DEVELOP NORTH

Annual Report

2024

Contents

Chairman's Statement

John Newlands, Chairman

Highlights

- Net Asset Value total return of 6.3% (2023: 1.4%)
- Increase in investment income to £1.94m, 13% higher than in previous year
- Total dividends of 4.00 pence per share paid or payable for the year
- Share buybacks during the year enhanced the NAV per share for remaining shareholders by 0.5 p
- £9.2m deployed into seven projects and repayment of five projects, bringing the number of exits to twenty three since inception
- 69% of funds deployed in the North East of England, reflecting the Company's increased focus on selected regional markets

Introduction

I am pleased to present the Company's results for the year ended 30 November 2024, during which the Company entered its eighth year of trading.

Despite a notably volatile economic and geopolitical backdrop over the twelve months under report, Develop North PLC has met the targets set out by the Board and Investment Adviser, Tier One Capital Ltd (TOC) a year ago. These included identifying and investing in real estate projects of the highest quality, increasing the overall strength of the portfolio and continuing to pay out valuable and attractive dividends each quarter.

In the background, meanwhile, the net asset value per share has increased slightly over the period, with the potential to create further shareholder value over the longer term.

Objective

The Company seeks to achieve its investment objective primarily through a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK and managed by TOC. The Investment Adviser's Report may be found on pages 8 to 11.

Regional Focus

As reported previously, the change of the Company's name to Develop North PLC has proved beneficial in gaining recognition of its purpose and regional focus. This is important at a time when the North East of England is very much in the ascendant, not least following the landmark devolution deal signed with the UK government in 2023, bringing with it a single Mayoral Combined Authority with access to significant new funding and powers. This subject is discussed in more detail in the Outlook section below.

The Company's web site, www.developnorth.co.uk, was significantly redeveloped a little over a year ago and is expected to be extended and upgraded over time as the Company expands.

Economic Backdrop

On the domestic front, 2024 was marked primarily by the first general election victory for Labour since 2005, with a resounding majority of 174 seats and a manifesto of significant change, the full effects of which, at the time of writing, remain to be seen.

On a broader front, despite the continuing conflict in Ukraine, tensions in the Middle East and a range of reactions to the return of Donald Trump to the White House, global forecasters predict another solid year of economic growth.

Goldman Sachs, by way of example, expect worldwide GDP to expand by 2.7% in 2025. Predictions for the UK's growth figures are still positive though lower at around 1.6%.

The UK inflation figure for the twelve months to October 2024 was 3.2%, still above the Bank of England's 2% target, but at a level which allowed its Monetary Policy Committee (MPC) to consider cutting interest rates. Ending eleven consecutive months at 5.25%, the highest for 16 years, the MPC cut rates to 5% in August 2024 and then to 4.75% on 6 November the same year.

The Bank of England has reiterated its objective of cutting rates further during 2025. However, a number of independent commentators are currently forecasting "higher (rates) for longer".

Turning to UK house prices, these remained broadly static for much of the year with some increases being reported in the second half of the year. The Investment Adviser has adopted Savills' prediction of a 4% increase in House Prices across the UK, over the year ahead but with a slightly more optimistic forecast of a 5% increase in both the North East of England and in Scotland.

Building cost inflation and labour rates eased during the year, leading to increased confidence across the sector. Taken with the renewed focus upon the region in which the Company primarily invests, namely the North East of England, this can only be helpful for companies such as Develop North PLC. These factors are discussed further in the Outlook section, below.

Performance; Net Asset Value

The Company's net asset value NAV increased to 79.81 pence per share as at 30 November 2024, having been 78.92 pence per share twelve months earlier.

Taking into account dividends paid or declared for the period, this equates to a net asset value total return for the financial year of approximately 6.3% and after a modest decrease in the impairment charge, reflecting the Investment Adviser's expectations for the UK economy in the year ahead.

This figure may be placed into context by comparison with the total return figures over the same period of the Association of Investment Companies' (AIC) 'Property-Debt' sector, of which the Company is a component member, of -1.1% and of the AIC's 'Debt-Loans' sector of +8.7% (Source: Morningstar).

The total value of the Company's portfolio now stands at £21.1m.

Revenue and Dividends

The Company has adhered to the dividend policy established in 2021, namely to pay dividends at a rate of 1 penny per share per quarter, equivalent to 4 pence per share per year in aggregate.

Depending upon the performance of the investment portfolio and considering broader market conditions, a final balancing payment may be made at the end of the financial year, while ensuring the Company continues to comply with the investment trust qualification requirements as prescribed by HMRC in accordance with Chapter 4 of Part 24 Corporation Tax Act 2010.

For the year to 30 November 2024, revenue increased to 5.0 pence per share (2023: 2.5 pence). The increase in earnings per share primarily reflects an increase in blended interest rates charged across the portfolio, as rates have increased and underperforming loans have exited the portfolio, alongside reduced impairments and capital losses as the newer loans continue to perform as expected. The Board has declared and paid three quarterly interim dividends of 1.0 pence per share for the year ended 30 November 2024 and I am pleased to report that a fourth interim dividend of 1.0 pence per share has been declared. This dividend will be paid on 11 April 2025 to shareholders on the register at the close of business on 21 March 2025 (ex-dividend date 20 March 2025).

Share Buybacks

In November 2023 the Company announced the introduction of a share buyback programme to repurchase an initial figure of up to £500,000 of its Ordinary shares. The programme was extended until 31 December 2023. The programme's objective is to reduce the discount to net asset value at which the shares may be trading. In April 2024 the Company announced a new share buyback programme enabling it to purchase a further £500,000 of its Ordinary shares.

Continued

During the financial year ending 30 November 2024 the Company had repurchased 1,256,024 Ordinary shares at an average discount to NAV of 9.2%.

Gearing

Loan facilities during the year consisted of a £6 million credit facility with Shawbrook Bank Limited. £2.1m was drawn under the loan facility as at 30 November 2024.

The Shawbrook loan facility runs until May 2025, thereby providing adequate liquidity for the Investment Adviser to take advantage of lending opportunities as they arise. Shawbrook has indicated that it remains supportive of the Company and its objectives and expects to renew the loan facility upon expiry.

Investment Portfolio; New Investments; Project Impairments

The total value of the Company's portfolio now stands at £21.1m, from 16 projects, an increase of £1.6m since last year.

The high quality of the underlying loan book continues to be maintained, while the average Loan to Value (LTV) figure moved from c. 65% at 30 November 2023 to c. 70% at the financial year end.

New Investments During the year £9.2m was invested in seven projects. Of these four were new loans, including a £2.7 million, 8 month facility to fund the construction of residential apartments and commercial units in Hexham, a £1.9m, 9 month facility to fund executive homes in rural Northumberland, a £1.35m, 21 month residential project in North West England and a £0.6m, 12 month loan to fund a roadside retail outlet in Sunderland.

Portfolio Exits Five loans were repaid over the period, bringing the number of exits in the portfolio to 23 since inception. There were also seven partial redemptions, totalling £6.9m during the year.

As required under the stringent requirements of accountancy standard IFRS 9, the Company recognises the gross interest receivable on all its Stage 1 and 2 loans and then recognises an impairment charge when that interest is not paid by the borrower, and there is not a clear expectation that this can be recovered subsequently. During the year, there were two projects unable to meet their interest requirements in full.

For Stage 3 loans, interest income is calculated based on the net carrying amount, which is the gross carrying amount of the financial asset less the calculated impairment.

IFRS 9 also requires the Company to consider various credit loss scenarios and assign a risk weighting to these. This calculation generates a provision which is taken as a further impairment for the year. In this period the Company has decreased the provision to £49,000 from the £146,000 that was in place at 30 November 2023. This provision is based on look-forward statements to withstand market-related shocks reflecting current economic uncertainties.

Profit Share Projects There are currently four Profit Share projects in the portfolio (Nov 2023: six) reflecting further progress in our strategic aim to simplify and focus on debt-only products.

As at 30 November 2024, 80.2% of deployed funds were invested across 11 projects with a residential focus with a further £0.82m committed to live projects.

Pipeline There is a pipeline of some £5.9m of potential new projects. These are at various stages of due diligence across four commercial sites, all of which are in the North East of England.

The Investment Adviser's Report on pages 8 to 11 provides further detail on performance and activity within the loan portfolio. This includes information on deployment of capital, progress on projects undertaken, any profit share received, impairments and uplifts on loans and loan redemptions.

Performance Since 2018

Since 1 June 2018, the company has provided £49.8m across twenty five new projects. These projects have generated an average Internal Rate of Return (IRR) of 9.3% per annum, with only 0.5% of capital write offs, the latter more than covered by associated exit and plot fees.

These post-2018 projects have been completed with lower risk profiles, generally lower LTV ratios and better risk-adjusted investment returns than were achieved with historic "legacy" projects that pre-dated the listing of the Company.

Board of Directors

In accordance with the requirements of the UK Corporate Governance Code and the AIC Code of Corporate Governance, published in February 2019 (AIC Code) all Directors will stand for re-appointment at the AGM.

Annual General Meeting

The Company's AGM will be held at Royal Station Hotel, Neville Street, Newcastle NE1 5DH on Thursday, 1 May 2025 at 12 noon. Visitors are requested to arrive at the Hotel Reception no later than 11:50 a.m.

The Board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance, by completing and returning their proxy forms to the Company's registrar. This will ensure that the votes are registered.

In addition, shareholders are encouraged to raise any questions in advance of the AGM with the Company Secretary via email to **cosec-uk@apexgroup.com** or by post to the Company Secretary at the address set out on page 70 of this report.

Any questions received will be replied to by the Company after the AGM.

Outlook

The year under report has proved a successful one for Develop North PLC, despite a testing economic background, with key achievements including an increase in net asset value per share and a rock-solid stream of valuable quarterly dividends being paid out.

New projects have been, and will continue to be, agreed at very satisfactory rates of interest, with the potential to create not just high income streams but to permit incremental improvements in the net asset value per share over the medium to longer term.

Having inherited government debt at levels not seen in a generation, the incoming Labour UK administration has taken a number of steps that will increase costs for all businesses, such as increases in National Insurance contributions and in minimum wage rates. These moves are likely to have effects on manpower-intensive sectors such as housebuilding.

Certain upcoming government initiatives, on the other hand, have the potential to have positive effects on the Real Estate and Construction sectors that could safely outweigh the added input costs referred to above. For instance, the National Planning Policy Framework published in December 2024 proposes the introduction of mandatory housing targets, requirements for local authorities to demonstrate a five-year supply of housing land and the re-categorisation of lower-quality areas of Green Belt land as "Grey Belt", on which planning consent may be sought and approved.

A further positive indication is given by the near-record figures for business start-ups which are being reported across the North East region, as well as the formation of The North East Combined Authority (NECA), following the signing of the "deeper devolution" deal by the Government on 18 March 2024. On top of that there is the potential for inward investment from countries and enterprises in the Middle East, aided at least to some extent by the investment in Newcastle United Football Club by Saudi and other business interests.

In summary, although sentiment has dipped following the Autumn budget, and businesses clearly face additional costs, we continue to have a positive outlook for 2025. This view is underpinned by stable inflation forecasts, improving house prices and government plans to encourage more ambitious housing planning and construction across the UK.

Lastly, and as described above, we consider the Company's core region, the North East of England, to be particularly well positioned for growth, to the long-term benefit of Develop North PLC and its shareholders.

John Newlands, Chairman

18 March 2025

Investment Adviser's Report

INVESTMENT ADVISER'S REPORT: REVIEW OF THE 12 MONTHS TO 30 NOVEMBER 2024

Investment Adviser's Highlights:

- NAV Total Return of 6.3% for the year to 30 November 2024 and an annualised dividend yield of 5.1% resulting in £1.1m of income distributed to shareholders
- £9.2m deployed into seven projects including four new projects
- Exits of five portfolio projects, bringing the number of exits since inception to twenty-three
- Increase in investment income to £1.938m, a 13% increase on last year
- 68.6% of funds deployed in North East England reflecting the Company's ongoing commitment to focus operations on our chosen regional markets

This Annual Report and Accounts covers the seventh full year of performance and eighth audit review of the Company, since it's listing in January 2017.

The Company's primary purpose is to provide debt finance to the property sector. The Company also benefits from exit fees on redemption of other projects that additionally contributes to the Senior & Profit lending type.

Progress on the Company's Strategic Objectives:

- Weighted Average interest generated was 9.8% - up from 8.2% on the prior year
- Portfolio year on year size decreased due to five exits
- Prudent cost control saw overheads maintained at £0.55m, a decrease of 5.7% year on year.
- Portfolio LTV maintained at 71.2%
- Further progress in managing non-performing assets and improvement in loan book quality, including £0.81m repaid by legacy projects
- Fund liquidity further improved, with the continuation of the share buyback exercise

The Economic Backdrop and Outlook:

The political landscape in the UK underwent significant changes in 2024, with the Labour Party achieving a landslide victory in the general elections held in July. This marked a major shift from the Conservative Party's 14-year tenure as the primary governing party. Labour's focus on increased public spending and investment in infrastructure, green energy, and housing is likely to stimulate economic growth. However, the higher taxation and borrowing required to fund these initiatives may also lead to increased fiscal pressure and potential inflationary effects. Businesses will need to navigate these changes carefully, balancing the opportunities presented by new government initiatives with the challenges posed by higher costs and regulatory adjustments.

Inflation for the twelve months to October 2024 was at 3.2%, still above the Bank of England's 2% target, but at a level which allowed the MPC to cut rates from 5.25% to 4.75% over the past six months. They are forecasting for inflation to stay marginally above the 2% target which would still allow the base rate to be 3.75% by Q4 2025 supported by 1.7% GDP growth for the coming year.

2024 was a broadly flat year for house prices with a slight uptick in the latter half. Looking forward, we have adopted Savills prediction of a 4% increase in House Prices across the UK, and a 5% increase in both the Scottish and North East regions.

This financial year also saw continued easing to both build cost inflation and labour rates. BCIS are forecasting an increase in build costs by 15% over the next five years, while tender prices will rise by 20% over the same period. On the input costs side, labour remains the main driver, though annual growth in the BCIS Labour Cost Index is forecast to slow, increasing overall by 16% between Q3 2024 and Q3 2029. Materials cost inflation has been moderating since peaking in 2022 and annual growth in the BCIS Materials Cost Index has been in negative territory in recent quarters. BCIS expects the index to grow by 15% over the forecast period.

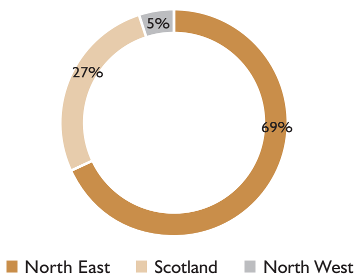
Business confidence remained steady during 2024, with the Construction sector now the most confident ahead of Banking, Finance and Insurance, IT and Communications and Business Services. Retail and Wholesale and Manufacturing remain below the average and confidence has slumped in Energy and Water and Transport and Storage. Most sectors are optimistic about domestic sales and exports of the coming year.

Although sentiment has dipped following the Autumn budget and business face additional costs, we continue to have a positive outlook for 2025 supported by stable inflation forecasts and improving house prices. We continue to see our core region, the North East of England, as well positioned for growth as the region continues to attract significant local and overseas investment.

