

**CLIPSTONE INDUSTRIAL REIT PLC**  
**UNAUDITED INTERIM REPORT**  
**FOR THE SIX MONTHS FROM 1 JULY 2024 TO 31 DECEMBER 2024**

**Registered Number: 9046897**

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The six months since 1 July 2024 have been relatively stable, with the market characterised by a lack of transactional activity.

Net Asset Valuation (NAV) increased by 6.1% over the last six months of 2024. This reflects an increase in the valuation of the portfolio of 5.0%, amplified by the gearing and taking into account an increase in the accrued performance fee due to the Manager.

Gearing remains moderate, with a loan-to-value at 31 December 2024 of 27.9%. We have access to undrawn debt facilities of £8.25m and stress-testing suggests that we have significant headroom against banking covenants, and have interest rate swaps in place to fix all of our floating rate debt. £40m is fixed at 4.513% plus the margin of 1.55%, £6.75m at 4.639% plus the margin, and £15m at 4.556% plus the margin. These swaps mature at the same time as the loan facilities. The Company also benefits from a £30m fixed rate loan facility at an interest rate of 2.20%, which does not mature until 2028. This means that all of the debt outstanding at 31 December 2024 was at a fixed rate of interest. The certainty over our cost of debt will allow us to look for opportunities to invest in the market for assets yielding more than our cost of debt and therefore generate positive income returns for investors while keeping loan-to-value within our 25-35% target range.

The deterioration in the investment markets over the past two years is beginning to turn with industrial market yields starting to improve. The occupational market is not as buoyant as it was three or four years ago, however we are still achieving deals at improved rental levels. The Company's vacancy rate at 31 December 2024 was 4.8%, with only 13 of 238 units being vacant. Rent collection continues to be good: nearly 100% of rents having been collected over the past three years, despite the economic headwinds, with inflation and interest rates causing increased costs for tenants. While lease negotiations have become more protracted than in the past couple of years, we continue to see successes in asset management initiatives, completing lease renewals and new lettings at record rents, often significantly in excess of the rent being paid previously. Portfolio rents continue to be below market levels; therefore, we expect to be able to increase rent further over the coming year.

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

I am pleased to report the results of the Company and its subsidiaries ('the Company') for the six months ended 31 December 2024.

### **Results to 31 December 2024**

The Company's properties were independently valued by Colliers at 31 December 2024. Their valuation is £328.80m, which represents an uplift of 20.6% over their aggregate acquisition price, excluding acquisition costs, and an increase of 5.0% since 30 June 2024 (on a like-for-like basis).

In line with Generally Accepted Accounting Practice in the UK, no adjustment has been made for any potential performance fees due to the property manager in the financial statements, and the NAV without deducting the performance fee provision at 31 December 2024 was £1.9443. If the investment properties were sold at their valuation at 31 December 2024, there would be a performance fee payable of £8,879,906 (£0.0726 per share).

The Company's net asset value (NAV) per share (net of performance fees) at 31 December 2024 was £1.8717. This represents a 6.13% increase since 30 June 2024 and a 90.99% increase over the NAV of 98p on admission.

The total return, being NAV increase after performance fee accrued and dividends paid to 31 December 2024 from admission, was 146.0%. The total return since 30 June 2024 was 8.0%.

**Events to 31 December 2024**

Interim dividends of 1.625p per share were declared on 1 August 2024 and paid on 23 August 2024, and 1.625p per share declared on 18 November 2024 and paid on 22 November 2024.

**Responsible Property Investment**

The Company operates a Responsible 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. A report on the Company's progress against its targets can be found in the annual report and on our website.

Copies of our Responsible Property Investment policy, targets, annual report, Net Zero Strategy and supplementary policies can be found at <http://www.clipstone.co.uk/environmental-social-and-governance-policies/>.

**Post Balance Sheet Events**

An Interim dividend of 1.625p per share was declared on 6 February 2025 and paid on 21 February 2025.



