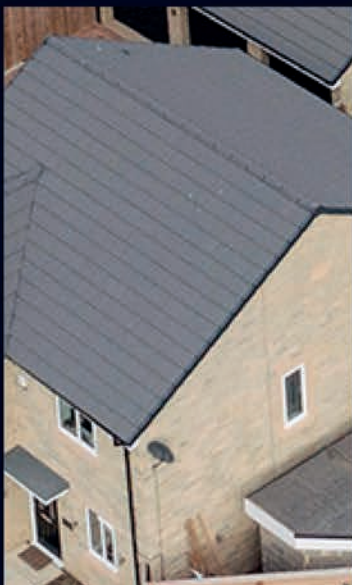




Interim Report & Financial Statements

FOR THE SIX MONTHS
ENDED 31 MAY 2022



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CHAIRMAN'S STATEMENT



JOHN NEWLANDS, CHAIRMAN

HIGHLIGHTS

- Net Asset Value total return of 0.2%
- Dividend distributions totalling 1.0p (2021: 1.0p) for the first quarter
- Ordinary share mid-price equivalent to a premium of 1.1% as at 31 May 2022
- Gearing facility with Shawbrook Bank Limited renewed to May 2023
- Change of name to reflect more accurately the nature of the Company's activities

BACKGROUND

The Company entered its sixth year of trading during the period under report, set against a continuing background of economic disruption, sharply rising inflation, upwards pressure on interest rates and a prolonging of the Covid-19 pandemic albeit at less virulent levels than during earlier phases.

In such circumstances the changes made to the Company's investment and lending policies a year or more ago, with the effect of reducing portfolio volatility and risk, while maintaining higher liquidity, have proved prudent. In short, the decision to target somewhat lower investment returns – in the nearer term, at least – and to “cherry pick” new investment opportunities

continues to offer the best risk/reward trade off as the way forward clears.

NET ASSET VALUE

The Company's Net Asset Value per share decreased from 83.9p to 83.1p over the six months ended 31 May 2022. Taking the effects of dividend distributions into account, this was equivalent to a NAV Total Return of 0.2%.

This figure may be placed into context by the total return figures over the same period of the Association of Investment Companies' (AIC's) “Property-Debt” sector, of which Develop North is a component member, of -1.2% and of the AIC's “Debt- Loans” sector of 2.7%. Meanwhile in a much broader context the FTSE 100 and FTSE All-Share Indices increased respectively by 9.8% and 6.2% over the same interval.

DIVIDENDS

An interim dividend of 1 penny per share will be paid on 30 June 2022. As set out in the Annual Report the Company expects to pay dividends at a rate of 1 penny per share per quarter, equivalent to 4 pence per share per year in aggregate.

Depending on market conditions and the performance of the investment portfolio, a final balancing payment may be made at the end of the current financial year so as to at least fulfil the investment trust qualification requirements.¹

INVESTMENT PORTFOLIO

The total value of the Company's portfolio now stands at £23.9m, from 19 live projects, following growth of £6.7m in the gross value of loans and receivables.

New Investments – the Company agreed two new loans during the period, including a £2.2m, nine month facility to fund the construction of four family homes in Morpeth, Northumberland, and a £1.9m facility to fund the construction of executive homes across two sites in Darras Hall, Ponteland and Stocksfield, Northumberland. Further details are provided in the Investment Adviser's report on page 5.

¹ see Glossary (page 22) for explanation.

In addition, further funds were invested in facilities created during the second half of last year. This has led to a significant increase in the total size of the loan book and which will support portfolio revenues over future months and years.

Exits – there were no portfolio exits, bar a small number of partial redemptions, during the period.

Impairments – there continue to be historic loans within the portfolio, which predate the formation of the Company, against which provisions have already been taken. These projects have now almost reached their conclusion and the directors expect the level of impairments to continue to reduce as the overall quality of the portfolio increases. The Directors, in conjunction with the Investment Adviser continue to monitor the performance of all loans, and certain adjustments to impairments made to investments have consequently been made (although none at the scale of previous periods).

The loan portfolio is discussed more fully in the Investment Adviser's review.

GEARING

The Company continues to benefit from a Gearing facility with Shawbrook Bank Limited, recently renewed for a further year until May 2023, with £2.7m drawn at the period end.

