

THE CARDIFF PROPERTY plc
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2020



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 £30m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

HIGHLIGHTS:

		Six months 31 March 2020 (Unaudited)	Six months 31 March 2019 (Unaudited)	Year 30 September 2019 (Audited)
Net assets	£'000	28,135	27,204	28,343
Net assets per share	£	23.03	21.84	22.85
Profit before tax	£'000	387	304	1,653
Earnings per share (basic and diluted)	pence	24.9	20.1	123.1
Interim/total dividend per share	Pence	4.8	4.6	17.1
Gearing	%	Nil	Nil	Nil

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INTERIM MANAGEMENT REPORT

DEAR SHAREHOLDER,

We are experiencing unprecedented and uncertain times. The property market endured three years of protracted Brexit negotiations and now the physical restrictions and economic concerns surrounding the Covid-19 pandemic. The Thames Valley property market has historically proved resilient to fluctuations in the wider UK market and whilst I expect this to remain it is extremely concerning to view the potential long-term damage caused to growth and stability by the necessary and important government lockdown measures.

In the first quarter, September to December 2019, commercial property lettings and rent reviews were successfully completed. Residential lettings were similarly active with rental values remaining unchanged. Inevitably since early January activity in all sectors of the property market has been placed on hold. The commercial property investment market has slowed down albeit investors continue to search for income as benchmark interest rates have again moved lower.

In the current environment across the group we are liaising and assisting tenants who have requested a deferral of rent, these include agreeing to monthly payments in arrears rather than quarterly in advance and part payment allowed from rental deposits held.

The waiving of business rates, deferral of VAT payments, salary support and business grants should assist a number of our tenants. We are not proposing to accommodate a waiver of rent preferring to assist with cash flow where possible.

FINANCIALS

For the six months ending 31 March 2020 profit before tax amounted to £0.39m (March 2019: £0.30m; September 2019: £1.65m). This figure includes an after-tax loss from Campmoss

Property Company Limited ("Campmoss") our 47.62% joint venture of £0.03m (March 2019 after tax loss £0.05m; September 2019 after tax profit £0.90m).

Revenue for the six months to 31 March 2020 represented by rental income totalled £0.34m (March 2019: £0.32m; September 2019: £0.65m). The Groups share of revenue from Campmoss was £0.32m (March 2019: £0.27m; September 2019: £0.53m), represented by rental income of £0.32m (March 2019: £0.27m; September 2019: £0.53m) and property sales of nil (March 2019: nil; September 2019: nil). Rental income and sales figures for Campmoss are not included in group revenue.

Net assets of the group as at 31 March 2020 were £28.14m (March 2019: £27.20m; September 2019: £28.34m) equivalent to £23.03 per share (March 2019: £21.84; September 2019: £22.85). The Company's share of net assets in Campmoss included on the group balance sheet amounted to £14.93m. (March 2019: £15.15m; September 2019: £15.60m). The directors have taken into account recent RICS guidance and whilst there is currently a greater level of uncertainty due to COVID-19 on balance, as mentioned, there are no material change in the investment value of the group's property portfolio as at 31 March 2020. The freehold investment properties held by Cardiff will be professionally valued at 30 September 2020.

During the six months to 31 March 2020 the company purchased for cancellation 18,362 Ordinary Shares (March 2019: 6,950 Ordinary Shares; September 2019: 12,567 Ordinary Shares). There have been no material events or material changes in assets liabilities or related party relationships since 30 September 2019.

INTERIM MANAGEMENT REPORT CONTINUED

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 does not require the same treatment in respect of the group's unquoted investments in Campmoss, the 47.62% owned joint venture, which represents a substantial part of the company's net assets.

Whilst provision is made in Campmoss accounts for deferred tax, should the shares held in Campmoss be disposed of, for indicative purposes, based on the value in the company's balance sheet at 31 March 2020 this would result in a tax liability of £2.84m (March 2019: £2.58m; September 2019: £2.65m) equivalent to £2.29 per share (March 2019: £2.07; September 2019 £2.14) calculated using a tax rate of 19% (March 2019: 17%; September 2019: 17%). This information is provided to shareholders as an additional, non-statutory, disclosure.

