

# **KCR RESIDENTIAL REIT PLC**

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

# KCR RESIDENTIAL REIT PLC

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## KCR RESIDENTIAL REIT PLC

### COMPANY INFORMATION

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<b>DIRECTORS</b>	James F Thornton    Non-Executive Chairman Russell J Naylor      Executive Director Richard J Boon        Non-Executive Director Dominic A White      Non-Executive Director
<b>SECRETARY</b>	Azets (CHBS) Limited
<b>REGISTERED OFFICE</b>	Gladstone House, 77-79 High Street Egham, Surrey TW20 9HY
<b>BUSINESS ADDRESS</b>	c/o Gladstone House, 77-79 High Street Egham, Surrey TW20 9HY
<b>REGISTERED NUMBER</b>	09080097 (England and Wales)
<b>INDEPENDENT AUDITOR</b>	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey C.I. GY1 2NZ
<b>SOLICITORS</b>	Bryan Cave Leighton Paisner LLP Governor's House 5 Laurence Pountney Hill London EC4R 0BR  Blake Morgan LLP 6 New Street Square London EC4A 3DJ
<b>NOMINATED ADVISER</b>	Cairn Financial Advisers LLP Ninth Floor 107 Cheapside London EC2V 6DN
<b>BROKER</b>	Zeus Capital Limited 125 Old Broad Street London EC2N 1AR
<b>REGISTRARS</b>	Share Registrars Limited The Courtyard 17 West Street, Farnham Surrey GU9 7DR
<b>WEBSITE</b>	<a href="http://www.kcrreit.com">www.kcrreit.com</a>

## KCR RESIDENTIAL REIT PLC

### CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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KCR Residential REIT Plc (“KCR” or the “Company”) and its subsidiaries (together the “Group”) operate in the private rented residential investment market. The Company acquires properties that are rented to private tenants and also owns and operates a freehold portfolio of retirement living accommodation where most of the properties have been sold on long leases.

The half year to 31 December 2022 has seen continued growth in the business in an operating environment that has been challenging with continuing interest rate increases, cost of living pressure and supply chain disruption.

Fundamentals for UK residential property remain sound notwithstanding the impact of increasing interest rates. The Group continues to look for acquisitions on a disciplined basis and there are signs emerging that opportunities may arise over the next twelve months to make acquisitions on more attractive metrics than have been available recently.

The Group’s overall objective remains to grow the size of its residential portfolio and optimise the performance from the existing assets whilst controlling costs to achieve the ability to pay dividends.

Progress continues to be made to transition the business. The strategy, as outlined in last year’s Annual Report, remains unchanged, to:

- improve the rental revenue from the existing properties;
- upgrade the overall portfolio quality;
- explore the development opportunity within the portfolio; and
- focus on reducing costs.

Revenue growth for the half year has been driven by a combination of the work completed to date on modernising and improving the standard of the property portfolio and the conversion of the Deanery Court property to the Cristal Apartments operating model which commenced during the June 2022 quarter.

Occupancy rates across the portfolio during the period remained strong with rental increases being achieved in most instances at renewal.

Refurbishment works in respect of the two basement flats and all external areas at Coleherne Road are ongoing and are expected to be fully complete by the end of April 2023.

The conversion of the Deanery Court property to the Cristal Apartments operating model is progressing well and early operating results are promising. Full conversion to the Cristal Apartments “walk in walk out” operating model is on track to be completed this financial year.

**KCR RESIDENTIAL REIT PLC**

**CHAIRMAN'S STATEMENT (continued)  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

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Increase in administration expenses during the half predominantly relate to:

- higher operating costs associated with the conversion of Deanery Court to the Cristal Apartments operating model;
- repairs and maintenance at Ladbroke Grove; and
- increased depreciation expenses relating to the property, plant equipment, fixtures and fittings associated with operating the properties on a “walk in walk out” basis.

Whilst the majority of the Group debt remains on fixed rates, the Secure Trust facility is floating rate and consequently the comparatively higher finance costs incurred in the period reflect the effect of interest rate rises. In the near term it is likely financing costs for this facility will continue to increase.

