CLIPSTONE INDUSTRIAL REIT PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Registered number 09046897

CONTENTS

Directors	Karl Sternberg (Chairman) Anna Rule Toby Dean Richard Demarchi
Registered Office	45 Albemarle Street London W1S 4JL
AIFM	**Clipstone Capital Limited** 45 Albemarle Street London W1S 4JL
Property Manager and Company Secretary	**Clipstone Investment Management Limited** 45 Albemarle Street London W1S 4JL
Sponsor for The International Stock Exchange Limited	**Carey Olsen Corporate Finance Limited** 47 Esplanade St Helier Jersey JE1 0BD
Depositary	**Langham Hall UK Depositary LLP** 8th Floor 1 Fleet Place London EC4M 7RA
Independent Auditor	**Moore Kingston Smith LLP** 9 Appold Street London EC2A 2AP
Property Valuer	**Colliers International Valuation UK LLP** 50 George Street London W1U 7GA
Legal Advisors to the Company (English Law)	**Hogan Lovells International LLP** Atlantic House Holborn Viaduct London EC1A 2FG
Legal Advisors to the Company (Jersey Law)	**Carey Olsen** 47 Esplanade St Helier Jersey JE1 0BD
Market Maker	**Ravenscroft Limited** PO Box 222 The Market Buildings Fountain Street St Peter Port Guernsey GY1 4JG

CHAIRMAN'S STATEMENT

The past year has seen a significant change in global investment markets. The UK industrial property market has not escaped the changing investment regime. Our portfolio valuation on a like-for-like basis fell by 15.4% in the year to 30 June 2023. In June 2022, the Company's portfolio was valued at an equivalent yield of 4.56%; by June 2023, the valuation implied an equivalent yield of 5.50%.

During the year the Company disposed of one asset and acquired one. The combined effect of the fall in valuations and transactions was a decrease in the size of our property portfolio from £344.80m to £300.75m. The total return for shareholders was -13.0%, which compares with the MSCI/AREF UK Quarterly Property Fund Index total return of -17.1%, and the MSCI UK Industrial Property return of -23.2%. Despite the negative returns the portfolio has continued to outperform the wider UK property market, sitting third of 209 portfolios within the MSCI UK All Property Index since we started contributing data to MSCI in Q1 2019.

The economic backdrop has been dominated by the return of inflation, and the policy response of rising interest rate with the aim of trying to bring inflation closer to target. While the UK economy has thus far avoided recession, its performance has been anaemic with a downturn still a looming possibility in the next year. Despite a weak economy, markets are not currently predicting an immediate reversal in interest rates. Given the tightness of labour markets in all of the developed economies, it is eminently possible that rates may persist around the current levels for some time. The increased costs of debt will pose a challenge for the Company to maintain the levels of profitability we have achieved over recent years. So far, we have been able to mitigate this to some extent through active asset management, keeping void rates low and increasing rental levels across our estates.

We are mindful that many of our tenants will be experiencing increases in their costs of production and operation, taxes, and in many cases increases in rent. We have worked hard over the past few years to improve the quality of our estates, acquire properties with high occupational demand and limited supply and ensure that transactions are done at rents which reflect these factors. We have been able to let vacant units quickly, often at improved rents. We will continue to communicate regularly with our tenants and our agents, to build good working relationships so that we can keep tenants happy, estates functioning and presenting well, and also so that we are aware in advance of tenants who are struggling financially and able to act accordingly.

While occupational demand is not as strong as it has been over the past two to three years, it currently remains reasonably buoyant. Demand from tenants since 2019 has been historically high and over the past 12 months has gradually fallen back to pre-2019 levels. We view this as a normalisation in the market from an exceptional peak rather than a significant deterioration. There remains a structural imbalance between demand and supply for industrial property, which has been the main driver of rental growth over the past few years. The evidence from recent lettings and projections for available space gives rise to expectations of continuing growth in rents, albeit likely at a slower rate, though we remain cautious given cost pressures faced by our tenants and the uncertainty surrounding the current economic environment.

Any future recession will have effects we cannot yet anticipate. For these reasons, the Board and the Manager have been keen to future-proof the Company and be in a position to take advantage of new opportunities in a more difficult market. The Manager has made net disposals over the last 18 months with this in mind and negotiated undrawn lines of credit with our lenders to be able to take advantage of any such opportunities at short notice.

Despite decreases in valuation, the Company's loan-to-value at 30 June 2023 was 25.9%, down from 26.7% a year before, up slightly from a low of 22.2% in July 2022. During the year the Company entered into a new loan facility with Barclays which runs until April 2025. The new facilities are a £35m term loan and a £35m revolving credit facility with an uncommitted accordion facility of £30m. At 30 June 2023 the Company had drawn £48m of these facilities, leaving £22m of available committed debt. The facilities with Barclays pay interest at 1.55% plus SONIA. We also have a fully drawn facility of £30m with LGIM at a fixed rate of 2.20% until 2028. We regularly perform stress tests on our loan covenants and continue to have headroom in our loan to value and interest cover covenants with which we are comfortable.

The additional unused debt facility will allow us to take advantage of investment opportunities as they are identified by our fund manager. It remains our intention that the Company's loan-to-value ratio should be between 25% and 35%. The yield of any acquisitions would obviously need to cover the cost of marginal debt.

The Board would like to thank the team at Clipstone Investment Management. They have worked assiduously for shareholders in what has been a challenging but productive year. Their efforts have provided shareholders with a steady income return and capital values have outperformed the rest of the property market even though they have decreased during the year.

We remain grateful to our investors for the loyal backing that they continue to provide.

I am pleased to report the results of the Group for the year ended 30 June 2023.

Results to 30 June 2023

The Group's properties were independently valued at 30 June 2023 at £300.75m (30 June 2022: £344.8m), a decrease of 15.4% from the portfolio valuation on 30 June 2022 on a like-for-like basis. However, this does represent an increase of 2.1% in value since 31 December 2022. 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 at 30 June 2023 was £1.8362 (30 June 2022: £2.2603). 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 30 June 2023, there would be a performance fee payable of £8,070,530 (30 June 2022: £19,875,456). The NAV net of the potential performance fee would have been £1.7702 per share at 30 June 2023 (30 June 2022: £2.1091). The total return since listing, representing both the NAV increase and dividends paid to 30 June 2023, net of the potential performance fee, is 126.1% (30 June 2022: 153.4%).

Events to 30 June 2023

I summarise below the material events that have taken place during the year ended 30 June 2023.

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 contracts 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 Company renewed its loan facilities with Barclays. There is now a £35m term loan, and a £35m revolving credit facility, of which £22m was unutilised at the period end. There is also an accordion facility of £30m which allows the Company 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 totalling 6.5 pence per share were declared during the year comprising dividends of 1.6250 pence per share paid on 25 August 2022, 1.6250 pence per share on 25 November 2022, 1.6250 pence per share on 24 February 2023 and 1.6250 pence per share on 26 May 2023.

Management Fees

The Board has agreed with the Property Manager that the 1.25% annual management fee will be subject to a sliding scale, so that the fee is charged at a rate of 1.25% of NAV per annum up to NAV of £225m and 1.00% for amounts over £225m. This will lead to further economies of scale and therefore enhanced returns for investors as the fund grows.

Following the direct or indirect sale of all of the Group's Portfolio Interests (including the sale of the Company or its subsidiaries), the Property Manager will be entitled to be paid a Performance Fee. The Performance Fee equals 20%. of any balance of net sale proceeds and other cash that would remain after the total distributions to Shareholders over the Company's life equal the aggregate issue price of the Ordinary Shares and a return of 9% per annum, without compounding.

Sustainable Property Investment

The Company operates a Sustainable Property Investment 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 sustainable investment goals and strategies, and a report on the Company's progress against its targets over the past 12 months is on page 10.

Post Balance Sheet Events

An interim dividend of 1.6250 pence per share was declared on 1 August 2023 and paid on 25 August 2023.

Karl Sternberg
Chairman

2 October 2023

The Directors present their Strategic Report on the Company for the year to 30 June 2023.

The Company is a closed-ended investment company, incorporated on 19 May 2014 in England and Wales and registered as an investment company under section 833 of the Companies Act 2006.

The Company's issued share capital is listed on the Official List of The International Stock Exchange. The Company and its subsidiaries (together "the Company") entered the REIT regime with effect from 17 December 2014.

Investment Objective

The Company's Investment Objective is to generate secure income and capital returns for Shareholders by investing in a balanced portfolio of good quality industrial property across the South and South East of the UK.

The full Investment Policy is set out in the Listing Document which can be obtained from The International Stock Exchange (http://www.tiseCompany.com/).

The Company will target a maximum level of bank borrowings of 55% of the value of the investment portfolio, but will look to maintain a loan to value range of 25% – 35%.

Alternative Investment Fund Manager (AIFM) and Property Manager

The AIFM for the year continued to be Clipstone Capital Limited. Toby Dean is a director of Clipstone Capital Limited and a director of the Company. The annual fee payable to the AIFM is £20,000.