DIVIDEND

The directors have declared an interim dividend of 4.8p (interim March 2019: 4.6p; final September 2019: 12.5p) an increase of 4.3% which will be paid on 2 July 2020 to shareholders on the register at 29 May 2020.

THE INVESTMENT & DEVELOPMENT PORTFOLIO

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

The Windsor Business Centre, Windsor, comprises of four business units totalling 9,500 sq. ft. and is fully let currently on short term leases. Planning permission to increase the existing space to a total of 19,000 sq. ft. was recently obtained and detailed plans are currently being prepared.

Office rents in Windsor have risen substantially over the past few years and any development decision will depend on market factors. In the meantime, the existing units remain available for sale.

Maidenhead Enterprise Centre, Maidenhead, comprises of six individual business units totalling 14,000 sq. ft. and is fully let. A new letting was recently agreed at an increased rental.

At The White House, Egham, the five ground floor retail units are all let. Part of the upper floor office space, which recently underwent extensive refurbishment, is available for let. The Property is centrally located in the High Street and benefits from excellent parking facilities.

Heritage Court, Egham, comprises of four retail units all of which are let. The upper residential floors were previously sold on a long leasehold basis.

At Cowbridge Road, Cardiff, the lease to Royal Mail for use as a Sorting Centre has expired and negotiations for a new short-term lease are in progress. A revised planning application for a new retail and residential building is currently being prepared.

The company occupies its own freehold offices in Egham. Following extensive refurbishment of a residential freehold property in Egham agents have been appointed to market for sale.

CAMPMOSS PROPERTY COMPANY LIMITED & SUBSIDIARIES

During the first half of the financial year Campmoss continued to actively manage their property portfolio including new lettings, preparation of new planning applications to existing freehold buildings, completion of development projects and sales and lettings of the residential portfolio.

The majority of retail tenants are those located at Market Street Bracknell, Berkshire close to the main railway station and adjacent to the recently developed Lexicon Shopping Centre. Whilst a number of essential retail outlets remain open for business those that have closed their operations should be eligible to access Government Grants and other Business support packages.

Alston House, Market Street, Bracknell, comprises of ten retail units on ground and first floor and twelve residential units on the second and third floor. Six retail units are now let to local businesses leaving four currently available. Six of the residential units have been let on Assured Shorthold Tenancy Agreements with the remaining six apartments available for sale or letting.

I would draw shareholders attention to my earlier comments regarding the group's ongoing contact with retail tenants and practical measures to assist with cash flow where necessary.

At Britannia Wharf, Woking, development of the recently approved 52 residential apartment scheme has commenced with completion, subject to any further government measures, expected by the end of 2021. The construction, funded by Campmoss, is being undertaken as a joint venture with a well-known Surrey based construction and development company.

At Clivemont House, Clivemont Road, Maidenhead, planning permission was recently granted for a residential scheme totalling 80 apartments. Discussions are currently in progress to ascertain the group's future plans for this site.

At The Priory, Stomp Road, Burnham, the 26,000 sq. ft. building comprises 17,000 sq. ft. new office space over three floors and an adjoining Business Centre occupying 9,000 sq. ft. The new offices are let on medium term leases with break clauses whilst part of the Business Centre is available. Alternative uses for the property are currently being considered.

STAFF

I wish to take this opportunity on behalf of shareholders to thank our small management team for their support in these challenging and unprecedented times. Liaising and managing our tenant portfolio and actively responding to the fast changing environment is vital to the continued success of the group.

RELATIONSHIP AGREEMENT

The Company has entered into a written and legally binding Relationship Agreement with myself, its controlling shareholder, to address the requirements of LR9.2.2AD of the Listing Rules.

OUTLOOK

Allowing partial or total release from current lockdown measures will be vitally important in restoring business confidence and encouraging a return to a growing and vibrant economy.

The group's development programme is funded from our own existing resources and it will be important for the government to implement measures as soon as practically possible to encourage activity in the residential and commercial property market.

In these unpredictable times I look forward to reporting further at the year end.

