GLENSTONE
Property

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

REGISTERED NUMBER: 00986343

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FOR THE YEAR ENDED 31 MARCH 2020

FOR

GLENSTONE PROPERTY PLC

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020

GLENSTONE PROPERTY PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS:	C L Powell R Shaunak A C Smith B P Green A J Pickering
SECRETARY:	A J Pickering
REGISTERED OFFICE:	Parkway House Sheen Lane London SW14 8LS
REGISTERED NUMBER:	00986343
AUDITORS:	Crowe U.K. LLP St Brides House 10 Salisbury Square London EC4Y 8EH
BANKERS:	Handelsbanken plc Richmond Branch 31 The Green Richmond Surrey TW9 1LX Lloyds Bank plc 3rd Floor 10 Gresham Street London EC2V 7AE
VALUERS:	Lambert Smith Hampton Ltd UK House 180 Oxford Street London EC4Y 8EH
SOLICITORS:	Knights plc 34 Pocklingtons Walk Leicester LE1 6BU
REGISTRARS:	Link Market Services 34 Beckenham Road Kent BR3 4TU

CHAIRMANS'S STATEMENT AND STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Introduction

I am pleased to present the annual report and financial statements for the year ended 31 March 2020.

Last year I highlighted that our economy was in a state of extraordinary unrest driven by the political uncertainty of Brexit. This led to pressure on the high street and residential stagnation. To describe or predict the economy at the moment is practically impossible. Covid-19 has affected every business in some form since March 2020. Even with the uncertainty of each day, the management team have responded positively and are working extremely hard to ensure the future success of the group.

Financial performance

The Group regularly monitors its key performance indicators (KPI's) and these are set out below:

OPERATING PROFIT

The operating profit after interest, before property gains/(losses) and net of development income/(expense), was £6.2m (2019: £5.4m)

The headline profit after taxation attributable to shareholders was £2.7m (2019: £4.1m) The reduction being entirely due to increased unrealised valuation losses.

NET ASSET VALUE

The main driver of changes in the Net Asset Value (NAV) are realised and unrealised valuations gains. Realised gains from property sales were £0.3m (2019: £0.5m) whilst this year's unrealised revaluation loss was £3.7m (2019: £1.9m). The net valuation position is therefore a loss of £3.4m (2019: £1.4m). Later in this report I will go into more detail on the composition of the valuation losses.

TOTAL RETURN

The total return over the 12 months under review was 2.5% (2019: 3.2%)

The total return over the 4+ year period since the merger in January 2016 is 26.5%, an annual equivalent of 6.4%

The NAV at the year-end was £12.40 compared to £12.66 for the previous year

The current yield on the NAV is approximately 4.6% (2019: 4.3%)

Executive Management

It was with great pleasure that on 1 June I was able to announce to the shareholders that Ben Green had been appointed as Managing Director. There had been an unintended extended gap since Duncan Kennedy left us, during which time I took on a more executive role. As discussed at the last AGM, we explored a number of options (including outsourcing) that could have made the appointment of Ben premature.

Ben has been with Glenstone for more than 8 years. Since the merger in January 2016 Ben has been instrumental in the implementation and execution of our portfolio realignment and diversification.

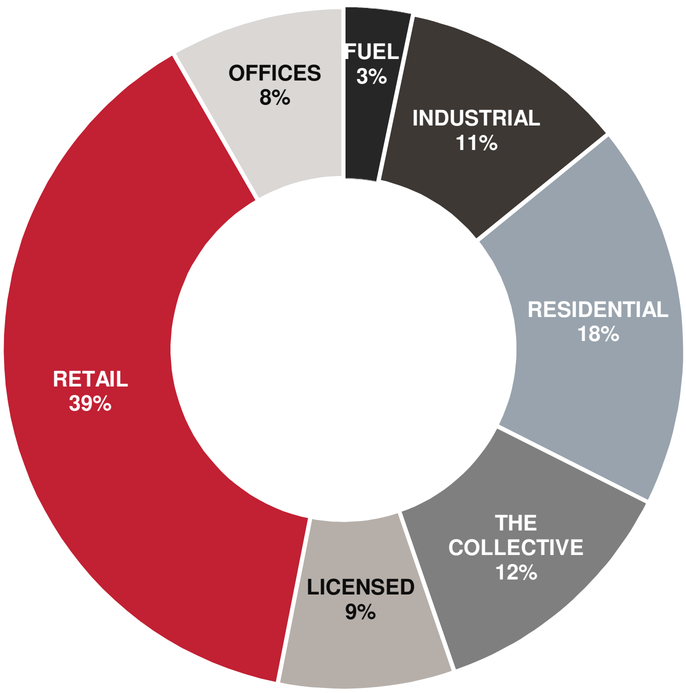
Adam Smith will be responsible for the serviced offices, overseeing residential lease extensions and litigation, the leisure portfolio, pursuing opportunistic corporate acquisitions and working with Ben on setting and executing the group strategy.

Strategic Update

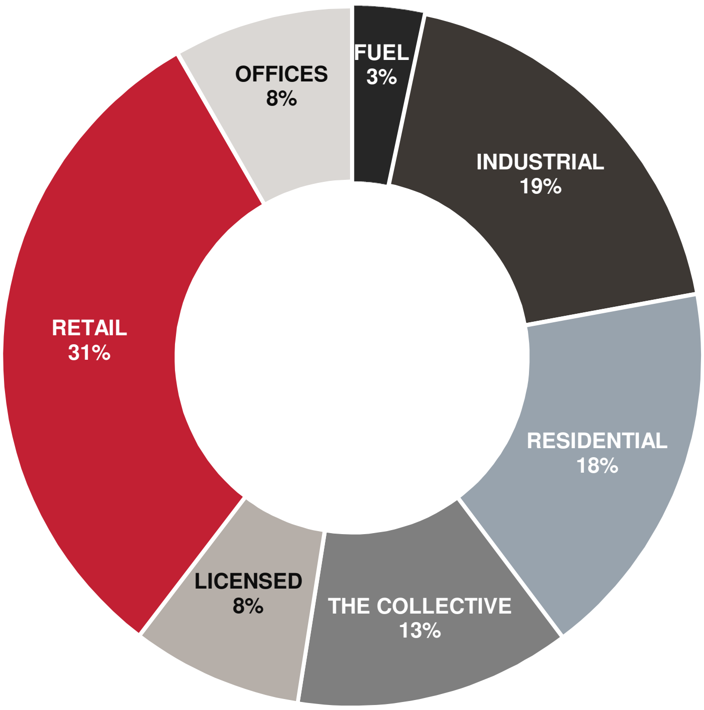
The Board's vision of creating a growing fully diversified (sectorally and geographically) UK REIT, with an increasing PID, growing asset value and an expanded shareholder base remain the keystones to the strategy. For 11 months of the year, prior to Covid-19, this initiative was effective with the proceeds of sales of smaller non core assets being reinvested into larger better yielding assets.

It is worth updating the portfolio composition in respect of the last financial year.

MAR 2019



MAR 2020



Since the merger in January 2016, retail holding has been reduced from 52% to 31% as a proportion of the portfolio. In the same period management intensive residential has reduced from 34% to 18% largely through the restructuring of leases and opportunistic sales.

Ben is creating a new vision and strategy for the business (post Covid-19) and it is our intention for the revised strategy to be presented to the shareholders at the AGM in September.

Valuations

The Investment Property portfolio valuation produced as at 31 March 2020 by our valuers, Lambert Smith Hampton, contains a Material Valuation Uncertainty caveat as per VPS 3 and VPGA 10 of the RICS Red Book Global. This reflects the unprecedented set of circumstances on which the valuers are basing their judgement, and inability to attach weight to previous market evidence for comparison purposes. Consequently, less certainty and a higher degree of caution are attached to their valuations than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, the valuers have recommended that management keep the valuation of property under frequent review.

During the last 6 months of the financial year approximately 50% of the portfolio, by value, was physically inspected by the valuers and full "red book" valuations prepared. This is higher than normal and was due to the Lloyd's Bank facility renewal requiring all secured properties to be "red book" valued.

