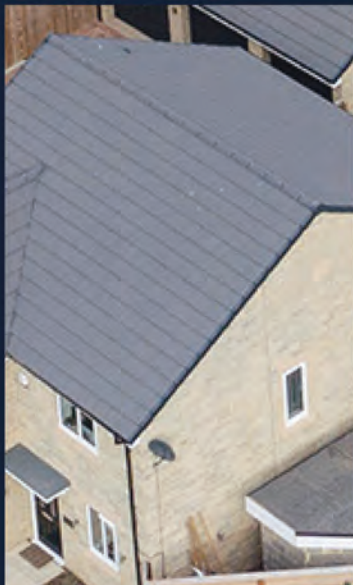




Interim Report & Financial Statements

FOR THE SIX MONTHS
ENDED 31 MAY 2023



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CHAIRMAN'S STATEMENT



JOHN NEWLANDS, CHAIRMAN

HIGHLIGHTS

- Dividends paid or declared of 2.0p per share (2022: 2.0p)
- Ordinary share mid-price equivalent to a premium of 2.1% as at 31 May 2023
- Gearing facility with Shawbrook Bank Limited renewed for two years to May 2025
- Net Asset Value total return of 0.0%

BACKGROUND

The Company entered its seventh year of trading during the period under review, which has included continuing turmoil on the world stage, steep levels of UK inflation that governmental measures have thus far struggled to moderate and further increases in interest rates. At the same time, the consensus of political analysts is that while the UK economy may narrowly avoid a technical recession, there will be a slowdown in economic activity as businesses and consumers adjust to the rapid change in the interest rate environment.

NET ASSET VALUE

The Company's Net Asset Value per share decreased from 81.79p to 79.81p over the six months ended 31 May 2023. Taking the effects of dividend distributions into account, this has resulted in a broadly flat NAV Total Return (0.0%) for the period.

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 +2.4% and of the AIC's "Debt-Loans" sector of +1.7%.

DIVIDENDS

A quarterly dividend of 1 penny per share was paid on 30 June 2023. 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 £23.7 million, from 17 live projects.

New Investments:

The Company agreed one new loan during period, a £1.13m 18-month facility to fund the acquisition of a hotel at Croft on Tees, North Yorkshire. Shortly after period end the Company agreed a £1.65m facility for two years to fund the development of 18 homes in Aberdeenshire, Aberdeen. Further details are provided in the Investment Adviser's report on pages 4 to 7.

Exits:

There were no portfolio exits during the period but there were partial redemptions across four projects. Post period end, there were two further exits.

Impairments:

As specified by the requirements of accountancy standard IFRS 9, the Company has continued to reflect the more uncertain economic conditions. While the general provision remained static at the period end, the impairment charge for the period has increased, largely due to adverse outcomes on legacy loans, i.e. those that were acquired by the Company at incorporation.

¹ see Glossary (page 22) for explanation.

The Board believes that the downside impact of these early loans is now fully recognised in the net asset value.

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 two years until May 2025, with £2.9m drawn at the period end. At the time of writing, the loan had been fully repaid.

OUTLOOK

The UK economy and the real estate sector in particular appear well placed to benefit as the effects of COVID disappear into the rear view mirror, energy prices begin to fall and (given fair winds) inflation and interest rates approach their peaks.

In the meantime, however, project finance costs remain high as do the prices of raw materials and indeed of labour. It is helpful in this regard that there is no shortage of high quality potential borrowers approaching the Company for loans and who are prepared to agree terms and interest rates appropriate to the prevailing market conditions.

JOHN NEWLANDS
CHAIRMAN
25 JULY 2023

INVESTMENT ADVISER'S REVIEW



REVIEW OF THE 6 MONTHS TO 31 MAY 2023

Investment Adviser's highlights:

- NAV Total Return of 0.0% for the 6 months to 31 May 2023.
- Funds deployed into one new project
- Loan to Value (LTV) of portfolio reduced to 65.5%
- Dividends totalling 2.0p per share paid or declared for the six months to 31 May 2023, equivalent to an annualised dividend yield of 4.91%.

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

The Company's investment objective is to provide debt finance to the property sector. The Company also benefits from a small number of equity positions attained at nil cost in six of the borrowing entities which it supports. In addition, the Company benefits from exit fees on redemption of other projects that additionally contribute to the Senior and Profit lending type.