OUTLOOK

Notwithstanding the testing backdrop described above, the Company is well positioned both to resist further economic headwinds and to deploy its considerable liquidity into the right projects at the right time.

Only a short time ago the country was amidst full or partial lockdown, characterised by deserted construction sites and empty travel depots. In this situation the much-lauded "working from home" initiative beloved of the UK public sector was quite useless and where productivity was forced towards zero.

We now see building sites coming to life, cranes moving, old projects re-starting and new schemes being placed on the drawing board. Under its much more dynamic and appropriate new name of **Develop North PLC**,² the Company stands ready to move on to the next phase of its life.

JOHN NEWLANDS

CHAIRMAN

10 AUGUST 2022

²The Company now trades under its Tradable Instrument Display Mnemonic ("TIDM", better known as the "Ticker") of DVNO.

INVESTMENT ADVISER'S REVIEW



ABOUT THE ADVISER

Tier One Capital Ltd is a Newcastle upon Tyne based wealth management and property lending specialist providing financial advice services and bespoke tailored lending to the residential and commercial property development market.

INVESTMENT ADVISER'S REPORT REVIEW OF THE 6 MONTHS TO 31 MAY 2022

Investment Adviser's highlights:

- NAV Total Return of 0.2% for the 6 months to 31 May 2022.
- Loan book, including interest receivable, increased from £18.1m at 30 November 2021 to £24.9m at 31 May 2021, an increase of 37.6%.
- Payment of dividends totalling 1.0p for the first quarter, equivalent to an annualised dividend yield of 4.8%.

This Interim Report and Accounts covers the end of the fifth and the beginning of the sixth year of performance of the Company, since its listing in January 2017.

The Company's primary purpose is to provide debt finance to the property sector. The Company also benefits from a number of equity positions attained at nil cost in a number of the borrowing entities which it supports.

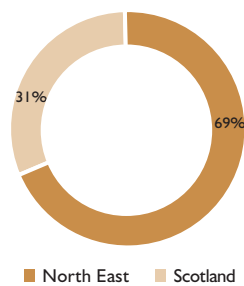
The first six months of the financial year have seen the base rate increase above 1% for the first time since the global financial crisis of 2008. Market expectations see these increases continuing for the remainder of 2022 and into 2023 with some economists expecting a peak of 3%. This has been driven by inflation which reached 9.1% CPI for the twelve months to May 2022, primarily because of housing, water, electricity, gas and other fuels, transport and food and non-alcoholic beverages.

The Company used the first six months to protect shareholder value, deploying funds into the most recent portfolio loans while positioning some of the older loans for exit. There was a continued focus on liquidity, with the gearing facility renewed for a further twelve months in May 2022.

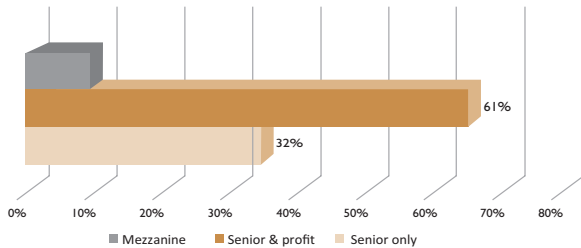
DEPLOYMENT

Having addressed the Company's portfolio to deliver those investment highlights, the geographic focus and lending type is as follows:

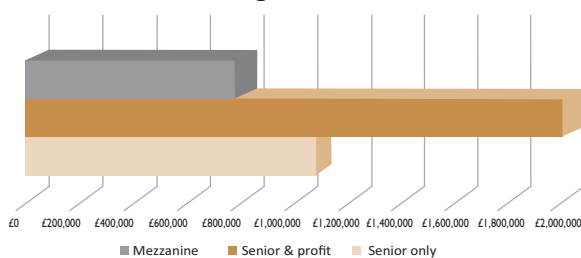
Deployment by Region



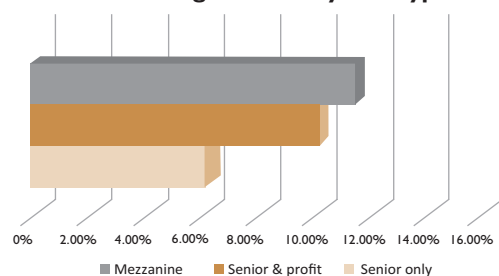
Lending type



Average loan size



Average returns by loan type



Despite the ongoing uncertainties, we are pleased to report an active period for new transactions and deployments to existing projects, together with full and partial exits:

The Company agreed two new facilities during the period:

- Fairmoor, North East England - £2.2m 9-month facility
- Moor Lane, North East England - £1.9m 18-month facility

During the year a total of £8.2m was deployed into six projects including the two new projects mentioned above.

