London Stock Exchange

RNS Half-year/Interim Report

KCR RESIDENTIAL REIT PLC

Interim Results

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KCR Residential REIT plc

("KCR" or the "Company")

Interim Results

KCR Residential REIT plc, the residential REIT group, is pleased to announce its interim results for the six months to 31 December 2019.

Operational Highlights

- Revenue for the six months increased to £427,057 (2018: £269,113) and gross margin improved to 76% (2018: 45%).
- Portfolio level occupancy is high, rental values have increased and capital values remain firm.
- KCR recurring administrative expenses for the period fell to £706,177 (2018: £800,583) with further reductions to come.
- Current liabilities at 31 December 2019 were down to £930,062 (2018: £7,904,125) and total liabilities were lower at £10,404,715 (2018: £14,710,415).
- Incentive preference shares have been cancelled and negative *share based payment charges* will no longer appear in the profit and loss account.
- The £7.9m refinancing of property in February 2020 delivered £2.9m of free cash to the Company, significantly strengthening KCR's liquidity position.
- We expect the ongoing uncertainty in the market to lead to more acquisition opportunities.

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Notes to Editors:

KCR's objective is to build a substantial residential property portfolio that generates secure income flow for shareholders. The Directors intend that the group will acquire, develop and manage residential property assets in a number of jurisdictions including the UK.

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

KCR Residential REIT plc ("**KCR**" or the "**Company**") and its subsidiaries (together the "**Group**") operate in the private rented residential investment market. The Company acquires whole blocks of studio, one- and two-bed apartments that are rented to private tenants. The Company currently focuses on the UK residential sector.

Since the year end report to 30 June 2019, the UK has had an election result (12 December 2019) that hands a clear majority to the Conservative Party, and the first stage of the UK's exit from the European Union has been implemented (31 January 2020). This has removed some of the uncertainty that held back consumer and business confidence in recent years which has translated into, we believe, a firming up of house prices but not the "bounce" that the press has reported.

Although the election and the first phase of Brexit are behind us, there remains significant uncertainty.

- The reality of the next phase of Brexit is that it will be complicated to agree the detail of a trade deal with Europe by 31 December 2020 without which the UK will fall back onto World Trade Organisation (WTO) rules.

- The Coronavirus has had a global negative impact on demand, supply chains, stock markets and consumer and business confidence. Whilst the full impact is yet to be seen it is expected that travel restrictions and reduced leisure travel in the near term will have a negative impact on demand for short let accommodation in the United Kingdom. This has potential to negatively impact the occupancy profile and rentals that can be achieved in KCR's portfolio if stock that is currently used predominantly for short let leisure travel is repositioned for longer term lease. Further information can be found in note 11 of these interim financial statements.

- On 11 March 2020 in the UK's Budget further changes were made to UK stamp duty (a 2% surcharge on foreign buyers) which is expected to negatively affect demand in the medium to high value residential property price range.

The UK residential rented property market, however, remains fundamentally under-supplied. KCR continues to target a specific segment of rented residential property that is in high demand and relatively short supply. The Company acquires blocks of flats for rent aimed at early-stage professionals and continues to experience positive rental growth and high occupancy rates across the portfolio.

CHIEF EXECUTIVE'S REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

We are pleased to report on the progress of the Group in the six-month period since 30 June 2019.

Property portfolio

KCR achieved its objective of increasing rental revenue across the portfolio. Revenue for the six months increased to £427,057 (2018: £269,113) and gross margin improved to 76% (2018: 45%).

At the time of writing, portfolio level occupancy is high, rental values have increased and capital values remain firm.

- The Company's investment in 27 units at Deanery Court, Southampton is fully occupied. The wider Chapel Riverside development upon which Deanery Court is located is proceeding well which we expect to enhance the value of the property over time as cafes and retailers move-in alongside the new residents.

- The Ladbroke Grove portfolio of 17 units is fully let apart from one unit which is being refurbished. This will be complete in the next two weeks.

- The block of ten apartments at Coleherne Road has three units undergoing a light refurbishment that will be complete during March.

- The Heathside property with 37 flats in Golders Green, London has four new lettings on assured shorthold tenancies (AST) in place alongside the 31 historic long leases. Two flats remain available to let on ASTs.

