

THE CARDIFF PROPERTY plc
INTERIM REPORT 2017



THE CARDIFF PROPERTY plc

The group, including Campmoss, specialises in property investment and development in the Thames Valley. The total portfolio under management, valued in excess of £36m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

HIGHLIGHTS:

		Six months 31 March 2017 (Unaudited)	Six months 31 March 2016 (Unaudited)	Year 30 September 2016 Audited
Revenue	£'000	284	300	580
Net assets per share	£	19.07	17.93	18.76
Profit before tax	£'000	561	1,541	2,673
Earnings per share (basic and diluted)	pence	39.2	117.1	195.3
Interim/total dividend per share	pence	4.00	3.60	14.0
Gearing	%	Nil	Nil	Nil

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INTERIM MANAGEMENT REPORT

During the first half of the financial year tenant enquiries for Thames Valley based commercial property remained active with office and industrial rental levels retaining increases achieved over the past few years.

The investment market continued to experience high levels of interest from institutional and private investors, taking advantage of attractive yields at a time of record low interest rates. In recent months there has been some indication of nervousness as concerns remain over the UK's exit from the European Union. The calling of a General Election may have a further unsettling effect in the short term but could provide a positive background over the longer term.

The residential property market for mid-range homes was similarly active in the first half supported by high employment, low interest rates and increased mortgage availability. Government schemes offering equity loans and related savings accounts continue to support demand, although with the prospect of house price inflation slowing down the level of demand is expected to reduce.

FINANCIAL

For the half year ending 31 March 2017 profit before tax amounted to £0.56m (March 2016: £1.54m; September 2016: £2.67m). This figure includes an after-tax profit from Campmoss Property Company Limited, our 47.62% joint venture, of £0.27m (March 2016: £1.29m; September 2016: £1.87m).

Revenue for the six months to 31 March 2017 represented by gross rental income, totalled £0.28m (March 2016: £0.30m; September 2016: £0.58m). The group's share of revenue from Campmoss was £0.53m (March 2016: £1.84m; September 2016: £2.54m) represented by rental income of £0.53m (March 2016: £0.63m; September 2016: £1.23m) and property sales of £nil (March 2016: £1.21m; September 2016: £1.31m).

Rental income and sales figures for Campmoss are not included in group revenue.

The freehold sale by Campmoss of Brickfields Industrial Estate, Bracknell for £3.7m, reported at the last year end as a post balance sheet event, completed on 9 December 2016.

As previously reported Campmoss has exchanged contracts for the sale of Worplesdon View, Guildford, for a cash consideration of £15.85m. The terms of the sale allowed completion to take place at any time prior to August 2017. In accordance with the company's accounting policy the sale will be recognised on receipt of notice to complete.

Net assets of the group as at 31 March 2017 were £24.23m (March 2016: £22.95m; September 2016: £23.84m) equivalent to £19.07 per share (March 2016: £17.93; September 2016: £18.76). The company's share of net assets of Campmoss amounted to £13.29m (March 2016: £12.45m; September 2016: £13.03m).

Your directors are of the opinion that, other than as mentioned in this report, there is no material change in the value of the group's property portfolio as at 31 March 2017.

During the 6 months to 31 March 2017 the company purchased none of its own shares (March 2016: none; September 2016: 9,037). There have been no material events or material changes in assets, liabilities or related party relationships since 30 September 2016.

Current IFRS accounting recommends that deferred tax is chargeable on the difference between the indexed cost of properties, and quoted investments and their current market value. However current IFRS accounting does not require the same treatment in respect of the Group's unquoted investment in Campmoss Property, our 47.62% owned joint venture.

The investment in Campmoss is a substantial part of the company's net assets and for indicative purposes a disposal of this investment based on the value in the company's balance sheet at the 31 March 2017 could generate a tax liability of £2.26m (March 2016: £2.24m, September 2016: £2.34m) equivalent to 178p per share (March 2016: 175p, September 2016: 185p). This information is provided to shareholders as an additional, non-statutory disclosure.