Portfolio Exits

There were no portfolio exits during the period, leaving the number of exits since inception at twelve.

Partial Redemptions Update

During the period there were £1.6m of partial redemptions across five of the portfolio projects.

Impairments

The Company, in accordance with IFRS 9, recognises the gross interest receivable on all its loans, and then recognises an impairment charge if that interest is not paid by the borrower and there is not a clear expectation that this can be recovered subsequently. During the year, three projects were unable to meet their interest requirements.

IFRS 9 also requires the Company to consider various credit loss scenarios and assign a risk weighting to these. This calculation generates a provision which is taken as a further impairment. In this period the Company has set the provision at £33,000, the same amount in place as at 30 November 2021. This provision is based on forward looking statements to withstand market-related shocks including those caused by the ongoing Covid-19 pandemic.

Gearing

In May 2022, the Company renewed the committed revolving credit facility with Shawbrook Bank for a further year. Again the key driver was headroom and liquidity and its renewal for a fifth year demonstrates the support that the Company has from its lender, and the growing confidence in future deployment given the current strength of pipeline.

Profit Share Projects

There are currently 6 Profit Share projects in the portfolio (Nov 2021: 6).

OUTLOOK

Economic Outlook

Residential

As at 31 May 2022, 70.5% of deployed funds were invested across 14 projects with a residential focus with a further £1.9m committed to live projects.

The housing market has continued to grow during 2022, continuing the strong performance of 2021. There are now strong indications that a slow down is coming with Savills' five year forecast, updated in May 2022, suggesting increases across the UK of 12.9%, a significantly slower rate of growth than the 20.5% over the five years predicted in November 2021. The slower growth is largely because stretched affordability, combined with interest rate rises, will limit the capacity for further growth in property values. The North East and Scotland are forecast to see rises of 17.4% and 15.7% respectively with London and the south of England falling below the UK average. It's important to note that most of the forecast growth is in 2022, with flat or even slightly negative numbers in 2023 before a return to 2-3% growth in 2024-26.

Supply chain issues for both availability and pricing of labour and materials reached unprecedented levels

in 2021 and continued into 2022. There are now anecdotal signs that the material availability issues for most products is returning to normal but both pricing and labour shortage issues remain, and it will take the rest of 2022 to stabilise.

The Company's residential exposure is predominantly in the North East (91.2%). This region continues to have the best affordability with loan to income ratios remaining lower allowing the potential for greater price growth in the future. We continue to appraise projects using the views of market experts for sales values and build cost and delivery, with all assumptions stress tested.

Commercial

As at 31 May 2022, 29.5% of deployed funds were invested across five projects with a commercial focus.

The Company continues to be selective in the level of exposure to commercial developments. We believe our selective approach to the Company's deployment in the commercial property sector will continue to create shareholder value. The sectors within the commercial property space that the Company currently has exposure to are:

- bereavement (crematorium);
- strategic land; and
- shared office space.

Each of the above sub-sectors offer downside protection in the current uncertain economic times with the latter two also giving flexibility for the borrowers as and when trends change. We will continue to identify and support professional, experienced, and reliable management teams who have a clear vision and robust plan.

PIPELINE

There is currently £3.5m at various stages of due diligence across two projects in the North East.

The quality and experience of each management team that we are in discussions with will continue to enhance the Company's portfolio and strengthen its reputation in the market. This should lead to the creation of shareholder value that is sustainable in the longer term.

IAN MCELROY

TIER ONE CAPITAL LTD

10 AUGUST 2022

THE INVESTMENT PORTFOLIO AS AT 31 MAY 2022

Sector	% Portfolio	LTV* (May 22)	Loan Value (May 22) £'000s	LTV* (Nov 21)	Loan Value (Nov 21) £'000s
Residential	66.0%	69.5%	15,947	73.7%	10,480
Commercial	33.1%	64.3%	8,005	66.7%	7,043
Cash	0.9%	–	221	–	4,545
General Impairment	–	–	(32)	–	(33)
Total/Weighted Average	100.0%	67.8%	24,141	70.9%	22,035

*LTV has been calculated using the carrying value of the loans as at the balance sheet date

INTERIM MANAGEMENT REPORT

The principal and emerging risks and uncertainties that could have a material impact on the Company's performance have not changed from those set out on pages 15 and 16 of the Company's Annual Report for the year ended 30 November 2021.

