

**THE CARDIFF PROPERTY PUBLIC LIMITED COMPANY
AND ITS SUBSIDIARIES
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FOR RELEASE

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24 November 2020

THE CARDIFF PROPERTY PLC

(The group, including Campmoss, specialises in property investment and development in the Thames Valley. The total portfolio including the jointly controlled Campmoss investment and development portfolio, valued in excess of £35m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.)

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

Highlights:

		2020	2019
Net Assets	£'000	29,099	28,343
Net Assets Per Share	£	24.36	22.85
Profit Before Tax	£'000	1,959	1,653
Earnings Per Share – Basic and diluted	pence	148.2	123.1
Dividend Per Share	pence	17.6	17.1
Gearing	%	Nil	Nil

Richard Wollenberg, Chairman, commented:

“During the financial year under review the UK property market suffered a difficult and unprecedented trading period.

Political and economic uncertainties surrounding the UK’s final exit from the European Union together with current and ongoing concerns regarding the effects of Covid-19 undermined the confidence of occupiers and investors. The Thames Valley property market our key business area, reflected these concerns.

Inevitably letting and development activity in the retail and office market has been challenging, placing rental levels and lease negotiations under pressure. Working from home, internet procurement and the requirement for flexible office space is determining strategy and future trends will depend on the speed of the UK economic recovery.

Sales of new homes in the Thames Valley, despite government initiatives, declined in the third quarter of the year leading to lower asking prices. Increased activity is being reported over the last few weeks with pricing in certain locations returning to previous levels. The demand for residential lettings has remained high with rents remaining similar to last year.”

For further information:

The Cardiff Property plc
Shore Capital

Richard Wollenberg
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THE CARDIFF PROPERTY PUBLIC LIMITED COMPANY AND ITS SUBSIDIARIES

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

Chairman's Statement and Property Review

Dear Shareholder,

During the financial year under review the UK property market suffered a difficult and unprecedented trading period.

Political and economic uncertainties surrounding the UK's final exit from the European Union together with current and ongoing concerns regarding the effects of Covid-19 undermined the confidence of occupiers and investors. The Thames Valley property market our key business area, reflected these concerns.

Inevitably letting and development activity in the retail and office market has been challenging, placing rental levels and lease negotiations under pressure. Working from home, internet procurement and the requirement for flexible office space is determining strategy and future trends will depend on the speed of the UK economic recovery.

Sales of new homes in the Thames Valley, despite government initiatives, declined in the third quarter of the year leading to lower asking prices. Increased activity is being reported over the last few weeks with pricing in certain locations returning to previous levels. The demand for residential lettings has remained high with rents remaining similar to last year.

FINANCIAL

For the year to 30 September 2020, the Group profit before tax was £1.96m (2019: £1.65m). This figure includes a fair value decrease of £0.148m (2019: £0.022m increase) for the Group and a profit of £1.36m (2019: £0.90m) in respect of our post tax profit and pre-dividend share of Campmoss Property Company Limited, our 47.62% owned Joint Venture. During the year, the Company received a dividend of £0.64m (2019: £0.5m) from its investment in Campmoss Property.

Revenue for the year which represented gross rental income, excluding Campmoss, totalled £0.65m (2019: £0.65m).

The profit after tax attributable to shareholders for the financial year was £1.81m (2019: £1.54m) and the earnings per share was 148.2p (2019: 123.1p).

At the year-end, the Company's commercial portfolio was valued by Kempton Carr Croft. The residential property at 14 Runnymede Road was based on a memorandum for sale. The total portfolio was valued at £5.81m (2019: £5.96m). This value excludes the Company's freehold office property, which was also valued by Kempton Carr Croft and is included in the balance sheet at valuation under property, plant and equipment..

Property when completed and held for re-sale is held as stock at the lower of cost or net realisable value. At the year-end this relates to commercial property at The Windsor Business Centre.