DIVIDEND

Your directors have declared an interim dividend of 4p (March 2016: 3.6p; September 2016: 10.4p) an increase of 11% which will be paid on 6 July 2017 to shareholders on the register at 2 June 2017.

INVESTMENT AND DEVELOPMENT PORTFOLIO

The group's freehold property portfolio, including Campmoss, continues to be concentrated in the Thames Valley region close to Heathrow Airport and the West of London.

The office and retail investment at the White House, Egham comprising 5 ground floor retail units with offices above is fully occupied on medium term leases, three of which include annual rental increases.

The Maidenhead Enterprise Centre, Maidenhead, comprises 6 business units totalling 14,000 sq ft. which offer industrial use on the ground floor with offices above. Three of the units are occupied and following the expiry of three leases dilapidation works have been finalised and the units are available for letting with one unit currently under offer.

The Windsor Business Centre, Windsor, comprises 4 business units totalling 9,500 sq ft. all of which are let. Planning permission was recently granted to increase the useable office area within one of the units and during the period one unit has been re-let at a higher rental.

The premises at Cowbridge Road, Cardiff, comprise a 14,650 sq. ft. commercial property on two floors and let on a medium-term lease to Royal Mail for use as a mail sorting office. Plans to increase the useable floor space have been submitted to the Local Authority.

The company occupies its own freehold office in Egham and retains a freehold residential property in Egham which is let on an Assured Shorthold Tenancy Agreement. A planning application has been submitted to extend the residential property.

At Tilehurst, Reading, detailed discussions are taking place with the Local Planning Authority to obtain a residential planning permission use on part of the site.

CAMPMOSS PROPERTY COMPANY LIMITED AND SUBSIDIARIES

Campmoss continues with its extensive programme of re-development, letting and re-planning.

In May last year contracts were exchanged for the sale of Worplesdon View, Guildford, at £15.85m. The 78 bedroom care home is let on a 35 year institutional lease with annualised RPI increases. Rental income will be received until completion which is expected to take place by August 2017. Following the sale Campmoss will continue to own an adjacent 2 acre site which, subject to planning, may be available for other uses.

At Westview, Market Street, Bracknell the development of 8 retail units on ground and first floor was completed last year and are all let on medium to long term leases.

Alston House, adjacent to Westview, is now undergoing construction of 10 new retail units on ground and first floor and 12 residential units on the second and third floors. The development is expected to complete by early 2018 and a marketing strategy is currently in preparation.

Gowring House, Market Street, Bracknell, previously an office building on ground and 5 upper floors now provides for 3 retail units on the ground floor, all let on medium term leases. Conversion of the 3 upper floors to 18 residential apartments was completed last year and similar work is well advanced to provide a further 12 apartments on the first and second floors. Sales of 15 apartments have completed of which 12 took place last year and 3 in the previous year. The remaining 15 units include a show apartment and 2 apartments let on yearly lease agreements. At the time of this report 20 per cent of the units for sale are under offer.

Planning applications have been submitted for the re-development of Britannia Wharf, Woking for either a care home or residential scheme. The building comprises four floors of offices totaling 27,743 sq. ft. Following negotiations and expiry of leases, vacant possession of the whole building has been achieved. Comprehensive proposals from a number of care home operators have been received. The outcome of our care home planning application is expected shortly. The residential scheme remains under detailed discussion with the Local Authority.

At Clivemont House and Highway House, Maidenhead, planning permissions were previously granted for separate office schemes together totalling over 90,000 sq. ft. In view of the uncertain local office market, commencement of these developments has been postponed until a significant pre-letting is achieved. In the meantime at Clivemont House a planning application has been submitted for a new residential scheme.