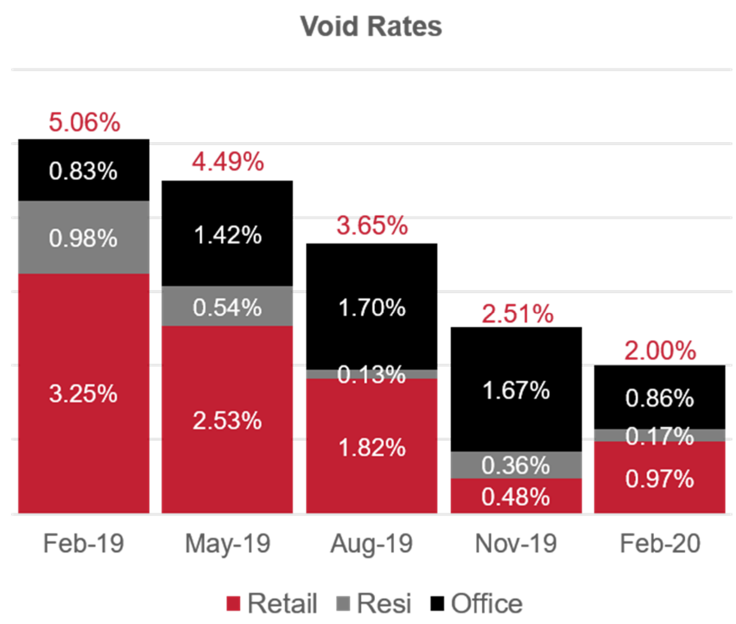
It is worth assessing the valuation changes like for like during the year by sector:

Sector	Valuation Movement
Retail	-£4.00m
Residential	-£0.18m
Commercially structured residential	+£0.79m
Industrial	+£0.25m
Offices	+£0.07m
Licensed	-£0.14m
Fuel	+£0.13m

It is worth reiterating that the diversification by sector, lot size and geography has continued to be the right strategic decision.

Voids and arrears

Central to the performance of the portfolio is occupying the properties with tenants who are able and willing to pay their rent on time. KPI's are therefore void rate percentages and rent arrears. The graphs below show the void rates over the year:



Most of the retail and other commercial rental income is paid quarterly in advance. Prior to the occurrence of Covid-19 there was some pressure from several retailers to pay monthly in advance. The Covid-19 effect has been to increase the proportion of monthly rents significantly and it is possible that it may take some time to revert to the lease terms.

Robust processes are in place to ensure potential arrears are identified early and discussions take place with tenants immediately where there could be issues. The last year has seen significantly more management time spent liaising with tenants and negotiating payment plans.

Property Portfolio Purchases

In June 2019, the Group acquired a 26 acre wharf side industrial open storage and distribution site in Newhaven, Sussex. The £10.5m site is multi tenanted with strong covenants (largely unaffected by Covid-19). The site is externally managed and provides an excellent yield with some long-term asset management opportunities.

The other purchase later in the year was a second ice rink. We purchased the investment belonging to Planet Ice in Gosport, Hampshire for £1.75m. The asset yields 9%. Part of the consideration (28%) was settled in Glenstone shares under the share issuance authority we have from shareholders. We welcome Mike Petrouis as a shareholder.

Property Portfolio Disposals

The strategy of realigning the portfolio and selling non-core assets has continued apace with 17 properties sold during the financial year for £8.4m; 12 high street retail, 4 mixed retail and residential and 1 bar/club. The sales of the properties contributed to a profit on disposal of £0.3m above our March 2019 valuation. Realising slightly above our previous annual valuation provides reassurance on the accuracy of the property valuations. Subsequent to the year end a one further property was sold at book value totalling £0.5m.

Other Property Management Initiatives

At the beginning of the financial year the management of most of the residential portfolio was outsourced to a residential property management company. This outsourcing is working well and has freed up a significant amount of management resource.

Planning permission has been obtained to convert a gym in Mortlake Business Centre into apartments and once demand is better understood a decision will be made whether to proceed. Management are also dealing with a cladding issue that has arisen post the Grenfell tragedy. Discussions are ongoing with the residential long leaseholders and an application has been made for government funding.

With increasing uncertainty as to the demand in the serviced office sector post Covid-19 the project work for the addition of a floor and a half at Parkway House has been put on hold.

Funding

The renewal of the revolving credit facility with Lloyds was finalised during the year. The previous £25m Rolling Credit Facility was reduced to £15m supplemented with a £10m fixed term loan. The previous facility was secured entirely on high street properties. There were approximately 40 such properties secured. The new facility is secured on a much more diverse portfolio of 26 core properties.

Handelsbanken continue to support the Group and have provided flexibility where secured properties have had to be substituted.

Banking covenants with both banks are maintained and the Board reviews these periodically.

The Group has total facilities of £49.5m and when fully drawn 70% of the funding is at fixed interest rates. At 31 March 2020 cash reserves and available facilities were over £10.5m. Bank loans mature between 2024-2028.

The loan to value on the entire portfolio at 31 March 2020 was 25%. If fully drawn this would be 32%. There are 62 properties with a value of £60.8m that are unsecured. At 31 March 2020 the debt to equity ratio expressed as “gearing” was 33%.

Development

Our 60% share in Delrose has been sold subsequent to the year end. A minority shareholder has secured funding externally for part of the acquisition price. Glenstone will continue to fund the company to the tune of £1.7m secured on a development site at Mitcham. The site has a gross development value of approximately £2.5m. Interest will be charged on the outstanding loan at market rates.

Risk Management

Whilst at a micro level the executive team have proportionate and robust systems in place, at a macro level the external risks have never been greater with the spectre of Brexit (which is still to be finalised), and more recently the Covid-19 pandemic. Sticking firmly to the group strategy of creating a diverse REIT has proved instrumental in mitigating to a large degree the challenges thrust upon the executive team.

The risk register is reviewed periodically at Board level with challenges provided and a range of scenarios discussed.

Governance

The Non-Executives on the Board, who have a vast range of experience relevant to the Group, provide a constant sounding board and challenge to the executive members of the Board. They have a keen eye on the adequacy of internal controls, processes and procedures.

We have an excellent relationship with all our advisors. Crowe UK LLP, our auditors, appointed last year have been proactive in their dealings with us. Due to restrictions on auditors preparing financial statements for listed companies we have engaged with another firm of accountants to assist in the arduous task of preparing the financial statements for all companies in the Group. The usual vigorous selection process was carried out and we were pleased to appoint Barnes Roffe LLP.

Our valuers, Lambert Smith Hampton, appointed last year, provide us not only with year-end valuations but also valuations for bank security purposes. They also provide property purchase valuations and invaluable insight to the changing property market.

Human Resources

Two members of staff left during the year. With the outsourcing of the residential management portfolio Colin Surety decided to retire. Colin spent almost 20 years with the company and his knowledge will be missed.

Sarah Mallinson regrettably had to answer the call of a family business and leave us to assist the rebuilding of that business. Sarah did an outstanding job in updating the décor, systems and marketing of our Mortlake Business Centre.

Share Liquidity

The share buy back in September 2019 was taken up by 15 shareholders selling shares back to the company. The shares are being held in Treasury and will be reissued in due course. We will seek to ascertain potential demand for a similar buy back in September 2020 but with the economic situation as it is and share values under immense pressure we may choose to delay.

COVID – 19

I wrote to shareholders in early April providing information on the March quarter and April monthly rent collections.

Since then I am able to report that of the total rents due for the quarter commencing 25th March, 69% have been received as normal, 11% have been deferred and will be recovered by agreement with the relevant tenants, 7% of rents have been waived and 13% of rents are outstanding or under negotiation.

Where we had to close office properties we consulted with most tenants and agreed a percentage of rent to be forgiven. With pubs we have had some tenants requiring rent deferrals whereas others have paid as normal.

The retail response has been similarly mixed with some tenants demanding a rent holiday, others requesting a holiday, some wanting to pay monthly and some paying on time. Despite more retailers going into administration we have not been directly affected by any of those reported on. Quite what the high street will look like in 12 months' time is hard to predict.

The impact Covid-19 is having has increased the focus on going concern. The Board are comfortable that cash and bank facilities both current and forecast are sufficient to enable the Group to continue. With regards to covenant compliance the Board are satisfied that should a significant revaluation loss occur in the next financial year there are a number of choices available to the Board that will ensure continuing covenant compliance.

Property Income Distribution (PID)

A minimum of 90% of the rental income profit must be distributed in the form of a PID. The total PID for this the year end March 2020 is 58p. This is an increase of 3p (5.45%) on the previous year. We paid 26p in December 2019.

The Board have been debating whether to preserve cash by deferring all or part of the remaining payment (32p). We have decided that as the PID is very important to most of our shareholders that we will pay 32p on 3rd July 2020.

The Board are very conscious that shareholders should be aware that the PID for the year ending 31 March 2021 will be lower than in previous years, given the loss of rental income caused by the Covid-19 pandemic.

Looking Forward

Who would want to look forward and predict what might happen given the two years we have been through? The executive team remain focused on realigning the property portfolio and embracing change wherever possible.

Brexit and Covid-19 has meant that the Board must reconsider all options for the company and Ben Green's appointment as MD is an ideal time to do this. As mentioned previously an updated strategy will be presented to the shareholders at the AGM.