The Directors consider that the Chairman's Statement and the Investment Adviser's Review on pages 2 to 7 of this Interim Report, the above disclosure on related party transactions and the Statement of Directors' Responsibilities below, together constitute the Interim Management Report of the Company for the six months ended 31 May 2022 and satisfy the requirements of the Disclosure Guidance and Transparency Rules 4.2.3 to 4.2.11 of the Financial Conduct Authority.

The Interim Report has not been reviewed or audited by the Company's Auditor.

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this Interim Report. For these reasons they consider that there is sufficient evidence to continue to adopt the going concern basis in preparing the accounts.

DIRECTORS' RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and profit of the Company, as at 31 May 2022, as required by the Disclosure Guidance and Transparency Rule 4.2.4R;
- The Interim Report includes a fair review of the information required by the Disclosure and Transparency Rule 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- The Interim Report includes a fair review of the information concerning related party transactions as required by Disclosure Guidance and Transparency Rule 4.2.8R.

On Behalf of the Board

JOHN NEWLANDS

CHAIRMAN

10 AUGUST 2022

INCOME STATEMENT

			Six months ended 31 May 2022 (unaudited)	Six months ended 31 May 2021 (unaudited)	Year ended 30 November 2021 (audited)	
	Note	Revenue £'000	Capital £'000	Total £'000	Total £'000	Total £'000
REVENUE						
Investment interest		864	–	864	879	1,643
Total revenue		864	–	864	879	1,643
(Losses)/gains on investments held at fair value through profit or loss		(38)	(96)	(134)	(39)	54
Total net income		826	(96)	730	840	1,697
EXPENDITURE						
Investment adviser fee		(34)	–	(34)	(34)	(68)
Impairments on investments held at amortised cost		7	(51)	(44)	(1)	(208)
Other expenses		(315)	–	(315)	(198)	(491)
Total expenditure		(342)	(51)	(393)	(233)	(767)
Profit before finance costs and taxation		484	(147)	337	607	930
FINANCE COSTS						
Interest payable		(16)	–	(16)	(1)	(1)
Profit before taxation		468	(147)	321	606	929
TAXATION						
Profit for the period/year		468	(147)	321	606	929
Basic earnings per share	3	1.74p	(0.55)p	1.19p	2.25p	3.45p

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with UK adopted International Financial Reporting Standards ("UK adopted IFRS") in conformity with the requirements of the Companies Act 2006. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

There is no other comprehensive income as all income is recorded in the statement above.

STATEMENT OF FINANCIAL POSITION

		As at 31 May 2022 (unaudited)	As at 31 May 2021 (unaudited)	As at 30 November 2021 (audited)
	Notes	£'000	£'000	£'000
NON-CURRENT ASSETS				
Investments held at fair value	5	–	1,580	–
Loans at amortised cost	6	14,153	3,099	7,929
		14,153	4,679	7,929
CURRENT ASSETS				
Investments held at fair value	5	6,375	12,688	7,589
Loans at amortised cost	6	4,324	2,326	2,629
Other receivables and prepayments		17	7	27
Cash and cash equivalents		221	3,174	4,545
		10,937	18,195	14,790
TOTAL ASSETS		25,090	22,874	22,719
CURRENT LIABILITIES				
Loan facility		(2,656)	-	–
Other payables and accrued expenses		(67)	(75)	(135)
TOTAL LIABILITIES		(2,723)	(75)	(135)
NET ASSETS		22,367	22,799	22,584
SHARE CAPITAL AND RESERVES				
Share capital	7	269	269	269
Share premium		9,094	9,094	9,094
Special distributable reserve		12,849	13,093	13,093
Capital reserve		(313)	(166)	(166)
Revenue reserve		468	509	294
EQUITY SHAREHOLDERS' FUNDS		22,367	22,799	22,584
Net asset value per ordinary share	8	83.08p	84.68p	83.88p

The notes on pages 15 to 20 form an integral part of the financial statements.