The first six months of the financial year have seen the base rate increase to 5.0% at the time of writing (July 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 bring under control for the past twelve months. Recent economic analyses suggest that there is a risk of the UK entering a recession later this year, though some commentators say it may be narrowly avoided.

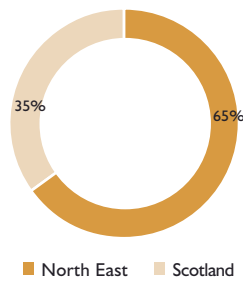
2023 has seen house prices decline across the UK. This is expected to continue for the rest of 2023 and all of 2024 (Source: Savills & Knight Frank). These forecast declines would see prices return to summer 2021 values. Build cost inflation and labour shortages in the construction sector have stabilised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

We expect a bumpy ride for the economy for the remainder of 2023. The Company has used the first six months to reprice some of the existing loan book and to deploy at higher rates for new projects. There has been a continued focus on liquidity, including the renewal of the gearing facility for a further two years in May 2023.

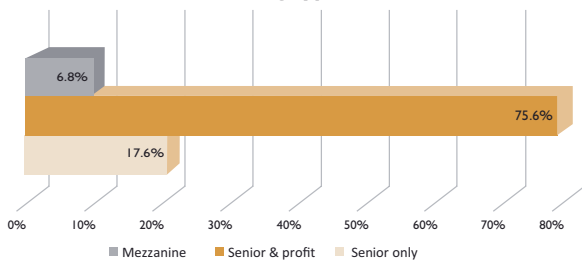
DEPLOYMENT

The Company's portfolio can be broken down as follows:

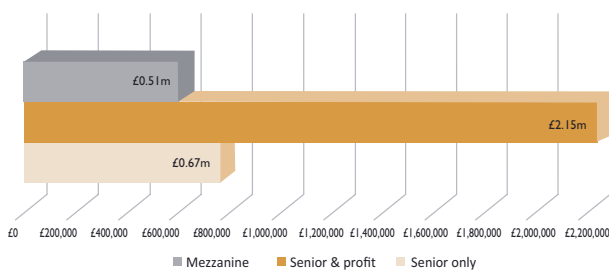
Deployment by Region



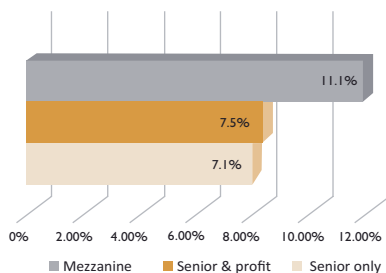
Lending type



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 one new facility during the period:

- Croft, North Yorkshire - £1.13m 18-month facility
A further £1.65m was deployed into a new 2-year facility in Aberdeen, Scotland in June 2023.

During the period a total of £1.67m was deployed into four projects, including the Croft project mentioned above.

Portfolio Exits

There were no portfolio exits during the period. In June 2023, there were two successful exits, bringing the number of exits to seventeen since inception.

Partial Redemptions

During the period there was £3.04m of partial redemptions across five of the portfolio projects.

Impairments

In accordance with IFRS 9 the Company 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 period, three projects were unable to meet their interest obligations.

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 for the period. In the six months ended 31 May 2023 the Company has set the provision at £114,000. This is unchanged from the general provision at 30 November 2022. This provision is based on forward looking scenarios and is designed to withstand market-related shocks, including those that may arise as a result of the current inflationary environment.

Gearing

In May 2023, the Company renewed its committed revolving credit facility with Shawbrook Bank for a further two years. Again, the key driver was headroom and liquidity. This renewal for a sixth 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 six Profit Share projects in the portfolio (Nov 2022: six).

OUTLOOK

Economic Outlook

Residential

As at 31 May 2023, 61.3% (£14.45m) of deployed funds were invested across 12 projects with a residential focus, with a further £1.65m committed to live projects.

The housing market has declined during 2023, offsetting some but not all of the past two years' increases. Estate agents Savills and Knight Frank predict that house prices will decline by 10% and 5% respectively in 2023. Capital Economics forecasts that house prices in Q4 of 2023 will be 8.5% lower than in Q4 of 2022. The outlook remains negative for 2024 before returning to growth thereafter.

Mortgage availability has been significantly impacted. Rising interest rates will challenge buyers on the affordability test as interest payments will represent a significant proportion of household income. Supply chain issues for both availability and pricing of labour and materials have improved in 2023 and there are anecdotal signs that they have returned to historic levels.

