

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

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27 November 2019

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 £30m, 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 2019

Highlights:

		2019	2018
Net Assets	£'000	28,343	27,290
Net Assets Per Share	£	22.85	21.78
Profit Before Tax	£'000	1,653	1,114
Earnings Per Share – Basic and diluted	pence	123.1	80.6
Dividend Per Share	pence	17.1	16.6
Gearing	%	Nil	Nil

Richard Wollenberg, Chairman, commented:

“The uncertain environment fuelled by political and economic turbulence has stalled activity in the Thames Valley commercial property market.

During the year office lettings remained at a low level and as a consequence rental levels have marginally declined. Office and retail rents have marginally declined, whilst business units incorporating a high proportion of industrial space have proved far more resilient with minor increases in rent being achieved. Consequently, both developers and investors have been reluctant to commit towards new commercial property schemes and until confidence returns this position is likely to continue.

The commercial property investment market remains active with investors in search of secure income as interest rates remain low.”

For further information:

The Cardiff Property plc
Shore Capital

Richard Wollenberg
Patrick Castle

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THE CARDIFF PROPERTY PUBLIC LIMITED COMPANY AND ITS SUBSIDIARIES

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Chairman's Statement and Property Review

Dear Shareholder,

The uncertain environment fuelled by political and economic turbulence has stalled activity in the Thames Valley commercial property market.

During the year office lettings remained at a low level and as a consequence rental levels have marginally declined. Office and retail rents have marginally declined, whilst business units incorporating a high proportion of industrial space have proved far more resilient with minor increases in rent being achieved. Consequently, both developers and investors have been reluctant to commit towards new commercial property schemes and until confidence returns this position is likely to continue.

The commercial property investment market remains active with investors in search of secure income as interest rates remain low.

The Thames Valley retail market continues to be under pressure as retailers face increasing competition from internet-based users and the resultant change in shopping habits and delivery of goods and food. It is encouraging to note that certain towns are reporting an increase in footfall following investment in their infrastructure and retail environment. This is particularly relevant to our assets in Maidenhead and Bracknell.

Sales of new homes in the Thames Valley have suffered from a general lack of confidence in the market despite being supported by the ongoing availability of government initiatives, including Help to Buy and low interest rates. The situation may well change for the better once uncertainty is out of the way as the supply imbalance is still evident and consumer demand needs to be satisfied. Enquiries for new residential lettings are reasonably active with rents remaining unchanged.

FINANCIAL

For the year to 30 September 2019, the group's profit before tax was £1.65m (2018: £1.11m). This figure includes a revaluation increase of £0.022m (2018: £0.025m) for the group and a profit of £0.90m (2019: £0.34m) in respect of our post tax profit and pre-dividend share of Campmoss Property Company Limited, our 47.62% owned joint venture. During the current year Campmoss Property paid a dividend of which Cardiff's share was £0.5m.

Revenue for the year which represented gross rental income, excluding Campmoss, totalled £0.65m (2018: £0.65m).

The profit after tax attributable to shareholders for the financial year was £1.54m (2018: £1.01m) and the earnings per share was 123.1p (2018: 80.6p).

At the year-end, the Company's commercial and residential portfolio was valued by Kempton Carr Croft and Nevin & Wells, totalling £5.96m (2018: £5.93m). This value excludes own use freehold property, which is included under property, plant and equipment in the balance sheet and held at valuation.

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 represented commercial property at The Windsor Business Centre.

The group's total property portfolio, including the Campmoss investment and development portfolio, was valued at £30.0m (2018: £26.8m). The company's share of the net assets of Campmoss was £15.6m (2018: £15.2m). During the year Campmoss was successful in receiving two planning approvals which have contributed to the uplift in the carrying value of this investment.

The group's net assets as at the year-end were £28.34m (2018: £27.29m) equivalent to £22.85 per share (2018: £21.78) an increase of 4.9% over the year (2018: 2.5%). The group, including Campmoss, has adequate financial facilities and resources to complete works in progress and the proposed development programme. Cash balances are held on short term deposit. At the year-end the company had nil gearing (2018: nil). During the year the company purchased and cancelled 12,567 (2018: 10,809) ordinary shares at a total cost of £220,062 (2018: £194,175).

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. 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 16 January 2020. 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 set out in the document accompanying this report and 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 indexed cost of properties 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. 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 year-end would realise a tax liability of £2.65m (2018: £2.58m) equivalent to £2.14 (2018: £2.06) per share calculated using a tax rate of 17%. This information is provided to shareholders as an additional non-statutory disclosure.