The financial statements on pages 10 to 20 were approved by the Board of Directors of Develop North PLC (a public limited company incorporated in England and Wales with company number 10395804) and authorised for issue on 10 August 2022.

They were signed on its behalf by:

JOHN NEWLANDS
CHAIRMAN

STATEMENT OF CHANGES IN EQUITY

For the six months ending
31 May 2022
(unaudited)

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE PERIOD	269	9,094	13,093	(166)	294	22,584
Total comprehensive profit for the period:						
Profit for the period	-	-	-	(147)	468	321
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	(244)	-	(294)	(538)
At 31 May 2022	269	9,094	12,849	(313)	468	22,367

For the six months ending
31 May 2021
(unaudited)

	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE PERIOD	269	9,094	13,497	(263)	-	22,597
Total comprehensive profit for the period:						
Profit for the period	-	-	-	97	509	606
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	(404)	-	-	(404)
At 31 May 2021	269	9,094	13,093	(166)	509	22,799

STATEMENT OF CHANGES IN EQUITY

For the year ending 30 November 2021 (audited)	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE YEAR	269	9,094	13,497	(263)	–	22,597
Total comprehensive profit for the year:						
Profit for the year	-	-	-	97	832	929
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	(404)	-	(538)	(942)
At 30 November 2021	269	9,094	13,093	(166)	294	22,584

CONDENSED CASH FLOW STATEMENT

	Six months to 31 May 2022 (unaudited) £000	Six months to 31 May 2021 (unaudited) £000	Year ending 30 November 2021 (audited) £000
OPERATING ACTIVITIES			
Profit after taxation	321	606	929
Impairments on investments held at fair value through profit and loss	123	67	152
Impairments on loans at amortised cost	51	187	542
Uplifts on investments held at fair value through profit and loss	(27)	(107)	(342)
Uplifts on loans at amortised cost	–	(244)	(473)
(Increase)/decrease in loan interest receivable on investments held at fair value through profit and loss	(109)	4	30
Increase in loan interest receivable on loans at amortised cost	(207)	(50)	(156)
Decrease/(increase) in other receivables	10	14	(6)
(Decrease)/increase in other payables	(68)	(56)	4
Interest paid	16	–	1
NET CASH INFLOW FROM OPERATING ACTIVITIES	110	421	681
INVESTING ACTIVITIES			
Loans given	(8,148)	(2,697)	(8,266)
Loans repaid	1,612	6,002	13,221
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	(6,536)	3,305	4,955
FINANCING			
Equity dividends paid	(538)	(404)	(942)
Bank loan drawn down	2,656	–	–
Repayment of bank loan	–	(1,150)	(1,150)
Interest paid	(16)	–	(1)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	2,102	(1,554)	(2,093)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
	(4,324)	2,172	3,543
Cash and cash equivalents at the start of the year	4,545	1,002	1,002
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	221	3,174	4,545

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)



1. INTERIM RESULTS

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and the accounting policies set out in the statutory accounts of the Company for the year ended 30 November 2021. The condensed financial statements do not include all of the information required for a complete set of financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 November 2021, which were prepared in accordance with UK adopted International Financial Reporting Standards ("UK adopted IFRS") in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under international accounting standards. There have been no significant changes to management judgements and estimates.

The condensed financial statements have been prepared on the going concern basis. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these financial statements.

2. INVESTMENT ADVISER

In its role as the Investment Adviser, Tier One Capital Ltd is entitled to receive from the Company an investment adviser fee which is calculated and paid quarterly in arrears at an annual rate of 0.25 per cent. per annum of the prevailing Net Asset Value if less than £100m; or 0.50 per cent. per annum of the prevailing Net Asset Value if £100m or more.

There is no balance accrued for the Investment Adviser for the period ended 31 May 2022 (31 May 2021 : £nil; 30 November 2021 : £nil).

There are no performance fees payable.

ALTERNATIVE INVESTMENT FUND MANAGER'S DIRECTIVE ('AIFMD')

The Company has been approved by the Financial Conduct Authority as a Small Registered UK Alternative Investment Fund Manager ('AIFM').

3. EARNINGS PER SHARE

The revenue, capital and total return per ordinary share is based on each of the profit after tax and on 26,924,063 ordinary shares, being the weighted average number of ordinary shares in issue throughout the period.