J Richard Wollenberg

Chairman
30 April 2020

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

for the six months ended 31 March 2020

	Six months 31 March 2020 (Unaudited) £'000	Six months 31 March 2019 (Unaudited) £'000	Year 30 September 2019 (Audited) £'000
Revenue	338	320	647
Cost of sales	(45)	(25)	(70)
Gross profit	293	295	577
Administrative expenses	(275)	(256)	(488)
Other operating income	290	287	577
Operating profit before gains on investment properties and other investments	308	326	666
Fair value movement on revaluation of investment properties	–	–	22
Operating profit	308	326	688
Financial income	34	29	61
Profit on sale of investment	74	–	–
Share of results of joint venture	(29)	(51)	904
Profit before taxation	387	304	1,653
Taxation	(78)	(53)	(117)
Profit for the period attributable to equity holders	309	251	1,536
Earnings per share on profit for the period - pence			
Basic and diluted	24.9	20.1	123.1
Dividends			
Final 2019 paid 12.5p (2018: 12.2p)	155	153	153
Interim 2019 paid 4.6p	–	–	57
	155	153	210
Final 2019 proposed 12.5p	–	–	155
Interim 2020 proposed 4.8p (2019: 4.6p)	59	57	–
	59	57	155

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

for the six months ended 31 March 2020

	Six months 31 March 2020 (Unaudited) £'000	Six months 31 March 2019 (Unaudited) £'000	Year 30 September 2019 (Audited) £'000
Profit for the financial period	309	251	1,536
Items that cannot be reclassified subsequently to profit or loss			
Net change in fair value of available for sale assets	(52)	(62)	(43)
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of other properties	–	–	(10)
Total comprehensive income and expense for the period attributable to equity holders of the parent company	257	189	1,483

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

at 31 March 2020

	31 March 2020 (Unaudited) £'000	31 March 2019 (Unaudited) £'000	30 September 2019 (Audited) £'000
Non-current assets			
Freehold investment properties	6,000	5,962	5,995
Property, plant and equipment	282	296	284
Investment in joint venture	14,932	15,150	15,604
Other financial assets	886	824	843
Total non-current assets	22,100	22,232	22,726
Current assets			
Stock and work in progress	683	675	674
Trade and other receivables	183	108	139
Held to maturity cash deposits	2,714	3,597	3,084
Cash and cash equivalents	3,274	1,375	2,473
Total current assets	6,854	5,755	6,370
Total assets	28,954	27,987	29,096
Current liabilities			
Trade and other payables	(613)	(474)	(528)
Corporation tax	(111)	(211)	(131)
Total current liabilities	(724)	(685)	(659)
Non-current liabilities			
Deferred tax liability	(95)	(98)	(94)
Total non-current liabilities	(95)	(98)	(94)
Total liabilities	(819)	(783)	(753)
Net assets	28,135	27,204	28,343
Equity			
Called up share capital	244	249	248
Share premium account	5,076	5,076	5,076
Other reserves	2,487	2,525	2,535
Investment property revaluation reserve	1,814	827	1,814
Retained earnings	18,514	18,527	18,670
Shareholders' funds attributable to equity holders	28,135	27,204	28,343
Net assets per share	£23.03	£21.84	£22.85

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 31 March 2020

	Six months 31 March 2020 (Unaudited) £'000	Six months 31 March 2019 (Unaudited) £'000	Year 30 September 2019 (Audited) £'000
Cash flows from operating activities			
Profit for the period	309	251	1,536
Adjustments for:			
Depreciation	2	2	5
Financial income	(34)	(29)	(61)
Share of loss/(profit) of joint venture	29	51	(904)
Profit on the sale of investments	(74)	–	–
Fair value movement on revaluation on of investment properties	–	–	(22)
Taxation	78	53	117
Cash flows from operations before changes in working capital	310	328	671
Acquisition of inventory and work in progress	(8)	–	(2)
(Increase)/decrease in trade and other receivables	(44)	36	4
(Decrease)/increase in trade and other payables	(26)	(24)	30
Cash generated from operations	232	340	703
Tax paid	(97)	–	(147)
Net cash flows from operating activities	135	340	556
Cash flows from investing activities			
Interest received	34	28	62
Dividend from Joint Venture	643	–	500
Acquisition of investments, and property, plant and equipment	(5)	(39)	(49)
Acquisition of investments	(100)	–	–
Proceeds from the sale of investments	78	–	–
Decrease/(increase) in financial assets	370	(3,397)	(2,884)
Net cash flows from investing activities	1,020	(3,408)	(2,371)
Cash flows from financing activities			
Purchase of own shares	(199)	(122)	(220)
Dividends paid	(155)	(153)	(210)
Net cash flows from financing activities	(354)	(275)	(430)
Net increase/(decrease) in cash and cash equivalents	801	(3,343)	(2,245)
Cash and cash equivalents at beginning of period	2,473	4,718	4,718
Cash and cash equivalents at end of period	3,274	1,375	2,473