Toby Dean

Director

31 March 2025

**CLIPSTONE INDUSTRIAL REIT PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS FROM 1 JULY 2024 TO 31 DECEMBER 2024**

	Notes	Six months to 31 December 2024 £	Six months to 31 December 2023 £
<b>Turnover - Rental income</b>		<b>8,835,155</b>	<b>8,059,915</b>
<b>Cost of sales</b>			
- Direct property expenses		(737,365)	(852,696)
- Property management expenses		(1,420,387)	(1,408,871)
		<b>(2,157,752)</b>	<b>(2,261,567)</b>
<b>Gross profit</b>		<b>6,677,403</b>	<b>5,798,348</b>
Other operating income		33,970	18,106
Administrative expenses		(99,158)	(133,498)
Gain on disposal of investment properties	7	-	29,260
Value adjustments			
- Investment properties		15,535,917	(5,467,867)
- Lease incentive value adjustment to investment property		134,632	128,693
- Derivative financial instruments		(174,792)	(528,610)
		<b>15,430,569</b>	<b>(5,953,916)</b>
<b>Operating profit/(loss)</b>	4	<b>22,107,972</b>	<b>(155,568)</b>
Interest receivable		30,600	37,098
Interest payable	8	(2,464,033)	(2,134,035)
<b>Profit/(Loss) on ordinary activities before tax</b>		<b>19,674,539</b>	<b>(2,252,505)</b>
Corporation tax	9	-	-
<b>Profit/(Loss) for the period</b>		<b>19,674,539</b>	<b>(2,252,505)</b>
<b>Earnings per ordinary share</b>			
Basic and diluted (pence per share)	11	<b>16.1</b>	<b>(1.8)</b>

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

**CLIPSTONE INDUSTRIAL REIT PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Notes	<u>31 December 2024</u> £	<u>30 June 2024</u> £
<b>Fixed assets</b>			
Investment properties	12	327,585,579	311,801,017
Fair value of derivative financial instruments		-	45,349
		<u>327,585,579</u>	<u>311,846,366</u>
<b>Current assets</b>			
Debtors	13	11,453,834	7,513,485
Cash at bank and in hand		<u>1,380,420</u>	<u>4,379,973</u>
		12,834,254	11,893,458
<b>Creditors: amounts falling due within one year</b>	14	(10,012,234)	(9,162,952)
<b>Net current assets</b>		<u>2,822,020</u>	<u>2,730,506</u>
<b>Total assets less current liabilities</b>		330,407,599	314,576,872
<b>Creditors: amounts falling due after more than one year</b>	15	(92,680,870)	(92,551,440)
<b>Net assets</b>		<u>237,726,729</u>	<u>222,025,432</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,222,656	1,222,656
Share premium account		127,141,330	127,141,330
Capital reduction reserve		39,000,000	39,000,000
Capital redemption reserve		155,014	155,014
Investment revaluation reserve		42,726,646	27,056,097
Profit and loss account		27,481,083	27,450,335
<b>Shareholders' funds</b>		<u>237,726,729</u>	<u>222,025,432</u>
<b>Net asset value per ordinary share (pence)</b>		<u>194</u>	<u>182</u>

These financial statements were approved and authorised for issue by the board on 31 March 2025 and were signed on its behalf by:-



**Toby Dean**  
**Director**

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

Registered number: 9046897

**CLIPSTONE INDUSTRIAL REIT PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS FROM 1 JULY 2024 TO 31 DECEMBER 2024**

	<u>Share Capital</u> £	<u>Share Premium</u> £	<u>Capital Reduction Reserve</u> £	<u>Capital Redemption Reserve</u> £	<u>Revaluation Reserve</u> £	<u>Retained Earnings</u> £	<u>Total</u> £
Balance at 1 July 2023	1,222,656	127,141,330	39,000,000	155,014	29,523,764	27,458,965	224,501,729
Loss for the period	-	-	-	-	-	(2,252,505)	(2,252,505)
Unrealised loss on revaluation of investment property transferred to revaluation reserve	-	-	-	-	(5,467,867)	5,467,867	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	128,693	(128,693)	-
Dividends paid	-	-	-	-	-	(3,969,720)	(3,969,720)
Balance at 31 December 2023	1,222,656	127,141,330	39,000,000	155,014	24,184,590	26,575,914	218,279,504
Profit for the period	-	-	-	-	-	7,723,475	7,723,475
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	2,842,867	(2,842,867)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	28,640	(28,640)	-
Dividends paid	-	-	-	-	-	(3,977,547)	(3,977,547)
Balance at 30 June 2024	1,222,656	127,141,330	39,000,000	155,014	27,056,097	27,450,335	222,025,432
Profit for the period	-	-	-	-	-	19,674,539	19,674,539
Unrealised gain on revaluation of investment property transferred to revaluation reserve	-	-	-	-	15,535,917	(15,535,917)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	134,632	(134,632)	-
Dividends paid	-	-	-	-	-	(3,973,242)	(3,973,242)
<b>Balance at 31 December 2024</b>	<b>1,222,656</b>	<b>127,141,330</b>	<b>39,000,000</b>	<b>155,014</b>	<b>42,726,646</b>	<b>27,481,083</b>	<b>237,726,729</b>

