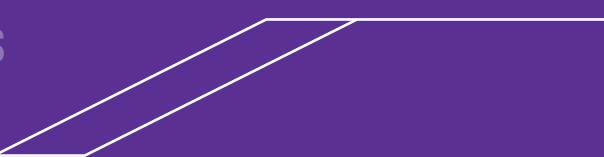


THE CARDIFF PROPERTY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017



The group, including Campmoss, specialises in property investment and development in the Thames Valley. The total portfolio under management, valued in excess of £25m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

OUR MISSION

The group seeks to enhance shareholder value by developing its property portfolio and through strategic acquisitions.

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“Despite the economic and political uncertainty surrounding Brexit negotiations and government policy, the Thames Valley commercial property market has remained very active. Enquiries for commercial lettings, whilst initially easing in the early part of the calendar year, have recently improved. The investment market continues to attract interest from income driven investors.”

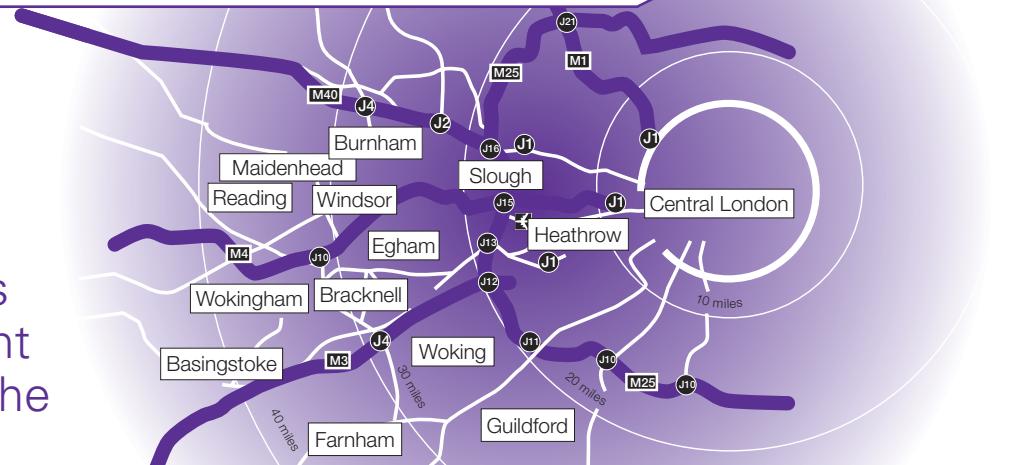
J Richard Wollenberg
Chairman

FINANCIAL HIGHLIGHTS

		2017	2016
Net Assets	£'000	26,860	23,839
Net Assets Per Share	pence	2,126	1,876
Profit Before Tax	£'000	3,359	2,673
Earnings Per Share – Basic and diluted	pence	253.7	195.3
Dividend Per Share	pence	15.5	14.0
Gearing	%	Nil	Nil

LOCATIONS

The group specialises in property investment and development in the Thames Valley.



BRACKNELL

1-10 Market Street*

12 retail units on ground and first floors totalling 7,900 sq. ft. Let primarily to local businesses and franchisees on medium term leases producing £168,000 pa.

Alston House, 25 Market Street*

Site under construction to achieve 10 retail units on ground and first floor totalling 12,350 sq. ft. (1,148 sq. m.) and 12 one and two bedroom apartments on the 2nd and 3rd floors.

Gowring House Apartments*

New conversion of 30 one and two bedroom apartments over the 5 upper floors with lift access. Works completed, 17 sold, 5 let, 6 under offer and 2 available for sale. Gowring House is conveniently located for Bracknell railway station with direct connections to London Waterloo and Reading and within walking distance of the new town centre, Lexicon and Peel Shopping Centres and major supermarkets.

Gowring House Commercial*

3 ground floor retail units let on medium term leases producing £83,000 pa.

Westview*

New development, adjacent to Gowring House, of 8 retail units on ground and first floors totalling 10,500 sq. ft. fully let producing £210,000 pa.

BURNHAM

The Priory*

26,000 sq. ft. headquarters office building. 9,000 sq. ft. used as a business centre and three floors of adjacent offices. The new office is fully let with part of the business centre available. Producing income of £475,000 pa.

CARDIFF

Mail Sorting Centre

14,650 sq. ft. let to The Royal Mail at £40,000 pa.

EGHAM

Heritage Court

4 retail units let on medium term leases producing £68,000 pa.

Runnymede Road

Residential property adjacent to The White House. Planning approved for conversion of loft and rear extension.

Station Road

Company Head Office totalling 1,200 sq. ft.

The White House

5 ground floor retail units with one floor of offices above totalling 12,000 sq. ft. Tenants include Boots, Shaw Trust and Riven Associates, producing £212,000 pa.

GUILDFORD

Tangley Place, Worplesdon*

2.5 acres, land in green belt.

MAIDENHEAD

Clivemont House*

Building demolished. Planning approval for new 49,000 sq. ft. net B1 office scheme. Agents appointed to seek a pre-letting. Planning for residential development submitted.

Highway House*

Building demolished. Planning approval for a new 45,000 sq. ft. net B1 office scheme. Agents appointed to seek a pre-letting. Available 2018. Land let on short term lease for car parking at a rental of £8,500 pa.

Maidenhead Enterprise Centre

6 business units totalling 14,000 sq. ft. let to local businesses on medium term leases producing £120,000 pa.

SLOUGH

Datchet Meadows*

Development of 37 apartments. All sold on long leases producing ground rents of £16,550 pa.

READING

Tilehurst

An outline application for a small residential scheme has been submitted and discussions with the Local Authority are being progressed.

WINDSOR

Windsor Business Centre

4 business units totalling 9,500 sq. ft. let on short term leases producing rental of £169,000 pa. Tenants include Joyce Meyer Ministries and USB Flash Drive.

WOKING

Britannia Wharf*

27,743 sq. ft. net office building. Planning approved for a new 82 bedroom care home. Planning application has been submitted for alternative residential scheme.

* Owned by joint venture

CHAIRMAN'S STATEMENT AND PROPERTY REVIEW

DEAR SHAREHOLDER

Despite the economic and political uncertainty surrounding Brexit negotiations and government policy, the Thames Valley commercial property market has remained very active. Enquiries for commercial lettings, whilst initially easing in the early part of the calendar year, have recently improved. The investment market continues to attract interest from income driven investors.

Commercial property rental levels in some Thames Valley locations marginally increased during the year, partly due to a substantial increase in the permitted conversion of existing commercial buildings into residential use. Lease terms generally continue to be between 3 to 5 years reflecting an element of tenant uncertainty and caution.

The residential market in Surrey and Berkshire, the group's main area of activity, has experienced a slow-down in sales especially at the lower end, although there are signs of increasing activity. The government's various Help to Buy equity and saving schemes continue to encourage first time buyers and has assisted a number of our residential sales.

FINANCIAL

For the year to 30 September 2017 the group profit before tax was £3.36m (2016: £2.67m). This figure includes a revaluation increase of £0.90m (2016: £0.25m) for the group and a profit of £1.84m (2016: £1.87m) in respect of our post tax profit share of Campmoss Property Company Limited, our 47.62% owned joint venture.

Revenue for the year which represented gross rental income, excluding Campmoss, totalled £0.55m (2016: £0.58m).

The group's share of revenue from Campmoss was £1.22m (2016: £2.54m) represented by gross rental income of £0.98m (2016: £1.23m) and property sales of £0.24m (2016: £1.31m). These figures are not included in group revenue.

The profit after tax attributable to shareholders for the financial year was £3.22m (2016: £2.49m) and the earnings per share was 253.7p (2016: 195.3p).

At the year-end, the group's commercial and residential portfolio, valued by Kempton Carr Croft and Nevin & Wells, totalled £5.79m (2016: £4.88m). This value excludes own use freehold property, which is included under property, plant and equipment in the balance sheet and held at valuation.

Property when completed and held for re-sale is shown in the balance sheet as stock at the lower of cost or net realisable value. At the year end this represented commercial property at The Windsor Business Centre.

The group's total property portfolio, including own use freehold property and the Campmoss investment and development portfolio, was valued at £25.6m (2016: £39.1m). The company's share of the net assets of Campmoss was £14.86m (2016: £13.03m). During the year Campmoss completed the sale of Worplesdon View, Guildford. Further details are included in the Campmoss section of this report.

The group's net assets as at the year-end were £26.86m (2016: £23.84m) equivalent to £21.26 per share (2016: £18.76p), an increase of 13.3% over the year (2016: 11.4%). The group, including Campmoss, has adequate financial facilities and resources to complete works in progress and the proposed development programme. Cash balances are held on short term deposit. At the year-end the company had nil gearing (2016: nil). During the year the company purchased and cancelled 7,128 ordinary shares at a total cost of £115,773.

Your directors are proposing the annual renewal of their authority to acquire shares and the approval of the Rule 9 Waiver. Both will be included in the resolutions being placed before shareholders at the Annual General Meeting and General Meeting respectively to be held on 18 January 2018. Full details of the Rule 9 Waiver are set out in the document accompanying this report and are also available on the company's website www.cardiff-property.com.

Current IFRS accounting recommends that deferred tax is chargeable on the difference between the indexed cost of properties and quoted investments held and their current market value. However current IFRS accounting does not require the same treatment in respect of the group's unquoted investment in Campmoss Property, our 47.62% owned joint venture. The investment in Campmoss is a substantial part of the company's net assets and for indicative purposes a disposal of this investment based on the value in the company's balance sheet at the year-end this would equate to £2.53m (2016: £2.34m) equivalent to 200p (2016: 185p) per share calculated using a tax rate of 17%. I have provided this information to shareholders as an additional non-statutory disclosure.

DIVIDEND

The directors recommend a final dividend of 11.5p per share (2016: 10.4p) making a total dividend for the year of 15.5p (2016: 14.0p) an increase of 10.7%. The final dividend will be paid on 15 February 2018 to shareholders on the register at 26 January 2018.

CHAIRMAN'S STATEMENT AND PROPERTY REVIEW CONTINUED

	Dividend per share pence	Net assets per share pence	Profit before tax £'000	Earnings per share pence
2017	15.5	2,126	3,359	253.7
2016	14.00	1,876	2,673	195.3
2015	13.50	1,684	2,586	191.3
2014	12.95	1,490	3,218	236.5
2013	12.55	1,277	1,319	94.2

THE PROPERTY PORTFOLIO

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

The Windsor Business Centre, Windsor, comprises 4 business units totalling 9,500 sq. ft. Following the expiry of leases during the year 2 new lettings were achieved at increased rents. The property is now fully let.

The Maidenhead Enterprise Centre, Maidenhead, comprises 6 individual business units totalling 14,000 sq. ft. Following the expiry of 3 leases new lettings have been finalised at higher annual rents and all business units are now occupied on medium term leases.

The White House, Egham, includes 5 ground floor retail units with 5,100 sq. ft. air conditioned offices on the two upper floors. The property is fully let. One of the office leases expires next year.

Heritage Court, Egham, comprises 4 retail units with 8 residential apartments on the upper floors. The apartments were previously sold on long leaseholds. The retail units are all occupied with one lease expiring next year. Negotiations are currently in hand for re-letting the unit.

At Cowbridge Road, Cardiff, the mail sorting and receiving centre, totalling 14,650 sq. ft. is let on a medium term lease to Royal Mail. A planning application to increase the working area is currently being prepared.

The company occupies its own freehold office in Egham and retains a freehold residential property in Egham which has recently received planning approval for an extension and loft conversion works. These works are expected to commence early next year.

At Tilehurst, Reading, an outline application for a small residential scheme has been submitted and discussions with the Local Authority are being progressed.

CAMPMOSS PROPERTY COMPANY LIMITED

Campmoss continues to actively manage its portfolio, achieving new planning permissions and progressing its development and sales programme. The company retains freehold office, retail and residential property in Bracknell, Burnham, Slough, Maidenhead and Woking.

As reported last year Campmoss exchanged conditional contracts for the sale of Worplesdon View, Guildford at price of £15.85m. The sale was completed in August this year and the transaction is reflected in this year's figures. The 78-bedroom care home was previously let on a 35-year institutional lease with annualised RPI increases. The residual part of the site covering approximately 2.5 acres has been retained and, subject to planning, may be available to develop, for other medical uses.

The development at Westview, Market Street, Bracknell, completed last year comprises 8 retail units on ground and first floor all of which are fully occupied on medium to long term leases.

At Alston House, Bracknell, adjacent to Westview, additional residential planning permission was granted during the year. The development now comprises 10 retail units on ground and first floors together with 12, one and two-bedroom apartments on the second and third floors. The new scheme is expected to complete in the summer of next year and it is encouraging that negotiations to pre-let a number of the retail units are at an advanced stage.

CHAIRMAN'S STATEMENT AND PROPERTY REVIEW CONTINUED

At the north-eastern end of Market Street, Bracknell, the company retains 12 retail units all of which are currently let to local businesses on medium term leases.

It is interesting to note that Bracknell has recently completed its major town centre shopping scheme known as the Lexicon Centre which has encouraged numerous well-known retailers into the town. Furthermore, the increase in employment to service the shopping centre has encouraged lettings and sales activities in the local residential market.