The AGM will take place at 12 noon on Wednesday 9th September at The Lansdowne Club, Fitzmaurice Place, off Berkley Square, London, W1J 5JD. My Board colleagues and I hope as many of you as possible can make the meeting. We may also run the meeting live on Zoom for those who cannot or do not wish to attend.

Finally, I would like to thank the whole team at Glenstone for their hard work and commitment through a very challenging year

On behalf of the Board

C.L Powell MRICS
Chairman

Date: 25 June 2020

GLENSTONE PROPERTY PLC

MANAGING DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

It is with great pleasure to be writing to you as the new Managing Director of Glenstone Property PLC.

I have had a relationship with Glenstone Property PLC for almost 20 years, having acted as an investment agent prior to my appointment as Director 8.5 years ago. Since the merger in 2016, I have been the Property Director with a responsibility for the property strategy, in particular sales and purchases. Our diversification and realignment of the portfolio has been proved right and this is likely to continue apace.

I am very excited about the Group's long-term future even though we are in unprecedented times and headwinds remain. I am confident that we have the team and skill sets to continue the history of providing the shareholders of Glenstone Property PLC with a solid and dependable return.

I am in the process of reviewing the cost basis of the Group and the first measure I have brought in is a 20% remuneration reduction to base salary for the Executive Directors owing to the Covid-19 pandemic.

Over the next few months I will also be updating the strategy and intend to present this to the shareholders at the AGM in September.

I trust you are all keeping healthy and I look forward to seeing you at the AGM - all being well.

Ben Green MRICS
Managing Director

Date: 25 June 2020

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Board is committed to maintaining high standards of corporate governance within the Group. The Company's issued share capital is listed on The International Stock Exchange (TISE).

Although none of the several published codes on corporate governance issued in the last few years apply specifically to companies listed on TISE, Shareholders expect companies in which they invest to be properly governed. The Board of Directors believe that the features of good corporate governance apply as much in the interests of smaller companies as they do to larger companies.

Good corporate governance incorporates proportionate risk assessment and management, prudent decision making, open communication and business efficiency. An objective of corporate governance is to deliver growth in long term shareholder value by maintaining a flexible, efficient and effective management framework within an entrepreneurial environment.

The main features of corporate governance include:

a) Leadership and efficient management

It should be clear where responsibility lies for the management of the Group and for the achievement of the key tasks.

Controls and procedures should be in place to protect the Group's assets.

The basis on which key decisions are taken should be transparent.

There should be a strategic vision of what the Group is trying to achieve and an understanding of what is required to achieve this target.

b) Effective management

The Board should possess the appropriate skills and experience in order to make the key decisions expected of it.

Decisions should be taken using information which is accurate, sufficient, timely and clear.

The collective responsibility of the Board requires all Directors to be involved in the process of making significant decisions.

c) Benefit of all shareholders over the longer term

Vested interests should not be able to act in a manner contrary to the common good of all Shareholders.

Transactions with Management, key Shareholders and other related parties should be reported.

A dialogue should exist between Shareholders and the Board, so that each party is aware of the other's objectives and so that the Shareholders are aware of any constraints on the Group.

BOARD OF DIRECTORS

Christopher Powell MRICS
Non-Executive Chairman (Aged 59)
Joined the Company in January 2012. Previously the Chairman of the Retail Group at Jones Lang LaSalle Ltd. Earlier he was the CEO of Churston Heard.

Rakesh Shaunak FCA CTA
Non-Executive Director (Aged 64)
Appointed a Director of Glenstone Property on 24 February 2016. Currently a Partner and Group Chairman of MHA MacIntyre Hudson, Chartered Accountants.

Adam Smith MRICS
Property Director (Aged 39)
Appointed a Director of Glenstone Property on 1 February 2016. Formerly the Managing Director of the London & Surrey Property Group of Companies. Earlier an investment and leasing agent with Edwin Hill, Chartered Surveyors.

Ben Green MRICS
Property Director (Aged 46)
Appointed a Director of Glenstone Property on 19 March 2012. Previously he had been a partner at Kitchen La Frenais Morgan.

Andrew Pickering FCA
Group Finance Director (Aged 62)
Joined the Company in August 2016 following a career in financial services globally.

The Board operates within the terms of the company's Articles of Association.

The Board currently consists of three Executive Directors and two Non-Executive Directors. This composition provides a blend of experience and qualifications and the number of Non-Executives provides a strong basis for ensuring the appropriate level of corporate governance exists. Decisions taken by the Board as a whole are implemented by the Executive Directors.

The Board meets not less than four times in a year and the Chairman and Non-Executive Director also meet without the Executive Directors being present. Each Director is provided with a pack of board papers in advance of each meeting, which contains detailed schedules of key performance indicators, accounts and notes on any important decisions which the Board is required to take.

The Board is also kept informed of all relevant information regarding the business, between formal meetings by ad hoc reports and memorandum.

The Company's Articles of Association require that all Directors are subject to re-election at least every three years. In addition, new Directors are subject to re-election by Shareholders at the Annual General Meeting after their initial appointment.

The Board maintains an active dialogue with its shareholders and recognises their continued interest in the strategy and performance of the Group. All of the Board are available to meet with shareholders if and when required and the AGM provides a perfect opportunity for shareholders to meet and discuss matters with the Board.

The Company Secretary keeps the Board and TISE informed of corporate governance issues and all board members have access to independent advice if required.

In support of good corporate governance, the Board has established the following Committees:

a) Audit Committee

The Audit Committee comprises all the Non-Executive Directors and is chaired by Rakesh Shaunak who is considered to have the appropriate knowledge and relevant experience. The Board is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in a robust, effective and informed way.

The Committee will meet at least twice a year and will be responsible for:

i) Reviewing the annual and interim financial statements prior to approval, focusing on changes in accounting policies, major judgmental areas, significant audit adjustments and compliance with accounting standards, TISE, HMRC and legal requirements.

ii) Reviewing the adequacy and effectiveness of the risk management systems.

iii) Considering the appointment of the Auditors and their remuneration, independence and objectivity.

iv) Considering the adequacy and application of internal financial controls.

v) Implementing a policy on the engagement of the external auditor to supply non-audit services.

b) Remuneration Committee

A Remuneration Committee meeting made up of Non-Executive Directors and chaired by Chris Powell is held at the March Board Meeting and at other meetings as required, to discuss employment matters, pension entitlements, other benefits and to fix the remuneration of Directors.

The Board's policy is that the remuneration of directors should reflect their experience and expertise that they have and how they use that to add value to the Group. The remuneration packages should be sufficient to retain, and where necessary, attract persons of the appropriate skill set.

The remuneration packages of Executive Directors comprise base salaries, performance related bonuses payable in cash or through pension contributions, benefits such as private medical health contributions and a car where circumstances make it more efficient.

The Board constantly reviews the remuneration policies and pay levels within its peer group of REIT's to ensure the levels are commensurate within that Group with due regard to the size, complexity and risk of those in the peer group.

Board and Committee Attendance

The attendance of Board or Committee Meetings during the year to 31 March 2020 was as follows:-

	Board	Remuneration	Audit
C.L. Powell	5	2	2
R. Shaunak	5	2	2
A.C. Smith	5	*	*
B.P. Green	5	*	*
A.J. Pickering	5	*	*

* Not a member of the committee

Risk management

The Board recognises the need for effective high-level internal controls. High level controls in operation within the Group include: -

i) Reviewing management accounts on a quarterly basis with comparison against budget and previous periods performance.

ii) Approval by the Board of all acquisitions and disposals of investment and development properties.

iii) The maintenance of and challenges to a proportionate risk register.

iv) Reviewing cash flow out to at least 12 months and ensuring banking covenants unlikely to be compromised.

Risks and uncertainties

In addition to the financial risks and mitigating factors described in the accounting policies to the accounts the following other key risks and mitigants have been identified:

(a) Investment risk - investment policy focuses on established business and residential locations and a balanced countrywide portfolio diversified across retail, residential and other commercial properties. Property managers actively manage lease expiry profiles to ensure a spread of expiries. When considering the sale or purchase of properties the current lease arrangements form a significant part of the decision-making process.

(b) Economic and political risk - the Group maintains a keen awareness of the macro economic situation in the UK and weights this against the health of current and potential tenants. Whilst the shadow of Brexit has loomed for some time and perhaps damaged the covenants of some tenants, the arrival of Covid 19 has been a huge reminder that even with the best risk mitigation plans in place some things come along and challenge management to an extent not realistically envisaged. The strength of the management team, in working methodically through all the issues that arise, is a major risk mitigant.

(c) Financial and fiscal change risk – The Group is focused on maintaining its compliance with the Real Estate Investment Trust (REIT) regime and will adapt to any potential changes to the REIT regime. The Board maintains a strong awareness of the fiscal situation.