**CLIPSTONE INDUSTRIAL REIT PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS FROM 1 JULY 2024 TO 31 DECEMBER 2024**

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period	19,674,539	(2,252,505)
Adjustments for:		
Profit on disposal of investment properties	-	(29,260)
Unrealised revaluation of investment properties	(15,535,917)	5,467,867
Movement in lease incentive valuation	(134,632)	(128,693)
Interest payable	2,464,033	2,134,035
Interest receivable	(30,600)	(37,098)
Change in debtors and accrued income	(4,076,994)	(3,768,188)
Change in creditors and accruals	847,967	679,286
Unrealised value movement of derivative financial instruments	174,792	528,610
<b>Cash from operations</b>	<b>3,383,188</b>	<b>2,594,054</b>
Interest paid	(2,156,012)	(1,994,098)
Interest received	30,600	37,098
<b>Net cash generated from operating activities</b>	<b>1,257,776</b>	<b>637,054</b>
<b>Cash flows from investing activities</b>		
Purchase of investment properties	(224,013)	(17,784)
Disposal of investment properties	-	29,260
<b>Net cash from investing activities</b>	<b>(224,013)</b>	<b>11,476</b>
<b>Cash flows from financing activities</b>		
Proceeds from loan financing net of fees	(20,301)	(140,667)
Loan Repayments	-	(1,250,000)
Repayments under finance leases	(38,786)	(38,784)
Dividends paid	(3,974,229)	(3,981,602)
<b>Net cash from financing activities</b>	<b>(4,033,316)</b>	<b>(5,411,053)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,999,553)</b>	<b>(4,762,523)</b>
Cash and cash equivalents at the beginning of the period	4,379,973	5,463,209
<b>Cash and cash equivalents at the end of the period</b>	<b>1,380,420</b>	<b>700,686</b>
<b>Components of cash and cash equivalents</b>		
Cash	1,380,420	700,686
	<b>1,380,420</b>	<b>700,686</b>



## 1 Corporate Information

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

## 2 Basis of Preparation and Accounting Policies

### (a) Basis of Preparation of financial statements

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

#### **Basis of Accounting**

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

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

#### **Basis of Consolidation**

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

#### **Business Combinations**

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

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

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

#### **Going Concern**

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

### (b) Revenue Recognition

#### **Rental Income**

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

#### **Interest Income**

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

**2 Basis of Preparation and Accounting Policies (continued)**

**(c) Expenses**

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

**(d) Dividends**

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

**(e) Taxation**

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

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

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

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

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

**(f) Investments in Subsidiaries**

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

**(g) Investment Properties**

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

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

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

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

## **2 Basis of Preparation and Accounting Policies (continued)**

### **(h) Rent and Other Debtors**

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

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

### **(i) Cash at Bank and in Hand**

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

### **(j) Creditors**

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

### **(k) Derivative financial instruments**

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

### **(l) Loans**

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

### **(m) Finance leases**

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

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

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

### **(n) Critical accounting judgements and key estimations of uncertainty**

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

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

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

## 2 Basis of Preparation and Accounting Policies (continued)

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

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

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

## 3 Segmental Information

The Directors are of the opinion that the Company 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 Company.

## 4 Operating Profit

Operating profit is stated after charging:

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	£	£
Auditor's remuneration - audit	31,355	35,566
Auditor's remuneration - taxation	5,000	4,500

## 5 Particulars of Employees

The Company had no employees during the period (period to 31 December 2023: none), other than the directors.

## 6 Directors' Emoluments

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	£	£
Directors' emoluments	42,108	40,686

## 7 Gains and Losses on Disposal of Investment Properties

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	£	£
Disposal proceeds	-	29,260
	-	29,260

**8 Interest Payable**

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	£	£
Bank loan interest payable	2,268,313	2,001,943
Bank loan issue costs	156,946	93,317
Interest payable on finance leases	38,774	38,775
	<u>2,464,033</u>	<u>2,134,035</u>

**9 Corporation Tax**

The tax charge for the period is lower than the standard effective rate of corporation tax in the UK during the period (2023: lower than) of 25% (2023: 25%). The differences are explained below:

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	£	£
Profit before tax	<u>19,674,539</u>	<u>(2,252,505)</u>
Corporation tax at effective rate of 25% (2023: 25%)	4,918,635	(563,126)
Effect of:		
Revaluation on investment properties	(3,917,637)	1,334,794
Fair value movements on derivative financial instruments	43,698	132,152
REIT tax exempt property rental profits and realised gains	(1,044,696)	(903,820)
	<u>-</u>	<u>-</u>
Effective corporation tax rate	<u>0.0%</u>	<u>0.0%</u>

**10 Dividends**

	<b>Six months to 31 December 2024</b>	<b>Six months to 31 December 2023</b>
	£	£
Interim dividends paid of 3.25p (period to 31 December 2023: 3.25p) per ordinary share per annum	<u>3,973,242</u>	<u>3,969,720</u>

## 11 Earnings Per Share

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

	Six months to 31 December 2024 £	Six months to 31 December 2023 £
Net loss attributable to ordinary shares	19,674,539	(2,252,505)
Weighted average number of ordinary shares:		
Issued ordinary shares at the start of the period	122,265,642	122,265,642
Effect of shares bought back during the period	-	-
Effect of shares issued during the period	-	-
Basic and diluted weighted average number of shares	122,265,642	122,265,642
Basic and diluted earnings per share (pence)	16.1	(1.8)

## 12 Investment Properties

	31 December 2024			30 June 2024
	Freehold £	Leasehold £	Total £	Total £
<b>Cost</b>				
Brought forward	278,933,044	5,489,000	284,422,044	269,397,194
Additions	114,013	-	114,013	15,024,850
<b>Carried forward</b>	279,047,057	5,489,000	284,536,057	284,422,044
<b>Revaluation</b>				
Brought forward	28,166,956	561,000	28,727,956	31,352,806
Revaluation during the period	15,035,987	500,000	15,535,987	(2,624,850)
<b>Carried forward</b>	43,202,943	1,061,000	44,263,943	28,727,956
<b>Value per independent valuer</b>	322,250,000	6,550,000	328,800,000	313,150,000
<b>Lease Incentive Asset</b>				
Brought forward	(2,105,722)	(43,991)	(2,149,713)	(2,307,046)
Movement during the period	136,840	(2,208)	134,632	157,333
<b>Carried forward</b>	(1,968,882)	(46,199)	(2,015,081)	(2,149,713)
<b>Long leasehold valuations</b>				
Brought forward	-	800,730	800,880	800,880
Revaluation during the period	-	(70)	(70)	(150)
<b>Carried forward</b>	-	800,660	800,810	800,730
<b>Carrying value</b>	320,281,118	7,304,461	327,585,729	311,801,017

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

**12 Investment Properties (continued)**

The fair value of investment properties at 31 December 2024 was determined by the Company's independent valuer, Colliers International Valuation UK LLP. The valuations are in accordance with RICS standards and were arrived at by reference to market evidence of transactions for similar properties. The valuations performed by the independent valuer are reviewed internally by senior management and the directors.

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

**13 Debtors**

	<u>31 December 2024</u>	<u>30 June 2024</u>
	£	£
Prepayments and accrued income	1,082,763	969,319
Trade debtors	1,841,104	1,185,242
Deferred lease incentives	2,015,081	2,149,713
Other debtors	6,514,886	3,209,211
	<u>11,453,834</u>	<u>7,513,485</u>

Included within trade debtors are provisions of £129,805 (30 June 2024: £236,688) for doubtful debts.

**14 Creditors: Amounts Falling Due Within One Year**

	<u>31 December 2024</u>	<u>30 June 2024</u>
	£	£
Finance lease liabilities	25	24
Trade creditors	18,584	90,431
Rental income in advance	4,465,100	3,955,219
Accruals	1,861,151	1,807,609
Withholding taxes and other taxes	1,071,785	809,253
Tenant deposits	1,851,899	1,805,616
Other creditors	743,690	694,800
	<u>10,012,234</u>	<u>9,162,952</u>

**15 Creditors: Amounts Falling Due After More Than One Year**

	<u>31 December 2024</u>	<u>30 June 2024</u>
	£	£
Bank loans - due between one and two years	61,750,000	61,750,000
Bank loans - due between two and five years	30,000,000	30,000,000
Bank loans - due in more than five years	-	-
Finance lease liabilities	801,427	801,440
Fair value of derivatives	129,443	-
	<u>92,680,870</u>	<u>92,551,440</u>

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

The Company have a £35m term loan and a £35m revolving credit facility with Barclays, of which £8.25m 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 2026 following a 12 month extension agreed on 6 December 2023, 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 Company has swaps in place with Barclays covering all of the currently drawn debt. £40m is fixed at 4.513% plus the margin of 1.55%, £6.75m at 4.639% plus the margin, and £15m at 4.556% plus the margin. These swaps mature at the same time as the loan facilities.