The Group's total property portfolio, including the jointly controlled Campmoss investment and development portfolio, was valued at £35.7m (2019: £30m). The increase in the property value attributable to Campmoss is as a result of the increase in fair value of Clivemont House, Maidenhead, which was sold post the year end and construction costs during the year at Britannia Wharf, Woking, offset by the fair value decrease of approximately 5% of the remaining property in the Group. Residential property at Alston House and Gowring House, Bracknell and the residential development at Britannia Wharf, Woking are held as stock in Campmoss. The Company's share of the net assets of Campmoss was £16.3m (2019: £15.6m).

The Group's net assets as at the year-end were £29.10m (2019: £28.34m) equivalent to £24.36 per share (2019: £22.85) an increase of 6.6% over the year (2019: 4.9%). The Group, including Campmoss, has adequate financial facilities and resources to complete works in progress and the current development programme. Cash balances are held on short term deposit. At the year-end, the Company had nil gearing (2019: nil). During the year the Company purchased and cancelled 45,694 (2019: 12,567) ordinary shares at a total cost of £773,143 (2019: £220,062).

The Company may hold in treasury any of its own shares purchased. This gives the Company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. At the year end the Company held nil (2019 : nil) shares in treasury. Any shares purchased by the Company not held in treasury will be cancelled and the number of shares in issue reduced accordingly. The Company intends to continue its policy of purchasing its own shares, whether to be held in treasury or to be cancelled, and a resolution renewing the Directors' authority will be placed before the forthcoming Annual General Meeting on 14 January 2021. This authority will only be exercised in circumstances where the Directors regard such purchases to be in the best interests of shareholders as a whole and is subject to the waiver under Rule 9 of the Takeover Code being approved by shareholders as set out in the document accompanying this report. Full details of the Rule 9 Waiver are also available on the Company's website www.cardiff-property.com.

Current IFRS accounting recommends that deferred tax is chargeable on the difference between, the cost of properties, including applicable indexation and quoted investments and their current market value. However, 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, 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 the year-end this would result in a tax liability of £3.10m (2019 : £2.65m) equivalent to £2.60 (2019: £2.14) per share calculated using a tax rate of 19% (2019: 17%). This information is provided to shareholders as an additional non-statutory disclosure.

DIVIDEND

The Directors recommend a final dividend of 12.8p per share (2019: 12.5p) making a total dividend for the year of 17.6p (2019: 17.1p). an increase of 2.9%. The final dividend will be paid on 29 January 2021 to shareholders on the register at 15 January 2021.

THE PROPERTY PORTFOLIO

The Group's investment and development activities continue to be primarily located in the Thames Valley to the West of London, close to Heathrow Airport and in Surrey and Berkshire. Further details are set out in the strategic report.

Despite the difficult circumstances experienced by the UK property market the Group's portfolio continues to be primarily let with a number of new leases being completed during the current quarter.

The majority of rents due for the last two quarters to September this year have been received which reflects our policy of early liaising with tenants and assisting where sensible with a deferment of rent, primarily agreeing to monthly payments in arrears rather than quarterly in advance. Inevitably government measures to help small businesses has assisted tenants to meet their lease commitments., At the time of writing this report, new lettings have been completed where units have become available.

During the year we secured planning for our property in Windsor and plans are being updated for our property in Cardiff. Campmoss, our Joint Venture Company, successfully let a number of retail units at Alston House, Bracknell with the majority of the new apartments on the 2nd and 3rd floors let on Assured Tenancy Agreements. Following the planning permissions granted at Britannia Wharf, Woking and Clivemont House, Maidenhead a Joint Venture to develop the residential project at Britannia Wharf, Woking was entered into with the site at Clivemont House, Maidenhead sold to a National House Builder. The contract for sale of Clivemont House was exchanged prior to the year end and completed post the year end with the proceeds of sale being recognised in October 2020.

QUOTED INVESTMENTS

The Company retains a small portfolio of quoted retail bonds and equity investments the former providing an attractive medium-term income stream. The value of the portfolio has marginally decreased over the year but remains in excess of original cost. The equity investments include Aquila Services Group plc and Galileo Resources plc both of which I remain as a Non-Executive Director.