The Company has appointed Clipstone Investment Management Limited ("Clipstone IM") as property manager pursuant to a property management agreement dated 15 December 2014. Under the Property Management Agreement, Clipstone IM has agreed to provide property management services and advice to the Company and the AIFM, such as identifying, evaluating and negotiating investment opportunities in property for the Company, subject to the overall control and supervision of the Directors. The agreement may be terminated on one year's notice by either party after four years. The annual management fee is 1.25% of the net asset value of the Company up to a value of £225m and 1% of the net asset value in excess of £225m, measured and paid quarterly in arrears. The Property Manager is also entitled to a performance fee following the direct or indirect sale of all of the Group's Portfolio Interests (including the sale of the Company or its subsidiaries). The Performance Fee equals 20% of any balance of net sale proceeds and other cash that would remain after the total distributions to Shareholders over the Company's life equal the aggregate issue price of the Ordinary Shares and a return of 9% per annum, without compounding. Toby Dean is a director and shareholder of Clipstone IM and a director and shareholder of the Company. Richard Demarchi is a director and shareholder of Clipstone IM and a director and shareholder of the Company.

Dividend Policy

The Company intends to pay interim dividends on a quarterly basis in cash. The Company paid a dividend on 25 August 2023 at an annualised rate of 6.50p per share. The Board is targeting sustainable increases in the dividend rate over time, but note that current high interest rates have put pressure on the Company's dividend cover and will likely continue to do so over the coming year or even longer. The Board aims to maintain the dividend at the current rate in the short to medium term, but is cognisant that further market deterioration may require a cut in the dividend.

Key Performance Indicators

The Directors consider that the Company's net asset value is a more appropriate indicator of the performance of a property investment Company than earnings per share. The calculation of the net asset value is given in Note 20 on page 42.

The Company's net asset value (NAV) less potential performance fee per share at 30 June 2023 was £1.7702 (2022: £2.1091), which represents an increase of 80.6% (2022: 115.2%) over the £0.98 on admission on 17 December 2014. The total return, being NAV increase and dividends paid less potential performance fee to 30 June 2023 was 126% (2022: 153.4%).

Key Performance Indicators (Continued)

The Company's properties were independently valued at 30 June 2023 at £300.750m (2022: £344.800m), an uplift of 16.4% (2022: 39.5%) over their aggregate acquisition price, excluding acquisition costs.

Outlook

While the industrial property market has stabilised following a significant fall in valuations in the second half of 2022 in response to rising interest rates, there remain the risks of the economy entering a recession and interest rates rising further and remaining elevated for longer than market expectations. This may cause further valuation reductions and reduce the profitability of the Company due to our floating rate debt, but also the potential impact of an economic downturn and high debt costs may have on tenants' ability to pay rents and continue as going concerns. We have worked over the previous 18 months to ensure that the Company is on a sound footing to deal with interest rate rises and economic turbulence but are aware that these factors will have an impact on our returns in the short to medium term.

We remain confident in the quality of our portfolio and the underlying demand and supply dynamics in the occupational market for South East industrials. To date we have not experienced any material change in the occupational market. The Company's portfolio still has very low levels of vacancy, and where new leases are being granted, or rent reviews undertaken, we are still seeing good uplifts over previous rental levels. While the occupational market is showing sign of slowing, we believe this is a normalisation from record highs rather than a material deterioration. A deep recession would clearly affect the occupational market, securing new tenants for vacant units, the credit quality of existing tenants and as such the security of rent collection. We will continue to manage the portfolio on a tenant-by-tenant basis, with an emphasis on building productive relationships with our occupiers. We will look to employ positive asset management initiatives to help tenants while preserving the value of our properties and ensuring as much rent is collected as is possible.

The Company has worked over the past few years to position its portfolio to withstand economic shocks by increasing diversity, keeping loan-to-value low, and improving liquidity. We have also ensured that the portfolio is invested in good quality buildings, in good locations and with strong underlying fundamentals around the supply of and demand for space in specific geographical locations.

We will continue to manage the portfolio on a tenant-by-tenant basis and take an active stance in dealing with any tenants experiencing difficulty. We will look to employ positive asset management initiatives to help tenants while preserving the value of our properties and ensuring as much rent is collected as is possible.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Risks Relating to the REIT status of the Company

The basis of taxation of any Shareholder's holding in the Company will differ or change fundamentally if the Company fails or ceases to maintain its REIT status as the Company was set up to benefit from this structure. The requirements for maintaining REIT status are complex. There is a risk that the REIT Regime may cease to apply in some circumstances. The Company will continue to manage its operations with a view to compliance with the REIT conditions with close attention from the Board.

Risks Relating to Gearing

Shareholders should be aware that, whilst the use of borrowings should enhance the net asset value of the Company where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. This may further increase the volatility of the net asset value of the Company. In addition, in the event that the rental income of the Company's portfolio falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Risks Relating to Gearing (continued)

The use of borrowings by the Company also exposes it to capital risks and interest costs. The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of an investment or its market. In particular, the Company may be required to realise investments to fund the repayment of the Company's borrowings at a time when the value of such investments is depressed because of adverse market conditions. The Company carefully selects properties for acquisition to maintain value.

While the Company does not currently use swaps or caps to hedge against interest rate risk, the Company's LGIM loan facility acts as a hedge against rising interest rates. The facility has a fixed interest rate of 2.20% over a seven-year term.

The Company's LGIM facility is fully drawn and runs until Jul 2028. During the period the Company renewed its loan facilities with Barclays. There is now a £35m term loan, and a £35m revolving credit facility, of which £22m 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.

Future compliance with the Company's banking covenants depends on a number of factors including general financial conditions, which are very difficult to predict. If real estate assets owned by the Company (or its subsidiaries) decrease in value such covenants could be inadvertently breached, and the impact of such an event could include: an increase in borrowing costs; a call for additional capital from the lender; or payment of a fee to the lender; or in such cases where other remedies were not available, it could require a sale of an asset, or a forfeit of any asset to a lender, this could result in a total or partial loss of equity value for each specific asset, or indeed the Company as a whole. The Board will closely monitor compliance with the banking covenants and maintain the overall gearing against the value and quality of the property portfolio. All covenants currently have ample headroom.

Conditions affecting the UK property market

The Company's performance will be affected by, amongst other things, general conditions affecting the UK property market, as a whole or specific to the Company's investments, including decrease in capital values and weakening of rental yields. The value of industrial real estate in the UK may be negatively impacted as a result of economic recession, reductions in available credit, or changes in market confidence. The Company's ability to dispose of its properties, and the price realised in any such disposals, will also depend on the general conditions affecting the investment market at the time of the disposal. The Company's business and results of operations may be materially adversely affected by a number of factors outside of its control, including but not limited to (i) a general property market contraction, (ii) a decline in property rental values, and (iii) changes in laws and governmental regulations in relation to property, including those relating to permitted and planning usage, taxes and government charges, health and safety and environmental compliance.

If conditions affecting the investment market negatively impact the price at which the Company is able to dispose of its assets, or if the Company suffers a material decrease in property rental income, or if the Company suffers a material increase in its operating costs, this may have a material adverse effect on the Company's business and results of operations. The Company mitigates this risk by careful selection of properties for acquisition within its target sector having particular regard to location and the covenant strength of the tenants.

Operational performance of tenants and tenant default

Both the rental income and the market value of the properties acquired by the Company will be affected by the operational performance of the related business being carried on in the property and the general financial performance of the tenant. The operational performance of a tenant will be affected by local conditions such as household incomes. Both rental income and market values may also be affected by other factors specific to the UK industrial property market, such as competition from other property funds. In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs and may have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover. The Company receives regular reports on concentrations of risk and any tenants in arrears. The Property Manager monitors such reports in order to anticipate and minimise the impact of defaults by occupational tenants.

Subjective nature of valuations

The value of property and property related assets is inherently subjective due to the individual nature of each property. In determining the value of properties and property-related assets, 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, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets the Company acquires and thereby have a material adverse effect on the Company's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. This risk is minimised by the appointment of external property valuers who are independent and professional.

Risks relating to the reliance on the Property Manager, the AIFM and their respective key individuals

The ability of the Company to achieve its Investment Objective depends on the ability of the Property Manager and the AIFM to identify, select and execute investments which offer the potential for satisfactory returns. The availability of suitable investment opportunities will depend, in part, upon conditions in the UK industrial real estate market and the level of competition for assets in that market. The Board and the Property Manager review strategic opportunities on an ongoing basis.

Accordingly, the ability of the Company to achieve its Investment Objective depends heavily on the experience of the Property Manager's and the AIFM's teams, and more generally on the ability of the Property Manager and the AIFM to attract and retain suitable staff. The underperformance or the departure of key skilled professionals from the Property Manager and/or the AIFM could have a material adverse effect on the Company's business and financial condition and on the results of its operations. The Board monitors the performance of the AIFM and the Property Manager and has the ability to change or vary their appointment subject to relevant notice requirement.

Risks relating to Sustainable Property Investment

The Company's stakeholders expect us to comply with responsible business practices and to ensure that we operate an effective policy on the environmental and social impacts of our properties and the governance of the company. Failing to adhere to best practices could lead to reputational damage, reduced returns for shareholders, negative impact on asset liquidity, reduced access to debt and capital markets and a breakdown in relationships with stakeholders.

