GLENSTONE Property

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

REGISTERED NUMBER: 00986343

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FOR

GLENSTONE PROPERTY PLC

GLENSTONE PROPERTY PLC

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FOR THE YEAR ENDED 31 MARCH 2021

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021

DIRECTORS:	C L Powell R Shaunak A C Smith B P Green R P Maybury
REGISTERED OFFICE:	Parkway House Sheen Lane East Sheen London SW14 8LS
REGISTERED NUMBER:	00986343
AUDITORS:	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
BANKERS:	Handelsbanken plc Richmond Branch 31 The Green Richmond Surrey TW9 1LX Lloyds Bank plc 3rd Floor 10 Gresham Street London EC2V 7AE
VALUERS:	Lambert Smith Hampton Ltd UK House 180 Oxford Street London EC4Y 8EH
SOLICITORS:	Knights plc 34 Pocklingtons Walk Leicester LE1 6BU
REGISTRARS:	Link Group Central Square 29 Wellington St Leeds LS1 4DL

Introduction

Although we were in lockdown for most of the financial year, the executive team have managed well in maintaining our income and property values. More importantly, we have made some strategic decisions which will accelerate the Board's vision to become a diversified REIT delivering sustainable returns. The following changes should have a positive effect on the Company over the next few years.

- Restructured the executive team and Board.
- Appointment of Ben Green as Managing Director in June 2020.
- Adoption on a new vision and strategy for the Company presented to shareholders in February 2021.
- Reviewed all costs and improved the efficiency of the Company.
- Accelerated the portfolio re-alignment. Proceeds received totalling circa £31m for the sales of property and re-invested circa £10m in new acquisitions.
- Made a strategic investment in Alternative Income REIT plc ("AIRE"), a London listed REIT.

Financial Performance

The Group regularly monitors its key performance indicators (KPI's), and these are set out below:

INCOME
Rental and other property related income reduced to £8.92m, 85% of the previous years' total. This reduction in income relates to COVID-19 and the strategic decision made to hold cash.

PROFIT
The headline profit after taxation was £0.33m (2020: £2.71m). The reduction being entirely due to valuation losses.

NET ASSET VALUE
The main drivers of changes in the Net Asset Value ("NAV") are realised and unrealised valuations gains. The realised gain from property sales was £4.50m (2020: £0.32m). This year's unrealised revaluation loss was £9.17m (2020: loss £3.74m). The net valuation loss was £4.67m (2020: loss £3.42m).

TOTAL RETURN
The total return to shareholders over the 12 months to 31 March 2021 was -0.3% (2020: 2.5%).

The total return over the 5-year period since the merger in January 2016 is 27.2%, a compounded annual equivalent of 4.9%.

The NAV at the year-end was £11.91 (2020: £12.40) a reduction of 4.0%.

Property Income Distribution ("PID")

A minimum of 90% of the rental income profit must be distributed in the form of a PID. The total PID for the year ended March 2021 is 45p (2020: 58p). The second interim payment was made on 9 July 2021. This is a decrease of 13p (22.4%) on the previous year.

The reduction in the PID is a subsequent result of the COVID-19 pandemic but also reflects the strategic timing of the sale of the Collective Portfolio, realising a sizeable gain on exit.

Asset Valuation

Inevitably given the current climate, property values fell on 31 March 2021. The Board made the decision to revalue the portfolio for the half year interim statement to 30 September 2020. This revaluation resulted in a reduction of 4.7% on a like for like basis, when compared to the 31 March 2020 valuation.

The portfolio was valued by Lambert Smith Hampton dated 31 March 2021 at £130.04m down 6.7% on a like for like basis, when compared to the prior year. This reduction was reflective of the third national lockdown and the economic uncertainty that entailed. Strong asset management and portfolio re-alignment throughout the year meant the revaluation was not further impacted.

During the last year, the property portfolio has reduced in size and value. The proceeds from sales have reduced our net gearing and have also been strategically invested in both property and indirect property opportunities.

Investments

AIRE
In November 2020, the Board took the decision to acquire a strategic investment in Alternative Income REIT plc ("AIRE"), a London listed REIT.

AIRE's property assets provide long- dated, index linked income which are complimentary to the Glenstone portfolio and provide further diversification across the UK. The investment totaled £7.24m (60.5p per share) yielding an attractive 8% on the purchase price. The shares were bought at a 29% discount to their September 2020 valuation.

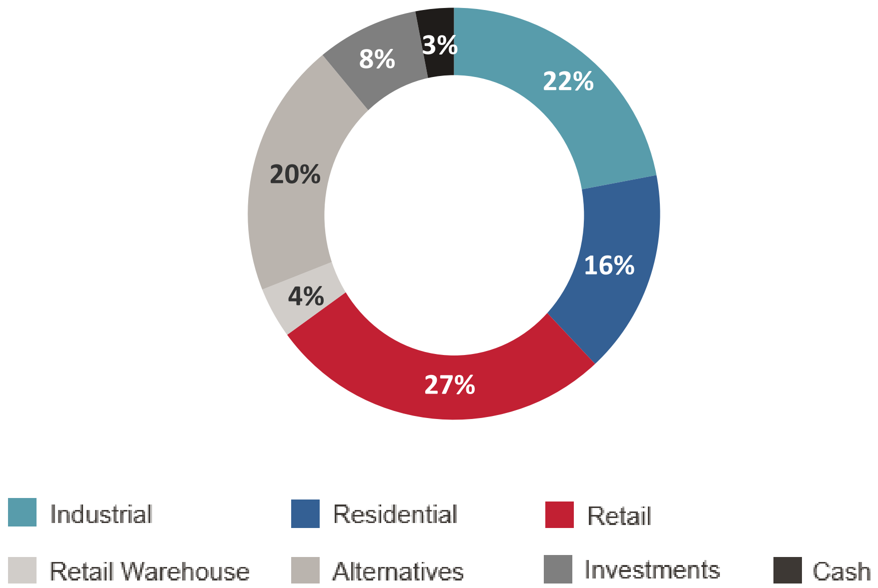
The shareholding was valued on 31 March 2021 at £7.65m (64.0p per share) although at the time of writing the valuation has risen to in excess of 70.0p per share.

LOANS
During the year, the Group granted three loan facilities totaling £4.75m, providing a blended interest coupon of over 8% per annum. All three loans will be repaid by August 2023.

Asset movement year- on- year:

Classification of Assets	31-Mar-20	Sales	Acquisitions	Revaluation	31-Mar-21
Industrial	£28.92m		£2.47m	+£0.49m	£31.88m
Residential	£48.55m	(£23.16m)		(£1.28m)	£24.11m
Retail	£48.14m	(£3.38m)		(£5.21m)	£39.55m
Retail Warehouse			£5.53m	(£0.21m)	£5.32m
Alternatives	£30.05m	(£0.31m)	£2.23m	(£2.78m)	£29.19m
Investments - AIRE - Loans			£7.24m £4.75m	+£0.41m	£7.65m £4.75m
Cash	£0.10m				£3.66m
Totals	**£155.76m**	**(£26.85m)**	**£22.22m**	**(£8.58m)**	**£146.11m**

CAPITAL VALUE CLASSIFICATION OF ASSETS BY SECTOR



Property Update

2020/2021 has been a strategically important year for Glenstone.

Under the difficult and often disturbing storm clouds of COVID-19 the Company completed some opportunistic and strategic sales and purchases.

In fact, the Company has bought and sold as much property in terms of value as it has done in any one of our 50-year history.

SALES
In the year we sold 15 properties for a total sales price of £30.74m. The combined income yield on these properties was circa 4%.

The most strategically important was the sale of the Collective Portfolio.

In the Autumn of 2019, prior to COVID-19 the Company were approached by the occupiers of four of our west London residential properties known as "The Collective Portfolio".

These four assets were let for an average lease length of eight years to a co-living Company known as The Collective which represented just under 10% of all income received in the Portfolio.

The price negotiated was £25m which reflected a running yield of approximately 3.4%. In the Board's opinion the timing of the sale and price realised was strategically beneficial.

ACQUISITIONS
The negative economic climate of 2020 enabled us to acquire some excellent assets.
We purchased three properties for £10.23m (including acquisitions costs) with a combined income yield of over 7%.

Just Trays, Leeds - £2.33m – 6.5%

Just Trays is the Country's largest manufacturer of shower trays. We purchased their Head Quarters in November 2020 from Jesus College, Cambridge and expect reasonable rental uplift at the next rent review.