At Gowring House, Market Street, Bracknell the conversion of the first and second floors to provide a further 12 apartments was recently completed, resulting in 15 apartments available. 2 sales were completed during the year, 5 of the units are currently let on either Assured Shorthold Tenancies or commercial agreements and 6 of the remaining 8 units are under offer. The ground floor continues to have 3 retail units let on medium term leases.

At Britannia Wharf, Woking, planning permission was granted in July this year for a 82-bedroom care home. Vacant possession of the building has now been achieved and proposals from care home operators are currently being assessed. A second planning application has been submitted for residential use, the outcome of which is expected early next year.

A planning application for a residential scheme at Clivemont House, Maidenhead has been submitted and detailed discussions with the local authority are in progress.

Planning permission was previously granted for a 49,000 sq. ft. net office building with underground car parking and although extensively marketed no viable pre-letting has been achieved. The proposed residential scheme is currently a more advantageous use of the site.

At Highway House, Maidenhead, planning for a 45,000 sq. ft. net new office scheme with underground parking was previously granted but the commencement of this new office scheme will be dependent upon securing a viable pre-letting. Plans are currently being prepared for alternative uses.

At The Priory, Burnham the new office is fully let with part of the business centre available.

At the year end the investment property portfolio was valued by the directors of Campmoss, taking into account external advice, where available, and assessed at a current market value of £17.4m (2016: £32.8m). This figure includes property under development but excludes stock. The sale of Worplesdon View, Guildford and Brickfields, Bracknell, for £19.6m took place during the year, both properties were previously held as investment property.

Total revenue for Campmoss for the year amounted to £2.6m (2016: £5.3m) representing gross rental income of £2.1m (2016: £2.6m) and sales of property held as stock of £0.5m (2016: £2.7m). At the year-end the company had nil gearing (2016: £2.9m).

QUOTED INVESTMENTS

The company retains a small quoted equity and retail bond portfolio including; The Renewables Infrastructure Group Limited, A2D Funding plc, Places for People, Immupharma plc, Galileo Resources plc and Aquila Services Group plc. I remain a director of Galileo Resources plc and Aquila Services Group plc. The value of the portfolio at the year-end exceeds the original cost.

MANAGEMENT AND TEAM

The group has again experienced a busy year and on behalf of shareholders I would like to take this opportunity of thanking our small management team and joint venture partner for all their efforts and achievements during the year. The intensive day to day management of the group's portfolio remains essential in achieving continued success.

OUTLOOK

The group retains an extensive retail and residential development programme at Bracknell and it is encouraging to note the interest already received for this project.

Whilst uncertainties surround the property market the group should benefit from its current development programme and a successful outcome of recently submitted planning applications. I therefore look forward to reporting further progress at the half year stage.

J. Richard Wollenberg

Chairman

27 November 2017

STRATEGIC REPORT

UNDERSTANDING OUR BUSINESS

The group specialises in property investment and development in the Thames Valley. The total portfolio under management, including the total value of properties owned by our 47.62% joint venture, Campmoss Property Company Limited (and its subsidiaries), is valued at the year-end in excess of £25m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire and comprises a mix of high grade office developments, industrial and commercial units, and residential properties developed for sale. The group's methodology is to acquire sites which, generally, have difficult planning considerations and use its expertise to add value by achieving planning and developing out the sites. The group's strategy is to grow by managing its existing freehold property portfolio and rapid response to opportunities as they arise and is focused on the long term.

The year under review has again achieved expectations with the group's underlying profitability remaining strong. The group's investment property portfolio has decreased in value due to sales of Worplesden View for £15.85m valued at £13m, Brickfields for £3.9m valued at £3.1m and the transfer of two further floors at Gowring House to stock. The group returned a net profit before tax of £3.36m (2016: £2.67m) including our share of the after-tax profits of Campmoss of £1.84m (2016: £1.87m).

The effectiveness of the group's strategy is reflected in its performance over recent years. In the four years to 30 September 2016 net assets increased 46.9% from 1,277p per share to 1,876p per share, with a further increase of 13.3% to 2,126p at 30 September 2017. The group benefits from substantial cash deposits and ongoing profitability. The dividend increased from 12.55p per share to 14.0p per share over the period from September 2013 to September 2016 and, for the current year, has been increased by 10.7% to 15.5p per share.

The group is continuing to manage its portfolio, which is now predominantly let. Campmoss has developed two further floors to residential apartments at Gowring House, Bracknell and is developing commercial and residential units at Alston House, Bracknell. For the longer term the group is well placed to take advantage of any further upturn in the property market and retains substantial cash deposits giving it the ability to react quickly to opportunities as they arise. In addition, Campmoss has a substantial development portfolio at Maidenhead, with existing planning consents for two separate office developments.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks currently faced by the group relate to:

- continuity of rental income;
- changes in planning legislation;
- value of property portfolio;
- changes in interest rates;
- availability of business finance; and
- government policies and taxation.

The group mitigates these risks by managing its portfolio of investments with regard to appropriate pricing for rental and monitoring the length of each lease in order to commence discussions as the end of a lease term approaches.

The directors monitor available sources of information regarding the value of property and level of rental yields. They are also aware of potential changes in government policy and the implication on planning legislation and take action to reduce the risk to the group where possible. They have external valuations of the portfolio within Cardiff Property every year and the directors perform internal valuations of the properties owned by Campmoss, the joint venture.

They have regular meetings with funding providers to discuss availability of business finance should it be required.

Cash is deposited in fixed rate accounts to earn additional interest and interest rates are monitored to determine the appropriate length of time and level of funds to invest.

GENDER ANALYSIS

A split of our employees and directors by gender is shown below:

	Male	Female
Directors*	2	1
Employees	—	3

* includes non-executive director

STRATEGIC REPORT CONTINUED

CORPORATE SOCIAL RESPONSIBILITY

In carrying out the group's acquisition, development and management of commercial and residential property, we aim to conduct our business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards.

We strive to create a safe and healthy working environment for the wellbeing of our staff and create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the company. We continue to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the company and their own potential.

CORPORATE ENVIRONMENTAL RESPONSIBILITY

The group's policy is to minimise the risk of any adverse effect on the environment associated with its development activities with a thoughtful consideration of such key areas as energy use, pollution, transport, land use, ecology, renewable resources, health and wellbeing. The group also aims to ensure that its contractors meet their legislative and regulatory requirements and that codes of best practice are met and exceeded. The group is committed to maintaining high environmental standards in all its operations and minimising the impact of its activities on the surrounding environment. The nature of the work that we are involved in means that the group has an opportunity, not only to minimise the negative impact on the environment but also to enhance and improve the environment in which we all live and work.

KEY PERFORMANCE INDICATORS

The key performance indicators used by the directors for monitoring the performance of the business are shown in the graphs on page 4 and the consolidated five-year summary on page 8.

J. Richard Wollenberg

Chairman

27 November 2017

FINANCIAL REVIEW

CONSOLIDATED FIVE YEAR SUMMARY

		2017	2016	2015	2014	2013
Income statement items						
Revenue being gross rental income	£'000	552	580	577	534	493
Profit before taxation	£'000	3,359	2,673	2,586	3,218	1,319
Dividends paid and proposed in respect of the year ⁽¹⁾	£'000	196	178	174	167	166
Dividend cover ⁽²⁾	times	17.1	15.0	14.9	19.3	7.9
Dividend per share ⁽³⁾	pence	15.5	14.0	13.5	13.0	12.6
Earnings per share ⁽⁴⁾	pence	253.7	195.3	191.3	236.5	94.2
Balance sheet items						
Total assets	£'000	27,649	24,537	22,232	20,180	17,448
Total liabilities	£'000	(789)	(698)	(675)	(656)	(559)
Net assets	£'000	26,860	23,839	21,557	19,524	16,889
Number of shares in issue at 30 September	'000	1,264	1,271	1,280	1,310	1,322
Net assets per share attributable to shareholders ⁽⁵⁾	pence	2,126	1,876	1,684	1,490	1,277
Gearing	per cent	nil	nil	nil	nil	nil

(1) Dividends paid and proposed in respect of the year represent the interim paid and the final declared in any one financial year.

(2) Dividend cover is calculated as profit before taxation divided by dividends paid and proposed in respect of the year.

(3) Dividend per share is the interim dividend paid and final dividend proposed for the year ended 30 September for each share in issue.

(4) Earnings per share is calculated as profit after taxation divided by the weighted average number of shares, note 9.

(5) Net assets per share attributable to shareholders is calculated as net assets divided by number of shares in issue at 30 September.

INCOME STATEMENT

Revenue, being gross rents receivable, amounted to £552,000 (2016: £580,000).

Sales of investment properties are treated as disposals of non-current assets and only the gain or loss on sale as measured against the valuation carried in the balance sheet is reflected in the income statement. Sales made by Campmoss are not included in the group's revenue under IFRS rules.

Earnings per share is 253.7p (2016: 195.3p).

Your board has again obtained independent valuations of the property portfolio (excluding those held by Campmoss which are based on directors' valuations). These external valuations result in an increase in the value of the group's commercial portfolio of £900,000 (2016: £245,000) and an increase in the residential portfolio of £5,000 (2015: £nil). Movements on the valuation of investment properties are taken to the Income Statement in accordance with IFRS. Movements on the valuations of the group's head office are taken to reserves.

BALANCE SHEET

Total assets amount to:

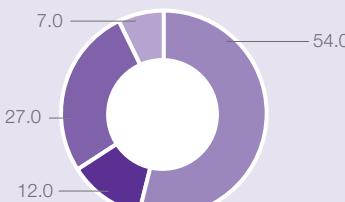
	2017 £'000	2016 £'000
Investment properties	5,792	4,880
Investment in joint venture	14,864	13,025
Property, plant and equipment	303	278
Other financial assets - investments	1,071	842
Deferred tax asset	5	5
Stock	668	668
Trade and other receivables	91	94
Loan to Joint Venture partner	–	1,500
Financial assets - deposits	1,370	1,047
Cash and cash equivalents	3,485	2,198
Total	27,649	24,537

FINANCIAL REVIEW CONTINUED

ANALYSIS OF GROUP PROPERTY PORTFOLIO

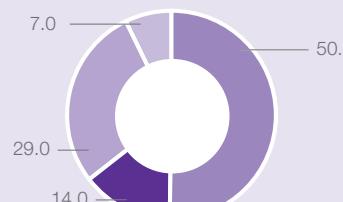
By Capital Value (%)

(including development properties)



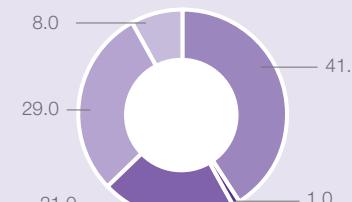
By Capital Value (%)

(excluding development properties)



By Rental Income (%)

(excluding development properties)



Office Residential Retail Care Home Industrial

In accordance with IAS 16 the group's owner-occupied office building in Egham, valued at £290,000 on 30 September 2017 (2016: £260,000) is classified as property, plant and equipment rather than as an investment property.

In accordance with IAS 7 cash held on deposit with a term greater than 90 days is shown separately from cash and cash equivalents as financial assets.

During the year, the company purchased and cancelled 7,128 of its own shares (2016: 9,037) at a total cost (including stamp duty and fees) of £115,773 (2016: £136,066).

The company may hold in treasury any of its own shares purchased. This gives the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly. The company intends to continue its policy of purchasing its own shares, whether to be held in treasury or to be cancelled, and a resolution renewing the directors' authority will be placed before the forthcoming Annual General Meeting. This authority will only be exercised in circumstances where the directors regard such purchases to be in the best interests of shareholders as a whole and is subject to the waiver under Rule 9 of the Takeover Code being approved by shareholders as set out in the document accompanying this report.

Net assets were £26.86m (2016: £23.84m) equivalent to 2,126p per share (2016: 1,876p), an increase of 13.3% over the year.

These results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in either year.

PROPERTY PORTFOLIO UNDER MANAGEMENT

The total property portfolio under management represents the investment and development properties of the group and 100% of Campmoss and is made up as follows:

	2017 £'000	2016 £'000
Group		
Investment properties	5,792	4,880
Own use freehold property	290	260
Development properties (stock)	668	668
Campmoss		
Investment properties	17,374	32,817
Development properties (stock)	1,489	446
Total	25,613	39,071

LIQUIDITY

At the year end the group retained substantial cash deposits resulting from the sale of development properties during previous years. The group has not renegotiated a credit line due to the cost involved but has sufficient cash resources to complete the current development programme. The board will keep this position under review.

Gearing at the year-end was nil (2016: nil).