	Six months ended 31 May 2022		Six months ended 31 May 2021		Year ended 30 November 2021	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Revenue earnings	468	1.74	509	1.89	832	3.09
Capital earnings	(147)	(0.55)	97	0.36	97	0.36
Total earnings	321	1.19	606	2.25	929	3.45
Average number of shares in issue		26,924,063		26,924,063		26,924,063

Earnings for the period to 31 May 2022 should not be taken as a guide to the results for the year to 30 November 2022.

4. DIVIDENDS

	Six months ended 31 May 2022	Six months ended 31 May 2021	Year ended 30 November 2021
	£'000	£'000	£'000
In respect of the prior year:			
Third interim dividend	269	–	–
Fourth interim dividend	269	404	404
In respect of the current year:			
First interim dividend	–	–	269
Second interim dividend	–	–	269
Third interim dividend	–	–	–
Total	538	404	942

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of interest distribution. On 31 May 2022, the Company declared an interim dividend of 1.00 pence per share for the quarter ended 28 February 2022, payable on 30 June 2022.

5. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's investment held at fair value through profit or loss represents its profit share arrangements whereby the Company owns 25.1% or has an exit fee mechanism for six companies.

	31 May 2022 £'000	31 May 2021 £'000	30 November 2021 £'000
Opening Balance	7,589	16,809	16,809
Loans deployed	80	2,183	904
Principal repayments	(1,307)	(4,760)	(10,284)
Movements in interest receivable	147	75	106
Unrealised (losses)/gains on investments held at fair value through profit or loss	(134)	(39)	54
Total investments held at fair value through profit and loss	6,375	14,268	7,589

Split:

Non-current assets: Investments held at fair value through profit and loss due for repayment after one year

– 1,580 –

Current assets: Investments held at fair value through profit and loss due for repayment under one year

6,375 12,688 7,589

6. LOANS AT AMORTISED COST

	31 May 2022 £'000	31 May 2021 £'000	30 November 2021 £'000
Opening Balance	10,558	6,046	6,046
Loans deployed	8,068	514	7,362
Principal repayments	(305)	(1,242)	(2,937)
Movements in interest receivable	200	108	295
Movement in impairments	(44)	(1)	(208)
Total Loans at amortised cost	18,477	5,425	10,558

Split:

Non-current assets: Loans at amortised cost due for repayment after one year

14,153 3,099 7,929

Current assets: Loans at amortised cost due for repayment under one year

4,324 2,326 2,629

The Company's loans held at amortised cost are accounted for using the effective interest method. The carrying value of each loan is determined after taking into consideration any requirement for impairment provisions during the period; allowances for impairment losses amounted to £44,000 (May 2021: £1,000; November 2021: £208,000).

Continued

7. SHARE CAPITAL

	Nominal value £'000	Number of Ordinary shares of 1p
Issued and fully paid as at 30 November 2021	269	26,924,063
Issued and fully paid as at 31 May 2022	269	26,924,063

The ordinary shares are eligible to vote and have the right to participate in either an interest distribution or participate in a capital distribution (on a winding up).

8. NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets of £22,367,422 (31 May 2021: £22,798,683; 30 November 2021: £22,315,165) and on 26,924,063 ordinary shares (31 May 2021: 26,924,063; 30 November 2021: 26,924,063), being the number of ordinary shares in issue at the period/year end.

9. RELATED PARTIES

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received fees totalling £43,000 for their services during the period to 31 May 2022 (31 May 2021: £45,000; 30 November 2021: £90,000). £nil was payable at the period and prior year end.

Ian McElroy is Chief Executive of Tier One Capital Ltd and is a founding shareholder and director of the firm.

Tier One Capital Ltd received £34,000 investment adviser's fee during the period (31 May 2021: £28,000; 30 November: £68,000) and £nil was payable at the

period end (31 May 2021: £nil; 30 November 2021: £nil). Tier One Capital Ltd receives up to a 20% margin and arrangement fee for all loans it facilitates.

There are various related party relationships in place with the borrowers as below:

The following related parties arise due to the opportunity taken to advance the 25.1% profit share contracts:

- **Gatsby Homes**

The Company owns 25.1% of the borrower Gatsby Homes Ltd. The loan amount outstanding as at 31 May 2022 was £13,000 (31 May 2021: £1.2m, 30 November 2021: £468,000). Transactions in relation to loans repaid during the year amounted to £441,000 (31 May 2021: £172,000, 30 November: £797,000). Interest due to be received as at 31 May 2022 was £nil (31 May 2021: £nil, 30 November 2021: £nil). Interest received during the period amounted to £38,000 (31 May: £nil, 30 November 2021: £136,000).