Since the end of the period under review, the Group acquired an additional flat within Heathside. This will be refurbished with a target for completion by the end of June 2023. On completion this will deliver incremental revenue growth to the rental income generated from this property.

## KCR RESIDENTIAL REIT PLC

### DIRECTOR'S REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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We are pleased to report on the progress of the Group in the six-month period to 31 December 2022.

Revenue growth continues to be driven from the work done on repositioning the portfolio via completion of a holistic refurbishment programme to materially lift the standard of the rental product we are offering and implementation of the Cristal Apartments operating model.

#### Operational highlights

- revenue for the half year increased 30% to £789k (2021: £605k), with revenue growth driven predominantly by Coleherne Road and the ongoing conversion of Deanery Court to the Cristal Apartments operating model; and
- portfolio level occupancy has remained strong over the half year with rental increases continuing to be achieved at renewals / re-letting. As the Cristal Apartments operating model continues to be rolled out we expect more volatility in occupancy levels within the properties operated on this basis, however we envisage overall rental levels will be higher notwithstanding this.

Full completion of Coleherne Road works and the implementation of the Cristal Apartments operating model at Deanery Court are expected to continue to underpin revenue growth over the next 12 months.

Focus for the half year has been on progressing works at Coleherne Road and the implementation of the conversion of Deanery Court to the Cristal Apartments operating model.

As Deanery Court flats have been taken back they have been lightly refurbished and fully furnished in order to be let on a walk in, walk out basis. Full implementation is on track to be completed by June this year.

We continue to make progress to create a stable platform that can be successfully scaled up.

#### Property Portfolio

No acquisitions were completed during the half year.

Since the period end, an additional one- bedroom flat within Heathside has been acquired. As with all of the other acquisitions within this property, the flat is very tired and poorly presented. Full refurbishment of this flat is planned to be completed during the June quarter of 2023. Contractor availability and supply chain issues are expected to impact on the timing for completion of refurbishment works, however we believe completion during the June quarter is achievable.

**DIRECTOR'S REPORT (continued)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

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Planning works for Ladbroke Grove continue to be progressed, an objective which is key to improving the operational performance for this asset. As outlined in the full year report, the tired condition of this property is resulting in increasing repairs and maintenance expenditure which is expected to continue, pending a more holistic refurbishment works programme.

KCR is continuing to progress the implementation of two operating lines, clearly identifiable by brand, property quality and letting strategy.

1. Cristal Apartments. Residential apartments, finished to a high modern specification, fully furnished and let on a Walk in Walk Out (WIWO) basis for a frictionless and flexible letting experience. Rental contracts may be from one week to multi-year; and
2. Osprey Retirement Living. 4\* retirement living property rented on flexible letting packages customised to suit tenant needs. All rentals are on assured shorthold tenancies for a minimum period of six months.

**1. Cristal Apartments (WIWO letting strategy)**

The repositioning of the Coleherne Road property into a modern, high quality, well presented product reflects the standard the Cristal brand represents. This product has been well received by the market and has been a core driver of revenue growth since the initial eight flats were completed and let up.

On full completion of all works Cristal branding will be added to the property and we expect let up of the last two flats to contribute to revenue growth during the June quarter of 2023 and the 2024 financial year.

Conversion of the Deanery Court property in Southampton to the Cristal Apartments model is ongoing. Whilst it is still early days, the initial signs are promising and we expect this property to be a key driver of further revenue growth over the next 12 months.

The intention is also to reposition the Ladbroke Grove portfolio as a Cristal branded product once planning outcomes have been finalised. This is expected to result in both improved revenue and a substantive reduction in ongoing repairs and maintenance.

**Coleherne Road** – this property comprises ten studio and one-bedroom flats. The property has been repositioned to a materially higher standard and works are now fully completed in eight of the ten flats. Works are ongoing to complete refurbishment of the last two flats and all external areas. The completed apartments have produced strong rental uplifts and have operated at close to 100% occupancy levels since letting up during the December 2021 quarter.

**Ladbroke Grove** – this portfolio comprises 16 one and two bedroom flats in three buildings which remain 100% occupied. The flats have been lightly refurbished as tenants vacate and then re-let in the private rental market. The overall tired condition of the property is reflected in ongoing and increasing repairs and maintenance expenditure. Planning works are being progressed and our intention is to complete a holistic refurbishment programme to reposition this product to the Cristal Apartments operating model.

