

GLENSTONE PROPERTY PLC (The Company)
(company no 986343)

The Board of Directors of the Company are pleased to announce the Interim Chairman's Statement and Unaudited Results for the half year ended 31 July 2009.

Chairman's Statement

It is a year since my first half year statement as Chairman and I am very pleased that despite very difficult economic conditions, your business continues to provide a steady performance.

Despite appalling trading conditions on the High Street we have been fortunate that the majority of our tenants have kept up with their rental payments. We have been reasonably successful in finding new tenants for any voids. There is no doubt that managing the portfolio has been challenging.

The second half of the year has started on a positive note with the sale of the ex Woolworths store in Beccles for a handsome profit. Barring unforeseen circumstances I am confident of a considerable improvement on last year's results.

Under the REIT regime, there will no longer be any corporation tax charge on the tax exempt property rental business. The presentation of previous years' performances is now shown before tax.

As mentioned in the AGM in this current year there is a one off REIT entry charge of approximately £1.6m. In future years corporation tax will only be paid on development profits and non-REIT income.

We have now entered the new REIT regime. Distributions to shareholders will be in the form of a property income distribution (PID) as opposed to a dividend. As you are aware this PID will suffer withholding tax at 20%. Certain exemptions are available to UK resident companies and UK tax exempt bodies (pension funds, ISA's and charities). If your circumstances qualify for exemption you should arrange for a Declaration of Eligibility for Gross PID payments form to be forwarded to Glenstone. If you have any doubt about your tax status you should contact your professional advisor.

Your directors have agreed to pay a first interim PID of 22.5 pence per share, which after the 20% withholding tax equates to 18p net, the same as last year.

NOTES TO THE INTERIM REPORT

1. BASIS OF PREPARATION

The principal accounting policies of the Group are set out in the Group's 2009 annual report and financial statements. The policies have remained unchanged from the previous report.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 31 January 2009, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified.

2. TURNOVER

	Unaudited 6 months to 31 July 2009	Unaudited 6 months to 31 July 2008	Audited 12 months to 31 Jan 2009
	£	£	£
Rents received - investment properties	3,093,101	2,922,851	5,889,508
Rents received - development properties	18,667	332,917	617,260
Sale proceeds of development properties	<u>0</u>	<u>0</u>	<u>0</u>
	<u>3,111,768</u>	<u>3,255,768</u>	<u>6,506,768</u>

3. TAXATION

Glenstone Property Plc elected for Company Real Estate Investment Trust ("REIT") status with effect from 1 February 2009. As a result the company will no longer pay 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. On entering the REIT regime an entry charge equal to 2% of the aggregate market value of the properties associated with the qualifying rental business is payable, and will be paid by 4 equal quarterly instalments, commencing in August 2009.

4. DISTRIBUTIONS

		Unaudited 6 months to 31 July 2009	Unaudited 6 months to 31 July 2008	Audited 12 months to 31 Jan 2009
		£	£	£
Dividends				
2008 - 2nd interim	17.5p paid (7 April 2008)			747,358
2008 - Final	20.5p paid (13 June 2008)			875,477
2009 - 1st interim	18.0p paid (15 October 2008)		768,711	768,711
2009 - 2nd interim	17.5p paid (6 April 2009)			
2009 - Final	20.5p paid (13 June 2008)			
Property Income Distributions				
2010 - 1st interim	22.5p payable (16 October 2009)	960,889		
		<u>960,889</u>	<u>768,711</u>	<u>2,391,546</u>

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Unaudited 6 months to 31 July 2009 £	Unaudited 6 months to 31 July 2008 £	Audited 12 months to 31 Jan 2009 £
Turnover	2	3,111,768	3,255,768	6,506,768
Cost of sales		(44,178)	(54,907)	(1,028,088)
Gross profit		<u>3,067,590</u>	<u>3,200,861</u>	<u>5,478,680</u>
Administrative expenses		(454,883)	(455,841)	(984,940)
Exceptional item - listing cost		0	(59,613)	(253,315)
		<u>(454,883)</u>	<u>(515,454)</u>	<u>(1,238,255)</u>
Operating profit		<u>2,612,707</u>	<u>2,685,407</u>	<u>4,240,425</u>
Interest receivable		136	4,480	7,542
Interest payable		(551,808)	(731,830)	(1,419,062)
		<u>(551,672)</u>	<u>(727,350)</u>	<u>(1,411,520)</u>
Profit on ordinary activities before taxation	3	<u>2,061,035</u>	<u>1,958,057</u>	<u>2,828,905</u>
Tax on profit on ordinary activities		(29,990)	(547,946)	(853,678)
REIT entry charge		(1,518,280)	0	0
		<u>(1,548,270)</u>	<u>(547,946)</u>	<u>(853,678)</u>
Profit on ordinary activities after taxation		<u>512,765</u>	<u>1,410,111</u>	<u>1,975,227</u>
Distributions	4	(960,889)	(768,711)	(2,391,546)
		<u>(960,889)</u>	<u>(768,711)</u>	<u>(2,391,546)</u>
(Loss) / profit for the period		<u>(448,124)</u>	<u>641,400</u>	<u>(416,319)</u>

The profit and loss has been prepared on the basis that all operations are continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit on ordinary activities after taxation	512,765	1,410,111	1,975,227
Unrealised deficit on revaluation of properties	0	0	(23,824,700)
Total recognised gains and losses relating to the period / year	<u>512,765</u>	<u>1,410,111</u>	<u>(21,849,473)</u>