27 November 2019----------

DAEJAN HOLDINGS PLC

INTERIM RESULTS ANNOUNCEMENT for the half year ended 30 September 2019

The Board is pleased to present the Interim Statement for the half year ended 30 September 2019.

	30 Sep 2019	30 Sep 2018	31 Mar 2019
	£000	£000	£000
(Loss)/Profit before tax	(18,301)	61,100	137,832
(Loss)/Profit after tax	(11,271)	48,858	119,979
Basic and diluted earnings per share	£(0.70)	£2.99	£7.36
Equity shareholders' funds per share	£119.85	£115.77	£119.07

- The loss before tax for the period was £18.3 million (2018: Profit £61.1 million) after accounting for the net valuation loss on investment properties of £43.3 million (2018: Gain £32.5 million).
- The property portfolio has been valued by the Directors based on the recommendations of the Group's external advisers.
- Before the impact of valuation movements both our UK and US businesses generated profits. Whilst the UK revaluation produced a surplus of £2.8m (2018: £32.5m), in the USA new rent regulations affecting our properties in New York state produced a downward movement which resulted in a reduction in the valuation of our US portfolio of £46.1m (2018: nil)
- We continued to see strong increases in rental income in the UK and USA, primarily driven by the letting of completed development projects in the UK and property acquisitions in the USA.
- Until there is greater clarity on the timing and terms of the UK's departure from the EU and the outcome of the UK general election in December, the high levels of political and economic uncertainty in the UK are expected to continue. The economic outlook for the USA remains more promising.
- The principal risk factors affecting the remainder of the financial year continue to be exposure to movements in the valuation of the Group's investment properties, movements in the sterling/dollar exchange rate, incidence of voids and bad debts and adverse changes to the regulatory environment.
- An interim dividend of 35p per share will be paid on 6 March 2020 to shareholders on the register on 7 February 2020.

B S E Freshwater
Chairman
27 November 2019

For further information please contact:

Mark Jenner
Company Secretary
Daejan Holdings PLC
Tel: 020 7836 1555

Nick Dibden
Powerscourt

Tel: 020 7250 1446

Consolidated Income Statement *for the six months ended 30 September 2019*

	Unaudited Six months ended 30 Sep 2019	Unaudited Six months ended 30 Sep 2018	Audited Year ended 31 Mar 2019
	£000	**£000**	**£000**
Total rental & related income from investment property	**82,998**	73,966	156,161
Property operating expenses	**(43,658)**	(37,015)	(79,580)
Net rental & related income from investment property	**39,340**	36,951	76,581
Profit on disposal of investment property	**3,264**	4,929	12,203
Net valuation (losses)/gains on investment property	**(43,280)**	32,521	83,928
Administrative expenses	**(7,099)**	(6,940)	(13,904)
Net operating (loss)/profit before net financing costs	**(7,775)**	67,461	158,808
Fair value (losses)/gains on derivative financial instruments	**(1,294)**	840	(167)
Fair value losses on current investments	**-**	-	(5)
Other financial income	**725**	482	1,048
Financial expenses	**(9,957)**	(7,683)	(21,852)
Net financing expense	**(10,526)**	(6,361)	(20,976)
(Loss)/profit before taxation	**(18,301)**	61,100	137,832
Income tax	**7,030**	(12,242)	(17,853)
(Loss)/profit for the period	**(11,271)**	48,858	119,979
Attributable to:			
Equity holders of the parent	**(11,352)**	48,789	119,893
Non-controlling interest	**81**	69	86
(Loss)/profit for the period	**(11,271)**	48,858	119,979
Basic and diluted (loss)/earnings per share	**£(0.70)**	£2.99	£7.36

Consolidated Statement of Comprehensive Income *for the six months ended 30 September 2019*

	Unaudited Six Months ended 30 Sep 2019	Unaudited Six Months ended 30 Sep 2018	Audited Year ended 31 Mar 2019
	£000	**£000**	**£000**
(Loss)/profit for the period	**(11,271)**	48,858	119,979
Foreign exchange translation differences	**24,029**	24,830	24,350
Total comprehensive income for the period	**12,758**	73,688	144,329
Attributable to:			
Equity holders of the parent	**12,667**	73,612	144,236
Non-controlling interest	**91**	76	93
Total comprehensive income for the period	**12,758**	73,688	144,329

All other comprehensive income may be reclassified as profit and loss in the future.