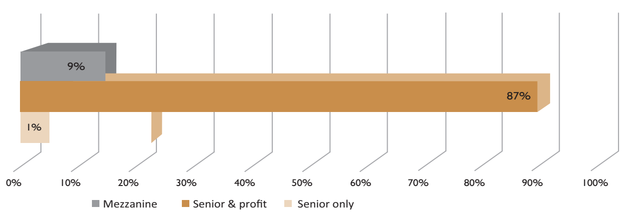
Deployment

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

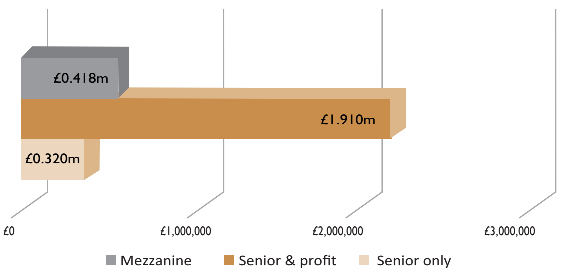
Deployment by Region



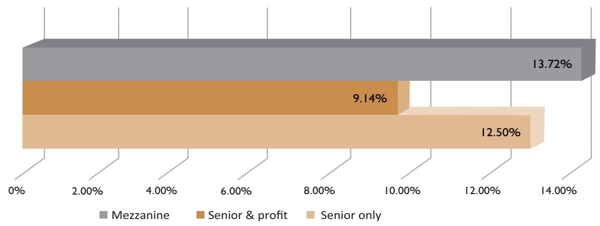
Lending type



Average loan size



Average returns by loan type



Despite the ongoing uncertainties faced, we are pleased to report an active year for new transactions, deployments to existing projects together with full and partial exits:

- Sunderland - £0.6m 12 month facility
- Northumberland - £1.9m 9-month facility
- North-west England - £1.35m 21 month facility
- Hexham - £2.7m 8 month facility

During the year a total of £9.2m was deployed into seven projects including the four new projects mentioned above.

At the year-end, fund deployment totalled £21.2m. The quality of the underlying loan book continues to be maintained with Loan to Value moving from 65.1% at 30 November 2023 to 71.2% at year end.

Portfolio Exits

There were five loans repaid during the year, bringing the number of exits in the portfolio to twenty three since inception.

Partial Redemptions Update

During the year there was £6.97m of partial redemptions across seven of the portfolio projects including the five exits in the year.

Impairments

The Company, in accordance with IFRS 9, recognises the gross interest receivable on all its Stage 1 and 2 loans, and then recognises an impairment charge when that interest is not paid by the borrower, and there is not a clear expectation that this can be recovered subsequently. During the year, there were two projects unable to meet their interest requirements in full. For Stage 3 loans, interest income is calculated based on the net carrying amount, which is the gross carrying amount of the financial asset less the calculated impairment.

Continued

The ECL provision recognised as at 30.11.2024 has decreased by £1,558k to £584k compared to the previous year (2023: £2,142k). This reduction in ECL has been driven by two project closures and other provision movements recognised during the year.

Gearing

In May 2023, the Company refreshed a committed revolving credit facility with Shawbrook Bank for a further two years. Again the key driver was headroom and liquidity and its renewal demonstrates the support that the Company has from its lender, and the growing confidence in future deployment given the current strength of pipeline.

Profit Share Projects

There are currently four Profit Share projects in the portfolio (Nov 2023: four) reflecting further progress in our strategic aim to simplify and focus on debt-only products.

Buyback

In November 2023, the Company announced the commencement of a share buyback program. To date the Company has purchased 1,945,862 shares in the market. These shares will be held as treasury shares on the Company's balance sheet.

Outlook

Residential

As at 30 November 2024, 80.2% of deployed funds were invested across 11 projects with a residential focus with a further £0.82m committed to live projects.

This represented a 21.3% increase over 2023.

Commercial

As at 30 November 2024, 19.3% of deployed funds were invested across 4 projects with a commercial focus.

This represented a 17.2% decrease over 2023.

Pipeline

There is currently £5.9m at various stages of due diligence across four commercial projects with 100% in the North East.

Performance since 2018

Since 1 June 2018, the company has provided £49.8m across twenty five new projects. These projects have generated an average IRR of 9.3% with only 0.5% of capital write offs which have been more than covered by associated exit and plot fees. These projects have also been lower risk projects with the LTVs than the historic projects.

The quality and experience of each management team that we are in discussions with will continue to enhance the Company's portfolio and strengthen its reputation in the market. This should lead to the creation of shareholder value that is sustainable in the longer term.

Ian McElroy,
Tier One Capital Ltd

18 MARCH 2025

THE INVESTMENT PORTFOLIO AS AT 30 NOVEMBER 2024

Sector	% of Portfolio	LTV* (Nov 24)	Loan Value (Nov 24) £'000s	LTV* (Nov 23)	Loan Value (Nov 23) £'000s
Residential	80.2%	75.3%	17,032	62.1%	14,221
Commercial	19.2%	53.9%	4,082	73.6%	5,005
Cash	0.6%	–	118	–	1,154
General Impairment	–	–	(49)	–	(146)
Total/Weighted Average	100.0%	71.2%	21,183	65.1%	20,235

*LTV has been calculated using the carrying value of the loans as at the balance sheet date

Strategic Report

The Directors present their Strategic Report for the year to 30 November 2024.

STRATEGIC REPORT

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the Company during the year under review. The Strategic Report contains a summary of the Company's business model, a statement of its objectives and policy, a review of performance and a description of the principal and emerging risks it faces. Please refer to the Chairman's Statement and the Investment Adviser's Report for an analysis of the Company's performance during the financial year and a summary of the future prospects. Pages 22 to 29, together with the sections of this Annual Report and Accounts incorporated by reference, constitute a Strategic Report that has been prepared in accordance with Section 414A of the Companies Act 2006 (the Act).

PRINCIPAL ACTIVITY AND PURPOSE

The Company's principal activity is that of an investment company, with a primary purpose of providing debt finance to the property sector.

INVESTMENT OBJECTIVE

The Company's investment objective is to provide shareholders with a consistent and stable income and the potential for an attractive total return over the medium to long term.

INVESTMENT POLICY

The Company seeks to achieve its investment objective through a diversified portfolio of fixed rate loans predominantly secured over land and/or property in the UK.

The Company attempts to reduce downside risk by focusing on secured debt with both quality collateral and contractual protection. The Company makes investments primarily through senior secured loans although other loans such as bridging loans, subordinated loans, selected loan financings and other debt instruments may be considered if appropriate.

The typical loan term is between one and five years. The Company retains absolute discretion to make investments for either shorter or longer periods.

Loan to Value

The Company typically seeks to originate debt where the effective loan to real estate value ratio of any investment is between 40% and 100% at the time of origination. The Company typically seeks to achieve a blended LTV across the portfolio of no more than 75% (based on the initial valuations at the time of loan origination) once fully invested.

Sector

The Company's portfolio is appropriately diversified by sector and predominantly split between:

- Regional residential housebuilding across the UK, with a preliminary focus on non-London based property;
- Small to medium commercial property development across the UK primarily focusing on small serviced office space, hotel developments and wedding and conferencing venues; and
- Direct sale and leaseback vehicles primarily operating in the professional sectors of dentists, accountants, solicitors and finance professionals.

INVESTMENT RESTRICTIONS

The Company observes the following investment restrictions:

- The Company derives its income from a portfolio of not less than five loans;
- No more than 100% of the Gross Asset Value will be exposed to the regional residential housebuilding sector, calculated at the time of investment;
- No more than 100% of the Gross Asset Value will be exposed to the small to medium commercial property development sector, calculated at the time of investment;
- No more than 30% of the Net Asset Value will be exposed to direct sale and leaseback vehicles, at the time of investment;
- No more than 50% of the Net Asset Value will be exposed to subordinated loans, calculated at the time of investment and/or subsequent subordination;
- No more than 50% of the Net Asset Value will be exposed to bridging loans, selected loan financings and other debt instruments, calculated at the time of investment;
- No more than 5% of the Net Asset Value will be exposed to unsecured loans, calculated at the time of investment;
- No single investment, or aggregate investments secured on a single property or group of properties or connected with related borrowers, will exceed 20% of the Net Asset Value, calculated at the time of investment;
- No more than 20% of the Net Asset Value will be exposed to any one borrower or related borrowers or developer or related developer entities calculated at the time of investment;
- No more than 10% of the Net Asset Value will be exposed to any sector other than regional residential housebuilding, small to medium commercial property development and direct sale and leasehold vehicles; and
- The Company will not invest in other listed closed-ended investment companies.

Borrowing

The Company may use gearing if it believes it will enhance shareholder returns over the longer term. It will limit the Company's borrowings to a maximum of 30% of the Net Asset Value at the time of drawdown. It is expected that the Company will renew the loan facility with Shawbrook upon its expiry in May 2025.

In May 2023 the Company renewed its £6.5 million committed revolving facility with Shawbrook Bank Limited until May 2025. This facility was reduced to £6m on 14 August 2024. At the year end the Company had drawn £2.1m under this facility (November 2023: £nil). The Company has drawn down £1.4 million since the year end (November 2023: drawn down £1.5m).

Cash Management

The Company may from time-to-time have surplus cash. It is expected that any surplus cash will be temporarily invested in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single-A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency or gilts or otherwise approved by the Board.

Continued

Use of derivatives and hedging

The Company may invest through derivatives for efficient portfolio management. In particular, the Company may engage in interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's efficient portfolio management.

In accordance with the requirements of the FCA Listing Rules, any material changes in the principal investment policies and restrictions of the Company would only be made with the approval of Shareholders by ordinary resolution.

BUSINESS MODEL, CULTURE AND VALUES

The Company invests in accordance with the investment objective.

The Board is the Company's governing body and is collectively responsible to shareholders for the long-term success of the Company. It is responsible for the overall strategy of the Company, including its investment objective and policy, decisions regarding corporate governance, asset allocation, risk and internal control assessment and determining the overall limits and restrictions for the portfolio. In addition, it appoints and monitors the performance of its service providers and seeks to secure the Company's success by engaging reputable third-party service suppliers with established track records to deliver its day-to-day operations.

The management of the Company's investments, is delegated to TOC and there is a clear division of responsibilities between the Board and the Investment Adviser. The Board maintains a close working relationship with the Investment Adviser as its principal service provider.

All of the Directors seek to discharge their responsibilities and meet shareholder expectations in an open and transparent manner. The Company's values of integrity, skill and knowledge are aligned to the delivery of its investment objective. The culture and values of the Company are embodied in the Board of Directors.

The Board seeks to recruit Directors who have diverse working experience. The industry experience on the Board ensures there is detailed knowledge and constructive challenge in the decision-making process. This helps the Company achieve its overarching aim of enhancing shareholder value. The Directors are mindful of costs and seek to ensure that the best value for money is achieved in managing the Company.

The Board seeks to employ third-party providers who share the Company's values and, importantly, will work with the Directors openly to achieve the Company's aims. As mentioned below, the Board expects and seeks assurance at least annually that the companies it works with adopt working practices that are of a very high standard.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY (ESG)

The Company has no employees and all of its Directors are non-executive. The day-to-day activities are carried out by third parties. There are therefore no disclosures to be made in respect of social, community, employee or environmental matters.

The Company has an investment advisory contract with Tier One Capital Ltd.

In asking the Company's Investment Adviser to deliver against set objectives, the Directors have also requested that the Investment Adviser take into account the broader social, ethical and environmental issues of counterparties within the Company's portfolio, acknowledging that companies failing to manage these issues adequately run a long-term risk to the sustainability of their businesses. More specifically, they expect companies to demonstrate ethical conduct, effective management of their stakeholder relationships, responsible management and mitigation of social and environmental impacts, as well as due regard for wider societal issues.

The Investment Adviser actively seeks to invest in companies that adopt good ESG practices and, where possible, uses its influence to encourage companies to adopt best practice on environmental, social and corporate governance matters.

MODERN SLAVERY ACT 2015 (MSA)

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year. As the Company does not provide goods or services in the normal course of business, the Board considers that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In relation to this matter the Company's supply chain is thought to be low risk by the Board.

PRINCIPAL AND EMERGING RISKS

The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's objectives.

The Board and the Investment Adviser seek to ensure that the Company's assets are invested in such a way as to spread investment risk, whilst adhering to its published investment policy. Further details of the management of the Company's key risks are set out below.

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, as they operated during the year and up to the approval of the Annual Report.

The Board agrees the strategy of the Company, taking into consideration the Company's risk appetite. With the assistance of the Investment Adviser, the Board has drawn up a risk matrix, which identifies the key risks to the Company, as well as emerging risks. In assessing the risks and how they can be mitigated, the Board has given particular attention to those risks that might threaten the viability of the Company. These key risks fall broadly under the following categories:

- **Investment and strategy risk**

The Company's targeted returns are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, yield and performance of the Company's investments, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, the Net Asset Value (NAV) and the price of Ordinary shares.

Borrowers under the loans in which the Company invests may not fulfil their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans.

The Board is responsible for setting the investment strategy to achieve the targeted returns and for monitoring the performance of the Investment Adviser and the implementation of the agreed strategy.

An inappropriate strategy could lead to poor capital performance and lower than targeted income yields.

This risk is mitigated through regular reviews and updates with the Investment Adviser, monitoring of the portfolio sectors against the investment restrictions on a quarterly basis and tracking of loan to value ratios of the underlying property projects

- **Market risk**

The Company's investment strategy relies in part upon local credit and real estate market conditions. Adverse conditions may prevent the Company from making investments that it might otherwise have made, leading to a reduction in yield and an increase in the default rate.

The Company holds 100% of its assets in the United Kingdom.

To mitigate the market risks, the Board receives quarterly updates from the Investment Adviser containing information on the local market conditions and trends. This information is reviewed alongside the sector split of the portfolio to ensure the portfolio is aligned to meet future challenges.

- **Financial risk**

The Company's activities expose it to a variety of financial risks that include interest rate risk, liquidity risk and credit risk. Further details on these risks and the way in which they are mitigated are disclosed in the notes to the financial statements.

- **Operational risk**

The Company has no employees and relies upon the services provided by third parties. It is primarily dependent on the control systems of the Investment Adviser and Administrator who respectively maintain the assets and accounting records.

Failure by any service provider to carry out its obligations in accordance with the terms of their appointment could have a detrimental effect on the Company.

To mitigate these risks, the Board reviews the overall performance of the Investment Adviser and other key

Continued

third-party service providers on a regular basis and has the ability to terminate agreements if necessary. The business continuity plans of key third-party service providers are subject to Board scrutiny.

- **Legal and Regulatory risk**

In order to qualify as an investment trust, the Company must comply with section 1158 of the Corporation Tax Act 2010. The Company has been approved by HM Revenue & Customs as an investment trust. The Company is listed on the London Stock Exchange. Non-compliance with the taxes act or a breach of listing rules could lead to financial penalties and reputational loss.

These risks are mitigated by the Board's review of quarterly financial information and compliance with the relevant rules.

PROMOTING THE SUCCESS OF THE COMPANY

Under section 172(1) of the Companies Act 2006 the Directors have a duty to act in good faith and to promote the success of the Company for the benefit of its shareholders as a whole. This includes taking into consideration the likely consequences of their decisions over the long term and on the Company's stakeholders, employees and suppliers, while acting fairly between shareholders. The Directors must also consider the impact on the community and its reputation for maintaining high standards of business conduct.

Set out in the following table is an explanation of engagement with stakeholders:

Stakeholder Group	Engagement in the year
Investors	Shareholders play an important role in monitoring and safeguarding the governance of the Company. They have access to the Board via the Company Secretary throughout the year and are encouraged to attend the Annual General Meeting. The Board engaged with shareholders during the year and was delighted to be able to welcome shareholders to the Annual General Meeting.
Key Service Providers	Key service providers report to the Board on a regular basis. The Company employs a collaborative approach and looks to build long-term partnerships based on open terms of business and fair payment terms.
Borrowers	The Investment Adviser meets with the management of all companies to which the Company lends money and reports its findings to the Board on a quarterly basis.
Regulators	Compliance with necessary rules and regulations relevant to the Company is maintained in order to build trust and a good reputation in the market.

- **Factoring Shareholders and Stakeholders into the Principal Decisions**

We define principal decisions as both those that are material to the Company but also those that are significant to any of our key stakeholders as identified above. In making the following principal decisions, the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

Principal Decision 1	**Share Buyback Programme** In April 2024 the Company announced a new share buyback programme enabling it to repurchase its Ordinary shares for up to a maximum consideration of £500k. The authority expired on 30 June 2024.
Principal Decision 2	**Dividend Policy** Directors continue to pay a consistent and stable income. The dividend policy is set out in the Strategic Report on pages 12 to 19.
Principal Decision 3	**Impairments and Uplifts** The Audit Committee reviews the Investment Adviser's recommendations in relation to impairments and uplifts to the Company's portfolio at both the interim and year end and makes a recommendation to the Board. The Board considers and formally agrees the final level of impairments and uplifts.
Principal Decision 4	**Remuneration** During the year the Remuneration Committee undertook a review of the level of non-executive Directors' fees. The Remuneration Committee recommended to the Board, and the Board agreed, that the Directors' remuneration should remain unchanged for the year ending 30 November 2024. Directors' fees will continue to be reviewed annually.
Principal Decision 5	**Lending Strategy** The Board's focus on the loans provided ensures that the sustainability of the Company and its ability to pay dividends is not compromised

LONG TERM VIABILITY STATEMENT

In accordance with Provision 36 of the AIC Code the Directors are required to assess the prospects of the Company over a longer period than the twelve months referred to in the going concern guidance and statement.