DIVIDEND

The directors recommend a final dividend of 12.5p per share (2018: 12.2p) making a total dividend for the year of 17.1p (2018: 16.6p). an increase of 3.0%. The final dividend will be paid on 14 February 2020 to shareholders on the register at 24 January 2020.

THE PROPERTY PORTFOLIO

The group continues to concentrate its property activities in the Thames Valley, primarily west of London, close to Heathrow Airport, and in Surrey and Berkshire.

The group's property portfolio is predominantly let. During the year Cardiff negotiated a number of new leases achieving a small overall rental increase and furthered its development plans for property in Windsor and Cardiff. Campmoss completed the development of commercial and residential units at Alston House, Bracknell and achieved two important planning permissions at Britannia Wharf, Woking and Clivemont House, Maidenhead, details of which are included in the strategic report. The group is well placed to take advantage of any upturn in the property market and to react quickly to opportunities as they arise.

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 and is in excess of original cost. The equity investments include Galileo Resources plc and Aquila Services Group plc, I remain as a non-executive director of both.

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 group's small management team and joint venture partner have been extremely busy over the year and I wish to take this opportunity to thank them for their support and achievements over the year. The intensive day to day management of the group's portfolio remains essential in achieving continued success.

OUTLOOK

The group's assets are located in prime Thames Valley locations which should benefit from a return of confidence in the market. The next few months will hopefully allow current political and economic uncertainties to be unravelled and encourage industry and the property market to move positively forward.

I therefore look forward to reporting to you further at the half year.

J. Richard Wollenberg

Chairman

26 November 2019

Consolidated Income Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £'000	2018 £'000
Revenue	647	650
Cost of sales	(70)	(30)
	<hr/>	<hr/>
Gross profit	577	620
Administrative expenses	(488)	(536)
Other operating income	577	671
	<hr/>	<hr/>
Operating profit before gains on investment properties and other properties	666	755
Surplus/(deficit) on revaluation of investment properties	22	(25)
	<hr/>	<hr/>
Operating profit	688	730
Financial income	61	48
Share of profit of joint venture	904	336
	<hr/>	<hr/>
Profit before taxation	1,653	1,114
Taxation	(117)	(101)
	<hr/>	<hr/>
Profit for the financial year attributable to equity holders	1,536	1,013
	<hr/>	<hr/>
 Earnings per share on profit for the financial year – pence		
Basic and diluted	123.1	80.6
	<hr/>	<hr/>
 Dividends		
Final 2018 paid 12.2p (2017: 11.5p)	153	145
Interim 2019 paid 4.6p (2018: 4.4p)	57	55
	<hr/>	<hr/>
	210	200
	<hr/>	<hr/>
Final 2019 proposed 12.5p (2018: 12.2p)	155	153
	<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 2019

	2019 £'000	2018 £'000
Profit for the financial year	1,536	1,013
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available for sale financial assets	(43)	(185)
Net change in fair value of other properties	(10)	(4)
Total comprehensive income and expense for the year attributable to the equity holders of the parent company	1,483	824

Consolidated Balance Sheet

AT 30 SEPTEMBER 2019

	2019 £'000	2018 £'000
Non-current assets		
Freehold investment properties	5,995	5,927
Property, plant and equipment	284	298
Investment in joint venture	15,604	15,200
Other financial assets	843	886
	22,726	22,311
Current assets		
Inventory and work in progress	674	672
Trade and other receivables	139	142
Held to maturity cash deposits	3,084	200
Cash and cash equivalents	2,473	4,718
	6,370	5,732
Total assets	29,096	28,043
Current liabilities		
Trade and other payables	(528)	(498)
Corporation tax	(131)	(147)
Non-current liabilities	(659)	(645)
Deferred tax liability	(94)	(108)
Total liabilities	(753)	(753)
Net assets	28,343	27,290
Equity		
Called up share capital	248	251
Share premium account	5,076	5,076
Other reserves	2,535	2,585
Investment property revaluation reserve	1,814	827
Retained earnings	18,670	18,551
Total equity	28,343	27,290
Net assets per share	£22.85	£21.78

