

Quarterly factsheet 31 May 2023

Develop North PLC (DVNO) is an investment company listed on the LSE Main Market. It targets a 4.0p annual dividend and 5% NAV total return, through a diversified portfolio of fixed rate loans:

- Secured over land and/or property in the UK, primarily regional (i.e. loans to property developers)
- Targeted towards both residential and commercial property developments

Review of the Quarter to 31 May 2023

The first six months of the financial year have seen the base rate increase to 5.0% at the time of writing (June 2023), with expectations that they may exceed 6.0% by the end of 2023 and remain at these levels until the second half of 2024. These rises have been driven by the ongoing presence of core inflation which the Bank of England has been attempting to get under control for the past twelve months. Most analysts expect the rises to put the country into a recession later this year.

2023 has seen house prices decline across the UK. This is expected to continue for the rest of 2023 and all of 2024 (Source: Savills & Knight Frank). These forecast declines would see prices return to summer 2021 values. Build cost inflation and labour shortages in the construction sector have stabilised but the viability of new projects is still challenging.

Within DVNO, the first half of the year saw one new facility being provided to fund the purchase and development of The Croft Hotel, Croft on Tees, Yorkshire. A second facility was provided to Churchill Homes, post period end to fund a scheme of bungalows in Aberdeen, Aberdeenshire.

There were no exits in the quarter with partial redemptions continuing across several projects. Post quarter end, there were two successful exits, bringing the number of exits to seventeen since inception. The investment adviser reports a healthy pipeline and an anticipation of further completed deals over the coming months.

In May 2023, the gearing facility with Shawbrook was refreshed for a further two years.

0.0% NAV total return	Attributed as follows (as a % of 30 Nov 2022 NAV): <ul style="list-style-type: none"> • 2.0% increase in dividends paid • 2.0% decrease in NAV per share
2.0p dividends declared	Interim dividends of 1.0p for the quarter to 30 November 2022 were declared March 2023.

Key facts

Ticker

DVNO

Launched

24 January 2017

Domicile

UK

Listing

LSE Main Market

Ordinary shares

26,924,063

Market cap

£21.9m

Share price

81.5p

NAV per share (cum income)

79.81p

Price premium to NAV

2.12%

Forecast Yield

4.91%

Dividends

1.0p/quarter

Dividend cover

0.90

Gearing

13.5% (max. 30%)

Portfolio Manager

Tier One Capital Ltd

Annual Management Fee (% of net assets)

0.25% on assets from £0m to £100m

0.50% on assets above £100m

Financial year end

30 November

Dividend payment dates

Jan, Apr, Jul, Oct

OCF

2.51%

Portfolio at a glance

17

Loans

£23.7m

Portfolio value

£1.4m

Average loan size

7.7%

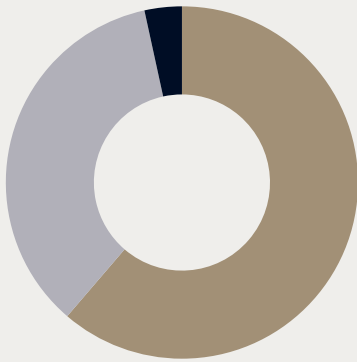
Average coupon

100%

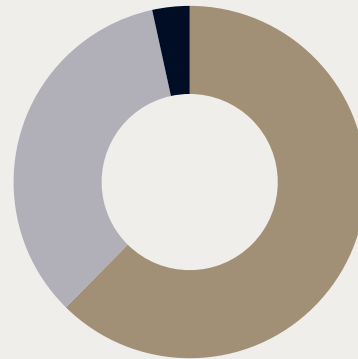
Secured

65.5%

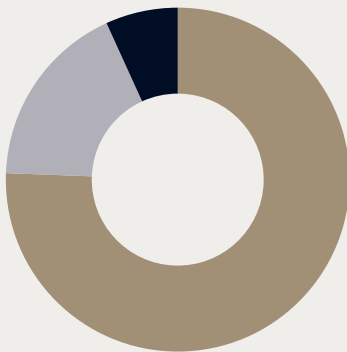
LTV



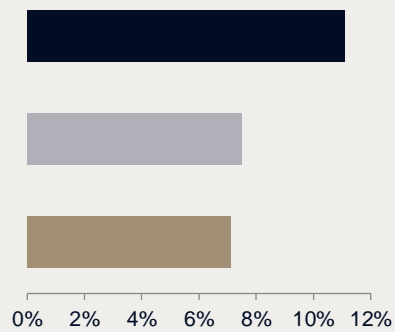
■ Residential
■ Commercial
■ Cash



■ North East
■ Scotland
■ Cash



■ Senior & Profit
■ Senior
■ Mezzanine



■ Senior
■ Senior & Profit
■ Mezzanine

Investment risks

The value of investments and any income will fluctuate, and investors may not get back the full amount invested. When making an investment into an investment trust you are buying shares in a company that is listed on a stock exchange.

The price of the shares will be determined by supply and demand. Consequently, the share price of an investment trust may be higher or lower than the underlying net asset value of the investments in its portfolio and there can be no certainty that there will be liquidity in the shares. The investment trust may use borrowings to invest in the market. The use of borrowings may enhance total return when the investment trust's assets are rising, but it will have the opposite effect when asset values fall. The use of borrowings may increase the volatility of the share price and the net asset value per share. In certain circumstances the investment trust may be required to repay borrowings, and this could adversely affect income and capital returns.

Important information

This document is marketing material and is not intended as a recommendation to invest in any particular asset class, security or strategy.

Regulatory requirements that require impartiality of investment/investment strategy are therefore not applicable nor are any prohibitions to trade before publication. The information provided is for illustrative purposes only, it should not be relied upon as a recommendation to buy or sell securities.

Where individuals or the business have expressed opinions, they are based on current on current market conditions, they may differ from those of other investment professionals and are subject to change without notice. For more information on our products, please refer to the relevant Key Information Document (KID), Alternative Investment Fund Managers Directive document (AIFMD), and the latest Annual or Half Yearly Financial Reports. This information can be found at www.developnorth.co.uk.

Further information

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