The Board regularly considers a detailed cash flow model which does not indicate any matters which would give rise to any concerns over the Company's longer term viability. The debt portfolio held by the Company is however not expected to remain unchanged over the longer term. The Investment Adviser is expected to provide new loans and receive repayments, in line with the Company's investment objective and policy throughout the year. At 30 November 2024 15 loans had been made with an average value of £1.40m and average time to loan maturity of 0.26 years. The longer the time horizon which is considered, the higher the degree of uncertainty over the constituents of the Company's debt portfolio and, on balance, the Board considers that a period of three years is an appropriate length of time over which a detailed sensitivity analysis can be conducted whilst retaining a reasonable level of accuracy regarding forecast interest rate movements.

In making this statement the Board carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. These risks and their mitigations are set out above.

The principal risks identified as most relevant to the assessment of the viability of the Company were those relating to potential impairment of loans in the portfolio and its effect on the capital value of the Company and its ability to pay dividends.

At a General Meeting of the Company held on 25 April 2024 a resolution was approved by shareholders to continue the Company for a further three years.

When considering the risk of under-performance, the Board carries out a series of stress tests to understand the effects of any substantial future increases in interest rates and future worsening of the property and development markets on the value of the underlying security leading to potential breaches of loan covenants by the borrowers.

Continued

The results of these stress tests have given the Board comfort over the viability of the Company and its ability to maintain capital value and dividend levels. The Board has also considered the impact of potential regulatory change for future periods and the controls in place surrounding significant third-party providers, including the Investment Adviser.

The Directors have considered the current economic uncertainty, the ongoing conflict in Ukraine and the escalating conflict in the Middle East. The Board considers that the mitigation measures put in place by the Investment Adviser in relation to the Company and its loan portfolio, together with those in place at key service providers serve to maintain operational resilience. The Directors do not believe that these call into question the long-term viability of the Company.

It is expected that the Company will renew the loan facility with Shawbrook upon its expiry in May 2025. As the future pipeline of loans has the potential to be adjusted in the event that the loan facility is not renewed, the Directors do not believe that this affects the long-term viability of the Company.

Based on the Company's processes for monitoring revenue and costs, together with the Investment Adviser's compliance with the investment objective and policies, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operational existence and meet its liabilities as they fall due for a period of three years from the date of approval of this Report.

REVIEW OF THE BUSINESS

A review of the year and commentary on the future outlook is provided in the Chairman's Statement and Investment Adviser's Review on pages 4 to 7 and 8 to 11 respectively.

During the year under review, the assets of the Company were invested in accordance with the Company's investment policy.

During the year the Company's net assets have decreased from £20.704m to £19.936m, partly as a result of the share buyback programme which commenced in November 2024, as well as a modest decline in the value of investments. As at 30 November 2024 the NAV per share was 79.8p.

KEY PERFORMANCE INDICATORS

The below key performance indicators (KPIs) are used by the Board to assess the Company's success in meeting its objectives. The related Alternative Performance Measures are described in the Glossary on pages 72 and 73.

- **Dividends**

The payment of dividends is a key element of the Company's investment objective. The Board monitors the Company's ability to provide shareholders with a consistent and stable income on a continuing basis. Further details on the Board's policy is set out in the Chairman's Statement on page 5.

Details of the dividends declared and paid are set out on page 54.

- **Net Asset Value Total Return (NAV total return)**

The Board regards the growth of the Company's NAV total return as inherent to the successful delivery of value to the shareholders over the longer term.

Since listing in January 2017, the Company has generated a NAV total return of 22.5% (November 2023: 16.9%) (including launch costs) as at 30 November 2024. The NAV total return for the year to 30 November 2024 was 4.8% (November 2023: 1.4%).

- **Ongoing charges ratio (OCR)**

The ongoing charges are a measure of the total expenses incurred by the Company expressed as a percentage of the average net assets over the year. The Board regularly reviews the ongoing charges. The Board seeks to ensure the expenses incurred by the Company are kept to a minimum whilst not impacting the services obtained.

The ongoing charges ratio as at 30 November 2024 was 2.7% (November 2023: 2.7%).

- **Discount/Premium to NAV**

The Board monitors the level of the Company's discount/premium to NAV. The annualised average discount to the NAV for the Company is 1.0% (November 2023: premium 2.8%).

CRIMINAL CORPORATE OFFENCE

In line with the requirements of The Criminal Finances Act 2017, the Directors confirm that the Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

THE BRIBERY ACT

In order to ensure compliance with the UK Bribery Act 2010, the Directors confirm that the Company has a zero tolerance policy towards the provision of illegal services, bribery and corruption acts and a commitment to carry out business openly, honestly and fairly.

TASKFORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES ('TCFD')

The Company notes the TCFD recommendations on climate related financial disclosures. The Company is a Closed-ended Investment Fund and, as such, it is exempt from the Listing Rules requirement to report against the TCFD framework.

GREENHOUSE GAS EMISSIONS

The Company has no greenhouse gas emissions to report from its operations for the year ended 30 November 2023 nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (including those within the underlying investment portfolio).

STREAMLINED ENERGY AND CARBON REPORTING

The Company is categorised as a lower energy user under the HMRC Environmental Reporting Guidelines March 2019 and is therefore not required to make the detailed disclosures of energy and carbon information set out within the guidelines. The Company's energy and carbon information is therefore not disclosed in this Report.

BOARD COMPOSITION

The Board comprises four male non-executive Directors. In accordance with best practice all Directors stand for re-election annually. The Board is mindful of the composition of the Board and the range of skills and expertise brought by each of the Directors. The Board is committed to ensuring that any vacancies are filled by the most qualified candidates and it recognises the merits of diversity in its composition.

The FCA Listing Rules require companies to report on whether they have met the targets on board diversity set out in the Parker Review's recommendations with respect to ethnic and cultural representation on UK boards. As at 30 November 2024 the Company had not met the gender diversity requirement that 40% of the individuals on the board are women, and that at least one of the senior positions on the board is a woman. Nor had it met the requirement for at least one director from a minority ethnic background.

With a small Board comprising solely non-executive Directors, and in light of the specialist nature of the Company, it is challenging to meet diversity targets when appointing new board members. As such, the Board does not consider it appropriate to set targets; however, it will ensure that diversity criteria are considered as part of any future succession planning. Further details on the gender and ethnic background of the Directors are included in the Corporate Governance Statement on pages 27 and 28.

On behalf of the Board

JOHN NEWLANDS, CHAIRMAN

18 MARCH 2025

Board of Directors

John Newlands
Non-executive Chairman

John has served more than twenty years in the City, most recently with Brewin Dolphin Limited as Head of Investment Companies Research from 2007 to 2017. He was a member of the Association of Investment Companies Statistics' Committee from 2000 to 2017. He has an MBA from Edinburgh University Business School and is a Chartered Engineer. He is Chair of the Investment Committee of Durham Cathedral. He has written four books about financial history, the most recent being *150 years: A history of The Scottish American Investment Company PLC* (Baillie Gifford, June 2023). John is currently Director of Gabelli Merger Plus+ Trust PLC and CQS New City High Yield Fund Limited.

Shareholding as at 30 November 2024: 5,000 ordinary shares (30 November 2023: 5,000).

Date of appointment: 14 November 2017.

Matthew Harris ('Matt')
Independent Non-executive Director and Audit Committee Chairman

Matt is a Chartered Accountant, with a career background as an auditor and in the provision of due diligence advice to private equity firms and corporates. He has advised on numerous transactions across Europe and around the world. Matt started his career at Arthur Andersen in New Zealand, but has spent the majority of his career in London, including as a Partner in the KPMG Private Equity Group. He sits on a number of boards and provides deal related and ongoing advice to PE buyers and portfolio companies.

Shareholding as at 30 November 2024: 60,724 ordinary shares (30 November 2023: 60,724).

Date of appointment: 19 December 2016.

Ian McElroy
Non-independent non-executive director

Ian is one of the founding shareholders of Tier One Capital Ltd, establishing the business having spent many years in the wealth management industry. Ian initially trained and qualified as an investment manager with Gerrard Stockbrokers before moving into financial advice, corporate finance and credit structuring during senior roles with Barclays Wealth, Kleinwort Benson and Coutts. Over the last 20 years, Ian has worked closely with business owners and company directors, senior executives and professionals across many industries to help structure, preserve and achieve their financial objectives. Ian is a Chartered Fellow of the CISI and a Chartered Wealth Manager.

Shareholding as at 30 November 2024: 74,005 ordinary shares (30 November 2023: 74,005).

Date of appointment: 18 April 2018.

Douglas Noble
Independent non-executive director

Douglas has over 30 years' private banking experience. He is currently a Director of Jigsaw Lending and also holds the position of Consultant with Hallcroft Finance where he is assisting Hallcroft in launching their business in Scotland. Previous to this he has held Senior Executive roles in the Banking Industry including the Scottish Head of Private Banking for Barclays, Adam & Company and HBOS. He also launched Bank of Scotland's first ever private banking operation. Douglas holds a law degree from Dundee University, as well as achieving the PCIAM and IMC from the CFA. He is a member of the Chartered Institute of Bankers, Scotland and holds Chartered Banker status.

Shareholding as at 30 November 2024: 8,600 ordinary shares (30 November 2022: 8,600).

Date of appointment: 19 December 2016.

Directors' Report

Oak Meadows, Middleton St George

The Directors present their Annual Report and Financial Statements of the Company for the year to 30 November 2024.

INFORMATION DISCLOSED IN THE STRATEGIC REPORT

The following matters required to be disclosed in this Report under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are covered in the Chairman's Statement, Investment Adviser's and the Strategic Report on pages 12 to 19: the Company's objectives, policies and financial risk management, the Company's exposure to risks and its prospects, as well as important events affecting the Company since the year end.

STATUS

The Company was incorporated in England and Wales as a public limited company under the Companies Act 2006 (number 10395804). It is an investment company as defined by Section 833 of the Companies Act 2006.

The Company is a member of the AIC.

The Company has been confirmed by HM Revenue & Customs as having approved investment trust status under the Investment Trusts (Approved Company) (Tax) Regulations 2011, subject to it continuing to comply with those regulations. The Directors conduct the affairs of the Company with a view to maintaining this approved investment trust status in order to preserve the Company's exemption from UK capital gains tax. The Directors have no reason to believe that approval will not continue to be obtained. The Company is not a close company for taxation purposes.

MANAGEMENT OF THE COMPANY

The Investment Adviser undertakes portfolio management services for the Company, subject to overall control and supervision by the Board. The

Investment Adviser is employed under a contract which can be terminated on 12 months' notice. If the Company wishes to terminate the contract on shorter notice, the balance of remuneration is payable by way of compensation.

The Investment Adviser is entitled to receive from the Company an investment advisory fee which is calculated and paid quarterly in arrears at an annual rate of 0.25% per annum of the prevailing Net Asset Value if less than £100m, or 0.50% per annum of the prevailing Net Asset Value if £100m or more.

The Board has reviewed the performance of the Investment Adviser and believes that its continued appointment is in the interests of the Company and shareholders. Such a review is carried out on an annual basis.

ALTERNATIVE INVESTMENT FUND MANAGER'S DIRECTIVE (AIFMD)

The Company is registered with the FCA as a Small Registered Alternative Investment Fund Manager (AIFM).

The Alternative Investment Managers' Directive requires certain disclosures to be made in respect of any remuneration policy of the AIFM, leverage, risk disclosures and pre-investment disclosures. The Board, as AIFM, receives no remuneration in this regard. The Company makes sufficient disclosures in relation to gearing and risk within the Annual Report. The investment policy and guidelines are set out in this Strategic Report on pages 12 to 19. Therefore, no further separate disclosures are required.

INVESTMENT POLICY AND OBJECTIVE

Details of the Company's Investment Policy and Objective are set out in the Strategic Report on pages 12 to 19.

RESULTS AND DIVIDENDS

The revenue return for the financial year ended 30 November 2024 after taxation amounted to £1,262,000 (November 2023: £672,000). An interim dividend of 1.0p per Ordinary share was declared and paid on 27 December 2024 and a further interim dividend has been declared, to be paid to shareholders on the register at the close of business on 21 March 2025 (ex-dividend date 20 March 2025). These dividends when added to the two quarterly interim dividends paid in 2024, make a total dividend for the year of 4 pence per share (November 2023: 4 pence).

The post balance sheet events of the Company are described in detail in Note 18 on page 63.

FUTURE DEVELOPMENTS

The outlook for the Company is described in the Chairman's Statement on pages 4 to 7 and in the Investment Adviser's Report on pages 8 to 11.

CHARITABLE DONATIONS

There are no charitable donations to disclose.

USE OF FINANCIAL INSTRUMENTS

The Company's use of financial instruments is disclosed in note 16 to the Financial Statements.

CAPITAL STRUCTURE AND VOTING RIGHTS

Capital Structure and Voting Rights

As at 30 November 2024 the Company's share capital comprised 24,978,201 (November 2023: 26,234,225) Ordinary shares of 1p each. There were 1,945,862 (November 2023: 689,838) Ordinary shares held in Treasury. The Ordinary shares are listed within the Commercial Companies (Equity Shares) category (ESCC) on the London Stock Exchange.

Voting Rights in the Company's shares

Details of the voting rights in the Company's shares as at the date of this report are given in note (xvi) to the Notice of Meeting on page 64.

Continued

Substantial Interests in Voting Rights

As at the end of the financial year the following had a declared notifiable interest in the Company's voting rights in accordance with the FCA's Disclosure Guidance and Transparency Rules:

Number of Shares		% held*
Mr B Thompson	1,638,000	6.1
Preston Transport Ltd	1,700,000	6.3
Peter Harley Jasper	1,433,790	5.3

*Percentage as at the date of notification.

No changes have been notified since the year end to the date of this report.

There are no restrictions on the transfers of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that affect its control following a takeover bid; and no agreement between the Company and its Directors concerning compensation for loss of office.

DIRECTORS

Biographical details of the Directors who held office throughout the year can be found on pages 20 and 21. All are non-executive and, save for Ian McElroy, are independent of the Investment Adviser and the other service providers. The Directors have reviewed their independence by reference to the AIC Code.

Details of the Directors' beneficial shareholdings can be found on page 34.

Mr McElroy has agreed to waive his Director's fee for so long as he has an interest in the Company's Investment Adviser.

All Directors will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for reappointment. The Board having considered their qualifications, performance and contribution to the Board and its committees, confirms that each Director continues to be effective and demonstrates commitment to the role and the Board recommends to shareholders that they be reappointed.

The rules concerning the appointment, reappointment and replacement of Directors, amendment of the Articles of Association and powers to repurchase the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity which is a qualifying third party indemnity, as defined by Section 234 of the Companies Act 2006. These indemnities were in place during the year and as at the date of this Report.

CORPORATE GOVERNANCE

The Statement of Corporate Governance is set out on pages 27 to 29 and forms part of this Report.

EMPLOYMENT, SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Company has no employees and the day-to-day activities are carried out by third parties. There are therefore no disclosures to be made in respect of employees

UK LISTING RULE 6.6

UKLR 6.6 requires the Company to include certain information within its Annual Report. Other than UKLR 6.6.1(4) under which Ian McElroy has agreed to waive any emoluments from the Company and UKLR 6.6.1(9)(a), under which, as an employee of the Investment Adviser, he is deemed to be interested in the Company's investment advisory agreement, the Directors confirm that there are no disclosures to be made in respect of Listing Rule UKLR 6.6.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors confirm that, so far as each of them are aware, there is no relevant audit information of which the Company's auditor is unaware and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The above confirmation is given and should be interpreted in accordance with the provision of section 418 (2) of the Companies Act 2006.