**DIRECTOR'S REPORT (continued)**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

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**Deanery Court (Southampton)** – this property comprises 27 two bedroom residential apartments and is in the process of being converted to the Cristal Apartments operating model. As the apartments are taken back they are lightly refurbished and fully furnished and then marketed under the Cristal Apartments brand. As at 31 December 2022, 24 of the 27 apartments had been taken back with 21 of these fully converted. Full conversion of this property is on track to occur during the 2023 financial year. We expect rental growth from this property to be a key driver of revenue growth for the Group over the next 12 months.

**2. Osprey retirement living (4\* retirement apartments)**

The Osprey portfolio consists of 159 flats and 13 houses let on long leases in six locations, together with an estate consisting of 30 freehold cottages in Marlborough where Osprey delivers estate management and sales services.

The key asset in the portfolio is the freehold block at Heathside, Golders Green comprising 37 one and two bedroom apartments with 10 (nine as at 31 December 2022) of the apartments owned by the Group and 27 held on a long leasehold basis. The strategy to selectively acquire long leasehold apartments within the block, refurbish them to a high standard and let them on an assured tenancy basis has been successful and has delivered strong rental returns for the Group.

**Financial Performance**

The half year to 31 December 2022 reflects the outcome of strong revenue growth driven by Coleherne Road and conversion of the Deanery Court property to the Cristal Apartment operating model which commenced during the June 2022 quarter.

Cost of sales and administration expenses both increased during the half primarily due to higher costs associated with operating Deanery Court under the Cristal Apartment model, higher depreciation charges associated with the investment in plant, equipment, fixtures and fittings and ongoing and increasing repairs and maintenance at Ladbroke Grove.

- Revenue for the half year increased 30% to £789k (2021: £605k)
- Gross profit as a percentage of revenue reduced to 84.58% (2021: 96.88%) reflecting the higher costs associated with the Cristal Apartments operating model. In absolute terms overall gross profit increased by 13.8% to £667k (2021: £586k).
- Operating loss before separately disclosed items of £31k (2021: Profit £136k). Prior year included a positive contribution from revaluations of £145k which primarily accounts for the negative variance for the comparative period. Balance relates to increases in depreciation charges, repairs and maintenance at Ladbroke Grove and higher operational costs associated with implementing the Cristal Apartments model.
- Operating loss £184k (2021: Profit £102k) after refurbishment costs of £153k primarily relating to the Coleherne Road property.
- Loss for the period was £451k (2021: £254k) and loss per share was 1.08p (2021: .77p).



## KCR RESIDENTIAL REIT PLC

### DIRECTOR'S REPORT (continued) FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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The value of KCR's property portfolio was slightly higher than the comparative period at £24.6m (2021: £24.4m), reflecting an additional acquisition completed during the June 2022 half year. The Group's current assets reduced to £2.2m (2021: £2.9m) reflecting reduction in cash used to fund operating losses and support ongoing refurbishment work programmes. Secured bank borrowings increased marginally to £13.3m (2021: £13.2m) following completion of refinancing during the June 2022 half year.

Total assets reduced to £26.98m (2021: £27.3m) reflecting the reduction in cash used to support Group operating activities. Net assets per share reduced to 31.74p (2021: 33.03p). Following completion of the Coleherne Road works this property will be revalued.

The Group continues to be cashflow negative, however it is continuing to work towards achieving a cash neutral position from improving operating performance from the existing portfolio. Costs continue to be actively managed as we work towards building a stable platform that can be scaled up. At 31 December 2022, the Group had cash balances totalling £1.89m (2021: £2.8m).

Through the period the Company remained a REIT and has complied with REIT rules.