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.

MANAGEMENT AND TEAM

The unprecedented circumstances surrounding the property market and the Group's continued success indicates the strength and professionalism of our small management team. In the current environment, day to day management of the Group's portfolio places immense pressure on the team and I wish to take this opportunity of thanking them and our Joint Venture partner for their support and achievements over the year.

OUTLOOK

Continuing government measures to mitigate the physical and economic consequences of Covid-19 will impact the property market. It is encouraging to read that potential vaccines may become available next year and predicting the next few months will be extremely difficult. It will be essential for investors and businesses to retain confidence for the future.

The anticipated further government support for the residential market will be important to the Group and with interest rates having moved even lower yields available in the commercial property market remain attractive.

Activity in both the residential and commercial market has seen an increase over the last few weeks and I look forward to reporting to you further at the half year.

J. Richard Wollenberg
Chairman

23 November 2020

Consolidated Income Statement
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£'000	£'000
Revenue	650	647
Cost of sales	(115)	(70)
	<hr/>	<hr/>
Gross profit	535	577
Administrative expenses	(497)	(488)
Other operating income	579	577
	<hr/>	<hr/>
Operating profit before fair value movement on investment properties and other properties	617	666
Fair value movement on investment properties	(148)	22
	<hr/>	<hr/>
Operating profit	469	688
Financial income	54	61
Profit on sale of investment	74	-
Share of profit of joint venture	1,362	904
	<hr/>	<hr/>
Profit before taxation	1,959	1,653
Taxation	(148)	(117)
	<hr/>	<hr/>
Profit for the financial year attributable to equity holders	1,811	1,536
	<hr/> <hr/>	<hr/> <hr/>
 Earnings per share on profit for the financial year – pence		
Basic and diluted	148.2	123.1
	<hr/> <hr/>	<hr/> <hr/>
 Dividends		
Final 2019 paid 12.5p (2018: 12.2p)	155	153
Interim 2020 paid 4.8p (2019: 4.6p)	58	57
	<hr/>	<hr/>
	213	210
	<hr/> <hr/>	<hr/> <hr/>
Final 2020 proposed 12.8p (2019: 12.5p)	153	155
	<hr/> <hr/>	<hr/> <hr/>

These results relate entirely to continuing operations. There were no acquisitions or disposals in either year.

Consolidated statement of comprehensive income and expense
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£'000	£'000
Profit for the financial year	1,811	1,536
	<hr/>	<hr/>
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of other properties	(55)	(10)
Net change in fair value of available for sale financial assets	(14)	(43)
	<hr/>	<hr/>
Total comprehensive income and expense for the year attributable to the equity holders of the parent company	1,742	1,483
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet

AT 30 SEPTEMBER 2020

	2020		2019
	£'000	£'000	£'000
Non-current assets			
Freehold investment properties		5,857	5,995
Property, plant and equipment		228	284
Investment in joint venture		16,323	15,604
Other financial assets		925	843
		<hr/>	<hr/>
		23,333	22,726
Current assets			
Inventory and work in progress	688		674
Trade and other receivables	238		139
Term deposits	1,748		3,084
Cash and cash equivalents	3,773		2,473
	<hr/>	<hr/>	<hr/>
		6,447	6,370
Total assets		<hr/>	<hr/>
		29,780	29,096
Current liabilities			
Trade and other payables	(529)		(498)
Corporation tax	(50)		(147)
	<hr/>	<hr/>	<hr/>
		(579)	(659)
Non-current liabilities			
Deferred tax liability		(102)	(94)
		<hr/>	<hr/>
Total liabilities		(681)	(753)
Net assets		<hr/>	<hr/>
		29,099	28,343
Equity			
Called up share capital		239	248
Share premium account		5,076	5,076
Other reserves		2,475	2,535
Investment property revaluation reserve		3,139	1,814
Retained earnings		18,170	18,670
		<hr/>	<hr/>
Total equity		29,099	28,343
		<hr/>	<hr/>
Net assets per share		£24.36	£22.85
		<hr/>	<hr/>

