CLIPSTONE INDUSTRIAL REIT PLC

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FROM 1 JULY 2020 TO 31 DECEMBER 2020

Registered Number: 9046897

CONTENTS **Page**

I am pleased to report the results of the Company and its subsidiaries ('the Group') for the six months ended 31 December 2020.

Results to 31 December 2020

The Group's properties were independently valued by Colliers at 31 December 2020. Their valuation is £249.0m, which represents an uplift of 14.1% over their aggregate acquisition price, excluding acquisition costs, and an increase of 3.3% since 30 June 2020 (on a like-for-like basis). The increase in value was partly due to asset management initiatives, and partly due to the continued positive performance of the market for industrial properties as a whole.

The Group's net asset value (NAV) per share at 31 December 2020 was £1.5266. No adjustment has been made for any potential performance fees due to the property manager. If the investment properties were sold at their values at 31 December 2020, there would be a performance fee payable of £2,724,360. The NAV net of the potential performance fee would have been £1.5045 per share at 31 December 2020.

The NAV (net of performance fees) of £1.5045 at 31 December 2020 is a 3.95% increase since 30 June 2020 and a 53.52% increase over the NAV of 98p on admission.

The total return, being NAV increase after performance fee and dividends paid to 31 December 2020 from admission, was 82.6%. The total return since 30 June 2020 was 5.5%.

Events to 31 December 2020

On 19 November the Company issued 4,089,302 new shares at £1.4628 per share.

The proceeds from the issue of shares, along with the draw down of £6.75m from the Company's revolving credit facility were used on 20 November to purchase a 4 unit estate at Sutton Trade Park for £11.3m plus associated purchase costs, representing a net initial yield of 4.22%. This represented an opportunity for the Company to acquire a prime industrial estate well-located within the M25. The property is modern, at the front of the estate with main road frontage, excellent yards and car parking, and fully let to four trade counter tenants. Following this acquisition, 50.1% of the Company's properties are located in the M25/London region and 97.0% in London and the South East.

Interim dividends of 1.00p per share were declared on 7 August 2020 and paid on 26 August 2020, and 1.25p per share declared on 4 November 2020 and paid on 18 November 2020.

Environmental, Social and Governance Policy

The Company operates an Environmental, Social and Governance (ESG) policy that includes monitoring the operations of the Company's tenants to ensure that the use of our buildings is socially and environmentally responsible. It also conducts a quarterly analysis of the environmental impact of the Company's properties, with a view to reducing the carbon footprint impact of the Company's operations over time. The Company will commence reporting against its ESG goals in the 2021 annual report.

Copies of our ESG policy, targets and supplementary polcies can be found at http://www.clipstone.co.uk/environmental-social-and-governance-policies/ .

COVID-19

The impact of COVID-19 continues to be felt across the globe, and the restrictions put in place by the UK government to try and reduce transmission of the virus and ease pressure on the health service have meant almost a year of difficult or even impossible trading conditions for many businesses. The vaccination programme has commenced and provides hope that restrictions will be able to be lifted in a material way over the course of 2021. We appreciate that this may be too late for some businesses, including some of our tenants. Since March 2020 we have been working with our tenants to provide solutions for those struggling to pay rent, either by deferring rent, or by regearing leases in return for rent free periods. Sadly, some tenants have failed over the past 12 months, however we have seen buoyant demand for vacant units and at 31 December 2020 the Company's vacancy rate stood at 3.3%. This represents 13 out of 268 units across the portfolio, of which 6 were under offer at 31 December 2020.

COVID-19 (continued)

Our low vacancy rate and continued occupier demand reflects the fact that industrial property has been impacted far less by COVID-19 than other sectors, particularly retail properties. Most of our tenants have been able to work within the restrictions since the beginning of the pandemic. We are pleased to be able to say that as at 5 February 2021, 94% of rent demanded since the onset of the pandemic in March 2020 has been collected.