At The Priory, Burnham, the 26,000 sq. ft. building comprises new office premises on 3 floors totalling 17,000 sq. ft. and an adjoining grade II Listed office building of 9,000 sq. ft. which is used as a Business Centre. The new building is fully let to 4 tenants on medium-term leases whilst the Business Centre is partly let on

short term leases expiring over the next 2 years. Further lettings at the Business Centre have recently been completed.

QUOTED INVESTMENTS

The company retains a small portfolio of quoted retail bonds and equity investments. The portfolio has achieved a small increase in value over the period under review.

RELATIONSHIP AGREEMENT

The company has entered into a written and legally binding relationship agreement with myself, its controlling shareholder, to address the requirements of LR9.2.2AR of the Listing Rules.

OUTLOOK

The group continues to progress planning applications in Woking and Maidenhead as referred to in this report. The new retail and residential development at Alston House, Bracknell has commenced enabling a marketing campaign to be finalised. The eventual letting and sales will add to the groups rental income and cash resources.

Completion of the investment sale of Worpleston View, Guildford is expected at the end of the current financial year.

I anticipate a softening of demand in the Thames Valley commercial letting and residential markets. However the group's strategies should ensure further progress over the second half of the financial year.

J Richard Wollenberg

Chairman
9 May 2017

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

for the six months ended 31 March 2017

	Six months 31 March 2017 (Unaudited) £'000	Six months 31 March 2016 (Unaudited) £'000	Year 30 September 2016 (Audited) £'000
Revenue	284	300	580
Cost of sales	(9)	(5)	(47)
Gross profit	275	295	533
Administrative expenses	(272)	(305)	(526)
Other operating income	261	217	473
Operating profit before gains on investment properties and other investments	264	207	480
Surplus on revaluation of investment properties	–	–	220
Surplus on revaluation of other properties	–	–	25
Operating profit	264	207	725
Financial income	27	42	79
Share of results of joint venture	269	1,292	1,869
Profit before taxation	561	1,541	2,673
Taxation	(62)	(43)	(179)
Profit for the period attributable to equity holders	498	1,498	2,494
Earnings per share on profit for the period – pence			
Basic and diluted	39.2	117.1	195.3
Dividends			
Final 2016 paid 10.4p (2015: 10.0p)	132	128	128
Interim 2016 paid 3.6p (2015: 3.4p)	–	–	46
	132	128	174
Final 2016 proposed 10.4p	–	–	132
Interim 2017 proposed 4.0p (2016: 3.6p)	51	46	–
	51	46	132

These results relate entirely to continuing operations. There were no acquisitions or disposals during these periods.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

at 31 March 2017

	31 March 2017 (Unaudited) £'000	31 March 2016 (Unaudited) £'000	30 September 2016 (Audited) £'000
Non-current assets			
Freehold investment properties	4,880	4,660	4,880
Investment in joint venture	13,294	12,448	13,025
Property, plant and equipment	275	238	278
Other financial assets	969	769	842
Deferred tax asset	2	5	5
Total non-current assets	19,420	18,120	19,030
Current assets			
Stock and work in progress	668	668	668
Trade and other receivables	405	1,130	1,594
Financial assets	1,070	1,350	1,047
Cash and cash equivalents	3,405	2,374	2,198
Total current assets	5,548	5,522	5,507
Total assets	24,968	23,642	24,537
Current liabilities			
Corporation tax	(160)	(141)	(103)
Trade and other payables	(439)	(491)	(461)
Total current liabilities	(599)	(632)	(564)
Non-current liabilities			
Deferred tax liability	(137)	(58)	(134)
Total non-current liabilities	(137)	(58)	(134)
Total liabilities	(736)	(690)	(698)
Net assets	24,232	22,952	23,839
Equity			
Called up share capital	254	256	254
Share premium account	5,076	5,076	5,076
Other reserves	2,696	2,569	2,669
Investment property revaluation reserve	2,935	2,117	3,749
Retained earnings	13,271	12,934	12,091
Shareholders' funds attributable to equity holders	24,232	22,952	23,839
Net assets per share	£19.07	£17.93	£18.76

