**Central Wool Growers Ltd – AGM Thursday 5th December 2024**

**Report of the Board –**

The business continues to be totally focussed on its properties. We continue our good relationship with Mole Valley who maintained 6 depots with us during the year following their withdrawal from our Darley Dale property which we then sold.

Priory Vets and Optima Self Storage continue on our Stamford site but we have seen changes at units 2 and 3 following the exit of our former tenant BLS. We have had Easternrose Ltd in unit 2 since July 2023 with a lease now running to 2040. Kyoto Ltd took over unit 3 in June 2024 following a void period of 7 months with their lease going to 2034. Optima have extended their lease until 2039 and Priory Vets have expressed a wish to extend their lease also for a further 10 years. Our Stamford site is now well positioned to deliver for us for the next 10 years at least.

The leases with our tenants MVF are due for renewal as at June 2025 on 5 of the

properties with Stamford due in 2026. Following initial discussions to establish that MVF wish to continue with all of the properties, negotiations are now underway and matters are in the hands of our respective agents.

In terms of trading results, the years’ figures reflect the rental income from our properties together with associated costs. We achieved an operating profit, before financial interest and profit on disposals, of £285k against a budget of £270k. This was down from £391k the previous year due to unit 3 being vacant for longer than anticipated which reduced our income, and our costs were up predominantly due to a major spend on the roof of our property at Worksop and increased legal fees related to re letting units 2 and 3 at Stamford.

All of our properties are now fully let with several at improved rents which is reflected in our budget for the current year for which we have forecast an operating profit of £375k. We are not allowing for any changes to the MVF rentals which will only affect matters for the following year. The projected profit reflects our trading position only and is before any exceptional FRS 17 allocated pension costs and tax, and to the end of the first qtr, ie September, we remain on track.

We continue to remain vigilant towards our key ongoing challenges and we continue to meet our principle goals.

In terms of organisation, Julie Gregg, our company Secretary, runs the day-to-day administration, alongside the Board of Nick Kidd and myself, both taking more of a hands-on approach where required.

Our property interests continue to be managed by Andrew Leech at Richardsons

in Stamford, and our day-to-day bookwork and accounts are undertaken by

Duncan & Toplis. Our legal work is undertaken by Roythornes.

The Pension Fund as ever remains our biggest challenge and you can see from the

accounts that the deficit figure has decreased for the fifth year in a row from £12.3m to £10.5m to £6.4m to £5.039M and now £4.425m at the end of June 24.

It is heartening to see this continued move downward but we don’t get complacent, knowing that the figure is affected by a number of different external factors outside of our control which could just as easily increase the deficit next year.

Nonetheless, it is extremely encouraging to report a further improvement in the

balance sheet which shows an increased positive net worth of £3.194m. It was only in 2017 that our balance sheet was showing an adverse figure of more than £6m and the Board is very proud of the work that we have put in to get to where we are today. Ultimately it will be the members who benefit. But in the meantime, the job is not finished due to the continuing deficit in the Pension Fund, but we continue to work very closely with the Trustees to deliver our agreed Recovery Plan and we have planned our payments to ensure that the Scheme is fully funded by 2034 in line with the plan. This is reflected in the most recent triennial review of the scheme which took place as at 31st Dec 2023. The payments under the Recovery Plan are reviewed as part of the triennial review which will then need to be signed off between the Pension Trustees and the

Pensions Regulator.

The Board continues to recognise that our key ongoing challenge is to deal with the Pension Fund liability which, out of necessity, is driving everything that we do.

Finally, I would like to record once again my thanks for the hard work of Nick Kidd, my vice chairman, during the period. His support continues to be invaluable.

Thank you

Steve Fleming (Non Exec Chairman).