While we anticipate that some tenants will fail despite best efforts over the coming months, we are actively working to identify tenants at risk and put in place strategies for reletting those units as quickly as possible should the tenant forfeit their lease.

The Company's revolving credit facility of £30m is now fully drawn. There is still ample headroom on both loan to value and interest cover covenants, however we continue to monitor the situation and carry out regular sensitivity testing to ensure we are comfortable with the level of risk. Given that we have no further capital commitments now that the Company's development at Chessington is complete, and that operational cashflows are healthy, the Board is confident that the Company will continue to meet its liabilities as they fall due.

Following the onset of the pandemic and the increased uncertainty and difficulty around rent collection, the Board made the decision to reduce the May 2020 dividend to 3.00p per share from 6.25p per share in February 2020. The Board's intention has always been to increase the dividend as matters improve. The pleasing progress made in rent collection allowed us to increase the dividend in August to 4.00p per share and again in November to 5.00p per share. We are mindful of our requirement to distribute at least 90% of our property rental business profits as a REIT, and are confident that cash flows will be sufficient for us to meet, if not exceed, this requirement.

The Board would like to thank the Property Manager and our managing agents for their hard work to ensure the continued success of the Company over the past 12 months in challenging circumstances.

Post Balance Sheet Events

An Interim dividend of 1.4p per share was declared on 15 February 2021, to be paid on or around 24 February 2021.

Toby Dean

Director

15 February 2021

CLIPSTONE INDUSTRIAL REIT PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FROM 1 JULY 2020 TO 31 DECEMBER 2020

	Notes	Six months to 31 December 2020 £	Six months to 31 December 2019 £
Turnover - Rental income		**6,683,926**	6,226,906
Cost of sales			
- Direct property expenses		**(663,390)**	(725,825)
- Property management expenses		**(1,145,891)**	(1,095,678)
		(1,809,281)	(1,821,503)
Gross profit		**4,874,645**	4,405,403
Other operating income		**-**	20,000
Administrative expenses		**(142,487)**	(235,802)
Value adjustments			
- Investment properties		**6,367,947**	6,582,059
- Lease incentive value adjustment to investment property		**(351,121)**	(171,290)
- Derivative financial instruments		**-**	41,685
		5,874,339	6,236,652
Operating profit	4	**10,748,984**	10,642,055
Interest receivable		**905**	2,895
Interest payable	7	**(690,591)**	(824,406)
Profit on ordinary activities before tax		**10,059,298**	9,820,544
Corporation tax	8	**-**	-
Profit for the period		**10,059,298**	9,820,544
Earnings per ordinary share			
Basic and diluted (pence per share)	10	**8.4**	8.2

Turnover and profit on ordinary activities are derived wholly from continuing activities.

CLIPSTONE INDUSTRIAL REIT PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 £	30 June 2020 £
Fixed assets			
Investment properties	11	**248,632,020**	230,088,567
Current assets			
Debtors	12	**6,501,415**	4,375,766
Cash at bank and in hand		**2,752,578**	2,297,332
		9,253,993	6,673,098
Creditors: amounts falling due within one year	13	**(6,376,701)**	(6,557,044)
Net current assets		**2,877,292**	116,054
Total assets less current liabilities		**251,509,312**	230,204,621
Creditors: amounts falling due after more than one year	14	**(63,225,807)**	(55,275,892)
Net assets		**188,283,505**	174,928,729
Capital and reserves			
Called up share capital	16	**1,233,387**	1,192,494
Share premium account		**114,619,786**	108,679,849
Capital reduction reserve		**39,000,000**	39,000,000
Capital redemption reserve		**62,727**	62,727
Investment revaluation reserve		**23,372,600**	17,355,774
Profit and loss account		**9,995,005**	8,637,885
Shareholders' funds		**188,283,505**	174,928,729
Net asset value per ordinary share (pence)		**152.66**	142.67

These financial statements were approved and authorised for issue by the board on 15 February 2021 and were signed on its behalf by:-

Toby Dean
Director

The accompanying notes are an integral part of these financial statements.

