CLIPSTONE INDUSTRIAL REIT PLC

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS FROM 1 JULY 2022 TO 31 DECEMBER 2022

Registered Number: 9046897

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The six months since 30 June 2022 have marked a significant change in the investment market for real estate, and industrial property in particular. Since 2008, industrial property has consistently outperformed the wider property market as yields fell to record lows in the first half of 2022. Owners of industrial property, such as Clipstone Industrial REIT, have enjoyed handsome returns. Interest rate increases over the past year, and in particular since June 2022, have resulted in yields rising and property valuations decreasing. With higher costs of debt, and availability of higher returns in bond markets, investors naturally require a higher return from real estate.

Net Asset Valuation fell by 21% over the last six months of 2022. This reflects a reduction in the valuation of the portfolio of 17%, exaggerated by the gearing, but cushioned by a reduction in the accrued performance fee due to the Manager.

While falls in NAV are rarely welcome, we are confident that the Company remains in good health and is well positioned to take advantage of opportunities that arise from the higher yields now available. Gearing remains moderate, with a loan-to-value at 31 December of 27.2%. We have access to undrawn debt facilities of £20m and have ample headroom against banking covenants despite increased rates of interest. The group also benefits from a £30m fixed rate loan facility at an interest rate of 2.20%, which does not mature until 2028. If assets can deliver higher returns than the cost of our debt, we can consider adding to the portfolio.

The deterioration in the investment markets has not currently been mirrored by the occupational market. The group's vacancy rate at 31 December was 1.5%, with only 6 of 230 units being vacant. Rent collection continues to be good: nearly 100% of rents having been collected over the past three years, despite the disruption and economic difficulties brought about by the pandemic, and now high levels of inflation and the increased cost of living. We also continue to see successes in asset management initiatives, completing lease renewals and new lettings at record rents, often significantly in excess of the rent being paid previously. Portfolio rents continue to be below market levels; therefore, we do expect to be able to increase rent over the coming year.

The occupational market has been strong for some time with record rental growth and low vacancy levels. However, the market is entering a phase of increased challenges and the exceptional rental growth of 2021 and H1 2022 is unlikely to continue.

We still have confidence in the sector. There remains an underlying shortage of industrial space across the South East. Whilst a recession may dampen occupational demand, the shortage of industrial space, particularly around London and the M25, will continue; and in the current economic environment the likelihood of material levels of new development is diminished.

I am pleased to report the results of the Company and its subsidiaries ('the Group') for the six months ended 31 December 2022.

Results to 31 December 2022

The Group's properties were independently valued by Colliers at 31 December 2022. Their valuation is £294.65m, which represents an uplift of 14.0% over their aggregate acquisition price, excluding acquisition costs, but a decrease of 17.2% since 30 June 2022 (on a like-for-like basis). This decrease was due to outward market yield shifts as a response to increasing interest rates and the worsening of the general UK economic environment.

The Group's net asset value (NAV) per share (net of performance fees) at 31 December 2022 was £1.7255. This represents a 18.2% decrease since 30 June 2022 but an 76.1% increase over the NAV of 98p on admission.

The total return, being NAV increase after performance fee accrued and dividends paid to 31 December 2022 from admission, was 118.3%. The total return since 30 June 2022 was minus 16.6%.

In line with Generally Accepted Accounting Practice in the UK, no adjustment has been made for any potential performance fees due to the property manager in the financial statements, and the NAV without deducting the performance fee provision at 31 December 2022 was £1.7863. If the investment properties were sold at their values at 31 December 2022, there would be a performance fee payable of £7,435,915.

Events to 31 December 2022

On 1 August 2022 the Company bought back 9,228,703 ordinary shares of 1p each for £2.0432 per share.

On 17 August 2022, the Company completed on the sale of its estate at Fareham for £4.0m. Contracts had been exchanged on the sale, as part of a wider portfolio sale, in June 2022, however it was conditional on gaining consent from the freeholder which was not received until August 2022.

On 1 September 2022, the Company exchanged contacts to purchase an investment property in Aldershot for £13.6m plus purchase costs, equating to a net initial yield of 4.9%. The purchase completed on 8 September 2022.