(d) Operational risks - the Group has proportionate and robust systems and controls in place and constantly seeks to improve and streamline processes. The Group has successfully migrated all of the Group's systems onto common property and accounting platforms.

DIRECTORS' INTERESTS IN ORDINARY SHARES

The interests of the Directors in the issued share capital of the company are shown below: -

	31 March 2020	31 March 2019
C.L. Powell	-	-
R. Shaunak	-	-
A.C. Smith	2,211,338	2,211,338
B.P. Green	-	-
A.J. Pickering	-	-

ON BEHALF OF THE BOARD:

B P Green (Director)

Date: 25 June 2020

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the company and the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES
The principal activity of the Group continued to be that of property investment, and development.

The Board's assessment of the performance of the Group, its future developments and subsequent events affecting the Group are presented in the Strategic report on pages 2 to 8.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

C L Powell
R Shaunak
A C Smith
B P Green
A J Pickering

Other changes in directors holding office are as follows:

In accordance with the Articles of Association, B P Green, R Shaunak and A C Smith retire, and being eligible, offer themselves for re-election,

FINANCIAL INSTRUMENTS
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a revolving credit facility, overdrafts and fixed and floating rate bank loans. The Group seeks to mitigate the risk of fluctuating interest rates by using the aforementioned instruments.

CHARITABLE DONATIONS
During the year the Group made charitable donations of £2,174 (2019: £3,105). The Group made no political contributions in either year.

TAXATION
As a Real Estate Investment Trust ("REIT"), the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

RESULTS FOR THE PERIOD AND DISTRIBUTIONS
The Group results for the year are set out in the Consolidated statement of total comprehensive income.

An interim property income distribution of 26p per share was paid on 6 December 2019. The directors now recommend the payment of a second interim distribution of 32p per share. The proposed distribution will be paid on or around 3 July 2020 to ordinary shareholders on the register at the close of business on 31 March 2020.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
During the year the Group purchased and maintained liability insurance for its Directors and Officers as permitted by Section 234 of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

B P Green (Director)

Date: 25 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

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). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENSTONE PROPERTY PLC

Opinion

We have audited the financial statements of Glenstone Property Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2020, which comprise:

- the Consolidated Statement of Comprehensive Income for the year ended 31 March 2020;
- the Consolidated and Parent Company Statements of Financial Position as at 31 March 2020;
- the Consolidated and Parent Company Statements of Changes in Equity for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements 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).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £1,600,000 (2019: £3,200,000), based on a benchmark of 1% of the gross assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

We determined that for other account balances, classes of transactions and disclosures not related to investment properties a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users. We determined that materiality for these areas should be £300,000, which was set at 5% of profit before tax adjusted for gain or loss on revaluation of investment properties.

We determined that the same measure as the Group was appropriate for the Parent Company, and the materiality and specific materiality applied were £1,200,000 and £180,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £15,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement is in respect of the Group's consolidated financial statements and those of the Parent Company.

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and Subsidiary Companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Key Audit Matters

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

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
The valuation of the investment property portfolio (2020: £155.7m; 2019: £152.9m) The fair value of the investment properties is a significant and material balance in the financial statements and there is a risk of overstatement. The fair value is based on the market values determined annually by management and independent external valuers (Lambert Smith Hampton ('LSH')). The valuation requires significant judgement and estimation. The uncertainties over the current economic environment caused by Covid-19 had an impact on the valuation of the Group's properties. As referred to in note 14, LSH highlighted in its report that less weight can be attached to previous market evidence for comparison purposes to inform opinions of value and recommended that the valuation is kept under more frequent regular review. Accordingly, LSH and management have stated that less certainty and a higher degree of caution are attached to the valuation than would normally be the case, and that the valuation of the property portfolio at 31 March 2020 is reported on the basis of a 'material valuation uncertainty'.	*Our audit procedures included:* • Assessing the Group's internal control environment to ensure the processes behind the financial reporting process were robust; • Evaluating the capability, suitability and competence of LSH, Group's external valuer, giving specific focus to their qualification and independence; • Gaining an understanding of the nature of the assets in the portfolio and ensuring classification and designation are appropriate and in line with our expectations; • Reviewing the stated accounting policy and ensuring it is appropriate to the designation and has been applied consistently; • Where third party data was used to support a valuation, we considered the independence and provenance of the third party data; • Assessing the valuation approach and assumptions made by the external valuer in reaching their conclusions; • Creating independent expectations for value and yield based on market industry data and comparing these to the portfolio results at the year end, based on asset class and segment, thus identifying outliers; • Meeting the external valuer to further discuss the findings from our audit and challenge them with regard to the outliers and the assumptions used, as well as understand the appropriateness of the adjustments made to take into consideration the impact of Covid-19; • Analysing profit and loss on disposal of properties during the year as an indication of the appropriateness of the carrying values; • Reviewing the adequacy and completeness of disclosures.

Going concern and COVID-19	*Our audit procedures included:*
The Group's Annual Report and Financial Statements are prepared on the going concern basis. This assumption is dependent on a number of factors such as the Group's financial performance, continued access to liquidity and compliance with financial covenants. As at 31 March 2020, the Group had cash and cash equivalents of £100k and borrowing facilities in place until December 2023, as disclosed in note 18. We considered the risk that the COVID-19 pandemic and the resulting economic consequences would adversely impact the Group and its ability to continue as a going concern.	• Obtaining an understanding of the budgeting and forecasting process followed by management, including performing a retrospective review to understand whether an indication of management bias exists; • Obtaining Group's cash flow forecast covering the going concern period, and management's assessment of the going concern basis formed after a detailed review of the current economic conditions; • Reviewing mathematical accuracy of the model; • Discussing the cash flow forecast with management, challenging key assumptions and the forecast impact of COVID-19 on the Group's operations; • Considering continued compliance with banking covenants and considering the stress required to the model to indicate a breach; • Reviewing the financial steps taken by management to conserve cash; • Reviewing minutes of board meetings with a view to identifying any matters which may impact the going concern assessment; • Considering the appropriateness of disclosure made in respect of going concern and ensuring it is consistent with our knowledge of the business and the re-forecasting exercise.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 directors' report and strategic report have been prepared in accordance with applicable legal requirement.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENSTONE PROPERTY PLC

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 17, 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 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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

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.

Stacy Eden (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 25 June 2020

GLENSTONE PROPERTY PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	**Year Ended 31.3.20 £**	Year Ended 31.3.19 £
Turnover			
Rental and other income	3	**10,550,350**	9,935,861
		10,550,350	9,935,861
Cost of Sales			
Property operating expenses		**(1,482,649)**	(1,408,693)
Net property income		**9,067,701**	8,527,168
Administrative expenses		**(1,449,567)**	(1,989,676)
Operating profit before gains and losses		**7,618,134**	6,537,492
Profit on disposal of investment properties		**322,889**	490,163
Fair value losses on investment properties		**(3,743,848)**	(1,885,693)
Operating profit	6	**4,197,175**	5,141,962
Finance income		**2,615**	3,424
Finance expense	8	**(1,454,914)**	(1,124,194)
Profit before taxation		**2,744,876**	4,021,192
Taxation	9	**(27,730)**	13,669
PROFIT FOR THE FINANCIAL YEAR		**2,717,146**	4,034,861
Total comprehensive income attributable to:			
Owners of the parent		**2,689,422**	4,101,278
Non-controlling interest		**27,723**	(66,418)
		2,717,145	4,034,860
Earnings per share	11	**27.9p**	42.4p

GLENSTONE PROPERTY PLC (REGISTERED NUMBER: 00986343)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	12		**270,887**		301,978
Investment property	14		**155,651,297**		152,855,600
			155,922,184		153,157,578
CURRENT ASSETS					
Stocks	15	**1,512,951**		2,959,327	
Debtors	16	**3,128,606**		2,051,048	
Cash at bank and in hand		**100,148**		1,377,668	
		4,741,705		6,388,043	
CREDITORS					
Amounts falling due within one year	17	**(2,986,576)**		(12,816,603)	
NET CURRENT ASSETS/(LIABILITIES)			**1,755,129**		(6,428,560)
TOTAL ASSETS LESS CURRENT LIABILITIES			**157,677,313**		146,729,018
CREDITORS					
Amounts falling due after more than one year	18		**(38,485,470)**		(24,321,557)
NET ASSETS			**119,191,843**		122,407,461
CAPITAL AND RESERVES					
Called up share capital	22		**194,121**		193,381
Share premium			**61,454,038**		60,986,599
Treasury shares			**(986,367)**		-
Capital redemption reserve			**18,163**		18,163
Fair value reserve			**5,503,404**		3,928,368
Profit and loss reserve			**52,929,178**		57,229,367
			119,112,536		122,355,878
NON-CONTROLLING INTERESTS	29		**79,306**		51,583
TOTAL EQUITY			**119,191,843**		122,407,461