Registered number: 9046897

CLIPSTONE INDUSTRIAL REIT PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FROM 1 JULY 2020 TO 31 DECEMBER 2020

	Share Capital £	Share Premium £	Capital Reduction Reserve £	Capital Redemption Reserve £	Revaluation Reserve £	Retained Earnings £	Total £
Balance at 1 July 2019	1,195,276	108,679,849	39,000,000	36,856	13,483,829	8,128,784	170,524,594
Shares repurchased	(25,871)	-	-	25,871	-	(300,000)	(300,000)
Shares issued in the period	23,089	-	-	-	-	-	23,089
Profit for the period	-	-	-	-	-	9,820,544	9,820,544
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	6,582,059	(6,582,059)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(171,290)	171,290	-
Dividends paid	-	-	-	-	-	(3,660,533)	(3,660,533)
Balance at 31 December 2019	1,192,494	108,679,849	39,000,000	62,727	19,894,598	7,578,026	176,407,694
Profit for the period	-	-	-	-	-	1,276,439	1,276,439
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	(2,389,125)	2,389,125	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(149,699)	149,699	-
Dividends paid	-	-	-	-	-	(2,755,404)	(2,755,404)
Balance at 30 June 2020	1,192,494	108,679,849	39,000,000	62,727	17,355,774	8,637,885	174,928,729
Shares issued in the period	40,893	5,940,937	-	-	-	-	5,981,830
Share issue costs	-	(1,000)	-	-	-	-	(1,000)
Profit for the period	-	-	-	-	-	10,059,298	10,059,298
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	6,367,947	(6,367,947)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(351,121)	351,121	-
Dividends paid	-	-	-	-	-	(2,685,352)	(2,685,352)
Balance at 31 December 2020	**1,233,387**	**114,619,786**	**39,000,000**	**62,727**	**23,372,600**	**9,995,005**	**188,283,505**

CLIPSTONE INDUSTRIAL REIT PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FROM 1 JULY 2020 TO 31 DECEMBER 2020

	Six months to 31 December 2020 £	Six months to 31 December 2019 £
Cash flows from operating activities		
Profit for the financial period	**10,059,298**	9,820,544
Adjustments for:		
Unrealised revaluation of investment properties	**(6,367,947)**	(6,582,059)
Movement in lease incentive valuation	**351,121**	171,290
Unrealised value adjustment of derivative financial instruments	**-**	(41,685)
Impairment in investments	**-**	79,690
Interest payable	**690,591**	824,406
Interest receivable	**(905)**	(2,895)
Change in debtors and accrued income	**(2,125,649)**	(512,364)
Change in creditors and accruals	**503,412**	396,443
Cash from operations	**3,109,921**	4,153,370
Interest paid	**(671,855)**	(674,055)
Interest received	**905**	2,895
Corporation tax paid	**-**	(25,888)
Net cash generated from operating activities	**2,438,971**	3,456,322
Cash flows from investing activities		
Acquisition of subsidiaries net of cash	**-**	28,809
Purchase of investment property	**(13,170,716)**	(17,207,053)
Net cash from investing activities	**(13,170,716)**	(17,178,244)
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of issue costs)	**5,980,830**	249,796
Buy back of shares	**-**	(300,000)
Proceeds from loan financing	**7,950,000**	16,450,000
Loan Repayments	**-**	-
Repayments under finance leases	**(58,487)**	(58,486)
Dividends paid	**(2,685,352)**	(3,660,533)
Net cash from financing activities	**11,186,991**	12,680,777
Net increase/(decrease) in cash and cash equivalents	**455,246**	(1,041,145)
Cash and cash equivalents at the beginning of the period	**2,297,332**	1,814,262
Cash and cash equivalents at the end of the period	**2,752,578**	773,117
Components of cash and cash equivalents		
Cash	**2,752,578**	773,117
	2,752,578	773,117

1 Corporate Information

Clipstone Industrial REIT plc (the Company) is a public limited company incorporated and domiciled in England and Wales whose shares are publicly traded on The International Stock Exchange.

