DEVELOP NORTH PLC – INVESTMENT OBJECTIVE AND INVESTMENT POLICY

(ADOPTED 18 FEBRUARY 2026)

Investment Objective

The Company'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.

Investment Policy

The Company's strategy to achieve its investment objective is to create a balanced portfolio of investments, diversified by asset class, that provides exposure to attractive assets and businesses predominantly in the North East of England.

Investments will be focussed on three asset classes.

- *Real estate lending*

The real estate lending strategy will focus on creating a diversified portfolio of fixed rate loans predominantly secured over land and/or property predominantly in the North East.

The Company will seek to reduce downside risk by focusing on secured debt with both quality collateral and contractual protection, off market and discounted property transactions, income generating assets.

The debt managers will make 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 portfolio will be diversified by sector and will be predominantly split between residential housebuilding; small to medium commercial property development including but not limited to office developments, hotel developments, industrial units and wedding and conferencing venues; 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 also to make investments for either shorter or longer periods.

The Company will typically seek to originate debt where the effective loan to real estate value ratio of any investment is between 40 per cent. and 100 per cent. at the time of origination. The Company will typically seek to achieve a blended LTV across the real estate lending strategy of no more than 75 per cent. (based on the initial valuations at the time of loan origination) once fully invested. No more than 50 per cent. of the strategy will be allocated to subordinated loans, calculated at the time of investment and/or subsequent subordination. These limits exclude any intra-group loans that are made by the Company to the other asset classes listed in this Investment Policy.

The real estate lending strategy may use third party borrowing where it believes it will enhance Shareholder returns over the longer term. Borrowings will be limited to a maximum of 50 per cent. of the value of the loan book, calculated at the time of drawdown.

The real estate lending strategy will represent 20 – 50 per cent. of the Company's total assets.

- *Commercial real estate*

The commercial real estate strategy will focus 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 property uses.

As well as income producing business models, when required, the Company will finance refurbishments and invest capital to upgrade property and install environmental improvements to attract occupiers and increase rents. The commercial real estate strategy may use third party borrowing where it believes it will enhance Shareholder returns over the longer term. Borrowings will be limited, on an individual asset basis, to a maximum of 75 per cent. of the value, calculated at the time of investment.

The commercial real estate strategy will represent 20 – 50 per cent. of the Company's total assets.

- *Residential real estate*

The residential real estate strategy will focus predominantly on assets to lease to social care 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 focus will be on freehold or leasehold property, including single-family homes, apartments, and purpose-built or adapted housing for social care needs. The residential real estate strategy may use third party borrowing where it believes it will enhance Shareholder returns over the longer term. Borrowings will be limited, on an individual asset basis, to a maximum of 75 per cent. of the value, calculated at the time of investment.

The residential real estate strategy will represent 20 - 50 per cent. of the Company's total assets.

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.

Investment Restrictions

The Company will invest no more than 20 per cent. of its total assets in any single investment, nor will it have more than 20 per cent. of its total assets exposed to any one group or entity.

The Company will not co-invest more than 20 per cent. of its total assets alongside a single co-investor entity or group, save where the Company is not exposed to the performance or fulfilment of the co-investor's obligations in respect of the relevant asset(s).

The Company will observe the following investment restrictions within the real estate lending strategy:

- no more than 30 per cent. of the relevant net assets[1] will be exposed to direct sale and leaseback vehicles, at the time of investment;

- no more than 50 per cent. of the relevant net assets[1] will be exposed to subordinated loans, calculated at the time of investment and/or subsequent subordination;

- no more than 50 per cent. of the relevant net assets[1] will be exposed to bridging loans, selected loan financings and other debt instruments, calculated at the time of investment; and

[1] Refers to the net assets of the real estate lending strategy only.

- no more than 5 per cent. of the relevant net assets[1] will be exposed to unsecured loans, calculated at the time of investment.

Compliance with the borrowing limits, investment restrictions and the allocations to the three strategies will be measured at the time of investment and non-compliance resulting from changes in the price or value of the assets following investment will not be considered as a breach of the investment restrictions.

The Company will not invest in other UK listed closed-ended investment companies.

The Company's assets will all be located in the United Kingdom.

Definition of North East: The English counties of Northumberland, Tyne and Wear and County Durham, and the former county of Cleveland.[2]

Borrowing limit

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 as set out above. The Company may finance individual assets in part by external borrowings.

Co-investment

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

Cash management

The Company may from time-to-time have surplus cash. It is expected that any surplus cash will be temporarily invested in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single-A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency or gilts or otherwise approved by the Board.

Use of derivatives and hedging

The Company may invest through derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management.

In the event of a breach of the investment policy or the investment restrictions set out above, the Investment Adviser shall inform the Directors upon becoming aware of the same and if the Directors consider the breach to be material, notification will be made to a Regulatory Information Service.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution.

[2] As created in 1994, prior to Cleveland being subsumed into County Durham and North Yorkshire.