



Chairman's Interim Statement 2020

Since the March 2020 year end the executive team have dealt with circumstances that none of us could have envisaged 12 months ago. Despite the considerable amount of time dealing with occupiers and negotiating payments the executive team have managed to continue with implementing our strategy of becoming a fully diversified REIT.

During the 6 months under review the company sold seven properties receiving £26.6m. The combined proceeds were substantially above book value and this has put the company in a stronger financial position with gearing at the end September 2020 at approximately 13% and cash and available debt facilities of £34m.

Financial Highlights

- Over the period, The Group's rental income decreased 12.7% to £4.6m from £5.3m. This decrease is driven in some cases by rent waivers given to the more economically impacted tenants but also by the decision to sit on property cash proceeds received from the property sales (and in particular the Collective sale). Void rates have naturally increased largely due to vacancies in our serviced offices cause by work from home mandates related to COVID. Voids in the entire portfolio have increased to 6%.
- Profit on ordinary activities increased 112% to £6.95m from £3.3m. The profit includes the rental income and the profits or losses on disposals of properties.
- We have not previously prepared a property valuation adjustment in our interim financial statements waiting instead for a formal independent year end valuation. Given the circumstances the Board felt it important to prepare a directors' valuation of the portfolio (discussed with our valuers Lambert Smith Hampton) in order to provide shareholders with a more accurate interim position. The results of the valuation shows a fall in values of £6.3m.
- The NAV at 30 September 2020 is £12.20 down from £12.40 at 31 March 2020.

Property Income Distribution

COVID has obviously played a significant part in our ability to collect rents but as our previous trading updates have shown we have been able to collect approximately 80% of rents, with 10% deferred or under negotiation and 10% waived. Compared to our peers this represents a good performance. The Board have decided to pay a PID of 20p (a reduction of 23 % from the interim PID last year). This will be payable in the second week of December 2020. Should the second half of the year match or better the first half then the Board will seek to pay an increased second PID.

Property Portfolio

The executive team have and are continuing to dispose of low yielding residential, management intensive properties and high street retail properties which will be affected long term by the changes in the retail market. Seven properties were sold in the first 6 months.

Development

The executive team have now sold all our development properties and have no intention of carrying out any further development unless it is part of an asset management strategy for a long term property investment.

Mortlake Business Centre, 20 Mortlake

I have previously mentioned that a cladding issue had arisen at Mortlake Business Centre and we will shortly know the gross cost of replacing the cladding and the level of contributions from the Government funded cladding replacement grant and the long leaseholders.

Progress since the 30th September 2020

Property acquisitions and disposals

The company has reinvested £4.7m into two properties in Beaconsfield and Leeds. The company has sold two further retail investments realising a further £0.95m.

Alternative Income REIT

Shareholders will be aware from information posted on the website that we made a tender offer for up to 25% of the share capital of Alternative Income REIT. We were successful in acquiring 14.7% and are confident that we can obtain a board seat. This investment was opportunistic and provides further diversification and enhanced income. Our position represents 4.8 % of Glenstone's entire portfolio.

Strategy Presentation

The restrictions on gatherings, our corporate activity and an incredibly busy time for the executive team has meant that we have been unable to schedule presentations to shareholders of the updated strategy. We are committed to delivering this in the New Year.

If you have any questions on the half yearly financials or on any other matter as always, the Board are willing and able to discuss and you should contact us.

Chris Powell
Chairman

December 2020

GLENSTONE PROPERTY PLC
 (Company no. 00986343)
CONSOLIDATED PROFIT & LOSS ACCOUNT

	Unaudited	Audited
	6 months ended	12 months ended
	30-Sep-20	31-Mar-20
Rental and other income	4,604,619	10,550,350
Property operating expenses	(672,270)	(1,482,649)
Net property income	3,932,349	9,067,701
Administrative expenses	(611,624)	(1,449,567)
Operating profit before gains and losses	3,320,725	7,618,134
Profit on disposal of investment properties	4,426,365	322,889
Fair value losses on investment properties	(6,264,685)	(3,743,848)
Loss on disposal of subsidiary	(122,913)	
Operating profit	1,359,492	4,197,175
Finance income	72,045	2,615
Finance expense	(747,993)	(1,454,914)
Profit before taxation	683,544	2,744,876
Taxation	(13,445)	(27,730)
PROFIT FOR THE PERIOD	670,099	2,717,146
Profit for the financial period is attributable to:		
Owners of the parent company	<u>670,099</u>	<u>2,689,422</u>
Non-controlling interests		27,723
	670,099	2,717,146

The principal accounting policies of the Group are set out in the Group's 2020 Annual Report and financial statements. The policies applied in the production of the interim profit and loss account remain unchanged.

The financial information set out in this interim report does not constitute statutory accounts as defined in the Companies Act 2006.

The Group's financial statements for the year ended 31 st March 2020, prepared under FRS102, have been filed with the Registrar of Companies.

GLENSTONE PROPERTY PLC

(Company no. 00986343)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30-Sep-20	Audited 31-Mar-20
FIXED ASSETS		
Tangible assets	256,317	270,887
Investment property	<u>126,464,815</u>	<u>155,651,297</u>
	<u>126,721,132</u>	<u>155,922,184</u>
CURRENT ASSETS		
Stocks	-	1,512,951
Debtors	3,780,529	3,128,606
Loan debtors	4,750,000	-
Cash at bank and in hand	<u>19,430,016</u>	<u>100,148</u>
	<u>27,960,545</u>	<u>4,741,705</u>
CREDITORS		
Amounts falling due within one year	<u>(3,492,460)</u>	<u>(2,986,576)</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>24,468,085</u>	<u>1,755,129</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>151,189,217</u>	<u>157,677,313</u>
CREDITORS		
Amounts falling due after more than one year	<u>(33,924,956)</u>	<u>(38,485,470)</u>
NET ASSETS	<u>117,264,261</u>	<u>119,191,843</u>
CAPITAL AND RESERVES		
Called up share capital	194,121	194,121
Share premium account	61,454,038	61,454,038
Treasury shares	(986,367)	(986,367)
Capital redemption reserve	18,163	18,163
Fair value reserve	(4,621,794)	5,503,404
Profit and loss reserve	<u>61,206,100</u>	<u>52,929,178</u>
	<u>117,264,261</u>	<u>119,112,537</u>
NON-CONTROLLING INTEREST		79,306
TOTAL EQUITY	<u>117,264,261</u>	<u>119,191,843</u>
NAV per share	<u>£12.20</u>	<u>£12.40</u>