Risks relating to Sustainable Property Investment (Continued)

The Board receives reports on sustainability matters at every quarterly meeting from the Property Manager. The staff of the Property Manager receive training in sustainable investment practices, and monitor changes in law, stakeholder sentiment and best practice in relation to responsible business, seeking advice where needed from specialist consultants. We monitor EPC ratings against a benchmark to ensure compliance with current and future Minimum Energy Efficiency Standards ("MEES") that could otherwise impact on the quality and desirability of our buildings leading to increased void rates, lost income and reduced liquidity. We consider the risks posed by climate change for our properties and plan accordingly, working with occupiers where possible to improve the energy efficiency of our assets. We consider the usage of our buildings and how this will impact on the local area and society. We receive quarterly reports from the Property Manager against a list of "undesirable" uses. We also look to provide properties which are attractive to business, and which will support local employment. We have 22 sustainability targets which are split across 4 strategy areas: being a responsible employer, environmental, social responsibility and good governance. We are currently working towards these targets and will closely monitor to Company's performance to ensure they are met thus reducing the risks relating to sustainable investing. A report on performance against these targets is on page 10.

The Strategic Report was approved by the board and signed on its behalf by:-

Toby Dean

Director

2 October 2023

The Company and its Property Manager's sustainable property investment policies and targets were updated in November 2022. In April 2023 the Company's Net Zero Strategy was published. All these documents can be found on our website.
http://www.clipstone.co.uk/environmental-social-and-governance-policies/

The Company and its Property Manager has a range of targets split across 4 strategy areas: being a responsible employer, environmental, social responsibility and good governance. Performance against these targets is set out below.

Strategy Area	Target Area	Target	Progress
Being a Responsible Employer	Valuing Employees	We actively encourage employee input into how Clipstone is run. We are committed to being a Real Living Wage employer. We ensure that all directly employed staff are paid above the London Living Wage, as well as all contractors who work at Clipstone's offices or for Clipstone.	The Property Manager (Clipstone Investment Management Limited) is accredited as a Living Wage employer by the Living Wage Foundation. We have audited the Company's suppliers to ensure that our key suppliers and those working frequently on our estates were paying their employees the Real Living Wage.
Being a Responsible Employer	Training and Personal Objectives	Relevant staff will receive sustainability training. More widely, we are committed to supporting staff's continued professional development, either through training provided by Clipstone or enabling staff to attend external courses and events.	Online sustainability training has been rolled out and completed by all relevant staff, and we will continue to encourage staff to seek opportunities for further training.
Environmental	Landlord Energy Usage	1. In 2020/21 we will start collecting the data required to calculate the landlord-controlled energy usage on all our estates and provide a statistic for portfolio energy intensity and GHG emissions.	See our carbon report on page 16.
		2. Using this baseline, we will aim to reduce our energy intensity and GHG emissions. We will set an ambitious but achievable goal for a percentage reduction over the next five years once we know our baseline usage.	See our carbon report on page 16.
		3. We will formalise and begin working towards a Net Zero Carbon strategy.	In April 2023 we published our Net Zero Strategy on our website. We are working towards a goal of Net Zero by 2040.
		4. We will aim to generate or purchase sufficient renewable electricity to cover over 95% of landlord-controlled electricity consumption.	During the year to 30 June 2023, the percentage of landlord-controlled electricity acquired from 100% renewable supplies increased from 93% in the previous year to 99%. For the purposes of our reporting, we have assessed this from the published fuel mixes of our suppliers. We are aware that many "green tariffs" do not provide genuine additionality - i.e. purchasing energy from these companies doesn't result in increased generation from renewals and therefore reduced generation from fossil fuels. According to the UK Green Buildings Council (March 2021) only three suppliers had been recognised by Ofgem to provide genuine additionality and therefore meet their criteria for a high-quality green tariff. None of our supplies for the year were with these three companies. Hopefully as the market improves, ideally with government backing, the range of high-quality green tariffs will improve. We will look to utilise the existing tariffs where they are available and where it is economic to do so.

Strategy Area	Target Area	Target	Progress
Environmental	Landlord Energy Usage	5. We aim to increase the percentage of our portfolio with smart meters. This will help us closely monitor our energy usage.	During the year the property manager installed smart meter devices at three estates it manages for another mandate. The manager will assess the performance of these meters and make a decision on whether to roll them out across all of the portfolios it manages, including that of the REIT. In such a scenario we hope to have completed the roll out by the end of the 2022/23 financial year.
	Tenant Energy Usage	1. We aim to increase our level of collection of energy usage data from our tenants.	See our Carbon report on page 16.
		2. We will aim to increase the proportion of our tenants using 100% renewable electricity.	This is a challenging goal as we have no ability to force tenants to make the decision to use 100% renewable electricity. What we have started doing this year is switching vacant units over to 100% renewable suppliers, and when those units are let informing the incoming tenant that the existing supplier provides 100% renewable electricity. As part of our net zero strategy we will look at ways to influence tenants into choosing 100% renewable electricity. To this end we are looking at developing a tenant handbook which would provide tenants with information on why they should choose green tariffs, along with details on our sustainable property investment policies, and ways in which we can help them reduce energy usage.
	CIML Carbon Footprint	1. In 2020/21 we will collect data on energy, water, waste at our head office, and other metrics such as staff travel, to enable us to calculate the carbon footprint at a corporate level.	CIML's carbon footprint for 2021/22 was 5,223 Kg of 19,845 Kg CO_2e, this compared with 19,845 Kg CO_2e e in the previous year. Scope 1 0 Kg CO_2e Scope 2 1,481 Kg CO_2e Scope 3 3,742 Kg CO_2e In 2020/21 the footprint breakdown was: Scope 1 13,835 Kg CO_2e Scope 2 2,739 Kg CO_2e Scope 3 3,271 Kg CO_2e In 2020/21, 13,812 Kg CO2e of the emissions were caused by a top up of the air conditioning refrigerant, as a result of an issue with the air conditioning. This issue was not present in 2021/22, leading to most of the fall in the footprint.
		2. We will offset our carbon footprint to become a carbon neutral business.	We are committed to only using verifiable and genuinely effective forms of offsetting. This will be targeted a long-term carbon capture projects which remove CO_2 from the atmosphere. To achieve this, we will align our strategy with The EAUC Carbon Coalition (eauc.org.uk/carbon_coalition). The EAUC Carbon Coalition is a consortium of UK and Ireland higher and further education institutions that have joined together to offset their emissions leveraging their combined buying power and knowledge. CIML offset its 2021/22 carbon footprint in full, thereby achieving carbon neutrality. We used carbon credits from Carbofex carbon capture. Further details on these offsets can be found in the report on our website.

Strategy Area	Target Area	Target	Progress
Environmental	CIML Carbon Footprint	3. We will ensure that 100% of our purchased energy comes from 100% renewable sources.	The electricity provider at our head office provides 100% green electricity across all its tariffs. Our head office does not have a gas supply.
		4. We will put in place incentive schemes for staff to promote greener travel choices, and to achieve sustainable property investment targets for our business.	Incentive schemes are in place for staff who receive a car allowance, which will provide a financial incentive to choose a fully electric or plug in hybrid vehicle when the time comes to replacing their existing car, plus an element of bonus related to achieving sustainable property investment targets.
	Building Credentials	We will continue to assess sustainability risks and opportunities of our portfolio (including new investments) to ensure assets are future proofed and environmental risks are mitigated and properly priced in by:	
		1. Reducing the percentage of our portfolio where EPC rating is below D, with a view to increasing this target to at least a C or B where economically viable in advance of changes in Minimum Energy Efficiency Standards (MEES) legislation.	As at 30 June 2020 59.85% of the portfolio had an EPC rating of a D or worse. As at 30 June 2021 50.34% of the portfolio had an EPC rating of a D or worse. As at 30 June 2022 44.26% of the portfolio had an EPC rating of a D or worse. As at 30 June 2023 39.66% of the portfolio had an EPC rating of a D or worse. We continue to review EPCs on an ongoing basis seeking improvements when opportunities arise.
		2. Risk rating all assets, including an assessment of the risks of climate change.	As shown in the progress made on EPCs in the previous target, we have made good progress in reducing the risk that assets become legally unlettable due to having poor EPC ratings. Given the current legislation, EPCs provide a good proxy risk rating, however an incomplete and relatively high-level one. As part of our work with EVORA, they assessed that 76% of our portfolio would likely require relatively low levels of capital expenditure to achieve net zero (less than 5% of asset value), with the rest being under 10% of asset value save for 5 of 272 units across the portfolio. As part of our Net Zero Strategy we are aiming to install smart meters in at least 50% by floor area of our portfolio. The data obtained will help assess the environmental risk across the portfolio. It will also help us assess which buildings may be suitable for photovoltaic (PV) panels.