2 Basis of Preparation and Accounting Policies

(a) Basis of Preparation of financial statements

A summary of the principal accounting policies of the Group, which have been applied consistently throughout the period, is set out below.

Basis of Accounting

The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 104 Interim Financial Reporting (FRS 104) and with the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties. The presentation currency is £ sterling.

Basis of Consolidation

The consolidated financial statements incorporate the unaudited financial statements of the Company and its subsidiaries, as at the balance sheet date. Subsidiaries are those entities controlled by the Company. Control exists where the Company has the power, directly or indirectly, to direct the financial and operating policies of an entity so as to obtain benefits from its activities. All intragroup transactions are eliminated on consolidation.

Business Combinations

The group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination, by applying the purchase method, where an integrated set of activities is acquired in addition to property.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxes arise.

Going Concern

After due consideration of the future cash flows of the Company, the Directors are confident that the Company has sufficient financial resources to meet its obligations as a going concern for the foreseeable future, being more than 12 months from the date of approving the financial statements. The financial statements have therefore been prepared on the going concern basis.

(b) Revenue Recognition

Rental Income

Rental income excluding VAT arising on investment properties is accounted for in the statement of comprehensive income on a straight-line basis over the terms of the individual leases. Lease incentives are amortised on a straight-line basis over the lease term. Rental income received in advance is recognised as deferred income and disclosed within creditors. Rental income earned but not received is recognised as accrued income and disclosed within debtors.

Interest Income

Interest income is accounted for on an effective interest rate method.

2 Basis of Preparation and Accounting Policies (continued)

(c) Expenses

Expenses are accounted for on an accruals basis. The Group's management and administration fees, finance costs and all other expenses are charged to the statement of comprehensive income.

(d) Dividends

Dividends are accounted for in the period in which they are declared.

(e) Taxation

The group operates as a Real Estate Investment Trust (REIT) and therefore profits and gains from its qualifying property rental business are expected to be exempt from direct taxation provided the REIT conditions are met.

Taxation on any profit or loss for the period not exempt under UK-REIT regulations comprises current and deferred tax. Taxation is recognised in the statement of comprehensive income.

Corporation tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

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

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(f) Investments in Subsidiaries

The Company recognises investments in subsidiaries at cost less impairment in its statement of financial position.

(g) Investment Properties

Investment properties consist of land and buildings which are not occupied for use by or in the operations of the Group or for sale in the ordinary course of business but are held to earn rental income together with the potential capital and income growth.

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period incurred and included within the book costs of the property.

After initial recognition, investment properties are measured at fair value with gains and losses recognised in the statement of comprehensive income. Deferred tax is not provided on these gains or losses as corporation tax is not expected to be paid on capital gains arising from the Group's qualifying property rental business under the REIT regime. Fair value is based on an independent open market valuation provided by a RICS recognised Chartered Surveyor, at the balance sheet date using recognised valuation techniques.

In arriving at the fair value in the statement of financial position, any deferred rent receivable or lease incentives are taken into consideration in reporting the carrying amount of the investment properties.

2 Basis of Preparation and Accounting Policies (continued)

(h) Rent and Other Debtors

Debtors are recognised initially at fair value, subsequently at amortised cost. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debtors concerned.

Rents receivable, which are generally due for settlement at the relevant quarter end are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(i) Cash at Bank and in Hand

Cash at bank and in hand consists of cash held in banks and on-demand deposits in banks.

(j) Creditors

Creditors are recognised initially at fair value, subsequently at amortised cost.

(k) Derivative financial instruments

The Group uses interest-rate caps for economic hedging to manage its market risk. All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently re-measured at fair value. The fair values of interest-rate caps are based on counterparty or market quotes.

