

CLIPSTONE INDUSTRIAL REIT PLC

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

Registered number 09046897

CLIPSTONE INDUSTRIAL REIT PLC
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CLIPSTONE INDUSTRIAL REIT PLC
DIRECTORS, MANAGEMENT AND ADVISERS

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
Depository	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

CLIPSTONE INDUSTRIAL REIT PLC
STRATEGIC REPORT
CHAIRMAN'S STATEMENT

Following the year end the Company entered into an agreement to sell its shareholdings in its two property holding subsidiaries, Clipstone IX Limited and Clipstone Ten Limited, resulting in a disposal of its entire property holding. The agreement was signed on 13 August 2025 and will complete on 1 October 2025. This marks a significant point in the life of the Company, following ten years of building and actively managing a good quality portfolio of UK industrial properties. The sale represents a property value of £345m. At an extraordinary general meeting ("EGM") on 18 September 2025 shareholders approved an optional buy-back of up to £20m, providing an opportunity for liquidity of this amount for Shareholders. In addition, some existing investors have provided £13.6m via the secondary market. The Company has a long history of significant shareholdings by charities. This liquidity event offers an ideal opportunity for the Alternative Investment Fund Manager ("AIFM"), Clipstone Capital Limited, to launch a new Charities Fund. At the EGM Shareholders approved a resolution to buy back the shares owned by our charity shareholders, with the proceeds to be used to capitalise this new Charities Fund. The Clipstone Charities Unit Trust ("CCUT") will invest via a joint venture with the Company to redeploy the remaining net proceeds from the sales of Clipstone IX Limited and Clipstone Ten Limited.

The industrial property market has seen improvement in capital values and investment activity since the downturn in 2022-23. MSCI capital values for the year to 30 June 2025 for UK industrials increased by 5.3%, compared with 2.6% for all UK properties. Investment activity has also picked up, with some notable merger and acquisition activity, particularly the acquisitions of Warehouse REIT and Urban Logistics REIT by Tritax and LondonMetric respectively. Our portfolio valuation on a like-for-like basis increased by 6.9% in the year to 30 June 2025. In June 2024, the Company's portfolio was valued at an equivalent yield of 5.91%; in June 2025, the valuation implied an equivalent yield of 5.95%, showing the impact of positive asset management results on the valuation.

The Group undertook no transactional activity during the year. Our portfolio valuation increased from £313.15m to £334.90m. Taking into account income, the total return for shareholders was 12.6%, which compares with the MSCI/AREF UK Quarterly Property Fund Index total return of 6.3%, and the MSCI UK Industrial Property return of 10.6%. The portfolio has maintained its outperformance of the wider UK property market, sitting fifth out of 166 portfolios within the MSCI UK All Property Index since we started contributing data to MSCI in Q1 2019.

The economic picture in the UK remains fairly lifeless, with weak growth and inflation sticking above the government's 2% target. While higher inflation has been persistent, interest rates have been cut following a peak in August 2023 at 5.25%, to 4.00% in August 2025. This by no means implies that risks around inflation have receded, and rate setters continue to urge caution. Future rate cuts look likely to be drawn out. The increased costs of debt have posed a challenge for the Company to maintain its level of profitability. We have been able to mitigate this through active asset management, keeping void rates low and increasing rental levels across our estates, enabling us to maintain a stable dividend of 6.5p per annum.

The sale of the Company's existing portfolio is at a premium to the most recent valuation. This is against a backdrop of London-listed REITs trading at discounts to NAV. It has also provided an opportunity for liquidity for existing Shareholders, many of whom have been Shareholders for over ten years, and will provide the Company with cash to invest in what we believe is an attractive market for smaller lot sizes. We specialise in sourcing smaller industrial estates with significant asset management potential. These kind of properties are often ignored by institutional buyers due to the level of management required relative to the lot size. These investors will typically only look at such assets once they have been aggregated into a larger portfolio. We have the expertise to build such a portfolio, and drive returns for investors through our active ownership to an eventual exit.

The Board would like to thank the team at Clipstone Investment Management. They have continued to work hard to deliver returns for shareholders. Their efforts have provided shareholders with a steady income return and capital values have outperformed the rest of the property market since launch.

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

CLIPSTONE INDUSTRIAL REIT PLC
STRATEGIC REPORT
CHAIRMAN'S STATEMENT (Continued)

I am pleased to report the results of the Group for the year ended 30 June 2025.

Results to 30 June 2025

The Group's properties were independently valued at 30 June 2025 at £334.90m (30 June 2024: £313.15m), an increase of 6.9% from the portfolio valuation on 30 June 2024 on a like-for-like basis. This increase has principally been driven by active asset management, improving both passing rents and expected rental values across the portfolio. Portfolio yields remain roughly the same as 12 months ago, yet contracted rents are over 6% higher, and expected rental values over 7% higher than a year ago.

The Group's net asset value (NAV) per share at 30 June 2025 was £1.9951 (30 June 2024: £1.8159). 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 2025, there would be a performance fee payable of £9,534,707 (30 June 2024: £6,393,730). The NAV net of the potential performance fee would have been £1.9171 per share at 30 June 2025 (30 June 2024: £1.7636). The total return since listing, representing both the NAV increase and dividends paid to 30 June 2025, net of the potential performance fee, is 153.7% (30 June 2024: 131.9%).

Events to 30 June 2025

I summarise below the material events that have taken place during the year ended 30 June 2025.

Interim dividends totalling 6.5 pence per share were declared during the year comprising dividends of 1.6250 pence per share paid on 23 August 2024, 1.6250 pence per share on 22 November 2024, 1.6250 pence per share on 21 February 2025 and 1.6250 pence per share on 23 May 2025.

Management Fees

Following the completion of the sale of Clipstone IX Limited and Clipstone Ten Limited, The Board has agreed with the Property Manager to reduce the annual management fee to 1.00%. Furthermore, no fee will be paid on cash held by the Group until cash makes up less than 20% of gross asset value. Previously the fee was charged at a rate of 1.25% of NAV per annum up to NAV of £225m and 1.00% for amounts over £225m.

The sales of Clipstone IX Limited and Clipstone Ten Limited will result in the indirect sale of all of the Group's Portfolio Interests, and therefore 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. The performance fee to be realised following the disposal is estimated to be around £10.8m. The final value of the performance fee will be calculated based on the final post sale NAV. There will also be a true up of the performance fee following the release of the rent guarantee given by the Company on the sale of Clipstone IX Limited and Clipstone Ten Limited, the write off of any arrears assigned to the Company, and the receipt of any back rents.

As agreed at the Company's Extraordinary General Meeting on 18 September 2025, the Property Manager's performance fee will be rebased on the same terms as the previous performance fee.

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 reviews 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

On 13 August 2025, the Company entered into a binding agreement to sell its shareholdings in Clipstone IX Limited and Clipstone Ten Limited for a combined price of £251.26m. This price is a provisional amount required to complete the transaction, however a post-sale true-up will take place to amend the final price to be equal to the Net Asset Value of the two companies as defined by the Sale and Purchase Agreement. This transaction was subsequently approved by Shareholders at an EGM held on 18 September 2025. The disposal is due to complete on 1 October 2025. This represents a valuation of the Companies' properties of £345m. The profit on disposal for the Company, being net proceeds less original book cost of the shares in the subsidiaries was £60.9m. This is before the payment of the performance fee, which is estimated to be £10.8m, and the provision for the rent guarantee agreed under the Sale and Purchase Agreement. The amount of the initial provision will be £2,345,374. This guarantee relates to 11 vacant units owned by Clipstone IX Limited. The guarantee requires the Company to pay the purchaser an agreed amount relating to rent for each of the vacant units and to cover the void insurance, rates and service charge costs. These amounts are payable for 2 years from completion to the extent that these units remain vacant.