The financial statements were approved by the Board of Directors on 25 June 2020 and were signed on its behalf by:

A J Pickering – Group Finance Director

GLENSTONE PROPERTY PLC (REGISTERED NUMBER: 00986343)

COMPANY STATEMENT OF FINANCIAL POSITION
31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	12		**253,680**		282,619
Investments	13		**44,518,918**		46,363,710
Investment property	14		**82,125,000**		76,471,889
			126,897,598		123,118,218
CURRENT ASSETS					
Debtors	16	**13,078,260**		9,780,088	
Cash at bank and in hand		**1,370**		1,064,396	
		13,079,630		10,844,484	
CREDITORS					
Amounts falling due within one year	17	**(19,048,333)**		(20,635,480)	
NET CURRENT LIABILITIES			**(5,968,703)**		(9,790,996)
TOTAL ASSETS LESS CURRENT LIABILITIES			**120,928,895**		113,327,222
CREDITORS					
Amounts falling due after more than one year	18		**(19,104,170)**		(4,958,333)
NET ASSETS			**101,824,725**		108,368,889
CAPITAL AND RESERVES					
Called up share capital	22		**194,121**		193,381
Share premium			**61,454,038**		60,986,599
Treasury shares			**(986,367)**		-
Capital redemption reserve			**18,163**		18,163
Fair value reserve			**(3,154,333)**		(4,491,580)
Profit and loss reserve			**44,299,103**		51,662,326
			101,824,725		108,368,889
Company's loss for the financial year			**(611,400)**		(3,272,635)

The financial statements were approved by the Board of Directors on 25 June 2020 and were signed on its behalf by:

A J Pickering – Group Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Treasury shares	Profit and loss reserve	Share premium	Capital redemption reserve	Fair value reserve	Total	Non-controlling interests	Total equity
	£		£	£	£	£	£	£	£
Balance at 1 April 2018	193,381	-	58,125,877	60,986,599	18,163	4,345,368	123,669,388	118,001	123 787,389
Changes in equity									
Issue of share capital	-	-	-	-	-	-	-	-	-
Property income distributions	-	-	(5,414,788)	-	-	-	(5,414,788)	-	(5,414,788)
Dividends	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	4,101,278	-	-	-	4,101,278	(66,418)	4,034,860
Transfer of current year fair value movement	-	-	1,885,693	-	-	(1,885,693)	-	-	-
Transfer of realised fair value losses	-	-	(1,468,693)	-	-	1,468,693	-	-	-
Balance at 31 March 2019	193,381	-	57,229,367	60,986,599	18,163	3,928,368	122,355,878	51,583	122,407,461
Changes in equity									
Issue of share capital	740	-	-	467,439	-	-	468,179	-	468,179
Buy back of treasury shares		(986,367)	-	-	-	-	(986,367)	-	(986,367)
Property income distributions	-	-	(5,414,576)	-	-	-	(5,414,576)	-	(5,414,576)
Dividends	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	2,689,422	-	-	-	2,689,422	27,723	2,717,145
Transfer of current year fair value movement	-	-	3,743,848	-	-	(3,743,848)	-	-	-
Transfer of realised fair value losses	-	-	(5,318,884)	-	-	5,318,884	-	-	-
Balance at 31 March 2020	194,121	(986,367)	52,929,177	61,454,038	18,163	5,503,404	119,112,536	79,306	119,191,842

GLENSTONE PROPERTY PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Treasury Shares	Profit and loss reserve	Share premium	Capital redemption reserve	Fair value reserve	Total equity
	£	£	£	£	£	£	£
Balance at 1 April 2018	193,381	-	57,741,143	60,986,599	18,163	(1,882,974)	117,056,312
Changes in equity							
Issue of share capital	-	-	-	-	-	-	-
Property income distributions	-	-	(5,414,788)	-	-	-	(5,414,788)
Total comprehensive income	-	-	(3,272,635)	-	-	-	(3,272,635)
Transfer of current year fair value movement	-	-	4,079,774	-	-	(4,079,774)	-
Transfer of realised fair value losses	-	-	(1,471,168)	-	-	1,471,168	-
Balance at 31 March 2019	193,381	-	51,662,326	60,986,599	18,163	(4,491,580)	108,368,889
Changes in equity							
Issue of share capital	740	-	-	467,439	-	-	468,179
Buy back of treasury shares		(986,367)					(986,367)
Property income distributions	-	-	(5,414,576)	-	-	-	(5,414,576)
Total comprehensive loss	-	-	(611,400)	-	-	-	(611,400)
Transfer of current year fair value movement	-	-	4,344,638	-	-	(4,344,638)	-
Transfer of realised fair value losses	-	-	(5,681,885)	-	-	5,681,885	-
Balance at 31 March 2020	194,121	(986,367)	44,299,103	61,454,038	18,163	(3,154,333)	101,824,725

GLENSTONE PROPERTY PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year Ended 31.3.20 £	Year Ended 31.3.19 £
Cash flows from operating activities			
Cash generated from operations	24	**6,090,461**	7,796,416
Interest paid		**(1,614,766)**	(1,482,401)
Tax (paid)		**-**	(38,286)
Net cash generated from operating activities		**4,475,695**	6,275,729
Cash flows from investing activities			
Purchase of tangible fixed assets		**-**	(276,641)
Purchase of investment property		**(12,331,090)**	(11,308,273)
Proceeds from disposal of tangible fixed assets		**17,881**	-
Sale of investment property		**8,153,278**	3,548,663
Capital improvements		**(327,048)**	(234,196)
Purchase of subsidiary (net of cash acquired)		**-**	(1,839,720)
Interest received		**2,615**	3,424
Net cash used in investing activities		**(4,484,364)**	(10,106,743)
Cash flows from financing activities			
Increase in bank loan		**9,663,913**	10,000,000
Decrease in revolving credit facility		**(5,000,000)**	(3,000,000)
Distributions paid		**(5,414,576)**	(5,414,788)
Proceeds from issue of share capital		**468,179**	-
Buyback of treasury shares		**(986,367)**	-
Net cash (used in)/generated from financing activities		**(1,268,851)**	1,585,212
Decrease in cash and cash equivalents		**(1,277,520)**	(2,245,802)
Cash and cash equivalents at beginning of year	25	**1,377,668**	3,623,470
Cash and cash equivalents at end of year	25	**100,148**	1,377,668

1. CORPORATE INFORMATION

The consolidated financial statements of the Group for the year ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The shares are listed on The International Stock Exchange (TISE).

Glenstone Property PLC ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Parkway House, Sheen Lane, East Sheen, SW14 8LS.

2. ACCOUNTING POLICIES

General information
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.The consolidated and separate financial statements are prepared on a going concern basis, under historical cost convention, modified by the recognition of certain financial assets and liabilities at fair value.

The Group and Company financial statements are prepared in sterling, which is the functional currency of the companies in the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The Group holds investment property and trading stock property.

Summary of significant accounting policies
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparing the financial statements
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities including fair value movements on investment properties at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The significant assumptions and estimates to the consolidated financial statements are disclosed within the notes to the accounts.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of comprehensive income and related notes.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cashflows, on the basis that it is qualifying entity and the consolidated statement of cashflows, included in these financial statements, includes the Company's cash flows;
- from presenting the Parent Company's financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation
The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings. All financial statements are made up to 31 March 2020.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change or change of significant influence respectively.

2. **ACCOUNTING POLICIES - continued**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The difference between the cost of acquisition and the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is accounted for as goodwill or negative goodwill.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised profits and losses are also eliminated on consolidation.

Going concern
The financial statements have been prepared on a going concern basis. In assessing this, the directors have prepared forecasts for the Group and its subsidiary entities and given due consideration to the long term financing requirements at Group level, support provided to subsidiary entities by the Parent Company, bank financing on properties, their working capital requirements and the profits and cash generation anticipated in companies within the Group.

The directors have paid particular attention to the effects of Covid-19 on rent receipts, property valuations and on bank covenant compliance.

Turnover
The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group’s sales channels have been met, as described below.

Turnover represents rents receivable from investment properties, service charges, management charges, lease surrenders, the proceeds received from the sale of development properties, and rents received from development properties prior to their sale. Proceeds from the sale of development properties are included in turnover on legal completion.

Turnover is recognised as it falls due, in accordance with the lease to which it relates. Any lease incentives are spread evenly across the period of the lease.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group operates in two business segments comprising property investment and development. The Group's operations are performed wholly in the United Kingdom.