AUDITOR

The Independent Auditor's Report can be found on pages 37 to 43. MHA has indicated its willingness to continue in office with the Company and a resolution to re-appoint them will be proposed at the Annual General Meeting (resolution 9).

DIRECTORS' REMUNERATION POLICY AND REPORT

It is mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote on an annual basis. Resolution 2 seeks to approve the Directors' Remuneration Report.

There have been no changes to the Company's remuneration policy since 2019. It has been decided that the policy will be approved by shareholders annually. Resolution 3 seeks to approve the Directors' Remuneration Policy.

GOING CONCERN

The Company does not have a fixed wind-up date and, therefore, unless shareholders vote to wind-up the Company, shareholders will only be able to realise their investment through the market. In addition, the Articles of Association require shareholders to approve a resolution to continue the Company at three yearly intervals. At a General Meeting of the Company held on 25 April 2024 a resolution was approved by shareholders to continue the Company for a further three years. The Company has a strong balance sheet which is made up of realisable investments. The Investment Adviser monitors the Company's cash balances continually and forecasts cash flows, including stress testing in respect of the timing of those cash flows. The Board reviews the Company's liquidity, cash flow requirements and the associated assumptions at every meeting. In reaching its conclusion that the Company is a going concern, the Board takes comfort from the solid performance and improved cash generation over the past year, as well as the ongoing support of the Company's lender. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence to 31 March 2026, which is at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis.

It is expected that the Company will renew the loan facility with Shawbrook upon its expiry in May 2025. The Board does not consider this to be a material uncertainty as the future pipeline of loans has the potential to be adjusted in the event that the loan facility is not renewed. Notwithstanding this, Shawbrook has indicated its ongoing support of the Company and has provided written confirmation that the loan facility will be considered for renewal upon expiry.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting of the Company to be held on 1 May 2025 is set out on pages 64 to 65. The full text of the resolutions is set out in the notice of meeting. Resolutions relating to the following items of special business will be proposed at the meeting:

(i) Dividend Policy (resolution 8)

Subject to market conditions and the Company's performance, financial position and financial outlook it is the Directors' intention to pay a consistent and stable income to shareholders on a quarterly basis. The Company intends to continue to pay all dividends as interim dividends.

Continued

Recognising that this means that shareholders will not have the opportunity to vote on a final dividend, the Company will instead propose a resolution to approve the Company's dividend policy at the AGM (resolution 8). The Directors expect that this resolution to approve the Company's dividend policy will continue to be approved annually.

The Company intends to distribute at least 85% of its eligible income or such other percentage as may be prescribed by HMRC in accordance with Chapter 4 of Part 24 ICTA 2010.

(ii) Authority to allot new shares and to disapply pre-emption rights (resolution 11 and 12)

It is advantageous for the Company to be able to issue new shares for cash to investors when the Directors consider that it is in the best interests of shareholders to do so. The proceeds of any such issue will be available for investment in line with the Company's investment policies. The Board is seeking authority to issue up to 20% of the Company's issued share capital (excluding Treasury shares) in order to provide flexibility to issue shares at a premium and manage share price volatility to NAV. This authority will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the passing of this resolution unless it is previously renewed, varied or revoked.

Resolution 12 will enable the allotment of new ordinary shares, pursuant to Resolution 11 otherwise than by way of a pro-rata issue to existing shareholders. This authority will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the passing of this resolution unless it is previously renewed, varied or revoked.

The full text of resolutions 11 and 12 is set out in the Notice of Meeting on pages 64 and 65.

(iii) Authority to repurchase the Company's shares (resolution 13)

The authority to repurchase up to 14.99% of the Company's issued share capital will expire at the conclusion of the forthcoming Annual General Meeting unless renewed at that meeting. The Directors consider that the renewal is in the interests of shareholders as a whole, as the repurchase of shares at a discount to the underlying NAV enhances the NAV of the remaining shares. Resolution 13 will be proposed as a special resolution and seeks to provide the Directors with the authority to purchase up to 3,744,232 ordinary shares or, if less, the number representing approximately 14.99 per cent. of the Company's ordinary shares in issue at the date of the passing of resolution 13. The Company may either cancel any ordinary shares it purchases under this authority or hold them in Treasury. This authority will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the passing of this resolution unless it is previously renewed, varied or revoked.

RECOMMENDATION

The Directors consider the passing of the Resolutions to be proposed at the Annual General Meeting to be in the best interests of the Company and its shareholders and likely to promote the success of the Company for the benefit of its shareholders as a whole.

Accordingly, the Directors unanimously recommend that shareholders should vote in favour of the resolutions, as they intend to in respect of their own beneficial shareholders amounting to less than 1% of the shares in issue.

On Behalf of the Board

JOHN NEWLANDS, CHAIRMAN

18 MARCH 2025

Statement of Corporate Governance

STATEMENT OF CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The Board has considered the Principles and Provisions of the AIC Code. The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

From 1 December 2025 the Company will be required to comply with the provisions of the UK Corporate Governance Code published in January 2024 or the AIC Code of Corporate Governance that has been updated to reflect changes set out in the updated UK Code. The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the Principles and Provisions of the AIC Code; however, the Board has elected not to designate a senior independent non-executive Director as it considers that each Director has different strengths and qualities on which they may provide leadership.

THE BOARD

Composition

The Board consists of four Directors. Three are independent non-executive Directors, including the Chairman, John Newlands. These Directors are considered by the Board to be independent in character and judgment of the Investment Adviser. Ian McElroy is considered not to be independent on the basis of his role at the Investment Adviser. The independence of the Directors is determined with reference to the AIC Code and is reviewed annually.

Biographical details of the Directors and their experience is disclosed on pages 20 and 21.

Induction and Training

On appointment, the Investment Adviser and Company Secretary provide all Directors with induction training. Thereafter, regular briefings are provided on changes in law and regulatory requirements that affect the Company and the Directors. Directors are encouraged to attend industry and other seminars covering issues and developments relevant to investment trust companies.

Regular reviews of the Directors' training needs are carried out by the Chairman by means of the Board and Committee evaluation process.

Role of the Board

The basis on which the Company agrees to generate value over the longer term is set out in its objective and investment policy as contained within the Strategic Review.

The Company has no executive Directors or employees. An Investment Adviser Agreement between the Company and its Investment Adviser sets out the matters over which the Investment Adviser has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing and corporate governance procedures, are reserved for the approval of the Board.

Tenure and Reappointment of Directors

Directors are initially appointed until the following Annual General Meeting when, under the Articles of Association, they are required to be elected by shareholders.

Although the Articles require that Directors submit themselves for re-election at least every three years the Board has resolved to adopt corporate governance best practice and all of the Directors are subject to re-election on an annual basis. In addition, the Board has agreed that any Director with more than nine years' service will be required to stand for re-election at each annual general meeting.

Board Diversity – Gender and Ethnic Background

In accordance with UK Listing Rule 6.6.6(9) R(9) and (11), the Company is required to include a statement in the Annual Report setting out whether it has met the following targets on board diversity. The reference

Continued

date for this statement is 30 November 2024, the Company's year end:

1) At least 40% of individuals on its board are women;

2) At least one of the senior board positions is held by a woman; and

3) At least one individual on its board is from a minority ethnic background.

The following tables set out the prescribed format for information in accordance with the requirements of LR 6 Annex 1.

(a) Table for reporting on gender identity or sex

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board
Men	4	100%	2
Women	–	–	–
Not specified/prefer not to say	–	–	–

(b) Table for reporting on ethnic background

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	4	100%	2
Mixed Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The Listing Rules only recognise the roles of Chairman, Chief Executive (CEO), Senior Independent Director and Chief Financial Officer (CFO) as senior board positions. As an externally managed investment company with no executive management the Board considers that the CEO and CFO positions are not relevant to the Company. The Board does, however, consider the role of the Chair of the Audit Committee to be a senior board position and the above disclosure is made on this basis.

The Listing Rules require disclosure of an explanation of the Company's approach to collecting the data used for the purposes of making the disclosures. The data was collated in consultation with the Directors.

Further details on Board diversity and the Board's approach to meeting the diversity targets are set out in the Strategic Report on page 19.

There have been no changes to the Board since 30 November 2024 and the date of approval of this report.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees. Directors who are not members of committees may attend at the invitation of the Chairman of the relevant committee.

Directors have attended scheduled Board and Committee meetings during the year ended 30 November 2024 as follows (with their eligibility to attend the relevant meeting in brackets):

	BOARD	AC	RC	NC	MEC
M Harris	4 (4)	3 (3)	1 (1)	1 (1)	1 (1)
I McElroy	4 (4)	– –	– (1)	– (1)	– –
J Newlands	4 (4)	3 (3)	1 (1)	1 (1)	1 (1)
D Noble	4 (4)	3 (3)	1 (1)	1 (1)	1 (1)

In addition to the above, ad-hoc Board and Board Committee meetings were held during the year to deal with such matters as the approval of the Annual and Half Year Reports and the renewal of the share buyback programme, as well as project specific matters.

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the Investment Adviser. In addition to the scheduled meetings above, additional meetings were held to consider ad-hoc matters including borrowings, investment decisions and dividend payments.

Full and timely information is provided to the Directors to enable the Board to function effectively and to discharge its responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

AUDIT COMMITTEE

Matthew Harris is the Chairman of the Company's Audit Committee which comprises the three independent Directors. Mr Ian McElroy may attend

Audit Committee meetings by standing invitation.

The report of the Audit Committee is set out on pages 30 to 32.

MANAGEMENT ENGAGEMENT COMMITTEE

John Newlands is the Chairman of the Company's Management Engagement Committee which comprises the three independent Directors. The Management Engagement Committee reviews the appropriateness of the Investment Adviser's continuing appointment, together with the terms and conditions thereof, on a regular basis. The Management Engagement Committee meets at least annually.

NOMINATION COMMITTEE

John Newlands is the Chairman of the Company's Nomination Committee which comprises the three independent Directors. The Nomination Committee is responsible for Director appointments and succession planning.

The Company's affairs are overseen by a Board currently comprising four male non-executive Directors. In terms of progress in achieving diversity, the Company is committed to ensuring that vacancies arising are filled by the best qualified candidates and recognises the value of diversity in the composition of the Board. When the Board goes through its next recruitment process, improving the Board's diversity will be a key consideration.

The Directors have a wealth of experience, bringing knowledge of investment markets, business, financial services, accounting and regulatory expertise to discussions on the Company's business. The Directors regularly consider the leadership needs and specific skills required to achieve the Company's investment objective. While appointments are based on skills and experience, the Board is conscious of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths and experience. All appointments are based on objective criteria and merit, and are made following a formal, rigorous and transparent process.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board as well as a performance evaluation of the Board, the individual Directors and the Board Committees. This was conducted through completion of evaluation questionnaires. The evaluation includes an assessment of how cohesively the Board and its committees operate as a whole and in conjunction with the Company's key service providers, as well as the effectiveness of the Chairman. The evaluation process is used as a mechanism to improve Board effectiveness, maximise strengths, ascertain any training needs and also to identify potential risks and strategic imperatives for the coming year.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee comprising all Directors for the purposes of considering the Directors' remuneration. The committee is chaired by Douglas Noble and meets at least annually.

The Company's policy on remuneration is discussed in the Directors' Remuneration Report on pages 33 to 35.

TERMS OF REFERENCE

The Audit Committee, Nomination Committee, Remuneration Committee and Management Engagement Committee all have written terms of reference which define clearly their respective responsibilities, copies of which are available for inspection on the Company's website at www.DevelopNorth.co.uk and on request at the Company's registered office.

RELATIONS WITH SHAREHOLDERS

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Adviser's website. The Company responds to questions from shareholders on a wide range of issues.

A regular dialogue is maintained with the Company's shareholders.

The Notice of the General Meeting included within the Annual Report and Accounts is sent out 20 working days in advance of the meeting. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

On Behalf of the Board

APEX FUND ADMINISTRATION SERVICES (UK) LIMITED

18 MARCH 2025

Report of the Audit Committee

COMPOSITION OF THE AUDIT COMMITTEE

An Audit Committee (the 'Committee') has been established with written terms of reference and comprises three non-executive Directors, Matthew Harris (Chairman), Douglas Noble and John Newlands. The Committee meets on at least two occasions each year. In addition the Committee meets with the Auditors at least twice a year.

The members of the Committee consider that they have the requisite skills and experience to fulfill the responsibilities of the Committee. As a Chartered Accountant the Committee Chairman has recent and relevant financial experience and the Committee, as a whole, has competence relevant to the sector.

ROLE OF THE AUDIT COMMITTEE

A summary of the Committee's main audit review functions is shown below:

- To monitor and review the principles, policies, and practices adopted in the preparation and audit of the accounts of the Company;
- To review and monitor the effectiveness of the internal control systems and risk management systems on which the Company is reliant;
- To consider annually whether there is a need for the Company to have its own internal audit function;
- To monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgments of the Investment Adviser, the Company Secretary and Administrator;
- To meet with the external Auditor to review their proposed audit programme of work and their findings following completion of the audit. The Committee also uses this as an opportunity to assess the effectiveness of the audit process;
- To make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor;
- To monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification; and
- To consider and approve all non-audit services.

FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING MATTERS

The Board of Directors is responsible for preparing the Annual Report and financial statements. The Committee advises the Board on the form and content of the Annual Report and financial statements, any issues which may arise and any specific areas which require judgement.

The valuation of investments in the form of loans and profit shares, the building projects given as guarantee for the loans, and the loan recoverability and interest receipts were areas of focus given their significance to the financial statements as a whole and these were specifically reviewed by the Committee.

Following discussion with the Investment Adviser, the Committee gained comfort over the valuation of the loans as included in the Annual Report and financial statements.

AUDITOR

As part of its review of the scope and results of the audit, during the year the Committee considered and approved MHA's plan for the audit of the financial statements for the year ended 30 November 2024. At the conclusion of the audit MHA did not highlight any issues to the Committee which would cause it to qualify its audit report nor did it highlight any fundamental internal control weaknesses. MHA issued an unqualified audit report which is included on pages 39 to 43.

Non-audit services

There were no fees paid to the auditor in respect of non-audit services during the year ended 30 November 2024 (November 2023: £nil).

Auditor Independence

As part of the review of auditor independence and effectiveness, MHA has confirmed that it is independent of the Company and has complied with relevant auditing standards. In evaluating MHA, the Audit Committee has taken into consideration the standing, skills and experience of the firm and the audit team. The Audit Committee, from direct observation and enquiry of the Investment Adviser and the Administrator, remains satisfied that MHA continues to provide effective independent challenge in carrying out its responsibilities.

The main areas of accounting risk considered by the Committee during the year in relation to the Company's financial statements were the valuation and ownership of investments held by the Company.

The valuation of investments is undertaken in accordance with the accounting policies as set out in note 1 to the financial statements. Details of the fair value hierarchy are set out in note 8.

The Committee reviews detailed information on the loan book and its value on a quarterly basis. A full portfolio analysis is prepared for each Board meeting, including a detailed update on development works, collateral given and loan to value ratios, which is reviewed in detail and considered by the Directors.

The Company also receives regular reporting on internal controls (as detailed below).

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is ultimately responsible for the Company's systems of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (the FRC Guidance) the Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and is regularly reviewed by the Board to ensure it accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

Continued

- Investment and strategy;
- Market;
- Financial;
- Operational; and
- Legal and regulatory

The key components designed to provide effective internal control are outlined below:

- Apex Fund Administration Services (UK) Limited (formerly Maitland Administration Services Limited) acts as Company Secretary and Administrator and, together with the Investment Adviser, prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Adviser have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including concentration limits and loan to value ratios, are regularly submitted to the Board and there are meetings with the Investment Adviser in between as appropriate;
- as a matter of course the Investment Adviser's Credit and Compliance teams continually review the Investment Adviser's operations and will report to the Board on any breaches;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Adviser, Company Secretary, Administrator and other third-party service providers; and
- the Board has considered the need for an internal audit function but, due to the compliance and internal control systems in place at the Investment Adviser, the Company Secretary and Administrator, it has decided to place reliance on their systems and internal audit procedures.