On 18 September 2025, the Company held an EGM, at which Shareholders agreed that the Company would buy back up to £20m worth of shares at the NAV following completion of the disposal of Clipstone IX Limited and Clipstone Ten Limited, less a discount of 2.5%. The Company received Forms of Election from Shareholders, electing to buy back a total of 6.87m shares. At the post disposal estimated NAV less a 2.5% discount of £1.8824 each, the total amount of the buy back is estimated to be £12.93m.

At the EGM Shareholders also agreed that the Company will acquire West Norfolk Tomatoes Limited ("WNT"). WNT is a small property company that owns six London and South East industrial properties. The price for WNT will be determined by the average of two independent third party valuations and approved by the independent non-executive Directors of the Company plus the value of the other net assets of WNT. The total price is estimated to be c.£24m. This acquisition is consistent with the Company's intention to re-deploy the substantial majority of the proceeds of the sale of Clipstone IX Limited and Clipstone Ten Limited in accordance with its investment strategy and its status as a REIT. As WNT currently owns Shares in the Company, it was approved at the EGM that these Shares will be bought back by the Company for £1.8m (an amount to cover the cost to WNT of the buy-back) immediately prior to the acquisition of WNT by the Company, in order to address the corporate law complexity that would arise from WNT continuing after the acquisition to hold Shares in its parent, the Company. The consideration for the acquisition will be a mix of new shares in the Company and cash. The amount of cash is expected to be c.£11.5m, however the amount of shares to be issued as consideration will be limited to avoid triggering a mandatory offer requirement under Rule 9 by the existing shareholders of WNT.

At the EGM the Shareholders agreed that the Company will buy back all of the shares in issue held by its registered charity Shareholders. The consideration will be used as by the charities to acquire units in the Clipstone Charities Unit Trust ("CCUT"). CCUT will enter into a joint venture agreement with a newly established fully owned subsidiary of the Company (Clipstone 11 Limited) to invest the net proceeds of the sale of Clipstone IX Limited and Clipstone Ten Limited.

An interim dividend of 1.6250 pence per share was declared on 22 August 2025 and paid on 29 August 2025.



Karl Sternberg
Chairman

30 September 2025

The Directors present their Strategic Report on the Company for the year to 30 June 2025.

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 will be reduced to 1.00% following the completion of the disposal of Clipstone IX Limited and Clipstone Ten Limited. In addition, the management fee will not be charged on cash until it represents less than 20% of gross asset value. It was previously 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. The management fee is 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. A performance fee will be crystallised and paid following the disposal of Clipstone IX Limited and Clipstone Ten Limited, and subsequently rebased. 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 29 August 2025 at an annualised rate of 6.50p per share. The Board is targeting sustainable increases in the dividend rate once the proceeds from the sales of Clipstone IX Limited and Clipstone Ten Limited have been reinvested.

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 40.

Key Performance Indicators (Continued)

The Company's net asset value (NAV) less potential performance fee per share at 30 June 2025 was £1.9171 (2024: £1.7636), which represents an increase of 95.6% (2024: 80.0%) 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 2025 was 153.7% (2024: 131.9%).

The Company's properties were independently valued at 30 June 2025 at £334.900m (2024: £313.150m), an uplift of 22.9% (2024: 14.9%) over their aggregate acquisition price, excluding acquisition costs.

Outlook

While the industrial property market has stabilised and begun to show signs of improvement following a significant fall in valuations in the second half of 2022 in response to rising interest rates, there is still significant uncertainty concerning geopolitical events and their impact on the global and UK economy and on the future path of inflation and interest rates, despite the cuts in the Bank of England's base rate down to 4.00% in August 2025.

We remain confident in the prospects for UK industrial property underlying demand and supply dynamics in the occupational market for South East industrials. Directors believe current market conditions will allow the Company to acquire assets at attractive prices and with the potential to increase rents, and so capital values. The Directors believe today's market represents the best buying opportunity since 2008 for the Company's target market. Whilst buyers for larger deals are active, in the sub-£15 million range there are few buyers for good quality industrials. Institutional buyers are generally inactive as they are taking a "wait and see" approach. Private equity buyers are targeting larger deals, or deals with higher levels of risk. Property companies and high net worth individuals are constrained by the cost of debt.

The Directors believe that the Company can maximise returns by selling the current portfolio now at a premium to valuation and redeploying the capital. The properties in the current portfolio have been held for an average of over eight years with values improved by Clipstone's asset management. The Company now has an opportunity to crystallise this value and recycle the capital into a new portfolio of assets with opportunities to improve values through Clipstone's expertise in the sector.

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 Debt Financing

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.

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.

Risks Relating to Debt Financing (continued)

Following the disposal of Clipstone IX Limited and Clipstone Ten Limited, the Company will no longer have any borrowing facilities. Once the proceeds of the sales have been fully invested the Company will look to add a modest level of leverage to help improve long term returns to Shareholders, in line with our investment policy.

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.

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 also look to provide properties which are attractive to business, and which will support local employment. We are currently working towards the targets in our Net Zero Strategy. A report on performance against these targets is on page 10.

CLIPSTONE INDUSTRIAL REIT PLC
STRATEGIC REPORT (Continued)

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



Toby Dean

Director

30 September 2025

CLIPSTONE INDUSTRIAL REIT PLC
SUSTAINABLE PROPERTY INVESTMENT REPORT

The Company and its Property Manager are working towards achieving our goal of Net Zero by 2040. Our Net Zero Strategy sets out targets which will be key to achieving net zero. In this report we examine our progress against these targets. This report is not provided as a reporting obligation, but voluntarily to provide further information on our progress against our stated goals.