Consolidated Statement of Changes in Equity *for the six months ended 30 September 2019*

	Share capital	Share premium	Translation reserve	Retained earnings	Equity shareholders' funds	Non-controlling interest	Total equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2018	4,074	555	31,384	1,776,889	1,812,902	91	1,812,993
Profit for the period	-	-	-	119,893	119,893	86	119,979
Foreign exchange translation differences	-	-	24,343	-	24,343	7	24,350
Payments to non-controlling interest	-	-	-	-	-	(17)	(17)
Dividends to equity shareholders	-	-	-	(16,784)	(16,784)	-	(16,784)
Balance at 1 April 2019	4,074	555	55,727	1,879,998	1,940,354	167	1,940,521
(Loss)/profit for the period	-	-	-	(11,352)	(11,352)	81	(11,271)
Foreign exchange translation differences	-	-	24,019	-	24,019	10	24,029
Payments to non-controlling interest	-	-	-	-	-	(49)	(49)
Dividends to equity shareholders	-	-	-	-	-	-	-
Balance at 30 September 2019	4,074	555	79,746	1,868,646	1,953,021	209	1,953,230

Consolidated Balance Sheet *as at 30 September 2019*

	Unaudited 30 Sep 2019	Unaudited 30 Sep 2018	Audited 31 Mar 2019
	£000	**£000**	**£000**
Assets			
Investment property	**2,551,808**	2,468,822	2,532,518
Deferred tax assets	**446**	54	226
Total non-current assets	**2,552,254**	2,468,876	2,532,744
Properties held for sale	**70,139**	-	70,997
Trade and other receivables	**71,403**	81,398	66,716
Current investments	**147**	154	151
Cash and cash equivalents	**156,246**	92,794	95,895
Total current assets	**297,935**	174,346	233,759
Total assets	**2,850,189**	2,643,222	2,766,503
Equity			
Share capital	**4,074**	4,074	4,074
Share premium	**555**	555	555
Translation reserve	**79,746**	56,207	55,727
Retained earnings	**1,868,646**	1,825,678	1,879,998
Total equity attributable to equity holders of the parent	**1,953,021**	1,886,514	1,940,354
Non-controlling interest	**209**	156	167
Total equity	**1,953,230**	1,886,670	1,940,521
Liabilities			
Lease obligations payable	**6,886**	-	-
Loans and borrowings	**488,173**	308,746	418,069
Deferred tax liabilities	**291,374**	287,981	293,431
Total non-current liabilities	**786,433**	596,727	711,500
Loans and borrowings	**7,027**	58,035	12,685
Trade and other payables	**65,184**	54,572	58,677
Current taxation	**38,315**	47,218	43,120
Total current liabilities	**110,526**	159,825	114,482
Total liabilities	**896,959**	756,552	825,982
Total equity and liabilities	**2,850,189**	2,643,222	2,766,503
Equity shareholders' funds per share	**£119.85**	£115.77	£119.07

Consolidated Statement of Cash Flows *for the six months ended 30 September 2019*

	Unaudited Six months ended 30 Sep 2019		Unaudited Six months ended 30 Sep 2018		Audited Year ended 31 Mar 2019	
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cash flows from operating activities						
Net cash generated from operations	**31,371**		17,186		61,506	
Interest received	**721**		481		1,048	
Interest paid	**(8,693)**		(7,559)		(15,486)	
Tax paid	**(7,578)**		(4,553)		(8,855)	
Net cash from operating activities		**15,821**		5,555		38,213
Cash flows from investing activities						
Acquisition and development of investment property	**(10,308)**		(21,725)		(108,463)	
Proceeds from sale of investment property	**5,182**		6,286		16,098	
Net cash absorbed by investing activities		**(5,126)**		(15,439)		(92,365)
Cash flows from financing activities						
Repayment of bank loans	**(880)**		(1,049)		(59,603)	
New bank loans and overdrafts	**30,000**		-		60,000	
Repayment of mortgages	**(17,849)**		(9,775)		(40,063)	
New mortgages	**34,326**		9,737		102,814	
Dividends paid	**-**		-		(16,784)	
Payments to non-controlling interest	**(49)**		(11)		(17)	
Net cash generated from/(absorbed by) financing activities		**45,548**		(1,098)		46,347
Net increase/(decrease) in cash and cash equivalents		**56,243**		(10,982)		(7,805)
Cash and cash equivalents brought forward		**95,895**		98,752		98,752
Effect of exchange rate fluctuations on cash held		**4,108**		5,024		4,948
Cash and cash equivalents		**156,246**		92,794		95,895