FINANCIAL REVIEW CONTINUED

JOINT VENTURE

Our joint venture, Campmoss Property Company Limited, including its wholly owned subsidiaries, Campmoss Property Developments Limited and Campmoss Property (Tangley Place) Limited, results are summarised as follows:

	2017 £'000	2016 £'000
Revenue	2,565	5,332
Cost of sales	(1,910)	(3,294)
Other income	10	132
Surplus on revaluation of investment properties	616	2,965
Profit on sale of investment properties	3,399	40
Profit before tax	4,497	4,775
Other comprehensive income	–	–
Net assets	31,214	27,353
Net borrowing	–	2,893
Gearing %	–	11

K Chandler FCA

Finance director
27 November 2017

DIRECTORS AND ADVISERS

DIRECTORS

J Richard Wollenberg
Chairman and chief executive

Karen L Chandler FCA
Finance director

Nigel D Jamieson BSc, FCSI
Independent non-executive director

SECRETARY

Karen L Chandler FCA

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REGISTERED NUMBER

00022705

AUDITOR

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Chartered Accountants
3 Assembly Square, Britannia Quay, Cardiff Bay, CF10 4AX

STOCKBROKERS AND FINANCIAL ADVISERS

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Beaufort House, 15 St Botolph Street, London, EC3A 7BB

BANKERS

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2nd Floor, 62-76 Park Street, London, SE1 9DZ

SOLICITORS

Blake Morgan LLP
Bradley Court, Park Place, Cardiff, CF10 3DR

REGISTRAR AND TRANSFER OFFICE

Neville Registrars Limited
Neville House, 18 Laurel Lane, Halesowen B63 3DA
Telephone: 0121 585 1131

J RICHARD WOLLENBERG (AGED 69)

Chairman and chief executive

Was appointed a director of the company in 1980, became chief executive in 1981 and chairman in 1989. Mr Wollenberg has over 30 years' experience in property investment and development and has been actively involved in a number of corporate acquisitions, flotations, mergers and capital reorganisations of public and private companies. He is an executive director of Campmoss Property Company Limited and its subsidiaries. He is also a non-executive director of Aquila Services Group plc (formally General Industries plc), which is quoted on the London Stock Exchange and a non-executive director of Galileo Resources plc, which is quoted on AIM.

KAREN L CHANDLER (AGED 45)

Finance director

Was appointed a director of the company on 21 January 2016. She is a chartered accountant having qualified with KPMG and has previously served as CFO of AIM quoted Zenergy Power (now Cloud Call plc) and of a number of private companies.

NIGEL D JAMIESON BSC, FCSI (AGED 67)

Independent non-executive director

Was appointed to the board as a non-executive director in 1991 and is chairman of the company's audit and remuneration committees. He has over 30 years' experience of the UK property market both as a general practice surveyor and as an investment analyst. He is an executive director of several independent property investment companies active in the London area and acts as an independent consultant to private clients on a range of property related matters.

NON-EXECUTIVE DIRECTOR OF WHOLLY OWNED SUBSIDIARY

FIRST CHOICE ESTATES PLC

DEREK M JOSEPH BCOM, FCIS (AGED 67)

Chairman of A2Dominion Housing Group. Consultant and leading authority on the financing of affordable housing and non-executive director of Altair Consultancy & Advisory Services Ltd. Previously managing director of HACAS Group Ltd, the leading housing association and local authority housing consultancy. He is an executive director of a group of companies holding and managing commercial properties as well as software and internet businesses. A voluntary director of Theatre Royal Stratford East and Homeless International. He advises housing groups, property companies and government departments on housing strategy. He is also a director of Aquila Services Group plc (formally General Industries plc) which is quoted on the London Stock Exchange.

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 30 September 2017.

RESULTS

The results of the group for the year are set out in the audited financial statements on pages 25 to 46.

DIVIDENDS

The directors recommend a final dividend for the year of 11.5p per share (2016: 10.4p) payable on 15 February 2018. The total dividend paid and proposed in respect of the year, including the interim dividend of 4p (2016: 3.6p) per share, amounts to 15.5p per share (2016: 14.0p).

PRINCIPAL ACTIVITY

The principal activity of the group during the year continued to be property investment and development. The Companies Act 2006 requires the directors' report to include a Strategic Report. Certain information that fulfils these requirements and those of the UK Listing Authority Disclosure Rules and Transparency Rules which requires a management report can be found in the chairman's statement and property review on pages 3 to 5 and the financial review on pages 8 to 10. A description of corporate social responsibility activities is included in the Strategic Report on page 7.

There are no persons with whom the company has contractual or other arrangements which are essential to the business of the company other than those included in the related party disclosures in note 26 on page 44.

DIRECTORS

The current directors of the company and the non-executive director of a wholly owned subsidiary are listed on page 11. All served throughout the financial year.

In accordance with the company's articles of association, J. Richard Wollenberg will retire by rotation at the Annual General Meeting.

DIRECTORS' INTERESTS

Directors' and their immediate families' interests in the ordinary shares of the company were as follows:

	At 30 September 2017	At 1 October 2016
	Beneficial	Beneficial
K L Chandler	100	100
N D Jamieson	1,500	1,500
J R Wollenberg	561,298	561,298

There were no changes in the directors' shareholdings as stated above between 1 October 2017 and 27 November 2017.

At 30 September 2017 Mr Wollenberg held 25,000 (2016: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, a joint venture, representing 2.38% (2016: 2.38%) of the issued share capital of that company. No other director has any interest in the share capital of any other group company.

DIRECTORS' OPTIONS

No director held options at 30 September 2017 (2016: nil).

SUBSTANTIAL SHAREHOLDINGS

Other than J. Richard Wollenberg referred to above who holds 44.42%, the company has not been notified of any holdings of 3% or more in the share capital of the company at 27 November 2017.

ALLOTMENT OF SHARES

As special business at the Annual General Meeting, a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 551 of the Companies Act 2006, such power being limited to one-third of the issued share capital of the company. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be limited to one year and that its renewal be proposed at each Annual General Meeting.

PRE-EMPTION RIGHTS

As special business at the Annual General Meeting a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities which may be allotted in this way shall not exceed £12,635, representing 5% of the present issued ordinary share capital of the company.

PURCHASE OF OWN SHARES

At the Annual General Meeting held on 19 January 2017, authority was renewed empowering your directors to make market purchases of up to 190,479 of the company's own ordinary shares of 20p each. Under that authority, your directors made market purchases of 4,500 shares (nominal value £900) in May 2017 representing 0.35% of the issued share capital at 19 January 2017 and 2,628 shares (nominal value £526) in July 2017 representing 0.21% of the issued share capital at 19 January 2017. These shares were purchased for an aggregate value of £115,773 (including stamp duty and charges) and cancelled. The number of shares in issue following these transactions was 1,263,581.

REPORT OF THE DIRECTORS CONTINUED

The existing authority for the company to purchase its own shares expires at the conclusion of the Annual General Meeting to be held on 18 January 2018. The directors wish to renew the authority and consent is therefore sought to approve resolution 8 set out in the Notice of Meeting on page 54 authorising the directors to purchase up to 189,411 ordinary shares of 20p each (representing 14.99% of the present issued share capital), at a minimum price of 20p and a maximum price equal to 105% of the average of the middle market quotations for the ordinary shares of the company as derived from the Daily Official List of The London Stock Exchange for the ten business days before the relevant purchase is made. The authority will expire at the conclusion of the Annual General Meeting in 2019 and it is your directors' intention that a resolution for its renewal will be proposed at each succeeding Annual General Meeting.

The authority will only be exercised when the directors are satisfied that it is in the interests of the company so to do. The company may hold in treasury any of its own shares purchased under this authority. This would give the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.

DONATIONS

The company made no political donations during this year or last.

AUDITOR

A resolution for the re-appointment of KPMG LLP as auditor of the company and authorising the directors to determine its remuneration is to be proposed at the forthcoming Annual General Meeting.

PROVISION OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

GREENHOUSE GAS DISCLOSURES

The Cardiff Property plc has minimal greenhouse gas emissions to report from its operations and does not have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, (including those within our underlying investment portfolio).

DIRECTORS AND OFFICER'S INDEMNITY INSURANCE

The directors of the company are covered to the amount of £500,000 in each loss per policy period, with a sub-limit of £250,000 in respect of defence costs for pollution.

DISCLOSURE AND TRANSPARENCY RULES

Details of the company's share capital and share options are given in notes 19 and 18 respectively.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the company is aware there are no persons with significant direct or indirect holdings other than the director as noted above.

The provisions covering the appointment and replacement of directors are contained in the company's articles, any changes to which require shareholder approval.

There are no significant agreements to which the company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

RELATIONSHIP AGREEMENT

The company has entered into a written and legally binding relationship agreement with the board due to J R Wollenberg being a controlling shareholder, to address the requirements of LR9.2.2AR of the Listing Rules.

J Richard Wollenberg

Chairman
27 November 2017

CORPORATE GOVERNANCE

The board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on directors' remuneration on pages 18 to 19, explains how the company has applied the principles set out in The UK Corporate Governance Code ("the Code") and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules.

BOARD OF DIRECTORS

The board currently consists of two executive directors and one independent non-executive director. It meets regularly with senior staff throughout the year to discuss key issues and to monitor the overall performance of the group. The board has a formal schedule of matters reserved for its decision. The board met four times during the year. The board, led by the independent non-executive director, evaluates the annual performance of the board and the chairman. A framework for the evaluation process has been agreed and the findings arising from the process discussed with the board. The board views the non-executive director as independent of the board, notwithstanding his tenure being more than 10 years, due to the range and depth of his external commitments and experience in the property sector.

AUDIT COMMITTEE

The audit committee, which is chaired by the independent non-executive director, Nigel Jamieson, comprises all board members.

External auditor

The committee meets with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The audit committee met twice during the year. The audit committee considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees. It is a specific responsibility of the audit committee to ensure that an appropriate relationship is maintained between the group and its external auditor. The group has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects where fees are expected to exceed £5,000 (2016: £5,000) are subject to the prior approval of the audit committee. At least one of the members has relevant recent financial experience.

As part of the decision to recommend to the board the re-appointment of the external auditor, the committee considers the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the committee's choice of external auditor.

Financial reporting

After discussion with both management and the external auditor, the audit committee determined that the key risk of misstatement of the group's financial statements related to property valuations in the context of current market conditions. This includes the property held by the group's joint venture.

This issue was discussed with management during the year and with the auditor at the time the committee reviewed and agreed the auditor's group audit plan and also at the conclusion of the audit of the financial statements.

Property valuation

As further explained in note 2 to the financial statements, our approach to valuing properties is to obtain an external independent valuation of the properties each year. The directors of the joint venture value its properties each year considering yields on similar properties in the area, vacant space and covenant strength. They also consider external valuations and take external advice where necessary.

The audit committee is satisfied that the carrying value of properties is appropriate based on the use of an external independent valuer for The Cardiff Property portfolio and the experience and knowledge of the directors in valuing the properties of the joint venture.

The audit committee discusses the results of the valuations with the directors who provide information on assumptions used and provide appropriate explanation and evidence where possible for such assumptions.

The auditor explained to the committee the work they had conducted during the year in respect of property valuation. Based on their audit work, the auditor reported no misstatements that were material in the context of the financial statements as a whole; and in our view this supports the appropriateness of our methodology.

Misstatements

Management confirmed to the committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditor reported to the committee the misstatements that it had found in the course of its work and no material amounts remain unadjusted. The committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professional scepticism. After reviewing the presentations and reports from management and consulting where necessary with the auditor, the audit committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

CORPORATE GOVERNANCE CONTINUED

REMUNERATION COMMITTEE

The remuneration committee also consists of all board members and is chaired by Nigel Jamieson. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts. The remuneration committee met once during the year.

COMPLIANCE STATEMENT

The company has, other than where stated below, complied fully with the provisions set out in section 1 of the Code, during the year:

- the chairman is also the chief executive;
- a nominations committee has not been established;
- the audit committee consists of all board members, which includes one non-executive director (the Code recommends that the audit committee should comprise at least three, or in the case of smaller companies, two non-executive directors); and
- the remuneration committee also consists of all board members (the Code recommends that the remuneration committee should comprise solely of non-executive directors).

The directors consider this structure to be a practical solution bearing in mind the company's size and needs. However, it is intended to review this issue as the group develops.

The Code requires that the directors review the effectiveness of all internal controls, not only internal financial controls. This extends the requirement in respect of internal financial controls to cover all controls including financial, operational, compliance and risk management. The company has procedures established which enable it to comply with the requirements of the Code in relation to internal controls.

INTERNAL CONTROL

The directors confirm that they have reviewed the effectiveness of the group's system of internal control for identifying, evaluating and managing the significant risks faced by the group and they acknowledge their responsibility for that system. Such a system is designed to manage risk and can, however, only provide reasonable but not absolute assurance against material misstatement or loss.

The size of the group and the small number of employees necessarily involves the executive directors closely in the day-to-day running of the group's affairs. This has the advantage of the executive directors becoming closely involved with all transactions and risk assessments. Conversely, the board is aware that its size also means that the division of functions to provide normal internal control criteria is problematic. The board believes, however, that its close involvement with the day-to-day management of the group eliminates, as far as possible, the risks inherent in its small size.