Restaurant Group, Beaconsfield - £2.10m – 6.1%

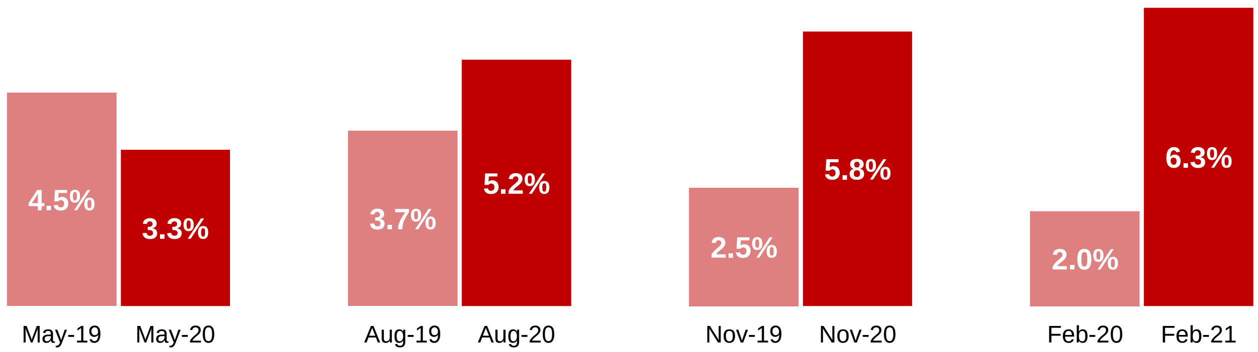
We purchased The White Horse in Beaconsfield in November 2020 from Aegon. Beaconsfield is an extremely affluent town, and the property is in a good location. It is let to a strong covenant who had significantly refurbished the unit in 2019. Since the purchase, the rent has been paid in full.

Wickes / Pets and Home, Rushden - £5.20m - 7.7%

We purchased these two prominent retail warehouses / trade units in Rushden in January 2021 from Canada Life. Both occupiers have reported strong recent figures over the lockdown period. In addition, there is planning permission for an additional unit.

Voids and Bad Debts

Throughout the year, void rates have slowly increased due largely to the flexible lease structure in our Serviced Office Portfolio. As at the end of the financial year we only had one retail vacancy. The serviced offices accounted for 3.8%. of the 6.3%.



As a result of COVID-19 we have been prudent in assessing the recoverability of our outstanding debts at year end and have deemed it appropriate to put in a place a provision totalling £256,463 (2020: £9,346). The Board are hopeful that some of the provision will be recoverable once the rental moratorium comes to an end.

Asset Management

MORTLAKE BUSINESS CENTRE, 20 MORTLAKE
I am pleased to report that the executive team have been successful in their application to the Government's Building Safety Fund. Approval of the full works and costs for the remediation of the cladding on the residential aspect of the building has been granted. The team have also seized upon the timely opportunity to convert the gymnasium into two residential dwellings, adding further value to this site. Planning permission has been granted with work due to commence later in 2021.

Cost Review

During the year, the executive team were focused on reducing costs where possible. Headline savings are as follows:

- Administrative expenses reduced by 8%.
- Directors' salaries reduced by 19%.
- The highest paid director's remuneration reduced by 21%.

All systems have been reviewed and plans are in place which should result in future financial benefit to the Company.

Banking

The Group has total facilities of £49.5m;

- Handelsbanken
  - £24.5m fixed term loans expiring in 2027 and 2028 at a blended rate of 3.5%.

- Lloyds Bank
  - £10m fixed term loan expiring at the end of 2024 at 3.12%.
  - £15m revolving facility expiring at the end of 2024 with rates at 2.20% above LIBOR.

When fully drawn 70% of the funding is at fixed interest rates.

Both banks continue to support the Group and have provided flexibility where secured properties have had to be substituted.

On 31 March 2021 cash reserves and available facilities totalled over £18.5m. There are 48 properties with a value of £43.4m that are unencumbered. On 31 March 2021, the debt (less cash) to equity ratio expressed as "net gearing" was 27% (2020: 33%).

Banking covenants with both banks are maintained and the Board reviews these periodically.

The Board believe we are in a strong financial position and will continue to be prudent but opportunistic.

Risk Register

In the last 12 months the Company has continued to enhance its systems and reporting procedures. Whilst at a micro level we believe the executive team have proportionate and robust systems in place, at a macro level the external risks due to COVID-19 remain uncertain. The financial risks that the Group is exposed to are explained in more detail in the Group's accounting policies.

The risk register is reviewed periodically at Board level with challenges provided and a range of scenarios discussed.

Human Resource and Board changes

During the year there has not been any additions to the staff. There have been some changes to the executive team.

- On 31 March 2021 Andrew Pickering resigned as our Finance Director. I would like to thank Andrew for all his help over the last four years.
- On 1 April 2021 we appointed Rob Maybury as our new Finance Director. Rob will be known to most of you having been the Group's Financial Controller for four years.
- On 1 April 2021 Adam Smith changed roles and became a Non-Executive Director. Adam also took up a position on the Board of AIRE, representing Glenstone's investment.

Although the executive team has reduced in size, the Board are confident we have put in place controls and systems to deliver the new strategy.

Governance

The Non-Executives on the Board, who have a range of experience relevant to the Group, provide a constant sounding board and challenge to the executive members of the Board. They have a keen eye on the adequacy of internal controls, processes and procedures.

We have excellent relationships with all our advisors. Crowe UK LLP, our auditors, completed their third audit of the Group. Our valuers, Lambert Smith Hampton, appointed two years ago, provide us not only with year-end valuations (their third completed this year) but also provide property purchase valuations and invaluable insight to the changing property market.

Executive Directors' Remuneration

The Remuneration Committee ("RemCo") instructed MHA MacIntyre Hudson to review the remuneration of the executive team to ensure that their packages remained in-line with market rates. During the next financial year, the RemCo are likely to implement their recommendations. As the new executive team have no family connections or shareholding in the Company, the RemCo are considering a share incentive scheme to encourage ownership. Shareholder approval for any such scheme will be sought.

2019 Share Buyback

The 2019 share buyback consisting of a purchase of 96,690 ordinary shares at a price of £10.10 per share received unanimous support at the Company's AGM in September 2019. The transaction was executed and reported on The International Stock Exchange ("TISE"). The Board has recently established that due to an administrative oversight, the formalities were not fully completed. A resolution will be put forward at the 2021 AGM to reduce the Company's share capital by 96,690 ordinary shares, which will resolve the matter.

Future Outlook

We are beginning to see some recovery in the Property Market as a whole. The Industrial Sector has remained buoyant throughout and we are beginning to see grass root recovery in other sectors given the inflationary and low interest rate environment. I am excited about the years ahead. We will continue to re-align the portfolio to create a diversified REIT delivering sustainable returns. We remain in a strong cash position and further corporate deals remain at the forefront of our ambitions, with a longer-term aspiration to improve shareholder liquidity.

AGM

The AGM will take place at 12 noon on Wednesday 8th September at The Lansdowne Club, Fitzmaurice Place, off Berkley Square, London, W1J 5JD. My Board colleagues and I hope as many of you as possible can make the meeting.

Finally, I would like to thank the whole team at Glenstone for their hard work and commitment throughout a very challenging year.

On behalf of the Board

C.L Powell MRICS
Chairman

Date: 29 July 2021

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Board is committed to maintaining high standards of corporate governance within the Group. The Company's issued share capital is listed on The International Stock Exchange (TISE).

Although none of the several published codes on corporate governance issued in the last few years apply specifically to companies listed on TISE, Shareholders expect companies in which they invest to be properly governed. The Board of Directors believe that the features of good corporate governance apply as much in the interests of smaller companies as they do to larger companies.

Good corporate governance incorporates proportionate risk assessment and management, prudent decision making, open communication and business efficiency. An objective of corporate governance is to deliver growth in long term shareholder value by maintaining a flexible, efficient, and effective management framework within an entrepreneurial environment.

The main features of corporate governance include:

a) Leadership and efficient management

It should be clear where responsibility lies for the management of the Group and for the achievement of the key tasks.

Controls and procedures should be in place to protect the Group's assets.

The basis on which key decisions are taken should be transparent.

There should be a strategic vision of what the Group is trying to achieve and an understanding of what is required to achieve this target.

b) Effective management

The Board should possess the appropriate skills and experience in order to make the key decisions expected of it.

Decisions should be taken using information, which is accurate, sufficient, timely and clear.

The collective responsibility of the Board requires all Directors to be involved in the process of making significant decisions.

c) Benefit of all shareholders over the longer term

Vested interests should not be able to act in a manner contrary to the common good of all Shareholders.

Transactions with Management, key Shareholders and other related parties should be reported.

A dialogue should exist between Shareholders and the Board, so that each party is aware of the other's objectives and so that the Shareholders are aware of any constraints on the Group.

Stakeholder Engagement

As a public company operating in the property investment market, Glenstone Property Plc recognise that stakeholder engagement is a key foundation for the long-term success of the Group. Stakeholders are not only our shareholders and lenders but also our tenants & suppliers, our employees, governments & regulators, and the communities & environment in which we operate.

The section below, describes how the directors of the Company have regard for the matters set out in Section 172(1) of the Companies Act 2006, these are:

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

The section below forms the Board's statement on such matters as required by the Act.

Shareholders and Lenders

Glenstone has developed a shareholder base of long-term property investors that are aligned with our strategy. By clearly communicating our strategy and objectives, we maintain continued support for what we do.

