



GLENSTONE REIT

[glenstonereit.co.uk](https://www.glenstonereit.co.uk)

# Interim Report and Financial Statements

For the period ended  
30 September 2023



# Chairman's Interim Statement 2023

## Introduction

The executive team have continued to implement the strategy of becoming a fully diversified UK REIT.

Although there is still uncertainty in the economy our property income remains robust and has increased. Against the grain, this has resulted in an increased PID in October 2023 and January 2024. We only value the property portfolio at the year end and therefore the NAV has remained largely static other than the minor effect of our investment in AIRE.

Shareholders should be aware of downward pressures on commercial property prices caused mainly by recent increases in interest rates. The Board are however satisfied with the quality of the diversified portfolio and the active asset management initiatives that the executive team have executed to date.

## Property Income Distribution ("PID")

14p (PY:13p) was paid in October 2023, in respect of the quarter to 30 June 2023. A further 14p (PY: 13p) will be distributed in January 2024 with respect to the quarter ended 30 September 2023. The Board's target is to improve on the prior year's PID of 58p.

### PID Per Share

HY 2023/24	28p
HY 2022/23	26p

## Rental Income

Rental income has increased by 3.9%, when compared to the 30 September 2022 interims. The increase reflects the combination of fixed rental increases alongside pro-active portfolio management and realignment.

### Rental Income

HY 2023/24	£4.51m
HY 2022/23	£4.34m

# Chairman's Interim Statement 2023

## Net Property Income

Net Property Income has increased by 8.4%, when compared to the 30 September 2022 interims. The increase reflects both the uptick in rental income and the one-off profit realised on the sale of development property. The profit follows the completion of the project to convert a gymnasium into two residential dwellings, at the site known as 20 Mortlake. The sale of the first flat has resulted in a profit of £153,142. The remaining flat is currently under offer.

**HY 2023/24** **£4.04m**

**HY 2022/23** **£3.72m**

## Operating Profit

Operating profit has increased by 10.4%, when compared to the 30 September 2022 interims. The increase reflects the combination of fixed rental increases; pro-active portfolio management and realignment; the profit generated from the sale of a developed property alongside gains of £292,365 from sales of investment properties.

**HY 2023/24** **£3.72m**

**HY 2022/23** **£3.37m**

## Dividends Received

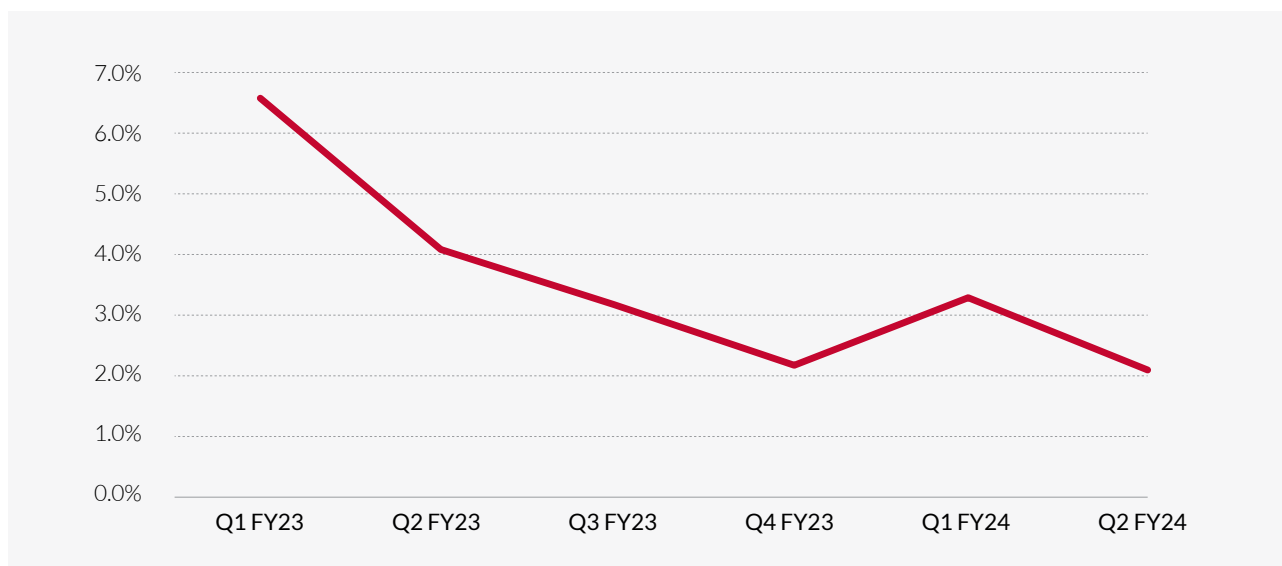
Dividends received from our investment in Alternative Income REIT plc ("AIRE") has increased by 13.6%, when compared to the 30 September 2022 interims. This increase reflects the larger dividend received in August 2023 of 1.92p per share. The AIRE board have publicly stated that the new target annual dividend is to be at least 5.9p per share per annum. The increase is resultant of the index linked rent reviews. Our investment is constantly under review and the Board are aware of the anticipated headwinds that may lie ahead given the leveraged nature of the AIRE portfolio.