Key features of the system of internal control include:

- strategic planning – the board considers the group's position in respect of its marketplace and likely trends in that marketplace which will necessitate a change or adjustment to that position;
- investment appraisal and monitoring – all capital projects, contracts, business and property holdings and acquisitions are reviewed in detail and approved by the chairman or, if of a significant size, by the whole board; and
- financial monitoring – cash flow and capital expenditure are closely monitored, and key financial information is reviewed by the board on a regular basis.

The board considers that there is an ongoing process for identifying, evaluating and managing the significant risks facing the group that has been in place during the year, which is regularly reviewed and accords with the UK Corporate Governance Code (2016).

INTERNAL FINANCIAL CONTROL

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use.

Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the board;
- evaluation, approval procedures and risk assessment for acquisitions and disposals and for major capital expenditure;
- regular reporting and monitoring of development projects; and
- close involvement of the chief executive in the day-to-day operational matters of the group.

The directors consider the size of the group and the close involvement of executive directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The directors will continue to monitor this situation.

RELATIONS WITH SHAREHOLDERS

Presentations are given to investors by the chairman when requested, normally following the publication of the half year and full year results, when interim and annual reports are delivered to all shareholders. The results of meetings with investors, media and analysts are discussed with board members to assist them in understanding the views of investors and others. All directors attend the Annual General Meeting at which they have the opportunity to meet with shareholders.

CORPORATE GOVERNANCE CONTINUED

GOING CONCERN

After making enquiries the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for at least 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2016 revision of the Code, the directors have assessed the prospect of the company over a longer period than the 12 months required by the 'Going Concern' provision. The board conducted this review for a period of five years, which was selected for the following reasons:

- the group's strategic review covers a five-year period;
- for a major scheme five years is a reasonable approximation of the maximum time taken from obtaining planning permission to letting the property; and
- most leases contain a five-year rent review pattern and therefore five years allows for the forecasts to include the reversion arising from those reviews.

The five-year strategic review considers the group's cash flows, dividend cover and other key financial ratios over the period. These metrics are subject to sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecast both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of the group's principal risks actually occurring. The five-year review also makes certain assumptions about the normal level of capital recycling likely to occur and considers whether additional financing facilities will be required.

In its assessment of the viability of the group, the directors have considered each of the group's principal risks and uncertainties detailed on page 6 and in note 28, and in particular the impact of a significant fall in the UK property market on the value of the group's investment property portfolio. The directors have also considered the group's income and expenditure projections as well as potential impacts from Brexit.

The directors confirm that their assessment of the principal risks facing the group was robust. Based upon the robust assessment of the principal risks facing the group as detailed on page 6 and in note 28, and their stress-testing based assessment of the group's prospects as described above, the directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Registered office:
56 Station Road
Egham
Surrey
TW20 9LF

By order of the board
K Chandler FCA
Secretary
27 November 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

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.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

J Richard Wollenberg

27 November 2017

REMUNERATION REPORT

ANNUAL STATEMENT

Composition of the remuneration committee (not subject to audit)

Nigel D Jamieson	independent non-executive director, chairman of the committee
Karen L Chandler	executive director
J Richard Wollenberg	executive director

Remuneration policy is a matter for the board as a whole. The remuneration committee works within the agreed policy to set individual remuneration levels, although the executive directors do not participate in decisions regarding their own remuneration. The members of the remuneration committee have access to professional advice at the company's expense, if necessary, in order to carry out their duties. No such advice was sought during the year. All members served throughout the year. In setting directors' remuneration, the committee has regard to other employees of the company.

Compliance (not subject to audit)

In setting the company's remuneration policy for directors, the remuneration committee has given full consideration to the best practice provisions annexed to The Financial Conduct Authority Listing Rules and the report has been prepared in accordance with Chapter 6 of the Companies Act 2006 and the Directors' Remuneration Report Regulations 2002.

POLICY REPORT

Remuneration policies (not subject to audit)

The remuneration policy was in effect from 1 October 2016 and prior and it is intended that these policies will be continued for the next year and subsequent years.

The remuneration policy is designed to attract, retain and motivate executive directors and senior management of a high calibre with a view to encouraging commitment to the development of the group and for long term enhancement of shareholder value. Remuneration packages take into account individual performance and the remuneration for similar jobs in other comparable companies where such companies can be identified. This would also be taken into account on appointment of any new directors. The committee believes that share ownership by executive directors and senior staff strengthens the link between their personal interests and those of shareholders.

The main components of executive directors' remuneration are:

- basic salary – reviewed annually;
- annual performance bonus – members of staff (excluding directors) are eligible to participate in the company's discretionary bonus scheme. Mr Wollenberg is eligible to receive a sum equal to 2.5 times the percentage increase in net asset value per share based upon current salary up to a maximum of 50% of that salary. K Chandler is eligible to receive a bonus as determined by the remuneration

committee, any such bonus not to exceed a maximum of 50% of that salary;

- taxable benefits – provision of health care for Mr Wollenberg;
- pension benefits – the company has set up a work place pension scheme which employees were invited to join following the staging date of March 2017. Mr Wollenberg is entitled to pension contributions at the rate of 20% (2016: 20%) of salary and bonuses, which for the year to 30 September 2017 he elected to take as salary; and
- share options – grants under the company's approved share option scheme (approved by shareholders in general meeting) are set so that the aggregate option exercise price for each recipient may not be greater than 4 times annual salary and such grants are phased. Grants under the unapproved share option scheme (approved by shareholders in general meeting) are made by the remuneration committee upon the achievement of specified performance criteria.

The criteria applicable to both schemes were chosen as being those most likely to provide enhanced shareholder value from the performance of executives. They are:

- on grant of an option, an increase in the average of the previous three years' earnings per share of at least 3% more than the corresponding increase in the Retail Price Index over the same period; and
- on exercise of an option, an increase in the average of the previous three years' net asset value per share of at least 3% more than the corresponding increase in the FTSE Real Estate Index over the same period.

No options have been granted in the current of previous financial year and all previous options have lapsed.

Payments for loss of office would be determined by the remuneration committee taking into account contractual obligations.

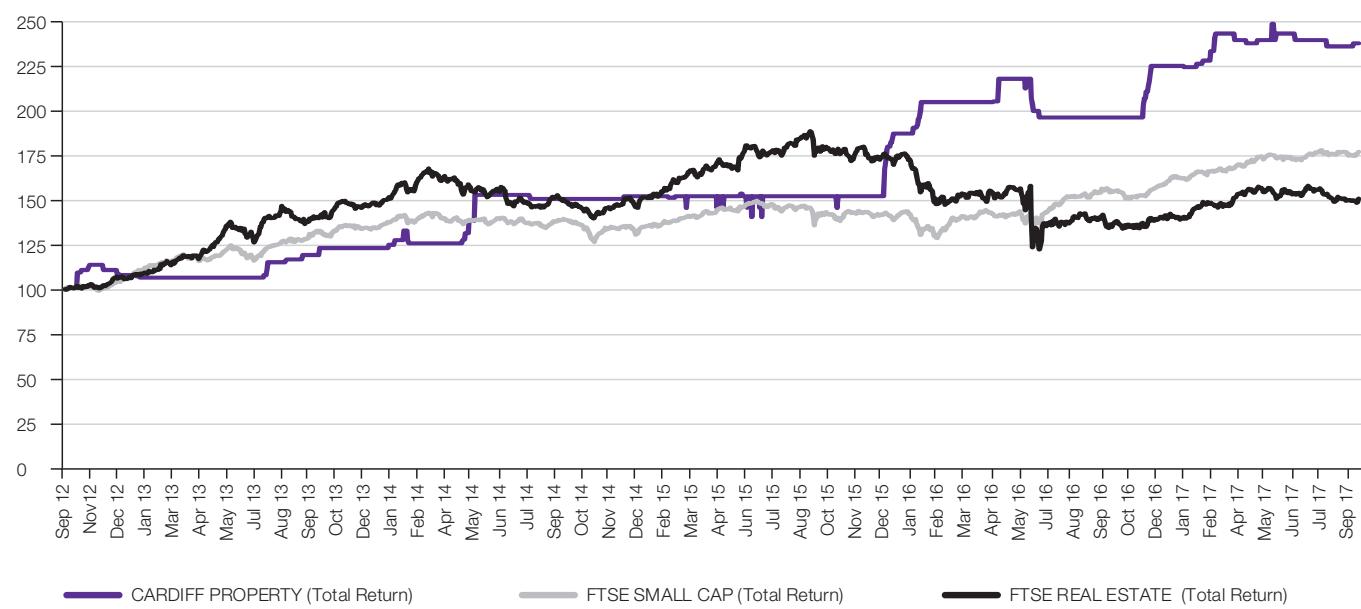
It is intended that these policies will be continued for the next year and subsequent years.

IMPLEMENTATION REPORT (NOT SUBJECT TO AUDIT)

A graph showing the company's total shareholder return relative to the FTSE Real Estate and FTSE Small Cap Indices is reproduced below. Total shareholder return is calculated to show the theoretical growth in the value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares. Company performance graphs are contained in the Chairman's Statement on page 4.

REMUNERATION REPORT CONTINUED

TOTAL SHAREHOLDER RETURN RELATIVE TO THE FTSE REAL ESTATE AND FTSE SMALL CAP INDICES.



The remuneration paid to all employees and dividends paid were as follows:

	2017 £'000	2016 £'000	% change
Total employee costs	378	418	(9.6)
Dividends	183	174	5.2

The total remuneration (including pension contributions) paid to the Chief Executive Officer as disclosed in note 7 was £212,471 (2016: £206,886) representing a 2.7% increase in the year. Mr Wollenberg's basic salary has remained the same.

SERVICE CONTRACTS (NOT SUBJECT TO AUDIT)

Mr Wollenberg has a service contract for a three-year rolling term. In the opinion of the committee the notice period is necessary in order to secure Mr Wollenberg's services at the current terms of his employment.

K Chandler has a service contract which can be terminated by either party upon giving three months' notice in writing.

The contracts are available for inspection at the company's registered office.

REMUNERATION OF NON-EXECUTIVE DIRECTOR (NOT SUBJECT TO AUDIT)

The remuneration of the non-executive director is decided by the board based upon comparable market levels. The non-executive director is not eligible for any other benefits. His services can be terminated by either party upon giving three months' notice in writing.

VOTING RESULTS FROM PREVIOUS AGM (NOT SUBJECT TO AUDIT)

At the AGM held on 19 January 2017, 99.5% of votes were cast for the remuneration report 0.1% against and 0.4% withheld.

DIRECTORS' REMUNERATION AND DIRECTORS' OPTIONS (SUBJECT TO AUDIT)

Particulars of directors' remuneration, including pensions and directors' options, which, under the Companies Act 2006 are required to be audited, are given in note 7 to the financial statements on page 35 and in the report of the directors on page 12.

EXTERNAL APPOINTMENTS (NOT SUBJECT TO AUDIT)

Executive directors are allowed to accept external appointments with the consent of the board, as long as these are not likely to lead to conflicts of interest. Executive directors are allowed to retain the fees paid.

The remuneration report was approved by the board on 27 November 2017 and signed on its behalf by:

Nigel D Jamieson BSc, FCSI

Chairman of the Remuneration Committee

Independent auditor's report

to the members of The Cardiff Property plc

1. Our opinion is unmodified

We have audited the financial statements of The Cardiff Property plc ("the Company") for the year ended 30 September 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Expense, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes In Equity, Company Balance Sheet, Company Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors before 1982. The period of total uninterrupted engagement is for more than the 35 financial years ended 30 September 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: group financial statements as a whole	£0.25m (2016:£0.25m) 1% (2016: 1%) of total assets
Coverage	100% (2016:100%) of total assets
Risks of material misstatement	vs 2016

Recurring risks Investment property valuation



2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those 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. We summarise below the key audit matters (unchanged from 2016), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Investment property valuation (Group: £14.07 million; 2016: £20.51 million. Parent: £5.79 million; 2016: £4.88 million.) <i>Refer to page 14 (Audit Committee Report), page 30 (accounting policy) and page 37 (financial disclosures).</i>	Subjective valuations: The risk: Estimating the fair value of freehold investment properties, including investment properties included in “Investments in Joint Venture”, is subjective and impacted by uncertainty prevalent within the property market, together with, in many cases, a low level of comparable market transactions. This risk is applicable to both the group and parent company.	Our procedures included: <i>Assessing valuers' credentials:</i> For all properties, including those held by the joint venture, we evaluated the competence, capabilities and objectivity of the respective valuers. <i>Methodology choice:</i> With the assistance of our own valuation specialist we challenged the methodologies adopted by all valuers by comparing them to RICS Valuation – Professional Standards (the “Red Book”) and the International Valuation Standards on the basis of Market Value. <i>Benchmarking assumptions:</i> With the assistance of our own valuation specialist we challenged the valuation assumptions by comparing the group's assumptions to externally derived data as well as our own assessments in relation to net rental income, yields and planning applications. <i>Assessing transparency:</i> We critically assessed the adequacy of the group's disclosures of the carrying amount of freehold investment properties, the assumptions underlying the carrying value of those properties and the sensitivity analysis performed for net rental income and discount rate (yield). <i>Our experience:</i> For internal valuations, performed by the directors in respect of investment properties held by the Joint Venture, we evaluated the accuracy of historical valuations by comparing them to actual sale values. Our results: We found the valuation of investment property to be acceptable.