Objectives include:

- sustainable financial returns,
- a diversified property portfolio, and
- continual review of our operating efficiency.

There is regular dialogue between both shareholders and lenders through meetings, calls and presentations.

Tenants and suppliers

Glenstone has a good working relationship with our tenants and suppliers, which has proved invaluable over the financial year to March 2021.

Employees

Our current and future success is underpinned by our ability to engage and motivate our employees. Creating the right environment for employees where their various strengths are recognised and their contributions are valued, helps to ensure that we can deliver our objectives.

During FY21, a new five-year strategy was implemented and conveyed to all employees. Internal communications were upscaled, so employees were kept continually informed while working remotely.

Government and Regulators

Maintaining respectful and collaborative relationships with our relevant authorities is vital to our business. We believe that the strength of these relationships will allow us to make a sustainable and beneficial contribution to the Company.

Communities and Environment

Glenstone is committed to utilising industry best practices and achieving the highest standards of environmental management and safety. The Company also seeks and maintains positive relationships with its local communities.

BOARD OF DIRECTORS

Christopher Powell MRICS
Non-Executive Chairman
Joined the Company in January 2012. Previously the Chairman of the Retail Group at Jones Lang LaSalle Ltd. Earlier he was the CEO of Churston Heard.

Rakesh Shaunak FCA CTA
Non-Executive Director
Appointed a Director of Glenstone Property on 24 February 2016. Currently a Partner and Group Chairman of MHA MacIntyre Hudson, Chartered Accountants.

Adam Smith MRICS
Non-Executive Director
Appointed a Director of Glenstone Property on 1 February 2016. Formerly the Managing Director of the London & Surrey Property Group of Companies. Earlier an investment and leasing agent with Edwin Hill, Chartered Surveyors.

Ben Green MRICS
Managing Director
Appointed a Director of Glenstone Property on 19 March 2012. Previously he had been a partner at Kitchen La Frenais Morgan. Appointed Managing Director in June 2020.

Rob Maybury FCCA
Finance Director
Appointed Finance Director on 1 April 2021, having joined Glenstone Property in 2017 as Financial Controller.

The Board operates within the terms of the Company's Articles of Association.

The Board currently consists of two Executive Directors and three Non-Executive Directors. This composition provides a blend of experience and qualifications and the number of Non-Executives provides a strong basis for ensuring the appropriate level of corporate governance exists. Decisions taken by the Board as a whole are implemented by the Executive Directors.

The Board meets not less than four times in a year and the Chairman and Non-Executive Director also meet without the Executive Directors being present. Each Director is provided with a pack of board papers in advance of each meeting, which contains detailed schedules of key performance indicators, accounts, and notes on any important decisions which the Board is required to take.

The Board is also kept informed of all relevant information regarding the business, between formal meetings by ad hoc reports and memorandum.

The Company's Articles of Association require that one-third of Directors retire by rotation each year. In addition, new Directors are subject to re-election by Shareholders at the Annual General Meeting after their initial appointment.

The Board maintains an active dialogue with its shareholders and recognises their continued interest in the strategy and performance of the Group. All of the Board are available to meet with shareholders if and when required and the AGM provides a perfect opportunity for shareholders to meet and discuss matters with the Board.

The Company Secretary keeps the Board and TISE informed of corporate governance issues and all board members have access to independent advice if required.

In support of good corporate governance, the Board has established the following Committees:

a) Audit Committee

The Audit Committee comprises all the Non-Executive Directors and is chaired by Rakesh Shaunak who is considered to have the appropriate knowledge and relevant experience. The Board is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in a robust, effective, and informed way.

The Committee will meet at least twice a year and will be responsible for:

i) Reviewing the annual and interim financial statements prior to approval, focusing on changes in accounting policies, major judgmental areas, significant audit adjustments and compliance with accounting standards, TISE, HMRC and legal requirements.

ii) Reviewing the adequacy and effectiveness of the risk management systems.

iii) Considering the appointment of the Auditors and their remuneration, independence, and objectivity.

iv) Considering the adequacy and application of internal financial controls.

v) Implementing a policy on the engagement of the external auditor to supply non-audit services.

b) Remuneration Committee

A Remuneration Committee meeting made up of Non-Executive Directors and chaired by Chris Powell is held at the March Board Meeting and at other meetings as required, to discuss employment matters, pension entitlements, other benefits and to fix the remuneration of Directors.

The Board's policy is that the remuneration of directors should reflect their experience and expertise that they have and how they use that to add value to the Group. The remuneration packages should be sufficient to retain, and where necessary, attract persons of the appropriate skill set.

The remuneration packages of Executive Directors comprise base salaries, performance related bonuses payable in cash or through pension contributions and benefits such as private medical health insurance.

The Board constantly reviews the remuneration policies and pay levels within its peer group of REITs to ensure the levels are commensurate within that group with due regard to the size, complexity, and risk of those in the peer group.

Board and Committee Attendance

The attendance of Board or Committee Meetings during the year to 31 March 2021 was as follows: -

	Board	Remuneration	Audit
C.L. Powell	6	2	2
R. Shaunak	6	2	2
A.C. Smith	6	*	*
B.P. Green	6	*	*
A.J. Pickering	6	*	*

* Not a member of the committee

Risk management

The Board recognises the need for effective high-level internal controls. High level controls in operation within the Group include: -

i) Reviewing management accounts on a quarterly basis with comparison against budget and previous periods performance.

ii) Approval by the Board of all acquisitions and disposals of investment and development properties.

iii) The maintenance of and challenges to a proportionate risk register.

iv) Reviewing cash flow out to at least 12 months and ensuring banking covenants are unlikely to be compromised.

Risks and uncertainties

In addition to the financial risks and mitigating factors described in the accounting policies to the accounts the following other key risks and mitigants have been identified:

(a) Investment risk - investment policy focuses on established business and residential locations and a balanced countrywide portfolio diversified across retail, residential and other commercial properties. Property managers actively manage lease expiry profiles to ensure a spread of expiries. When considering the sale or purchase of properties the current lease arrangements form a significant part of the decision-making process.

(b) Economic and political risk - the Group maintains a keen awareness of the macro economic situation in the UK and weights this against the health of current and potential tenants. The COVID-19 pandemic has been a huge reminder that even with the best risk mitigation plans in place some things come along and challenge management to an extent not realistically envisaged. The strength of the management team, in working methodically through all the issues that arise, is a major risk mitigant.

(c) Financial and fiscal change risk – The Group is focused on maintaining its compliance with the Real Estate Investment Trust (REIT) regime and will adapt to any potential changes to the REIT regime. The Board maintains a strong awareness of the fiscal situation.

(d) Operational risks - the Group has proportionated and robust systems and controls in place and constantly seeks to improve and streamline processes. The Group has successfully migrated all of the Group's systems onto common property and accounting platforms.

DIRECTORS' INTERESTS IN ORDINARY SHARES
The interests of the Directors in the issued share capital of the Company are shown below: -

	31 March 2021	31 March 2020
C.L. Powell	-	-
R. Shaunak	-	-
A.C. Smith	2,246,662	2,211,338
B.P. Green	-	-
A.J. Pickering (resigned 31 March 2021)	-	-
R.P. Maybury (appointed 1 April 2021)	-	-

ON BEHALF OF THE BOARD:

B P Green (Managing Director)

Date: 29 July 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report with the financial statements of the Company and the Group for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES
The principal activity of the Group continued to be that of property investment, and development.

The Board's assessment of the performance of the Group, its future developments and subsequent events affecting the Group are presented in the Strategic report on pages 2 to 8.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

C L Powell
R Shaunak
A C Smith
B P Green
A J Pickering (resigned 31 March 2021)

On 1 April 2021, R P Maybury was appointed as a director.

In accordance with the Articles of Association, C L Powell retires, and being eligible offers himself for re-election. R P Maybury has been appointed since the last Annual General Meeting and accordingly will offer himself for re-election at the September 2021 Annual General Meeting.

FINANCIAL INSTRUMENTS
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a revolving credit facility, overdrafts and fixed and floating rate bank loans. The Group seeks to mitigate the risk of fluctuating interest rates by using the aforementioned instruments.

CHARITABLE DONATIONS
During the year the Group made charitable donations of £1,000 (2020: £2,174). The Group made no political contributions in either year.

TAXATION
As a Real Estate Investment Trust ("REIT"), the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

RESULTS FOR THE PERIOD AND DISTRIBUTIONS
The Group results for the year are set out in the Consolidated statement of total comprehensive income.

An interim property income distribution of 20p per share was paid on 11 December 2020. The payment of a second interim distribution of 25p per share was announced on 10 June 2021. The distribution was paid on 9 July 2021 to ordinary shareholders on the register at the close of business on 18 June 2021.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
During the year the Group purchased and maintained liability insurance for its Directors and Officers as permitted by Section 234 of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

B P Green (Managing Director)

Date: 29 July 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Annual 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 of the Company and the Group and of the profit or loss of 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 and the Group'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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENSTONE PROPERTY PLC

Opinion

We have audited the financial statements of Glenstone Property Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021, the Consolidated and Parent Company Statements of Financial Position as at 31 March 2021, the Consolidated and Parent Company Statements of Changes in Equity for the year then ended, the Consolidated Cash Flow Statement for the year then ended and the 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 Financial Reporting Standard 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 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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, 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.