KCR RESIDENTIAL REIT PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)

	Notes	Six months ended 31 December 2022 £	Six months ended 31 December 2021 £	Year ended 30 June 2022 (audited) £
Revenue	2	<b>788,740</b>	604,583	1,280,770
Cost of sales		<b>(121,658)</b>	(18,881)	(50,525)
<b>Gross profit</b>		<b>667,082</b>	585,702	1,230,245
Administrative expenses		<b>(702,371)</b>	(599,322)	(1,232,932)
Other operating income		<b>3,920</b>	4,900	-
Fair value through profit and loss – Revaluation of investment properties		-	145,000	343,300
<b>Operating (loss)/profit before separately disclosed items</b>		<b>(31,369)</b>	136,280	340,613
Costs associated with refinancing	3	-	-	(68,234)
Costs associated with refurbishment of investment properties	3	<b>(152,925)</b>	(34,682)	(101,670)
<b>Operating (loss)/profit</b>		<b>(184,294)</b>	101,598	170,709
Finance costs		<b>(268,383)</b>	(355,866)	(512,811)
Finance income		<b>1,354</b>	3	21
<b>Loss before taxation</b>		<b>(451,323)</b>	(254,265)	(342,081)
Taxation		-	-	-
<b>Loss for the period/year</b>		<b>(451,323)</b>	(254,265)	(342,081)
<b>Total comprehensive expense for the period/year</b>		<b>(451,323)</b>	(254,265)	(342,081)
Loss per share expressed in pence per share	4			
Basic		<b>(1.08)</b>	(0.77)	(0.85)
Diluted		<b>(0.92)</b>	(0.33)	(0.41)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2022 (unaudited)**

	Notes	31 December 2022 £	31 December 2021 £	30 June 2022 (audited) £
<b>Non-current assets</b>				
Property, plant and equipment		210,896	14,477	54,954
Investment properties	5	24,605,300	24,407,000	24,605,300
		<u>24,816,196</u>	<u>24,421,477</u>	<u>24,660,254</u>
<b>Current assets</b>				
Trade and other receivables		277,746	67,805	185,532
Cash and cash equivalents		1,886,225	2,807,282	2,519,346
		<u>2,163,971</u>	<u>2,875,087</u>	<u>2,704,878</u>
<b>Total assets</b>		<u>26,980,167</u>	<u>27,296,564</u>	<u>27,365,132</u>
<b>Equity</b>				
<b>Shareholders' equity</b>				
Share capital	6	4,166,963	4,166,963	4,166,963
Share premium		14,941,898	14,941,898	14,941,898
Capital redemption reserve		344,424	344,424	344,424
Retained earnings		(6,229,271)	(5,690,133)	(5,777,948)
<b>Total equity</b>		<u>13,224,014</u>	<u>13,763,152</u>	<u>13,675,337</u>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		<u>13,274,574</u>	<u>13,164,783</u>	<u>13,274,574</u>
<b>Current liabilities</b>				
Trade and other payables		481,579	368,629	415,221
Interest bearing loans and borrowings		-	-	-
		<u>481,579</u>	<u>368,629</u>	<u>415,221</u>
<b>Total liabilities</b>		<u>13,756,153</u>	<u>13,533,412</u>	<u>13,689,795</u>
<b>Total equity and liabilities</b>		<u>26,980,167</u>	<u>27,296,564</u>	<u>27,365,132</u>
<b>Net asset value per share (pence)</b>		<u>31.74</u>	<u>33.03</u>	<u>32.82</u>

## KCR RESIDENTIAL REIT PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Other reserves £	Total equity £
<b>Balance at 1 July 2021</b>	2,816,963	13,594,317	344,424	(5,435,868)	-	<b>11,319,836</b>
<b>Changes in equity</b>						
<b>Transactions with owners:</b>						
Issue of share capital	1,350,000	1,347,581	-	-	-	<b>2,697,581</b>
<b>Total transactions with owners:</b>	1,350,000	1,347,581	-	-	-	<b>2,697,581</b>
Total comprehensive expense	-	-	-	(254,265)	-	<b>(254,265)</b>
<b>Balance at 31 December 2021</b>	4,166,963	14,941,898	344,424	(5,690,133)	-	<b>13,763,152</b>
<b>Changes in equity</b>						
<b>Transactions with owners:</b>						
Issue of share capital	-	-	-	-	-	-
<b>Total transactions with owners:</b>	-	-	-	-	-	-
Total comprehensive expense	-	-	-	(87,815)		<b>(87,815)</b>
<b>Balance at 30 June 2022</b>	4,166,963	14,941,898	344,424	(5,777,948)	-	<b>13,675,337</b>
<b>Changes in equity</b>						
<b>Transactions with owners:</b>						
Issue of share capital	-	-	-	-	-	-
<b>Total transactions with owners:</b>	-	-	-	-	-	-
Total comprehensive expense	-	-	-	(451,323)	-	<b>(451,323)</b>
<b>Balance at 31 December 2022</b>	4,166,963	14,941,898	344,424	(6,229,271)	-	<b>13,224,014</b>