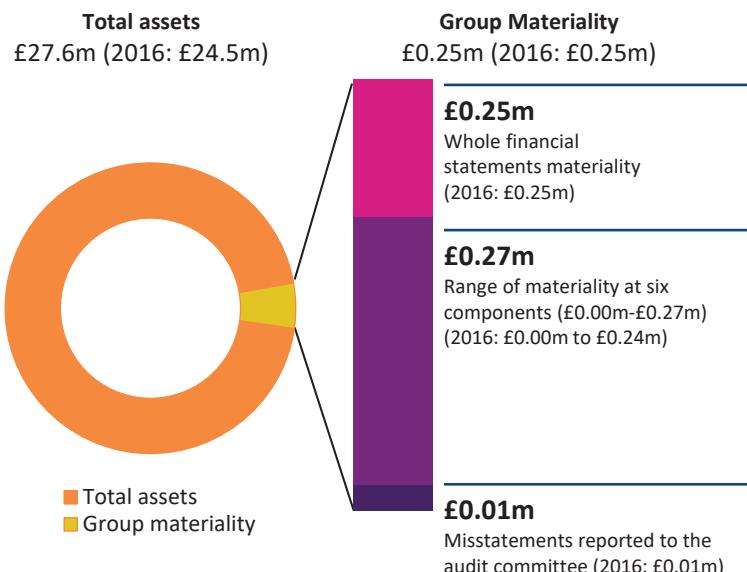
3. Our application of materiality and an overview of the scope of our audit

The materiality for the group financial statements as a whole was set at **£0.25m** (2016: £0.25m), determined with reference to a benchmark of group total assets, of which it represents 1% (2016: 1%).

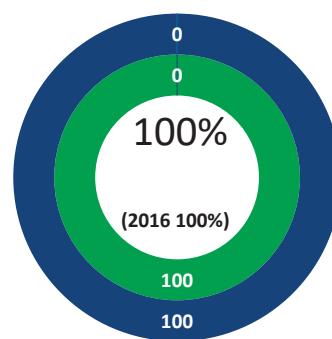
Materiality for the parent company financial statements as a whole was set at **£0.14m** (2016: £0.14m), determined with reference to a benchmark of total assets, of which it represented 1% (2016: 1%).

We agreed to report to the audit committee any corrected or uncorrected misstatements exceeding £12,250 (2016: £12,250), in addition to other identified misstatements that warranted reporting on qualitative grounds.

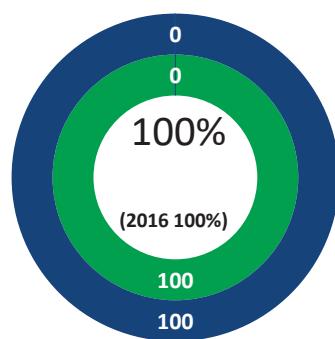
All of the group's six (2016: six) components, including the parent company and the joint venture were subject to full scope audits for group purposes, all of which were performed by the group audit team. These audits accounted for 100% (2016: 100%) of total group revenue, 100% (2016: 100%) of group profit before taxation and 100% (2016: 100%) of total group assets and were performed to individual component materiality levels having regard to the mix of size and risk profile of the Group across the components. These ranged, for subsidiaries, from £6,600 to £140,000 (2016: £6,600 to £140,000) and, for joint ventures, from £50,000 to £270,000 (2016: £50,000 to £240,000), of which the Group's share of the joint venture's component materiality ranged from £23,800 to £128,500 (2016: £23,800 to £114,200).



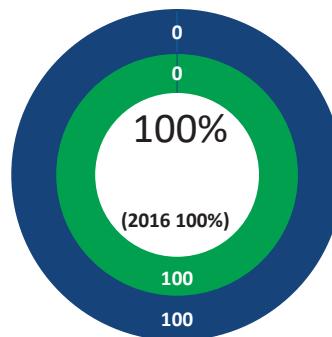
Group revenue



Group profit before tax



Group total assets



Full scope for group audit purposes 2017

Full scope for group audit purposes 2016

4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules set out on page 16 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Corporate Governance statement that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Corporate Governance disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Corporate Governance statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- a corporate governance statement has not been prepared by the company.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

Based solely on our work on the other information described above:

- with respect to the Corporate Governance Statement disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:
 - we have not identified material misstatements therein; and
 - the information therein is consistent with the financial statements; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 17, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities 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 the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Jeremy Thomas (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

27 November 2017

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2017

	Notes	2017 £'000	2016 £'000
Revenue			
Cost of sales	3	552	580
Gross profit		495	533
Administrative expenses		(511)	(526)
Other operating income		577	473
Operating profit before gains on investment properties and other properties	4	561	480
Surplus on revaluation of investment properties	11	905	220
Surplus on revaluation of other properties		–	25
Operating profit		1,466	725
Financial income	5	54	79
Share of results of joint venture	13	1,839	1,869
Profit before taxation	3–7	3,359	2,673
Taxation	8	(141)	(179)
Profit for the financial year attributable to equity holders	23	3,218	2,494
Earnings per share on profit for the financial year – pence			
Basic and diluted	9	253.7	195.3
Dividends			
Final 2016 paid 10.4p (2015: 10.0p)		132	128
Interim 2017 paid 4.0p (2016: 3.6p)		51	46
		183	174
Final 2017 proposed 11.5p (2016: 10.4p)		145	132

These results relate entirely to continuing operations. There were no acquisitions or disposals in either year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

for the year ended 30 September 2017

	Notes	2017 £'000	2016 £'000
Profit for the financial year		3,218	2,494
Other items recognised directly in equity			
Net change in fair value of available for sale financial assets	13	72	98
Net change in fair value of other properties		30	–
Total comprehensive income and expense for the year attributable to the equity holders of the parent company		3,320	2,592

CONSOLIDATED BALANCE SHEET

at 30 September 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Non-current assets					
Freehold investment properties	11		5,792		4,880
Property, plant and equipment	12		303		278
Investment in joint venture	13		14,864		13,025
Other financial assets	13		1,071		842
Deferred tax asset	17		5		5
			22,035		19,030
Current assets					
Stock and work in progress	14	668		668	
Trade and other receivables	15	91		1,594	
Financial assets		1,370		1,047	
Cash and cash equivalents		3,485		2,198	
			5,614		5,507
Total assets			27,649		24,537
Current liabilities					
Trade and other payables	16	(629)		(564)	
			(629)		(564)
Non-current liabilities					
Deferred tax liability	17		(160)		(134)
Total liabilities			(789)		(698)
Net assets			26,860		23,839
Equity					
Called up share capital	19		253		254
Share premium account	20		5,076		5,076
Other reserves	21		2,772		2,669
Investment property revaluation reserve	22		997		3,749
Retained earnings	23		17,762		12,091
Total equity			26,860		23,839
Net assets per share	10		2,126p		1,876p

These financial statements were approved by the board of directors on 27 November 2017 and were signed on its behalf by:

J Richard Wollenberg

Director

Company number: 00022705

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit for the year	3,218	2,494
<i>Adjustments for:</i>		
Depreciation	5	2
Financial income	(54)	(79)
Share of profit of joint venture	(1,839)	(1,869)
Surplus on revaluation of investment properties	(905)	(220)
Surplus on revaluation of other properties	–	(25)
Taxation	141	179
Cash flows from operations before changes in working capital	566	482
Decrease in trade and other receivables	1	38
Increase/(decrease) in trade and other payables	57	(57)
Cash generated from operations	624	463
Tax paid	(107)	(97)
Net cash flows from operating activities	517	366
Cash flows from investing activities		
Interest received	56	77
Acquisition of investments and property, plant and equipment	(164)	(17)
(Increase)/decrease in held to maturity deposits	(323)	3
Net cash flows from investing activities	(431)	63
Cash flows from financing activities		
Purchase of own shares	(116)	(136)
Dividends paid	(183)	(174)
Loan to Joint Venture repayment/(issue)	1,500	(1,500)
Net cash flows from financing activities	1,201	(1,810)
Net increase/(decrease) in cash and cash equivalents	1,287	(1,381)
Cash and cash equivalents at beginning of year	2,198	3,579
Cash and cash equivalents at end of year	3,485	2,198

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2017

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015	256	5,076	2,544	2,158	11,523	21,557
Profit for the year	–	–	–	–	2,494	2,494
Other comprehensive income – revaluation of investments	–	–	98	–	–	98
Transactions with equity holders						
Dividends	–	–	–	–	(174)	(174)
Purchase of own shares	(2)	–	2	–	(136)	(136)
Total transactions with equity holders	(2)	–	2	–	(310)	(310)
Realisation of investment reserve	–	–	–	(41)	41	–
Transfer on revaluation of investment properties – Cardiff	–	–	–	220	(220)	–
Transfer on revaluation of investment properties – Campmoss	–	–	–	1,412	(1,412)	–
Transfer on revaluation of other properties	–	–	25	–	(25)	–
At 30 September 2016	254	5,076	2,669	3,749	12,091	23,839
and 1 October 2016						
Profit for the year	–	–	–	–	3,218	3,218
Other comprehensive income – revaluation of investments	–	–	72	–	–	72
revaluation of other property	–	–	30	–	–	30
Transactions with equity holders						
Dividends	–	–	–	–	(183)	(183)
Purchase of own shares	(1)	–	1	–	(116)	(116)
Total transactions with equity holders	(1)	–	1	–	(299)	(299)
Realisation of investment reserve	–	–	–	(3,950)	3,950	–
Transfer on revaluation of investment properties – Cardiff	–	–	–	905	(905)	–
Transfer on revaluation of investment properties – Campmoss	–	–	–	293	(293)	–
At 30 September 2017	253	5,076	2,772	997	17,762	26,860

NOTES TO THE FINANCIAL STATEMENTS

1. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated results for the year ended 30 September 2017 and 2016 are prepared by the group under applicable International Financial Reporting Standards adopted by the EU ("adopted IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS and have been incorporated into the principal accounting policies as set out in note 2.

The company has elected to prepare its parent company financial statements in accordance with FRS 101 (Reduced Disclosure Framework) and these are presented on pages 47 to 53.

2. ACCOUNTING POLICIES

Basis of preparation

The following principal accounting policies have been applied in dealing with items which are considered material in relation to the group's financial statements. The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale; investment properties; and own use freehold property. These accounting policies have been applied consistently across the group for the purposes of these consolidated financial statements.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group will continue to meet its liabilities as they fall due. The group's activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Property Review on pages 3 to 5. The financial position of the group, its property portfolio under management, asset base, liquidity and key performance indicators are described in the Financial Review on pages 8 to 10.

In addition, note 19 includes the group's objectives, policies and processes for managing its capital and note 27, its financial risk management objectives and details of its exposures to credit risk, liquidity risk, market risk, currency risk and interest rate risk.

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

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Basis of consolidation

The group's financial statements consolidate those of the company and its subsidiaries and equity account for the interest in the joint venture. Subsidiary companies are those entities under the control of the company, where control means the power to direct relevant activities of the entity so as to obtain benefit from these activities. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date control is obtained or up to the date when control is lost. Intra-group transactions are eliminated on consolidation.

Joint ventures are those in whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The group's investment in the joint venture is accounted for using the equity method, hence the group's share of the gains and losses of the joint venture is included in the consolidated income statement and its interest in the net assets is included in investments in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. These estimates are discussed in further detail in note 28.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are initially recognised at cost, including related transaction costs and annually revalued at fair value, with any change therein recognised in the income statement, and transferred to the investment property revaluation reserve in the balance sheet. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the company portfolio each year. The directors of the joint venture value its portfolio each year having regard to past valuations performed by external independent valuers. All valuations take into account yields on similar properties in the area, vacant space and covenant strength.

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of initial development are capitalised until the building is effectively completed and available for letting. Thereafter they are charged to the income statement. Whilst under development such properties are classified either as inventory if being developed with a view to sale and are recorded at cost, or retained within investment properties and revalued at the year end and surpluses or deficits are recognised in equity.

Proceeds from the sale of investment properties are not included in revenue, but in profit or loss on sale of investment property. The profit or loss on disposal is calculated with reference to the carrying amount in the balance sheet. Purchases and sales of investment properties are accounted for when exchanged contracts become unconditional, or in the event a notice to complete is required, on the receipt of such notice where the notice period is a period of less than 120 days.

Property, plant and equipment and depreciation

Property is stated at fair value using valuations prepared on the same basis as investment properties described above. Any surplus arising on the revaluation is recognised in other comprehensive income except to the extent that it reverses a previous revaluation deficit on the same asset recognised in profit and loss. Any deficit on revaluation is recognised in profit and loss except to the extent that it reverses a previous revaluation surplus on the same asset. Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Provision is made for depreciation so as to write off their cost on a straight-line basis over their expected useful lives as follows:

- Freehold property 50 years
- motor vehicles 4 years
- fixtures, fittings and equipment 4 years

Impairment

The carrying amounts of the group's assets, other than investment properties, own use freehold property and financial assets designated as available for sale which are measured at fair value, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss recognised where the recoverable amount is less than the carrying value of the asset. Any impairment losses are recognised in the income statement.

