

# Report of the directors

The corporate governance report on pages 34 to 57 forms part of the report of the directors

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

The principal activity of the group continues to be property investment. The group also invested in listed equity investments but these were disposed of in February 2019.

## Directors

The directors, who served throughout the year are listed below:

<b>Charles Butler</b>	Non-executive chairman
<b>Simon Costa</b>	Senior independent non-executive director
<b>Simon Gill</b>	Chief executive
<b>David Kingerlee</b>	Executive director
<b>Roberta Miles</b>	Finance director

The board recognises the requirement of the UK Corporate Governance Code regarding the segregation of roles and division of responsibilities between the chairman and chief executive and between the leadership of the board and the executive leadership of the business and has complied with these requirements during the year.

The interests of the directors in the shares of the company are included in the remuneration report on page 52.

In accordance with the Code, all directors will retire and offer themselves for re-election at the forthcoming 2020 AGM.

The board confirms that following performance evaluations, and review by the nomination committee, the performance of each director continues to be effective and that they demonstrate commitment to their role. The board believes that it is in the best interest of shareholders that these directors be re-elected.

## Financial instruments

The groups exposure to, and management of, capital risk, market risk and liquidity risk is in note 18 to the consolidated financial statements.

## Structure of share capital and rights and obligations attaching to shares

The company's allotted and issued share capital as at 31 December 2019 was £1,291,810 (2018 £1,291,810) divided into 5,167,240 (2018 5,167,240) ordinary shares of 25 pence each, each of which was called up and fully paid. There have been no changes to the share capital since the year end.

Subject to the Companies Act for the time being in force (the "Act") the company's articles of association confer on holders the following principal rights:

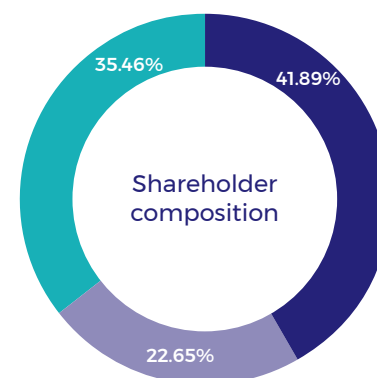
- To receive a dividend**  
 The profits of the company available for dividend, and resolved to be distributed, shall be applied in the payment of dividends to the members and to persons becoming entitled to shares by transmission, in accordance with their respective rights and priorities. The company in general meeting may declare dividends accordingly.
- To a return of capital or assets, if available, on liquidation**  
 Upon any winding up of the company, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the statutes, divide among the members in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members of different classes of members.
- To receive notice of, attend and vote at an AGM**  
 At each AGM upon a show of hands every member present in person or by proxy shall have one vote, and upon a poll every member present in person or by proxy shall have one vote for every share of which he or she is the holder.
- To have, in the case of certificated shares, rights in respect of share certificates and share transfers**  
 Every person whose name is entered as a member in the register as the holder of any certificated share shall be entitled without payment to one certificate for all the shares of each class held by him or, upon payment of such reasonable out-of-pocket expenses for every certificate after the first as the board shall from time to time determine, several certificates each for one or more of his shares. On any transfer of shares, the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof.

## Substantial shareholders

As at 31 December 2019 the following notifications of interests in 3% or more of the company's ordinary share capital in issue had been received:

	Beneficial	Number of shares
D G & M B Conn and associates	22.65%	1,170,405
Controlling shareholder – Kingerlee Concert Party comprising		
– the wholly owned subsidiaries of Kingerlee Holdings Limited:		
Kingerlee Limited	9.97%	515,000
Kingerlee Homes Limited	7.72%	399,093
T H Kingerlee & Sons Limited	9.58%	494,770
Total – Kingerlee Holdings Limited	27.27%	1,408,863
– other associates	14.62%	755,603
<b>Total – Kingerlee Concert Party</b>	<b>41.89%</b>	<b>2,164,466</b>

Since 31 December 2019 the company has been notified that the holding of the 'other associates' has reduced by 37,470 shares (0.73%).



- Kingerlee Concert Party
- Conn Concert Party
- Other shareholders

# Report of the directors continued

## Controlling shareholder

A controlling shareholder is defined by the FCA as “any person who exercises or controls, on their own or together with any other person with whom they are acting in concert, 30% or more of the votes able to be cast on all or substantially all matters at general meetings of the company”. The directors are aware that the shareholdings of Kingerlee Holdings Limited and its subsidiaries referred to in the above table together with their connected parties and associates form the Kingerlee Concert Party which, as at 30 April 2020, held 2,126,996 ordinary shares, representing 41.16% of the company's issued share capital. The Kingerlee Concert Party is therefore a controlling shareholder. The persons comprising the Kingerlee Concert Party were confirmed by the Takeover Panel in 1999. The company can confirm that, in accordance with these rules:

- it entered into a controlling shareholder agreement (CSA) with the Kingerlee Concert Party on 13 November 2014
- the company has complied with the independence provisions in the CSA from 1 January 2019 until 31 December 2019 (the period)
- so far as the company is aware, the independence provisions in the CSA have been complied with by the controlling shareholder and its associates in the period
- so far as the company is aware, the procurement obligation in the CSA has been complied with by the controlling shareholder in the period.

The CSA contains undertakings that inter alia:

- transactions and relationships with the controlling shareholder (and/ or any of its associates) will be conducted at arm's length and on normal commercial terms
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the company or any member of its group from complying with its obligations under the Listing Rules; and

- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

The directors have put in place measures to ensure that the election or re-election by the shareholders of any independent non-executive director should be approved by an ordinary resolution of the shareholders and separately approved by those shareholders who are not controlling shareholders, the independent shareholders.

## Directors' indemnification and insurance

The company's articles of association provide for the directors' and officers of the company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. The company purchases and maintains insurance for the directors and officers of the company in performing their duties, as permitted by section 233 Companies Act 2006.

## Greenhouse gas emissions

Under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, the company is required to report annual greenhouse gas emissions. The directors have considered this obligation and taken into account the following factors:

- the group operates from a serviced office within a larger building and has no direct responsibility for energy usage;
- the annual energy cost for the limited shared commercial areas within the property portfolio are less than £5,000pa
- the car fuel used by the group and its advisers is considered de minimis.

On this basis the directors do not consider that it is practicable or valuable to report any detailed data on greenhouse gas emissions.

## Engagement with customers suppliers and others who have a business relationship with the company

The directors work closely with tenants, potential tenants and key members of our advisory team. More information can be found on page 17.

## Dividends

The dividends paid by the company during the year and declared prior to the publication of this report are set out in note 6 of the consolidated financial statements on page 69.

## Charitable donations

During the year, the board made charitable donations of £10,000. More detail can be found on page 31.

## Disclosure of information to the auditor

So far as the directors who held office at the date of approval of this directors' report are aware there is no relevant audit information of which the auditor is unaware and each director has taken steps that he or she ought to have taken as a director to make himself or herself aware of any audit information and to establish that the auditor is aware of that information.

## Auditor

Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming AGM.

## Post balance sheet events

There were no post balance sheet events requiring disclosure.

This report was approved by the board



**Roberta Miles**  
Finance Director  
30 April 2020