The Company's residential exposure is predominantly in the North East (87.9%) and Scotland (12.1%). Both regions continue to have amongst the best affordability, with loan to income ratios remaining lower. We continue to appraise projects using the views of market experts for sales values, build cost and delivery, with all assumptions stress tested.

Commercial

As at 31 May 2023, 35.3% 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);
- weddings;
- 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 £9.2m at various stages of due diligence across four projects, of which 82.0% is 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

25 JULY 2023

THE INVESTMENT PORTFOLIO AS AT 31 MAY 2023

Sector	% Portfolio	LTV* (May 23)	Loan Value (May 23) £'000s	LTV* (Nov 22)	Loan Value (Nov 22) £'000s
Residential	61.3%	67.4%	14,451	69.0%	17,111
Commercial	35.3%	62.0%	8,321	61.9%	7,508
Cash	3.4%	–	807	–	638
General Impairment	–	–	(114)	–	(114)
Total/Weighted Average	100.0%	65.5%	23,465	66.8%	25,143

*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 2022.

The Directors consider that the Chairman's Statement and the Investment Adviser's Review on pages 2 to 7 of this Interim Report, the disclosure on related party transactions and the Statement of Directors' Responsibilities on page 9 together constitute the Interim Management Report of the Company for the six months ended 31 May 2023 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 2023, 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

25 JULY 2023

CONDENSED INCOME STATEMENT

			Six months ended 31 May 2023 (unaudited)	Six months ended 31 May 2022 (unaudited)	Year ended 30 November 2022 (audited)	
	Note	Revenue £'000	Capital £'000	Total £'000	Total £'000	Total £'000
REVENUE						
Investment interest		946	–	946	864	1,787
Total revenue		946	–	946	864	1,787
Losses on investments held at fair value through profit or loss	5	–	(198)	(198)	(134)	(378)
Amortisation of exit fees		–	32	32	–	–
Total net income		946	(166)	780	730	1,409
EXPENDITURE						
Investment adviser fee		(33)	–	(33)	(34)	(67)
Impairments on loans at amortised cost	6	(13)	(343)	(356)	(44)	(148)
Other expenses		(240)	–	(240)	(315)	(548)
Total expenditure		(286)	(343)	(629)	(393)	(763)
Profit/(loss) before finance costs and taxation		660	(509)	151	337	646
FINANCE COSTS						
Interest payable		(146)	–	(146)	(16)	(132)
Profit/(loss) before taxation		514	(509)	5	321	514
TAXATION						
Profit/(loss) for the period/year		514	(509)	5	321	514
Basic earnings per share	3	1.91p	(1.89)p	0.02p	1.19p	1.90p

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

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.

CONDENSED STATEMENT OF FINANCIAL POSITION

		As at 31 May 2023 (unaudited) £'000	As at 31 May 2022 (unaudited) £'000	As at 30 November 2022 (audited) £'000
	Notes			
NON-CURRENT ASSETS				
Loans at amortised cost	6	5,662	14,153	12,659
		5,662	14,153	12,659
CURRENT ASSETS				
Investments held at fair value through profit or loss	5	3,908	6,375	4,874
Loans at amortised cost	6	14,145	4,324	7,948
Other receivables and prepayments		13	17	11
Cash and cash equivalents		807	221	638
		18,873	10,937	13,471
TOTAL ASSETS		24,535	25,090	26,130
CURRENT LIABILITIES				
Loan facility		(2,900)	(2,656)	(4,000)
Other payables and accrued expenses		(147)	(67)	(109)
TOTAL LIABILITIES		(3,047)	(2,723)	(4,109)
NET ASSETS		21,488	22,367	22,021
SHARE CAPITAL AND RESERVES				
Share capital	7	269	269	269
Share premium		9,094	9,094	9,094
Special distributable reserve		12,764	12,849	12,849
Capital reserve		(1,153)	(313)	(644)
Revenue reserve		514	468	453
EQUITY SHAREHOLDERS' FUNDS		21,488	22,367	22,021
Net asset value per ordinary share	8	79.81p	83.08p	81.79p

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 25 July 2023.