Strategy Area	Target Area	Target	Progress
Environmental	Building Credentials	3. For estates at risk, create improvement plans and implement strategies to mitigate risks.	We are currently using EPCs as the principal guide to identify assets at risk. We continuously monitor EPC ratings and seek to improve matters whenever a lease opportunity arises. We are undertaking a tender process to update EPCs where current ratings are lower than a D and where an opportunity to carryout improvement works is likely to exist. When considering refurbishments, we undertake EPC modelling where relevant to influence the scope of work. We have developed standard performance requirements for LED lighting and controls etc to minimise energy use. This has influenced improvements in the EPC ratings on the properties. During the year we worked with Architype, a leading sustainable architect, to look at the carbon emissions associated with the refurbishment of a typical Clipstone unit. Their report looked at four different refurb specs, with three of those discussed with or without adding PV panels to the roof. One option was consistent with a conventional approach of over sheeting old asbestos roofs, renewing fixtures and fittings, removing gas, adding air source heat pumps (ASHP) and replacing other plant with up-to-date versions. Option 2 looked at replacing old asbestos roofs as a flex to option 1. Option 3 also involved a new roof but in addition upgraded the external fabric to Passivhaus (or near) levels, and inclusion of mechanical ventilation and heat recovery (MVHR) systems. Option 4 was the same as option 3 but explored the use of lower carbon materials. They found that from a whole life carbon point of view, adding PV panels would make a material difference to emissions, and would achieve close to net zero whole life carbon emissions when combined with option 3. The extra effort made in option 4 has a beneficial, but very small, impact on carbon emissions, but at a material cost. The conclusions in terms of the plans we put in place to mitigate environmental risks and achieve net zero are that PV panels have the potential to be an important feature of our response especially on larger buildings. In terms of improvements to the building fabric, the most viable solution may be to insulate office spaces and remove large warehouse space heating, giving tenants the option of using more efficient localised heating solutions where required.
		4. For new investments, identify sustainability risks (and opportunities) and associated future actions and costs potentially required to mitigate risks.	When seeking to acquire new assets we undertake environmental and building surveys. Any risks identified will assessed to determine if they can be managed, if so, they will be costed and factored into the price. If we consider the risks too great, we would not proceed with the potential acquisition. During the year we acquired one property, comprising one unit of 67,072 square feet. This unit has a B EPC rating. This purchase improves the overall quality of the portfolio and only represents a relatively small sustainability risk, with the EPC rating already compliant with future predicted changes in MEES.

Strategy Area	Target Area	Target	Progress
Environmental	Building Credentials	5. Target at least BREEAM Very Good on any large development projects and greater consideration of biodiversity, embodied carbon and potential positive environmental impacts at developments.	No development projects undertaken in the year to 30 June 2023.
		6. Include relevant environmental and social information into occupier marketing materials.	The energy performance and utility information are incorporated into our marketing literature allowing potential tenants to compare properties. Our literature also identifies travel information such as distances to major junctions etc. By 2025, for tenants that do not have a published sustainability strategy, we will aim to provide tenants contact with business support programmes such as CISL's Sustainability Business Hub and Accelerator where they can obtain free advice on energy and carbon transition and how to adopt their own strategy. This would likely be part of a tenant handbook.
		7. We aim to decrease the number of properties using gas heated boilers in favour of renewable sourced heating.	As part of our refurbishment programme, we are removing gas heaters from warehouses and will review the presence of gas boilers for office heating and consider upgrading to more energy efficient plant where non gas alternatives are not viable. While we have made progress in our research into alternative heating systems, we have discovered that no obvious, simple, and cost-effective solution currently exists. Some tenants have elected to remove gas and install electric air conditioning or electric radiant heaters type heating. We do not believe such systems are a viable long-term solution. While they are an improvement on gas heating from an operational emission point of view, they require refrigerants which do not meet the criteria of net zero. We will continue to support any tenants looking to remove gas, and liaising with manufacturers and providers of alternative systems to devise a suitable alternative long-term solution.
		8. The above goals will be amended as necessary to enable the implementation of our net zero strategy.	We published our net zero strategy in April 2023 and have begun working towards it.

Strategy Area	Target Area	Target	Progress
Social Responsibility	Contractors and Suppliers	We will require all contractors and regular suppliers to adhere to our Modern Slavery and Supplier Code of Conduct.	This code of conduct is available to view on our website. It has been shared with and acknowledged by our key suppliers.
		We will monitor compliance with this Code of Conduct and our Responsible Procurement Policy.	Spot checks will be carried out on suppliers on a random basis.
		We will establish sustainability criteria for refurbishments and developments to include within procurement tenders.	This will be developed in consultation with Professor John French, and through the above-mentioned work with an architectural firm and our building surveyors. We are currently utilising EPC modelling to target improvements through refurbishments.
		Despite not being required to by law, we will produce a Modern Slavery Annual Statement, setting out the steps we have taken to ensure our business and our portfolios are free from Modern Slavery.	These can be found on our website
Good Governance	Diversity and Inclusion	We require all staff to abide by our Diversity and Inclusion Policy.	This policy is available on our website and all staff have been made aware of it and of their responsibility to abide by it. There have been no instances of breaches of the policy.
		We acknowledge that the Property Manager is currently not a diverse company and commit to improving this. We will maintain statistics on our diversity in terms of gender, ethnicity, and socio-economic background. We aim to improve these statistics and will build this into our hiring process.	During the year we made three new hires. For the new placements in the property and finance teams the recruitment consultants found it challenging to provide a well-diversified pool of candidates, particularly for the property team hire. One factor was the jobs market at the time of hiring; however, the main problem continues to be a lack of opportunity for underrepresented groups in junior positions within the industry, and on property related degree courses.
		We will also aim to do our bit to improve diversity within the property industry by undertaking outreach and educational and work experience programs with local underrepresented groups of young people.	CIML is a sponsor for the Worshipful Company of Chartered Surveyors' Pathways to Property bursary scheme. This involves both financial and practical support for a student to study for and pursue a career in Real Estate. To qualify for the scheme the student must be from a disadvantaged background and meet several socio-economic criteria. During the year we met our student who has just completed his first year at Nottingham Trent, achieving excellent marks in his end of year exams. He spent two weeks with us over the summer and we look forward to welcoming him to Clipstone again next year and providing him support with his studies between now and then.
	Reporting and Benchmarking	We will aim by 2025 to report in line with EPRA in our REIT annual report.	This is ongoing. We need to collect more data to be able to meet this target.

Carbon Report

Last year we reported the results of our baselining exercise with EVORA global. They produced baseline carbon footprints for our portfolio for 2019 and 2020. This involved asking tenants to provide their utility usage data to us. We received responses from 25% of tenants. The remainder of the data had to be estimated. The 2019 baseline was 17,288 kWh total energy consumption, equivalent to carbon emissions of 4,206 tCO2e. Given the time and cost involved we decided not to repeat this exercise again. It provided a useful baseline against which we can benchmark our progress, but we feel there is little value in reassessing again based on largely estimated data. This is why we are looking to roll out smart meters across at least 50% of our portfolio. This will enable us to collect tenants' utility usage data remotely and automatically. This is important in calculating our footprint as tenant emissions make up the bulk of our emissions profile. The data can also be used to drive efficiencies on site and inform potential PV installations.

Whilst we do not have a full carbon footprint for the 2022 and 2023 financial years, we are able to report on our scope 1 and 2 emissions.

Scope 1 and 2 Emissions

As we have direct control over our scope 1 and 2 emissions, we are able to report them and drive their reduction far more easily than our scope 3 emissions. Scope 3 emissions make up the vast majority of our emissions, however it is still important for us to achieve net zero in scope 1 and 2 emissions. Our scope 1 and 2 emissions for the year to 30 June 2023 and prior year are set out below. It is ultimately our goal to combine the reporting of landlord and tenant emission data and align the reporting cycles. We hope to be able to achieve this over the next few years.

Year ended 30 June 2023	**Scope 1**	**Scope 2**	**Total**
Total energy consumption (MWh)	0.1	21.4	**21.5**
Carbon emissions (tCO_2e)	-	4.1	**4.1**
Carbon intensity (voids) - Scopes 1 & 2 (kgCO2e per m2 time weighted vacant floor space)			**0.5**
Carbon intensity - Scope 1 & 2 (tCO2e per £m net income after administration costs)			**0.3**
£m net income after administration costs for 2023 financial year			**15.4**

The above figures for carbon emissions are on a location-based calculation, using standard emission factors from the UK Government Emissions Conversion Factors for Greenhouse Gas Company Reporting 2023.

Year ended 30 June 2022	**Scope 1**	**Scope 2**	**Total**
Total energy consumption (MWh)	1.4	38.4	**39.8**
Carbon emissions (tCO_2e)	0.3	7.4	**7.7**
Carbon intensity (voids) - Scopes 1 & 2 (kgCO2e per m2 time weighted vacant floor space)			**4.4**
Carbon intensity - Scope 1 & 2 (tCO2e per £m net income after administration costs)			**0.5**
£m net income after administration costs for 2022 financial year			**15.4**

The above figures for carbon emissions are on a location-based calculation, using standard emission factors from the UK Government Emissions Conversion Factors for Greenhouse Gas Company Reporting 2022.

For both the year ended 30 June 2023 and the year ended 30 June 2022, Scope 1 emissions are from landlord-controlled gas in vacant units. Scope 2 emissions are from landlord-controlled electricity in vacant units and estate-wide supplies.

We have performed a market-based calculation; however, it is not presented above given the issues discussed in this report around high-quality green tariffs and genuine additionality of renewable electricity generation. Using a market-based calculation, scope 2 emissions for the year ended 30 June 2023 would be 0.2 tCO2e compared with 4.1 tCO2e for the location-based calculation shown above. For the year ended 30 June 2022, the market-based figure was 0.2 tCO2e compared with 7.4 tCO2e for the location-based calculation.