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit for the year	1,536	1,013
<i>Adjustments for:</i>		
Depreciation	5	5
Financial income	(61)	(48)
Share of profit of joint venture	(904)	(336)
Fair value movement on revaluation of investment properties	(22)	25
Taxation	117	101
	<hr/>	<hr/>
Cash flows from operations before changes in working capital	671	760
Acquisition of inventory and work in progress	(2)	-
Decrease/(increase) in trade and other receivables	4	(51)
Increase/(decrease) in trade and other payables	30	(19)
	<hr/>	<hr/>
Cash generated from operations	703	690
Tax paid	(147)	(112)
	<hr/>	<hr/>
Net cash flows from operating activities	556	578
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	62	47
Dividend from joint venture	500	-
Acquisition of investments, investment property, and plant and equipment	(49)	(168)
(Increase)/decrease in held to maturity deposits	(2,884)	1,170
	<hr/>	<hr/>
Net cash flows from investing activities	(2,371)	1,049
	<hr/>	<hr/>
Cash flows from financing activities		
Purchase of own shares	(220)	(194)
Dividends paid	(210)	(200)
	<hr/>	<hr/>
Net cash flows (used in)/from financing activities	(430)	(394)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(2,245)	1,233
Cash and cash equivalents at beginning of year	4,718	3,485
	<hr/>	<hr/>
Cash and cash equivalents at end of year	2,473	4,718
	<hr/>	<hr/>

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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 2017	253	5,076	2,772	997	17,762	26,860
Profit for the year	-	-	-	-	1,013	1,013
Other comprehensive income – revaluation of investments	-	-	(185)	-	-	(185)
net change in fair value of own use freehold property	-	-	(4)	-	-	(4)
<i>Transactions with equity holders</i>						
Dividends	-	-	-	-	(200)	(200)
Purchase of own shares	(2)	-	2	-	(194)	(194)
Total transactions with equity holders	(2)	-	2	-	(394)	(394)
Transfer on revaluation of investment properties - Cardiff	-	-	-	(25)	25	-
Transfer on revaluation of investment properties - Campmoss	-	-	-	(145)	145	-
At 30 September 2018 and 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)
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

Notes to the Financial Statements FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. Basis of preparation

The consolidated results for the year ended 30 September 2019 and 2018 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 2019 or 30 September 2018 but is derived from those financial statements. Statutory financial statements for 2018 have been delivered to the Registrar of Companies and those for 2019 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 2018 nor 2019.

Going concern

The group has sufficient financial resources to enable it to continue to trade and to complete the current maintenance and development programme. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 9 – Financial Instruments and IFRS 15 - Revenue from contracts with customers for the year ended 30 September 2019. These standards were applied using the modified retrospective approach.

IFRS 9 did not result in any measurement changes and did not result in the recognition of any additional credit losses. The group elected to present in other comprehensive income subsequent changes in the fair value of certain equity investments.

IFRS 15 combines several previous standards and sets out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. IFRS 15 does not apply to rental income or ground rent, which is in the scope of IFRS 16 – Leases, but does apply to service charge income, management fees and trading property disposals. The changes introduced by IFRS 15 have not had a quantitative impact on the consolidated financial statements of the group.

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,

IFRS 16 Leases (Effective date 1 January 2019) is effective for the next financial year. 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, will however not significantly change and the impact of the consolidated results will be immaterial.

As a lessor the main impact will be additional qualitative disclosures about the groups leasing arrangements.

Notes to the Financial Statements
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (continued)

2. Segmental analysis

The group manages its operations in two segments, being property and other investment 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 results and net operating assets for each reportable segment are set out below:

	2019 £'000	2018 £'000
Revenue (wholly in the United Kingdom):		
Property and other investment being gross rents receivable	647	650
Profit before taxation:		
Property and other investment	1,462	416
Property development	191	698
	1,653	1,114
Net operating assets:		
Assets		
Property and other investment	26,600	26,719
Property development	4,486	4,335
Eliminations	(1,990)	(3,011)
Total assets	29,906	28,043
Liabilities		
Property and other investment	(2,498)	(3,524)
Property development	(245)	(240)
Eliminations	1,990	3,011
Total liabilities	(753)	(753)
Net operating assets	28,343	27,290

Of the group's share of the profit in its joint venture of £904,000 (2018: £336,000), £11,000 (2018: £498,000) relates to property development and a profit of £893,000 (2018: loss £162,000) relates to property investment. The interest income of £58,000 (2018: £48,000) relates entirely to property investment. Of the income tax expense of £1,000 (2018: income £21,000), £1,000 (2018: £21,000) relates to property investment and £nil (2018: £nil) to property development. Due to the reportable segments being accounted for in separate legal entities it is possible to directly allocate the group results and net assets to the reportable segments.

"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 £1,536,000 (2018: £1,013,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	2019	2018
Basic and diluted basis	1,247,277	1,258,139

Financial Calendar

2019	27 November	Final results for 2019 announced
2020	16 January	Annual General Meeting/General Meeting
	23 January	Ex-dividend date for the final dividend
	24 January	Record date for the final dividend
	14 February	Final dividend to be paid
	May	Interim results for 2019 to be announced
	July	Interim dividend for 2019 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

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Charsley Harrison

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