Strategy Area	Key Deliverables	Target	Progress
Carbon emissions measurements and baselining	Our initial carbon emissions baseline was measured through tenant provided meter readings and through proxy data based upon EPC data. The exercise was conducted by EVORA Global in 2022. The impact of embodied carbon emissions in our refurbishment programme has been assessed through a pilot study with Sharman Grimwade (M&E) and Architype (Architects).	The carbon baseline will be updated annually from 2026 to monitor progress in emission reduction (the next baseline will be 2026). From 2026 the carbon footprint will aim to also include accurate data for embodied carbon resulting from the refurbishment programme and aims to account for new fabric and M&E products where data is currently unavailable for industrial and warehouse sector. The 2026 baseline will include operational and embodied carbon assessments.	We are on track to meet this target. We are performing embodied carbon assessments at major refurbishments and have installed smart meters at a number of our estates. In addition to this we have signed up to a service which provides high level usage data for units where we don't have meters fitted, giving us close to 100% coverage of tenant utility usage data across our portfolio. This data will enable us to update our carbon baseline annually and give greater accuracy than the 2022 EVORA Global study, which relied largely on EPC data and estimates.
Improving the accuracy of Carbon emissions data collection	The low percentage of real data in the published baseline dependency upon tenant reporting and proxy data otherwise the baseline will continue to be estimated with a risk of inaccuracy. To address this Clipstone owned smart meters will be installed into units.	Smart meters/ data loggers will be rolled out across the Clipstone portfolio, with a target of over 50% coverage by floor area by the end of 2024.	We have now met this target. We have installed meters across c.56% of the portfolio by floor area. In addition we are now collecting high level aggregated data for properties where we do not have meters installed, meaning we are able to report on the utility usage across the vast majority of the portfolio.
Progress on plotting a trajectory to Net-Zero	The portfolio has a Net-Zero modelled trajectory resulting in Net Zero by 2050. This is an SBTi aligned target. We aim to improve this and achieve net-zero by 2040. The trajectories are modelled against the Paris agreement to hold temperature rise at 1.5 global temperature and does take into account higher rates of Global warming.	We will aim for a reduction in emissions exceeding 4% per annum, following the trajectory set out in the Evora Carbon Reduction Trajectory to meet or do better than the 2040 net zero target.	In our Greenhouse Gas Emissions Reporting below we provide an estimate for our full carbon footprint for the years ended 30 June 2025 and 30 June 2024 for the first time since our baselining exercise for 2019 and 2020. All of these annual figures used estimates, however the figure for 2024 uses considerably more actual data and the figure for 2025 is nearly all actual data. The 2019/2020 baselines calculate a carbon footprint of 4,312 tCO₂e. The 2024 figure is 22% below that at 3,364 tCO₂e. This is higher than 4% per annum over 5 years. In 2025 the footprint was 3,304 tCO₂e. This was only a 1.8% decrease, and largely thanks to grid decarbonisation as the total energy consumption increased. 2025 included significantly more real data, notably for our high energy usage data centre units. We hope to see a more significant reduction in future years comparing real data with real data. We are undertaking initiatives to reduce carbon consumption through interaction with existing tenants and refurbishment of vacant units.
Operational Energy and Carbon footprint reduction interventions - degasification	We will aim to remove gas from all units subject to: - tenant engagement and - the deployment of suitable innovation including new technology enabled and efficient solutions.	The 'aimed for' target date for degasification through gas ambient heater and water heater removal is 2035. By 2024 there will be a fully accurate inventory of gas installations in all units to enable better prioritisation of interventions with tenants. By 2025 a proforma will be developed setting out alternative energy solutions for tenants to follow or adopt.	We currently have information concerning the gas installations across the majority of the portfolio. We have smart meters installed covering 32 gas meters, with 8 showing that the tenant is using no gas at all. Our data feed for units without smart meters in is showing 87 meters. We don't know how many of these units are actually using gas. A further 16 units are not covered by either data service and we believe these all have gas supplies. We estimate that 82 units have gas in the warehouse and 59 have gas in the office. Gas is being removed from units when undertaking refurbishments. In some of these buildings we know that the tenant doesn't use the gas despite there being a supply.

Strategy Area	Key Deliverables	Target	Progress
Proportion of locally generated renewable electricity and energy resilience	The proportion of locally generated and stored electricity will increase as a proportion of the total usage by unit as new and improved technologies become available and can be installed. We will seek to develop a model and draft contract structure selling energy generated from PV to tenants.	The percentage of locally generated electricity will increase. We will aim to increase the production of local renewable energy from solar power, targeting 2 PV system installations a year from 2024. We will aim to generate income from all PV installations.	During the year we installed PV at one of our units in Crawley. This brings the total of PV systems across the portfolio to 4.
Energy consumption in units - energy efficiency	Linked to our target to decarbonise, we will seek to improve efficiency across the board and set a stretched target for energy consumption across all units.	By 2027 we will operate a stretched target of 40 kWh per square meter mean annual electricity consumption across the portfolio.	We are on track to meet this objective, however as shown below in our Greenhouse Gas Emissions Reporting, the vast majority of our emissions come from our tenants' energy usage, and therefore we cannot directly control them. Our electricity consumption for the year to 30 June 2025 was 108.5 kWh/m². The figure of 120.8 kWh/m² in the report below includes gas. One factor that will likely lead to increases in electricity use is the degasification of our units. This will mean that where space must be heated, and previously it was heated via gas, it will require electrical heating in the future. We will look to mitigate this where possible as part of our refurbishment program, for instance by installing energy efficient systems and where economically viable insulating office areas, and encouraging tenants to localise heating in warehouses, rather than heating the whole space. Looking at the data on a unit by unit basis where available, the vast majority of units have electricity consumption significantly below 40 kWh/m², however there are some units which are heavy users, include data centre users. Two data centre units account for over a quarter of the total electricity usage of the entire portfolio. It will be a challenge to reduce the energy intensity of these units due to their power requirements.
Embodied Energy and Carbon - Building Fabric and Refurbishment	The carbon impact of building works during construction and refurbishment needs to be reduced as up to 42% of UK emissions are from this source. Contractors and Designers and QS teams will be advised to specify sustainable/low carbon materials. While we may alert contractors to potential product substitutions for liability reasons the specifications and warranties will apply to contractor.	We will aim for refurbishment projects for their embodied carbon impact and seek to achieve a target of less than 300 Kg CO₂e per square metre. The embodied carbon target will apply to the 'in construction phase 'A1-A5' in order to reduce the carbon impact of refurbishments. This may also enable better life cycle and building life to be achieved. The outcomes of the Architype embodied carbon pilot study will enable a revised refurbishment specification to be adopted to assist with this aim from 2023.	We have begun performing embodied carbon auditing on major refurbishments. In the past twelve months we have undertaken 1 projects significant enough to merit an embodied carbon survey. This project included the installation of a PV system which significantly increased the upfront carbon. Upfront carbon was recorded at 170.3KgCO ₂ e/m ² (GIA) and 283.1KgCO ₂ e/m ² (GIA) whole life. We will continue to perform these surveys on future projects where the scope of the project is large and there are benefits to justify the cost.

Strategy Area	Target Area	Target	Progress
EPC improvements	We use EPC ratings as an important indicator for our individual units.	By 2028 all refurbishments will be EPC B with C as an absolute minimum.	The percentage of the portfolio with an EPC rating of D or worse has improved over the past 5 years, as shown below: 30 June 2020: 59.85% 30 June 2021: 50.34% 30 June 2022: 44.26% 30 June 2023: 39.66% 30 June 2024: 35.92% 30 June 2025: 20.00% This shows the progress made in improving the sustainability of our units through refurbishment, and in stock selection of new acquisitions and disposals. We are on track to meet this target, and the majority of refurbishments already achieve a C as a minimum.
Tenant engagement	A systematic programme of events and seminars will be made available to encourage greater knowledge and commitment from tenants driving their businesses	A tenant engagement policy with support materials and online engagement will be targeted for 2024 launch through working with third party providers. An annual tenant engagement metric will be set of circa 10 businesses per annum to include new and existing business supports. A tenant engagement manual will be written and supplied to tenants before the end of 2023 to initiate the engagement process.	We remain behind schedule on this target. We have developed a tenant manual which we have now distributed to tenants. This manual includes both guidance on sustainability matters, and more practical matters to do with their lease and occupation. We routinely engage with our tenants on these matters but have not formalised an approach at this stage.