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 March 2020

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2018	251	5,076	2,585	827	18,551	27,290
Profit for the period	–	–	–	–	251	251
Other comprehensive income – revaluation of investments	–	–	(62)	–	–	(62)
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(153)	(153)
Purchase of own shares	(2)	–	2	–	(122)	(122)
Total transactions with equity holders	(2)	–	2	–	(275)	(275)
At 31 March 2019	249	5,076	2,525	827	18,527	27,204
Profit for the period	–	–	–	–	1,285	1,285
Other comprehensive income - revaluation of investments	–	–	19	–	–	19
Revaluation of other property	–	–	(10)	–	–	(10)
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(57)	(57)
Purchase of own shares	(1)	–	1	–	(98)	(98)
Total transactions with equity holders	(1)	–	1	–	(155)	(155)
Transfer on revaluation of investment properties - Cardiff	–	–	–	22	(22)	–
Transfer on revaluation of investment properties - Campmoss	–	–	–	965	(965)	–
At 30 September 2019	248	5,076	2,535	1,814	18,670	28,343
Profit for the period	–	–	–	–	309	309
Other comprehensive income – revaluation of investments	–	–	(52)	–	–	(52)
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(155)	(155)
Purchase of own shares	(4)	–	4	–	(310)	(310)
Total transactions with equity holders	(4)	–	4	–	(465)	(465)
At 31 March 2020	244	5,076	2,487	1,814	18,514	28,135

STATEMENT OF RESPONSIBILITY

for the six months ended 31 March 2020

The directors are responsible for preparing the condensed consolidated interim financial statements for the six months ended 31 March 2020 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 2020 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

30 April 2020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 March 2020

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 2019.

The comparative figures for the financial year ended 30 September 2019 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 will be applied in the preparation of the group's financial statements for the year ended 30 September 2020.

The only change to International Financial Reporting Standards which is relevant to the group which have arisen since the last year end is the implementation of IFRS 16 (Leases). The directors have concluded that the impact of this new Standards is unlikely to be material to the Group and, consequently, in all other respects these condensed consolidated interim financial statements have been prepared on the same basis as the group's financial statements for the year ended 30 September 2020.

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 programme 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 2020

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 2020 (Unaudited) £'000	Six months 31 March 2019 (Unaudited) £'000	Year 30 September 2019 (Audited) £'000
Revenue (wholly in the United Kingdom)			
Property and other investments being gross rents Receivable	338	320	647
Profit before taxation			
Property and other investments	202	206	1,462
Property development	185	98	191
	387	304	1,653

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 4.8p per share will be paid on 2 July 2020 to shareholders on the register on 29 May 2020. Under accounting standards this dividend is not included in the condensed consolidated interim financial statements for the six months ended 31 March 2020.

5. EARNINGS PER SHARE

Earnings per share has been calculated using the profit after tax for the period of £309,000 (March 2019: £251,000; September 2019: £1,013,000) and the weighted average number of shares as follows:

	Weighted average number of shares		
	31 March 2020 (Unaudited)	31 March 2019 (Unaudited)	30 September 2019 (Audited)
Basic and diluted	1,238,595	1,250,872	1,247,277

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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FINANCIAL CALENDAR

2020	30 April	Interim results for 2020 announced
	28 May	Ex-dividend date for interim dividend
	29 May	Record date for interim dividend
	2 July	Interim dividend to be paid
	30 September	End of accounting year
	December	Final results for 2020 announced
2021	January	Annual General Meeting
	February	Final dividend to be paid

AUDITOR

Crowe U.K. LLP

STOCKBROKERS AND FINANCIAL ADVISERS

Shore Capital

BANKERS

HSBC Bank plc

SOLICITORS

Blake Morgan LLP
Charsley Harrison

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