- **Bede and Cuthbert Developments**

The Company owns 25.1% of the borrower Bede and Cuthbert Developments Ltd. The loan amount outstanding as at 31 May 2022 was £80,000 (31 May 2021: £3.0m, 30 November 2021: £130,000). Transactions in relation to loans repaid during the period amounted to £50,000 (31 May 2021: £250,000, 30 November 2021: £3.2m). Interest due

to be received as at 31 May 2022 was £nil (31 May 2021: £41,000, 30 November 2021: £nil). Interest received during the year amounted to £nil (31 May 2021: £127,000, 30 November 2021: £154,000).

- **Thursby Homes (Springs)**

The Company owns 25.1% of the borrower Thursby Homes (Springs) Ltd. The loan amount outstanding as at 31 May 2022 was £1.9m (31 May 2021: £2.6m, 30 November 2021: £2.4m). Transactions in relation to loans repaid during the period amounted to £381,000 (31 May 2021: £369,000, 30 November 2021: £502,000). Interest due to be received as at 31 May 2022 was £226,000 (31 May 2021: £185,000, 30 November 2021: £209,000). Interest received during the period amounted to £109,000 (31 May 2021: £131,000, 30 November 2021: £261,000).

- **Northumberland**

The Company owns 25.1% of the borrower Northumberland Ltd. The loan amount outstanding as at 31 May 2022 was £832,000 (31 May 2021: £1.8m, 30 November 2021: £1.3m). Transactions in relation to loans repaid during the period amounted to £435,000 (31 May 2021: £164,000, 30 November 2021: £683,000). Interest due to be received as at 31 May 2022 was £15,000 (31 May 2021: £26,000, 30 November 2021: £10,000). Interest received during the period amounted to £19,000 (31 May 2021: £78,000, 30 November 2021: £123,000).

- **Coalsnaughton**

The Company owns 40.17% (31 May 2021: 25.1%, 30 November 2021: 25.1%) of the borrower Kudos Partnership. The loan amount outstanding as at 31 May 2022 was £2.3m (31 May 2021: £1.9m, 30 November 2021: £2.3m). Transactions in relation to loans made during the period amounted to £80,000 (31 May 2021: £217,000, 30 November 2021: £404,000). Interest due to be received as at 31

May 2022 was £257,000 (31 May 2021: £128,000, 30 November 2021: £170,000). Interest received during the period amounted to £129,000 (31 May 2021: £110,000, 30 November 2021: £228,000).

- **Oswald Street**

The Company owns 25.1% of the Riverfront Property Limited Partnership. The loan amount outstanding as at 31 May 2022 was £382,000 (31 May 2021: £408,000, 30 November 2021: £10,000). Transactions in relation to loans made during the period amounted to £nil (31 May 2021: £nil, 30 November 2021: £nil). Interest due to be received as at 31 May 2022 was £5,000 (31 May 2021: £5,000, 30 November 2021: £5,000). Interest received during the period amounted to £15,000 (31 May 2021: £15,000, 30 November 2020: £31,000).

10. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single unified business, being the investment of the Company's capital in financial assets comprising loans and joint venture equity contracts and in one geographical area, the United Kingdom, and that therefore the Company has no segments. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value. As the total return on the Company's net asset value is calculated based on the IFRS net asset value per share as shown at the foot of the Consolidated Statement of Financial Position, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

Continued

11. FAIR VALUE HIERARCHY

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

All loans are considered Level 3.

12. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

13. INTERIM REPORT STATEMENT

These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 30 November 2021, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 30 November 2021 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

SHAREHOLDER INFORMATION

Share Register Enquiries

For shareholder enquiries, please contact the registrar, Computershare +44 (0) 370 702 0000.

Share Capital and General Information

Ordinary £0.01 Shares	26,924,063
SEDOL Number	BD0ND66
ISIN	GB00BD0ND667
Ticker	DVNO

Share Prices

The Company's shares are listed on the London Stock Exchange.