At its February 2025 meeting, the Committee carried out an annual assessment of internal controls for the year ended 30 November 2024 and subsequent events by considering documentation from the Investment Adviser, the Company Secretary and Administrator. The results of the assessment were reported to, and considered by, the Board at its next meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, by their nature, can only provide reasonable and not absolute assurance against mis-statement and loss.

The principal risks and uncertainties affecting the Company are disclosed in the Strategic Report on pages 12 to 19.

FAIR, BALANCED AND UNDERSTANDABLE

As a result of the work performed, the Committee has concluded that the Annual Report and Financial Statements for the year ended 30 November 2024, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board. The Board's conclusions in this respect are set out in the Statement of Director's Responsibilities on page 36.

Matthew Harris
Chairman of Audit Committee

18 MARCH 2025

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 November 2024, which has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in their report on pages 37 to 43.

All of the Directors are non-executive. In late 2020 the Board established a Remuneration Committee with Douglas Noble as Chairman. This Committee reviews Director's fees on a regular basis and makes recommendations to the Board as and when appropriate.

The Remuneration Committee completed an assessment of the level of Directors' fees during the year. This assessment considered a number of factors, including external peer group analyses, increased regulatory responsibilities and inflationary trends.

This review did not result in any changes to the Directors' remuneration for the coming year. The current level of fees is: Chairman of the Board, £29,000, Audit Committee Chair, £28,500, and non-executive Directors, £27,500.

POLICY ON DIRECTORS' REMUNERATION

The Company's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, the time commitment required, and be fair and comparable with that of other similar companies. The remuneration of Directors has been set at a level designed to attract individuals of a calibre appropriate to the future development of the Company. to the future development of the Company. Furthermore, the level of remuneration should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances.

The fees for the Directors are determined within the limit set out in the Company's Articles of Association. The present limit is an aggregate of £400,000 per annum and may not be changed without seeking shareholder approval at a general meeting. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. No element of the Directors' remuneration is performance-related.

It is the Board's policy that Directors do not have service contracts, but each new Director is provided with a letter of appointment. The terms of Directors' appointments provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. Directors are subject to re-election annually thereafter.

Although the Company's Articles of Association provide that Directors shall not remain in office for longer than three years without submitting themselves for re-election, the Board has resolved that all of the Directors should be subject to re-election on an annual basis.

The terms and conditions of Directors' appointments are set out in formal letters of appointment which are available for review at the Company's Annual General Meeting and the Company's registered office. There is no notice period and no provision for compensation upon early termination of appointment. Details of the Board's policy on tenure are set out on page 27.

Continued

ANNUAL REPORT ON DIRECTORS' REMUNERATION

The Directors who served in the year received the below fees:

	2024	2023
John Newlands (Chairman)	£29,000	£29,000
Matthew Harris	£28,500	£28,500
Douglas Noble	£27,500	£27,500
Ian McElroy*	£nil	£nil
Total	£85,000	£85,000

*Ian McElroy is entitled to Directors fees of £27,500 per annum. He has waived this entitlement in respect of the years ended 30 November 2024 and 2023.

ANNUAL PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The annual percentage change in fees for each Director who served in the year under review is set out in the following table:

	Year to Nov 2024 %	Year to Nov 2023 %	Year to Nov 2022 %	Year to Nov 2021 %	Year to Nov 2020 %
John Newlands (Chairman)	0	0	-3.3	0	0
Matthew Harris	0	0	-5.0	0	0
Douglas Noble	0	0	-8.3	0	0
Ian McElroy	0	0	0	0	0

The Company has no employees.

RELATIVE IMPORTANCE OF DIRECTORS' FEES

The table below sets out in respect of the financial year ended 30 November 2024 and the preceding financial year:

a) the remuneration paid to Directors;
b) the distribution made to shareholders by way of dividend; and
c) expenses paid by the Company.

	2024 £'000	2023 £'000
Total remuneration	85	85
Dividend	1,019	1,077
Expenses	545	578
National Insurance Contributions	3	3

Directors' fees as a percentage of:

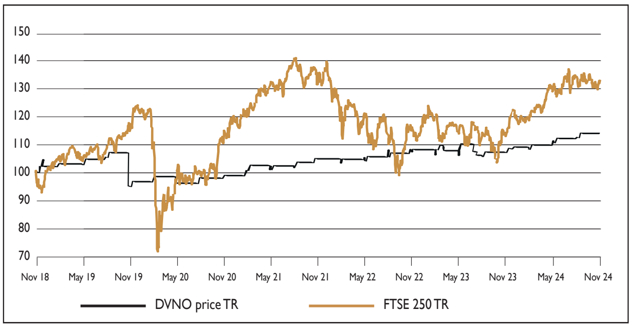
	2024 %	2023 %
Dividend	8.3	7.9
Expenses	15.6	14.7

DIRECTORS' INTERESTS

The Directors, including connected parties who held office at the year end and their interests (all beneficial) in the Ordinary Shares of the Company were as follows:

	At 30 November 2024 Ordinary shares	At 30 November 2023 Ordinary Shares
John Newlands	5,000	5,000
Matthew Harris	60,724	60,724
Ian McElroy	74,005	74,005
Douglas Noble	8,600	8,600

The graph below illustrates the total shareholder return for a holding in the Company's shares as compared to the FTSE 250 for the period from Listing to 30 November 2024. The Company considers this to be an appropriate index against which to measure the Company's performance, in the absence of a meaningful benchmark index.



VOTING AT AGM

At the Company's General Meeting, held on 25 April 2024, shareholders approved the Directors' Remuneration Policy and Report in respect of the year ended 30 November 2023. 100% of the votes cast were in favour of these resolutions.

Ordinary resolutions for the approval of the Directors' Remuneration Policy and Report will be put to a shareholder vote at the forthcoming Annual General Meeting.

For and on behalf of the Board

DOUGLAS NOBLE, CHAIRMAN

18 MARCH 2025

Management Report and Directors' Responsibility Statement

Management report

Listed companies are required by the DTRs to include a management report in their Financial Statements. The information is included in the Strategic Report on pages 12 to 19 inclusive (together with the sections of the Annual Report and Accounts incorporated by reference) and the Directors' Report on pages 22 to 26. Therefore, a separate management report has not been included.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards (UK adopted IFRS) and with the Companies Act 2006, as applicable to companies reporting under international accounting standards.

Under Company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company and of the total return or loss of the Company for that period. In order to provide these confirmations and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK adopted IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business and the Directors confirm that they have done so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, where applicable. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements are published on www.DevelopNorth.co.uk which is a website maintained by the Company's Investment Adviser. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Under applicable UK law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, Statement of Corporate Governance and Directors' Remuneration Report that complies with that law and those regulations.

Directors' confirmation statement

Each of the Directors, whose names and functions appear on pages 20 and 21, confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with UK adopted IFRS and with the Companies Act 2006, as applicable to companies reporting under international accounting standards, give a true and fair view of the assets, liabilities and financial position and total return or loss of the Company; and
- The Management Report, referred to herein, which comprises the Chairman's Statement, the Investment Adviser's Report, Strategic Report (including risk factors) and note 17 of the Financial Statements includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy.

On Behalf of the Board

John Newlands, Chairman

18 March 2025

Independent Auditor's Report

Independent Auditor's Report to the Members of Develop North PLC

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Develop North PLC. For the purposes of the table on pages 3 to 4 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Company" is defined as Develop North PLC. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006")

OPINION

We have audited the financial statements of Develop North PLC for the year ended 30 November 2024. The financial statements that we have audited comprise:

- the Income Statement
- the Statement of Financial Position
- the Statement of Changes in Equity
- Cash Flow Statement, and
- Notes 1 to 18 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and UK adopted International Financial Reporting Standards ("UK Adopted IFRS").

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2024 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK Adopted IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Company's operations and specifically its business model.
- The evaluation of how those risks might impact on the Company's available financial resources.
- Review of the mathematical accuracy of the cashflow forecast model prepared by management and corroboration of key data inputs to supporting documentation for consistency of assumptions used with our knowledge obtained during the audit.
- Challenging management for reasonableness of assumptions in respect of the timing and values of cash receipts and payments included in the cash flow model.

Continued

- Holding discussions with management regarding future financing plans, corroborating these where necessary and assessing the impact on the cash flow forecast.
- Performing sensitivity analysis and reverse stress tests on key inputs to the cash flow forecast, including the timing of capital repayments, quantum of interest revenue and dividends.
- Reviewing the viability assessment prepared by management and considering how this could impact on the going concern assessment.
- Obtaining a comfort letter from the Company's lender to confirm both the facility value and their intention to renew the facility for another period of 12 months from its renewal date of 27 May 2025.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the company's financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW OF OUR AUDIT APPROACH

Scope	Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.		
Materiality	**2024**	**2023**	
Company	£221k	£209k	1% of gross assets (2023: 1% of gross assets)
Key Audit Matters			
Recurring	• Classification and valuation of loan portfolio		

KEY AUDIT MATTERS

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CLASSIFICATION AND VALUATION OF LOAN PORTFOLIO

Key audit matter description	The Company holds loans either at amortised cost or at fair value through profit or loss, classified in accordance with IFRS 9. The classification of loans, the estimation of expected credit losses (ECL) for loans measured at amortised cost, and the determination of fair value for loans held at fair value through profit or loss, require significant judgement and involve inherent estimation uncertainty. For loans measured at amortised cost, management assesses whether there has been a significant increase in credit risk or if loans are credit-impaired, impacting the staging of loans under the IFRS 9 framework. The ECL is then estimated based on the loan's stage, underlying collateral values (such as property valuations), and the progress of associated developments. This process requires considerable judgement, particularly in evaluating the creditworthiness of borrowers and forecasting future cash flows, which introduces the potential for management bias. For loans held at fair value through profit or loss, management estimates fair value using valuation techniques that include forecasting future cash flows and applying appropriate discount rates. The choice of discount rates and assumptions regarding future cash flows are inherently subjective, and small changes in these inputs can have a significant impact on the reported fair values. This estimation process, therefore, presents a risk of management bias. Given the complexity of IFRS 9's classification and measurement requirements, the subjectivity involved in determining ECL and fair values, and the potential impact on the financial statements, this area was a significant focus of our audit.
How the scope of our audit responded to the key audit matter	Our audit work included, but was not restricted to, the following; • We have reviewed Management's assessment of the classification of each loan by reviewing the terms of the underlying loan agreements and any other evidence of contractual cash flows, such as profit share agreements as well as the entity's business model for managing financial assets. • We have reviewed Management's assessment of the ageing of each loan against its underlying agreement and information available at the year-end date, including considering the classification of amounts between current and non-current. • We have reviewed Management's staging assessment including criteria for determining significant increases in credit risk and when a loan is considered to be credit impaired, to supporting documentation such as LTV data, property valuation reports, interest payment history and progress reports on property developments. • We have assessed and challenged the reasonableness of key assumptions used to estimate 12-month ECL's, such as probability of default and loss given default, with reference to industry data and the Company's lending experience.

Continued

How the scope of our audit responded to the key audit matter	• We have assessed and challenged the reasonableness of the key assumptions used to estimate lifetime ECL, including forecasted value and timing of sales for the underlying development project. • We have performed sensitivity analysis of the estimated impairment provision with reference to the key assumptions to assess the reasonableness thereof. In respect of loans held at fair value, we have challenged key inputs into the discounted cash flow models with regard to quantum and timing of cashflows and reasonableness of discount rates and carrying out sensitivity analysis thereon. • For both loans at amortised cost and fair value through profit or loss we have reviewed, where available, the most recent RICs valuations of the underlying property as security for the loans.
Key Observations	Nothing has come to our attention from the audit procedures completed and we are satisfied that valuation of the loan portfolio is reasonable and recognised in accordance with IFRS 9.

OUR APPLICATION OF MATERIALITY

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £221,000 (2023: £209,000) which was determined on the basis of 1% (2023: 1%) of the Company's gross assets. One of the key risks for the entity is the return on fixed rate loans which are predominantly secured over land and property. This is a key area of the financial statements with which users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £154,700 (2023: £146,300) which represents 70% (2023: 70%) of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £11,100 (2023: £10,450) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

THE CONTROL ENVIRONMENT

We evaluated the design and implementation of those internal controls of the company which are relevant to our audit, such as those relating to the financial reporting cycle.

CLIMATE-RELATED RISKS

In planning our audit and gaining an understanding of the company, we considered the potential impact of climate-related risks on the business and its financial statements. We have held discussion with management in relation to their climate-related risk assessment to understand their process for identifying and assessing those risks.

We have agreed with managements' assessment that climate-related risks are not material to these financial statements.

REPORTING ON OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

DIRECTORS' REMUNERATION REPORT

Those aspects of the director's remuneration report which are required to be audited have been prepared in accordance with applicable legal requirements.

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting 25;
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate as seen on page 17;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities as seen on page 18;
- Directors' statement on fair, balanced and understandable as seen on page 36;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as seen on page 15;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems as seen on pages 31 and 32; and;
- Section describing the work of the audit committee as seen on page 30.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received by branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the company.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being

Continued

satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

IDENTIFYING AND ASSESSING POTENTIAL RISKS ARISING FROM IRREGULARITIES, INCLUDING FRAUD

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Company.
- We enquired of the directors and management concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to

hide losses or to improve financial performance, and management bias in accounting estimates particularly in determining expected credit losses and valuation of loans.

AUDIT RESPONSE TO RISKS IDENTIFIED

In respect of the above procedures:

- we corroborated the results of our enquiries through our review of the minutes of the Company's board meetings and the inspection of legal correspondence;
- audit procedures performed by the engagement team in connection with the risks identified included:
  - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
  - discussion within the audit engagement team as to how and where fraud might occur;
  - reviewing legal fees incurred during the year in order to assess for potential unrecorded contingent liabilities;
  - testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
  - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
  - enquiry of management around actual and potential litigation and claims.
  - challenging the assumptions and judgements made by management in its significant accounting estimates, in particular those relating to the determination of the expected credit losses as reported in the key audit matter section of our report.
- we communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

OTHER REQUIREMENTS

We were appointed by the Directors on 16 September 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the company in conducting our audit.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Andrew Moyser FCA FCCA

(Senior Statutory Auditor)
for and on behalf of MHA
Statutory Auditor
London
United Kingdom

19 MARCH 2025

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Income Statement

	Notes	Year ending 30 November 2024 Revenue £'000	Capital £'000	Total £'000	Year ending 30 November 2023 Revenue £'000	Capital £'000	Total £'000
Revenue							
Investment interest	2	1,938	–	**1,938**	1,722	–	1,722
Total revenue		1,938	–	**1,938**	1,722	–	1,722
Losses on investments held at fair value through profit or loss	4,8	–	(143)	**(143)**	(201)	(2)	(203)
Amortisation of exit fees	8,9	–	126	**126**	–	32	32
Total net income		1,938	(17)	**1,921**	1,521	30	1,551
Expenditure							
Investment adviser fee	3	(61)	–	**(61)**	(65)	–	(65)
Impairments on investments held at amortised cost	4,9	(47)	(75)	**(122)**	(116)	(441)	(557)
Other expenses	4	(484)	–	**(484)**	(513)	–	(513)
Total expenditure		(592)	(75)	**(667)**	(694)	(441)	(1,135)
Profit/(loss) before finance costs and taxation		1,346	(92)	**1,254**	827	(411)	416
Finance costs							
Interest payable		(84)	–	**(84)**	(155)	–	(155)
Profit/(loss) before taxation		1,262	(92)	**1,170**	672	(411)	261
Taxation	5	–	–	**–**	–	–	–
Profit/(loss) for the year		1,262	(92)	**1,170**	672	(411)	261
Basic and diluted earnings per share	7	5.00p	(0.36)p	**4.64p**	2.50p	(1.53)p	0.97p

The notes on pages 48 to 63 form an integral part of the financial statements.

The total column of this statement represents the Company's Income Statement, prepared in accordance with UK adopted IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

There is no other comprehensive income as all income is recorded in the statement above.