Tangible fixed assets
Fixtures and fittings and motor vehicles are shown at historical cost less depreciation and provision for impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis at rates appropriate to write off individual assets over their estimated useful lives of between four and ten years.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Statement of financial position date. An asset is written down if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of comprehensive income.

2. **ACCOUNTING POLICIES - continued**

Investment properties

Investment property comprises freehold and long leasehold buildings. These comprise mainly retail units, offices, residential properties, industrial units and licensed property which are measured initially at cost, including related transaction costs. These are held as investments to earn rental income and for capital appreciation and are stated at fair value at the Statement of financial position date.

After initial recognition investment property is carried at fair value, based on market values; it is then determined annually by independent external valuers. When an existing investment property is redeveloped for continued future use as an investment property, it remains an investment property whilst in development.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is added to the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of comprehensive income during the financial period in which they are incurred.

Any movement in the fair value of the properties is reflected within the Statement of comprehensive income for the year.

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sales proceeds and the carrying value of the asset at the beginning of the period and is recognised in the Statement of comprehensive income.

Fixed asset investments

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are held at cost less accumulated impairment losses.

Stocks

Property stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost of stocks comprise purchase and development costs of properties which are allocated to the specific properties to which they relate.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in Statement of comprehensive income. Reversals of impairment losses are also recognised in Statement of comprehensive income.

Taxation

Corporation tax is recognised in Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As a REIT, the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit and loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantially enacted at the period end date.

2. **ACCOUNTING POLICIES - continued**

Taxation – continued

(i) Current tax
The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of corporation tax that have been enacted by the Statement of financial position.

(ii) Deferred tax
Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Operating lease agreements
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leasehold incentives given to tenants on entering property leases are recognised as unamortised lease incentives on the Statement of financial position and are amortised to the Statement of comprehensive income over the term of the lease.

Termination benefits
The Group recognises termination benefits when the Group has communicated its plan of termination to the affected employees and the Group can no longer withdraw the offer of those benefits. Termination benefits are measured in accordance with the nature of employee benefit.

Retirement benefits
The Group pays contributions into privately administered pension plans which are charged to the Statement of comprehensive income in the period when they fall due.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Capital and reserves
The share premium account represents amounts paid in excess of the par value of the shares.

The fair value reserve reflects unrealised gains and losses on investment properties carried at fair value.

The capital redemption reserve reflects the buyback of shares in prior years.

Treasury shares are shares bought back by the issuing company, reducing the number of outstanding shares on the open market.

The profit and loss reserve reflects accumulated comprehensive income to date less distributions paid and realised gains and losses on the revaluation of investment properties.

Financial instruments
The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective rate interest method.

2. **ACCOUNTING POLICIES - continued**

Financial instruments – continued

Trade debtors are recognised initially at invoice value and are subsequently measured less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. The amount of the provision is recognised in the Statement of comprehensive income.

(i) Impairment of financial assets

Financial assets, other than those held at fair value through Statement of comprehensive income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in Statement of comprehensive income.

(ii) Derecognition of financial assets

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(iii) Classification of financial liabilities

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.

(iv) Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Incremental Costs that are directly attributable to the acquisition of loans are offset against the loan liability. For fair presentation purpose, comparative costs have been reclassified on this basis.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the Statement of financial position date.

2. **ACCOUNTING POLICIES – continued**

Financial instruments – continued

(v) Non basic financial instruments

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in Statement of comprehensive income in finance costs or finance income as appropriate. The Group does not currently apply hedge accounting for interest derivatives.

(vi) Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

Equity instruments
Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Distributions to equity holders, recognised as a liability in the financial statements in the period in which they approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Critical accounting estimates and assumptions
In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

(i) Fair value of investment properties

The annual revaluation of investment properties is sensitive to the changes in the rental market and the economic climate of the surrounding area. The properties are revalued at fair value by Lambert Smith Hampton independent chartered surveyors and the directors each year at the Statement of financial position date.

As referred to in note 14 and the Chairman's Statement the valuers have indicated a Covid-19 driven material uncertainty in arriving at their valuations.

Financial risk management
The Group's activities expose it to a variety of financial risks; credit risk, capital risk and cash flow interest rate risk.

(i) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any tenants. The Group has no significant concentration of credit risk as exposure is spread over a large number of tenants.

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise.

2. **ACCOUNTING POLICIES – continued**

Financial risk management – continued

At 31 March 2020, 92% (2019: 100%) of the Group's borrowings were protected against future interest rate volatility, by using fixed rate loans.

(iii) Capital risk

The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth, and to provide for an appropriate level of distributions to shareholders.

The Group is not subject to external regulatory capital requirements.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Group.

An analysis of turnover by class of business is given below:

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Rental income	**10,468,761**	9,716,676
Lease sale premiums	**5,000**	111,962
Other property income	**76,589**	107,223
	10,550,350	9,935,861

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Wages and salaries	**910,073**	996,824
Social security costs	**85,609**	114,315
Other pension costs	**18,111**	14,523
Compensation for loss of office	**-**	250,000
	1,013,793	1,375,662

Group

The average number of employees during the year was as follows:

	Year Ended 31.3.20	Year Ended 31.3.19
Directors	**5**	6
Administration	**7**	9
	12	15

Company

The average number of employees during the year was as follows:

	Year Ended 31.3.20	Year Ended 31.3.19
Directors	**5**	6
Administration	**7**	9
	12	15

5. DIRECTORS EMOLUMENTS

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Directors' remuneration	606,950	610,325
Compensation for loss of office	-	250,000
Directors' pension contributions to money purchase schemes	4,500	100,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	3

Information regarding the highest paid director is as follows:

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Remuneration for qualifying services	227,981	177,000

There are no other key management personnel other than directors.

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Depreciation - owned assets	16,638	20,953
Profit on disposal of tangible fixed assets	(3,428)	-

7. AUDITORS' REMUNERATION

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Audit services		
Fees payable to the company's auditors for the audit of the financial statements of the Group and Company	25,000	20,000
Fees payable to the company's auditors for the audit of the financial statements of the Company's subsidiaries	30,000	24,000
Other services		
Other services	-	10,000

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Financing arrangement costs amortisation	**69,260**	-
Interest on bank overdrafts and loans	**1,417,755**	1,091,408
Finance costs for financial instruments relating to the interest rate swap	**127,751**	390,993
Movement in derivatives relating to the interest rate swap	**(159,852)**	(358,207)
	1,454,914	1,124,194

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Current tax:		
UK corporation tax	**27,730**	(13,658)
Adjustment to prior years	**-**	(11)
	27,730	(13,669)

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Profit before tax	**2,744,875**	4,021,192
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**521,526**	764,026
Effects of:		
Adjustments to tax charge in respect of previous periods	**-**	(11)
REIT exempt profits	**(1,205,127)**	(1,135,966)
Effect of revaluations of investments	**711,331**	358,282
Total tax charge/(credit)	**27,730**	(13,669)

Glenstone Property PLC elected for Company Real Estate Investment Trust ("REIT") status with effect from 1 February 2009. Other group companies joined the REIT on 1 February 2016, 15 November 2017, 18 December 2018, and 14 January 2020. As a result, the Group no longer pays UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits of the Group continue to be subject to corporation tax as normal.

10. DISTRIBUTIONS

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Final	**2,900,720**	2,997,477
Interim	**2,513,856**	2,417,311
	5,414,576	5,414,788

		2020	2019
		£	£
Property income distributions			
Final (2019)	30.0p per share (2019: 31.0p)	**2,900,720**	2,997,477
Interim (2020)	26.0p per share (2019: 25.0p)	**2,513,957**	2,417,311
Total distribution		**5,414,677**	5,414,788

A further distribution has been proposed for the year ended 31 March 2020 of 32p per share. This is expected to absorb £3,074,994 (2019: £2,900,720) of reserves. The distribution has not been included as a liability in these financial statements.

11. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit on ordinary activities after taxation attributable to the owners of the parent company of £2,689,422 (2019: £4,101,278) and 9,655,814 (2019: 9,669,067) ordinary shares, being the weighted average number of shares in issue during the period.

The below adjusted earnings per share - based on ordinary activities, is based on the profit attributable to the owners of the parent company less discount on acquisition of subsidiary write off less the fair value gains or losses on investment properties £6,433,270 (2019: £5,986,971) and 9,655,814 (2019: 9,669,067) ordinary shares, being the weighted average number of shares in issue during the year.