Notes to the Consolidated Interim Financial Statements for the six months ended 30 September 2019

1. Basis of preparation

This interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as adopted by the European Union. The accounting policies, methods of computation and presentation are consistent with those that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 March 2019 with the exception of the accounting policy for leases.

The Group has adopted IFRS 16 *Leases* for the first time. There have been no changes to the accounting policies where the Group is a lessor. Where the Group is a lessee, a right of use asset and lease liability have been recognised. Prior year figures have not been restated. The Group has recognised as liabilities amounts payable under the leases. The lease liability and corresponding right of use asset, which is included in investment property, of £6,903,000 recognised at 30 September 2019 represents the present value of the remaining minimum lease payments. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable.

The Directors have considered the result of the endorsement by the EU of all other new or changed International Financial Reporting Standards that are applicable or available for early adoption in the preparation of the Company's next consolidated financial statements for the year ended 31 March 2020 and concluded that they have no material effect on either the current or prior periods.

2. Status of the interim financial information

The interim financial information in this statement has not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on review of interim financial information and does not constitute statutory accounts, as defined in section 435 of the Companies Act 2006. The auditors' report on the statutory accounts for the year ended 31 March 2019 was unqualified and did not contain a statement under section 498 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2019 have been delivered to the Registrar of Companies. The interim financial statements were approved by the Board of Directors on 26 November 2019. The preparation of the interim financial information requires management to make assumptions and estimates about future events which are uncertain, the actual outcome of which may result in a materially different outcome from that anticipated.

3. Segmental Analysis

For the six months ended 30 September 2019	UK **£000**	USA **£000**	Eliminations **£000**	Total **£000**
Rental and related income	50,986	32,012	-	82,998
Property operating expenses	(26,771)	(16,887)	-	(43,658)
Profit/(loss) on disposal of property	3,497	(233)	-	3,264
Net valuation movements on property	2,856	(46,136)	-	(43,280)
Administrative expenses	(6,447)	(652)	-	(7,099)
Profit/(loss) before finance costs	24,121	(31,896)	-	(7,775)
Net financing expense	(4,381)	(6,145)	-	(10,526)
Profit/(loss) before taxation	19,740	(38,041)	-	(18,301)
Income tax charge	(2,728)	9,758	-	7,030
Profit/(loss) for the period	17,012	(28,283)	-	(11,271)
Capital expenditure	6,899	3,330	-	10,229
As at 30 September 2019				
Investment property	1,802,404	749,404	-	2,551,808
Other assets	189,532	121,437	(12,588)	298,381
Total segment assets	1,991,936	870,841	(12,588)	2,850,189
Total segment liabilities	(433,871)	(475,676)	12,588	(896,959)
Capital employed	1,558,065	395,165	-	1,953,230

For the six months ended 30 September 2018	UK **£000**	USA **£000**	Eliminations **£000**	Total **£000**
Rental and related income	47,822	26,144	-	73,966
Property operating expenses	(22,923)	(14,092)	-	(37,015)
Profit/(loss) on disposal of property	5,620	(691)	-	4,929
Net valuation movements on property	32,521	0	-	32,521
Administrative expenses	(6,468)	(472)	-	(6,940)
Profit before finance costs	56,572	10,889	-	67,461
Net financing expense	(2,876)	(3,485)	-	(6,361)
Profit before taxation	53,696	7,404	-	61,100
Income tax charge	(10,362)	(1,880)	-	(12,242)
Profit for the period	43,334	5,524	-	48,858
Capital expenditure	15,856	3,057	-	18,913
As at 30 September 2018				
Investment property	1,831,882	636,940	-	2,468,822
Other assets	83,476	102,618	(11,694)	174,400
Total segment assets	1,915,358	739,558	(11,694)	2,643,222
Total segment liabilities	(389,979)	(378,267)	11,694	(756,552)
Capital employed	1,525,379	361,291	-	1,886,670

4. Taxation

The tax charge in the interim statement is in line with the current UK and US statutory rates after removing prior year items. The Group reached an agreement with HMRC to settle their enquiry into historical financing arrangements in November 2019. The Group made a payment of tax and associated interest on settlement in line with the accruals made at 31 March 2019.