KCR is analysing the opportunity to provide all-inclusive rental contracts that include utilities and furniture, that can be let for periods of 1 week to 12 months plus. This walk-in-walk-out (WIWO) strategy is designed to be frictionless for tenants, making the move-in move-out process simple and quick. We believe there is demand for this type of residential offering in London and that a premium rental can be achieved for delivering this service. We will trial the WIWO strategy at the 10 units in Coleherne Road in the coming months following a full refurbishment at the property. Should the WIWO strategy be successful, the Company will implement it progressively in its other London assets.

Financial

For the six months to 31 December 2019:

- Revenue increased to £427,057 (£269,113 at 31 December 2018) an increase of 58.7 per cent.
- Consolidated operating loss before separately disclosed administrative items was £382,183 (£24,736 profit at 31 December 2018)

At 31 December 2019:

- KCR's investment properties were valued at £23.4 million (£23.9 million at 30 June 2019) a decrease in portfolio value of £0.5 million due to a disposal of a single flat at Heathside, Golders Green.
- The Group's net asset value per share was 47.84p (60.67p at 30 June 2019) following the issue of new shares as part of the Torchlight Fund LP transaction (See RNS 12 July 2019).

Corporate activity

The corporate transaction with Torchlight Fund LP was reported in detail in the Circular (12 July 2019) and outlined in the year end accounts to 30 June 2019 post balance sheet events.

Since the release of the Annual Report, on 12 February 2020 KCR successfully completed a £7.9m refinancing of its Coleherne Road, Ladbroke Grove and Lomond Court, London assets. The refinancing, which has a 25-year term and a five year fixed rate, is interest only and is secured on the refinanced assets. The interest rate on loans relating to these properties moved from 3.75% p.a. to 3.5% p.a. This transaction delivered £2.9m of free capital to KCR post repayment of the existing bank facility.

Post completion of this KCR maintains a strong liquidity profile and is well placed to complete upgrades to the existing portfolio and pursue acquisitions to grow the portfolio.

Outlook

Given the ongoing resilience of the UK rented residential property sector, the potential equity available through its shareholder Torchlight Fund, and capital delivered through the refinancing of its London portfolio, the Board remains positive about investing in new opportunities to grow its portfolio and resulting revenue stream.

Our near term focus is on improving rental income from existing assets through the WIWO letting strategy, refurbishment to improve building quality and the optimisation of property management to reduce direct costs. We are also implementing a strategy to reduce corporate overheads.

KCR continues to source and analyse potential acquisitions that fit its portfolio strategy. The Company is also initiating a full refurbishment at its Coleherne Road, London property which it expects to complete in early 2021.

The Board looks forward to updating shareholders on these activities in due course

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

	Notes	**Six months ended 31 December 2019 £**	Six months ended 31 December 2018 (as restated*) £	Year ended 30 June 2019 (audited) £
Revenue		**427,057**	269,113	777,827
Cost of sales		**(103,063)**	(148,794)	(212,743)
Gross profit		**323,994**	120,319	565,084
Administrative expenses		**(706,177)**	(800,583)	(1,446,565)
Fair value through profit and loss - Revaluation of investment properties	6	**-**	705,000	3,268
Operating (loss)/profit before separately disclosed items		**(382,183)**	24,736	(878,213)
Share-based payment charge	8	**(1,599,678)**	(1,180,918)	(1,387,441)
Costs associated with third-party fundraising and issue of shares	3	**(300,835)**	(167,817)	(407,616)
Loss on disposal of property SPV		-	(325,002)	(340,753)
Operating loss		**(2,282,696)**	(1,649,001)	(3,014,023)
Finance costs		**(229,527)**	(263,853)	(732,984)
Finance income		**1,541**	9,590	9,635
Loss before taxation		**(2,510,682)**	(1,903,264)	(3,737,372)
Taxation		**-**	-	-
Loss for the period/year		**(2,510,682)**	(1,903,264)	(3,737,372)
Total comprehensive expense for the period/year		**(2,510,682)**	(1,903,264)	(3,737,372)
Basic and diluted loss per ordinary share (pence)	4	**(9.94)**	(13.93)	(24.66)

* The disposal of KCR (Cygnet) Limited in the period to 31 December 2018 was previously accounted for as a business combination with the loss on disposal shown as a loss from discontinued operations. This disposal has been restated as an asset disposal. Details of the prior period adjustment are included within the audited annual report for the year ended 30 June 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019 (unaudited)

