

COLEBREAM ESTATES LIMITED
INTERIM REPORT - CHAIRMAN'S STATEMENT
For the six months ended 30th September 2023

The property market is seeing very limited investor activity because of inflation and volatile interest rates. This is putting pressure on property valuations and we can expect the portfolio value to reduce accordingly when we conduct the year end valuation.

Our sector is not seeing significant tenant failures at present but debt cycles tend to lag and we are keeping a close watch on this.

We are keeping a steady approach and focusing on maintaining our rental income and ensuring any renewals or reviews are dealt with efficiently. We have one void area in our Dorking property that we are working on to let. The one property we have that was causing concern has been Derby where the tenant was put into administration because of group debt. There has now been a management buyout and the existing lease has been taken over with the standalone company having a healthy order book.

I reported last year that we have been working on taking our portfolio management fully in-house and we are now employing Eleanor Barnett two days a week in an asset management role. Eleanor has worked at Jermyn Street for many years and is very familiar with our portfolio. We continue to use agents for the residential units to ensure statutory compliance and we keep overall control of lettings, refurbishments and property maintenance.

I reported that we were moving to using Xero accounting system and this has provided the directors and professionals with far more visibility and confidence on rent demands, cash flow and general daily management. This will enable us to increase efficiency and reduce property management costs.

The rental income on an annual basis is £1,039,154 and last year for this six month period it was £499,415. We are on course to maintain a similar income to last year with a portfolio estimated rental value of £1,219,440. I have given the annual rate because we have continued to allow some tenants to pay over a longer period where they have been struggling.

The portfolio value was £16.24m at the yearend March 2023 and income remains stable. Debt at present is £2.6m with the bulk of that at a fixed rate over a long term. Shareholders' funds on this basis are £13.64m.

Administrative costs are £166,330 by averaging period variations, prepayments and accruals providing a half year pre-tax profit of £330,085 and in line with the same periods for last two years.

We are managing our bank debt carefully with £1.23m having been renewed with a mixture of fixed and floating rates. This enables us to pay down the floating rate as funds become available should we feel it prudent to do so.

The board has recommended an interim dividend of 7.00 pence per share compared with 6.00 pence for this period last year. This will be paid on 16th February 2024. The board hopes to be able to maintain this level of issue.

Please would all shareholders note that both Colebream Estates Ltd and our registrars Link Market Services Ltd will be going "chequeless" and that every shareholder should ensure that their dividends are paid directly to their chosen bank account. This can be done very simply by using the shareholder online services at www.signalshares.com. **Paperless notifications can also be set up.**

I again express my thanks to my fellow directors for the hard work and attention to detail that has produced this position in ongoing, difficult times and for the excellent support provided by our joint staff at Jermyn Street, together with our accountants.

A.H. Godfrey Phillips.
Chairman.

16th February, 2024