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.

The Group's Annual Report and Financial Statements are prepared on the going concern basis. This assumption is dependent on a number of factors such as the Group's financial performance, continued access to liquidity and compliance with financial covenants. As at 31 March 2021, the Group had cash and cash equivalents of £3,659k and borrowing facilities in place until December 2024, as disclosed in note 21. We considered the risk that the COVID-19 pandemic and the resulting economic consequences would adversely impact the Group and its ability to continue as a going concern.

Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the budgeting and forecasting process followed by management, including performing a retrospective review to understand whether an indication of management bias exists;
- Obtaining Group's cash flow forecast covering the going concern period, and management's assessment of the going concern basis formed after a detailed review of the current economic conditions;
- Reviewing the mathematical accuracy of the model;
- Discussing the cash flow forecast with management, challenging key assumptions and the forecast impact of COVID-19 on the Group's operations;
- Considering continued compliance with banking covenants and considering the stress required to the model to indicate a breach;
- Reviewing the financial steps taken by management to conserve cash;
- Reviewing minutes of board meetings with a view to identifying any matters which may impact the going concern assessment;
- Considering the appropriateness of disclosure made in respect of going concern and ensuring it is consistent with our knowledge of the business and the reforecasting exercise.

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 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.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £1,500,000 (FY20 £1,600,000), based on the benchmark of 1% of gross assets.

We determined that for other account balances, classes of transactions and disclosures not related to investment properties a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users. We determined that materiality for these areas should be £260,000 (FY20: £300,000), which was set at 5% of profit before tax adjusted for gain or loss on revaluation of investment properties.

We determined that the same measure as the Group was appropriate for the Parent Company, and the materiality and specific materiality applied were £1,100,000 and £200,000 (FY20: £1,200,000 and £180,000 respectively).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £13,000 (FY20: £15,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement is in respect of the Group's consolidated financial statements and those of the Parent Company.

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and Subsidiary Companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error.

Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

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) that we identified. These matters included 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.

We identified going concern as a key audit matter and have detailed our response in the conclusions relating to going concern section above.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
The valuation of the investment property portfolio (2021: £130.0m, 2020: £155.7m) The fair value of the investment properties is a significant and material balance in the financial statements and there is a risk of overstatement. The fair value is based on the market values determined annually by management and independent external valuers (Lambert Smith Hampton ('LSH')). The valuation requires significant judgement and estimation. The uncertainties over the current economic environment caused by Covid-19 had an impact on the valuation of the Group's properties.	Our audit procedures included: • Assessing the Group's internal control environment to ensure the processes behind the financial reporting process were robust; • Evaluating the capability, suitability and competence of LSH, Group's external valuer, giving specific focus to their qualification; • Gaining an understanding of the nature of the assets in the portfolio and ensuring classification and designation are appropriate and in line with our expectations; • Reviewing the stated accounting policy and ensuring it is appropriate to the designation and has been applied consistently; • Where third party data was used to support a valuation, we considered the independence and provenance of the third party data; • Assessing the valuation approach and assumptions made by the external valuer in reaching their conclusions; • Involving an independent auditor's expert to assist with the valuation and challenge; • Discussing with the external valuer the findings from our audit and challenge them with regard to the outliers and the assumptions used, as well as understand the appropriateness of the adjustments made to take into consideration the impact of Covid-19; • Analysing profit and loss on disposal of properties during the year as an indication of the appropriateness of the carrying values; • Reviewing the adequacy and completeness of disclosures.
Revenue recognition (2021: £8.7m, 2020:£10.5m) Revenue for the Group consists predominantly of rental income. There is an assumed risk of fraud around revenue as market expectations may incentivise management to manipulate revenue recognition. Revenue overstatement could cause a material impact on the Group's net asset value, earnings per share, its level of dividend cover and compliance with REIT regulations.	Our audit procedures included: • Assessing the Group's internal control environment to ensure robustness of the financial reporting process; • Confirming that revenue was recognised in accordance with the accounting policies that were consistent with the requirements of FRS 102; • Performing data analytics procedures aimed at confirming completeness of rental income that involved creating an expectation of total revenue received in the year based on cash receipts, and comparing it to the recognised rental income in the financial statements; • Agreeing a sample of rental income through to the signed lease agreements ensuring the revenue recognition in line with the terms of the agreement, appropriate cut-off, and agreeing the corresponding remittance through to the bank statement.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 light of the knowledge and understanding of the group and the parent company and their 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 are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 however the primary responsibility for the prevention and detection of fraud lies with management and those charged with governance of the Company.

We completed a risk-assessment process during our planning for this audit that specifically considered the risk of fraud. This process included enquiry of management and those charged with governance, as well as developing our understanding of the legal and regulatory framework, the Group and Parent Company's policies and procedures around laws and regulations and financial reporting. The audit process included a specific review of the Group's internal control environment over key systems and processes.

Based on our understanding of the Group and industry, discussions with management and the Audit Committee we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements.

Other laws and regulations where non-compliance may have a material effect on the Group's operations are laws and regulations associated with the listing on the International Stock Exchange and REIT regime compliance.

To identify risks of material misstatement due to fraud we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- reading minutes of board and audit committee meetings;
- considering whether remuneration incentive schemes or performance targets exist.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, fraudulent revenue recognition and valuation of investment properties. We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. Further detail on the audit procedures performed in respect of fraudulent revenue recognition and valuation of investment properties is set out in the key audit matter disclosures above.

To address the pervasive risk as it relates to management override, we also performed procedures including:

- examining supporting documents for all material balances, transactions and disclosures;
- enquiry of management about litigations and claims and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notably around the key judgments and estimates, including the carrying value of accruals and provisions, recoverability of debtors, capitalisation of expenses;
- considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions outside the normal course of business;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

Date: 29 July 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year Ended 31.3.21 £	Year Ended 31.3.20 £
Turnover			
Rental and other income	3	**8,923,166**	10,550,350
		8,923,166	10,550,350
Cost of Sales			
Property operating expenses	4	**(1,729,437)**	(1,482,649)
Net property income		**7,193,729**	9,067,701
Administrative expenses		**(1,333,015)**	(1,449,567)
Operating profit before gains and losses		**5,860,714**	7,618,134
Profit on disposal of investment properties		**4,502,637**	322,889
Fair value losses on investment properties		**(9,167,905)**	(3,743,848)
Loss on disposal of subsidiary		**(122,913)**	
Operating profit	7	**1,072,533**	4,197,175
Fair value gain on current investments		**412,744**	-
Dividends received		**119,355**	-
Finance income		**260,779**	2,615
Finance expense	9	**(1,484,832)**	(1,454,914)
Profit before taxation		**380,579**	2,744,876
Taxation	10	**(49,548)**	(27,730)
PROFIT FOR THE FINANCIAL YEAR		**331,031**	2,717,146
Total comprehensive income attributable to:			
Owners of the parent		**330,002**	2,689,422
Non-controlling interest		**1,029**	27,724
		331,031	2,717,146
Earnings per share	12	**3.4p**	27.9p

GLENSTONE PROPERTY PLC (REGISTERED NUMBER: 00986343)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Tangible assets	13		**229,152**		270,887
Investment property	15		**130,041,500**		155,651,297
			130,270,652		155,922,184
CURRENT ASSETS					
Stocks	16	**-**		1,512,951	
DEBTORS					
Amounts falling due within one year	17	**6,162,178**		2,370,431	
Amounts falling due after more than one year	17	**3,623,510**		758,175	
Current asset investment	18	**7,651,495**		-	
Cash at bank and in hand		**3,659,179**		100,148	
		21,096,362		4,741,705	
CREDITORS					
Amounts falling due within one year	19	**(2,814,842)**		(2,986,577)	
NET CURRENT ASSETS			**18,281,520**		1,755,128
TOTAL ASSETS LESS CURRENT LIABILITIES			**148,552,172**		157,677,312
CREDITORS					
Amounts falling due after more than one year	20		**(34,106,500)**		(38,485,470)
NET ASSETS			**114,445,672**		119,191,842
CAPITAL AND RESERVES					
Called up share capital	24		**194,121**		194,121
Share premium			**61,454,038**		61,454,038
Treasury shares			**(986,367)**		(986,367)
Capital redemption reserve			**18,163**		18,163
Fair value reserve			**(7,867,258)**		5,503,404
Profit and loss reserve			**61,632,975**		52,929,177
			114,445,672		119,112,536
NON-CONTROLLING INTERESTS	32		**-**		79,306
TOTAL EQUITY			**114,445,672**		119,191,842

