GLENSTONE Property

Chairman's Interim Statement 2019

Since the March 2019 year end the executive team have continued to focus on the rationalisation of the portfolio and maintain rental income through active asset management. Although the economic and political backdrop is challenging the first half year results are very pleasing.

Financial Highlights

The highlights of the first six months of the current financial year compared to the previous equivalent six month period are;

- Rental income increased 6.9% from £4,931,619 to £5,272,629. This increase largely represents the effects of the acquisition of the Newhaven industrial estate and the greater utilisation of our banking facilities. Void rates have remained relatively low at 4 %.

- Profit on ordinary activities increased 23.8% from £2,638,974 to £3,267,763. The profit includes rental income and profits or losses on disposals of properties. There were no development stock sales in either of the two respective periods.

- Profit on the disposal of tangible assets increased from £68,252 to £150,716. Sales in the current period under review have been largely been strategic non core assets. More details on the sales in the period are provided later.

- Using the March 2019 valuation, purchases at cost and sales at book value has seen the Property Asset value increase by 4.9 %, from £152,855,600 to £160,383,847. Three further sales are due to be completed shortly which will reduce the value by circa £1,500,000.

Property Income Distribution

These results have enabled the board to increase the first interim PID to 26p. This represents a small increase of 1p (4% increase) on the previous first interim. This will be payable in December 2019.

Property Portfolio

We have continued to seek to dispose of low yielding and highly management intensive properties and those high street retail properties which we feel are more vulnerable to the well documented pressures on high streets.

Disposals during the six month period included the sale of six high street retail properties in Ramsgate, Norwich, Stafford, Ely, St Ives and Weston super Mare. Three further sales in Loughborough x 2 and Clacton on Sea complete shortly.

During the first six months of the year we have purchased the industrial estate at Newhaven for £10,500,000 (inc. purchase costs) representing the company's largest acquisition to date.

Property costs have been higher than anticipated. The increase is mainly due to the office refurbishment at Mortlake Business Centre. As a result of this refurbishment three key tenants have renewed their leases. We are also hopeful of seeing some rent increases.

Development

The executive team are concentrating on completing the two current projects and are currently reluctant to look at other opportunities. With building costs continuing to increase and residential properties on a slow decline the prospects for any significant profits in the short to medium term are limited. The board's desire is still to close down the current development company by Summer 2020.

Personnel

During the six month period Colin Shurety retired coinciding with the outsourcing of residential management and will not be replaced. Sarah Mallinson, the part time property manager at Mortlake Business Centre left to join a family business. With Sarah's major project of refurbishing the building complete and the introduction of management software she will not be replaced in the near term.

Share Liquidity

We were pleased with the way the share buy back went and feel that the cap on shares to be bought in to treasury was appropriate. We also believe the price offered was right. We hope to make a similar offer at the same time next year and will make a number of refinements to smooth out issues noted by ourselves and some shareholders.

Strategy Update

Those of you who attended the AGM will now be aware of the ideas the board are considering for growing the company and increasing the PID. The plans are still being developed and we will keep you updated. There is likely to be another shareholder presentation early next year.

If any of you require any further information or have any questions please do not hesitate to contact me.

Chris Powell
Chairman

December 2019

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

	Unaudited 6 months ended 30-Sep-19	Audited 12 months ended 31-Mar-19
Rental and other income	5,272,629	9,935,861
Property operating expenses	(831,490)	(1,408,693)
Net property income	**4,441,139**	**8,527,168**
Administrative expenses	(665,449)	(1,989,676)
Operating profit before gains and losses	**3,775,690**	**6,537,492**
Profit on disposal on investment properties	150,716	490,163
Losses on revaluation of investment properties	0	(1,885,693)
Operating profit	**3,926,406**	**5,141,962**
Finance income	1,682	3,424
Finance expense	(660,325)	(1,124,194)
Profit before taxation	**3,267,763**	**4,021,192**
Taxation	0	13,669
PROFIT FOR THE PERIOD	**3,267,763**	**4,034,861**
Profit for the financial period is attributable to:		
Owners of the parent company	**3,301,901**	**4,101,278**
Non-controlling interests	(34,138)	(66,417)
	3,267,763	**4,034,861**

NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT

1. General

The principal accounting policies of the Group are set out in the Group's 2019 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 2019, prepared under FRS102, have been filed with the Registrar of Companies.

The auditor's report on those financial statements was unqualified.

2. Property Income Distributions

2018 - Second Interim	31.0p per share		2,997,411
2019 - First Interim	25.0p per share		2,417,267
2019 - Second Interim	30.0p per share	2,900,720	