(l) Loans

Loans are initially measured at proceeds net of direct issue costs and subsequently measured at amortised cost. Interest payable is accounted for on an accruals basis using the effective interest method.

(m) Finance leases

At the commencement of the lease term, rights of use and obligations under finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. Any initial direct costs of the lease are added to the amount recognised as an asset. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

After initial recognition, minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

The value of investment properties held under finance leases will be measured at the gross value before deductions for any recognised lease liability. The lease liability is added back to the assessed fair value with changes in present value of the remaining net lease liability being accounted for as changes in fair value of the investment property through the statement of comprehensive income.

(n) Critical accounting judgements and key estimations of uncertainty

The preparation of financial statements in conformity with FRS 104 requires management to make significant judgements and estimates.

The area where the Group considers the judgements and key estimations of uncertainty to be most significant involves assumptions or estimates applied in respect of the valuation of investment properties.

The value of property and property related assets is inherently subjective due to the individual nature of each property, its location and the expected future rental revenues from that particular property.

2 Basis of Preparation and Accounting Policies (continued)

(n) Critical accounting judgements and key estimations of uncertainty (continued)

In determining the value of investment properties, valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers in uncertain market conditions, title, condition of structure and services, deleterious materials, plant and machinery and goodwill, environmental matters, statutory requirements and planning, the structural condition of the properties, tenure and other information. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2012.

Such assumptions involve a degree of estimation uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. Incorrect assumptions underlying the valuation reports could negatively affect the value of Group's investment properties and thereby have a material adverse effect on the Group's financial position. This risk is minimised by the appointment of external property valuers who are independent and professional.

3 Segmental Information

The Directors are of the opinion that the Group is engaged in a single segment business, being the investment in the United Kingdom in industrial properties. The results reported represent the segment results for the Group.

4 Operating Profit

Operating profit is stated after charging:

	Six months to 31 December 2020	Six months to 31 December 2019
	£	£
Auditor's remuneration - audit	21,000	26,250
Auditor's remuneration - taxation	(5,500)	14,750

5 Particulars of Employees

The Company had no employees during the period (period to 31 December 2019 - none), other than the

6 Directors' Emoluments

	Six months to 31 December 2020	Six months to 31 December 2019
	£	£
Directors' emoluments	22,500	22,500

7 Interest Payable

	Six months to 31 December 2020	Six months to 31 December 2019
	£	£
Bank loan interest payable	497,739	589,781
Bank loan issue costs	134,443	176,209
Interest payable on finance leases	58,409	58,416
	690,591	824,406

8 Corporation Tax

The tax charge for the period is lower than the standard rate of corporation tax in the UK during the period (2019: lower than) of 19%. The differences are explained below:

	Six months to 31 December 2020 £	Six months to 31 December 2019 £
Profit before tax	10,059,298	9,820,544
Corporation tax at effective rate of 19% (2019: 19%)	1,911,267	1,865,903
Effect of:		
REIT tax exempt property rental profits and gains	(1,911,267)	(1,865,903)
	-	-
Effective corporation tax rate	0.0%	0.0%

9 Dividends

	Six months to 31 December 2020 £	Six months to 31 December 2019 £
Interim dividends paid of 2.25p (period to 31 December 2019 - 3.0625p) per ordinary share per annum	2,685,352	3,660,533

10 Earnings Per Share

Basic earnings per share is calculated by dividing net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	Six months to 31 December 2020 £	Six months to 31 December 2019 £
Net profit attributable to ordinary shares	10,059,298	9,820,544
Weighted average number of ordinary shares:		
Issued ordinary shares at the start of the period	119,527,591	119,527,591
Effect of shares issued during the period	938,528	92,693
Effect of shares bought back during the period	-	(103,859)
Basic and diluted weighted average number of shares	120,466,119	119,516,425
Basic and diluted earnings per share (pence)	8.4	8.2