The financial statements were authorised for issue by the Board of Directors on 29 July 2021 and were signed on its behalf by:

R P Maybury – Finance Director

GLENSTONE PROPERTY PLC (REGISTERED NUMBER: 00986343)

COMPANY STATEMENT OF FINANCIAL POSITION
31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13		**214,095**		253,680
Investments	14		**44,518,918**		44,518,918
Investment property	15		**81,387,000**		82,125,000
			126,120,013		126,897,598
CURRENT ASSETS					
DEBTORS					
Amounts falling due within one year	17	**4,478,426**		12,592,642	
Amounts falling due after more than one year	17	**3,569,630**		485,618	
Cash at bank and in hand		**2,762,894**		1,370	
		10,810,950		13,079,630	
CREDITORS					
Amounts falling due within one year	19	**(28,641,948)**		(19,048,333)	
NET CURRENT LIABILITIES			**(17,830,998)**		(5,968,703)
TOTAL ASSETS LESS CURRENT LIABILITIES			**108,289,015**		120,928,895
CREDITORS					
Amounts falling due after more than one year	20		**(14,707,124)**		(19,104,170)
NET ASSETS			**93,581,891**		101,824,725
CAPITAL AND RESERVES					
Called up share capital	24		**194,121**		194,121
Share premium			**61,454,038**		61,454,038
Treasury shares			**(986,367)**		(986,367)
Capital redemption reserve			**18,163**		18,163
Fair value reserve			**(8,948,436)**		(3,154,333)
Profit and loss reserve			**41,850,372**		44,299,103
			93,581,891		101,824,725
Company's loss for the financial year			**(3,245,968)**		(611,400)

The financial statements were authorised for issue by the Board of Directors on 29 July 2021 and were signed on its behalf by:

R P Maybury – Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Treasury shares	Profit and loss reserve	Share premium	Capital redemption reserve	Fair value reserve	Total	Non-controlling interests	Total equity
	£	£	£	£	£	£	£	£	£
Balance at 1 April 2019	193,381	-	57,229,367	60,986,599	18,163	3,928,368	122,355,878	51,582	122,407,460
Changes in equity									
Issue of share capital	740	-	-	467,439	-	-	468,179	-	468,179
Buy back of treasury shares	-	(986,367)	-	-	-	-	(986,367)	-	(986,367)
Property income distributions	-	-	(5,414,576)	-	-	-	(5,414,576)	-	(5,414,576)
Total comprehensive income	-	-	2,689,422	-	-	-	2,689,422	27,724	2,717,146
Transfer of current year fair value movement	-	-	3,743,848	-	-	(3,743,848)	-	-	-
Transfer of realised fair value losses	-	-	(5,318,884)	-	-	5,318,884	-	-	-
Balance at 31 March 2020	194,121	(986,367)	52,929,177	61,454,038	18,163	5,503,404	119,112,536	79,306	119,191,842
Changes in equity									
Property income distributions	-	-	(4,996,866)	-	-	-	(4,996,866)	-	(4,996,866)
Total comprehensive income	-	-	330,002	-	-	-	330,002	1,029	331,031
Transfer of current year fair value movement	-	-	9,167,905	-	-	(9,167,905)	-	-	-
Transfer of realised fair value gain	-	-	4,202,757	-	-	(4,202,757)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	(80,335)	(80,335)
Balance at 31 March 2021	194,121	(986,367)	61,632,975	61,454,038	18,163	(7,867,258)	114,445,672	-	114,445,672

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Treasury Shares	Profit and loss reserve	Share premium	Capital redemption reserve	Fair value reserve	Total equity
	£	£	£	£	£	£	£
Balance at 1 April 2019	193,381	-	51,662,326	60,986,599	18,163	(4,491,580)	108,368,889
Changes in equity							
Issue of share capital	740	-	-	467,439	-	-	468,179
Buy back of treasury shares	-	(986,367)	-	-	-	-	(986,367)
Property income distributions	-	-	(5,414,576)	-	-	-	(5,414,576)
Total comprehensive loss	-	-	(611,400)	-	-	-	(611,400)
Transfer of current year fair value movement	-	-	4,344,638	-	-	(4,344,638)	-
Transfer of realised fair value losses	-	-	(5,681,885)	-	-	5,681,885	-
Balance at 31 March 2020	194,121	(986,367)	44,299,103	61,454,038	18,163	(3,154,333)	101,824,725
Changes in equity							
Property income distributions	-	-	(4,996,866)	-	-	-	(4,996,866)
Total comprehensive loss	-	-	(3,245,968)	-	-	-	(3,245,968)
Transfer of current year fair value movement	-	-	5,604,346	-	-	(5,604,346)	-
Transfer of realised fair value gain	-	-	189,757	-	-	(189,757)	-
Balance at 31 March 2021	194,121	(986,367)	41,850,372	61,454,038	18,163	(8,948,436)	93,581,891

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	**Year Ended 31.3.21 £**	Year Ended 31.3.20 £
Cash flows from operating activities			
Cash generated from operations	26	**3,438,316**	6,090,461
Interest paid		**(1,484,832)**	(1,614,766)
Net cash generated from operating activities		**1,953,484**	4,475,695
Cash flows from investing activities			
Purchase of investment property		**(10,231,814)**	(12,331,090)
Proceeds from disposal of tangible fixed assets		**16,501**	17,881
Sale of investment property		**28,354,434**	8,153,278
Purchase of current asset investment		**(7,238,751)**	-
Capital improvements		**(178,091)**	(327,048)
Interest received		**260,779**	2,615
Dividend received		**119,355**	-
Net cash generated from/(used in) investing activities		**11,102,413**	(4,484,364)
Cash flows from financing activities			
New bank loan		**-**	9,663,913
Decrease in revolving credit facility		**(4,500,000)**	(5,000,000)
Distributions paid		**(4,996,866)**	(5,414,576)
Proceeds from issue of share capital		**-**	468,179
Buyback of treasury shares		**-**	(986,367)
Net cash used in financing activities		**(9,496,866)**	(1,268,851)
Increase/(decrease) in cash and cash equivalents		**3,559,031**	(1,277,520)
Cash and cash equivalents at beginning of year	28	**100,148**	1,377,668
Cash and cash equivalents at end of year	28	**3,659,179**	100,148

1. CORPORATE INFORMATION

The consolidated financial statements of the Group for the year ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The shares are listed on The International Stock Exchange (TISE).

Glenstone Property PLC ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Parkway House, Sheen Lane, East Sheen, SW14 8LS.

2. ACCOUNTING POLICIES

General information
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.The consolidated and separate financial statements are prepared on a going concern basis, under historical cost convention, modified by the recognition of certain financial assets and liabilities at fair value.

The Group and Company financial statements are prepared in sterling, which is the functional currency of the companies in the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The Group holds investment property and trading stock property.

Summary of significant accounting policies
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

Basis of preparing the financial statements
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities including fair value movements on investment properties at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The significant assumptions and estimates to the consolidated financial statements are disclosed within the notes to the accounts.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of comprehensive income and related notes.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cashflows, on the basis that it is qualifying entity and the consolidated statement of cashflows, included in these financial statements, includes the Company's cash flows;
- from presenting the Parent Company’s financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation
The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings. All financial statements are made up to 31 March 2021.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change or change of significant influence respectively.

2. **ACCOUNTING POLICIES - continued**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The difference between the cost of acquisition and the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is accounted for as goodwill or negative goodwill.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised profits and losses are also eliminated on consolidation.

Going concern
The financial statements have been prepared on a going concern basis. In assessing this, the directors have prepared forecasts for the Group and its subsidiary entities and given due consideration to the long-term financing requirements at Group level, support provided to subsidiary entities by the Parent Company, bank financing on properties, their working capital requirements and the profits and cash generation anticipated in companies within the Group.

The directors have paid particular attention to the effects of COVID-19 on rent receipts, property valuations and on bank covenant compliance. Following the preparation and review of the cashflow forecasts, undrawn debt facilities and headroom on debt covenants, the directors concluded that the going concern method of preparation remained appropriate.

Turnover
The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group’s sales channels have been met, as described below.

Turnover represents rents receivable from investment properties, service charges, management charges, lease surrenders, the proceeds received from the sale of development properties, and rents received from development properties prior to their sale. Proceeds from the sale of development properties are included in turnover on legal completion.

Turnover is recognised as it falls due, in accordance with the lease to which it relates. Any lease incentives are spread evenly across the period of the lease.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group operates in two business segments comprising property investment and development. The Group's operations are performed wholly in the United Kingdom.

Tangible fixed assets
Fixtures and fittings and motor vehicles are shown at historical cost less depreciation and provision for impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis at rates appropriate to write off individual assets over their estimated useful lives of between four and ten years.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Statement of financial position date. An asset is written down if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Statement of comprehensive income.

2. **ACCOUNTING POLICIES - continued**

Investment properties
Investment property comprises freehold and long leasehold buildings. These comprise mainly retail units, offices, residential properties, industrial units and licensed property which are measured initially at cost, including related transaction costs. These are held as investments to earn rental income and for capital appreciation and are stated at fair value at the Statement of financial position date.