5. Dividends

No dividends were paid in the six months ended 30 September 2019 (six months ended 30 September 2018: £Nil).

6. Investment properties

The Directors have estimated the value of the investment properties at 30 September 2019 after consultation with the Group's advisers. A full valuation of the Group's properties will be carried out by independent professional valuers at 31 March 2020. Post period end we completed our sale of the Middlesex Street site to Unite which was shown in Properties held for sale at period end.

7. Financial Instruments – fair value disclosure

The Group seeks to reduce interest rate risk by fixing rates on the majority of its loans and borrowings, either through the use of fixed rate mortgage finance or through interest rate swaps. The Group does not speculate in treasury products.

The Group does not hedge account and all its mortgages and interest rate swaps are initially recognised at fair value. Mortgages are subsequently recorded at amortised cost whilst interest rate swaps are subsequently recorded at fair value, with any movement being recorded in the consolidated income statement. The fair values of all these financial instruments are determined by reference to observable inputs that are classified as Level 2 in the fair value hierarchy set out in International Financial Reporting Standard 13 *Fair Value Measurement*. Fair values have been determined by discounting expected future cash flows using market interest rates and yield curves over the remaining term of the instrument, as adjusted to reflect the credit risk attributable to the Group and, where relevant, its counterparty.

Fair value measurements are as follows:

	Unaudited 30 Sep 2019		**Unaudited 30 Sep 2018**		**Audited 31 Mar 2019**	
	Book Value £000	**Fair Value £000**	**Book Value £000**	**Fair Value £000**	**Book Value £000**	**Fair Value £000**
Loans and borrowings	495,200	531,808	366,781	371,328	430,754	450,770
Interest rate swaps	2,622	2,622	321	321	1,328	1,328
	497,822	534,430	367,102	371,649	432,082	452,098
Current	9,649	13,554	58,356	58,639	14,013	15,927
Non-current	488,173	520,876	308,746	313,010	418,069	436,171
	497,822	534,430	367,102	371,649	432,082	452,098

In both 2019 and 2018 there were no non-recurring fair value measurements and there were no material differences between the fair value and carrying amounts of all the other financial assets of the Group.

8. Related party transactions

Day-to-day management of the Group's properties in the UK is mainly carried out by Highdorn Co. Limited and by Freshwater Property Management Limited. Mr BSE Freshwater and Mr SI Freshwater are directors of both companies. They have no beneficial interest in the share capital of Highdorn Co. Limited. Mr BSE Freshwater, Mr SI Freshwater and Mr D Davis are directors of the parent company of Freshwater Property Management Limited but have no beneficial interest in either company. Mr CB Freshwater and Mr RE Freshwater have a beneficial interest in a trust holding interests in shares in Highdorn Co. Limited.

In their capacity as managing agents, Highdorn Co. Limited and Freshwater Property Management Limited collect rents and incur direct property expenses on behalf of the Group. At 30 September 2019, the aggregate net amounts due to Highdorn Co. Limited and Freshwater Property Management Limited from the Group in relation to such agency receipts and payments was £1.7 million (2018: Due from Highdorn/FPM £9.4 million). These amounts are not secured and are payable on demand. No guarantees have been given or received and the amounts are settled in cash.

The amounts charged by the Group during the period for the provision of property and other management services by Highdorn Co. Limited and Freshwater Property Management Limited were £1.9 million (six months ended 30 September 2018: £2.6 million).

The Board considers that the Directors are the key management personnel of the Group and their remuneration is disclosed in the Daejan Holdings PLC Annual Report for 31 March 2019.

9. Statement of Directors' responsibilities

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Daejan Holdings PLC are listed in the Daejan Holdings PLC Annual Report for 31 March 2019. A list of current Directors is maintained on the Daejan Holdings PLC website www.daejanholdings.com.

B S E Freshwater
Chairman
27 November 2019