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 31 March 2017

	Six months 31 March 2017 (Unaudited) £'000	Six months 31 March 2016 (Unaudited) £'000	Year 30 September 2016 (Audited) £'000
Cash flows from operating activities			
Profit for the period	498	1,498	2,494
Adjustments for:			
Depreciation	3	–	2
Financial income	(27)	(42)	(79)
Share of profit of joint venture	(269)	(1,292)	(1,869)
Surplus on revaluation of investment properties	–	–	(220)
Surplus on revaluation of other properties	–	–	(25)
Taxation	62	43	179
Cash flows from operations before changes in working capital	267	207	482
(Increase)/decrease in trade and other receivables	(61)	(998)	38
(Decrease)/increase in trade and other payables	(21)	(25)	(57)
Cash generated/(used) from operations	185	(816)	463
Tax paid	(1)	(3)	(97)
Net cash flows from operating activities	184	(819)	366
Cash flows from investing activities			
Interest received	28	42	77
Acquisition of investments, and property, plant and equipment	(100)	–	(17)
(Increase)/decrease in held to maturity deposits	(23)	(300)	3
Net cash flows from investing activities	(95)	(258)	63
Cash flows from financing activities			
Purchase of own shares	–	–	(136)
Dividends paid	(132)	(128)	(174)
Loan to Joint Venture	1,250	–	(1,500)
Net cash flows from financing activities	1,118	(128)	(1,810)
Net increase/(decrease) in cash and cash equivalents	1,207	(1,205)	(1,381)
Cash and cash equivalents at beginning of period	2,198	3,579	3,579
Cash and cash equivalents at end of period	3,405	2,374	2,198

OTHER PRIMARY STATEMENTS

for the six months ended 31 March 2017

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

	Six months 31 March 2017 (Unaudited) £'000	Six months 31 March 2016 (Unaudited) £'000	Year 30 September 2016 (Audited) £'000
Profit for the financial period	498	1,498	2,494
Other items recognised directly in equity			
Net change in fair value of available for sale assets	27	25	98
Total comprehensive income and expense for the period attributable to equity holders of the parent company	525	1,523	2,592

OTHER PRIMARY STATEMENTS CONTINUED

for the six months ended 31 March 2017

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015	256	5,076	2,544	2,158	11,523	21,557
Profit for the period	–	–	–	–	1,498	1,498
Other comprehensive income – revaluation of investments	–	–	25	–	–	25
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(128)	(128)
Total transactions with equity holders	–	–	–	–	(128)	(128)
Realisation of revaluation reserve	–	–	–	(41)	41	–
At 31 March 2016	256	5,076	2,569	2,117	12,934	22,952
Profit for the period	–	–	–	–	996	996
Other comprehensive income – revaluation of investments	–	–	73	–	–	73
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(46)	(46)
Purchase of own shares	(2)	–	2	–	(136)	(136)
Total transactions with equity holders	(2)	–	2	–	(182)	(182)
Transfer on revaluation of investment properties	–	–	–	1,632	(1,632)	–
Transfer on revaluation of other properties	–	–	25	–	(25)	–
At 30 September 2016	254	5,076	2,669	3,749	12,091	23,839
Profit for the period	–	–	–	–	498	498
Other comprehensive income – revaluation of investments	–	–	27	–	–	27
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(132)	(132)
Total transactions with equity holders	–	–	–	–	(132)	(132)
Realisation of revaluation reserve	–	–	–	(814)	814	–
At 31 March 2017	254	5,076	2,696	2,935	13,271	24,232

STATEMENT OF RESPONSIBILITY

for the six months ended 31 March 2017

The directors are responsible for preparing the condensed consolidated interim financial statements for the six months ended 31 March 2017 and they confirm, to the best of their knowledge and belief, that:

- the condensed consolidated set of interim financial statements for the six months ended 31 March 2017 has been prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - a. DTR 4.2.7R of the Disclosure and Transparency Rules, 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 interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period; and any changes in the related party transactions described in the last annual report that could do so.