Carbon Report (Continued)

Scope 1 and 2 Emissions (Continued)

As shown above, both absolute emissions and carbon intensity have fallen in the past financial year compared with the previous year. Absolute numbers will change in line with the vacancy rate and may include the impact of refurbishment works where contractors need to use on site power. The key metric is therefore intensity, both on a floor area basis and net income basis. It is pleasing to see these both fall. Given the low level that these figures are already at, reducing them further will be a challenge. We will of course endeavour to do so, particularly reducing scope 1 to zero, moving to high-quality green tariffs where practicable to drive market-based scope 2 emissions to zero, and looking to improve the efficiency of vacant units through our refurbishment programme.

Our focus on the removal of gas as a source of heat, improving the efficiency of lighting and the thermal properties of the buildings will have some effect on Scope 1 and 2 emissions however their impact will be more prevalent in reduced scope 3 emissions.

Path to Net Zero

As part of our work with EVORA to baseline our carbon footprint, they also set out the high-level approach required to achieve net zero. This includes refurbishments to improve energy efficiency, the electrification of heat given that eliminating the use of natural gas is an integral part of any decarbonisation strategy, generating renewable energy on-site, procuring energy through high-quality green tariffs, reducing the impact of embodied carbon in any refurbishments or developments, and finally offsetting. Our offsetting strategy has already been published on our website; however, we will look to develop this further as we look into the potential to acquire carbon credits for future emissions.

Our refurbishment works are delivering a reduction in operational carbon, Scope 1-3 emissions, however we are aware that, in isolation, it would take years to work through all the buildings. We have therefore developed green lease clauses to ensure any works undertaken by new tenants are required to focus on efficiency. In addition we are also offering tenants incentives to improve the efficiency of the units at lease renewal of rent review stage rather than a simple financial incentive.

As well as a focus on operational carbon we are considering the embodied carbon of refurbishments. As part of a refurbishment due to complete in the next month an embodied carbon assessment has been undertaken, and we will look to undertake more assessments on larger projects going forwards. We are awaiting the final assessment which will influence our specifications in the future.

In April 2023 we published out Net Zero Strategy, which can be found on our website. We are working towards a 2040 target. This document includes its own set of targets, and we start reporting against those targets in 2025.

The Directors present their Report and Financial Statements of the Company for the year to 30 June 2023.

Results and dividends
The results for the year are set out in the attached financial statements.

Interim dividends totalling 6.5 pence per share were declared during the year comprising dividends of 1.6250 pence per share paid on 25 August 2022, 1.6250 pence per share on 25 November 2022, 1.6250 pence per share on 24 February 2023 and 1.6250 pence per share on 26 May 2023. On 1 August 2022, the Company completed the buy back of 9,228,703 ordinary shares at £2.0432 per share. The total consideration was £18,856,086.

Principal Activity and Status
The Company is registered as a public limited company under the Companies Act 2006 (number 9046897). It is an investment company as defined by Section 833 of the Companies Act 2006.

Taxation
The group operates as a Real Estate Investment Trust and therefore profits and gains from its qualifying property rental business are expected to be exempt from corporation tax.

Going Concern
The Directors have had regard to the guidance issued by the Financial Reporting Council in assessing the going concern basis of accounting. After making enquiries and considering the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the financial statements have been prepared on the going concern basis.

Directors
The Directors of the Company during the year and their shareholdings were:

	30 June 2023	30 June 2022
Karl Stephen Sternberg	322,768	396,182
Anna Rule	-	-
Toby John Grenville Dean	13,855,871	12,053,901
Richard Robert Dury Demarchi	13,256	13,256

Post Balance Sheet Events
Details of post balance sheet events are given in the Chairman's Report on page 4.

Financial Risk Management
Details of financial risk management are given in Note 23.

Future Development
Details of future developments are disclosed in the Strategic Report on page 6.

Directors' Indemnity Insurance
The directors have a benefit of an indemnity in respect of liabilities arising out of the proper performance of their duties and an exclusion of liability save to the extent of any negligence, fraud, wilful default and breach of duty.

Statement of Disclosure to Auditors
So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor
The Independent Auditor's Report can be found on page 22. Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Annual General Meeting
The Annual General Meeting of the Company will be held on 31 October 2023.

By order of the Board

Clipstone Investment Management Limited
Secretary

2 October 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the profit or loss of the Company and the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH s172(1) COMPANIES ACT 2006

The board of directors of Clipstone Industrial REIT plc consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 30 June 2023. In particular, by reference to the Strategic Report on page 5.

The directors of Clipstone Industrial REIT plc – and those of all UK companies – must act in accordance with a set of general duties. These duties are detailed in the UK's Companies Act and include a duty to promote the success of the Company, which is summarised below. As part of their induction, the directors are briefed on their duties and they can access professional advice on these – either through the Company or, if they judge it necessary, from an independent provider.

Typically, in Alternative Investment Funds such as Clipstone Industrial REIT plc, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to an Alternative Investment Fund Manager and a Property Manager. The Alternative Investment Fund Manager is Clipstone Capital Limited and the Property Manager is Clipstone Investment Management Limited.

The Board recognises that such delegation needs to be much more than simple financial authorities and, in this section of the report, we have summarised our governance structure, which covers: the values and behaviours expected of our employees; the standards they must adhere to; how we engage with stakeholders; and how the Board looks to ensure that we have a robust system of control and assurance processes.

Section 172 of the UK's Companies Act
In summary, as required by Section 172 of the UK's Companies Act, a director of a company must act in the way (s)he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

Stakeholders
A board should communicate effectively with its shareholders and understand their views, and also act fairly as between different members. Fostering business relationships with key stakeholders, such as customers – in our case our tenants - and suppliers, is also important to a company's success. A board should have visibility of these relationships so that it is able to take stakeholder considerations into account when making decisions. In their decision-making, directors need to have regard to the impact of a company's operations on the community and environment.

Overview of how the Board performed its duties

Shareholders
The Board receives regular updates from the Alternative Investment Fund Manager (AIFM) of the Company on feedback received from investors. The AIFM sends out quarterly updates to all shareholders and has regular conversations with individual shareholders. The feedback received has been positive and the AIFM will continue to engage actively with all of our shareholders.

Employees
The company does not have any employees other than the directors.

Tenants
The Property Manager closely monitors the relationship with all our tenants, whether that be directly, via our managing agents or other third-party asset managers. At all scheduled Board meetings, the Property Manager briefs the Board on our performance in delivering on our commitments to tenants and the quality of these critical relationships. Providing safe, well-maintained, and functional properties to our tenants is key in retaining and attracting tenants, as well as being responsive and reasonable with any queries or requests tenants have.

Suppliers
The Board recognises that our key supplier relationships are with our managing agent and Property Manager. The Board meets regularly with the Property Manager to receive updates on the performance of the property portfolio and to discuss future plans for our assets.

Community and environment
The Board recognises the importance of leading a company that not only generates value for shareholders but also contributes to wider society.

As a real estate investment company, we recognise that environmental and climate risks could impact us directly, and we are committed to reducing the environmental impact of our operations and buildings and minimising our environmental footprint. The Board has mandated that our businesses implement the requirements of our Responsible Property Investment Policy, which details our commitment to high standards of environmental management.

Opinion

We have audited the financial statements of Clipstone Industrial REIT Plc ('the parent company') and its subsidiaries ('the Group') for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Parent Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The entire Group is audited by one audit team, led by the senior statutory auditor. The Group comprises the parent Clipstone Industrial REIT plc, and two subsidiaries: Clipstone IX Limited and Clipstone Ten Limited. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters Section below.

The audit is performed centrally by the Group audit team and comprises all of the companies within the Group. The audit was conducted remotely and our audit team was provided with relevant information using cloud-based shared drives and read-only access to accounting systems.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter and description	Audit Approach
Valuation of investment properties (Group/Subsidiaries)	
The Group holds an investment portfolio of logistics and industrial properties, with an aim to generate capital returns for its shareholders. The value of this portfolio forms the majority of the Group's balance sheet assets. The valuation of investment properties requires an estimation and the directors enlist the services of an independent valuer to assist in this regard.	- We assessed the Group's external property valuer's objectivity, professional qualifications and resources to complete this service. - We reviewed and audited the independent valuation report provided to us, challenging the key assumptions and the valuation methodology used with reference to publicly available industry data and industry experience.

Key audit matter and description	Audit Approach
Valuation of investment properties (Group/Subsidiaries) (Continued)	
The valuation of investment properties at year end included in the accounts is £299,243,834 (2022: £343,582,098). Detail can be seen in Note 12 of the financial statements. We are required to consider if the investment properties have been appropriately valued within the Group's financial statements.	- We engaged our own expert to review a sample of fair values calculated by the Group's external valuer. No exceptions were noted in this review. - We have substantively reviewed the movement in the valuation of properties from the prior year, and obtained the rationale and supporting evidence for any change not in line with our expectations. We based our expectations on our experience and current industry benchmarks. - We reviewed the information provided by the Group to the external property valuer and verified these to supporting documentation. - We considered the adequacy of the Company's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing properties.
Valuation of investments in subsidiaries (Parent)	
Clipstone Industrial REIT plc holds 100% of the share capital of two subsidiary undertakings being Clipstone IX Ltd and Clipstone Ten Ltd. The value of these investments forms the majority of the Parent Company's balance sheet assets. Given the material nature of the balances, we are required to consider whether investments are correctly valued within the Parent The valuation of the investment in subsidiaries at year end included in the accounts is £187,419,287. Detail can be seen in Note 13 of the financial statements.	- We have critically assessed the valuation of the subsidiaries against their net asset values at the year end. This is done in conjunction with our work above on the valuation of investment properties, which are all held by them, and therefore form the most significant part of the subsidiaries' balance sheets. No indicators of impairment were identified.