Greenhouse Gas Emissions Reporting

In 2022 we reported on our baselining exercise, which 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 MWh total energy consumption, equivalent to carbon emissions of 4,312 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 now have automated the process, with smart meters providing tenant usage data for over 50% of our floor space. The majority of the remaining units we are receive aggregate usage data for. 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.

Methodology and Scope

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.

Scope 3 emissions are tenant-controlled gas and electricity. We have installed smart meters at a number of estates, however most of these were done part way through the prior year, and for some units we have not installed meters at all. Therefore, the figure provided in this report for 2024 is an estimate based on actual data from units comprising close to half of the portfolio's total floor area. For units where we only had data from part of the year, we extrapolated the figures to the beginning of the year. This is likely to provide an overestimate of the emissions as most of the installations were completed during autumn and winter, and so the data is overweighted to colder and darker months, where occupiers typically use more heat and light. For units where we have no data, we used the average per square foot data we have collected, and used this as an estimate for those units' energy usage. We consider this to be a reasonable method of estimation given the nature of our estates and users, and due to the fact that for 2025 we have data for the vast majority of units so only a small percentage is based on estimates.

The figures set out below 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 2025 and 2024.

Greenhouse Gas Emissions Reporting (Continued)

Carbon 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, 2, and 3 energy usage emissions for the year to 30 June 2025 and prior year are set out below.

Energy Usage	Year ended 30 June 2025 MWh	Year ended 30 June 2024 Restated MWh
<u>Scope 1</u>		
Void asset gas	-	0.1
<u>Scope 2</u>		
Landlord-controlled electricity	18.5	28.9
Void asset electricity	10.8	15.9
<u>Scope 3</u>		
Tenant energy used at our buildings	18,574.1	16,274.7
Total	18,603.4	16,319.6
Total (Scope 1 & 2)	29.3	44.9
Intensity - total energy consumption per m ² (kWh/m ²)	120.8	106.0

Sources of Greenhouse Gas Emissions	Year ended 30 June 2025 Tonnes of CO ₂ e	Year ended 30 June 2024 Restated Tonnes of CO ₂ e
<u>Scope 1</u>		
Void asset gas	-	-
<u>Scope 2</u>		
Landlord-controlled electricity	3.3	6.0
Void asset electricity	1.9	3.3
<u>Scope 3</u>		
Tenant energy used at our buildings	3,298.9	3,354.3
Total	3,304.1	3,363.6
Total (Scope 1 & 2)	5.2	9.3
<u>Carbon intensity</u>		
Carbon emissions per m ² (tCO ₂ e/m ²)	21.3	21.7
tCO ₂ e per £m net income after administration costs	185.2	208.4
<u>Carbon intensity (voids)</u>		
kgCO ₂ e per m ² time weighted vacant floor space	0.3	3.4
<u>Carbon intensity (Scope 1 & 2)</u>		
tCO ₂ e per £m net income after administration costs	0.3	0.6
£m net income after administration costs for the financial year	17.8	16.1

Scope 3 emissions account for the vast majority of our overall carbon footprint. The emissions for both 2024 and 2025 are below the 2019 baseline in terms of both overall energy consumption, carbon footprint, and intensity. The EVORA 2019 baseline had an intensity figure of 25.7 tCO₂/m², compared with 21.3 tCO₂/m² for 2025 and 21.7 tCO₂/m² for 2024. The 2019 baseline had a total energy consumption per m² of 105.6, compared with 120.8 above in 2025 and 106.0 in 2024. The likely reasons for the higher intensity of energy consumption is the presence of data centre users in our portfolio, which account for over a quarter of the total electricity usage, while making up only 3.3% of the total floor space. The improvement in the intensity of carbon emissions is mainly due to decarbonisation of the grid.

Greenhouse Gas Emissions Reporting (Continued)

Carbon Emissions (Continued)

As shown above, for both absolute emissions and carbon intensity for scopes 1 and 2 have increased in the past financial year compared with the previous year, however from an extremely low base. We expect fluctuations in line with the vacancy rates and due to the impact of refurbishment works where contractors need to use on site power. Given the low level that these figures are already at, reducing them 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.

The 2024 figures have been restated to correct an error in the calculation of the estimation of emissions from units without smart meters installed. The calculation used carbon figures rather the kWh. This has been corrected and the figures restated as above.

Path to Net Zero

In April 2023 we published our Net Zero Strategy, which sets out what we need to do to achieve Net Zero by 2040, with a set of short and medium term targets against which we have reported above. Our strategy 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 and prohibit new gas installations. 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. We are undertaking embodied carbon assessments on major refurbishments and will look to use the knowledge gained from these surveys to target where we can reduce up front carbon on future projects.

We are pleased with the progress made against our targets, but not complacent about the work still to do over the coming years.

We are cognisant of the fact that the interventions needed to reach net zero will require capital expenditure. We will ensure that any spending is done so on the basis that we consider it economically prudent. We are confident that in the long run the benefit in capital and rental values from making the right interventions will outweigh their cost. The key is ensuring we make the right interventions, and that is what we will look to address as we implement our Net Zero Strategy.

Social and Governance

In addition to our commitments around sustainable property investment, we also have policies on social responsibility and good governance. We require contractors to follow our modern slavery and supplier code of conduct. We 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.

We require staff to abide by our Equality, Diversity and Inclusion 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. In order to promote the participation of underrepresented groups in the property industry, Clipstone 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. We continue to support our student who has just finished his final year at Nottingham Trent. We look forward to providing him support with his future career in real estate. We intend on supporting the scheme again and a new student for the coming academic year.

The Company and its Property Manager's sustainable property investment policies and targets along with the Company's Net Zero Strategy and accompanying policies can found on our website.

<http://www.clipstone.co.uk/environmental-social-and-governance-policies/>

CLIPSTONE INDUSTRIAL REIT PLC

DIRECTORS' REPORT

The Directors present their Report and Financial Statements of the Company for the year to 30 June 2025.

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 23 August 2024, 1.6250 pence per share on 22 November 2024, 1.6250 pence per share on 21 February 2025 and 1.6250 pence per share on 23 May 2025.

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:

	<u>30 June 2025</u>	<u>30 June 2024</u>
Karl Stephen Sternberg	322,768	322,768
Anna Rule	-	-
Toby John Grenville Dean	13,901,774	13,901,774
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 19.

Annual General Meeting

The Annual General Meeting of the Company will be held on 10 November 2025.

By order of the Board

A handwritten signature in blue ink, appearing to be 'Toby Dean', with three dots following it.

Toby Dean
Director

30 September 2025

CLIPSTONE INDUSTRIAL REIT PLC

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 2025. 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.

CLIPSTONE INDUSTRIAL REIT PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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 2025 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 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 of the parent company's affairs as at 30 June 2025 and of the Group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements 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 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.