They were signed on its behalf by:

JOHN NEWLANDS
CHAIRMAN

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ending 31 May 2023 (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	12,849	(644)	453	22,021
Total comprehensive profit for the period:						
Profit for the period	-	-	-	(509)	514	5
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	(85)	-	(453)	(538)
At 31 May 2023	269	9,094	12,764	(1,153)	514	21,488

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the year ending
30 November 2022
(audited)

	Share capital	Share premium	Special distributable reserve	Capital reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AT BEGINNING OF THE YEAR	269	9,094	13,093	(166)	294	22,584
Total comprehensive loss for the year:						
Profit for the year	-	-	-	(478)	992	514
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (note 4)	-	-	(244)	-	(833)	(1,077)
At 30 November 2022	269	9,094	12,849	(644)	453	22,021

CONDENSED CASH FLOW STATEMENT

	Six months to 31 May 2023 (unaudited) £000	Six months to 31 May 2022 (unaudited) £000	Year ending 30 November 2022 (audited) £000
OPERATING ACTIVITIES			
Profit before taxation	5	321	514
Losses on investments held at fair value through profit and loss	215	123	342
Impairments on loans at amortised cost	378	51	136
Gains on investments held at fair value through profit and loss	(17)	(27)	–
Uplifts on loans at amortised cost	(35)	–	–
Amortisation of exit fees	(32)	–	–
Increase in loan interest receivable on investments held at fair value through profit and loss	(53)	(109)	(147)
Increase in loan interest receivable on loans at amortised cost	(66)	(207)	(249)
Interest expense	146	16	132
Changes in working capital			
(Increase)/decrease in other receivables	(2)	10	16
Increase/(decrease) in other payables	38	(68)	(26)
NET CASH INFLOW FROM OPERATING ACTIVITIES AFTER TAXATION	577	110	718
INVESTING ACTIVITIES			
Loans given	(1,668)	(8,148)	(10,986)
Loans repaid	3,044	1,612	3,570
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	1,376	(6,536)	(7,416)
FINANCING			
Equity dividends paid	(538)	(538)	(1,077)
Bank loan drawn down	–	2,656	4,251
Repayment of bank loan	(1,100)	–	(251)
Interest paid	(146)	(16)	(132)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING	(1,784)	2,102	2,791
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	169	(4,324)	(3,907)
Cash and cash equivalents at the start of the year	638	4,545	4,545
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	807	221	638

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 2022. 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 2022, 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 2023 (31 May 2022: £nil; 30 November 2022: £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 2023		Six months ended 31 May 2022		Year ended 30 November 2022	
	£'000	Pence per share	£'000	Pence per share	£'000	Pence per share
Revenue earnings	514	1.91	468	1.74	992	3.68
Capital earnings	(509)	(1.89)	(147)	(0.55)	(478)	(1.78)
Total earnings	5	0.02	321	1.19	514	1.90
Average number of shares in issue	26,924,063		26,924,063		26,924,063	

Earnings for the period to 31 May 2023 should not be taken as a guide to the results for the year to 30 November 2023.

4. DIVIDENDS

	Six months ended 31 May 2023	Six months ended 31 May 2022	Year ended 30 November 2022
	£'000	£'000	£'000
In respect of the prior year:			
Interim dividend for the quarter ended August, paid in December	269	269	269
Interim dividend for the quarter ended November, paid in March	269	269	269
In respect of the current year:			
Interim dividend for the quarter ended February, paid in June	–	–	269
Interim dividend for the quarter ended May, paid in September	–	–	270
Total	538	538	1,077

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 2023, the Company declared an interim dividend of 1.00 pence per share for the quarter ended 28 February 2023, payable on 30 June 2023.

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 at least 25.1% or has an exit fee mechanism for four companies.

	31 May 2023 £'000	31 May 2022 £'000	30 November 2022 £'000
Opening Balance	4,874	7,589	7,589
Loans deployed	59	80	80
Principal repayments	(883)	(1,307)	(2,600)
Movements in interest receivable	53	147	183
Unrealised losses on investments held at fair value through profit or loss	(198)	(134)	(378)
Amortisation of exit fees	3	–	–
Total investments held at fair value through profit and loss	3,908	6,375	4,874

Split:

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

– – –

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

3,908 6,375 4,874

6. LOANS AT AMORTISED COST

	31 May 2023 £'000	31 May 2022 £'000	30 November 2022 £'000
Opening Balance	20,607	10,558	10,558
Loans deployed	1,609	8,068	10,906
Principal repayments	(2,161)	(305)	(970)
Movements in interest receivable	79	200	261
Movement in impairments	(356)	(44)	(148)
Amortisation of exit fees	29	–	–
Total Loans at amortised cost	19,807	18,477	20,607

Split:

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

5,662 14,153 12,659

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

14,145 4,324 7,948

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 year, allowances for impairment losses amounted to £356,000 (May 2022: £44,000; November 2022: £148,000).