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Profit for the year	1,811	1,536
<i>Adjustments for:</i>		
Depreciation	3	5
Financial income	(54)	(61)
Profit on sale of investment	(74)	-
Share of profit of joint venture	(1,362)	(904)
Fair value movement on revaluation of investment properties	148	(22)
Taxation	148	117
	<hr/>	<hr/>
Cash flows from operations before changes in working capital	630	671
Acquisition of inventory and work in progress	(14)	(2)
(Increase)/decrease in trade and other receivables	(98)	4
Increase/(decrease) in trade and other payables	1	30
	<hr/>	<hr/>
Cash generated from operations	509	703
Tax paid	(228)	(147)
	<hr/>	<hr/>
Net cash flows from operating activities	281	556
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	61	62
Dividend from joint venture	643	500
Acquisition of investment property, and plant and equipment	(13)	(49)
Acquisition of investments	(100)	-
Decrease/(increase) in term deposits	1,336	(2,884)
	<hr/>	<hr/>
Net cash flows from investing activities	2,005	(2,371)
	<hr/>	<hr/>
Cash flows from financing activities		
Purchase of own shares	(773)	(220)
Dividends paid	(213)	(210)
	<hr/>	<hr/>
Net cash flows (used in)/from financing activities	(986)	(430)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,300	(2,245)
Cash and cash equivalents at beginning of year	2,473	4,718
	<hr/>	<hr/>
Cash and cash equivalents at end of year	3,773	2,473
	<hr/> <hr/>	<hr/> <hr/>

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Consolidated statement of changes in equity

	Share capital	Share premium account	Other reserves	Investment property revaluation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2018	251	5,076	2,585	827	18,551	27,290
Profit for the year	-	-	-	-	1,536	1,536
Other comprehensive income –						
Revaluation of investments	-	-	(43)	-	-	(43)
Net change in fair value of own use freehold property	-	-	(10)	-	-	(10)
<i>Transactions with equity holders</i>						
Dividends	-	-	-	-	(210)	(210)
Purchase of own shares	(3)	-	3	-	(220)	(220)
Total transactions with equity holders	(3)	-	3	-	(430)	(430)
Fair value movements on investment properties - Cardiff	-	-	-	22	(22)	-
Fair value movements on investment properties - Campmoss	-	-	-	965	(965)	-
At 30 September 2019 and 1 October 2019	248	5,076	2,535	1,814	18,670	28,343
Profit for the year	-	-	-	-	1,811	1,811
Other comprehensive income –						
Revaluation of investments	-	-	(14)	-	-	(14)
Net change in fair value of own use freehold property	-	-	(55)	-	-	(55)
<i>Transactions with equity holders</i>						
Dividends	-	-	-	-	(213)	(213)
Purchase of own shares	(9)	-	9	-	(773)	(773)
Total transactions with equity holders	(9)	-	9	-	(986)	(986)
Fair value movements on investment properties - Cardiff	-	-	-	(148)	148	-
Fair value movements on investment properties - Campmoss	-	-	-	1,473	1,473	-
At 30 September 2020	239	5,076	2,475	3,139	18,170	29,099

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. Basis of preparation

The consolidated results for the year ended 30 September 2020 and 2019 are prepared by the group under applicable International Financial Reporting Standards adopted by the EU (“adopted IFRS”) and applicable law.

The financial information set out above does not constitute the company’s statutory financial statements for the years ended 30 September 2020 or 30 September 2019 but is derived from those financial statements. Statutory financial statements for 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered in due course. The auditor has reported on those financial statements; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the financial statements for 2019 nor 2020.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will continue to meet its liabilities as they fall due. The Group’s activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman’s Statement and Strategic Report.