At 31 December 2024 the Company's interest rate swap had a market value at a liability position of £129,443.

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

**16 Finance Leases**

	<u>31 December 2024</u>	<u>30 June 2024</u>
	£	£
Included within current liabilities	25	21
Included within non-current liabilities	801,427	801,440
	<u>801,452</u>	<u>801,461</u>
Future minimum lease payments due under finance leases:		
within one year	77,570	77,570
in more than one year and less than five years	310,280	310,280
in more than five years	6,057,745	6,096,530
	<u>6,445,595</u>	<u>6,484,380</u>

The Company's finance leases relate to two long leasehold investment property holdings, the value of which is shown in note 12.

**17 Share Capital and Reserves**

	<u>Number of</u> <u>Shares</u>	<u>Share</u> <u>Capital</u> £	<u>Share</u> <u>Premium</u> £	<u>Capital</u> <u>Reduction</u> <u>Reserve</u> £	31 December 2024 <u>Total</u> £
<b>Issued and fully paid</b>					
At 1 July 2024 - 122,265,642 ordinary shares of £0.01 each	122,265,642	1,222,656	127,141,330	39,000,000	167,363,986
At 31 December 2024	<u>122,265,642</u>	<u>1,222,656</u>	<u>127,141,330</u>	<u>39,000,000</u>	<u>167,363,986</u>

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



## **18 Net Asset Value**

The Company's net asset value per ordinary share is 194.43p based on shareholders' funds of £237,726,729 and 122,265,642 ordinary shares in issue at the period end.

No adjustment has been made for any potential performance fee due to the property manager. If the investment properties were sold at their values at 31 December 2024, there would be a performance fee payable of £8,879,906. The net asset value after the potential performance fee was 187.17p per share at 31 December 2024.

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

	<b>Net Asset Value</b>	<b>Net Asset Value per Share</b>
	<b>£</b>	<b>£</b>
Net asset value as shown in these financial statements	237,726,729	1.9443
Fair value adjustment to remove finance lease accounting for long leasehold investment properties	792	-
Performance fee provision	(8,879,906)	(0.0726)
Net asset value as published on the International Stock Exchange as at 31 December 2024	<u>228,847,615</u>	<u>1.8717</u>

## **19 Capital Commitments**

The Company had no capital commitments outstanding at 31 December 2024 (30 June 2024: £nil).

## **20 Related Party Transactions**

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

Directors' emoluments of £42,108 were paid during the period (period to 31 December 2023: £40,686). £Nil was payable at 31 December 2024 (31 December 2023: £nil).

Toby Dean is a director and shareholder of the Property Manager, Clipstone Investment Management Limited. Clipstone Investment Management Limited charged fees of £1,410,387 to the Company during the period (period to 31 December 2023: £1,398,871) of which £741,786 was outstanding at the period end (31 December 2023: £699,063).

Toby Dean is a director and indirect shareholder of the Alternative Investment Fund Manager, Clipstone Capital Limited. Clipstone Capital Limited charged fund management fees of £10,000 to the Company during the period (2023: £10,000) of which £5,000 was outstanding at the period end (2023: £5,000).

During the period the Company was charged £527,601 (2023: £544,359) in insurance premiums by Clipstone Capital Limited. At the period end there was £nil outstanding (2023: £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 Company 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 Company only incurs the cost of insurance for vacant properties and any insurance relating to developments. During the period the cost of insurance to the Company was £8,051 (2023: £10,903). All transactions were carried out at arm's length.

**CLIPSTONE INDUSTRIAL REIT PLC**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

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**21 Operating Leases**

	<u><b>31 December 2024</b></u>	<u><b>30 June 2024</b></u>
	£	£
Future minimum lease payments receivable under non-cancellable operating leases:		
within one year	15,342,435	15,566,653
in more than one year and less than five years	36,128,407	37,864,557
in more than five years	26,840,343	28,386,136
	<u><u>78,311,186</u></u>	<u><u>81,817,346</u></u>

**22 Post Balance Sheet Events**

An Interim dividend of 1.65p per share was declared on 6 February 2025 and paid on 21 February 2025.