On 6 October 2022, the Group renewed its loan facilities with Barclays. There is now a £35m term loan, and a £35m revolving credit facility, of which £20m was unutilised at the period end. There is also an accordion facility of £30m which allows the Group to request increases to the loan facilities without reopening the facility documents and incurring the associated costs. Any request would be subject to bank approval and negotiation on margin. These facilities mature on 5 April 2025 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 1.55% over SONIA on a quarterly basis. The loan agreement provides for an option to request an extension of the facilities to 5 April 2027.

Interim dividends of 1.625p per share were declared on 11 August 2022 and paid on 25 August 2022, and 1.625p per share declared on 14 November 2022 and paid on 25 November 2022.

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 is continuingly reviewing its ESG goals, and a report on the Company's progress against its targets can be found in the annual report and on our website.

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

Post Balance Sheet Events

An Interim dividend of 1.625p per share was declared on 6 February 2023, to be paid on or around 24 February 2023.

Toby Dean

Director

20 February 2023

CLIPSTONE INDUSTRIAL REIT PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FROM 1 JULY 2022 TO 31 DECEMBER 2022

	Notes	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Turnover - Rental income		**8,048,224**	8,306,840
Cost of sales			
- Direct property expenses		**(28,765)**	(534,466)
- Property management expenses		**(1,482,168)**	(1,473,127)
		(1,510,933)	(2,007,593)
Gross profit		**6,537,291**	6,299,247
Other operating income		**-**	6,391
Administrative expenses		**(333,705)**	(180,560)
Gain/(Loss) on disposal of investment properties	7	**457,755**	(2,116)
Value adjustments			
- Investment properties		**(60,961,569)**	34,242,707
- Lease incentive value adjustment to investment property		**(56,215)**	(308,161)
		(60,893,734)	33,758,261
Operating (loss)/profit	4	**(54,356,443)**	40,057,508
Interest receivable		**23,136**	66
Interest payable	8	**(1,645,098)**	(1,103,513)
(Loss)/Profit on ordinary activities before tax		**(55,978,405)**	38,954,061
Corporation tax	9	**-**	-
(Loss)/Profit for the period		**(55,978,405)**	38,954,061
Earnings per ordinary share			
Basic and diluted (pence per share)	11	**(46.5)**	29.9

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 2022

	Notes	31 December 2022 £	30 June 2022 £
Fixed assets			
Investment properties	12	**292,955,450**	343,582,098
Current assets			
Debtors	13	**9,357,289**	65,122,873
Cash at bank and in hand		**3,404,676**	4,448,593
		12,761,965	69,571,466
Creditors: amounts falling due within one year	14	**(6,512,120)**	(84,716,090)
Net current assets/(liabilities)		**6,249,845**	(15,144,624)
Total assets less current liabilities		**299,205,295**	328,437,474
Creditors: amounts falling due after more than one year	15	**(80,801,474)**	(31,225,528)
Net assets		**218,403,821**	297,211,946
Capital and reserves			
Called up share capital	17	**1,222,656**	1,314,943
Share premium account		**127,141,330**	127,141,330
Capital reduction reserve		**39,000,000**	39,000,000
Capital redemption reserve		**155,014**	62,727
Investment revaluation reserve		**23,243,325**	85,159,876
Profit and loss account		**27,641,496**	44,533,070
Shareholders' funds		**218,403,821**	297,211,946
Net asset value per ordinary share (pence)		**179**	226

These financial statements were approved and authorised for issue by the board on 20 February 2023 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 2022 TO 31 DECEMBER 2022