Continued

7. SHARE CAPITAL

	Nominal value £'000	Number of Ordinary shares of 1p
Issued and fully paid as at 30 November 2022	269	26,924,063
Issued and fully paid as at 31 May 2023	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 £21,488,034 (31 May 2022: £22,367,422; 30 November 2022: £22,021,367) and on 26,924,063 ordinary shares (31 May 2022: 26,924,063; 30 November 2022: 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 2023 (31 May 2022: £43,000; 30 November 2022: £85,000). £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 £33,000 investment adviser's fee during the period (31 May 2022: £34,000; 30 November 2022: £67,000) and £nil was payable

at the period end (31 May 2022: £nil; 30 November 2022: £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 profit share contracts:

- **Thursby Homes (Springs)**

The Company owns 25.1% of the borrower Thursby Homes (Springs) Ltd. The loan amount outstanding as at 31 May 2023 was £705,000 (31 May 2022: £1.9m; 30 November 2022: £1.3m). Transactions in relation to loans repaid during the period amounted to £626,000 (31 May 2022: £381,000; 30 November 2022: £918,000). Interest due to be received as at 31 May 2023 was £209,000 (31 May 2022: £226,000; 30 November 2022: £213,000). Interest received during the period amounted to £27,000 (31 May 2022: £109,000; 30 November 2022: £157,000).

- **Northumberland**

The Company owns 25.1% of the borrower Northumberland Ltd. The loan amount outstanding as at 31 May 2023 was £69,000 (31 May 2022: £832,000; 30 November 2022: £356,000). Transactions in relation to loans repaid during the period amounted to £258,000 (31 May 2022: £435,000; 30 November 2022: £911,000). Interest

due to be received as at 31 May 2023 was £2,000 (31 May 2022: £15,000; 30 November 2022: £3,000). Interest received during the period amounted to £3,000 (31 May 2022: £19,000; 30 November 2022: £32,000).

- **Coalsnaughton**

The Company owns 40.17% of the borrower Kudos Partnership. The loan amount outstanding as at 31 May 2023 was £2.0m (31 May 2022: £2.3m; 30 November 2022: £2.2m). Transactions in relation to loans made during the period amounted to £15,000 (31 May 2022: £80,000; 30 November 2022: £80,000). Interest due to be received as at 31 May 2023 was £378,000 (31 May 2022: £257,000; 30 November 2022: £324,000). Interest received during the period amounted to £54,000 (31 May 2022: £129,000; 30 November 2022: £196,000).

- **Oswald Street**

The Company owns 25.1% of the Riverfront Property Limited Partnership. The loan amount outstanding as at 31 May 2023 was £447,000 (31 May 2022: £382,000; 30 November 2022: £388,000). Transactions in relation to loans made during the period amounted to £59,000 (31 May 2022: £nil; 30 November 2022: £nil). Interest due to be received as at 31 May 2023 was £8,000 (31 May 2022: £5,000; 30 November 2022: £5,000). Interest received during the period amounted to £22,000 (31 May 2022: £15,000; 30 November 2022: £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.

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

Continued

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

- The Shawbrook loan facility was fully repaid in June 2023.
- On 9 June 2023, a new loan was issued to Churchill Homes (Aberdeen) Limited with an initial drawdown of £358,000.

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 2022, 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 2022 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 2023	Interim period end results announced
September 2023	Payment of interim dividend
30 November 2023	Year end
December 2023	Payment of interim dividend
March 2024	Payment of interim dividend
April 2024	Annual General Meeting
31 May 2024	Interim period end
June 2024	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

Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY

INVESTMENT ADVISER

TIER ONE CAPITAL LTD

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Asama Court
Newcastle upon Tyne
NE4 7YD

BROKER AND FINANCIAL ADVISER

FINNCAP LTD

One Bartholomew Close,
London EC1A 7BL

SOLICITOR

GOWLING WLG (UK) LLP

4 More London
Riverside
London SE1 2AU

SECRETARY AND ADMINISTRATOR

APEX FUND ADMINISTRATION SERVICES (UK) LIMITED

Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY

INDEPENDENT AUDITOR

MHA MACINTYRE HUDSON

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REGISTRAR

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