After initial recognition investment property is carried at fair value, based on market values; it is then determined annually by independent external valuers. When an existing investment property is redeveloped for continued future use as an investment property, it remains an investment property whilst in development.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is added to the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of comprehensive income during the financial period in which they are incurred.

Any movement in the fair value of the properties is reflected within the Statement of comprehensive income for the year.

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sales proceeds and the carrying value of the asset at the beginning of the period and is recognised in the Statement of comprehensive income.

Investments
Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are held at cost less accumulated impairment losses.

Investments held as current assets are stated at their fair values with changes to their fair values going through the Statement of comprehensive income.

Stocks
Property stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost of stocks comprise purchase and development costs of properties which are allocated to the specific properties to which they relate.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in Statement of comprehensive income. Reversals of impairment losses are also recognised in Statement of comprehensive income.

Taxation
Corporation tax is recognised in Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As a REIT, the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit and loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date.

Deferred tax is provided on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantially enacted at the period end date.

2. **ACCOUNTING POLICIES - continued**

Taxation – continued

(i) Current tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of corporation tax that have been enacted by the Statement of financial position.

(ii) Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Operating lease agreements
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leasehold incentives given to tenants on entering property leases are recognised as unamortised lease incentives on the Statement of financial position and are amortised to the Statement of comprehensive income over the term of the lease.

Termination benefits
The Group recognises termination benefits when the Group has communicated its plan of termination to the affected employees and the Group can no longer withdraw the offer of those benefits. Termination benefits are measured in accordance with the nature of employee benefit.

Retirement benefits
The Group pays contributions into privately administered pension plans which are charged to the Statement of comprehensive income in the period when they fall due.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Capital and reserves
The share premium account represents amounts paid in excess of the par value of the shares.

The fair value reserve reflects unrealised gains and losses on investment properties carried at fair value.

The capital redemption reserve reflects the buyback of shares in prior years.

Treasury shares are shares bought back by the issuing company, reducing the number of outstanding shares on the open market. The 2019 share buyback consisting of a purchase of 96,690 ordinary shares at a price of £10.10 per share received unanimous support at the Company's AGM in September 2019. The transaction was executed and reported on The International Stock Exchange ("TISE"). The Board has recently established that due to an administrative oversight, the formalities were not fully completed. A resolution will be put forward at the 2021 AGM to reduce the Company's share capital by 96,690 ordinary shares, which will resolve the matter. The financial reporting of this transaction has not been affected by this.

The profit and loss reserve reflects accumulated comprehensive income to date less distributions paid and realised gains and losses on the revaluation of investment properties.

Financial instruments
The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. **ACCOUNTING POLICIES - continued**

Financial instruments – continued

(i) Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective rate interest method.

Trade debtors are recognised initially at invoice value and are subsequently measured less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. The amount of the provision is recognised in the Statement of comprehensive income.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Impairment of financial assets

Financial assets, other than those held at fair value through Statement of comprehensive income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in Statement of comprehensive income.

(iii) Derecognition of financial assets

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(iv) Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(v) Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Incremental Costs that are directly attributable to the acquisition of loans are offset against the loan liability. For fair presentation purpose, comparative costs have been reclassified on this basis.

2. **ACCOUNTING POLICIES – continued**

Financial instruments – continued

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the Statement of financial position date.

(vi) Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Distributions to equity holders, recognised as a liability in the financial statements in the period in which they approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Critical accounting estimates and assumptions

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

(i) Fair value of investment properties

The annual revaluation of investment properties is sensitive to the changes in the rental market and the economic climate of the surrounding area. The properties are revalued at fair value by Lambert Smith Hampton independent chartered surveyors and the directors each year at the Statement of financial position date.

(ii) Recoverability of receivables

The directors make annual assessment in relation to recoverability of receivables and provide against any doubtful debts accordingly. Key factors taken into consideration include credit history of the tenant and any deposits or insurance against the receivable balance.

Financial risk management

The Group's activities expose it to a variety of financial risks; credit risk, capital risk and cash flow interest rate risk.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a tenant or counterparty fail to meet their contractual obligation.

2. ACCOUNTING POLICIES – continued

Financial risk management – continued

The Group has policies in place to ensure that rental contracts are only agreed with tenants that have an appropriate credit history. The Group has policies that limit the amount of credit exposure to any tenants, however in light of the COVID-19 pandemic and the rent moratorium granted by Government, this has permitted tenants to build up rental arrears. Appropriate provisions have been put in place to reflect any doubtful receivables at year end.

The Group has no significant concentration of credit risk in respect of rent receivables as exposure is spread over a large number of tenants, varying by size and market sector.

The Group has exposure to two loans receivable, totalling £3,000,000 as of 31 March 2021. The loans attract interest at a rate of 9%. The loans are repayable as follows; £1,000,000 in August 2022 and £2,000,000 in August 2023.

The Group has a further loan receivable of £1,750,000 attracting an interest rate of 7.5%. The loan is secured on a development site which is nearing completion.

The Group's cash holding is with Handelsbanken plc and Lloyds Bank plc. The Group will only place cash holdings with major financial institutions.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

(iii) Interest rate risk

The Group has both interest-bearing assets and interest-bearing liabilities.

Interest-bearing assets comprise of short-medium term receivables. The interest rates are fixed to reflect the implied risk.

Interest-bearing liabilities incorporate the Group's bank borrowings. The Group maintains a balanced interest rate risk profile by holding a mix of fixed interest-bearing loans as well as preserving a Revolving Credit Facility, which is exposed to rises and falls in the London Interbank Offer Rate (LIBOR).

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Group.

An analysis of turnover by class of business is given below:

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Rental income	**8,735,876**	10,468,761
Lease sale premiums	**43,692**	5,000
Other property income	**143,598**	76,589
	8,923,166	10,550,350

4. PROPERTY OPERATING EXPENDITURE

Included within property operating expenses are bad debt provisions totalling £256,463. The directors have deemed it prudent to put this provision in place at year end (2020 - £9,346).

5. EMPLOYEES AND DIRECTORS

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Wages and salaries	**745,800**	910,073
Social security costs	**69,670**	85,609
Other pension costs	**11,195**	18,111
	826,665	1,013,793

Group

The average number of employees during the year was as follows:

	Year Ended 31.3.21	Year Ended 31.3.20
Directors	**5**	5
Administration	**7**	7
	12	12

Company

The average number of employees during the year was as follows:

	Year Ended 31.3.21	Year Ended 31.3.20
Directors	**5**	5
Administration	**7**	7
	12	12

6. DIRECTORS EMOLUMENTS

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Directors' remuneration	**491,925**	606,950
Directors' pension contributions to money purchase schemes	**4,500**	4,500

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	**2**	2

Information regarding the highest paid director is as follows:

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Remuneration for qualifying services	**178,088**	227,981
Pension contributions to money purchase schemes	**4,500**	4,500

There are no other key management personnel other than directors.

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Depreciation - owned assets	**29,143**	16,638
Profit on disposal of tangible fixed assets	**(3,908)**	(3,428)

8. AUDITORS' REMUNERATION

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Audit services		
Fees payable to the Company's auditors for the audit of the financial statements of the Group and Company	**28,000**	25,000
Fees payable to the Company's auditors for the audit of the financial statements of the Company's subsidiaries	**32,000**	30,000

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Financing arrangement costs amortisation	**146,029**	69,260
Interest on bank overdrafts and loans	**1,338,803**	1,417,755
Finance costs for financial instruments relating to the interest rate swap	**-**	127,751
Movement in derivatives relating to the interest rate swap	**-**	(159,852)
	1,484,832	1,454,914

10. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Current tax:		
UK corporation tax	**49,548**	27,730
Adjustment to prior years	**-**	-
	49,548	27,730

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Profit before tax	**380,579**	2,744,875
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**72,310**	521,526
Effects of:		
REIT exempt profits	**(1,764,664)**	(1,205,127)
Effect of revaluations of investments	**1,741,902**	711,331
Total tax charge	**49,548**	27,730

Glenstone Property PLC elected for Company Real Estate Investment Trust ("REIT") status with effect from 1 February 2009. Other group companies joined the REIT on 1 February 2016, 15 November 2017, 18 December 2018, and 14 January 2020. As a result, the Group no longer pays UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits of the Group continue to be subject to corporation tax as normal.

11. DISTRIBUTIONS

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Final	**3,074,994**	2,900,720
Interim	**1,921,872**	2,513,856
	4,996,866	5,414,576

		2021	2020
		£	£
Property income distributions			
Final (2020)	32.0p per share (2020: 30.0p)	**3,074,994**	2,900,720
Interim (2021)	20.0p per share (2020: 26.0p)	**1,921,872**	2,513,856
Total distribution		**4,996,866**	5,414,576

A further distribution has been proposed for the year ended 31 March 2021 of 25p per share. This is expected to absorb £2,402,340 of reserves. The distribution has not been included as a liability in these financial statements.

12. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit on ordinary activities after taxation attributable to the owners of the parent company of £330,002 (2020: £2,689,422) and 9,609,358 (2020: 9,655,814) ordinary shares, being the weighted average number of shares in issue during the period.

The below adjusted earnings per share - based on ordinary activities, is based on the profit attributable to the owners of the parent company less the fair value gains or losses on investment properties and current asset investments totalling £9,085,163 (2020: £6,433,270) and 9,609,358 (2020: 9,655,814) ordinary shares, being the weighted average number of shares in issue during the year.

	2021	2020
Earnings per share – On Ordinary activities	**94.5p**	66.6p

	2021	2020
	£	£
Profit on ordinary activities after tax	**330,002**	2,689,422
Fair value losses on investment properties	**9,167,905**	3,743,848
Fair value gain on current asset investments	**(412,744)**	-
Adjusted profit on ordinary activities after tax	**9,085,163**	6,433,270

13. TANGIBLE FIXED ASSETS

Group

	Long leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 April 2020	227,819	60,858	52,616	341,293
Disposals	-	-	(52,616)	(52,616)
At 31 March 2021	227,819	60,858	-	288,677
DEPRECIATION				
At 1 April 2020	-	34,580	35,826	70,406
Charge for the year	18,410	6,535	4,197	29,142
Disposals	-	-	(40,023)	(40,023)
At 31 March 2021	18,410	41,115	-	59,525
NET BOOK VALUE				
As at 31 March 2021	209,409	19,743	-	229,152
As at 31 March 2020	227,819	26,278	16,790	270,887

Company

	Long leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 April 2020	227,819	39,348	48,658	315,825
Disposals	-	-	(48,658)	(48,658)
At 31 March 2021	227,819	39,348	-	267,167
DEPRECIATION				
At 1 April 2020	-	30,277	31,868	62,145
Charge for the year	18,410	4,385	4,197	26,992
Disposals	-	-	(36,065)	(36,065)
At 31 March 2021	18,410	34,662	-	53,072
NET BOOK VALUE				
As at 31 March 2021	209,409	4,686	-	214,095
As at 31 March 2020	227,819	9,071	16,790	253,680

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings	Total
COST	**£**	**£**
At 1 April 2020	**44,518,918**	**44,518,918**
At 31 March 2021	**44,518,918**	**44,518,918**
NET BOOK VALUE		
At 31 March 2021	**44,518,918**	**44,518,918**
At 31 March 2020	44,518,918	44,518,918

The Group or the Company's investments at the Statement of financial position date in the share capital of companies include the following:

Subsidiaries

London & Surrey Property Holdings Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	100

Amdale Securities Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	100

14 FIXED ASSET INVESTMENTS - continued

Deemark Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	60.39
Ordinary: indirect	39.61

Innbrighton Properties Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: indirect	100

15. **INVESTMENT PROPERTY**

Group

	Total
FAIR VALUE	**£**
At 1 April 2020	**155,651,297**
Additions through external acquisition	**10,231,814**
Development costs capitalised	**178,091**
Disposals	**(26,851,797)**
Losses on revaluation	**(9,167,905)**
At 31 March 2021	**130,041,500**
NET BOOK VALUE	
At 31 March 2021	**130,041,500**
At 31 March 2020	**155,651,297**

Group

Investment property comprises freehold and long leasehold property. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2021 by Lambert Smith Hampton, independent chartered surveyors. The valuations were made on an open market basis by reference to existing use.

Investment properties with a value totaling £86,599,500 (2020: £92,605,000) have been pledged to secure borrowings of the Group. Company £60,749,500 (2020: £52,210,000).

	2021	2020
Group	**£**	£
Freehold	**106,584,500**	132,119,297
Long leasehold	**23,457,000**	23,532,000
	130,041,500	155,651,297

	2021	2020
Company	**£**	£
Freehold	**65,182,000**	66,665,000
Long leasehold	**16,205,000**	15,460,000
	81,387,000	82,125,000

15. **INVESTMENT PROPERTY - continued**

Company

	Total
FAIR VALUE	**£**
At 1 April 2020	**82,125,000**
Additions through external acquisition	**8,006,346**
Disposals	**(3,140,000)**
Losses on revaluation	**(5,604,346)**
At 31 March 2021	**81,387,000**
NET BOOK VALUE	
At 31 March 2021	**81,387,000**
At 31 March 2020	82,125,000

The fair value reserve for the Company and the Group discloses the movement between the historical cost basis and the fair value basis for investment properties.

Valuation process for Group and Company
Investment properties are stated at fair value as determined by independent professional valuers. During the year and at the year end, valuations have been performed by Lambert Smith Hampton ("LSH"). LSH were appointed on the strength of their professionalism and their recent experience in the relevant locations and property sectors. They have acted for the Group for three years.

All of the valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

Investment property has been valued using an investment method involving the application of a yield to rental income streams. Inputs include yield, current rent and estimated rental value ("ERV"). Valuation reports are based on information provided from the Group's property database including current rents and lease terms and assumptions applied by the valuers e.g. ERVs and yields. The assumptions used by the valuers are influenced by relevant local comparables for the type, location and condition of the property.

16. **STOCKS**

	Group	
	2021	2020
	£	£
Property stock	**-**	1,512,951

For further details in relation to movement in stock please see Note 32.

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Trade debtors	**1,782,625**	1,440,810	**1,329,620**	899,241
Amounts owed by group undertakings	**-**	-	**-**	10,970,026
Accrued income and other debtors	**4,245,461**	673,577	**3,026,468**	619,485
Prepayments	**134,092**	256,044	**122,338**	103,890
	6,162,178	2,370,431	**4,478,426**	12,592,642

DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020	**2021**	2020
	£	£	**£**	£
Accrued income and other debtors	**3,623,510**	758,175	**3,569,630**	485,618
	3,623,510	758,175	**3,569,630**	485,618

Included within the accrued income balance of the Group and the Company are unexpired lease incentives that will be released to the Statement of comprehensive income across the terms of each individual lease. For group the lease incentives totalled £677,926 (2020: £790,860) of which £623,510 (2020: £758,175) is included as due after one year.

For the company, the lease incentives totalled £617,930 (2020: £497,998) of which £569,630 (2020: £485,618) is included as due after one year.

Included within the accrued income and other debtors balance due within one year, of the Group and the Company, is an interest-bearing loan amounting to £1,750,000. The loan has attached to it, an interest rate of 5.5% rising to 7.5% per annum from May 2021.

Included within the accrued income and other debtors balance due after one year, of the Group and the Company, is an interest-bearing loan amounting to £3,000,000. The loan has attached to it, an interest rate of 9% per annum.

The directors considered that the carrying value of trade debtors approximates to their fair value. The credit risk in respect of trade debtors is not concentrated as the Group has many tenants spread across a number of industry sectors. In addition, the tenant's rents are generally payable in advance.

The predominant class within trade debtors is rent receivable. The maximum exposure to credit risk at the reporting date is the carrying value of trade debtors as mentioned above. In assessing whether trade debtors are impaired, each debt is considered on an individual basis, and provision is made based upon specific knowledge of each tenant.

18. CURRENT ASSET INVESTMENTS

GROUP

	TOTAL
	£
Additions	7,238,751
Fair value adjustments	412,744
At 31 March 2021	**7,651,495**
Number of shares	11,955,461
Bid price at 31 March 2021	0.64
At 31 March 2021	**7,651,495**

During the year the Group successfully acquired 14.85% of Alternative Income REIT plc's issued share capital. The investment has been valued based on the bid price as at 31 March 2021.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loans and overdrafts (see note 21)	**-**	56,813	**-**	56,813
Trade creditors	**391,168**	159,129	**307,637**	128,487
Amounts owed to group undertakings	**-**	-	**26,474,499**	16,838,179
Tax	**49,517**	11,505	**48,219**	387
Social security and other taxes	**80,379**	34,327	**80,379**	34,327
VAT	**260,736**	345,581	**223,671**	184,315
Other creditors	**387,773**	468,594	**239,325**	333,333
Deferred income	**1,315,237**	1,423,713	**1,010,107**	1,069,117
Accruals	**330,032**	486,915	**258,111**	403,374
	2,814,842	2,986,577	**28,641,948**	19,048,333

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loans (see note 21)	**34,106,500**	33,985,470	**14,707,124**	14,604,170
Revolving credit facility (see note 21)	**-**	4,500,000	**-**	4,500,000
	34,106,500	38,485,470	**14,707,124**	19,104,170

The bank facilities outstanding are £34,500,000 with arrangement fees of £393,500 to be released over the length of the loan agreements, with maturities ranging from 2024-2028.

The Group's policy in respect of the use of financial instruments to manage risk is detailed in the accounting policies.