Statement of Financial Position

	Notes	As at 30 November 2024 £'000	As at 30 November 2023 £'000
Non-current assets			
Loans at amortised cost	9	1,000	6,208
		1,000	6,208
Current assets			
Investments held at fair value through profit or loss	8	2,899	3,024
Loans at amortised cost	9	18,146	10,496
Other receivables and prepayments	10	17	13
Cash and cash equivalents		115	1,154
		21,177	14,687
Total assets		22,177	20,895
Current liabilities			
Loan facility	11	(2,100)	–
Other payables and accrued expenses	12	(141)	(191)
Total liabilities		(2,241)	(191)
Net assets		19,936	20,704
Share capital and reserves			
Share capital	13	269	269
Share premium		9,094	9,094
Special distributable reserve		10,973	12,267
Capital reserve		(1,162)	(1,059)
Revenue reserve		762	133
Equity shareholders' funds		19,936	20,704
Net asset value per ordinary share		79.81p	78.92p

The notes on pages 48 to 63 form an integral part of the financial statements.

The financial statements on pages 44 to 63 were approved by the Board of Directors of Develop North PLC (a public limited company incorporated in England and Wales with company number 10395804) and authorised for issue on 18 March 2025. They were signed on its behalf by

John Newlands
Chairman

Statement of Changes in Equity

For the year ending 30 November 2024	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE YEAR	269	9,094	12,267	(1,059)	133	20,704
Total comprehensive income for the year:						
Profit for the year	–	–	–	(92)	1,262	1,170
TRANSACTION WITH OWNERS RECOGNISED DIRECTLY IN EQUITY:						
Dividends paid (Note 6)	–	–	(386)	–	(633)	(1,019)
Repurchase of shares into treasury (Note 13)	–	–	(908)	(11)	–	(919)
At 30 November 2024	**269**	**9,094**	**10,973**	**(1,162)**	**762**	**19,936**

For the year ending 30 November 2023	Share capital £'000	Share premium £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
AT BEGINNING OF THE YEAR	269	9,094	12,849	(644)	453	22,021
Total comprehensive income for the year:						
Profit for the year	–	–	–	(411)	672	261
TRANSACTION WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Dividends paid (Note 6)	–	–	(85)	–	(992)	(1,077)
Repurchase of shares into treasury (Note 13)	–	–	(497)	(4)	–	(501)
At 30 November 2023	269	9,094	12,267	(1,059)	133	20,704

Cash Flow Statement

	Notes	Year ending 30 November 2024 £'000	Year ending 30 November 2023 £'000
Operating activities			
Profit before taxation		1,170	261
Losses on investments held at fair value through profit and loss		143	213
Impairments on loans at amortised cost		75	592
Gains on investments held at fair value through profit and loss		-	(10)
Uplifts on loans at amortised cost	4	-	(35)
Amortisation of exit fees		(126)	(32)
Interest expense		84	155
Changes in working capital			
Increase in loan interest receivable on investments held at fair value through profit and loss	8	(84)	(93)
Increase in loan interest receivable on loans at amortised cost	9	(152)	(133)
Increase in other receivables	10	(4)	(2)
(Decrease)/increase in other payables	12	(50)	82
Net cash inflow from operating activities after taxation		1,056	998
Investing activities			
Loans given	9	(9,151)	(3,369)
Loans repaid	8,9	6,978	8,620
Net cash (outflow)/inflow from investing activities		(2,173)	5,251
Financing			
Equity dividends paid	6	(1,019)	(1,077)
Repurchase of shares into Treasury	13	(919)	(501)
Bank loan drawn down	14	6,125	–
Repayment of bank loan	14	(4,025)	(4,000)
Interest paid		(84)	(155)
Net cash inflow/(outflow) from financing		78	(5,733)
(Decrease)/increase in cash and cash equivalents		(1,039)	516
Cash and cash equivalents at the start of the year		1,154	638
Cash and cash equivalents at the end of the year		115	1,154

Notes to the Financial Statements

1. ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES
(A) BASIS OF PREPARATION

The financial statements of Develop North PLC have been prepared in accordance with UK adopted IFRS and with the Companies Act 2006, as applicable to companies reporting under international accounting standards. The financial statements were also prepared in accordance with the Statement of Recommended Practice, Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued by the AIC (as issued in July 2022), where this guidance is consistent with UK adopted IFRS.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for certain investment valuations which are measured at fair value.

The notes and financial statements are presented in pounds sterling (being the functional currency and presentational currency for the Company) and are rounded to the nearest thousand except where otherwise indicated.

The Company reviews forthcoming changes to UK adopted IFRS and does not anticipate material changes as a result of these.

NEW STANDARDS OR AMENDMENTS FOR 2024 FOR FORTHCOMING REQUIREMENTS

The company has not early adopted the new or amended standards which have been issued but not yet effective:

- Presentation and Disclosure in Financial Statements (IFRS 18).
- Amendments to classification and measurement requirements for financial instruments (Amendments to IFRS 9 and IFRS 7)

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-Current Liabilities with Covenants (Amendments to IAS 1)

The Directors do not expect the above new standards and interpretations to have a significant impact on the financial statements.

GOING CONCERN

The Financial Statements have been prepared on a going concern basis. The disclosures on going concern on page 25 of the Directors' Report form part of these financial statements.

INTEREST INCOME

For financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. In calculating the effective interest rate, the cash flows are estimated considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate.

On an ongoing basis the Investment Adviser assesses whether there is evidence that a financial asset is impaired. The basis of calculating interest income on the three stages of impairment (detailed below) are as follows:

Stage 1 Interest is calculated on the gross outstanding principal

Stage 2 Interest is calculated on the gross outstanding principal

Stage 3 Interest income is calculated based on the net carrying amount, which is the gross carrying amount of the financial asset less the calculated impairment

EXPENSES

Expenses are accounted for on an accruals basis. The Company's administration fees, finance costs and all other expenses are charged through the Income Statement and are charged to revenue. Fees incurred in relation to operational costs of the loan portfolio, such as legal fees, are charged through the Income Statement and are charged to capital.

DIVIDENDS TO SHAREHOLDERS

Interim dividends declared during the year are recognised when they are paid. Any final dividends declared are recognised when they are approved by the Shareholders at the Annual General Meeting.

TAXATION

Taxation on the profit or loss for the period comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates and laws enacted or substantively enacted at the reporting date.

Deferred income taxes are calculated using rates and laws that are enacted or substantivity are expected to apply as or when the associated temporary differences reverse. Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred income is recognised in profit or loss unless it relates to a transaction recorded in other comprehensive income or equity, in which case it is also recognised in other comprehensive income or directly in equity respectively.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial assets and financial liabilities are classified at inception into the following categories:

Amortised cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI ('solely payment of principal and interest') and that are not designated at fair value through profit and loss are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance as described in the impairment note below.

The Company's cash and cash equivalents, other receivables, other payables and accruals, and the Company's loan facility are included within this category.

Fair value through profit and loss:

The Company has a number of borrower facilities in which it received a minority equity stake or exit fee mechanism in conjunction with providing those loan facilities. These loans are recognised at fair value through profit and loss. The fair value of the contracts is monitored and reviewed quarterly using discounted cash flow forecasts based on the estimated cash flows that will flow through from the underlying development project. A sensitivity analysis is included in note 16.

Any values attributed to the equity stakes of these borrowers are incorporated into the overall loan valuation.

Continued

Exit fees:

Some of the financial assets measured at amortised costs have an exit fee. There are two types of exit fees; those recognised at the end of the term of the financial asset once it has been repaid, and those recognised during the term of the financial instrument where here they are linked to specific events such as plot sales.

IMPAIRMENT

At initial recognition, an impairment allowance is required for ECL resulting from possible default events within the next 12 months. When an event occurs that increases the credit risk, an allowance is required for ECL for possible defaults over the term of the financial instrument.

The key inputs into the measurement of ECL are probability of default (PD), loss given default (LGD), and exposure at default (EAD). These inputs are then considered and applied against residential and commercial facilities in the loan book. ECL are calculated by multiplying the PD by LGD and EAD.

PD has been determined by considering the local market where the underlying assets are situated, economic indicators including inflationary pressures on build costs, government policy, and market sentiment. For residential loans this has been further broken down into two scenarios; where only sales risk is still present, and where both construction risk and sales risk still exist. LGD is the magnitude of the likely loss if there is a default. The LGD models consider the structure, collateral, seniority of the claim, and recovery costs of any collateral that is integral to the financial asset. LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for lending collateralised by property, to reflect possible changes in property prices. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the borrower. The EAD of a financial asset is its gross carrying amount at the time of default. EAD for residential facilities has been further broken down into two scenarios; where the build is complete, and where construction is ongoing.

A financial asset is credit-impaired when one or more events that have occurred have a significant impact on the expected future cash flows of the financial asset. It includes observable data that has come to our attention regarding one or more of the following events:

- delinquency in contractual payments of principal and interest;
- cash flow difficulties experienced by the borrower;
- initiation of bankruptcy proceedings;
- the borrower being granted a concession that would otherwise not be considered;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; and
- a significant decrease in assets values held as security.

Impairment of financial assets is recognised on a loan-by-loan basis in stages:

- **Stage 1:** A general impairment covering what may happen within the next 12 months, based on the adoption of BIS standards as outlined below.
- **Stage 2:** Significant increase in credit risk, where the borrower is in default, potentially in arrears, where full repayment is expected and the underlying asset value remains robust. The ECL calculation recognises the lifetime of the loan.
- **Stage 3:** Credit impaired, where the borrower is in default of their loan contract, in arrears, full loan repayment is uncertain and there is a shortfall in underlying asset value. The ECL calculation recognises likely failure of the borrower.

As at 30 November 2024, there were sixteen loans in the portfolio. Four of those projects supported included either an equity stake of at least 25% for the Company or an exit fee mechanism. Please see note 8 for details on these four projects.

The Board has deemed that seven projects (November 2023: six); are currently impaired and specific additional provisions have been made against these facilities in these financial statements.

The other twelve loans have been assessed as not impaired.

The Company's response to IFRS 9 requirements has been based on the Bank for International Settlements (BIS) Basel Supervisory Committee liquidity risk tool recommendations.

FAIR VALUE HIERARCHY

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

All loans are considered Level 3.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less from inception.

OTHER RECEIVABLES

Other receivables do not carry interest and are short-term in nature. There were no irrecoverable amounts accounted for at the year end or the prior period end.

RESERVES

SHARE PREMIUM

The surplus of net proceeds received from the issuance of new shares over their par value is credited to this account and the related issue costs are deducted from this account.

CAPITAL RESERVE

The following are accounted for in the capital reserve:

- Capital charges;
- Increases and decreases in the fair value of and impairments of loan capital held at the year end

As at year end the Capital Reserve comprises both realised and unrealised gains and losses and so does not contain distributable reserves.

REVENUE RESERVE

The net profit/(loss) arising in the revenue column of the Income Statement is added to or deducted from this reserve which is available for paying dividends.

SPECIAL DISTRIBUTABLE RESERVE

Created from the Court of Session cancellation of the initial launch share premium account and is available for paying dividends and the repurchase of shares. The Special distributable reserve is used to prevent the Revenue reserve going into a negative position when paying distributions.

REPURCHASE OF SHARES TO HOLD IN TREASURY

The cost of repurchasing ordinary shares to hold in Treasury is charged to the Special distributable reserve and the related stamp duty and transaction cost is charged to the 'capital reserve' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis.

SEGMENTAL REPORTING

The Chief Operating Decision Maker is the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investment of the Company's capital in financial assets comprising loans. All loan income is derived from the UK. The Company derived revenue totalling £789,000 (November 2023: £714,000) where the amounts from two (November 2023: two) individual borrowers each exceeded 10% or more of the Company's revenue. The individual amounts were £429,000 and £360,000, (November 2023: £354,000 and £360,000).

USE OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenue and expenses during the year. The nature of the estimation means that actual outcomes could differ from those 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.

Continued

The key driver to determine whether loans are classified as fair value through profit or loss or amortised cost is if the facility has an exit fee or equity stake attached. Where these are present the loan is classified as fair value through profit or loss.

The following are areas of particular significance to the Company's financial statements and include the use of estimates or the application of judgement:

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES – INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS:

The Company owns profit share holdings or has exit fees mechanism in relation to 6 of the borrowers in place as at the year end. The loans held have been designated at fair value through profit and loss. The determination of the fair value requires the use of estimates. A sensitivity analysis is included in note 16. The key uncertainties are around the timings and amounts of both drawdown and repayments as these are determined by construction progress and the timing of sales.

CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES – LOANS AMORTISED COST CLASSIFICATION AND IMPAIRMENTS:

The Company uses critical judgements to determine whether it accounts for its loans at either amortised cost using the effective interest rate method less impairment provisions or at fair value through profit and loss. The determination of the required impairment adjustment requires the use of estimates. The key uncertainties are around the timings and amounts of both drawdown and repayments as these are determined by construction progress and the timing of sales. See notes 8 and 9 on pages 54 and 55 for further details.

2. REVENUE

	30 November 2024 £'000	30 November 2023 £'000
Interest from loans	1,938	1,722
Total income	1,938	1,722

3. INVESTMENT ADVISER'S FEES

INVESTMENT ADVISER

In its role as the Investment Adviser, Tier One Capital Ltd is entitled to receive from the Company an investment adviser fee which is calculated and paid quarterly in arrears at an annual rate of 0.25% per annum of the prevailing Net Asset Value if less than £100m; or 0.50%. per annum of the prevailing Net Asset Value if £100m or more.

There is no balance accrued for the Investment Adviser for the period ended 30 November 2024 (year to 30 November 2023: £nil).

There are no performance fees payable.

	30 November 2024 £'000	30 November 2023 £'000
Investment Adviser fee	61	65

4. OPERATING EXPENSES

	30 November 2024 Revenue £'000	30 November 2024 Capital £'000	30 November 2023 Revenue £'000	30 November 2023 Capital £'000
Legal & professional	3	–	20	–
Directors' fees	85	–	85	–
Audit fees related to the audit of the financial statements	72	–	77	–
Fund Administration and Company Secretarial	101	–	97	–
Brokers' fees	30	–	30	–
Marketing fees	10	–	1	–
AIFM fee	18	–	18	–
Impairments on loans amortised at cost*	47	75	116	476
Uplifts on loans amortised at cost*	-	–	–	(35)
Losses on investments held at fair value through profit or loss*	-	143	201	2
Other expenses	165	–	185	–
Total other expenses	531	218	830	443

*Loan impairments consist of impairments to interest on loans of £47,000 (November 2023: £317,000) and a capital impairment on the loan of £218,000 (November 2023: £478,000). Loan uplifts consist of a capital uplift on the loans of £nil (November 2022: £35,000).

All expenses are inclusive of VAT where applicable. Further details on Directors' fees can be found in the Directors' Remuneration Report on pages 33 to 35.

5. TAXATION

As an investment trust the Company is exempt from corporation tax on capital gains. The Company's revenue income from loans is subject to tax, but offset by any interest distribution paid, which has the effect of reducing the corporation tax. The interest distribution may be taxable in the hands of the Company's shareholders.

	30 November 2024 £'000	30 November 2023 £'000
Current corporation tax at 25% (November 2023:23%)	–	–
Deferred taxation	–	–
Tax on profit on ordinary activities	–	–

Reconciliation of tax charge

	30 November 2024 £'000	30 November 2023 £'000
Profit on ordinary activities before taxation	1,170	261
Taxation at standard corporation tax rate 25% (November 2023: 23%)	293	60
Effects of:		
Expenses/(Income) not subject to tax	23	95
Interest distributions	(255)	(248)
Utilisation of losses not recognised for deferred tax purposes	(61)	93
Tax charge for the year	–	–

There is an unrecognised deferred tax asset not recognised on losses of £265,833 (November 2023: £331,409) calculated at the relevant deferred tax rate of 25%. There is no expiry date for the recognition of the unrecognised deferred tax asset.

Continued

6. ORDINARY DIVIDENDS

	30 November 2024 Pence per share	30 November 2024 £'000	30 November 2023 Pence per share	30 November 2023 £'000
Dividends paid in the year relating to previous year:				
Interim dividend for the quarter ended August, paid in December	1.00	262	1.0	269
Interim dividend for the quarter ended November, paid in April	1.00	257	1.0	269
Dividends paid during and relating to the year:				
Interim dividend for the quarter ended February, paid in June	1.00	250	1.0	269
Interim dividend for the quarter ended May, paid in September	1.00	250	1.0	270
Total dividends paid in the year		1,019		1,077

Of the dividends paid in the year, £386,000 (November 2023: £85,000) has been paid from the Special distributable reserve. This is to ensure the Revenue reserve doesn't go into a negative position.