2 ACCOUNTING POLICIES (CONTINUED)

Capitalisation of borrowing costs

Net borrowing costs in respect of capital expenditure on acquisition, development or refurbishment of qualifying assets are capitalised. Interest is capitalised using the group's weighted average cost of borrowing from the commencement of development work until the date of practical completion. The capitalisation is suspended if there are prolonged periods when development activity is interrupted. All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Stocks and work in progress

Stocks, being properties under development intended for ultimate resale and properties held for sale, are stated at the lower of cost, including attributable overheads, and net realisable value.

Revenue

Revenue consists of rental income, earned under operating leases granted, from properties held for investment purposes, together with the proceeds from the sale of properties held in stock. Sales of such property are recognised on the date of unconditional exchange of contracts or, if conditional, on the date that the conditions have been satisfied. Rental income is recognised in the Income Statement on a straight-line basis over the total lease period. Payments due on early terminations of lease agreements are recognised in the Income Statement within revenue. Lease incentives are recognised as an integral part of the net consideration for the use of the property and amortised on a straight-line basis over the term of the lease.

Other income

Other income consists of management fees charged to Campmoss group and other items which are not revenue and are recognised based in the period to which the income relates.

Financial assets

Investments in equity securities are classified as assets available for sale and are stated at fair value with any resultant gain or loss being recognised in other comprehensive income. When these investments are derecognised the cumulative gain or loss previously recognised in equity is recognised in the Income Statement. Current financial assets comprise held to maturity deposits where the call date is greater than 90 days from the date of deposit. They are included in investing activities in the cash flow.

Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts, that are repayable on demand and form an integral part of the group's cash management, are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Equity

Equity comprises issued share capital, share premium, other reserves, investment property revaluation reserve and retained earnings.

Share based payments

The share option programme allows group employees to acquire shares of the parent company; these awards are granted by the parent. The fair value of options granted is recognised as an employee expense on a straight line basis over the vesting period with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the period during which the employees become unconditionally entitled to the options using an option valuation model, taking into account the terms and conditions upon which options were granted and is dependent on factors such as exercise price, expected volatility, option price and risk free interest rate. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 ACCOUNTING POLICIES (CONTINUED)

Dividends

Interim dividends are recorded in the financial statements when they are paid. Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders.

Provisions

A provision is recognised in the balance sheet when: the group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefit will be required to settle the obligation; and the outflow can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Consolidated Statement of Comprehensive Income and Expense.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

IFRS

The following accounting standards and interpretations, issued by the IASB and endorsed by the EU or International Financial Reporting Interpretations Committee (IFRIC), are effective for the first time in the current financial year and have been adopted by the group with no significant impact on the consolidated results or financial position:

- IFRS 14 Regulatory Deferral Accounts
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38.
- Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41
- Equity Method in Separate Financial Statements – Amendments to IAS 27
- Annual Improvements to IFRSs – 2012-2014 Cycle
- Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- Disclosure Initiative – Amendments to IAS 1

2 ACCOUNTING POLICIES (CONTINUED)

The IASB and the IFRIC have also issued the following standards and interpretations with an effective date after the date of these Financial Statements:

New standards and interpretations endorsed but not yet effective:

- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (effective date 1 January 2017)
- Disclosure Initiative – Amendments to IAS 7 (effective date 1 January 2017)
- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4 (effective date 1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)

New standards and interpretations not yet endorsed and not yet effective:

- Annual Improvements to IFRSs – 2014-2016 Cycle
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40 Investment Property
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- IFRS 17 Insurance contracts

Where the board is continuing to assess the effects of these standards and interpretations, none of them when applied are expected to have a material impact upon the consolidated results of financial position of the group (other than in relation to disclosures or presentation), except for IFRS 16 "Leases." This standard requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiation between lessors and lessees. The group has not yet assessed the full impact of this standard.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. SEGMENTAL ANALYSIS

The group manages its operations in two segments, being property and other investment and property development. The results of these segments are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual site investment appraisals, and to assess their performance. Information regarding the results and net operating assets for each reportable segment are set out below:

	2017 £'000	2016 £'000
Revenue (wholly in the United Kingdom):		
Property and other investment being gross rents receivable	552	580
Property development being sales of development properties	–	–
	552	580
Profit before taxation:		
Property and other investment	3,211	2,511
Property development	148	162
	3,359	2,673
Net operating assets:		
Assets		
Property and other investment	26,885	23,783
Property development	4,175	4,033
Eliminations	(3,411)	(3,279)
Total assets	27,649	24,537
Liabilities		
Property and other investment	(3,957)	(3,760)
Property development	(243)	(217)
Eliminations	3,411	3,279
Total liabilities	(789)	(698)
Net operating assets	26,860	23,839

Of the group's share of the profit in its joint venture of £1,839,000 (2016: £1,869,000), £1,824,000 (2016: £450,000) relates to property development and £15,000 (2016: £1,419,000) relates to property investment. The interest income of £1,000 (2016: £4,000) relates entirely to property investment. Of the income tax expense of £303,000 (2016: £395,000), £295,000 (2016: £282,000) relates to property investment and £8,000 (2016: £113,000) to property development. Due to the reportable segments being accounted for in separate legal entities it is possible to directly allocate the group results and net assets to the reportable segments.

4. OPERATING PROFIT BEFORE GAINS ON INVESTMENT PROPERTIES AND OTHER PROPERTIES

	2017 £'000	2016 £'000
Included are the following expenses/(income):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	23	25
Audit of subsidiary undertakings pursuant to legislation	3	4
Tax services	–	6
Other services	3	3
Depreciation of plant and equipment	5	2
Management charges receivable	(493)	(499)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. FINANCIAL INCOME

	2017 £'000	2016 £'000
Bank and other interest receivable	54	79

6. EMPLOYEES

The average number of persons employed by the group and the company (including executive directors) during the year was:

	Number of employees	
	2017	2016
Management	3	3
Administration	2	2
	5	5

The aggregate payroll costs of these persons were as follows:

	2017 £'000	2016 £'000
Wages and salaries	330	338
Social security costs	39	39
Other pension costs	9	41
	378	418

Other pension costs represent amounts paid by the group to a personal pension plan in respect of J R Wollenberg and employer contributions to the workplace pension.

7. EMOLUMENTS OF DIRECTORS

The emoluments of the directors were as follows:

	Salary £	Bonus £	Benefits £	Pension £	Total 2017 £	Total 2016 £
As executives						
J R Wollenberg	148,910	39,094	15,607	8,860	212,471	206,886
K L Chandler	52,250	2,000	–	372	54,622	41,667
D A Whitaker	–	–	–	–	–	35,000
	201,160	41,094	15,607	9,232	267,093	283,553
As non-executive						
N D Jamieson	12,000	–	–	–	12,000	12,000
	213,160	41,094	15,607	9,232	279,093	295,553

The above table includes bonuses, which are based on the results for the year to 30 September 2017 and are payable in December 2017, see page 18 for details of bonus calculation. Bonuses of £33,509 for J R Wollenberg and £2,000 for K L Chandler in respect of the year to 30 September 2016 were paid in December 2016. J R Wollenberg's salary includes £31,334 of pension contribution entitlement which was elected to be taken as salary.

The information above is in respect of the company. In addition, Mr Wollenberg is entitled to consultancy fees of £60,000 (2016: £60,000), see note 26. Details of the company's policy on directors' remuneration are contained within the remuneration report on pages 18 to 19. Benefits relates to the provision of health care to Mr Wollenberg.

The directors are considered to be the only key management personnel of the group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 TAXATION

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on the result for the year	115	105
Total current tax	115	105
Deferred tax		
Origination and reversal of timing differences	26	74
Total deferred tax	26	74
Taxation (all recognised in the profit and loss account)	141	179

Reconciliation of effective tax rate:

	2017 £'000	2016 £'000
Tax reconciliation		
Profit before taxation	3,359	2,673
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.5% (2016: 20%)	655	535
<i>Effects of:</i>		
Joint venture	(359)	(374)
Other timing differences	21	(14)
Non-taxable surpluses on revaluation	(176)	32
Total tax expense	141	179

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016, this was substantially enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax balances at 30 September 2017 which have been calculated based on the rate of 17%.

9. EARNINGS PER SHARE

Earnings per share has been calculated in accordance with IAS 33 – Earnings Per Share using the profit after tax for the financial year of £3,218,000 (2016: £2,494,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	2017	2016
Basic and diluted basis	1,268,420	1,276,736

10. NET ASSETS PER SHARE

	2017 Pence per share	2016 Pence per share
Based on shares in issue at 30 September 2017 of 1,263,581 (2016: 1,270,709)	2,126	1,876

11. FREEHOLD INVESTMENT PROPERTIES

	2017 £'000	2016 £'000
Group		
At beginning of year	4,880	4,660
Additions	7	–
Surplus on revaluation in year	905	220
At end of year	5,792	4,880
Company		
At beginning of year	4,880	4,660
Surplus on revaluation in year	905	220
At end of year	5,785	4,880

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year.

The company's freehold commercial investment properties total value: £5,450,000 (2016: £4,550,000) have been valued by Kempton Carr Croft, and its residential property total value: £335,000 (2016: £330,000) by Nevin & Wells as at 30 September 2017.

All valuations of the Company's freehold commercial investment properties have been prepared in accordance with the RICS Valuation – Professional Standards (the "Red Book") and the International Valuation Standards on the basis of Market Value.

All of the commercial investment properties have been categorised as a Level 3 fair value in both years, based on the inputs to the valuation technique used. The residential property has been categorised as a Level 2 fair value in both years.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation technique and significant unobservable inputs

The valuation technique used in measuring the fair value of investment property is a discounted cash flow using the following significant inputs: net rental income and yield.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. FREEHOLD INVESTMENT PROPERTIES (CONTINUED)

Fair value using unobservable inputs (Level 3)

	2017 £'000	2016 £'000
Opening fair value	4,550	4,330
Gains and losses recognised in income statement (surplus on revaluation of investment properties)	900	220
Closing fair value	5,450	4,550

Quantitative information about fair value measurements using unobservable inputs (Level 3)

The fair value referred to above of £5,450,000 (2016: £4,550,000) is based on the unobservable inputs of net rental income and yield.

The net rental income ranged between £29,000 and £262,050, and the initial yield ranged between 7.5% and 9%.

A decrease in net rental income or estimated future rent will result in a decrease in the fair value, whereas a decrease in the discount rate (yield) will result in an increase in fair value. There are interrelationships between these rates as they are partially determined by market rate conditions. A +1% change in yield would reduce the portfolio value by (£527,000) while a -1% change in yield would increase the portfolio value by £653,000. A +/- 10% change in rent would increase/(decrease) the portfolio by £545,000.

The historical cost of the investment properties was:

Group and company	£'000
At 30 September 2017	3,746
At 30 September 2016	3,735

The cumulative amount of interest capitalised at 30 September 2017 was £90,000 (2016: £90,000).

12. PROPERTY, PLANT AND EQUIPMENT

Company and Group	Own use freehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 30 September 2015	235	69	6	310
Additions	–	–	17	17
Revaluation	25	–	–	25
At 30 September 2016	260	69	23	352
Additions	–	–	–	–
Disposals	–	(44)	–	(44)
Revaluation	30	–	–	30
At 30 September 2017	290	25	23	338
Depreciation				
At 30 September 2015	–	66	6	72
Charge for year	–	1	1	2
At 30 September 2016	–	67	7	74
Disposals	–	(44)	–	(44)
Charge for year	–	1	4	5
At 30 September 2017	–	24	11	35
Net book value				
At 30 September 2017	290	1	12	303
At 30 September 2016	260	2	16	278

Own use freehold property was valued by Kempton Carr Croft at market value as at 30 September 2017. The historic cost of the property is £202,000 (2016: £202,000).

13. INVESTMENTS

	Shares in joint venture £'000	Unlisted investments £'000	Listed investments £'000	Total £'000
At beginning of year	13,025	8	834	13,867
Additions	–	–	157	157
Net change in fair value of available for sale financial assets	–	–	72	72
Share of profit of joint venture	1,839	–	–	1,839
At end of year	14,864	8	1,063	15,935

Listed investments

These include minority stakes in The Renewables Infrastructure Group Limited, A2D Funding plc, Places for People and Aquila Services Group Plc (formerly General Industries plc) listed on The London Stock Exchange, ImmuPharma Plc and Galileo Resources plc, listed on AIM, and are designated as available for sale financial assets.

Joint venture

The group owns 47.62% (2016: 47.62%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited, incorporated in England and Wales. As noted in the director's report J R Wollenberg also owns 2.38% of the Campmoss shares. The Campmoss joint venture is operated by joint control between the board, comprising of J R Wollenberg and E G Goodwin who is a connected party to the remaining 50% of shares in Campmoss. By virtue of the respective shareholdings and the way in which Campmoss entities are controlled, the board determines that it has joint control.