31	31	30 June 2019

	Notes	**December 2019 £**	December 2018 £	(audited) £
Non-current assets				
Property, plant and equipment		**57,927**	33,165	61,370
Investment properties	6	**23,385,000**	24,600,000	23,923,000
		23,442,927	24,633,165	23,984,370
Current assets				
Trade and other receivables		**127,855**	1,221,412	77,078
Cash and cash equivalents		**24,218**	63,521	29,298
		152,073	1,284,933	106,376
Total assets		**23,595,000**	25,918,098	24,090,746
Equity				
Shareholders' equity				
Share capital	7	**2,756,963**	2,029,178	2,029,178
Share premium		**13,535,468**	10,018,986	10,018,986
Capital redemption reserve		**344,424**	67,500	67,500
Other reserves		**14,930**	14,930	14,930
Retained earnings		**(3,461,500)**	(922,911)	(2,550,496)
Total equity		**13,190,285**	11,207,683	9,580,098
Non-current liabilities				
Interest bearing loans and borrowings		**9,474,653**	6,806,290	9,881,344
Current liabilities				
Trade and other payables		**754,944**	6,327,574	2,737,010
Interest bearing loans and borrowings		**175,118**	1,576,551	1,892,294
		930,062	7,904,125	4,629,304
Total liabilities		**10,404,715**	14,710,415	14,510,648
Total equity and liabilities		**23,595,000**	25,918,098	24,090,746
Net asset value per share (pence)		**47.84**	70.97	60.67

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

	Share capital £	**Share premium £**	**Unissued share capital** (as restated) **£**	**Capital redemption reserve £**	**Retained earnings £**	**Other reserves £**	**Total equity £**
Balance at 1 July 2018	1,435,721	7,358,244	1,260,299	67,500	(200,565)	29,862	**9,951,061**
Changes in equity Transactions with owners:							
Issue of share capital	593,457	2,660,742	(1,260,299)	-	-	**-**	**1,993,900**
Share-based payment charge	-	-	-	-	1,180,918	**-**	**1,180,918**
Total transactions with owners:	593,457	2,660,742	(1,260,299)	-	1,180,918	**-**	**3,174,818**
Total comprehensive expense	-	-	-	-	(1,903,264)	**-**	**(1,903,264)**
Equity element of loan finance	-	-	-	-	-	(14,932)	**(14,932)**
Balance at 31 December 2018	2,029,178	10,018,986	-	67,500	(922,911)	14,930	**11,207,683**
Changes in equity Transactions with owners:							
Share-based payment charge	-	-	-	-	206,523	**-**	**206,523**
Total transactions with owners:	-	-	-	-	206,523	**-**	**206,523**
Total comprehensive expense	-	-	-	-	(1,834,108)	**-**	**(1,834,108)**
Balance at 30 June 2019	2,029,178	10,018,986	-	67,500	(2,550,496)	14,930	**9,580,098**
Changes in equity Transactions with owners:							

Issue of share capital	1,004,709	3,516,482	-	-	-	-	**4,521,191**
Restricted Preference Shares gifted to company	(276,924)	-	-	276,924	-	-	-
Share-based payment charge	-	-	-	-	1,599,678	-	**1,599,678**
Total transactions with owners:	727,785	3,516,482	-	276,924	1,599,678	-	**6,120,869**
Total comprehensive expense	-	-	-	-	(2,510,682)	-	**(2,510,682)**
Balance at 31 December 2019	**2,756,963**	**13,535,468**	**-**	**344,424**	**(3,461,500)**	**14,930**	**13,190,285**

*In the prior period unissued share capital was presented within current liabilities. This has been restated in the current period to re-classify the balance to equity. Details of the prior period adjustment are included in the audited annual report for the year ended 30 June 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