Our approach to the audit

Our Group audit was scoped by obtaining an understanding of the group and the parent company and their environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

The entire Group is audited by one audit engagement team, led by the senior statutory auditor. The Group comprises the parent company, 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. At 30 June 2025, the group had two components other than the parent company whose transactions and balances are included in the consolidated financial statements. Both components, being Clipstone IX Limited and Clipstone Ten Limited, were considered to require a full scope audit. 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 total assets as presented in the statement of financial position.	- We assessed the Group's external property valuer's objectivity, professional qualifications, and resources to complete the valuation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIPSTONE INDUSTRIAL REIT PLC (Continued)

Key audit matter and description	Audit Approach
Valuation of investment properties (Group/Subsidiaries) (Continued) The valuation of investment properties requires estimation, and the directors enlist the services of an independent valuer to assist in this regard. The valuation of investment properties at the reporting date included in the statement of financial position is £333,700,638 (2024: £311,801,017). Details 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 in accordance with the requirements of FRS 102. <i>Refer to note 2(m) in relation to critical accounting judgements and key estimated of uncertainty.</i> <i>Refer to note 12 in relation to Investment properties for the group and note 13 for the Company only financial statements.</i>	- We critically assessed 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. - We have critically assessed the movement in the valuation of properties from the prior year and obtained the rationale and supporting evidence for any changes not in line with our expectations. We based our expectations on our experience and current industry benchmarks. - We considered the impact of significant post year-end transactions, including the agreed sale of subsidiaries (Clipstone IX Limited and Clipstone Ten Limited), on the valuation of the Group's investment properties. Our procedures assessed whether these transactions provided additional evidence relevant to year-end valuations or indicated the need for enhanced disclosure. - We considered the adequacy of the Company's disclosures in the notes to the financial statements about the degree of estimation and sensitivity to key assumptions made when valuing the properties. We concluded that the accounting for investment properties was in accordance with the requirements of FRS 102 and that the disclosures in the financial statements were appropriate.
Valuation of investments in subsidiaries (Parent) Clipstone Industrial REIT Plc holds 100% of the share capital of two subsidiary undertakings being Clipstone IX Limited and Clipstone Ten Limited. The value of these investments forms the majority of the Parent Company's total assets as presented in the statement of financial position. Given the material nature of the balances, we are required to consider whether investments are correctly valued within the Parent company financial statements. The valuation of the investment in subsidiaries at year end included in the statement of financial position is £187,419,387. 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 performed in conjunction with our work referred to above on the valuation of investment properties, which are all held by the two subsidiary entities, and therefore, form the most significant part of the subsidiaries' balance sheets. - We considered the impact of the agreed sale of the subsidiaries (Clipstone IX Limited and Clipstone Ten Limited), which was announced post year-end. Our procedures assessed whether the agreed transaction price provided additional evidence in respect of the year-end carrying value of the investments. We concluded that the accounting for investment was in accordance with the requirements of FRS 102 and that the disclosures in the financial statements were appropriate.

Our application of materiality

The scope and focus of our audit was influenced 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

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, and accordingly this consideration influenced our benchmark for materiality. Using our professional judgement, we determined materiality for the Group to be £3,460,000, having started from a basis of 1% of gross assets.

On the basis of our risk assessment, 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, £1,730,000.

We agreed to report to the directors all audit differences in excess of £173,000 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, could influence the decisions of users. As a result, determined materiality for these items based on 2% of rental income being £274,000.

Parent company materiality

Using our professional judgement, we determined materiality for the parent company to be £3,114,000, having started from gross assets. On the basis of our risk assessment, 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, £1,557,000.

We used total expenses to determine the materiality for other classes of transactions and account balances not related to investment properties, as we considered this to be the focus for the users of the parent company financial statements. Having used a basis of 2% of total expenses, we calculated overall parent company materiality of £65,000 and performance materiality of £32,000, being 50% of overall parent company materiality. We agreed to report to the directors all audit differences in excess of £3,000, as well as differences below that threshold that in our view warranted reporting on qualitative grounds.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component in the Group based on percentage of group gross assets for financial statement materiality and percentage of rental income for specific materiality. The materiality levels used ranged from £881,000 to £2,569,000 for financial statement materiality and £90,000 and £274,000 for specific materiality. We further applied performance materiality level of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

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 the parent company' ability to continue to adopt the going concern basis of accounting included the following considerations:

- We have reviewed and challenged management over the forecasts that support the going concern assessment and held discussions with management and those charged with governance.
- We have confirmed the significant cash inflows within the projections to supporting documentation including the consideration receivable on the agreed sales of the parent company's subsidiaries. We have confirmed that, there are no remaining conditions attached to this transaction and that the consideration will be received in the near future.
- We have confirmed significant cash outflows to supporting documentation to ensure the amounts are formally committed or contracted. We have held discussions with management and considered other information obtained during the audit to ensure that the commitments are complete.
- We have considered the headroom shown within the cash flow projections in light of the level of contracted and committed expenditure and conducted sensitivity analysis on the key areas.

Conclusions relating to going concern (continued)

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 contained 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.

In connection with our audit of the financial statements, 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 themselves. 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 the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where 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 and the part of the directors' remuneration report to be audited 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; or
- a corporate governance statement has not been prepared by the parent company.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 17, 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 the 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/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-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 company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, the rules of The International Stock Exchange (TISE) and the UK Real Estate Investment Trust ("REIT") regime.
- 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 with governance.
- 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.
- We also performed analytical review procedures to identify any unusual relationships that may indicate a material misstatement, and additionally tested the appropriateness of journals to address the risk of fraud through management override of controls.
- 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

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

30 September 2025

CLIPSTONE INDUSTRIAL REIT PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Year ended 30 June 2025 £	Year ended 30 June 2024 £
Turnover - Rental income		18,199,219	16,524,048
Cost of sales			
- Direct property expenses		(1,742,875)	(1,397,474)
- Property management expenses		(2,926,420)	(2,819,548)
		(4,669,295)	(4,217,022)
Gross profit		13,529,924	12,307,026
Other operating income		31,874	99,991
Administrative expenses		(359,969)	(386,060)
Gain on disposal of investment properties	7	-	29,260
Value adjustments			
- Fair value of investment properties	12	21,635,843	(2,625,000)
- Value of incentives on investment properties	12	149,765	157,333
- Derivative financial instruments		(45,349)	45,349
		21,412,164	(2,679,127)
Operating profit	4	34,942,088	9,627,899
Interest receivable		49,232	56,477
Interest payable	8	(5,141,671)	(4,213,406)
Profit on ordinary activities before tax		29,849,649	5,470,970
Taxation	9	-	-
Total comprehensive income for the financial year		29,849,649	5,470,970
Earnings per ordinary share			
Basic and diluted (pence per share)	11	24.4	4.5

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 2025

	Notes	<u>30 June 2025</u> £	<u>30 June 2024</u> £
Fixed assets			
Investment properties	12	333,700,638	311,801,017
Fair value of derivative financial instruments		-	45,349
		<u>333,700,638</u>	<u>311,846,366</u>
Current assets			
Debtors	14	6,954,257	7,513,485
Cash at bank and in hand		5,388,267	4,379,973
		<u>12,342,524</u>	<u>11,893,458</u>
Creditors: amounts falling due within one year	15	(71,313,934)	(9,162,952)
Net current assets/(liabilities)		<u>(58,971,410)</u>	<u>2,730,506</u>
Total assets less current liabilities		274,729,228	314,576,872
Creditors: amounts falling due after more than one year	16	(30,801,414)	(92,551,440)
Net assets		<u><u>243,927,814</u></u>	<u><u>222,025,432</u></u>
Capital and reserves			
Called up share capital	19	1,222,656	1,222,656
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	155,014
Investment revaluation reserve		48,841,705	27,056,097
Profit and loss account		27,567,109	27,450,335
Shareholders' funds		<u><u>243,927,814</u></u>	<u><u>222,025,432</u></u>
Net asset value per ordinary share (pence)	20	<u><u>199.51</u></u>	<u><u>181.59</u></u>

The Company's profit for the year was £8,132,772 (2024: £5,648,325).