## Net Asset Value ("NAV")

As is commonplace, the Board have not undertaken a publicised revaluation on the direct property holdings. However, a revaluation of the AIRE investment was required as a market price is available daily. The 30 September bid price of 58.6p, resulted in a book loss of £1.23m. The share price has since recovered and is above the cost price of our investment.

The above has resulted in a Glenstone NAV per share totalling £12.61 as at 30 September 2023.

## Voids





# Chairman's Interim Statement 2023

## Property Sales and Purchases

In the six months to 30 September 2023 the Company sold five properties realising £2.3m and a combined profit on disposal of £292,365. The proceeds plus the surplus cash at year end have been invested into the below two properties.

### Licensed – The Crown Pub, Chelsea, London

£2.17<sub>m</sub>

4.7%\*

The pub is let on an FRI lease to Ei Group Ltd, for a further 23 years without any break. The lease benefits from annual fixed rental increases. The premises includes a sizeable maisonette flat which has self-contained access.

\*guaranteed first reversionary yield



### Industrial – Perrywell Road, Birmingham



£2.52<sub>m</sub>

9.5%

Purchased off-market, the 45,000 sq. ft. unit is let in its entirety to E & S W Knowles & Company Ltd on a new 20-year FRI lease. Knowles are the UK's leading manufacturer of timber fire safety and security doors.

# Chairman's Interim Statement 2023

## Loans

During the six-month period the outstanding third-party loan receivable has been settled. Currently it is not the Board's policy to invest in such instruments.

## Gearing

As at 30 September 2023, net gearing stood at 19.8%. An increase on the year end net gearing of 18.1%. The increase was largely due to £0.8m being drawn on the Revolving Credit Facility, coupled with the small decrease in NAV.

## Post Period



The Board were very pleased to conclude on the transaction that has seen The Clifford Property Company Ltd join Glenstone group in an all-paper share purchase. As previously announced, the NAV-for-NAV share deal included a £12.3m mixed use property portfolio, based in the Southeast of England, and circa £1.4m in cash. We warmly welcome the additional 47 shareholders to the group.

For more information on the announcement please click on the link below –

[www.glenstonereit.co.uk/news/glenstone-reit-plc-absorbs-the-clifford-property-company-ltd/](http://www.glenstonereit.co.uk/news/glenstone-reit-plc-absorbs-the-clifford-property-company-ltd/)

## Annual General Meeting 2024

The Board have decided that the 2023 AGM will be hosted, in Central London, on 18 September 2024. Details on timing and location will be provided in due course. If you have any questions on the half year financial results, please do not hesitate to contact any of the Board.