	Six months ended 31 December 2019 £	Six months ended 31 December 2018 *(*as restated)* £	Year ended 30 June 2019 (audited) £
Cash flows from operating activities			
Loss for the period/year from continuing operations	**(2,510,682)**	(1,903,264)	(3,737,372)
Adjustments for			
Depreciation charges	**11,621**	5,828	18,074
Share-based payment charge	**1,599,678**	1,180,918	1,387,441
Loss on disposal of property SPV	**-**	360,081	340,753
Revaluation of investment properties	**-**	(705,000)	(3,268)
Finance costs	**229,527**	263,853	732,984
Finance income	**(1,541)**	(9,590)	(9,635)
(Increase)/decrease in trade and other receivables	**(50,777)**	(517,985)	626,349
Decrease in trade and other payables	**(1,982,066)**	(1,977,431)	(4,315,992)
Cash used in operations	**(2,704,240)**	(3,302,590)	(4,960,666)
Interest paid	**(229,527)**	(263,853)	(732,984)
Net cash used in operating activities	**(2,933,767)**	(3,566,443)	(5,693,650)
Cash flows from investing activities			
Proceeds from sale of investment properties	**538,000**	-	-
Purchase of property, plant and equipment	**(8,178)**	-	(40,451)
Purchase of investment properties	**-**	-	(24,732)
Disposal of property SPV	**-**	1,140,000	1,140,000
Interest received	**1,541**	9,590	9,635
Net cash from/(used in) investing activities	**531,363**	1,149,590	1,084,452
Cash flows from financing activities			
Loan repayments in period	**(2,123,867)**	(130,250)	(796,079)
New loans in year	**-**	-	3,434,250
Shares issued	**4,521,191**	2,604,199	1,993,900
Net cash from financing activities	**2,397,324**	2,473,949	4,632,071
Increase/(decrease) in cash and cash equivalents	**(5,080)**	57,096	22,873
Cash and cash equivalents at beginning of period	**29,298**	6,425	6,425
Cash and cash equivalents at end of period	**24,218**	63,521	29,298

*The disposal of KCR (Cygnet) Limited in the period to 31 December 2018 was previously accounted for as a business combination with the loss on disposal shown as a loss from discontinued operations. This disposal has been restated as an asset disposal. Details of the prior period adjustment are included in the audited annual report for the year ended 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 (unaudited)

1. Basis of preparation

The Company is registered in England and Wales. The consolidated interim financial statements for the six months ended 31 December 2019 comprise those of the Company and subsidiaries. The Group is primarily involved in UK property ownership and letting.

Statement of compliance

This consolidated interim financial report has been prepared in accordance with the measurement principles of IFRS adopted in the EU. AIM-listed companies are not required to comply with IAS 34 Interim Financial Reporting and the Group has taken advantage of this exemption. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements for the year ended 30 June 2019. This consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards. The financial statements are unaudited and do not constitute statutory accounts as defined in section 434(3) of the Companies Act 2006.

A copy of the audited annual report for the year ended 30 June 2019 has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain statements under s498(2) or s498(3) of the Companies Act 2006.

This consolidated interim financial report was approved by the Board of Directors on 26 March 2020.

New standards and interpretations adopted

These interim financial statements are the first under which the Group is adopting IFRS 16 'Leases', which is effective for periods commencing after 1 January 2019.

The directors considered the adoption of IFRS 16 for the period beginning 1 July 2019. The Group currently has a small number of operating leases concerning office premises and plant and equipment as set out in Note 5. IFRS 16 provides an exemption for short term operating leases and leases of low value. As its leases are short term and not material, the Group will take advantage of the exemption rather than establish a right to use asset and related liability as required for relevant leases under IFRS 16.

The accounting policy is disclosed below.

Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2019, with the following exceptions:

Basis of consolidation

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

Leases

The costs of operating leases of low value items and those with a short term at inception are recognised as incurred.

2. Operating segments

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

3. Operating loss

The loss before taxation is stated after charging:

	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019 (audited)
	£	£	£
Costs associated with third party fundraising	**300,835**	167,817	407,616
Directors' remuneration	**137,050**	304,000	486,300

During the six months ended 31 December 2019, the Group incurred costs of £300,835 relating to the Torchlight Fund transaction. The transaction with Torchlight Fund LP was reported in detail in the Circular (12 July 2019) and outlined in the year end accounts to 30 June 2019 post balance sheet events.

During the period, the Company paid DGS Capital Partners LLP, a business partly owned by Michael Davies, fees of £21,600 (2018: £21,600) and Naylor Partners, a business owned by Russell Naylor, fees of £20,000 (2018: £nil).

The directors are considered to be key management personnel.

4. Basic and diluted loss per share

Basic

The calculation of loss per share for the six months to 31 December 2019 is based on the loss for the period attributable to ordinary shareholders of £2,510,682 divided by a weighted average number of ordinary shares in issue.

The weighted average number of shares used for the six months ended 31 December 2019 was 25,265,268 (June 2019 - 15,156,059) (December 2018 - 13,658,423).

