location and class of the investment property being valued. The valuation basis is market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

Property rental income earned during the year was £9.1m (2022: £8.3m). No contingent rents have been recognised as rent income in the current year.

The acquisitions in the year were purchased from a wholly-owned subsidiary at external valuation. They therefore do no appear as acquisitions in the consolidated financial statements.

The Company acts as guarantor on a subsidiary's Bond loan. The Bond loan is secured against the Company's investment properties with a total value of £154,135,000 (2022: £143,805,000).

E INVESTMENTS

	£'000
Cost	
At 1 October 2022 and 30 September 2023	10,100
Provision for impairment	
At 1 October 2022	-
Provision during the year	(3,931)
At 30 September 2023	(3,931)
Net book value	
At 1 October 2022	10,100
At 30 September 2023	6,169

Subsidiary undertakings:

Company name	Activity	Cost £	Shares held (All ordinary shares)	% owned
Eskmuir Asset Management Limited	Property asset management	1	1	100
Eskmuir FM Limited	Property fund management	1	1	100
Eskmuir Investments Limited	Investment company	1	1	100
Eskmuir Group Finance Plc	Group finance company	100,000	100,000	100
Eskmuir Securities Limited	Property investor	10,000,001	1	100
Eskmuir (Thayer Street 1) Limited	Dormant	1	1	100
Eskmuir (Thayer Street 2) Limited	Property investor	1	1	100

All entities are wholly-owned by Eskmuir Properties Limited with the exception of Eskmuir FM Limited which is itself a wholly-owned subsidiary of Eskmuir Asset Management Limited. All entities were incorporated in the United Kingdom and registered in England and Wales at the address outlined on page 3. Eskmuir Properties Limited is consolidated into the Eskmuir Group financial statements seen on pages 18-36, which is the largest and smallest group the Company is a member of.

Eskmuir (Thayer Street 1) Limited (Co No: 07787008) is exempt from preparation of individual company financial statements under s394a of the Companies Act 2006.

F DEBTORS

	2023 £'000	2022 £'000
Amounts due in more than one year:		
Amounts due from subsidiary undertakings	94,799	96,817
Trade debtors	1,532	1,224
Other debtors	1,980	8,745
Corporation tax	-	849
Prepayments and accrued income	279	231
	3,791	11,049

NOTES TO THE COMPANY BALANCE SHEET (continued)
For the year ended 30 September 2023

F DEBTORS (continued)

Amounts due from subsidiary undertakings are unsecured and bear interest quarterly at SONIA plus 2.05% from 30 September 2021; the repayment date is 31 March 2025.

Balances at the year-end were impaired by £2,125,000 (2022: £1,666,000) as a consequence of net liabilities in one subsidiary undertaking. The impairment was reduced by £459,000 in the current year. Impairments eliminate on consolidation.

Aside from the amounts due from subsidiary undertakings there are no amounts due in more than one year.

Included within other debtors above are:

• proceeds from sale of investment property of £nil (2022: £7,659,000, received 31 October 2022).

• amounts collected from tenants by property agents but not yet paid over to the Group. The agents hold these monies in designated client accounts and pay the balances over on a periodic basis. At the year-end the balance outstanding was £721,000 (2022: £301,000).

G CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade creditors	1,023	268
Corporation tax	89	-
Other taxes and social security costs	653	755
Other creditors	942	519
Accruals	1,832	710
Deferred income	1,948	1,465
	6,309	3,717

H CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £'000	2022 £'000
Amounts due to subsidiary undertakings	98,702	98,071
Finance lease liabilities (note I)	36	36
	98,738	98,107

On 12 December 2017 Eskmuir Group Finance Plc, a wholly-owned subsidiary of the Company, issued £95m of new bonds and completed a listing on the Professional Securities Market of the London Stock Exchange. The bonds were issued with a coupon of 4.255% pa and are due for repayment in December 2047. Eskmuir Properties Limited and Eskmuir (Thayer Street 2) Limited (a wholly-owned subsidiary undertaking) are Guarantors to the bonds.

Included in amounts due to subsidiary undertakings is an unsecured loan from Eskmuir Group Finance Plc. The loan is due for repayment on 12 December 2047 and bears interest at the rate of 4.455% pa.

The loans above make up the sole external debt of Eskmuir Properties Limited. Please see note 17 of the Group financial statements for more information.

Amounts due to subsidiary undertakings

More than ten years	98,702	98,071

I FINANCIAL COMMITMENTS

At 30 September 2023 the Company was committed to receiving the following minimum future receipts in respect of operating leases:

	Land and Buildings 2023 £'000	Land and Buildings 2022 £'000
In less than one year	8,876	6,800
Between two and five years	22,502	14,215
In more than five years	3,723	2,521
	35,101	23,536

ESKMUIR PROPERTIES LIMITED

NOTES TO THE COMPANY BALANCE SHEET (continued)
For the year ended 30 September 2023

I FINANCIAL COMMITMENTS (continued)

At 30 September 2023 the Company was committed to making the following minimum future payments in respect of finance leases:	Land and Buildings 2023 £'000	Land and Buildings 2022 £'000
In less than one year	1	1
Between two and five years	6	6
In more than five years	1,250	1,251
	1,257	1,258
Less future finance charges	(1,221)	(1,222)
Net present value of finance leases recognised as liabilities	36	36

The minimum lease payments noted above relate to head rent payable on leasehold properties over the remaining 914 years (2022: 915 years) weighted average unexpired lease term.	2023 £'000	2022 £'000
Capital Commitments contracted for but not provided for are as follows:	-	-

J PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation - amounts provided:	2023 £'000	2022 £'000
At 1 October	5,476	4,147
Charge to Company income statement	(5,673)	1,329
At 30 September	(197)	5,476
Analysis of Deferred Tax balance		
Capital allowances in excess of depreciation	(5,273)	400
Tax on revaluation surpluses	5,076	5,076
	(197)	5,476

K CALLED UP SHARE CAPITAL

Details of the share capital of the Company are provided in note 18 to the consolidated financial statements.

GLOSSARY

Adjusted EPS
Earnings per share excluding valuation movements.

Adjusted profit before tax
Profit before tax excluding revaluation movements on investment and provision for impairment against investments. Revaluation movements and impairments are excluded as they are not yet realised.

Adjusted profit before tax (including realised revaluation surpluses)
Adjusted profit before tax plus historic revaluation reserves realised on disposals during the year. Revaluation movements become realised upon disposal of the relevant property.

D&B
Dun & Bradstreet provide business decisioning data and credit analytics.

Dividend Cover
Profit after tax excluding revaluation movements and deferred tax thereon as a multiple of dividends proposed for the financial year.

DPFC's NAV per unit
Net Asset Value for Diversified Property Fund for Charities divided by total units in issue.

Eskmuir Vacancy Rate
Estimated rental value (ERV) of vacant units divided by the sum of passing rent of let units and the ERV of vacant units. Units which are either: in the process of being developed; or which have been developed but not yet let for the first time are excluded for the purposes of this calculation.
"Developed" for these purposes means units which are in the course of construction or are held vacant pending commencement of a scheme of construction.

GVA
Gross Value Added is a measure of UK regional output calculated and published by the Office for National Statistics.

Total Shareholder Return
Closing NAV per share less opening NAV per share plus dividends paid per share all divided by opening NAV per share.

Company Registration No. 02512752

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