KCR RESIDENTIAL REIT PLC

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)

	Six months ended 31 December 2022 £	Six months ended 31 December 2021 £	Year ended 30 June 2022 (audited) £
<b>Cash flows from operating activities</b>			
Loss for the period/year from continuing operations	(451,323)	(254,265)	(342,081)
<b>Adjustments for</b>			
Depreciation charges	31,114	8,900	21,437
Loss on disposal of investment property	-	5,000	5,000
Revaluation of investment properties	-	(145,000)	(343,300)
Finance costs	268,383	355,866	512,811
Finance income	(1,354)	(3)	(21)
Increase in trade and other receivables	(92,214)	(14,430)	(132,157)
Increase/(decrease) in trade and other payables	66,358	(78,595)	(32,003)
Cash used in operations	(179,036)	(122,527)	(310,314)
Interest paid	(268,383)	(355,866)	(512,811)
Net cash used in operating activities	(447,419)	(478,393)	(823,125)
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment	(187,056)	-	(53,013)
Purchase of investment properties (including capital expenditure on current properties)	-	(285,000)	(285,000)
Proceeds from sale of investment properties	-	280,000	280,000
Interest received	1,354	3	21
Net cash used in investing activities	(185,702)	(4,997)	(57,992)
<b>Cash flows from financing activities</b>			
Loan repayments in period	-	(3,443,777)	(5,020,248)
New loans in period	-	3,969,953	5,656,215
Proceeds from share issue	-	2,697,581	2,697,581
Net cash from financing activities	-	3,223,757	3,333,548
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(633,121)</b>	<b>2,740,367</b>	<b>2,452,431</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>2,519,346</b>	<b>66,915</b>	<b>66,915</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>1,886,225</b>	<b>2,807,282</b>	<b>2,519,346</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)**

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**1. Basis of preparation**

The Company is registered in England and Wales. The consolidated interim financial statements for the six months ended 31 December 2022 comprise those of the Company and subsidiaries. The Group is primarily involved in UK property ownership and letting.

***Statement of compliance***

This consolidated interim financial report has been prepared in accordance with the recognition and measurement principles of UK adopted International Accounting Standards. AIM-quoted companies are not required to comply with IAS 34 Interim Financial Reporting and the Group has taken advantage of this exemption. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements for the year ended 30 June 2022. This consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. The financial statements are unaudited and do not constitute statutory accounts as defined in section 434(3) of the Companies Act 2006.

A copy of the audited annual report for the year ended 30 June 2022 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

This consolidated interim financial report was approved by the Board of Directors on 28 March 2023.

***Significant accounting policies***

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2022.

***Basis of consolidation***

The interim financial statements include the financial statements of the Company and its subsidiary undertakings. The subsidiaries included within the consolidated financial statements, from their effective date of acquisition, are K&C (Newbury) Limited, K&C (Coleherne) Limited, K&C (Osprey) Limited, KCR (Kite) Limited and KCR (Southampton) Limited.

***Going Concern***

The Directors have adopted the going-concern basis in preparing the interim financial statements.

The Directors have concluded that it remains appropriate to prepare these interim financial statements on a going concern basis.

# KCR RESIDENTIAL REIT PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)

### 2. Operating segments

The Group is involved in UK property ownership and letting and is considered to operate in a single geographical and business segment.