J Richard Wollenberg, Chairman

Karen L Chandler, Finance director

Nigel D Jamieson, Independent non-executive director

9 May 2017

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 March 2017

1. BASIS OF PREPARATION

This condensed set of financial statements has been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the group's published consolidated financial statements for the year ended 30 September 2016.

The comparative figures for the financial year ended 30 September 2016 are not the group's statutory accounts for that financial year. Those accounts have been reported on by the group's auditor and delivered to the registrar of companies. The report of the auditor was: unqualified; did not give any reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

Accounting policies

The condensed consolidated interim financial statements have been prepared applying the accounting policies that were applied in the preparation of the group's published financial statements for the year ended 30 September 2016.

There are no IFRSs and Interpretations have been endorsed in the period to 31 March 2017 which have had a material impact on these interim financial statements.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key areas in which estimates have been used and the assumptions applied are in valuing investment properties and properties in the joint venture, in valuing available for sale assets, in classifying properties and in the calculating of provisions.

An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the company's property portfolio at the end of each financial year. The directors of the joint venture value its portfolio each year; such valuation takes into account yields on similar properties in the area, vacant space and covenant strength. The directors of the group and joint venture review the valuations for the interim financial statements.

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Going concern

The group has sufficient financial resources to enable it to continue in operational existence for the foreseeable future, to complete the current maintenance and development program and meet its liabilities as they fall due. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

For the six months ended 31 March 2017

2. SEGMENTAL ANALYSIS

The group manages its operations in two segments, being property and other investments and property development. The results of these segments are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual site investment appraisals and to assess their performance. Information regarding the revenue and profit before taxation for each reportable segment is set out below:

	Six months 31 March 2017 (Unaudited) £'000	Six months 31 March 2016 (Unaudited) £'000	Year 30 September 2016 (Audited) £'000
Revenue (wholly in the United Kingdom)			
Property and other investments being gross rents receivable	284	300	580
Profit before taxation			
Property and other investments	472	1,052	2,511
Property development	89	489	162
	561	1,541	2,673

The operations of the group are not seasonal.

3. TAXATION

The tax position for the six month period is estimated on the basis of the anticipated tax rates applying for the full year.

4. DIVIDENDS

The interim dividend of 4p per share will be paid on 6 July 2017 to shareholders on the register on 2 June 2017. Under accounting standards this dividend is not included in the condensed consolidated interim financial statements for the six months ended 31 March 2017.

5. EARNINGS PER SHARE

Earnings per share has been calculated using the profit after tax for the period of £498,000 (March 2016: £1,498,000; September 2016: £2,494,000) and the weighted average number of shares as follows:

	Weighted average number of shares		
	31 March 2017	31 March 2016	30 September 2016
Basic and diluted	1,270,709	1,279,746	1,276,736

DIRECTORS AND ADVISERS

DIRECTORS

J Richard Wollenberg
Chairman and chief executive

Karen L Chandler FCA
Finance director

Nigel D Jamieson BSc, FCSI
Independent non-executive director

SECRETARY

Karen L Chandler FCA

NON-EXECUTIVE DIRECTOR OF WHOLLY OWNED SUBSIDIARY FIRST CHOICE ESTATES PLC

Derek M Joseph BCom, FCIS

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Stockdale Securities Limited

BANKERS

HSBC Bank plc

SOLICITORS

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REGISTERED NUMBER

227050

FINANCIAL CALENDAR

2017	10 May	Interim results for 2017 announced
	1 June	Ex-dividend date for interim dividend
	2 June	Record date for interim dividend
	6 July	Interim dividend to be paid
	30 September	End of accounting year
	December	Final results for 2017 announced
2018	January	Annual general meeting
	February	Final dividend to be paid

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