Our application of materiality

The scope and focus of our audit was influences by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Due to the nature of the Group we considered the gross asset value to be the main focus for the readers of the financial statements, accordingly this consideration influenced our benchmark of materiality. Using our professional judgement, we determined materiality for the Group to be £3,119,519, having started from a basis of 1% of gross assets.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 50% of materiality, namely £1,559,760.

We agreed to report to the directors all audit differences in excess of £155,976, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Specific Materiality
We also determined that for other classes of transactions and account balances not related to investment properties, a misstatement of less than materiality for the financial statements as a whole, specific materiality could influence the decisions of users. As a result, we determined materiality for these items based on 3% of rental income, being £475,544. Disclosure matters and the cash flow statement are subject to Group financial statement materiality. We further applied a performance materiality level of 75% to specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated. This specifc performance materiality was applied to test rental income and deferred rental income.

Parent Materiality
We used gross assets again to determine the materiality for the parent undertaking as the investments in subsidiary undertakings are the main focus for the readers of the financial statements. Having used a basis of 1% of gross assets, we calculated overall parent materiality of £1,903,635 and parent performance materiality of £951,817. Any audit differences below £95,182 were considered trivial and not reported to directors.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing forecasts and anticipated cashflows, discussions with management and those charged with governance and assessing the credit profile of tenants within the property portfolio.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strateic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the FRC's website at: https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditors-responsibilities-for

This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Group.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the group complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Matthew Meadows (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
9 Appold Street
London
EC2A 2AP

2 October 2023

CLIPSTONE INDUSTRIAL REIT PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Turnover - Rental income		**15,851,451**	17,087,729
Cost of sales			
- Direct property expenses		**(691,182)**	(683,058)
- Property management expenses		**(2,904,972)**	(3,186,295)
		(3,596,154)	(3,869,353)
Gross profit		**12,255,297**	13,218,376
Other operating income		**123,823**	6,391
Administrative expenses		**(499,156)**	(333,592)
Gain on disposal of investment properties	7	**462,453**	28,920,932
Value adjustments			
- Fair value of investment properties	12	**(54,874,252)**	53,837,268
- Value of incentives on investment properties	12	**132,209**	(406,358)
		(54,654,923)	82,024,641
Operating (loss)/profit	4	**(42,399,626)**	95,243,017
Interest receivable		**82,070**	4,013
Interest payable	8	**(3,589,308)**	(2,462,446)
(Loss)/profit on ordinary activities before tax		**(45,906,864)**	92,784,584
Corporation tax	9	**-**	-
Total comprehensive (loss)/income for the financial year		**(45,906,864)**	92,784,584
Earnings per ordinary share			
Basic and diluted (pence per share)	11	**(37.3)**	22.1

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

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

CLIPSTONE INDUSTRIAL REIT PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 £	30 June 2022 £
Fixed assets			
Investment properties	12	**299,243,834**	343,582,098
		299,243,834	343,582,098
Current assets			
Debtors	14	**7,244,861**	65,122,873
Cash at bank and in hand		**5,463,209**	4,448,593
		12,708,070	69,571,466
Creditors: amounts falling due within one year	15	**(8,648,712)**	(84,716,090)
Net current assets/(liabilities)		**4,059,358**	(15,144,624)
Total assets less current liabilities		**303,303,192**	328,437,474
Creditors: amounts falling due after more than one year	16	**(78,801,463)**	(31,225,528)
Net assets		**224,501,729**	297,211,946
Capital and reserves			
Called up share capital	19	**1,222,656**	1,314,943
Share premium account	19	**127,141,330**	127,141,330
Capital reduction reserve	19	**39,000,000**	39,000,000
Capital redemption reserve		**155,014**	62,727
Investment revaluation reserve		**29,523,764**	85,159,876
Profit and loss account		**27,458,965**	44,533,070
Shareholders' funds		**224,501,729**	297,211,946
Net asset value per ordinary share (pence)	20	**184**	226

The Company's profit for the year was £29,415,309 (2021: £21,759,309).

These financial statements were approved and authorised for issue by the board on 2 October 2023 and were signed on its behalf by:-

Toby Dean

Director

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

Registered number 09046897

CLIPSTONE INDUSTRIAL REIT PLC
PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 £	30 June 2022 £
Fixed assets			
Investment in subsidiary undertakings	13	**187,419,387**	187,419,387
Current assets			
Debtors	14	**1,029,631**	421,273
Cash at bank and in hand		**1,914,470**	111,266
		2,944,101	532,539
Creditors: amounts falling due within one year	15	**(1,113,211)**	(1,313,605)
Net current assets/(liabilities)		**1,830,890**	(781,066)
Total assets less current liabilities		**189,250,277**	186,638,321
Creditors: amounts falling due after more than one year	16	**-**	-
Net assets		**189,250,277**	186,638,321
Capital and reserves			
Called up share capital	19	**1,222,656**	1,314,943
Share premium account	19	**127,141,330**	127,141,330
Capital reduction reserve	19	**39,000,000**	39,000,000
Capital redemption reserve		**155,014**	62,727
Profit and loss account		**21,731,277**	19,119,321
Shareholders' funds		**189,250,277**	186,638,321

These financial statements were approved and authorised for issue by the board on 2 October 2023 and were signed on its behalf by:-

Toby Dean

Director

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

Registered number 09046897

CLIPSTONE INDUSTRIAL REIT PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	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 year	35,097	5,566,745	-	-	-	-	5,601,842
Share issue costs	-	(3,000)	-	-	-	-	(3,000)
Profit for the year	-	-	-	-	-	92,784,584	92,784,584
Realised gains on disposal of investment property recognised in previous periods	-	-	-	-	(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	-	-	-	-	53,837,268	(53,837,268)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	(406,358)	406,358	
Dividends paid (see note 10)	-	-	-	-	-	(9,122,421)	(9,122,421)
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 bought back	(92,287)	-	-	92,287	-	(18,856,086)	(18,856,086)
Profit for the year	-	-	-	-	-	(45,906,864)	(45,906,864)
Realised gains on disposal of investment property recognised in previous periods	-	-	-	-	(886,455)	886,455	-
Consolidation adjustment released on disposal of investment properties	-	-	-	-	(7,614)	7,614	-
Unrealised loss on revaluation of investment property transferred from revaluation reserve	-	-	-	-	(54,874,252)	54,874,252	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	132,209	(132,209)	-
Dividends paid (see note 10)	-	-	-		-	(7,947,267)	(7,947,267)
Balance at 30 June 2023	**1,222,656**	**127,141,330**	**39,000,000**	**155,014**	**29,523,764**	**27,458,965**	**224,501,729**

Retained earnings and the capital reduction reserve are distributable to shareholders by way of dividends.

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

CLIPSTONE INDUSTRIAL REIT PLC
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share Capital £	Share Premium £	Capital Reduction Reserve £	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1 July 2021	1,279,846	121,577,585	39,000,000	62,727	6,482,433	168,402,591
Shares issued in the year	35,097	5,566,745	-	-	-	5,601,842
Share issue costs	-	(3,000)	-	-	-	(3,000)
Profit for the year	-	-	-	-	21,759,309	21,759,309
Dividends paid (see note 10)	-	-	-	-	(9,122,421)	(9,122,421)
Balance at 30 June 2022	1,314,943	127,141,330	39,000,000	62,727	19,119,321	186,638,321
Shares bought back	(92,287)	-	-	92,287	(18,856,086)	(18,856,086)
Profit for the year	-	-	-	-	29,415,309	29,415,309
Dividends paid (see note 10)	-	-	-	-	(7,947,267)	(7,947,267)
Balance at 30 June 2023	**1,222,656**	**127,141,330**	**39,000,000**	**155,014**	**21,731,277**	**189,250,277**

Retained earnings and the capital reduction reserve are distributable to shareholders by way of dividends.

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

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Cash flows from operating activities		
Profit for the financial year	**(45,906,864)**	92,784,584
Adjustments for:		
Gain on disposal of investment properties	**(462,453)**	(28,920,932)
Unrealised revaluation of investment properties	**54,874,252**	(53,837,268)
Movement in lease incentive valuation	**(132,209)**	406,358
Interest payable	**3,589,308**	2,462,446
Interest receivable	**(82,070)**	(4,013)
Change in debtors and accrued income	**346,991**	(863,069)
Change in creditors and accruals	**1,293,431**	833,108
Cash from operations	**13,520,386**	12,861,214
Interest paid	**(2,981,831)**	(1,736,212)
Interest received	**82,070**	4,013
Net cash from operating activities	**10,620,625**	11,129,015
Cash flows from investing activities		
Purchase of investment property and capital expenditure	**(14,324,154)**	(37,393,078)
Disposal of investment properties	**61,477,135**	17,453,009
Net cash from investing activities	**47,152,981**	(19,940,069)
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of issue costs)	-	5,598,842
Repurchase of Company shares	**(18,856,086)**	-
Proceeds from loan financing (net of fees)	**3,832,102**	18,083,980
Loan repayments	**(33,700,000)**	(4,225,965)
Repayments under finance leases	**(82,669)**	(116,974)
Dividends paid	**(7,952,337)**	(9,762,345)
Net cash from financing activities	**(56,758,990)**	9,577,538
Net increase/(decrease) in cash and cash equivalents	**1,014,616**	766,484
Cash and cash equivalents at the beginning of the year	**4,448,593**	3,682,109
Cash and cash equivalents at the end of the year	**5,463,209**	4,448,593
Components of cash and cash equivalents		
Cash	**5,463,209**	4,448,593
	5,463,209	4,448,593

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

1 Corporate information

Clipstone Logistics 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 year, is set out below.