These financial statements were approved and authorised for issue by the board on 30 September 2025 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 2025

	Notes	<u>30 June 2025</u> £	<u>30 June 2024</u> £
Fixed assets			
Investment in subsidiary undertakings	13	187,419,387	187,419,387
Current assets			
Debtors	14	21,459	319,988
Cash at bank and in hand		859,934	313,148
		881,393	633,136
Creditors: amounts falling due within one year	15	(1,163,940)	(1,101,188)
Net current assets/(liabilities)		(282,547)	(468,052)
Total assets less current liabilities		187,136,840	186,951,335
Creditors: amounts falling due after more than one year	16	-	-
Net assets		187,136,840	186,951,335
Capital and reserves			
Called up share capital	19	1,222,656	1,222,656
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	155,014
Profit and loss account		19,617,840	19,432,335
Shareholders' funds		187,136,840	186,951,335

These financial statements were approved and authorised for issue by the board on 30 September 2025 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 2025

	<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
Profit for the year	-	-	-	-	-	5,470,970	5,470,970
Unrealised loss on revaluation of investment property transferred to revaluation reserve	-	-	-	-	(2,625,000)	2,625,000	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	157,333	(157,333)	-
Dividends paid (see note 10)	-	-	-	-	-	(7,947,267)	(7,947,267)
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 year	-	-	-	-	-	29,849,649	29,849,649
Unrealised gain on revaluation of investment property transferred from revaluation reserve	-	-	-	-	21,635,843	(21,635,843)	-
Lease incentive valuation adjustment transferred to revaluation reserve	-	-	-	-	149,765	(149,765)	-
Dividends paid (see note 10)	-	-	-	-	-	(7,947,267)	(7,947,267)
Balance at 30 June 2025	1,222,656	127,141,330	39,000,000	155,014	48,841,705	27,567,109	243,927,814

Retained Earnings represent the cumulative net gains and losses recognised in the consolidated statement of Comprehensive Income less dividends paid from this reserve. This reserve is distributable , except for any unrealised gains on investment properties.

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 2025

	<u>Share Capital</u> £	<u>Share Premium</u> £	<u>Capital Reduction Reserve</u> £	<u>Capital Redemption 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	21,731,277	189,250,277
Profit for the year	-	-	-	-	5,648,325	5,648,325
Dividends paid (see note 10)	-	-	-	-	(7,947,267)	(7,947,267)
Balance at 30 June 2024	1,222,656	127,141,330	39,000,000	155,014	19,432,335	186,951,335
Profit for the year	-	-	-	-	8,132,772	8,132,772
Dividends paid (see note 10)	-	-	-	-	(7,947,267)	(7,947,267)
Balance at 30 June 2025	1,222,656	127,141,330	39,000,000	155,014	19,617,840	187,136,840

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
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Year ended <u>30 June 2025</u> £	Year ended <u>30 June 2024</u> £
Cash flows from operating activities		
Profit for the financial year	29,849,649	5,470,970
Adjustments for:		
Gain on disposal of investment properties	-	(29,260)
Unrealised revaluation of investment properties	(21,635,843)	2,625,000
Movement in lease incentive valuation	(149,765)	(157,333)
Unrealised value adjustment of derivative financial instruments	45,349	(45,349)
Interest payable	5,141,671	4,213,406
Interest receivable	(49,232)	(56,477)
Change in debtors and accrued income	267,500	(374,529)
Change in creditors and accruals	443,410	453,325
Cash from operations	<u>13,912,739</u>	<u>12,099,753</u>
Interest paid	(4,676,050)	(3,892,441)
Interest received	49,232	56,477
Net cash from operating activities	<u>9,285,921</u>	<u>8,263,789</u>
Cash flows from investing activities		
Purchase of investment property and capital expenditure	(224,013)	(14,948,900)
Disposal of investment properties	-	29,260
Net cash from investing activities	<u>(224,013)</u>	<u>(14,919,640)</u>
Cash flows from financing activities		
Repurchase of Company shares	-	-
Proceeds from loan financing (net of fees)	(20,301)	14,859,333
Loan repayments	-	(1,250,000)
Repayments under finance leases	(77,570)	(77,569)
Dividends paid	(7,955,743)	(7,959,149)
Net cash from financing activities	<u>(8,053,614)</u>	<u>5,572,615</u>
Net increase/(decrease) in cash and cash equivalents	1,008,294	(1,083,236)
Cash and cash equivalents at the beginning of the year	4,379,973	5,463,209
Cash and cash equivalents at the end of the year	<u>5,388,267</u>	<u>4,379,973</u>
Components of cash and cash equivalents		
Cash	5,388,267	4,379,973
	<u>5,388,267</u>	<u>4,379,973</u>

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 £8,132,772 (2024: £5,648,325).

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.

The group's loan facilities are held by its subsidiaries Clipstone IX Limited and Clipstone Ten Limited. Upon completion of the disposal of these subsidiaries the group will no longer have any third party debt, and will have the proceeds from the sale, which will amount to in excess of £200m in cash, which is sufficient to meet the recurring expenditure and contractual demands of the Company. Accordingly, the financial statements have been prepared on the going concern basis.

2 Basis of Preparation and Accounting Policies (continued)

(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.

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.

2 Basis of Preparation and Accounting Policies (continued)

(g) Investment Properties (continued)

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 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 2025	Year ended 30 June 2024
	£	£
Fees payable to the Company's auditor for:		
- audit of the Company's annual accounts	49,230	55,036
- audit of the Company's subsidiaries' annual accounts	14,000	14,000
- Group tax compliance services	10,390	9,425
	<u>73,620</u>	<u>78,461</u>

5 Particulars of Employees

The Group had no employees during the year (2024: nil), other than the directors.

6 Directors' Emoluments

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Directors' emoluments for the Group	<u>84,239</u>	<u>82,818</u>

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

CLIPSTONE INDUSTRIAL REIT PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Gain on Disposal of Investment Properties

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Disposal proceeds	-	29,260
	<u>-</u>	<u>29,260</u>

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. During the year ended 30 June 2024, the Company received £29,260 relating to the rent top up.

8 Interest Payable

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Bank loan interest payable	4,752,096	3,889,285
Bank loan issue costs	312,029	246,572
Interest payable on finance leases	77,546	77,549
	<u>5,141,671</u>	<u>4,213,406</u>

9 Corporation Tax

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Current tax:		
UK corporation tax on profits for the year	-	-
	<u>-</u>	<u>-</u>

The tax charge for the year is lower than the standard effective rate of corporation tax in the UK during the year of 25.00% (2024: 25.00%). The differences are explained below:

	Year ended 30 June 2025	Year ended 30 June 2024
	£	£
Profit before tax	<u>29,849,649</u>	<u>5,470,970</u>
Corporation tax at effective rate of 25.00% (2023: 20.50%)	7,462,412	1,367,743
Effect of:		
Revaluation of property investments	(5,446,402)	616,917
Movement in valuation of derivative financial instruments	11,337	(11,337)
REIT tax exempt property rental profits and gains	(2,027,347)	(1,973,323)
	<u>-</u>	<u>-</u>
Effective corporation tax rate	<u>0.0%</u>	<u>0.0%</u>

CLIPSTONE INDUSTRIAL REIT PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 Dividends

	<u>Year ended</u> <u>30 June 2025</u>	<u>Year ended</u> <u>30 June 2024</u>
	£	£
Interim dividends paid of 6.5p (2024: 6.5p) per ordinary share	<u>7,947,267</u>	<u>7,947,267</u>

An interim dividend of 1.625 pence per share was declared on 22 August 2025 and paid on 29 August 2025.