21. LOANS

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Amounts falling due within one year on demand:				
Bank loans and revolving credit facility	**-**	56,813	**-**	56,813
Amounts falling due between one and five years:				
Bank loans and revolving credit facility	**10,000,000**	14,500,000	**10,000,000**	14,500,000
Amounts falling due in more than five years:				
Bank loans	**24,500,000**	24,500,000	**5,000,000**	5,000,000

The total amount of Group creditors for which security has been given are £34,500,000 (2020: £39,000,000). Company £15,000,000 (2020: £19,500,000).

On 5 December 2019, the Group renewed its facilities with Lloyds Bank PLC. The Revolving Credit Facility has been extended until 5 December 2024 up to a maximum of £15,000,000. Interest payable on the facility is based upon three-month LIBOR, plus 2.2% margin. The Group negotiated a £10,000,000 loan, repayable on 5 December 2024. Interest is payable at a fixed rate of 3.12%.

The Group has overdraft facilities of up to a maximum of £1,000,000 (2020: £1,000,000). Interest payable on the facilities is based upon Bank base rate, plus margins of 2.5% - 2.65%.

The remaining Group bank loans are interest only and repayable in full on the maturity dates which vary between 5 and 7 years. Interest is payable at rates between 3.45% - 3.53% and are fixed for between 2 and 7 years (2020: 3.45% - 3.53%).

The Revolving Credit Facility, Bank overdrafts, and Bank loans are secured by a first legal charge, over certain of the Group's investment properties.

22. LEASING AGREEMENTS

Lessor

At 31 March 2021 the Group owned commercial and residential investment properties for rental purposes. Rental income earned during the period was £8,735,876 (2020: £10,468,761) and direct operating expenses arising on the properties in the period was £1,729,437 (2020: £1,482,649). The properties are expected to generate yield between 4% and 8% p.a. depending on type of property. Most lease contracts contain market review clauses in the event that the lessee exercises their option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Within one year	**7,261,928**	8,337,065	**5,709,529**	5,512,559
Between two and five years	**23,589,227**	25,331,425	**18,234,666**	16,470,051
In over five years	**33,777,998**	37,077,565	**20,590,210**	17,040,513
	64,629,153	70,746,055	**44,534,405**	39,023,123

23. FINANCIAL INSTRUMENTS

	Group		Company	
	2021	2020	**2021**	2020
Financial assets	**£**	£	**£**	£
Debt instruments measured at amortised cost				
Trade debtors	**1,782,625**	1,440,810	**1,329,620**	899,241
Amounts owed from subsidiary undertakings	**-**	-	**-**	10,970,026
Cash and cash equivalents	**3,659,179**	100,148	**2,762,894**	1,370
Financial assets at fair value through profit and loss				
Current asset investments	**7,651,495**	-	**-**	-
Equity instruments measured at cost				
Investment in subsidiary	**-**	-	**44,518,918**	44,518,918
	13,093,299	1,540,958	**48,611,432**	56,389,555

	Group		Company	
	2021	2020	**2021**	2020
Financial liabilities				
Debt instruments measured at amortised cost				
Bank loans and overdrafts	**34,106,500**	38,542,283	**14,707,124**	19,160,983
Trade creditors	**391,168**	159,129	**307,637**	128,487
Other creditors	**387,773**	468,594	**239,325**	333,333
Accruals	**330,032**	486,915	**258,111**	403,374
Amounts due to subsidiary undertakings	**-**	-	**26,474,499**	16,838,179
	35,220,473	39,656,921	**41,986,696**	36,864,356

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2021 £	2020 £
9,706,048	Ordinary	0.02	**194,121**	194,121

There is one class of ordinary share which carry no right to fixed income. The shares carry no special rights or restrictions, each share carries one vote.

96,690 ordinary shares are held in treasury by the company as at 31 March 2021.

25. PENSION COMMITMENTS

	2021	2020
Defined contribution schemes	**£**	£
Charge to Statement of comprehensive income in respect of defined contribution schemes	**11,195**	18,111

26. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.3.21	Year Ended 31.3.20
	£	£
Profit before taxation	**380,579**	2,744,875
Depreciation charges	**29,142**	16,638
Profit on disposal of investment properties	**(4,502,637)**	(322,889)
Loss on revaluation of investment properties	**9,167,905**	3,743,848
Loss on disposal of subsidiary	**122,913**	-
Gain on revaluation of current asset investments	**(412,744)**	-
Profit on disposal of assets	**(3,908)**	(3,428)
Bad debts	**256,463**	9,346
Taxation charge	**49,548**	27,730
Finance costs	**1,484,832**	1,454,915
Finance income receivable	**(260,779)**	(2,615)
Dividend receivable	**(119,355)**	-
	6,191,959	7,668,420
Decrease in stocks	**1,512,951**	(265,421)
Increase in trade and other debtors	**(4,232,466)**	(1,077,558)
Decrease in trade and other creditors	**(34,128)**	(234,980)
Cash generated from operations	**3,438,316**	6,090,461

27. ANALYSIS OF NET DEBT

	At 1 April 2020	**Cashflows**	**At 31 March 2021**
Cash at bank and in hand	156,961	3,502,218	3,659,179
Bank overdrafts	(56,813)	56,813	-
Debt due after 1 year	(4,500,000)	4,500,000	-
	(4,399,852)	**8,059,031**	**3,659,179**

28. CASH AND CASH EQUIVALENTS

The amounts disclosed in the Cash flow statement in respect of cash and cash equivalents are in respect of these Statement of financial position amounts:

	2021	**2020**
	£	**£**
Cash and cash equivalents	**3,659,179**	156,961
Bank overdrafts	**-**	(56,813)
	3,659,179	100,148

29. RELATED PARTY DISCLOSURES

No guarantees have been given or received by any of the companies in the Group.

During the year the Group purchased services totalling £Nil (2020: £1,175) from R. Shaunak, a Non-Executive Director of the Company.

On 25 March 2021 B P Green, a director, purchased a motor vehicle from the Company for £11,000, which represented the vehicle's market value.

30. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

31. INVESTMENT PROPERTY PORTFOLIO

		Valuation at 31 March 2021 £
Newhaven	Industrial facility	10,795,000
Mortlake	Serviced Offices	5,100,000
East Sheen	Serviced Offices	4,975,000
London	Central London Residential	3,800,000
Bedford	Industrial Unit	3,660,000
Braintree	Service Station	3,490,000
Glasgow	Industrial Unit	3,130,000
Surbiton	Residential	3,000,000
		37,950,000
Other property holdings under £3m		92,091,500
		130,041,500

Valuation Summary
The independent valuation of the investment portfolio, undertaken by Lambert Smith Hampton, independent chartered surveyors, as at 31 March 2021, shows a decrease of £9,167,905. This represents a 6.7% drop in valuation when compared like-for-like with the 31 March 2020 valuation.

32. NON-CONTROLLING INTERESTS

On 30 April 2020, Amdale Securities Limited sold its 60% shareholding in Delrose Developments Limited to one of that company's existing shareholders.

The sale resulted in a book loss of £122,913, and the replacement of £1.7m of fixed assets and £1.5m of stock with cash and a short-term loan.

33. EVENTS AFTER THE REPORTING PERIOD

On 1 April 2021 the Group completed a purchase of an investment property for an amount totalling £3,500,000.

34. FIVE YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018	2017 14 months
	£'000	£'000	£'000	£'000	£'000
Results					
Revenue	8,923	10,550	9,935	10,214	13,031
-arising from property investment	8,923	10,550	9,935	9,769	10,831
-arising from property development	-	-	-	445	2,200
Profits					
-arising from property investment	9,259	6,489	5,907	6,821	7,239
-arising from changes in fair value of investment properties	(9,168)	(3,744)	(1,886)	(1,067)	8,026
-arising from changes in fair value of current asset investments	413	-	-	-	-
-arising from property development	-	-	-	242	436
-arising from discount on acquisition/disposal of subsidiaries	(123)	-	-	-	2,439
Profit before tax	381	2,745	4,021	5,996	18,140
Corporation tax	(50)	(28)	14	(29)	(50)
Minority interest	(1)	(27)	66	(17)	(140)
Profit after tax and MI	330	2,690	4,101	5,950	17,951
Distributions	(4,997)	(5,415)	(5,415)	(5,253)	(4,140)
Profit/(loss) retained	(4,667)	(2,725)	(1,314)	697	13,811
Earnings per share on ordinary activities	94.5	66.6	61.9	78.6	87.6
Gross PID per share	45.0	58.0	55.0	55.0	60.5
Net Asset Value per share	11.91	12.40	12.66	12.80	12.90
Funds					
Total shareholders' funds	114,446	119,192	122,407	123,787	110,154
Bank and other loans including interest rate swaps	34,106	38,542	34,160	27,518	28,493
	148,552	157,734	156,567	151,305	138,647
Employment of funds					
Fixed Assets	130,271	155,922	153,158	144,433	150,821
Net current assets/(liabilities)	18,281	1,812	3,409	6,872	(12,174)
	148,552	157,734	156,567	151,305	138,647
Total Return	-0.3%	2.5%	3.2%	3.5%	17.3%

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