Basis of Accounting

The consolidated financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - 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.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's profit for the year was £29,415,309 (2022: £21,759,309).

The individual financial statements of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows, as per FRS 102.1.12(b).
- financial instrument disclosure including categories of financial instruments, as per FRS 102.1.12(c).

Basis of Consolidation

The consolidated financial statements incorporate the audited 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.

2 Basis of Preparation and Accounting Policies (continued)

Going Concern (continued)
The group's loan facility with Barclays has been renewed during the year. The facilities mature on the 5 April 2025 with an option to request an extension of the facilities to 5 April 2027. Accordingly, the financial statements have been prepared on the going concern basis.

(b) Revenue Recognition

Rental Income
Rental income excluding Value Added Tax 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.

(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 recognised as a liability when they have been approved and 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 investment 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 for capital and income growth.

2 Basis of Preparation and Accounting Policies (continued)

(g) Investment Properties (continued)

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. Valuations are net of standard purchaser's costs of circa 6%. Any performance fee due to the Property Manager is not included in the valuation.

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.

(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.

Amounts collected by managing agents and held in cash by managing agents in accounts controlled by the managing agent on behalf of the Company are included within other debtors.

(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) 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.

(l) 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.

2 Basis of Preparation and Accounting Policies (continued)

(m) Critical accounting judgements and key estimations of uncertainty

The preparation of financial statements in conformity with FRS 102 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 involve 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.

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.

Additionally, judgement is required regarding recognising the profit or loss on disposal of an investment property. This is recognised at the point of exchange when substantially all of the risks and rewards transfer from the company to the buyer.

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:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Fees payable to the Company's auditor for:		
- audit of the Company's annual accounts	40,000	40,000
- audit of the Company's subsidiaries' annual accounts	12,500	12,500
- Group tax compliance services	8,500	5,000

5 Particulars of Employees

The Group had no employees during the year (2022 - nil), other than the directors.

6 Directors' Emoluments

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Directors' emoluments for the Group	83,980	84,600

The directors received fixed fees and are not entitled to any further remuneration.

7 Gain on Disposal of Investment Properties

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Disposal proceeds	4,014,971	70,918,368
Book cost	(3,030,103)	(38,353,000)
Unrealised losses/(gains) recognised in prior periods	(886,455)	(3,172,000)
Disposal costs	(3,063)	(288,792)
Lease incentive asset reversed on disposal	(53,273)	(183,644)
Reversal of grossed up valuation on finance leases	420,375	-
	462,452	28,920,932

On 17 August 2022, the Company disposed of its estate in Fareham for £4,100,000 less a rent top up of £85,029, realising a profit for the year of £995,321 and £1,339,481 since acquisition.

8 Interest Payable

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Bank loan interest payable	3,186,361	1,930,335
Bank loan issue costs	320,278	415,311
Interest payable on finance leases	82,669	116,800
	3,589,308	2,462,446

9 Corporation Tax

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Current tax:		
UK corporation tax on profits for the year	-	-
	-	-

The tax charge for the year is lower than the standard effective rate of corporation tax in the UK during the year of 20.50% (2022: 19.00%). The differences are explained below:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
(Loss)/Profit before tax	(45,906,864)	92,784,584
Corporation tax at effective rate of 20.50% (2022: 19.00%)	(9,410,907)	17,629,071
Effect of:		
Revaluation of property investments	11,276,325	(10,306,289)
REIT tax exempt property rental profits and gains	(1,865,417)	(7,322,782)
	-	-
Effective corporation tax rate	0.0%	0.0%

10 Dividends

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Interim dividends paid of 6.5p (2022: 6.9375p) per ordinary share	7,947,267	9,122,421

An interim dividend of 1.625 pence per share was declared on 1 August 2023 and paid on 25 August 2023.

11 Earnings Per Share

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

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Net (loss)/profit attributable to ordinary shares	(45,906,864)	92,784,584
Weighted average number of ordinary shares:		
Issued ordinary shares at the start of the year	131,494,345	127,984,639
Effect of shares issued during the year	-	2,979,393
Effect of shares bought back during the year	(8,442,742)	-
Basic and diluted weighted average number of shares	123,051,603	130,964,032
Basic and diluted (loss)/earnings per share (pence)	(37.3)	70.8

12 Investment Properties

	30 June 2023 Freehold £	30 June 2023 Leasehold £	30 June 2023 Total £	30 June 2022 Total £
Cost				
Brought forward	249,584,040	8,097,847	257,681,887	258,648,115
Additions	14,324,154	-	14,324,154	37,386,772
Disposals	-	(2,608,847)	(2,608,847)	(38,353,000)
Carried forward	263,908,194	5,489,000	269,397,194	257,681,887
Revaluation				
Brought forward	85,265,960	1,852,153	87,118,113	36,451,885
Revaluation during the year	(54,224,154)	(650,000)	(54,874,154)	53,838,228
Revaluation reversed on disposals	-	(891,153)	(891,153)	(3,172,000)
Carried forward	31,041,806	311,000	31,352,806	87,118,113
Value per independent valuer	294,950,000	5,800,000	300,750,000	344,800,000
Deferred lease incentives (note 14)				
Brought forward	(2,347,594)	(91,661)	(2,439,255)	(2,032,897)
Movement during the year	77,067	1,869	78,936	(590,002)
Reversed on disposals	-	53,273	53,273	183,644
Carried forward	(2,270,527)	(36,519)	(2,307,046)	(2,439,255)
Long leasehold valuations				
Brought forward	-	1,221,353	1,221,353	1,222,313
Revaluation during the year	-	(98)	(98)	(960)
Disposals	-	(420,375)	(420,375)	-
Carried forward	-	800,880	800,880	1,221,353
Carrying value	292,679,473	6,564,361	299,243,834	343,582,098

12 Investment Properties (Continued)

On 14 August 2022 the Group unconditionally disposed of its estate in Fareham for £4,100,000 less a rent top up of £85,029. The property had a book cost of £2,605,840 and a carrying value of £3,500,000.

During the year, the Group acquired one new asset located in Aldershot. This property was acquired for a total of £13,600,000 plus purchase costs.

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 30 June 2023 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. Valuations are net of standard purchaser's costs of circa 6%. Any performance fee due to the Property Manager is not included in the valuation.

13 Investment in Subsidiaries

	30 June 2023 £	30 June 2022 £
Cost		
Brought forward	187,419,387	168,199,387
Additions	-	19,220,000
Disposals	-	-
Carried forward	187,419,387	187,419,387

In the previous financial year the Company acquired a further 19,220,000 shares in Clipstone Ten Limited at £1 each.

Direct subsidiaries	Principal Activity	Date of Acquisition	Country of Incorporation	Ownership %
Clipstone Ten Limited	Property Investment	2 June 2014	UK	100%
Clipstone IX Limited	Property Investment	17 Dec 2014	UK	100%

All of the above entities have been included in the consolidated financial statements. The registered addresses of all the above subsidiaries is 45 Albemarle Street, London, W1S 4JL.

14 Debtors

	30 June 2023	30 June 2022
	£	£
Group		
Prepayments and accrued income	923,659	703,121
Trade debtors	1,564,323	1,533,338
Deferred lease incentives	2,307,046	2,439,255
Other debtors	2,449,833	60,447,159
	7,244,861	65,122,873
Company		
Prepayments and accrued income	29,631	5,578
Due from group undertakings	1,000,000	-
	1,029,631	5,578

Included within trade debtors are provisions of £160,658 (2022 - £315,239) for doubtful debts.

There were no debtors due after more than one year.

All intercompany loans are issued at market rates and are repayable on demand.

15 Creditors: Amounts Falling Due Within One Year

	30 June 2023	30 June 2022
	£	£
Group		
Finance lease liabilities (see note 17)	21	190
Trade creditors	75,628	81,684
Deferred income	3,671,926	3,886,086
Accruals	1,905,938	1,959,685
Withholding taxes and other taxes	826,066	941,216
Bank loans - due within one year	-	77,340,000
Tenant deposits	1,689,803	-
Other creditors	479,330	507,229
	8,648,712	84,716,090
Company		
Trade creditors	15,680	824
Accruals	869,227	1,047,239
Withholding taxes and other taxes	224,898	265,542
Other creditors	3,406	-
	1,113,211	1,313,605

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.

16 Creditors: Amounts Falling Due After More Than One Year

	30 June 2023	30 June 2022
	£	£
Group		
Bank loans - due between one and two years	48,000,000	-
Bank loans - due between two and five years	-	-
Bank loans - due in more than five years	30,000,000	30,000,000
Finance lease liabilities (see note 17)	801,463	1,225,528
	78,801,463	31,225,528

The groups £30,000,000 loan facility with Legal and General Investment Management ("LGIM") was fully drawn down throughout the year. 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.