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.

	<u>Year ended</u> <u>30 June 2025</u>	<u>Year ended</u> <u>30 June 2024</u>
	£	£
Net (loss)/profit attributable to ordinary shares	<u>29,849,649</u>	<u>5,470,970</u>
Weighted average number of ordinary shares:		
Issued ordinary shares at the start of the year	122,265,642	122,265,642
Effect of shares issued during the year	-	-
Basic and diluted weighted average number of shares	<u>122,265,642</u>	<u>122,265,642</u>
Basic and diluted (loss)/earnings per share (pence)	<u>24.4</u>	<u>4.5</u>

12 Investment Properties

	<u>30 June 2025</u> <u>Freehold</u>	<u>30 June 2025</u> <u>Leasehold</u>	<u>30 June 2025</u> <u>Total</u>	<u>30 June 2024</u> <u>Total</u>
	£	£	£	£
Cost				
Brought forward	278,933,044	5,489,000	284,422,044	269,397,194
Additions	114,013	-	114,013	15,024,850
Carried forward	<u>279,047,057</u>	<u>5,489,000</u>	<u>284,536,057</u>	<u>284,422,044</u>
Revaluation				
Brought forward	28,166,956	561,000	28,727,956	31,352,806
Revaluation during the year	20,935,987	700,000	21,635,987	(2,624,850)
Carried forward	<u>49,102,943</u>	<u>1,261,000</u>	<u>50,363,943</u>	<u>28,727,956</u>
Value per independent valuer	<u>328,150,000</u>	<u>6,750,000</u>	<u>334,900,000</u>	<u>313,150,000</u>
Deferred lease incentives (note 14)				
Brought forward	(2,105,722)	(43,991)	(2,149,713)	(2,307,046)
Movement during the year	153,391	(3,626)	149,765	157,333
Carried forward	<u>(1,952,331)</u>	<u>(47,617)</u>	<u>(1,999,948)</u>	<u>(2,149,713)</u>
Long leasehold valuations				
Brought forward	-	800,730	800,730	800,880
Revaluation during the year	-	(144)	(144)	(150)
Carried forward	<u>-</u>	<u>800,586</u>	<u>800,586</u>	<u>800,730</u>
Carrying value	<u><u>326,197,669</u></u>	<u><u>7,502,969</u></u>	<u><u>333,700,638</u></u>	<u><u>311,801,017</u></u>

12 Investment Properties (Continued)

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 2025 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 6.75%. Any performance fee due to the Property Manager is not included in the valuation.

13 Investment in Subsidiaries

	<u>30 June 2025</u> £	<u>30 June 2024</u> £
Cost		
At 1 July and 30 June	<u>187,419,387</u>	<u>187,419,387</u>

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

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

	<u>30 June 2025</u> £	<u>30 June 2024</u> £
Group		
Prepayments and accrued income	673,769	969,319
Trade debtors	1,213,689	1,185,242
Deferred lease incentives	1,999,948	2,149,713
Other debtors	3,066,851	3,209,211
	<u>6,954,257</u>	<u>7,513,485</u>
Company		
Prepayments and accrued income	21,459	21,108
Due from group undertakings	-	298,880
	<u>21,459</u>	<u>319,988</u>

Included within trade debtors are provisions of £99,838 (2024: £236,688) 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.

CLIPSTONE INDUSTRIAL REIT PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Creditors: Amounts Falling Due Within One Year

	<u>30 June 2025</u>	<u>30 June 2024</u>
	£	£
Group		
Finance lease liabilities (see note 17)	26	24
Trade creditors	11,279	90,431
Deferred income	4,342,405	3,955,219
Accruals	1,848,101	1,807,609
Withholding taxes and other taxes	918,868	809,253
Bank loans - due within one year	61,750,000	-
Tenant deposits	1,839,694	1,805,616
Other creditors	603,560	694,800
	<u>71,313,933</u>	<u>9,162,952</u>
Company		
Accruals	926,928	875,296
Withholding taxes and other taxes	237,012	225,892
	<u>1,163,940</u>	<u>1,101,188</u>

The Company has 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 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 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 terminates on 6 April 2026.

On 23 May 2025 the Company paid off and broke its interest rate swaps, at a cost of £285,300. The interest on its loan facilities with Barclays are now floating again at 1.55% over SONIA.

16 Creditors: Amounts Falling Due After More Than One Year

	<u>30 June 2025</u>	<u>30 June 2024</u>
	£	£
Group		
Bank loans - due between one and two years	-	61,750,000
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)	801,414	801,440
	<u>30,801,414</u>	<u>92,551,440</u>

The Group's £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.

CLIPSTONE INDUSTRIAL REIT PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Finance Leases	<u>30 June 2025</u> £	<u>30 June 2024</u> £
Included within current liabilities	26	24
Included within non-current liabilities	801,414	801,440
	<u>801,440</u>	<u>801,464</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	6,018,960	6,096,530
	<u>6,406,810</u>	<u>6,484,380</u>

The Group's finance leases relate to two (2024: two) 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 2025 was £nil (2024: £nil).

19 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> £	<u>30 June 2025</u> <u>Total</u> £
Issued and fully paid At 1 July 2024 and at 30 June 2025 (122,265,642 ordinary shares of £0.01)	<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.

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 199.51p based on shareholders' funds of £243,927,814 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 2025, there would be a performance fee payable of £9,534,707 (7.80p per share). The net asset value net of the potential performance fee was 191.71p per share at 30 June 2025.

20 Net Asset Value (continued)

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	243,927,814	1.9951
Fair value adjustment to remove finance lease accounting for long leasehold investment properties	853	-
Performance fee provision	(9,534,707)	(0.0780)
Net asset value as published on the International Stock Exchange as at 30 June 2025	<u>234,393,960</u>	<u>1.9171</u>

21 Capital Commitments

The Group had an no outstanding capital commitments at 30 June 2025 (2024: 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 £84,239 were paid during the year (2024: £82,818). £nil was payable at 30 June 2025 (2024: £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 £2,906,418 to the Company during the year (2024: £2,799,548) of which £752,326 was outstanding at the year end (2024: £703,701).

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 (2024: £20,000) of which £5,000 was outstanding at the year end (2024: £5,000).

During the year the Group was charged £527,601 (2024: £553,985) in insurance premiums by Clipstone Capital Limited, of which £nil was outstanding at the year end (2024: £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 £27,559 (2024: £21,697). 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:

	<u>30 June 2025</u> £	<u>30 June 2024</u> £
Financial assets that are debt instruments measured at amortised cost	10,455,066	9,738,897
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities that are debt instruments measured at amortised cost	96,854,074	96,949,920

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 2025 (2024: 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. However, the group entered into a transaction to dispose of its subsidiaries as detailed in note 25. Subsequent to the disposal, the company will hold in excess of £200m in cash which the directors consider is sufficient to cover on-going expenditure and contractual commitments and consider the liquidity risk to be low.