	Share Capital £	Share Premium £	Capital Reduction Reserve £	Capital Redemption Reserve £	Revaluation Reserve £	Retained Earnings £	Total £
Balance at 1 July 2021	1,279,846	121,577,585	39,000,000	62,727	34,954,922	11,075,861	207,950,941
Shares issued in the period	35,097	5,566,745	-	-	-	-	5,601,842
Share issue costs	-	(3,000)	-	-	-	-	(3,000)
Profit for the period	-	-	-	-	-	38,954,061	38,954,061
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	34,242,707	(34,242,707)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(308,161)	308,161	-
Dividends paid	-	-	-	-	-	(4,848,855)	(4,848,855)
Balance at 31 December 2021	1,314,943	127,141,330	39,000,000	62,727	68,889,468	11,246,521	247,654,989
Profit for the period	-	-	-	-	-	53,830,523	53,830,523
Realised gains on disposal of investment property recognised in previous period	-	-	-	-	(3,172,000)	3,172,000	-
Consolidation adjustment released on disposal of investment properties	-	-	-	-	(53,956)	53,956	-
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	19,594,561	(19,594,561)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(98,197)	98,197	-
Dividends paid	-	-	-	-	-	(4,273,566)	(4,273,566)
Balance at 30 June 2022	1,314,943	127,141,330	39,000,000	62,727	85,159,876	44,533,070	297,211,946
Shares repurchased	(92,287)	-	-	92,287	-	(18,856,086)	(18,856,086)
Profit for the period	-	-	-	-	-	(55,978,405)	(55,978,405)
Realised gains on disposal of investment property recognised in previous period	-	-	-	-	(891,153)	891,153	-
Consolidation adjustment released on disposal of investment properties	-	-	-	-	(7,614)	7,614	-
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	(60,961,569)	60,961,569	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(56,215)	56,215	-
Dividends paid	-	-	-	-	-	(3,973,634)	(3,973,634)
Balance at 31 December 2022	**1,222,656**	**127,141,330**	**39,000,000**	**155,014**	**23,243,325**	**27,641,496**	**218,403,821**

CLIPSTONE INDUSTRIAL REIT PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FROM 1 JULY 2022 TO 31 DECEMBER 2022

	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Cash flows from operating activities		
Profit for the financial period	**(55,978,405)**	38,954,061
Adjustments for:		
Loss on disposal of investment properties	**(457,755)**	2,116
Unrealised revaluation of investment properties	**60,961,569**	(34,242,707)
Movement in lease incentive valuation	**56,215**	308,161
Interest payable	**1,645,098**	1,103,513
Interest receivable	**(23,136)**	(66)
Change in debtors and accrued income	**(1,767,878)**	(1,273,745)
Change in creditors and accruals	**(730,171)**	220,951
Cash from operations	**3,705,537**	5,072,284
Interest paid	**(1,329,257)**	(788,322)
Interest received	**23,136**	66
Net cash generated from operating activities	**2,399,416**	4,284,028
Cash flows from investing activities		
Purchase of investment properties	**(14,316,210)**	(5,588,122)
Disposal of investment properties	**61,477,177**	4,286,585
Net cash from investing activities	**47,160,967**	(1,301,537)
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of issue costs)	**-**	5,598,842
Buy back of shares	**(18,856,086)**	-
Proceeds from loan financing	**3,965,939**	-
Loan Repayments	**(31,700,000)**	(4,225,965)
Repayments under finance leases	**(43,925)**	(58,487)
Dividends paid	**(3,970,228)**	(5,488,779)
Net cash from financing activities	**(50,604,300)**	(4,174,389)
Net increase/(decrease) in cash and cash equivalents	**(1,043,917)**	(1,191,898)
Cash and cash equivalents at the beginning of the period	**4,448,593**	3,682,109
Cash and cash equivalents at the end of the period	**3,404,676**	2,490,211
Components of cash and cash equivalents		
Cash	**3,404,676**	2,490,211
	3,404,676	2,490,211

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 2022 £	Six months to 31 December 2021 £
Auditor's remuneration - audit	26,250	26,250
Auditor's remuneration - taxation	4,000	500

5 Particulars of Employees

The Company had no employees during the period (period to 31 December 2021 - none), other than the directors.