	2020	2019
Earnings per share – On Ordinary activities	**66.6p**	61.9p

	2020	2019
	£	£
Profit on ordinary activities after tax	**2,689,422**	4,101,278
Fair value losses on investment properties	**3,743,848**	1,885,693
Adjusted profit on ordinary activities after tax	**6,433,270**	5,986,971

12. **TANGIBLE FIXED ASSETS**

Group

	Long leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 April 2019	227,819	60,858	77,616	366,293
Disposals	-	-	(25,000)	(25,000)
At 31 March 2020	227,819	60,858	52,616	341,293
DEPRECIATION				
At 1 April 2019	-	27,836	36,479	64,315
Charge for the year	-	6,744	9,894	16,638
Disposals	-	-	(10,547)	(10,547)
At 31 March 2020	-	34,580	35,826	70,406
NET BOOK VALUE				
As at 31 March 2020	227,819	26,278	16,790	270,887
As at 31 March 2019	227,819	33,022	41,137	301,978

Company

	Long leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 April 2019	227,819	39,348	73,658	340,825
Disposals	-	-	(25,000)	(25,000)
At 31 March 2020	227,819	39,348	48,658	315,825
DEPRECIATION				
At 1 April 2019	-	25,684	32,521	58,205
Charge for the year	-	4,593	9,894	14,487
Disposals	-	-	(10,547)	(10,547)
At 31 March 2020	-	30,277	31,868	62,145
NET BOOK VALUE				
As at 31 March 2020	227,819	9,071	16,790	253,680
As at 31 March 2019	227,819	13,663	41,137	282,619

13. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings	Total
COST	**£**	**£**
At 1 April 2019	**46,363,710**	**46,363,710**
Additions	**1**	**1**
Amounts written off	**(1,844,793)**	**(1,844,793)**
At 31 March 2020	**44,518,918**	**44,518,918**
NET BOOK VALUE		
At 31 March 2020	**44,518,918**	**44,518,918**
At 31 March 2019	46,363,710	46,363,710

The amounts written off relate to the write down of investment properties held by this entity.

The Group or the Company's investments at the Statement of financial position date in the share capital of companies include the following:

Subsidiaries

London & Surrey Property Holdings Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

Class of shares:	% Holding
Ordinary: direct	100

Amdale Securities Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

Class of shares:	% Holding
Ordinary: direct	100

13 FIXED ASSET INVESTMENTS - continued

Deemark Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

Class of shares:	% Holding
Ordinary: direct	60.39
Ordinary: indirect	39.61

Innbrighton Properties Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

Class of shares:	% Holding
Ordinary: indirect	100

Delrose Developments Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property development

Class of shares:	% Holding
Ordinary: indirect	60

Ravensthorpe Holdings Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

Class of shares:	% Holding
Ordinary: direct	100

Nice Leisure (Gosport) Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

Class of shares:	% Holding
Ordinary: direct	100

Nice Leisure (Gosport) Limited was acquired on 14 January 2020.

FIXED ASSET INVESTMENTS - continued

Delrose Investments Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: indirect	100

Delrose Investments Limited was incorporated on 30 March 2020.

All of the above subsidiaries are included in the consolidation. The investments in subsidiaries are all stated at cost less impairment.

14. INVESTMENT PROPERTY

Group

	Total
FAIR VALUE	**£**
At 1 April 2019	**152,855,600**
Additions through external acquisition	**12,331,090**
Capital improvements	**327,048**
Development property capitalised	**1,711,797**
Disposals	**(7,830,390)**
Net losses through fair value adjustments	**(3,743,848)**
At 31 March 2020	**155,651,297**
NET BOOK VALUE	
At 31 March 2020	**155,651,297**
At 31 March 2019	**152,855,600**

Group

Investment property comprises freehold and long leasehold property. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2020 by Lambert Smith Hampton independent chartered surveyors. The valuations were made on an open market basis by reference to existing use.

Investment properties with a value totaling £92,605,000 (2019: £91,983,500) have been pledged to secure borrowings of the Group. Company £52,210,000 (2019: £49,760,000).

	2020	2019
Group	**£**	£
Freehold	**132,119,297**	141,238,475
Long leasehold	**23,532,000**	11,617,125
	155,651,297	152,885,600

	2020	2019
Company	**£**	£
Freehold	**66,665,000**	73,041,889
Long leasehold	**15,460,000**	3,430,000
	82,125,000	76,471,889

14. **INVESTMENT PROPERTY - continued**

Company

	Total
FAIR VALUE	**£**
At 1 April 2019	**76,471,889**
Additions	**16,098,138**
Disposals	**(6,100,390)**
Net losses through fair value adjustments	**(4,344,637)**
At 31 March 2020	**82,125,000**
NET BOOK VALUE	
At 31 March 2020	**82,125,000**
At 31 March 2019	76,471,889

The fair value reserve for the company and the Group discloses the movement between the historical cost basis and the fair value basis for investment properties.

Valuation process for Group and Company
Investment properties are stated at fair value as determined by independent professional valuers. During the year and at the year end, valuations have been performed by Lambert Smith Hampton ("LSH"). LSH were appointed on the strength of their professionalism and their recent experience in the relevant locations and property sectors. They have acted for the Group for two years.

All of the valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

Investment property has been valued using an investment method involving the application of a yield to rental income streams. Inputs include yield, current rent and estimated rental value ("ERV"). Valuation reports are based on information provided from the Group's property database including current rents and lease terms and assumptions applied by the valuers e.g. ERVs and yields. The assumptions used by the valuers are influenced by relevant local comparables for the type, location and condition of the property.

The LSH valuation is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to their valuation than would normally be the case, given the unknown future impact that Covid-19 might have on the real estate market.

15. **STOCKS**

	Group	
	2020	2019
	£	£
Property stock	**1,512,951**	2,959,327

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	**2020**	2019
	£	£	**£**	£
Trade debtors	**1,440,810**	879,083	**899,241**	537,593
Amounts owed by group undertakings	**-**	-	**10,970,026**	8,480,311
Accrued income and other debtors	**1,431,752**	966,862	**1,105,103**	557,081
Prepayments	**256,044**	205,103	**103,890**	205,103
	3,128,606	2,051,048	**13,078,260**	9,780,088

Included within the accrued income balance of the Group and the Company are unexpired lease incentives that will be released to the Statement of comprehensive income across the terms of each individual lease. For group the lease incentives totalled £790,860 (2019: £862,365) of which £758,175 (2019: £793,825) is included as due after one year.

For the company, the lease incentives totalled £497,998 (2019: £555,126) of which £485,618 (2019: £509,905) is included as due after one year.

The directors considered that the carrying value of trade debtors approximates to their fair value. The credit risk in respect of trade debtors is not concentrated as the Group has many tenants spread across a number of industry sectors. In addition, the tenant's rents are generally payable in advance.

The predominant class within trade debtors is rent receivable. The maximum exposure to credit risk at the reporting date is the carrying value of trade debtors as mentioned above. In assessing whether trade debtors are impaired, each debt is considered on an individual basis, and provision is made based upon specific knowledge of each tenant.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	**2020**	2019
	£	£	**£**	£
Bank loans and overdrafts (see note 19)	**56,813**	9,500,000	**56,813**	9,500,000
Trade creditors	**159,129**	295,309	**128,487**	165,074
Amounts owed to group undertakings	**-**	-	**16,838,179**	8,794,785
Tax	**11,505**	45,663	**387**	345
Social security and other taxes	**34,327**	51,951	**34,327**	51,951
VAT	**345,581**	213,050	**184,315**	182,398
Other creditors	**468,593**	526,877	**333,333**	374,767
Deferred income	**1,423,713**	1,666,662	**1,069,117**	1,244,619
Accruals	**486,915**	357,239	**403,374**	161,689
Fair value of interest rate swap	**-**	159,852	**-**	159,852
	2,986,576	12,816,603	**19,048,333**	20,635,480

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	**2020**	2019
	£	£	**£**	£
Bank loans (see note 19)	**33,985,470**	24,321,557	**14,604,170**	4,958,333
Revolving credit facility (see note 19)	**4,500,000**	-	**4,500,000**	-
	38,485,470	24,321,557	**19,104,170**	4,958,333

The bank facilities outstanding are £34,500,000 with arrangement fees of £514,530 to be released over the length of the loan agreements, with maturities ranging from 2024-2028.

The Group's policy in respect of the use of financial instruments to manage risk is detailed in the accounting policies.

19. LOANS

	Group		Company	
	2020	2019	**2020**	2019
	£	£	**£**	£
Amounts falling due within one year on demand:				
Bank loans and revolving credit facility	**56,813**	9,500,000	**56,813**	9,500,000
Amounts falling due between one and five years:				
Bank loans and revolving credit facility	**14,500,000**		**14,500,000**	
Amounts falling due in more than five years:				
Bank loans	**24,500,000**	24,500,000	**5,000,000**	5,000,000

The total amount of Group creditors for which security has been given are £39,000,000 (2019: £34,000,000). Company £19,500,000 (2019: £14,500,000).

