



NS Miscellaneous

CHANGE TO INVESTMENT POLICY & POTENTIAL FUNDRAISE

[DEVELOP NORTH PLC](#)

Released 07:00:07 09 July 2025

RNS Number : 2548Q
Develop North PLC
09 July 2025

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9 July 2025

DEVELOP NORTH PLC

(the "Company" or "DVNO")

Proposed Change to Investment Policy and Potential Fundraise

Develop North PLC, the North East's Investment Fund, announces that the Board proposes to change the investment policy ("**Investment Policy**") and potentially raise further capital to enhance shareholder value through a broader, more diversified portfolio of investments predominantly focussed in the North East of England.

Currently, Develop North PLC is a property-backed lending fund managed by its Investment Adviser, Tier One Capital Ltd, providing finance to commercial and residential real estate developers, predominantly secured over land/or real estate.

The Company's recent announcement on 2 May 2025 outlined ambitions to raise its international profile, drive new investment into the Company, and promote economic growth across the North East Region. The revised Investment Policy, which requires shareholder approval, supports the Company's objective to deliver consistent and stable income and the potential for attractive total returns over the medium to long term. The change will enable the Company to allocate the capital that it intends to raise across a wider range of asset classes while continuing to focus on areas where the investment team has deep expertise and strong regional insight.

Background

The proposed changes to the Investment Policy will enable the Company to take advantage of a growing investment opportunity in the North East, which is increasingly recognised as a highly investable UK region, offering leading innovation in sectors such as healthcare and technology, a growing base of skilled talent, attractive entry pricing and attractive rental yields¹.

In addition, there is growing political pressure for Local Government Pension Schemes ("**LGPS**") to invest more of their funds into the UK and into their local regions. As well as hosting one of the UK's largest LGPS, the North East of England has recently witnessed two major events that are contributing to a far higher level of focus than before. This greater focus is creating wider investment interest and an array of new investment opportunities.

- In May 2024, a devolution agreement was formalised between central UK government and the North East Mayoral Combined Authority, releasing an expected £1.4bn of investment into the region.
- In October 2021, Newcastle United Football Club was acquired by a consortium with the majority shareholder being the Saudi Public Investment Fund ("**PIF**"), which has brought a sustained spotlight to the area, catalysing investment interest, international profile and commercial development tied to the club's growth ambitions².

Currently the Company is restricted to a single asset class: debt predominantly secured over land or real estate. To capitalise on the range of opportunities available in the North East, the Board wishes to widen this approach to multiple assets and provide investors with diversification and attractive total returns over the medium to long term.

Revised Investment Policy Overview

The Company is seeking to evolve, subject to obtaining shareholder authority, from a single-asset debt fund to a multi-asset strategy, pursuing investments across three core areas:

- **Real Estate Lending** (20-50% of total assets): Focussed on creating a diversified portfolio of fixed rate loans predominantly secured over land and/or real estate predominantly in the North East, with investments primarily through senior secured loans positions, although other assets such as bridging loans, subordinated loans, selected loan financings and other investment instruments may be considered if appropriate.

The Company's real estate lending portfolio will be diversified by sector and will be predominantly split between residential housebuilding, small to medium commercial real estate development and direct sale and leaseback vehicles primarily operating in the professional sectors of healthcare, accountants, solicitors and finance professionals. The typical loan term will be between one and five years, but discretion is retained to make investments for either shorter or longer periods. The Company will target a blended Loan to Value ("LTV") of no more than 75%.

- **Commercial Real Estate** (20-50% of total assets): Focussed on creating a portfolio of assets, diversified by size and location of assets predominantly within the North East, and by use classes including office, logistics, retail and other commercial real estate uses. When required the Company will finance refurbishments and invest capex sums to upgrade real estate and install environmental improvements to attract occupiers and increase rents.
- **Residential Real Estate** (20-50% of total assets): Focussed on private rented sector assets to lease to supported housing providers predominantly in the North East, including local authority, charities and non-profit organisations and Community Interest Companies ("CICs"). The balance of the assets allocated to the strategy will be deployed in the private rented sector.

The Company will seek freehold or leasehold real estate, including single-family homes, apartments, and purpose-built or adapted housing for supported housing needs.

The allocations to the three strategies stated above will take effect from the date on which the Net Asset Value equals or exceeds £100 million for the first time. Until such time, and noting that this will require the Company to raise further capital, (a) the Company's assets will be invested in a manner consistent with achieving the allocation ranges when the Net Asset Value reaches £100 million and (b) the portfolio may have allocations to one or more of the three asset classes that are greater or less than the stated range.

Supporting Tier One Capital in managing the Company through its next phase of growth is an experienced and regionally embedded asset management team, comprising Homes or Houses, specialists in residential acquisitions and leasing; and Broadoak Asset Management, experts in commercial real estate investment. The addition of these partners brings strong sector expertise and further regional insight, enabling the Company to better identify and execute investments aligned with its revised strategy.

Borrowing

The Company may use gearing where it believes it will enhance shareholder returns over the longer term. Overall, external borrowings and other forms of gearing will be limited by each strategy. The Company may finance individual assets in part by external borrowings.

The full Investment Policy, pending shareholder approval, will be made available on the Company's website.

No material change will be made to the Investment Policy without the approval of shareholders by ordinary resolution.

Co-investment

The Company may co-invest alongside other parties in respect of each of the three asset classes.

Potential Fundraise

The Company is exploring the potential issuance of new shares to raise further capital via an offer for subscription and share issuance programme. Any such issuance will be priced at a small premium to the last published net asset value per share.

The fundraising will enable the Company to invest at greater scale and take advantage of the new opportunities identified in the new Investment Policy.

Any decision on an equity raise is at the absolute discretion of the directors of the Company and will be subject to prevailing market conditions and investor sentiment. Any equity raise would also be conditional upon, amongst other things, the passing of the shareholder resolutions to: (i) authorise the fundraising and (ii) approve the new Investment Policy. Should the Company decide to proceed with an equity raise, a further announcement will be made in due course.

Timetable

The Company expects to publish a circular detailing, *inter alia*, the new Investment Policy and convening a general meeting to approve it around September 2025.

¹ [The North East Investment Prospectus](#)
[North East to be at the forefront of renewable energy and green innovations](#)
[A growing base of skilled talent](#)
[Attractive rental yields](#)

² [Newcastle pitched as 'gateway to Saudi'](#)
[Big boost for Newcastle as Saudi PIF nears £1bn investment deal](#)
[Saudi investment in the North of England to soar in 2024](#)
[Saudi influence in Newcastle](#)
[Football attracts Saudi investment to England's north-east](#)

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Notes to Editors:

Develop North PLC's investment objective is to provide shareholders with a consistent and stable income and the potential for an attractive total return over the medium to long term, through a diversified portfolio of investments predominantly in

the North East of England.

The Company has the financial strength, credibility and professionalism expected of a business listed on the London Stock Exchange, while also offering the flexibility, creativity and common sense of an approachable, local business.

Since the Company's IPO in 2017, it has invested over £80 million of capital into the North of England and Scotland and has helped create over 12,000 jobs with a gross development value of over £275 million.

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