The Group has sufficient financial resources to enable it to continue to trade and to complete the current maintenance and development programme. The Group is ungeared, and the cash flow forecasts do not assume any debt being required. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic uncertainty linked to Brexit and the uncertain impact of the Covid-19 pandemic and the impact on the Group’s tenants.

The Group is in the enviable position of having significant cash balances at 30 September 2020, the Cardiff Group had cash balances of £3.8m and a further £1.7m term deposits (generally with maturity dates of 90-180 days), in addition the Company has investments of £0.9m of which £0.8m are readily marketable. The Group has an operating cost base including tax and dividends of under £1m per annum so even with no income for a number of years the Group would remain solvent.

The Cardiff Group receives a management fee from Campmoss of around £0.5m per annum, there is no reason to assume this income would not be received as the Campmoss Group had cash balances at 30 September 2020, of £2.4m and a further £4.6m term deposits (generally with maturity dates of 90-180 days) and in addition Campmoss received a further cash receipt of £6.95m in October 2020 from property sales. Campmoss have a capital commitment of £6.1m to complete its development programme over the next 18 months and including the Cardiff management fee an annual operating cost base excluding development of under £1.5m, so Campmoss similarly has a strong balance sheet.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

New, revised or changes to existing financial reporting standards

Subject to the adoption of the IFRS’s available for application noted below, this announcement is prepared on the basis of the accounting policies as set out in the most recently published set of annual financial statements.

IFRS

The Group has adopted IFRS 16 – Leases for the year ended 30 September 2020. IFRS 16 removes the distinction between operating and financial leases, which for lessees will result in almost all operating leases being brought on balance sheet. The accounting for lessors, which is applicable to the Group, did not significantly change and the impact of the consolidated results was immaterial. As a lessor the main impact was additional qualitative disclosures about the Group’s leasing arrangements.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. None are expected to have a material impact on the consolidated financial statements of the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2020 (continued)

2. Segmental analysis

The Group manages its operations in two segments, being property and other investment and property development. Property and other investment relates to the results for The Cardiff Property Company Limited where properties are held as investment property with Property Development relating to the results of First Choice Estates Plc and Thames Valley Retirement Homes Limited. 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 results and net operating assets for each reportable segment are set out below:

	Property and other investment	Property Development	Eliminations	2020 Total
	£'000	£'000	£'000	2020 £'000
Rental income (wholly in the UK)	468	182	-	650
Property sales	-	-	-	-
Profit before taxation	1,686	273	-	1,959
Net operating assets				
Assets	26,974	4,718	(1,912)	29,780
Liabilities	(2,329)	(264)	1,912	(681)
Net assets	<u>24,645</u>	<u>4,454</u>	<u>-</u>	<u>29,099</u>
	Property and other investment	Property Development	Eliminations	2019 Total
	£'000	£'000	£'000	2020 £'000
Revenue (wholly in the UK)	463	184	-	647
Profit before taxation	1,462	191	-	1,653
Net operating assets				
Assets	26,600	4,486	(1,900)	29,096
Liabilities	(2,498)	(245)	1,900	(753)
Net assets	<u>24,102</u>	<u>4,241</u>	<u>-</u>	<u>28,343</u>

“Eliminations” relate to inter segment transactions and balances which cannot be specifically allocated but are eliminated on consolidation.

3. Earnings per share

Earnings per share has been calculated in accordance with IAS 33 - Earnings Per Share using the profit after tax for the financial year of £1,811,000 (2019: £1,536,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	2020	2019
Basic and diluted basis	1,221,929	1,247,277

Financial Calendar

2020	24 November	Final results for 2020 announced
2021	14 January	Annual General Meeting/General Meeting
	14 January	Ex-dividend date for the final dividend
	15 January	Record date for the final dividend
	29 January	Final dividend to be paid
	May	Interim results for 2021 to be announced
	July	Interim dividend for 2021 to be paid
	30 September	Year end

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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Stockbrokers and financial adviser

Shore Capital

Bankers

HSBC Bank Plc

Solicitors

Blake Morgan LLP
Charsley Harrison LLP

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Registered number

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