On 5 December 2019, the Group renewed its facilities with Lloyds Bank PLC. The Revolving Credit Facility was extended until 5 December 2023 up to a maximum of £15,000,000. Interest payable on the facility is based upon three-month LIBOR, plus 2.2% margin. The Group negotiated a £10,000,000 loan, repayable on 5 December 2023, with the option of a one-year extension. Interest is payable at a fixed rate of 3.12%.

The Group has overdraft facilities of up to a maximum of £1,000,000 (2019: £1,250,000). Interest payable on the facilities is based upon Bank base rate, plus margins of 2.5% - 2.65%.

The remaining Group bank loans are interest only and repayable in full on the maturity dates which vary between 5 and 10 years. Interest is payable at rates between 3.45% - 3.53% and are fixed for between 5 and 10 years (2019: 3.45% - 3.53%).

The revolving credit facility, bank overdrafts, and bank loans are secured by a first legal charge, over certain of the Group's investment properties.

20. LEASING AGREEMENTS

Lessor

At 31 March 2020 the Group owned commercial and residential investment properties for rental purposes. Rental income earned during the period was £10,468,761 (2019: £9,716,676) and direct operating expenses arising on the properties in the period was £1,482,649 (2019: £1,408,693). The properties are expected to generate yield between 4% and 8% p.a. depending on type of property. Most lease contracts contain market review clauses in the event that the lessee exercises their option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Group		Company	
	2020	2019	**2020**	2019
	£	£	**£**	£
Within one year	**8,337,065**	8,102,602	**5,512,559**	5,216,409
Between two and five years	**25,331,425**	24,525,616	**16,470,051**	14,789,254
In over five year	**37,077,565**	32,781,705	**17,040,513**	17,327,733
	70,746,055	65,409,923	**39,023,123**	37,333,396

21. FINANCIAL INSTRUMENTS

	Group		Company	
	2020	2019	**2020**	2019
Financial assets	**£**	£	**£**	£
Debt instruments measured at amortised cost				
Trade debtors	**1,440,810**	879,083	**899,241**	537,592
Amounts owed from subsidiary undertakings	**-**	-	**10,970,026**	8,480,311
Equity instruments measured at cost				
Investment in subsidiary	**-**	-	**44,518,918**	46,363,710
	1,440,810	879,083	**56,388,185**	55,381,613
Financial liabilities				
Debt instruments measured at amortised cost				
Bank loans and overdrafts	**38,542,283**	33,821,557	**19,160,983**	14,458,333
Trade creditors	**159,129**	295,309	**128,487**	165,074
Other creditors	**468,593**	526,877	**333,333**	374,767
Accruals	**486,915**	357,239	**403,374**	161,689
Amounts due to subsidiary undertakings	**-**	-	**16,838,179**	8,794,785
Debt instruments measured at fair value				
Interest rate swap	**-**	159,852	**-**	159,852
	39,656,920	35,160,834	**36,864,356**	24,114,500

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	**2020** £	2019 £
9,706,048 (2019: 9,669,067)	Ordinary	0.02	**194,121**	193,381

On 14 January 2020, 36,981 Ordinary shares were issued at a premium of £467,439.

At the AGM in September 2019 the shareholders approved the buying back into Treasury of 96,690 ordinary shares. These will be held in Treasury and reissued in due course.

There is one class of ordinary share which carry no right to fixed income. The shares carry no special rights or restrictions, each share carries one vote.

23. PENSION COMMITMENTS

	2020	2019
Defined contribution schemes	**£**	£
Charge to Statement of comprehensive income in respect of defined contribution schemes	**18,111**	14,523

24. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.3.20	Year Ended 31.3.19
	£	£
Profit before taxation	**2,744,875**	4,021,192
Depreciation charges	**16,638**	20,953
Profit on disposal of investment properties	**(322,889)**	(490,163)
Loss on revaluation of investment properties	**3,743,848**	1,885,693
Profit on disposal of assets	**(3,428)**	-
Bad debts	**9,346**	-
Taxation charge	**27,730**	-
Finance costs	**1,454,915**	1,124,194
Finance income	**(2,615)**	(3,424)
	7,668,420	6,558,445
Increase in stocks	**(265,421)**	(389,188)
(Increase)/decrease in trade and other debtors	**(1,077,558)**	1,816,398
Decrease in trade and other creditors	**(234,980)**	(189,239)
Cash generated from operations	**6,090,461**	7,796,416

25. CASH AND CASH EQUIVALENTS

The amounts disclosed in the Cash flow statement in respect of cash and cash equivalents are in respect of these Statement of financial position amounts:

	2020	2019
	£	£
Cash and cash equivalents	**156,961**	1,377,668
Bank overdrafts	**(56,813)**	-
	100,148	1,377,668

26. RELATED PARTY DISCLOSURES

No guarantees have been given or received by any of the companies in the Group.

During the year the Group purchased goods totalling £185,200 (2019: £177,670) from Developments companies in which Z R Wozniak is a director. Z R Wozniak is a director and shareholder of Delrose Developments Limited. At the year end, the Group owed £Nil (2019: £22,172) to this company.

During the year the Group purchased services totalling £1,175 (2019: £3,750) from R. Shaunak, a Non-Executive Director of the company.

27. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

28. INVESTMENT PROPERTY PORTFOLIO

		Valuation at 31 March 2020 £
Newhaven	Industrial facility	10,280,000
London	Central London Residential	6,785,000
London	Central London Residential	6,295,000
Mortlake	Serviced Offices	5,900,000
East Sheen	Serviced Offices	5,550,000
London	Central London Residential	3,995,000
London	Central London Residential	3,750,000
Barnstaple	Retail Unit	3,700,000
Surbiton	Residential	3,555,000
Bedford	Industrial Unit	3,530,000
Braintree	Service Station	3,450,000
Glasgow	Industrial Unit	3,350,000
Northampton	Industrial Unit	3,090,000
		63,230,000
Other Retail/Industrial/Office/Residential Units/Licensed property holdings under £3m		92,421,297
		155,651,297

Valuation Summary
The independent valuation of the investment portfolio, undertaken by Lambert Smith Hampton independent chartered surveyors, as at 31 March 2020, shows a decrease of £3,743,848. This represents a 2.15% drop in valuation when compared like-for-like with the 31 March 2019 valuation.

29. NON-CONTROLLING INTERESTS

The non-controlling interest of £79,306 (2019: £66,418) arises from the shareholding in Delrose Developments Limited.

30. EVENTS AFTER THE REPORTING PERIOD

On 30 April 2020, Amdale Securities Limited sold its 60% shareholding in Delrose Developments Limited to one of that company's existing shareholders.

The sale resulted in a book loss of £120,000, and the replacement of £1.7m of fixed assets and £1.5m of stock with cash and a short-term loan.

31. FIVE YEAR FINANCIAL SUMMARY

		2020	2019	2018	2017 14 months	2016 restated
		£'000	£'000	£'000	£'000	£'000
Results						
	Revenue	10,550	9,935	10,214	13,031	5,012
	-arising from property investment	10,550	9,935	9,769	10,831	5,012
	-arising from property development	-	-	445	2,200	-
	Profits					
	-arising from property investment	6,489	5,907	6,821	7,239	3,613
	-arising from changes in fair value of investment properties	(3,744)	(1,886)	(1,067)	8,026	670
	-arising from property development	-	-	242	436	-
	-arising from discount on acquisition of subsidiaries	-	-	-	2,439	-
	Profit before tax	2,745	4,021	5,996	18,140	4,283
	Corporation tax	(28)	14	(29)	(50)	-
	Minority interest	(27)	66	(17)	(140)	-
	Profit after tax and MI	2,690	4,101	5,950	17,951	4,283
	Distributions	(5,415)	(5,415)	(5,253)	(4,140)	(2,825)
	Profit/(loss) retained	(2,725)	(1,314)	697	13,811	1,458
	Earnings per share on ordinary activities	66.6	61.9	78.6	87.6	100.0
	Gross PID per share	58.0	55.0	55.0	60.5	66.2
	Dividend cover	1.15	1.13	1.43	1.45	1.51
	Net Asset Value per share	12.40	12.66	12.80	12.90	11.51
Funds						
	Total shareholders' funds	119,192	122,407	123,787	110,154	49,162
	Bank and other loans including interest rate swaps	38,542	34,160	27,518	28,493	11,838
		157,734	156,567	151,305	138,647	61,000
Employment of funds						
	Fixed Assets	155,922	153,158	144,433	150,821	62,168
	Net current assets/(liabilities)	1,812	3,409	6,872	(12,174)	(1,168)
		157,734	156,567	151,305	138,647	61,000
Total Return		2.5%	3.2%	3.5%	17.3%	9%

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