5. Lease arrangements

	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019 (audited)
	£	£	£
Expense relating to short-term lease	**16,813**	13,616	31,282

The total cash outflow relating to leases in the period amounted to £16,813 (2018: £13,616).

At 31 December 2019 the Group is committed to £46,202 (2018: £54,561) relating to leases classified as short term where the right-of-use asset and corresponding lease liabilities are not recognised in the statement of financial position.

6. Investment properties

	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019 (audited)
	£	£	£
At start of period	**23,923,000**	26,695,000	26,695,000
Additions	**-**	-	24,732
Revaluations	**-**	705,000	3,268
Disposals	**(538,000)**	(2,800,000)	(2,800,000)
At end of period	**23,385,000**	24,600,000	23,923,000

The investment properties were procured upon acquisition of subsidiaries.

Investment properties were valued by professionally qualified independent external valuers at the date of acquisition and were recorded at the values that were attributed to the properties at acquisition date. The investment properties were independently valued at, or within three months of the financial year ended 30 June 2019. Fair value is based on current prices in an active market for similar properties in the same location and condition. The current price is the estimated amount for which a property could be exchanged between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

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

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

Fair Value Hierarchy	Valuation Technique	Significant Inputs Used	Significant Unobservable Inputs
Level 3	Income capitalisation and or capital value on a per square foot basis	Adopted gross yield	3.29% - 5.39%
		Adopted rate per square foot	£332 - £825

7. Share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31 December 2019	31 December 2018	30 June 2019 (audited)
			£	£	£
27,569,631	Ordinary	£0.10	**2,756,963**	**1,579,178**	1,579,178
-	Restricted preference	£0.10	**-**	**450,000**	450,000
			2,756,963	**2,029,178**	2,029,178

At 1 July 2019, the Company had 15,791,777 Ordinary shares of £0.10 each and 4,500,000 Restricted Preference shares of £0.10 each in issue.

On 6 August 2019, the Company converted 1,730,765 Restricted Preference shares to Ordinary shares. The remaining 2,769,235 Restricted Preference shares were cancelled.

On 6 August 2019, 10,047,089 Ordinary shares of £0.10 each were allotted, at a premium of £0.35 per share. 9,000,000 of the shares were issued to Torchlight Fund LP. Of the remaining 1,047,089 shares issued, 1,024,867 were issued to settle liabilities of the Company.

The Ordinary shares carry no rights to fixed income.

8. Share-based payments

The expense recognised during the period is shown in the following table:

	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019 (audited)
	£	£	£
Expense arising from restricted preference shares	**1,599,678**	1,180,918	1,387,441

Restricted Preference shares:

Restricted Preference shares were granted to certain directors and other senior managers on 2 February 2017, 24 April 2017 and 5 September 2018. Upon the achievement by the Group of certain milestones, the Restricted Preference shares were convertible into Ordinary shares at £0.10 each. On 6 August 2019, in order to simplify the share structure of the Company, the Company entered into an agreement with the holders of the Restricted Preference Shares whereby 5 out of every 13 Restricted Preference Shares held would be converted into Ordinary Shares. The remaining Restricted Preference Shares were acquired by the Company for nil consideration and subsequently cancelled.

The executive directors' interests in Restricted Preference shares were as follows:

	Balance at 31 December 2018	Granted	Converted	Balance at 30 June 2019	Converted	Gifted to Company	Balance at 31 December 2019
Dominic White	1,500,000	265,357	(500,000)	1,265,357	(486,675)	(778,682)	-
Timothy James	960,000	265,357	(320,000)	905,357	(348,214)	(557,143)	-
James Cane	30,000	10,000	(10,000)	30,000	(11,538)	(18,462)	-
Oliver Vaughan	810,000	265,357	(270,000)	805,357	(309,752)	(495,605)	-
Timothy Oakley	300,000	265,357	(100,000)	465,357	(178,983)	(286,374)	-
Christopher James	600,000	214,286	(200,000)	614,286	(236,263)	(378,023)	-
Employees	300,000	214,286	(100,000)	414,286	(159,340)	(254,946)	-
Total	4,500,000	1,500,000	(1,500,000)	4,500,000	(1,730,765)	(2,769,235)	-

The principal inputs and assumptions used in the calculation of the share-based payment charge are unchanged from those detailed in the consolidated financial statements for the year ended 30 June 2019. Due to the conversion and cancellation of the Restricted Preference Shares, the vesting period was accelerated and therefore the share-based payment charge has been recognised fully in these interim financial statement.