6 Directors' Emoluments

	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Directors' emoluments	41,848	42,451

7 Gains and Losses on Disposal of Investment Properties

	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Disposal proceeds	4,014,971	-
Book cost	(3,033,921)	-
Unrealised losses/(gains) recognised in prior periods	(891,153)	-
Disposal costs	(3,063)	(2,116)
Lease incentive asset reversed on disposal	(53,273)	-
	33,561	(2,116)

8 Interest Payable

	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Bank loan interest payable	1,412,322	816,110
Bank loan issue costs	188,882	229,001
Interest payable on finance leases	43,894	58,402
	1,645,098	1,103,513

9 Corporation Tax

The tax charge for the period is lower than the standard rate of corporation tax in the UK during the period (2021: lower than) of 19%. The differences are explained below:

	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Profit before tax	(55,978,405)	38,954,061
Corporation tax at effective rate of 19% (2021: 19%)	(10,635,897)	7,401,272
Effect of:		
Revaluation on investment properties	11,593,379	(6,447,564)
REIT tax exempt property rental profits and realised gains	(957,482)	(953,708)
	-	-
Effective corporation tax rate	0.0%	0.0%

10 Dividends

	Six months to 31 December 2022 £	Six months to 31 December 2021 £
Interim dividends paid of 3.25p (period to 31 December 2021 - 3.6875p) per ordinary share per annum	3,973,634	4,848,855

11 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 2022	Six months to 31 December 2021
	£	£
Net (loss)/profit attributable to ordinary shares	(55,978,405)	38,954,061
Weighted average number of ordinary shares:		
Issued ordinary shares at the start of the period	127,984,639	127,984,639
Effect of shares bought back during the period	(7,665,371)	-
Effect of shares issued during the period	-	2,454,876
Basic and diluted weighted average number of shares	120,319,268	130,439,515
Basic and diluted earnings per share (pence)	(46.5)	29.9

12 Investment Properties

	31 December 2022			30 June 2022
	Freehold	Leasehold	Total	Total
	£	£	£	£
Cost				
Brought forward	249,584,040	8,097,847	257,681,887	258,648,115
Additions	14,316,210	-	14,316,210	37,386,772
Disposals	-	(2,608,847)	(2,608,848)	(38,353,000)
Carried forward	263,900,250	5,489,000	269,389,249	257,681,887
Revaluation				
Brought forward	85,265,960	1,852,153	87,118,113	36,451,885
Revaluation during the period	(60,416,209)	(550,000)	(60,966,209)	53,838,228
Revaluation reversed on disposals	-	(891,153)	(891,153)	(3,172,000)
Carried forward	24,849,751	411,000	25,260,751	87,118,113
Value per independent valuer	288,750,001	5,900,000	294,650,000	344,800,000
Lease Incentive Asset				
Brought forward	(2,347,594)	(91,661)	(2,439,255)	(2,032,897)
Movement during the period	(107,040)	(2,448)	(109,488)	(590,002)
Reversed on disposals	-	53,273	53,273	183,644
Carried forward	(2,454,634)	(40,836)	(2,495,470)	(2,439,255)
Long leasehold valuations				
Brought forward	-	1,221,353	1,221,353	1,222,313
Revaluation during the period	-	4,640	4,640	(960)
Disposals	-	(425,073)	(425,073)	-
Carried forward	-	800,920	800,920	1,221,353
Carrying value	286,295,367	6,660,084	292,955,450	343,582,098

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.

12 Investment Properties (continued)

The fair value of investment properties at 31 December 2022 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.

13 Debtors

	31 December 2022	30 June 2022
	£	£
Prepayments and accrued income	902,266	703,121
Trade debtors	1,192,541	1,533,338
Deferred lease incentives	2,495,471	2,439,255
Other debtors	4,767,011	60,447,159
	9,357,289	65,122,873

Included within trade debtors are provisions of £335,966 (30 June 2022 - £315,239) for doubtful debts.

14 Creditors: Amounts Falling Due Within One Year

	31 December 2022	30 June 2022
	£	£
Finance lease liabilities	20	190
Trade creditors	7,500	81,684
Rental income in advance	3,517,975	3,886,086
Accruals	1,531,409	1,959,685
Withholding taxes and other taxes	851,436	941,216
Bank loans - due within one year	-	77,340,000
Dividends payable	3,406	-
Other creditors	600,374	507,229
	6,512,120	84,716,090

15 Creditors: Amounts Falling Due After More Than One Year

	31 December 2022	30 June 2022
	£	£
Bank loans - due between one and two years	-	-
Bank loans - due between two and five years	50,000,000	-
Bank loans - due in more than five years	30,000,000	30,000,000
Finance lease liabilities	801,474	1,225,528
	80,801,474	31,225,528