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

	<u>30 June 2025</u>	<u>30 June 2024</u>
	£	£
Future minimum lease payments receivable under non-cancellable operating leases:		
within one year	15,935,548	15,566,653
in more than one year and less than five years	38,592,176	37,864,557
in more than five years	27,235,918	28,386,136
	<u>81,763,642</u>	<u>81,817,346</u>

25 Post Balance Sheet Events

On 13 August 2025, the Company entered into a binding agreement to sell its shareholdings in Clipstone IX Limited and Clipstone Ten Limited for a combined price of £251.26m. This price is a provisional amount required to complete the transaction, however a post-sale true-up will take place to amend the final price to be equal to the Net Asset Value of the two companies as defined by the Sale and Purchase Agreement. This transaction was subsequently approved by Shareholders at an EGM held on 18 September 2025. The disposal is due to complete on 1 October 2025. This represents a valuation of the Companies' properties of £345m. The profit on disposal for the Company, being net proceeds less original book cost of the shares in the subsidiaries was £60.9m. This is before the payment of the performance fee, which is estimated to be £10.8m, and the provision for the rent guarantee agreed under the Sale and Purchase Agreement. The amount of the initial provision will be £2,345,374. This guarantee relates to 11 vacant units owned by Clipstone IX Limited. The guarantee requires the Company to pay the purchaser an agreed amount relating to rent for each of the vacant units and to cover the void insurance, rates and service charge costs. These amounts are payable for 2 years from completion to the extent that these units remain vacant.

On 18 September 2025, the Company held an EGM, at which Shareholders agreed that the Company would buy back up to £20m worth of shares at the NAV following completion of the disposal of Clipstone IX Limited and Clipstone Ten Limited, less a discount of 2.5%. The Company received Forms of Election from Shareholders, electing to buy back a total of 6.87m shares. At the post disposal estimated NAV less a 2.5% discount of £1.8824 each, the total amount of the buy back is estimated to be £12.93m.

25 Post Balance Sheet Events (continued)

At the EGM Shareholders also agreed that the Company will acquire West Norfolk Tomatoes Limited ("WNT"). WNT is a small property company that owns six London and South East industrial properties. The price for WNT will be determined by the average of two independent third party valuations and approved by the independent non-executive Directors of the Company plus the value of the other net assets of WNT. The total price is estimated to be c.£24m. This acquisition is consistent with the Company's intention to re-deploy the substantial majority of the proceeds of the sale of Clipstone IX Limited and Clipstone Ten Limited in accordance with its investment strategy and its status as a REIT. As WNT currently owns Shares in the Company, it was approved at the EGM that these Shares will be bought back by the Company for £1.8m (an amount to cover the cost to WNT of the buy-back) immediately prior to the acquisition of WNT by the Company, in order to address the corporate law complexity that would arise from WNT continuing after the acquisition to hold Shares in its parent, the Company. The consideration for the acquisition will be a mix of new shares in the Company and cash. The amount of cash is expected to be c.£11.5m, however the amount of shares to be issued as consideration will be limited to avoid triggering a mandatory offer requirement under Rule 9 by the existing shareholders of WNT.

At the EGM the Shareholders agreed that the Company will buy back all of the shares in issue held by its registered charity Shareholders. The consideration will be used as by the charities to acquire units in the Clipstone Charities Unit Trust ("CCUT"). CCUT will enter into a joint venture agreement with a newly established fully owned subsidiary of the Company (Clipstone 11 Limited) to invest the net proceeds of the sale of Clipstone IX Limited and Clipstone Ten Limited.

An interim dividend of 1.6250 pence per share was declared on 22 August 2025 and paid on 29 August 2025.

CLIPSTONE INDUSTRIAL REIT PLC
CONSOLIDATED DETAILED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2025

	Quarter to 30/09/2024	Quarter to 31/12/2024	Quarter to 31/03/2025	Quarter to 30/06/2025	Year to 30/06/2025	Year to 30/06/2024
RENTAL INCOME	4,383,894	4,451,261	4,648,003	4,716,061	18,199,219	16,524,048
Direct property expenses	(611,908)	(125,469)	(199,076)	(806,422)	(1,742,875)	(1,397,474)
Management fees	(678,601)	(741,786)	(748,705)	(757,328)	(2,926,420)	(2,819,548)
Performance fee	-	-	-	-	-	-
GROSS PROFIT	3,093,385	3,584,006	3,700,222	3,152,311	13,529,924	12,307,026
Gain on disposal of investment properties	-	-	-	-	-	29,260
Other income	4,449	29,521	(5,671)	3,575	31,874	99,991
<i>Value adjustments</i>						
Investment properties	6,392,976	9,277,643	2,546,365	3,568,624	21,785,608	(2,467,667)
Derivative financial instruments	(483,389)	308,597	(120,833)	250,276	(45,349)	45,349
	5,914,036	9,615,761	2,419,861	3,822,475	21,772,133	(2,293,067)
Administrative expenses						
Directors' remuneration	(20,711)	(21,397)	(22,131)	(20,000)	(84,239)	(82,818)
Directors' insurance	(6,735)	(6,735)	(7,038)	(6,662)	(27,170)	(27,189)
PR & Advertising	-	(8,651)	(28,480)	-	(37,131)	-
Audit fees	(15,938)	(15,417)	(15,938)	(15,937)	(63,230)	(69,036)
Tax fees	(2,500)	(2,500)	(2,840)	(2,550)	(10,390)	(9,425)
Legal fees	-	-	-	-	-	-
Valuation fees	(9,600)	(9,375)	(9,600)	(9,600)	(38,175)	(38,625)
Other professional fees	(13,137)	(13,168)	(13,658)	(13,278)	(53,241)	(55,755)
Bank charges	(690)	(487)	(675)	(613)	(2,465)	(2,163)
Bad debt expense	39,228	20,291	(67,518)	(8,896)	(16,895)	(77,959)
Miscellaneous	(5,821)	(5,814)	(7,511)	(7,887)	(27,033)	(23,090)
	(35,904)	(63,253)	(175,389)	(85,423)	(359,969)	(386,060)
OPERATING PROFIT	8,971,517	13,136,514	5,944,694	6,889,363	34,942,088	9,627,899
Net interest payable:						
Bank loan interest payable	(1,133,690)	(1,134,624)	(1,108,299)	(1,375,483)	(4,752,096)	(3,889,285)
Bank loan issue costs	(78,823)	(78,123)	(76,978)	(78,105)	(312,029)	(246,572)
Finance lease interest	(19,386)	(19,387)	(19,387)	(19,386)	(77,546)	(77,549)
Other interest payable	-	-	-	-	-	-
Interest receivable	10,696	19,904	8,079	10,553	49,232	56,477
	(1,221,203)	(1,212,230)	(1,196,585)	(1,462,421)	(5,092,439)	(4,156,929)
Profit for the period	7,750,314	11,924,284	4,748,109	5,426,942	29,849,649	5,470,970