The group's share of the results of Campmoss Property Company Limited and its subsidiary undertakings for the year ended 30 September 2017 has been incorporated in the consolidated financial statements. The following figures have been derived from the financial statements of Campmoss Property Company Limited and those of its subsidiary undertakings for the year ended 30 September 2017.

The group's share of the consolidated income, expenses, revaluations, tax and profit after tax was:

	2017 £'000	2016 £'000
Revenue	1,222	2,539
Cost of sales and administrative expenses	(985)	(1,661)
Other operating income	5	63
Profit on the sale of fixed assets	1,619	–
Surplus on revaluation of investment properties	293	1,412
Interest receivable	1	–
Interest payable	(13)	(89)
Taxation on ordinary activities	(303)	(395)
Profit after tax	1,839	1,869
Other comprehensive income	–	–
Total comprehensive income	1,839	1,869

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 INVESTMENTS (CONTINUED)

The group's share of the consolidated net assets of Campmoss Property Company Limited and its subsidiary undertakings was:

	2017 £'000	2016 £'000
Non-current assets		
Investment properties	8,273	15,627
Plant and equipment	–	1
	8,273	15,628
Current assets		
Stock and work in progress	709	212
Trade and other receivables	133	487
Cash and cash equivalents	7,050	1,612
	7,892	2,311
Total assets	16,165	17,939
Current liabilities		
Loans and overdraft	–	(2,865)
Corporation tax	(489)	(128)
Trade and other payables	(458)	(1,049)
	(947)	(4,042)
Net current liabilities	(1,301)	(4,914)
Non-current liabilities		
Deferred taxation	(354)	(872)
	Net assets	13,025

Investment properties are included at fair value based on directors' valuations as at 30 September 2017. Page 10 show the result for the year and financial position of 100% of the joint venture.

14. STOCK AND WORK IN PROGRESS

This comprises development properties held for sale at the Windsor Business Centre.

15. TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Trade receivables	38	37
Amounts owed by joint venture	–	1,500
Other receivables	25	26
Prepayments and accrued income	28	31
	91	1,594

16. TRADE AND OTHER PAYABLES

	2017 £'000	2016 £'000
Rents received in advance	113	86
Trade creditors	10	44
Corporation tax	112	103
Other taxes and social security	48	53
Other creditors	291	195
Accruals and deferred income	55	83
	629	564

17. DEFERRED TAXATION

	2017 £'000	2016 £'000
At beginning of year	(129)	(55)
Charge for the year in the income statement	(26)	(74)
At end of year	(155)	(129)

Provision has been made for deferred taxation as follows:

	2017 £'000	2016 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(56)	(54)
Other temporary differences	(99)	(75)
Net deferred tax liability	(155)	(129)
Disclosed as:		
Deferred tax asset	5	5
Deferred tax liability	(160)	(134)
Net deferred tax liability	(155)	(129)

The above deferred tax asset included within non-current assets in the group accounts relates to timing differences and is not anticipated to be recoverable within the next 12 months.

No deferred tax asset in respect of the net deficits on property revaluations has been recognised in either year due to uncertainty regarding its recoverability.

18. SHARE BASED PAYMENTS

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the option, which is spread over the vesting period, is measured based on a Black Scholes model (with the contractual life of the option and expectations of early exercise built into the model). The option vests after a period of 3 years and in addition, the average of the previous three years net asset value per share must exceed the corresponding increase in the FT Real Estate Index over the same period, by at least 3%.

During the year options over nil shares lapsed (2016: nil). There were no options granted or exercised during the year. As a result, there were no options outstanding at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. SHARE CAPITAL

	2017 £'000	2016 £'000
Authorised		
4,500,000 (2016: 4,500,000) ordinary shares of 20 pence each	900	900
Allotted, called up and fully paid		
At 30 September 2016 1,270,709 (2015: 1,279,746) ordinary shares of 20 pence each	254	256
Cancelled during the year 7,128 (2016: 9,037) ordinary shares of 20 pence each	(1)	(2)
At 30 September 2017 – 1,263,581 (2016: 1,270,709) ordinary shares of 20 pence each	253	254

The total number of ordinary shares under option is nil (2016: nil).

Capital management

The board's objectives when managing capital are to maintain a balance between providing shareholders with an adequate return by means of a progressive dividend policy whilst ensuring the security of the group supported by a sound capital structure. In order to maintain what the directors consider is the optimal capital structure, the group may adjust its dividend policy, issue new shares or return capital to shareholders.

20. SHARE PREMIUM ACCOUNT

	2017 £'000
Group and company	5,076
At beginning and end of year	5,076

21. OTHER RESERVES

	Available for sale reserve £'000	Own use property reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Merger reserve £'000	Total £'000
At 1 October 2015	114	33	498	30	1,869	2,544
Purchase of own shares	–	–	2	–	–	2
Transfer from retained earnings on revaluation of other properties	–	25	–	–	–	25
Net change in fair value	98	–	–	–	–	98
At 30 September 2016 and 1 October 2016	212	58	500	30	1,869	2,669
Purchase of own shares	–	–	1	–	–	1
Revaluation of other properties	–	30	–	–	–	30
Net change in fair value	72	–	–	–	–	72
At 30 September 2017	284	88	501	30	1,869	2,772

The capital redemption reserve arises from the transfer from share capital of the nominal value of shares purchased for cancellation and is not available for distribution. The capital and merger reserves arise from the acquisition of subsidiaries and are not available for distribution.

22. INVESTMENT PROPERTY REVALUATION RESERVE

	2017 £'000	2016 £'000
At beginning of year	3,749	2,158
Transfer from retained earnings on revaluation in the year - Cardiff	905	220
Transfer from retained earnings on revaluation in the year - Campmoss	293	1,412
Realisation of investment reserve - Campmoss	(3,950)	(41)
At end of year	997	3,749

The investment property revaluation reserve represents surpluses and deficits arising on revaluation of the group's properties, including our share of Campmoss Property Company Limited, our 47.62% joint venture. This reserve comprises unrealised profits and losses and is not available for distribution until realised through sale.

23. RETAINED EARNINGS

	2017 £'000	2016 £'000
At beginning of year	12,091	11,523
Profit for the financial year	3,218	2,494
Dividends paid	(183)	(174)
Transfer to investment property revaluation reserve on revaluation in the year	(905)	(1,632)
Realisation of investment reserve	3,657	41
Transfer to other reserves on revaluation of available for sale assets	–	(25)
Own shares purchased in year	(116)	(136)
At end of year	17,762	12,091

24. COMMITMENTS

Expenditure on development and investment properties

There were nil commitments under contract at 30 September 2017 (2016: nil).

25. OPERATING LEASES

Operating leases granted

The group leases out its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2017 £'000	2016 £'000
Within one year	570	517
Years two to five	1,807	1,382
More than five years	448	546
Total	2,825	2,445

Operating leases taken

Neither the group nor the company had any material commitments under non-cancellable operating leases at 30 September 2017 (2016: nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. RELATED PARTY TRANSACTIONS

During the year the company entered into the following transactions with related parties:

Party	Nature of transaction	Value 2017 £'000	Balance owed by/(to) related party at 30 September		
			2016 £'000	2017 £'000	2016 £'000
Campmoss Property Company Limited	Loans made by the company to acquire and develop properties	1,500	1,500	–	1,500
	Loans repaid to the company		–	–	–
	Loan interest received by the company		23	–	8
	Management fees received by the company		499	–	(30)
	Consultancy fees received by J R Wollenberg (director)		58	(30)	(30)
	Director's salary paid		3	–	–
D M Joseph					

Campmoss Property Company Limited is a joint venture of the company. The amount due from Campmoss Property Company Limited at 30 September 2017 was £nil (2016: £1,500,000) representing the outstanding balance on the revolving credit drawdown facility of £1,500,000 (2016: £2,000,000) provided to Campmoss Property Company Limited by the company at an interest rate of 3-month LIBOR plus 2.5%. The loans are secured on certain investment properties.

Campmoss Property Company Limited is a company in which Mr Wollenberg is a director and both he and the company are shareholders.

Mr D M Joseph is a non-executive director of First Choice Estates plc, a wholly owned subsidiary of the company.

Details relating to the shareholdings and remuneration of key management personnel are set out in the Directors' Report on page 12 and note 7 on page 35.

All transactions were carried out at arm's length.

27. FINANCIAL INSTRUMENTS

The group has exposure to credit risk, liquidity risk and market risk. This note presents information about the group's exposure to these risks, along with the group's objectives, processes and policies for managing the risks.

Credit risk

Credit risk is the risk of financial loss for the group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from clients, amounts due from the joint venture and monies on deposit with financial institutions.

The group has a credit policy in place and credit risk is monitored by the board on an ongoing basis. Credit evaluations are carried out on all new clients before credit is granted above certain thresholds. There is a spread of risks among a number of clients with no significant concentration of risk with any one client. The group establishes an allowance for impairment in respect of trade receivables where there is any doubt over recoverability.

The group has significant monies on deposit at the year end, largely in short term treasury deposits. The group's policy is to maximise interest income on these cash deposits whilst credit risk is mitigated through placing cash with leading international highly-rated financial institutions.

27. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amount of financial assets represents the maximum exposure to credit risk as follows:

	2017 £'000	2016 £'000
Cash and cash equivalents	3,485	2,198
Financial assets	1,370	1,047
Trade and other receivables	91	94
Amounts due from joint venture	–	1,500
	4,946	4,839

At 30 September 2017, the group had £4,855,000 (2016: £3,245,000) deposited with banks and financial institutions of which: £685,000 (2016: £698,000) is available for withdrawal in less than 30 days; £400,000 (2016: £1,000,000) is available for withdrawal in 30-60 days; £2,400,000 (2016: £500,000) is available for withdrawal in 60-90 days; £200,000 (2016: £1,047,000) is available for withdrawal in 90-180 days and £1,170,000 (2016: £nil) is available for withdrawal in over 180 days. As shown in the table above, the amounts available for withdrawal in over 90 days are classed as financial assets.

All financial assets are sterling denominated.

The ageing of trade receivables, prepayments and other receivables along with the associated provision at the year-end was:

	2017		2016	
	Gross £'000	Provision £'000	Gross £'000	Provision £'000
Not past due	92	2	109	18
Past due 31-90 days	2	1	1	–
Past due more than 90 days	6	6	5	3
	100	9	115	21
The movement in the provision during the year was as follows:				
At beginning of year		21		19
Amounts written back		(13)		(5)
Provided in year		1		7
At end of year		9		21

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, by preparing and regularly reviewing cash flow forecasts, that as far as possible, there will always be adequate liquidity to meet its liabilities as they fall due, without incurring unacceptable losses or risking damage to the group's reputation.

In respect of cash deposits, the carrying value approximates to fair value because of the short maturity of the deposits. Interest rates are floating and based on LIBOR. There is also no difference between the fair value of other financial assets and financial liabilities and their carrying value in the balance sheet.

The group's financial liabilities comprise trade creditors and other creditors amounting to £629,000 (2016: £564,000) and are all repayable within one year and are non-interest bearing.

Banking facilities

The company does not have loan or overdraft facilities. Sufficient cash resources are available to the group to complete the current maintenance and development programme. The board will keep this position under review.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices such as currency rates, interest rates and stock market prices will affect the group's results. The group's objective is to manage and control market risk within suitable parameters.

Currency risk

All of the group's transactions are denominated in sterling. Accordingly, the group has no direct exposure to exchange rate fluctuations. Furthermore, the group does not trade in derivatives.

Interest rate risk

The group does not undertake any hedging activity in this area. The main element of interest rate risk involves sterling deposits which are placed on a fixed rate deposit.

28. ACCOUNTING ESTIMATES AND JUDGEMENTS

The key accounting judgements is in classifying properties as investment properties or stock. Properties are held as investment properties if they are held for capital appreciation and rental income and properties are held as stock where they are being actively marketed for sale and the group no longer intend to hold once a suitable sale can be negotiated. However there have been experiences in the past where an offer received for an investment property has been accepted and the property sold and similarly properties have been moved to stock but a suitable offer has not been received so the property has continued to be held.

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.

The key areas of judgement in which estimates have been used and the assumptions applied are:

- 1) valuation of investment properties while supported by third party valuations include estimates. All investment property owned by the group has an independent third party valuation performed annually. The properties owned by the Campmoss group, are valued by the Campmoss directors having due regard to independent third party information and valuations as available; and
- 2) the deferred taxation provision uses these investment property valuations to calculate the gain or loss and hence deferred taxation liability. This liability is estimated based on the taxation rates expected to be in place in the future which may differ from the actual taxation rates at the time of sale.