Annual and Interim Reports

Copies of the Annual and Interim Reports are available from the Company Secretary on telephone number 01245 398950 and are also available on the Company's website www.developnorth.co.uk

Provisional Financial Calendar

July 2022	Interim period end results announced
September 2022	Payment of interim dividend
30 November 2022	Year end
January 2023	Payment of interim dividend
April 2023	Payment of interim dividend
April 2023	Annual General Meeting
31 May 2023	Interim period end
July 2023	Payment of interim dividend

GLOSSARY

AIC Association of Investment Companies

This is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD Alternative Investment Fund Managers Directive

Issued by the European Parliament in 2012 and 2013, the Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM). The Board of Directors of a Closed-ended Investment Company, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIFM Alternative Investment Fund Manager

The Company has been approved by the Financial Conduct Authority as a Small Registered UK Alternative Investment Fund Manager.

Basic Total Earnings per Share Total profit after taxation divided by the weighted average number of Ordinary Shares in issue during the period.

C share This is a class of share issued by investment trusts. It allows the increase in number of shares in issue and funds under management without reducing the value of the existing ordinary shares. 'C' shares are quoted separately from the ordinary shares until the money raised from their issue has been fully invested. After that, they are converted to ordinary shares at a value based on the trust's net asset value.

Closed-end Investment Company

A company with a fixed issued ordinary share capital which is traded on a stock exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances.

Discount (or Premium) of Share Price to NAV

If the share price is less than the Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium. The discount (or premium) is calculated by reporting the difference between the Net Asset Value per share and the Share Price as a percentage of the Net Asset Value per share.

Dividend Yield

Calculated using the annual dividend as a percentage of the share price at the year end.

Dividends per Share

Dividends declared for the year.

Gearing

Total assets less all cash divided by shareholders' funds.

Increase/decrease in NAV

The movement in NAV in the period, shown in total and as a movement per share. Expressed in whole numbers and as a percentage.

Investment Trust Qualification

The Investment Trusts (Approved Company) (Tax) Regulations 2011 (SI 2011/2999) set out requirements for investment trust approval, amongst which is that an investment trust must not retain in respect of an accounting period an amount which is greater than 15% of its income for the accounting period.

Loan to Value

Debt outstanding and drawn at the period end, net of any cash held in the Lender deposit account, expressed as a percentage of the market value of all property assets.

Net Assets (or Shareholders' Funds)

This is calculated as the value of the investments and other assets of an Investment Company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Company at a point in time.

Net Asset Value (NAV) per Ordinary Share

This is calculated as the net assets of the Company calculated under its accounting policies as set out in the year end report and financial statements divided by the number of shares in issue. This is the number disclosed at the foot of the Statement of Financial Position on page 11.

NAV Total Return

The growth in NAV plus dividends reinvested, and this can be expressed as a percentage of NAV per share at the start of the year.

Ongoing Charges

All operating costs incurred by the Company, expressed as a proportion of its average Net Assets over the reporting year.

Share Price Total Return

The percentage change in the Share Price assuming dividends are reinvested to purchase additional Ordinary Shares at the prevailing share price.

SORP

Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the AIC.

Total Assets

This is calculated as the value of the investments and other assets of the Company, plus cash and debtors.

Total Return

The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets.

UK Corporate Governance Code

A code issued by the Financial Reporting Council which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.

Alternative Performance Measures (APMs)

The Company uses the following APMs (as described in the glossary) to present a measure of profitability which is aligned with the requirements of our investors and potential investors, to draw out meaningful data around revenues and earnings to provide additional information not required for disclosure under accounting standards. All APMs relate to past performance.

- Dividend yield
- Increase / decrease in NAV
- Loan to value
- NAV total return
- Ongoing charges
- Share price total return

CORPORATE INFORMATION

DIRECTORS

JOHN NEWLANDS

Chairman

MATTHEW HARRIS

Chairman of the Audit Committee

IAN MCELROY

DOUGLAS NOBLE

Chairman of the Remuneration Committee

REGISTERED OFFICE

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Newcastle upon Tyne
NE4 7YD

BROKER AND FINANCIAL ADVISER

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London EC2M 1JJ

SOLICITOR

GOWLING WLG (UK) LLP

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ADMINISTRATOR AND SECRETARY

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INDEPENDENT AUDITOR

MHA MACINTYRE HUDSON

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REGISTRAR

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