11 Investment Properties

	31 December 2020			30 June 2020
	Freehold	**Leasehold**	**Total**	**Total**
	£	**£**	**£**	**£**
Cost				
Brought forward	203,987,809	8,097,847	212,085,656	192,067,385
Additions	12,526,627	-	12,526,627	20,018,271
Carried forward	216,514,436	8,097,847	224,612,283	212,085,656
Revaluation				
Brought forward	18,117,191	(97,847)	18,019,344	13,825,615
Revaluation during the period	6,168,373	200,000	6,368,373	4,193,729
Carried forward	24,285,564	102,153	24,387,717	18,019,344
Value per independent valuer	240,800,000	8,200,000	249,000,000	230,105,000
Lease Incentive Asset				
Brought forward	(1,192,077)	(47,542)	(1,239,619)	(918,630)
Movement during the period	(339,446)	(11,675)	(351,121)	(320,989)
Carried forward	(1,531,523)	(59,217)	(1,590,740)	(1,239,619)
Long leasehold valuations				
Brought forward	-	1,223,186	1,223,186	1,223,981
Revaluation during the period	-	(426)	(426)	(795)
Carried forward	-	1,222,760	1,222,760	1,223,186
Carrying value	239,268,477	9,363,543	248,632,020	230,088,567

The Group has restated the valuation of its long leasehold investment properties in line with FRS 102 section 20 to recognise these assets as investment properties held under finance leases. In addition, to avoid double counting of fair value in the statement of financial position, any deferred rent receivable is taken into consideration in reporting the carrying amount of the investment properties.

The fair value of investment properties at 31 December 2020 was determined by the Group's independent valuer, Colliers International Valuation UK LLP. The valuations are in accordance with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the independent valuer are reviewed internally by senior management and the directors.

The valuer's opinion of fair value was primarily derived using comparable recent market transactions on arm's length terms and using appropriate valuation techniques. The fair value of investment properties is determined using the income capitalisation approach. Under this approach, forecast net cash flows, based upon current market derived estimated rental values (market rents) together with estimated costs, are discounted at market derived capitalisation rates to produce the valuer's opinion of fair value. The average discount rate, which, if applied to all cash flows, would produce the fair value, is described as the equivalent yield.

12 Debtors

	31 December 2020	30 June 2020
	£	**£**
Prepayments and accrued income	430,246	513,083
Trade debtors	1,882,825	1,476,452
Deferred lease incentives	1,590,740	1,239,619
Other debtors	2,597,604	1,146,612
	6,501,415	4,375,766

There is no evidence of default for any debtors and therefore no provision has been made at the year end (30 June 2020: none). There were no debtors due after more than one year.

13 Creditors: Amounts Falling Due Within One Year

	31 December 2020	30 June 2020
	£	£
Finance lease liabilities	165	158
Trade creditors	656,124	504,776
Rental income in advance	2,748,711	2,585,104
Accruals	1,420,709	2,089,799
Withholding taxes and other taxes	1,037,082	918,544
Other creditors	513,910	458,663
	6,376,701	6,557,044

14 Creditors: Amounts Falling Due After More Than One Year

	31 December 2020	30 June 2020
	£	£
Bank loans - due between one and two years	-	-
Bank loans - due between two and five years	62,000,000	54,050,000
Finance lease liabilities	1,225,807	1,225,892
	63,225,807	55,275,892

The bank loans mature on 29 April 2022 and are secured by charges over the investment properties owned by Clipstone IX Limited and a debenture from Clipstone IX Limited. Interest is paid at 1.5% over three month LIBOR, the interest cover covenant is 200% and the loan to value covenant 65%.

15 Finance Leases

	31 December 2020	30 June 2020
	£	£
Included within current liabilities	165	158
Included within non-current liabilities	1,225,807	1,225,892
	1,225,972	1,226,050
Future minimum lease payments due under finance leases:		
within one year	116,973	116,973
in more than one year and less than five years	467,892	467,892
in more than five years	8,545,039	8,603,525
	9,129,904	9,188,390

The Group's finance leases relate to three long leasehold investment property holdings, the value of which is shown in note 11.