**CL Powell MRICS**  
Chairman  
December 2023

## Consolidated statement of comprehensive income

	Unaudited	Audited	Unaudited
	6 months ended 30-Sep-23	12 months ended 31-Mar-23	6 months ended 30-Sep-22
	£	£	£
Rental and other income	4,509,609	8,655,863	4,342,047
Sales proceeds from development properties	470,000	-	-
<b>Gross property income</b>	<b>4,979,609</b>	<b>8,655,863</b>	<b>4,342,047</b>
Property operating expenses	(627,127)	(1,239,850)	(618,276)
Cost of disposal of development properties	(316,858)	-	-
<b>Net property income</b>	<b>4,035,624</b>	<b>7,416,013</b>	<b>3,723,771</b>
Administrative expenses	(606,970)	(1,317,132)	(598,335)
<b>Operating profit before gains and losses</b>	<b>3,428,654</b>	<b>6,098,881</b>	<b>3,125,436</b>
Profit on disposal of investment properties	292,365	361,031	247,623
Fair value gain on investment properties	-	234,940	-
Value of incentives on investment properties	1,596	(995,530)	-
<b>Operating profit</b>	<b>3,722,615</b>	<b>5,699,322</b>	<b>3,373,059</b>
Fair value loss on investments	(1,228,974)	(2,055,857)	(2,479,122)
Dividends received	664,122	1,138,784	584,508
Finance income	26,256	140,590	93,047
Finance expense	(689,042)	(1,490,937)	(713,708)
Gain on early repayment of term loan	-	654,059	-
<b>Profit before taxation</b>	<b>2,494,977</b>	<b>4,085,961</b>	<b>857,784</b>
Taxation	(44,850)	(26,469)	(17,679)
<b>PROFIT FOR THE PERIOD</b>	<b>2,450,127</b>	<b>4,059,492</b>	<b>840,105</b>

The principal accounting policies of the Group are set out in the Group's 2023 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.

## Consolidated statement of financial position

	Unaudited	Audited	Unaudited
	30-Sep-23	31-Mar-23	30-Sep-22
	£	£	£
<b>FIXED ASSETS</b>	<b>1,320,750</b>	<b>1,322,332</b>	<b>1,323,611</b>
Tangible assets	12,154,251	13,383,225	12,959,960
Investments	132,871,678	128,542,970	131,189,861
Investment property	146,346,679	143,248,527	145,473,432
<b>CURRENT ASSETS</b>			
Stocks	262,350	569,130	-
Debtors falling due under one year	1,521,852	2,102,783	4,038,480
Debtors falling due over one year	834,005	920,746	742,569
Cash at bank and in hand	1,522,793	2,468,133	9,143,027
	4,141,000	6,060,792	13,924,076
<b>CREDITORS</b>			
Amounts falling due within one year	(4,659,402)	(3,140,528)	(4,288,942)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(518,402)</b>	<b>2,920,264</b>	<b>9,635,134</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>145,828,277</b>	<b>146,168,791</b>	<b>155,108,566</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	(25,559,230)	(24,735,593)	(34,288,043)
<b>NET ASSETS</b>	<b>120,269,047</b>	<b>121,433,198</b>	<b>120,820,523</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	190,714	192,187	192,187
Share premium account	61,454,038	61,454,038	61,454,038
Treasury shares	-	(186,004)	(186,004)
Capital redemption reserve	21,570	20,097	20,097
Fair value reserve	4,029,402	1,524,475	1,925,545
Profit and loss reserve	54,573,323	58,428,405	57,414,660
<b>TOTAL EQUITY</b>	<b>120,269,047</b>	<b>121,433,198</b>	<b>120,820,523</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>£12.61</b>	<b>£12.66</b>	<b>£12.60</b>

The Group's financial statements for the year ended 31 March 2023, prepared under FRS102, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified.



**GLENSTONE** REIT

## Company information

### Directors:

C L Powell  
R Shaunak  
A C Smith  
B P Green  
R P Maybury

### Registered office:

6 Duke Street  
London W1U 3EN

### Registered number:

00986343

### Auditors:

Crowe U.K. LLP  
55 Ludgate Hill  
London EC4M 7JW

### Bankers:

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20-21 The Green  
Richmond TW9 1PX

Lloyds Bank plc  
3rd Floor  
10 Gresham Street  
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### Valuers:

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London W1T 3PT

### Solicitors:

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34 Pocklington Walk  
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### Registrars:

Link Group  
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29 Wellington St  
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