Revenue analysed by class of business:

	<b>Six months ended 31 December 2022</b>	Six months ended 31 December 2021	Year ended 30 June 2022 (audited)
	£	£	£
Rental income	<b>590,503</b>	422,219	933,475
Management fees	<b>53,434</b>	42,194	89,801
Resale commission	<b>61,778</b>	56,075	102,055
Ground rents	<b>10,405</b>	10,595	13,314
Leasehold extension income	<b>72,620</b>	73,500	133,500
Other income	-	-	8,625
	<b>788,740</b>	604,583	1,280,770

### 3. Operating (loss)/profit

The (loss)/profit before taxation is stated after charging:

	<b>Six months ended 31 December 2022</b>	Six months ended 31 December 2021	Year ended 30 June 2022 (audited)
	£	£	£
Costs associated with refinancing	-	-	68,234
Costs of refurbishment of investment properties	<b>152,925</b>	34,682	101,670
Depreciation of property, plant and equipment	<b>31,114</b>	8,900	21,437
Directors' remuneration	<b>76,500</b>	73,624	182,125

During the six months ended 31 December 2022, the Group incurred costs of £152,925 (£34,682 – December 2021) (£101,670 – June 2022) relating to major refurbishment of properties at Coleherne Road, London and Ladbroke Grove, London.

During the six month period, the Company paid Naylor Partners, a business owned by Russell Naylor, fees of £24,000 (December 2021 - £24,000).

The directors are considered to be key management personnel.

# KCR RESIDENTIAL REIT PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)

### 4. Basic and diluted loss per share

#### Basic

The calculation of loss per share for the six months to 31 December 2022 is based on the loss for the period attributable to ordinary shareholders of £451,323 divided by a weighted average number of ordinary shares in issue.

The weighted average number of shares used for the six months ended 31 December 2022 was 41,669,631 (June 2022 – 40,196,318) (December 2021 – 33,012,022).

#### Diluted

The calculation of loss per share for the six months to 31 December 2022 is based on the loss for the period attributable to ordinary shareholders of £451,323 divided by a weighted average number of ordinary shares in issue, adjusted for dilutive share options held by Torchlight. The Torchlight share options lapsed in August 2022.

The weighted average number of shares used for the six months ended 31 December 2022 was 48,888,653 (June 2022 – 82,882,619) (December 2021 – 77,569,631).

### 5. Investment properties

	Six months ended 31 December 2022 £	Six months ended 31 December 2021 £	Year ended 30 June 2022 (audited) £
At start of period/year	24,605,300	24,262,000	24,262,000
Additions	-	285,000	285,000
Disposals	-	(285,000)	(285,000)
Revaluations	-	145,000	343,300
At end of period/year	24,605,300	24,407,000	24,605,300

Investment properties were valued by professionally qualified independent external valuers at the date of acquisition and were recorded at the values that were attributed to the properties at acquisition date. The investment properties were independently valued at, or within three months of the financial year ended 30 June 2022. The Directors have further considered the values as at 31 December 2022 and concluded that they remain appropriate.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2022 (unaudited)**

**5. Investment properties – continued**

Fair value is based on current prices in an active market for similar properties in the same location and condition. The current price is the estimated amount for which a property could be exchanged between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuations are based on a market approach which provides an indicative value by comparing the property with other similar properties for which price information is available. Comparisons have been adjusted to reflect differences in age, size, condition, location and any other relevant factors.

The fair value for investment properties has been categorised as a Level 3 inputs under IFRS 13.

The valuation technique used in measuring the fair value, as well as the significant inputs and significant unobservable inputs are summarised in the following table –

<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Significant Inputs Used</b>	<b>Significant Unobservable Inputs</b>
Level 3	Income capitalisation and or capital value on a per square foot basis	Adopted gross yield  Adopted rate per square foot	3.50% - 6.50%  £336 - £1,355

**6. Share capital**

			<b>31 December 2022</b>	<b>31 December 2021</b>	<b>30 June 2022 (audited)</b>
Allotted, issued and fully paid:					
Number:	Class:	Nominal value:	£	£	£
41,669,631	Ordinary	£0.10	<b>4,166,963</b>	4,166,963	4,166,963
			<b>4,166,963</b>	4,166,963	4,166,963

At 1 July 2022, the Company had 41,669,631 Ordinary shares of £0.10 each in issue. The Ordinary shares carry no rights to fixed income.

**7. Related Party Transactions**

Details of remuneration and fees paid to directors are disclosed at note 3 of these interim financial statements.

**8. Post Balance Sheet Events**

Since the balance sheet date, the Group has purchased a further flat at Heathside, London for £287,500.