17 Finance Leases

	30 June 2023	30 June 2022
	£	£
Included within current liabilities	21	190
Included within non-current liabilities	801,463	1,225,528
	801,484	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	6,174,100	8,369,579
	6,561,950	8,954,444

The Group's finance leases relate to two (2022: three) long leasehold investment property holdings, the value of which is shown in note 12.

18 Contingent Liabilities

The Company's loan facility agreement with LGIM contains provisions for a redemption fee payable to the lender should we decide to make an early repayment. The Board has no intention of making any early repayments. The value of the redemption fee as at 30 June 2023 was £nil (2022: £nil).

19 Share Capital and Reserves

	Number of Shares	Share Capital	Share Premium	Capital Reduction Reserve	30 June 2023 Total
		£	£	£	£
Issued and fully paid At 1 July 2022 (131,494,345 ordinary shares of £0.01)	131,494,345	1,314,943	127,141,330	39,000,000	167,456,273
Buy back of 9,228,703 shares	(9,228,703)	(92,287)	-	-	(92,287)
At 30 June 2023	122,265,642	1,222,656	127,141,330	39,000,000	167,363,986

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

No shares were issued during the year (2022: 3,509,706 ordinary shares of £0.01 each at a premium of £1.5861)

19 Share Capital and Reserves (continued)

The capital reduction reserve was brought about by a reduction in the Company's share premium and is distributable to shareholders.

20 Net Asset Value

The Group's net asset value per ordinary share is 183.62p based on shareholders' funds of £224,501,729 and 122,265,642 ordinary shares in issue at the year end.

No adjustment has been made for any potential performance fee due to the Property Manager (Clipstone Investment Management Limited). If the investment properties were sold at their values at 30 June 2023, there would be a performance fee payable of £8,070,530 (6.60p per share). The net asset value net of the potential performance fee was 177.02p per share at 30 June 2023.

A reconciliation of the net asset value as shown in these financial statements 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	224,501,729	1.8362
Fair value adjustment to remove finance lease accounting for long leasehold investment properties	605	-
Performance fee provision	(8,070,530)	(0.0660)
Net asset value as published on the International Stock Exchange as at 30 June 2023	216,431,804	1.7702

21 Capital Commitments

The Group had an no outstanding capital commitments at 30 June 2023 (2022: none).

22 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.

Directors' emoluments of £83,980 were paid during the year (2022: £84,600). £nil was payable at 30 June 2023 (2022: £nil).

Toby Dean is a director and shareholder, and Richard Demarchi a director of the Property Manager, Clipstone Investment Management Limited. Clipstone Investment Management Limited charged property management fees of £2,844,972 to the Company during the year (2022: £3,186,295) of which £693,728 was outstanding at the year end (2022: £855,880).

Toby Dean is a director and indirect shareholder, and Richard Demarchi a director of the Alternative Investment Fund Manager, Clipstone Capital Limited. Clipstone Capital Limited charged fund management fees of £20,000 to the Company during the year (2022: £20,000) of which £5,000 was outstanding at the year end (2022: £5,000).

During the year the Group was charged £523,589 (2022: £607,612) in insurance premiums by Clipstone Capital Limited, of which £nil was outstanding at the year end (2022: £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 £12,544 (2022: £30,171). All transactions were carried out at arm's length.

23 Financial Risk Management

Consistent with its objective the Group will hold UK commercial property investments. In addition the Group's financial instruments comprise cash and receivables and payables that arise directly from its operations. The Group uses derivative instruments to mitigate interest rate risk.

The Group is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Group are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Group's risk exposure. These policies are summarised below and have remained unchanged for the period under review. These disclosures include, where appropriate, consideration of the Group's investment properties which, whilst not constituting financial instruments as defined by FRS 102, are considered by the Board to be integral to the Group's overall risk exposure.

The following table summarises the Group's financial assets and liabilities into the categories required by FRS 102:

	30 June 2023 £	30 June 2022 £
Financial assets that are debt instruments measured at amortised cost	10,220,088	67,335,007
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities that are debt instruments measured at amortised cost	82,952,183	111,114,316

Credit Risk
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in reletting, maintenance costs, insurances, rates and marketing costs and will have a material adverse impact on the financial condition and performance of the Group and/or the level of dividend cover. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Property Manager monitors such reports in order to anticipate and minimise the impact of defaults by occupational tenants.

There were no financial assets which were either past due or considered impaired at 30 June 2023 (2022: none).

All the Group's cash is placed with financial institutions with a long-term credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Group's investments comprise UK commercial properties. Property and property-related assets in which the Group invests are not traded in an organised public market and may be illiquid. As a result the Group may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The Group's liquidity risk is managed on an ongoing basis by the Alternative Investment Fund Manager and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Group aims to have adequate resources (including the expected proceeds of any property sales) to meet its obligations for a period of at least twelve months.

Interest Rate Risk
Some of the Company's financial instruments are interest-bearing. As a consequence, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rate.

23 Financial Risk Management (continued)

Interest Rate Risk (continued)

However, the fair value of financial assets and liabilities is not materially different from their carrying value in the financial statements.

When the Group retains cash balances, they will ordinarily be held on interest-bearing deposit accounts. The Group's policy is to hold cash in variable rate or short term fixed rate bank accounts. Exposure varies throughout the year as a consequence of changes in the composition of the net assets of the Group arising out of the investment and risk management policies.

The Group uses bank borrowings to help fund its activities which will expose the Group to interest rate risk in future periods. The Group uses derivative instruments to mitigate this interest rate risk.

Market Risk

The management of market risk is part of the investment management process and is typical of a property investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies.

24 Operating leases

	30 June 2023	30 June 2022
	£	£
Future minimum lease payments receivable under non-cancellable operating leases:		
within one year	14,874,781	14,787,548
in more than one year and less than five years	33,363,816	37,440,973
in more than five years	29,422,680	33,488,132
	77,661,277	85,716,653

25 Post Balance Sheet Events

An interim dividend of 1.625 pence per share was declared on 1 August 2023 and paid on 25 August 2023.

CLIPSTONE INDUSTRIAL REIT PLC
CONSOLIDATED DETAILED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2023

	Quarter to 30/09/2022	Quarter to 31/12/2022	Quarter to 31/03/2023	Quarter to 30/06/2023	Year to 30/06/2023	Year to 30/06/2022
RENTAL INCOME	3,934,326	4,113,898	3,940,221	3,863,006	15,851,451	17,087,729
Direct property expenses	(15,831)	(56,859)	(80,916)	(537,576)	(691,182)	(683,058)
Management fees	(797,514)	(684,654)	(693,727)	(729,077)	(2,904,972)	(3,186,295)
Performance fee	-	-	-	-	-	-
GROSS PROFIT	3,120,981	3,372,385	3,165,578	2,596,353	12,255,297	13,218,376
Gain on disposal of investment properties	458,635	-	-	3,818	462,453	28,920,932
Other income	-	-	-	123,823	123,823	6,391
Value adjustments						
Investment properties	13,885,497	20,049,526	20,750,612	(109,427,678)	(54,742,043)	53,430,910
Derivative financial instruments	-	-	-	-	-	-
	17,465,113	23,421,911	23,916,190	(106,703,684)	(41,900,470)	95,576,609
Administrative expenses						
Directors' remuneration	(20,000)	(21,848)	(22,132)	(20,000)	(83,980)	(84,600)
Directors' insurance	(8,102)	(8,102)	(7,881)	(7,093)	(31,178)	(23,147)
PR & Advertising	-	-	-	-	-	-
Audit fees	(13,125)	(13,125)	(13,125)	(13,125)	(52,500)	(52,500)
Tax fees	(2,250)	(1,750)	(2,250)	(2,250)	(8,500)	(5,000)
Legal fees	(35,000)	-	-	-	(35,000)	-
Valuation fees	(9,575)	(9,600)	(9,600)	(9,600)	(38,375)	(43,150)
Other professional fees	(47,797)	(30,506)	(25,576)	(27,408)	(131,287)	(146,547)
Bank charges	(770)	(585)	(490)	(404)	(2,249)	(2,981)
Impairment of goodwill	-	-	-	-	-	-
Bad debt expense	(31,366)	14,094	14,902	(18,384)	(20,754)	34,214
Miscellaneous	(94,298)	-	(112)	(923)	(95,333)	(9,881)
	(262,283)	(71,422)	(66,264)	(99,187)	(499,156)	(333,592)
OPERATING PROFIT	1,623,329	23,350,489	23,849,926	(106,802,871)	(42,399,626)	95,243,017
Net interest payable:						
Bank loan interest payable	(669,230)	(743,094)	(848,924)	(925,113)	(3,186,361)	(1,930,335)
Bank loan issue costs	(54,831)	(134,051)	(61,457)	(69,939)	(320,278)	(415,311)
Finance lease interest	(20,667)	(20,667)	(20,667)	(20,668)	(82,669)	(116,800)
Other interest payable	-	-	-	-	-	-
Interest receivable	8,464	14,672	26,059	32,875	82,070	4,013
	(736,264)	(883,140)	(904,989)	(982,845)	(3,507,238)	(2,458,433)
Profit for the period	887,065	22,467,349	22,944,937	(107,785,716)	(45,906,864)	92,784,584