COMPANY BALANCE SHEET

At 30 September 2017

	Notes	2017 £'000	2016 £'000	2016 £'000
Fixed assets				
Tangible assets:				
Investment properties	11	5,785		4,880
Property, plant and equipment	12	303		278
Deferred tax		5		–
		6,093		5,158
Investments	32	4,347		4,118
		10,440		9,276
Current assets				
Debtors	33	86		1,596
Financial assets		1,370		1,047
Cash at bank and in hand		3,485		2,198
		4,941		4,841
Creditors: amounts falling due within one year	34	(3,798)		(3,626)
Net current assets		1,143		1,215
Total assets less current liabilities		11,583		10,491
Provisions for liabilities	35	(160)		(134)
Net assets		11,423		10,357
Capital and reserves				
Called up share capital	19	253		254
Share premium account	20	5,076		5,076
Investment property revaluation reserve	36	2,049		1,144
Other reserves	37	2,723		2,620
Profit and loss account	38	1,322		1,263
Shareholders' funds – equity	39	11,423		10,357

These financial statements were approved by the board of directors on 27 November 2017 and were signed on its behalf by:

J Richard Wollenberg

Director

Company number: 00022705

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Investment property revaluation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 October 2015	256	5,076	924	2,495	1,872	10,623
Loss for the year	–	–	–	–	(54)	(54)
Other comprehensive income – revaluation of investments	–	–	–	98	–	98
Transactions with equity holders						
Purchase of own shares	(2)	–	–	2	(136)	(136)
Dividends	–	–	–	–	(174)	(174)
Total transactions with equity holders	(2)	–	–	2	(310)	(310)
Transfer on revaluation of investment properties	–	–	220	–	(220)	–
Transfer on revaluation of other properties	–	–	–	25	(25)	–
At 30 September 2016 and						
1 October 2016	254	5,076	1,144	2,620	1,263	10,357
Profit for the year	–	–	–	–	1,263	1,263
Other comprehensive income – revaluation of investments	–	–	–	72	–	72
revaluation of other property	–	–	–	30	–	30
Transactions with equity holders						
Dividends	–	–	–	–	(183)	(183)
Purchase of own shares	(1)	–	–	1	(116)	(116)
Total transactions with equity holders	(1)	–	–	1	(299)	(299)
Transfer on revaluation of investment properties	–	–	905	–	(905)	–
At 30 September 2017	253	5,076	2,049	2,723	1,322	11,423

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. ACCOUNTING POLICIES

The Cardiff Property plc (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

Measurement convention

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards and with the Companies Act 2006. The financial statements are prepared on the historical cost basis except that investment properties are stated at their fair value.

Going concern

The company remains profitable and cash generative and has a strong balance sheet. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

In applying the fair value model in IAS 40 Investment Property:

- i. investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the revenue accounting policy in note 2.

Independent professional valuations for the company's investment properties are obtained by the directors annually. The most recent such valuations were obtained as at 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment - other, comprises property, motor vehicles and fixtures, fittings and equipment.

Property is stated at valuation. An independent professional valuation for the company's freehold property is obtained by the directors annually. The most recent valuation was at 30 September 2017. Surpluses or deficits arising are recognised in other comprehensive income.

Motor vehicles, plant and equipment are stated at cost less accumulated depreciation.

Provision is made for depreciation so as to write off their cost on a straight-line basis over their expected useful life as follows:

- Freehold property 50 years
- motor vehicles 4 years
- fixtures, fittings and equipment 4 years

Investments

Listed investments are stated at fair value.

Investments in subsidiary undertakings and joint ventures are stated at cost less any impairment.

Cash at bank and in hand

Cash comprises cash in hand and deposits repayable in line with notice periods determined by the company, less overdrafts payable on demand.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability to the extent that they are appropriately declared and authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet this criteria are disclosed in the Directors' Report.

30. ADMINISTRATIVE EXPENSES

	2017 £'000	2016 £'000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	23	25
Tax services	-	6
Other services	3	3
Depreciation of plant and equipment	5	2

Details of employee numbers and costs in respect of the company are given in note 6.

31. PROFIT FOR THE FINANCIAL YEAR OF THE COMPANY

The profit for the financial year dealt with in the financial statements of the company is as follows:

	2017 £'000	2016 £'000
Profit/(loss) for the financial year (after dividends)	1,080	(228)

In accordance with the provisions of Section 408 of the Companies Act 2006 the company has not published a separate profit and loss account. The parent company's profit and loss account was approved by the board on 27 November 2017.

32. INVESTMENTS

	Shares in group undertakings £'000	Shares in joint venture undertaking £'000	Listed investments £'000	Total £'000
At beginning of year	2,739	545	834	4,118
Additions	–	–	157	157
Revaluation of investments	–	–	72	72
At end of year	2,739	545	1,063	4,347

Group undertakings

The company's investments in group undertakings, all of which are incorporated in England and Wales, are as follows:

	Issued share capital held	Type of shares held	Activity
First Choice Estates plc	100%	Ordinary shares of £1 each	Property development
Thames Valley Retirement Homes Limited	100%	Ordinary shares of £1 each	Property development
Village Residential plc	100%	Ordinary shares of 10p each	Dormant
Cardiff Property (Construction) Limited	100%	Ordinary shares of £1 each	Dormant
Wadharma Holdings Limited	100%	Ordinary shares of £1 each	Dormant
Land Bureau Limited	100%	Ordinary shares of £1 each	Dormant
Campmoss Property Company Limited	47.62%	Ordinary shares of £1 each	Property investment
Campmoss Property Developments Limited	47.62%	Ordinary shares of £1 each	Property development
Campmoss Property (Tangley Pace) Limited	47.62%	Ordinary shares of £1 each	Property investment

All of the above undertakings have been included within the consolidated financial statements. All of the above undertakings registered office is 56 Station Road, Egham, Surrey, TW20 9LF.

Further information on listed investments and our joint venture, Campmoss Property Company Limited, is included in note 13.

33. DEBTORS

	2017 £'000	2016 £'000
Trade debtors	30	35
Amounts owed by subsidiary undertakings	25	25
Amounts owed by joint venture undertaking	–	1,500
Other debtors	4	4
Prepayments and accrued income	27	27
Deferred tax asset	–	5
	86	1,596

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34. CREDITORS

	2017 £'000	2016 £'000
Rents received in advance	101	85
Trade creditors	10	41
Amounts owed to subsidiary undertakings	3,336	3,204
Corporation tax	83	71
Other taxes and social security	47	45
Other creditors	175	127
Accruals and deferred income	46	53
	3,798	3,626

35. PROVISIONS FOR LIABILITIES

	2017 £'000	2016 £'000
At beginning of year	(129)	(55)
(Charge) for the year in the profit and loss account	(26)	(74)
At end of year	(155)	(129)

Provision has been made for deferred taxation as follows:

	2017 £'000	2016 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(56)	(54)
Other timing differences	(99)	(75)
Net deferred tax liability	(155)	(129)
Disclosed as:		
Deferred tax asset	5	5
Deferred tax liability	(160)	(134)
Net deferred tax liability (see above)	(155)	(129)

The above deferred tax asset is not anticipated to be recoverable within the next 12 months.

36. INVESTMENT PROPERTY REVALUATION RESERVE

	2017 £'000	2016 £'000
At beginning of year	1,144	924
Revaluation in year	905	220
At end of year	2,049	1,144

37. OTHER RESERVES

	Revaluation reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 October 2015	128	498	1,869	2,495
Revaluation of property held for own use	25	–	–	25
Revaluation of investments	98	–	–	98
Purchase of own shares	–	2	–	2
At 30 September 2016 and 1 October 2016	251	500	1,869	2,620
Revaluation of property held for own use	30	–	–	30
Revaluation of investments	72	–	–	72
Purchase of own shares	–	1	–	1
At 30 September 2017	353	501	1,869	2,723

38. PROFIT AND LOSS ACCOUNT

	2017 £'000	2016 £'000
At beginning of year	1,263	1,872
Profit/(loss) for the financial year	1,263	(54)
Revaluation of investment properties – transfer to revaluation reserve	(905)	(220)
Revaluation of other property – transfer to other reserve	–	(25)
Dividends paid	(183)	(174)
Own shares purchased in year	(116)	(136)
At end of year	1,322	1,263

39. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2017 £'000	2016 £'000
Opening shareholders' funds	10,357	10,623
Profit/(loss) for the financial year	1,263	(54)
Dividends paid	(183)	(174)
Revaluation of investments	72	98
Revaluation of other property	30	–
Own shares purchased	(116)	(136)
Closing shareholders' funds	11,423	10,357

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty ninth Annual General Meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey TW20 9LF on Thursday 18 January 2018 at 12 noon, for the following purposes:

Ordinary business

1. To receive the reports of the directors and auditor and the financial statements for the year ended 30 September 2017.
2. To approve the remuneration report for the year ended 30 September 2017 including the remuneration policy.
3. To declare a dividend to be paid on 15 February 2018.
4. To re-elect as a director, J Richard Wollenberg who retires by rotation.
5. To re-appoint KPMG LLP as auditor of the company and to authorise the directors to determine its remuneration.

Special business

To consider and, if thought fit, to pass resolution 6 as an ordinary resolution and resolutions 7 and 8 as special resolutions.

6. That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the company to allot, grant options over or otherwise deal with or dispose of the unissued share capital of the company provided that the authority hereby given:
 - (a) shall be limited to unissued shares in the share capital of the company having an aggregate nominal value of £84,238; and
 - (b) shall expire at the end of the next Annual General Meeting of the company unless previously renewed or varied save that the directors may, notwithstanding such expiry, allot, grant options over or otherwise deal with or dispose of any shares under this authority in pursuance of an offer or agreement so to do made by the company before the expiry of this authority.

SPECIAL RESOLUTIONS

7. Subject to the passing of the preceding ordinary resolution the directors be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred in that behalf by the preceding ordinary resolution, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited:
 - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements; and
 - (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal amount of £12,635 representing 5% of the present issued share capital of the company;

and shall expire on the date of the next Annual General Meeting of the company or 15 months from the passing of this resolution, whichever is the earlier, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

8. Pursuant to article 12(2) of the company's articles of association that the company be and is hereby unconditionally and generally authorised to make market purchases (as defined in section 693(4) of the Companies Act 2006) of ordinary shares of 20 pence each in the capital of the company, provided that:
 - (a) the maximum number of ordinary shares hereby authorised to be acquired is 189,411 representing 14.99% of the present issued share capital of the company;
 - (b) the minimum price which may be paid for such shares is 20 pence per share which amount shall be exclusive of expenses;

- (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105% of the average of the middle market quotations for an ordinary share of the company taken from the Daily Official List of The London Stock Exchange on the ten business days immediately preceding the day on which the share is contracted to be purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or fifteen months from the passing of this resolution, whichever is the earlier; and
- (e) the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

Registered office:
56 Station Road
Egham
Surrey
TW20 9LF

By order of the board

K Chandler FCA
Secretary
27 November 2017

NOTES

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the company.
2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. A form of proxy accompanies this notice. Forms of proxy, to be valid, must be delivered to the company's offices at 56 Station Road, Egham, Surrey TW20 9LF in accordance with the instructions printed thereon, not less than 48 hours before the time appointed for the holding of the meeting.
4. If you are not a member of the company but you have been nominated under section 146 of the Companies Act 2006 (the 'Act') by a member of the company to enjoy information rights, you do not have the rights of members in relation to the appointment of proxies set out in notes 1, 2 and 3. The rights described in those notes can only be exercised by members of the company.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Withheld" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. Information regarding the meeting, including the information required by section 311A of the Act, is available from www.cardiff-property.com.
7. As provided by Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the company 48 hours before the time set for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
8. As at 16:00 hours on 24 November 2017, the company's issued share capital comprised 1,263,581 ordinary shares of 20 pence each. Each ordinary share carries the right to one vote at a general meeting of the company and, therefore, the total number of voting rights in the company at 16:00 hours on 24 November 2017 is 1,263,581.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

9. Under section 319A of the Act, the company must answer any question you ask relating to the business being dealt with at the meeting unless (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
10. If you are a person who has been nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person'), you may have a right under an agreement between you and the member of the company who has nominated you to have information rights (a 'Relevant Member') to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the company) regarding any changes or queries relating to your personal details and your interest in the company (including any administrative matters). The only exception to this is where the company expressly requests a response from you.
11. Members satisfying the thresholds in section 338 of the Act may require the company to give, to members of the company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the Annual General Meeting includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the company not later than 6 weeks before the date of the Annual General Meeting.
12. Members satisfying the thresholds in section 338A of the Act may request the company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the company not later than 6 weeks before the date of the Annual General Meeting.
13. Members satisfying the thresholds in section 527 of the Act can require the company to publish a statement on its website setting out any matter relating to (i) 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 Annual General Meeting; or (ii) any circumstances connected with an auditor of the company ceasing to hold office since the last Annual General Meeting, which the members propose to raise at the meeting. The company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required to publish on its website pursuant to this right.
14. Copies of the directors' service contracts will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the date of the Annual General Meeting, and also during and at least fifteen minutes before the beginning of the Annual General Meeting.
15. The company may hold in treasury any of its own shares purchased under the authority conferred by resolution 8 above. This would give the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.

FINANCIAL CALENDAR

28 November 2017	Results announced for the year ended 30 September 2017
18 January 2018	Annual General Meeting/General Meeting
25 January 2018	Ex-dividend date for the final dividend
26 January 2018	Record date for the final dividend
15 February 2018	Final dividend to be paid
May 2018	Interim results for 2017 to be announced
July 2018	Interim dividend for 2017 to be paid
30 September 2018	Year end

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