16 Share Capital

	Number of Shares
Issued and fully paid	
At 1 July 2020 - 119,249,445 ordinary shares of £0.01 each	119,245,445
Share issue	
4,089,302 ordinary shares of 1p each	4,089,302
At 31 December 2020	123,334,747

The shares are listed on the Official List of The International Stock Exchange.

On 19 November 2020 the Company issued 4,089,302 new shares of 1p each at a premium of £5,940,937. Costs of the issue were £1,000.

17 Net Asset Value

The Group's net asset value per ordinary share is 152.66p based on shareholders' funds of £188,283,505 and 123,334,747 ordinary shares in issue at the period end.

No adjustment has been made for any potential performance fee due to the property manager. If the investment properties were sold at their values at 31 December 2020, there would be a performance fee payable of £2,724,360. The net asset value after the potential performance fee was 150.45p per share at 31 December 2020.

A reconciliation of the net asset value as shown in these financial statement to the net asset value of the Group as published on The International Stock Exchange is shown below:

	Net Asset Value £	Net Asset Value per Share £
Net asset value as shown in these financial statements	188,283,505	1.5266
Fair value adjustment to remove finance lease accounting for	3,212	-
Performance fee provision	(2,724,360)	(0.0221)
Net asset value as published on the International Stock Exchange as at 31 December 2020	185,562,357	1.5045

18 Capital Commitments

The Group had no capital commitments outstanding at 31 December 2020 (30 June 2020: £464,143 relating to its development at Chessington, which completed on 12 August 2020).

19 Related Party Transactions

The Directors are considered to be related parties. The Directors are engaged under letters of appointment and do not have service contracts with the Company. The Directors are required to retire by rotation and seek re-election at least every three years and their appointments are terminable by the director or the Company giving three months' notice, other than Richard Demarchi whose notice period is 3 days.

Directors' emoluments of £22,500 were paid during the period (period to 31 December 2019: £22,500). £Nil was payable at 31 December 2020 (31 December 2019: £Nil).

Toby Dean is a director and shareholder of the Property Manager, Clipstone Investment Management Limited. Clipstone Investment Management Limited charged fees of £1,145,891 to the Company during the period (period to 31 December 2019: £1,095,678) of which £590,241 was outstanding at the period end (31 December 2019: £533,010).

Toby Dean is a director and indirect shareholder of the Alternative Investment Fund Manager, Clipstone Capital Limited. Clipstone Capital Limited charged fund management fees of £10,000 to the Company during the period (2019: £10,000) of which £5,000 was outstanding at the period end (2019: £5,000).

During the period the Group was charged £515,961 (2019: £405,075) in insurance premiums by Clipstone Capital Limited. At the period end there was £8,711 outstanding (2019: £nil). Clipstone Capital Limited is authorised to arrange insurance by the Financial Conduct Authority, and is not the underwriter. All leases with tenants of the Group are on a full repairing and insuring basis and so where a unit is occupied the cost of insurance is recharged in full to the tenant. The Group only incurs the cost of insurance for vacant properties and any insurance relating to developments. During the year the cost of insurance to the Group was £5,372 (2019: £6,074) and a charge of £nil (2019: £12,544) for insurance relating to the development at Chessington. All transactions were carried out at arm's length.

20 Operating Leases

	31 December 2020	30 June 2020
	£	£
Future minimum lease payments receivable under non-cancellable operating leases:		
within one year	12,594,622	11,486,476
in more than one year and less than five years	31,573,385	27,824,517
in more than five years	17,329,126	8,943,956
	61,497,133	48,254,949

21 Post Balance Sheet Events

An Interim dividend of 1.4p per share was declared on 15 February 2021, to be paid on or around 24 February 2021.