

# Develop North PLC delivers 40% loan book boost in challenging economy

Directors at North East listed property investment fund Develop North Plc have boosted its loan book, despite challenging conditions.

The company – a fund launched seven years ago to build up a development cash pot – announced results for the year ended November 30 2022, in which loan facilities reached £25.5m, an increase of more than 40% on the previous year and the highest since 2018. The loan facilities are deployed across a portfolio of 17 projects, including two new developments, both in Northumberland.

The firm, which changed its name from TOC Property Backed Lending Trust last May, saw investment interest increase by 8% from £1.64m to £1.78m but pre-tax profit dropped from £929,000 to £514,000. The company, managed by Newcastle based wealth management and fund management specialists Tier One Capital Ltd, saw an increase in earnings per share from 3.1p to 3.7p and returned a dividend of 4p per share.

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During the year it deployed £11m into six projects, reflecting the 40.9% increase in the size of the loan book by the year end, and it also exited three portfolio projects, bringing the number of exits since inception to 15. It also said that 68% of funds were deployed in the North East, cementing its ongoing commitment to focus operations on chosen regional markets.

Chairman John Newlands said key themes for the year were

rising interest rates, soaring inflation driven by rising energy prices and post-Covid supply chain issues.

He said: “As to the real estate sector in which Develop North operates, potential property buyers are effectively being left with less money in their pockets just as mortgage rates have begun to rise. Meanwhile building supplies and building energy costs have gone up along with domestic product affecting the market place.

“Later in the year, the destabilising effects of a Government U-turn, covering a broad range of policies from windfall tax to fracking were reversed within weeks, which seriously unsettled business confidence, including the financial and foreign exchange markets. This was the background against which Develop North continued to go about its business during the year, adding new and strongly financed project loans to the portfolio while managing older projects as they gradually exited.”

Develop North PLC also renewed its committed revolving credit facility with Shawbrook Bank during the financial year.

Mr Newlands added: “Our increased loan facilities represent the continued support we are providing for property developments in the North of England and Scotland, which will also support portfolio revenues over future months and years. While economic forecasts remain challenging in the months ahead, Develop North PLC will continue to seek out investment opportunities of the highest quality, building upon the experience it has gained both before and since its listing on the London Stock Exchange.”

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