9. Convertible Loan Notes

As at 1 July 2019, the Company had £200,000 convertible loan notes in issue. On 22 August 2019, £100,000 of the loan notes were converted into 222,223 Ordinary shares at an issue price of £0.45 per share. At 31 December 2019, the Company had £100,000 convertible loan notes still in issue.

10. Related Party Transactions

On 24 June 2018, the Company entered into a loan agreement arranged by DGS Capital Partners LLP, a limited liability partnership in which Michael Davies is a member, with certain investors. The loan was for £1,475,000 and was subject to an interest rate of 12 per cent per annum. The capital and interest outstanding at 30 June 2019 was £1,520,826. Interest and charges charged in the period to 31 December 2019 totalled £33,485. The loan and outstanding interest were repaid on 22 August 2019. The repayment consisted of £1,425,000 cash and £129,311 of Ordinary shares.

During the 2019 financial year, Oliver Vaughan, a director of the Company, loaned the Company £150,000. The loan was unsecured and was due for repayment on 15 May 2019. The loan was extended in June 2019 for which a fee of £10,000 was charged to the Company. The total liability at 30 June 2019 totalled £160,000. The loan was interest free. £110,000 of the loan was repaid via the issue of Ordinary shares in the Company on 6 August 2019. The remaining £50,000 was repaid on 8 August 2019.

During the 2019 financial year, the Company issued £50,000 of convertible loan notes to Kimono Investments Limited, an entity in which Oliver Vaughan's children have a financial interest. At 30 June 2019 the total loan notes and interest outstanding totalled £52,616. Interest charged in the period to 31 December 2019 was £340. The principal loan was repaid on 22 August 2019. The repayment consisted of £50,000 of Ordinary shares.

During the 2019 financial year, the Company issued convertible loan notes to White Amba Pension Scheme of £25,000. At 30 June 2019 the total loan notes and interest outstanding totalled £26,050. Interest charged in the period to 31 December 2019 was £170. The principal loan was repaid on 22 August 2019. The repayment consisted of £25,000 of Ordinary shares.

During the 2019 financial year, the Company issued convertible loan notes to Katie James, relative of Timothy James of £25,000. At 30 June 2019 the total loan notes and interest outstanding totalled £26,050. Interest charged in the period to 31 December 2019 was £170. The principal loan was repaid on 22 August 2019. The repayment consisted of £25,000 of Ordinary shares.

During the 2019 financial year, Timothy Oakley, a director of a number of subsidiary companies, received remuneration of £30,200 (2018 - £30,000). £15,000 of this remuneration was included in accruals at 30 June 2019. During the 2019 financial year Timothy Oakley also loaned the Company £50,000 as part of the loan arranged by DGS Capital Partners LLP, as detailed above. The loan and outstanding remuneration were repaid on 22 August 2019. The repayment consisted of £62,375 of Ordinary shares.

During the 2019 financial year, Christopher James, a director of a number of subsidiary companies, received remuneration of £51,200 (2018 - £14,000). £44,000 of this remuneration was included in accruals at 30 June 2019. This was settled during the period to 31 December 2019. Part of the settlement consisted of the issue of £6,050 of Ordinary shares.

11. Post Balance Sheet Events

The following material events have occurred subsequent to 31 December 2019 to the date when these interim condensed consolidated financial statements were authorised for issue -

- On 12 February 2020, the Group completed a £7.9m refinancing of its Coleherne Road, Ladbroke Grove and Lomond court assets. The refinancing has a term of 25 years, a five-year fixed interest rate and is secured on the assets concerned. The interest rates relating to these properties reduces from 3.75% per annum to 3.5% per annum.

This transaction delivered £2.9m of free capital to KCR post repayment of the existing bank facility providing KCR with a strong liquidity position.

- In January 2020, an outbreak of a novel coronavirus, now classified as COVID-19, was detected in China's Hubei province. During the following months, COVID-19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. At the date of signing of this report, confirmed cases were in excess of 460,000 and deaths caused by COVID-19 were in excess of 20,000. In order to stem the spread of the virus, Governments around the World are taking drastic steps which include compulsory closure of various businesses, shops and schools and are also heavily restricting of movement of people.
- Due to the rapid development of COVID-19, the degree of uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors are of the opinion that it is too soon to quantify what financial impact that the COVID-19 pandemic will cause but are monitoring the situation closely.

END

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