15 Creditors: Amounts Falling Due After More Than One Year (continued)

During the period the group renewed its loan facilities with Barclays. There is now a £35m term loan, and a £35m revolving credit facility, of which £20m was unutilised at the period end. There is also an accordion facility of £30m which allows to group to request increases to the loan facilities without reopening the facility documents and incurring the associated costs. Any request would be subject to bank approval and negotiation on margin. These facilities mature on 5 April 2025 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 1.55% over SONIA on a quarterly basis. The loan agreement provides for an option to request an extension of the facilities to 5 April 2027.

The group has a £30m loan facility with Legal and General Investment Management ("LGIM"). The facility matures on 30 July 2028 and is secured by charges over the investment properties owned by Clipstone Ten Limited and a security agreement covering the assets of Clipstone Ten Limited. Interest is paid at a fixed rate of 2.20% on a quarterly basis.

16 Finance Leases

	31 December 2022	30 June 2022
	£	£
Included within current liabilities	20	190
Included within non-current liabilities	801,474	1,225,528
	801,494	1,225,718
Future minimum lease payments due under finance leases:		
within one year	77,570	116,973
in more than one year and less than five years	310,280	467,892
in more than five years	6,212,885	8,369,579
	6,600,735	8,954,444

The Group's finance leases relate to two long leasehold investment property holdings, the value of which is shown in note 12. On the 17 August 2022 the Company completed its sale of its long leasehold estate at Fareham for £4.0m.

17 Share Capital and Reserves

	Number of Shares	Share Capital	Share Premium	Capital Reduction Reserve	31 December 2022 Total
		£	£	£	£
Issued and fully paid					
At 1 July 2022 - 131,494,345 ordinary	131,494,345	1,314,943	127,141,330	39,000,000	167,456,273
Share buy back					
9,228,703 ordinary shares of £0.01 each	(9,228,703)	(92,287)	-	-	(92,287)
At 31 December 2022	122,265,642	1,222,656	127,141,330	39,000,000	

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

On 1 August 2022 the Company bought back 9,228,703 ordinary shares of 1p each for £2.0432 per share.

18 Net Asset Value

The Group's net asset value per ordinary share is 178.63p based on shareholders' funds of £218,403,821 and 122,265,642 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 2022, there would be a performance fee payable of £7,435,915. The net asset value after the potential performance fee was 172.55p per share at 31 December 2022.

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	218,403,821	1.7863
Fair value adjustment to remove finance lease accounting for long leasehold investment properties	573	-
Performance fee provision	(7,435,915)	(0.0608)
Net asset value as published on the International Stock Exchange as at 31 December 2022	210,968,479	1.7255

19 Capital Commitments

The Group had no capital commitments outstanding at 31 December 2022 (30 June 2022: £nil).

20 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 £41,848 were paid during the period (period to 31 December 2021: £42,451). £Nil was payable at 31 December 2022 (31 December 2021: £Nil).

Toby Dean is a director and shareholder of the Property Manager, Clipstone Investment Management Limited. Clipstone Investment Management Limited charged fees of £1,482,168 to the Company during the period (period to 31 December 2021: £1,473,127) of which £684,654 was outstanding at the period end (31 December 2021: £761,677).

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 (2021: £10,000) of which £5,000 was outstanding at the period end (2021: £5,000).

During the period the Group was charged £501,301 (2021: £600,262) in insurance premiums by Clipstone Capital Limited. At the period end there was £nil outstanding (2021: £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 period the cost of insurance to the Group was £2,205 (2021: £7,308). All transactions were carried out at arm's length.

21 Operating Leases

	31 December 2022	30 June 2022
	£	£
Future minimum lease payments receivable under non-cancellable operating leases:		
within one year	15,123,442	14,787,548
in more than one year and less than five years	35,371,511	37,440,943
in more than five years	31,518,203	33,488,132
	82,013,156	85,716,623

22 Post Balance Sheet Events

An Interim dividend of 1.65p per share was declared on 6 February 2023, to be paid on or around 24 February 2023.