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of interest distribution. A third interim dividend of 1.0 pence per share was declared on 21 November 2024, payable on 27 December 2024. On 12 March 2025, the Company declared a fourth interim dividend of 1 pence per share for the quarter ended 30 November 2024, payable on 11 April 2025.

7. EARNINGS PER SHARE

The revenue, capital and total return per ordinary share is based on each of the profit after tax and on 25,246,760 ordinary shares (2023: 26,907,053), being the weighted average number of ordinary shares in issue (excluding shares held in Treasury of 1,945,862 (2023: 689,838)) throughout the year. During the year there were no dilutive instruments held, therefore the basic and diluted earnings per share are the same.

8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's investment held at fair value through profit or loss represents its profit share arrangements whereby the Company owns at least 25.1% or has an exit fee mechanism for four companies.

	30 November 2024 £'000	30 November 2023 £'000
Opening Balance	3,024	4,874
Loans deployed	–	59
Principal repayments	(66)	(1,802)
Movements in interest receivable	84	93
Unrealised losses on investments held at fair value through profit or loss	(143)	(203)
Amortisation of exit fees	–	3
Total investments held at fair value through profit and loss	2,899	3,024
Split:		
Non-current assets: Investments held at fair value through profit and loss due for repayment after one year	–	–
Current assets: Investments held at fair value through profit and loss due for repayment under one year	2,899	3,024

Please refer to note 16 for details of the approach to valuation and sensitivity analysis.

9. LOANS AT AMORTISED COST

	30 November 2024 £'000	30 November 2023 £'000
Opening balance	16,704	20,607
Loans deployed	9,151	3,310
Principal repayments	(6,912)	(6,818)
Movements in interest receivable	152	133
Movement in impairments	(75)	(557)
Amortisation of exit fees	126	29
Total loans at amortised cost	19,146	16,704
Split:		
Non-current assets: Loans at amortised cost due for repayment after one year	1,000	6,208
Current assets: Loans at amortised cost due for repayment under one year	18,146	10,496

The Company's loans held at amortised cost are accounted for using the effective interest method. The carrying value of each loan is determined after taking into consideration any requirement for impairment provisions during the year, allowances for impairment losses amounted to £75,000 (November 2023: £557,000).

Further details on impairment can be found within the accounting policies note on page 50.

Movements in allowances for impairment losses in the year

	Nominal value £'000
at 1 December 2023	2,142
Provisions for impairment losses	75
ECL's released due to project closures	(1,633)
at 30 November 2024	584
Stage 1 provisions at 1 December 2023	146
Provisions for impairment losses	(97)
Stage 1 provisions at 30 November 2024	49
Stage 2 provisions at 1 December 2023	–
Provisions for impairment losses	132
Stage 2 provisions at 30 November 2024	132
Stage 3 provisions at 1 December 2023	1,996
Provisions for impairment losses	40
ECL's released due to project closures	(1,633)
Stage 3 provisions at 30 November 2024	403

Stage 1, 2, and 3 are referenced in more detail on page 50.

Continued

10. RECEIVABLES

	30 November 2024 £'000	30 November 2023 £'000
Prepayments	17	13
Total receivables	17	13

11. LOAN FACILITY

	30 November 2023 £'000	30 November 2023 £'000
Bank loan	2,100	–

In May 2023 the Company renewed its £6.5m committed revolving facility with Shawbrook Bank Limited, expiring in May 2025. This facility was reduced to £6m on 14 August 2024. £2.1m was drawn down at the year end.

The facility is secured against a debenture over the assets of the Company.

12. OTHER PAYABLES

	30 November 2024 £'000	30 November 2023 £'000
Accruals	141	191
Total other payables	141	191

13. SHARE CAPITAL

Allotted, issued and fully paid:	2024 £'000	2023 £'000
24,978,201 (November 2023: 26,234,225) ordinary shares of 1p each*	250	262
1,945,862 (November 2023: 689,838) ordinary shares of 1p held in Treasury	19	7
26,924,063 (November 2023: 26,924,063) total ordinary shares of 1p each	269	269

* The Ordinary Shares (excluding shares held in Treasury) are eligible to vote and have the right to participate in either an interest distribution or participate in a capital distribution (on winding up).

No shares were issued by the Company during the year (November 2023: nil).

During the year, the Company bought back 1,256,024 shares to be held in Treasury at a cost of £919,000 (November 2023: 689,838 at a cost of £501,000).

There were no shares bought back between 1 December 2024 and 18 March 2025.

14. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 30 November 2023 £'000	Cash flows £'000	Non-cash flows £'000	At 30 November 2024 £'000
Short term borrowings	–	2,100	–	2,100
Total liabilities from financing activities	–	2,100	–	2,100

	At 30 November 2022 £'000	Cash flows £'000	Non-cash flows £'000	At 30 November 2023 £'000
Short term borrowings	4,000	(4,000)	–	–
Total liabilities from financing activities	4,000	(4,000)	–	–

Continued

15. RELATED PARTIES

The Directors are considered to be related parties. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received £85,000 fees for their services during the year to 30 November 2024 (30 November 2023: £85,000). £nil was payable at the period and prior year end.

Ian McElroy is Chief Executive of Tier One Capital Ltd and is a founding shareholder and director of the firm.

Tier One Capital Ltd received £61,000 investment adviser's fee during the year (30 November 2023: £65,000) and £nil was payable at the year end (30 November 2023: £nil). Tier One Capital Ltd receives up to a 20% margin and arrangement fee for all loans it facilitates.

There are various related party relationships in place with the borrowers as below:

The following related parties arise due to the opportunity taken to advance the profit share contracts:

- **Thursby Homes (Springs)**

  The Company owns 25.1% of the borrower Thursby Homes (Springs) Ltd. The loan was repaid during the year and the balance was £nil (30 November 2023: £36,000). Transactions in relation to loans repaid during the year amounted to £24,000) (30 November 2023: £1.5m). Interest due to be received as at 30 November 2024 was £nil (30 November 2023: £1,000). Interest received during the year amounted to £2,000 (30 November 2023: £33,000).

- **Northumberland**

  Develop North PLC owns 25.1% of the borrower Northumberland Ltd. The loan was repaid during the year and the balance was £nil (30 November 2023: £42,000). Transactions in relation to loans repaid during the year amounted to (£42,000) (30 November 2023: £288,000). Interest due to be received as at 30 November 2024 was £nil (30 November 2023: £2,000). Interest received during the year amounted to £6,200 (30 November 2023: £3,000).

- **Coalsnaughton**

  Develop North PLC owns 40.1% of the borrower Kudos Partnership. The loan amount outstanding as at 30 November 2024 was £1.9m (30 November 2023: £2.0m). Transactions in relation to loans made during the year amounted to £nil (30 November 2023: £nil). Interest due to be received as at 30 November 2024 was £513,000 (30 November 2023: £424,000). Interest received during the year amounted to £25,000 (30 November 2023: £108,000).

- **Oswald Street**

  Develop North PLC owns 25.1% of the Riverfront Property Limited Partnership. The loan amount outstanding as at 30 November 2024 was £448,000 (30 November 2023: £448,000). Transactions in relation to loans made during the year amounted to £nil (30 November 2023: £59,000). Interest due to be received as at 30 November 2024 was £8,000 (30 November 2023: £8,000). Interest received during the year amounted to £49,000 (30 November 2023: £47,000).

16. FINANCIAL INSTRUMENTS

Consistent with its objective, the Company holds a diversified portfolio of fixed rate loans secured with collateral in the form of; land or property in the UK, charges held over bank accounts and personal or corporate guarantees. The benefit of a related profit share or exit fee mechanism may also be agreed. In addition, the Company's financial instruments comprise cash and receivables and payables that arise directly from its operations. The Company does not have exposure to any derivative instruments.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Company are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Company's risk exposure. These policies are summarised below:

CREDIT RISK

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

In the event of default by a borrower if it is in financial difficulty or otherwise unable to meet its obligations under the agreement, the Company will suffer an interest shortfall and potentially a loss of capital. This potentially will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover. Management determines concentrations of risk by assessing the characteristics of each borrower and including these in the underwriting process. The most applicable of these are the geographical location of the projects and the economic sector the borrowers operate in. The Board receives regular reports on concentrations of risk and the performance of the projects underlying the loans, using loan to value percentages to help monitor the level of risk. The Investment Adviser monitors such reports in order to anticipate, and minimise the impact of, default.

There were financial assets which were considered impaired at 30 November 2024, with impairments amounting to £75,000 (30 November 2023: £557,000). Our maximum exposure to credit risk as at 30 November 2024 was £22,177,000 (30 November 2023: £20,895,000).

All of the Company's cash is placed with financial institutions with a long-term credit rating of A or better. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

The carrying amount for investments held at fair value through profit or loss best represents the maximum exposure to credit risk. The Company holds assets as collateral against loans issued. The Company does not have assets held as collateral.

Further details on the exposure to, and management of, credit risk by the Company is included in both the Investment Advisor's report and the Strategic Report on pages 8 to 19.

Continued

Loans held at amortised cost as at 30 November 2024

	Total £'000
Stage 1	9,821
Stage 2	9,050
Stage 3	275
	19,146

Loans held at amortised cost as at 30 November 2023

	Total £'000
Stage 1	16,390
Stage 2	275
Stage 3	39
	16,704

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Company's investments comprise loans.

Property and property-related assets in which the Company invests via loans are not traded in an organised public market and are relatively illiquid assets, requiring individual attention to sell in an orderly way. As a result, the Company may not be able to liquidate quickly its investments in these loans at an amount close to their fair value in order to meet its liquidity requirements.

The Company's liquidity risk is managed on an ongoing basis by the Investment Adviser and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Company has a comprehensive three-year cash flow forecast that aims to have sufficient cash balances, taking into account projected drawdowns on the live facilities to meet its obligations for a period of at least 12 months. At the reporting date, the maturity of the financial assets and liabilities was:

Financial assets as at 30 November 2024

	In one year £'000	In two or more years £'000	Total £'000
Cash and cash equivalents	115	–	115
Loans at amortised cost	18,146	1,000	19,146
Investments held at fair value	2,899	–	2,899
Total	**21,160**	**5,117**	**22,160**

Financial assets as at 30 November 2023

	In one year £'000	In two or more years £'000	Total £'000
Cash and cash equivalents	1,154	–	1,154
Loans at amortised cost	10,421	6,283	16,704
Investments held at fair value	3,024	–	3,024
Total	**14,674**	**6,283**	**20,882**

Financial liabilities as at 30 November 2024

	In one year £'000	In two or more years £'000	Total £'000
Bank loan	2,100	–	2,100
Total	**2,100**	**–**	**2,100**

Financial liabilities as at 30 November 2023

	In one year £'000	In two or more years £'000	Total £'000
Bank loan	–	–	–
Total	**–**	**–**	**–**

INTEREST RATE RISK

The interest rate profile of the Company was as follows:

as at 30 November 2024

	Financial net assets on which no interest is paid £'000	Fixed rate Financial Assets £'000	Variable rate financial net assets £'000	Total £'000
Other receivables and prepayments	17	–	–	17
Loan Interest receivable	979	–	–	979
Other payables and accrued expenses	(141)	–	–	(141)
Cash and cash equivalents	–	–	115	115
Loan facility	–	–	(2,100)	(2,100)
Investments held at fair value through profit and loss	–	2,378	–	2,378
Loans at amortised cost	–	18,688	–	18,688
Total	**855**	**21,066**	**(1,985)**	**19,936**

as at 30 November 2023

	Financial net assets on which no interest is paid £'000	Fixed rate Financial Assets £'000	Variable rate financial net assets £'000	Total £'000
Other receivables and prepayments	13	–	–	13
Loan Interest receivable	766	–	–	766
Other payables and accrued expenses	(191)	–	–	(191)
Cash and cash equivalents	–	–	1,154	1,154
Investments held at fair value through profit and loss	–	2,588	–	2,588
Loans at amortised cost	–	16,374	–	16,374
Total	**588**	**18,962**	**1,154**	**20,704**

Continued

Shawbrook provide a working capital facility which is capped at 30% of the Net Asset value of the Company. Using forward looking SONIA figures as at November 2024, the forecast decrease in interest rates will see £3k decrease in finance costs over the next twelve months assuming an average drawn balance of £0.9m in the year. Since year end, the outlook for interest rate rises has eased.

Sensitising the equity discount rate has immaterial impact on the loans held at fair value.

MARKET PRICE RISK AND VALUATION TECHNIQUES

The management of market price risk is part of the investment management process and is typical of an investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the loan portfolio is set out in detail in the accounting policies. The inputs into the DCF models are the forecast monthly cashflows including sales values and build costs, the discount rate which is the imputed interest rate at the time the facility was entered into adjusted for any movements in the risk free rate as at current year end, and a 30% (November 2023: 30%) discount rate for the equity element to reflect the higher level of uncertainty. Any changes in market conditions will directly affect the profit and loss reported through the Income Statement. Details of the Company's investment portfolio held at the balance sheet date are disclosed in the Investment Adviser's Review on page 11. A 10% fall in the sales value of the residential development projects and a 10% reduction in asset value of commercial and investment property assets for those loans held at fair value would have resulted in a further impairment to the portfolio of £439,000 as at 30 November 2024 (30 November 2023: £254,000). The calculations are based on the property valuations at the respective balance sheet date and are not representative of the year as a whole, nor reflective of future market conditions.

VALUATION OF FINANCIAL INSTRUMENTS

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- **Level 1** – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange.
- **Level 2** – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be forward exchange contracts and certain other derivative instruments.
- **Level 3** – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument.

30 November 2024

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit and loss	–	–	2,899	2,899
Total	**–**	**–**	**2,899**	**2,899**

30 November 2023

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value through profit and loss	–	–	3,024	3,024
Total	**–**	**–**	**3,024**	**3,024**

A reconciliation of fair value measurements in Level 3 is set out in the following table:

	30 November 2024 £'000	30 November 2023 £'000
Opening Balance	3,024	4,874
Loans deployed	–	59
Principal repayments	(67)	(1,802)
Movements in interest receivable	85	93
Unrealised losses on investments held at fair value through profit or loss	(143)	(203)
Amortisation of exit fees	–	3
Closing Balance	**2,899**	**3,024**

17. CAPITAL MANAGEMENT

The Company's capital is represented by the Ordinary Shares, share premium, capital reserves, revenue reserve and special distributable reserve. The Company is not subject to any externally imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective. Capital management activities may include the allotment of new shares, the buy back or re-issuance of shares from treasury, the management of the Company's discount to net asset value and consideration of the Company's net gearing level.

18. POST BALANCE SHEET EVENTS

- Since the year end £900,000 has been repaid/ drawndown on the Shawbrook loan facility
- On 21 November 2024, a third interim dividend of 1.0 pence per share was declared, paid on 27 December 2024
- On 12 March February 2025, a fourth interim dividend of 1 pence per share was declared, payable on 11 April 2025

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting ("AGM") of Develop North PLC (the "Company") will be held at 12 noon on 1 May 2025 at Royal Station Hotel, Neville Street, Newcastle NE1 5DH for the purposes of considering and, if thought fit, passing the resolutions below. Resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolutions 12 to 14 will be proposed as special resolutions.

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive the Company's annual report and accounts for the financial year ended 30 November 2024 (the "Annual Report and Accounts"), together with the Directors' report and the auditors' report on those accounts.
2. To approve the Directors' Remuneration Report (excluding the Directors' remuneration policy) for the year ended 30 November 2024.
3. To approve the Directors' Remuneration Policy.
4. To re-elect Ian McElroy as a Director of the Company.
5. To re-elect Matthew Harris as a Director of the Company.
6. To re-elect John Newlands as a Director of the Company.
7. To re-elect Douglas Noble as a Director of the Company.
8. To approve the dividend policy of the Company.
9. To re-appoint MHA as the Company's Auditor to hold office until the conclusion of the next Annual General Meeting of the Company.
10. To authorise the Audit Committee to determine the Auditor's remuneration.

SPECIAL BUSINESS

11. Authority to allot shares

    THAT, in accordance with section 551 of the Companies Act 2006 (the "CA 2006"), the board of directors of the Company (or a duly constituted committee of the directors of the Company) (the "Directors") be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £49,956 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 1 August 2025 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any security into shares in the Company to be granted and the Directors may allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolutions

12. Disapplication of pre-emption rights

    THAT, subject to the passing of resolution 11 and in accordance with section 570 of the CA 2006, the Directors be authorised to allot equity securities (as defined in section 560 of the CA 2006) for cash under the authority conferred by resolution 11 and/or to sell ordinary shares of one pence each in the capital of the Company held by the Company as treasury shares as if section 561 of the CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £49,956. The authority granted by this resolution will, unless renewed, varied or revoked by the Company, expire at the conclusion of the Company's next annual general meeting after this resolution is passed or, if earlier, at the close of business on 1 August 2025, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired. This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities or sell treasury shares as if section 561 of the CA 2006 did not apply but without prejudice to any allotment of equity securities or sale of treasury shares already made or agreed to be made pursuant to such authorities.

13. That the Company be authorised generally and unconditionally, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of £0.01 each ("Ordinary Shares") provided that:

    a. the maximum number of Ordinary Shares authorised to be purchased is 3,744,232;

    b. the minimum price which may be paid for an Ordinary Share is £0.01; and

    c. the maximum price which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market value of the Ordinary Shares for the five business days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Ordinary Shares.

    The authority conferred by this resolution will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 15 months from the passing of this resolution save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

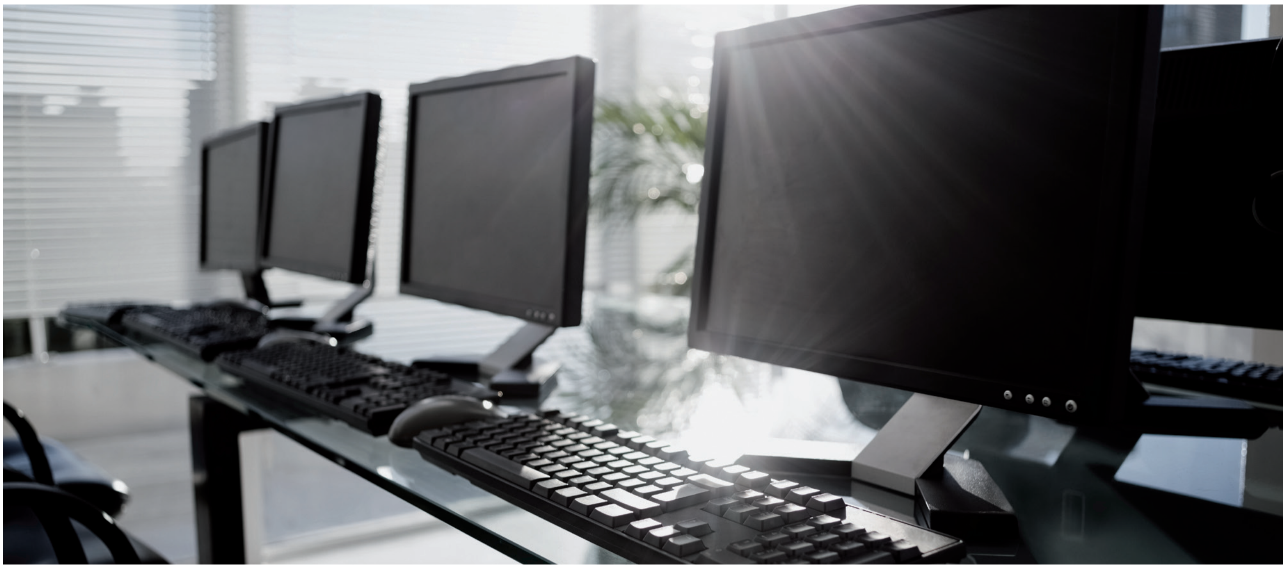
14. That a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

BY ORDER OF THE BOARD
APEX FUND ADMINISTRATION SERVICES (UK) LIMITED
COMPANY SECRETARY

REGISTERED OFFICE:
HAMILTON CENTRE, RODNEY WAY,
CHELMSFORD, ESSEX CM1 3BY

18 MARCH 2025

NOTES



These notes should be read in conjunction with the notes on the Form of Proxy.

Only shareholders on the Register of Members (the "Register") at close of business on 29 April 2025 are entitled to vote at the AGM in respect of the number of Ordinary Shares registered in their name at such time. In the event of any adjournment of the AGM, the time by which a person must be entered on the Register in order to have the right to attend and vote at the adjourned AGM is the close of business 48 hours (excluding non-business days) before the time of the adjourned meeting. Such shareholders can vote in respect of the number of shares registered in their names at that time, but any subsequent changes to the Register shall be disregarded in determining rights to attend and vote

(i) A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company.

If a member appoints more than one proxy to attend the AGM, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.

(ii) To appoint a proxy you may use the Form of Proxy enclosed with this notice. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY to be received as soon as possible and in any event by not later than 12 noon on 29 April 2025. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

(iii) Completion of the Form of Proxy will not prevent you from attending and voting in person.

(iv) Any person receiving a copy of this notice as a person nominated by a member to enjoy information rights under section 146 of the Act (a "Nominated Person") should note that the provisions in note (ii) above concerning the appointment of a proxy or proxies to attend the AGM in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the AGM.

(v) Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

(vi) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

(vii) Shareholders who hold their Ordinary Shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST is the only method by which completed proxies can be submitted electronically.

(viii) If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare Investor Services PLC (ID number 3RA50) not later than 48 hours before the time appointed for holding the AGM excluding non-business days. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare Investor Services PLC is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(ix) Any corporation which is a member may appoint one or more corporate representative(s) who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is, therefore, no longer necessary to nominate a designated corporate representative. Representatives should bring to the AGM evidence of their appointment, including any authority under which it is signed.

(x) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidelines and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial

Continued

Conduct Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidelines and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority

(xi) Any question relevant to the business of the AGM may be asked at the AGM by anyone permitted to speak at the AGM. A holder of shares may alternatively submit a question in advance by a letter addressed to the Company's registered office. Under section 319A of the Act, the Company must answer any question a shareholder asks relating to the business being dealt with at the AGM, unless, (i) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

(xii) Under section 527 of the Act, a shareholder or shareholders meeting the criteria set out in note (xiv) below, have the right to request the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the AGM relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM. Where the Company is required to publish such a statement on its website: (i) it may not require the shareholder making the request to pay any expense incurred by the Company in complying with the request; (ii) it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and (iii) that statement may be dealt with as part of the business of the AGM. The request: (a) may be in hard copy form or in electronic form; (b) either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported; (c) must be authenticated by the person or persons making it; and (d) be received by the Company at least one week before the AGM.

(xiii) In order to be able to exercise the shareholders' right to require the Company to publish audit concerns in accordance with note (xii) above, the relevant request must be made by: (i) a shareholder or shareholders having a right to vote at the AGM and holding at least 5 per cent. of total voting rights in the Company (please see note (xvi) below in relation to total voting rights); or (ii) at least 100 shareholders having a right to vote at the AGM and holding, on average, at least £100 of paid up share capital.

(xiv) Where a shareholder or shareholders wishes to request the Company to publish audit concerns in accordance with note (xii) above, such request must be made by either sending:

(a) a hard copy request which is signed by the relevant shareholder or shareholders, states such persons' full name(s) and address(es) and sent to the Company Secretary, Maitland Administration Services Limited; or

(b) a request which states the shareholder or shareholders' full name and address(es), and sent by email to cocec-uk@apexgroup.com. Please state "Develop North AGM" in the subject line of the e-mail.

(xv) Further information regarding the AGM which the Company is required by section 311A of the Act to publish on a website in advance of the GM can be accessed at www.DevelopNorth.co.uk.

(xvi) As at 20 March 2025 (being the latest practicable date prior to the printing of this notice) the Company's issued share capital consisted of 24,978,201 Ordinary Shares carrying one vote each.

(xvii) You may not use any electronic address provided either in this notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

(xviii) A copy of the letters of appointment of the Directors will be available for inspection during normal business hours at the Company's registered office and at the place of the meeting from at least 15 minutes prior to the meeting until the end of the meeting.

EXPLANATION OF RESOLUTIONS

Resolutions 1 to 11 (inclusive) are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 12 to 14 (inclusive) are to be proposed as special resolutions. This means that for the resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolutions.

1. Resolution 1 – The Directors are required to lay before the meeting the Audited Financial Statements of the Company for the year ended 30 November 2024 including the Strategic Report, Report of the Directors, the Independent Auditor's report and the Director's Remuneration Report.
2. Resolution 2 – The shareholders are asked to approve the Directors' Remuneration Report for the year ended 30 November 2024, as set out on pages 33 to 35 of the Annual Report. The vote is advisory and does not affect the remuneration payable to any individual Director.
3. Resolution 3 – Is a resolution subject to a binding vote. The Company is seeking approval for its remuneration policy as set out on page 33 of the Directors' Remuneration Report. The remuneration policy will take effect immediately on approval by shareholders and will continue to apply for the next three years, unless amended by the Company in general meeting at an earlier date.
4. Resolutions 4 to 7 – the Directors to be reappointed.
5. Resolution 8 – The Directors' present the Company's dividend policy on an annual basis recognising that shareholders will not have the opportunity to vote on a final dividend.
6. Resolutions 9 and 10 – Shareholders are required to approve the appointment of the Company's auditor each year and to give the Audit Committee the

Continued

authority to determine the auditor's remuneration. MHA have indicated their willingness to continue in office. Resolution 9 covers their re-appointment for the year ending 30 November 2024 and resolution 10 authorises the Audit Committee to determine their remuneration.

7. Resolution 11 – allotment of shares

8. Resolution 12 – disapplication of pre-emption rights

9. Resolution 13 – The Directors are requesting authority for the Company to make market purchases of Ordinary Shares up to a maximum nominal amount of 3,744,232 (representing approximately 14.99 per cent. of the issued Ordinary Share capital of the Company as at 18 March 2025 (the latest practicable date prior to the publication of this document)). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) five per cent. above the average of the middle market quotations for the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

10. Resolution 14 – The Act provides that the notice period required for general meetings of the Company must be at least 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice). This resolution seeks shareholder approval to hold general meetings after giving notice of 14 or more clear days. The approval will be effective until the next annual general meeting, when it is intended that a similar resolution will be proposed. The Act provides that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Shareholder Information

Share Register Enquiries

For shareholder enquiries, please contact the registrar, Computershare +44 (0) 370 702 0000.

Share Capital and General Information

Ordinary £0.01 Shares	24,978,201
SEDOL Number	BD0ND66
ISIN	GB00BD0ND667
Ticker	DVNO

Share Prices

The Company's shares are listed on the London Stock Exchange.

Annual and Interim Reports

Copies of the Annual and Interim Reports are available from the Company Secretary on telephone 01245 398950 and are also available on the Company's website www.developnorth.co.uk

Provisional Financial Calendar

April 2025	Payment of interim dividend
1 May 2025	Annual General Meeting
31 May 2025	Interim period end
July 2025	Payment of interim dividend
September 2025	Payment of interim dividend
30 November 2025	Year end
December 2025	Payment of interim dividend
March 2026	Year end results announced
March 2026	Payment of interim dividend

Glossary

AIC Association of Investment Companies
This is the trade body for Closed-end Investment Companies (www.theaic.co.uk).

AIFMD Alternative Investment Fund Managers Directive
Issued by the European Parliament in 2012 and 2013, the Directive requires the Company to appoint an Alternative Investment Fund Manager (AIFM). The Board of Directors of a Closed-ended Investment Company, nevertheless, remains fully responsible for all aspects of the Company's strategy, operations and compliance with regulations.

AIFM Alternative Investment Fund Manager
The entity that provides portfolio management and risk management services to the Company and which ensures the Company complies with the AIFMD.

Basic Total Earnings per Share Total
Profit after taxation divided by the weighted average number of Ordinary Shares in issue during the period.

C share This is a class of share issued by investment trusts. It allows the increase in number of shares in issue and funds under management without reducing the value of the existing ordinary shares. 'C' shares are quoted separately from the ordinary shares until the money raised from their issue has been fully invested. After that, they are converted to ordinary shares at a value based on the trust's net asset value.

Closed-end Investment Company
A company with a fixed issued ordinary share capital which is traded on a stock exchange at a price not necessarily related to the Net Asset Value of the company and where shares can only be issued or bought back by the company in certain circumstances.

Discount (or Premium) of Share Price to NAV
If the share price is less than the Net Asset Value per share, the shares are trading at a discount. If the share price is greater than the Net Asset Value per share, the shares are trading at a premium. The discount (or premium) is calculated by reporting the difference between the Net Asset Value per share and the Share Price as a percentage of the Net Asset Value per share.

Dividend Yield
Calculated using the annual dividend as a percentage of the share price at the year end.

Dividends per Share
Dividends declared for the year.

Gearing
Total Assets less all cash divided by shareholders' funds.

Increase/decrease in NAV
The movement in NAV in the period, shown in total and as a movement per share. Expressed in whole numbers and as a percentage.

Investment Trust Qualification
The Investment Trust (Approved Company) Tax Regulations 2011 (SI 2011/2999) set out requirements for investment trust approval, amongst which is that an investment trust must not retain in respect of an accounting period an amount which is greater than 15% of its income for the accounting period.

Loan to Value
Debt outstanding and drawn at the period end, net of any cash held in the Lender deposit account, expressed as a percentage of the market value of all property assets.

Net Assets (or Shareholders' Funds)
This is calculated as the value of the investments and other assets of an Investment Company, plus cash and debtors, less borrowings and any other creditors. It represents the underlying value of an Investment Company at a point in time.

Net Asset Value (NAV) per Ordinary Share
This is calculated as the net assets of the Company calculated under its accounting policies as set out in the Financial Statements on pages 44 to 63 divided by the number of shares in issue (excluding shares held in Treasury). This is the number disclosed at the foot of the Statement of Financial Position on page 45.

NAV Total Return
The growth in NAV plus dividends reinvested. This is expressed as a percentage of NAV per share at the start of the year.

Ongoing Charges
All operating costs incurred by the Company, expressed as a proportion of its average Net Assets over the reporting year.

Share Price Total Return
The percentage change in the Share Price assuming dividends are reinvested to purchase additional Ordinary Shares at the prevailing share price.

SORP
Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the AIC.

Total Assets
This is calculated as the value of the investments and other assets of the Company, plus cash and debtors.

Total Return
The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares.

UK Corporate Governance Code
A code issued by the Financial Reporting Council which sets out standards of good practice in relation to Board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies with a Premium Listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.

Alternative Performance Measures (APMs)
The Company uses the following APMs (as described in the glossary) to present a measure of profitability which is aligned with the requirements of our investors and potential investors, to draw out meaningful data around revenues and earnings to provide additional information not required for disclosure under accounting standards. All APMs relate to past performance.

- Dividend yield
- Increase / decrease in NAV
- Loan to value
- NAV total return
- Ongoing charges
- Share price total return

Corporate Information

Directors

John Newlands
Chairman

Matthew Harris
Chairman of the Audit Committee

Ian McElroy

Douglas Noble
Chairman of the Remuneration Committee

Registered Office

Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY

Investment Adviser

Tier One Capital Ltd
Eagle House
Asama Court
Newcastle-upon-Tyne NE4 7YD

Broker and Financial Adviser

Cavendish Capital Markets Limited
One Bartholomew Close
London EC1A 7BL

Solicitor

Gowling WLG (UK) LLP
4 More London
Riverside
London SE1 2AU

Administrator and Secretary

APEX Fund Administration Services (UK) Limited
Hamilton Centre
Rodney Way
Chelmsford
Essex CM1 3BY

Independent Auditor

MHA
Chartered Accountants & Statutory Auditor
2 London Wall Place
London
EC2Y 5AU

Registrar

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BS99 6ZZ

Website

www.developnorth.co.uk

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