WORSLEY INVESTORS LIMITED

(formerly AXA Property Trust Limited)

Annual Report and Consolidated Financial Statements

For the year ended 30 June 2020

Contents

WORSLEY INVESTORS LIMITED
(formerly AXA Property Trust Limited)

Performance Summary

	30 June 2020	30 June 2019	**% change**
Net Asset Value ("NAV") per share	38.20p	46.14p	(17.21)%
NAV per share adjusted for capital raise	38.20p	39.09p	(2.28)%
(Loss)/profit per share[1]	(1.71)p	0.47p	(463.83)%
Share price[2]	24.30p	31.85p	(23.70)%
Share price discount to NAV	36.4%	30.97%	n.c
Share issue before costs	£3,894,746	Nil	n.c
Share redemptions	Nil	£1,200,310	n.c

Total return	**Year ended 30 June 2020**	Year ended 30 June 2019
NAV Total Return[3]	(17.21)%	2.42%
NAV Total Return[3] adjusted for capital raise	(2.28)%	n.c.
Share price Total Return[4]		
- Worsley Investors Limited	(23.70)%	(19.57)%
- FTSE All Share Index	(12.99)%	0.57%
- FTSE Real Estate Investment Trust Index	(10.08)%	(5.2)%

Worsley Associates LLP ('Worsley Associates') was appointed on 31 May 2019 as Investment Advisor (the "Investment Advisor") to Worsley Investors Limited (the "Company"). At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt new Investment Objective and Policy. The Investment Objective and Policy are set out on pages 57 and 58.

Past performance is not a guide to future performance.

[1] (Loss)/profit per share based on the net loss for the year of £0.419 million (30 June 2019: net profit of £0.105 million) and the weighted average number of Ordinary Shares in issue during the year of 24,447,454 (30 June 2019: 22,294,390).
[2] Mid-market share price (source: Shore Capital and Corporate Limited).
[3] On a *pro forma* basis which includes adjustments to add back any prior NAV reductions from share redemptions. NAV Total Return is a measure showing how the NAV per share has performed over a period of time, taking into account both capital returns and any dividends paid to shareholders.
[4] A measure showing how the share price has performed over a period of time, taking into account both capital returns and any dividends paid to shareholders.

Source: Worsley Associates LLP and Shore Capital and Corporate Limited.

Chairman's Statement

The first half of 2020, which was the second half of the Company's year to 30 June 2020, has been a difficult period globally, especially for those who have fallen victim to COVID-19 and their families. Many of us are understandably frustrated at the restrictions on our customary freedoms and the dramatic reduction of our immediate business plans. We are the lucky ones.

We had hoped to have completed the transition of the Company to its new life by now. External events have intervened. As we are all aware, the earliest and most severe of the initial outbreaks of COVID-19 in Europe was in northern Italy. The regional government, among many other lock-down measures, closed cinemas in northern Italy including at Curno on 23 February. In view of the extraordinary situation, our Investment Advisor, Worsley Associates, and the tenant, UCI S.p.A., renegotiated the terms of the lease on the cinema. As announced on 17 August 2020, in exchange for a substantial rental holiday during 2020, the term of the lease has been significantly extended and the passing rental increased. Further details are given in the Investment Advisor's report on page 5. This deal is highly beneficial for both parties. Given the stringent restrictions on movements and the closure of businesses, the commercial property market in the region of our Curno cinema has effectively been suspended for some time and marketing the asset for sale was no longer possible. Cinemas have been allowed to operate since late June and Curno reopened on 19 August. Our independent valuers, Knight Frank, have been understandably cautious on valuations in the current environment and have assumed a general rise in yields and falling values in the face of apparent decreased demand and market activity. This general reduction in market values has served to slightly more than offset the increase in our specific valuation arising from having a higher passing rent for a longer term. The net effect as at the valuation date of 30 June 2020 was a net reduction of slightly less than 1% of the asset value and is a very creditable result in the circumstances. As the property market re-opens, we are recommencing the marketing of this enhanced and highly attractive property in the near future.

With hindsight, we were perhaps fortunate to complete our capital raise on 16 March, raising £3.61million net of expenses. Given the volatile market and the extended uncertainty over when we shall be able to monetise Curno, the Investment Advisor has been cautious in commencing our equity portfolio activity, but a start has been made, with the first substantial holding disclosed in September, and more details are given in the Investment Advisor's report.

The capital raise at 30 pence per new share represented a discount to the historical NAV per share of 43.76 pence per share as at 31 December 2019. This was done on a pre-emptive basis such that all existing shareholders had the opportunity to participate. For those shareholders who chose not to take up their *pro rata* entitlement, there will have been a degree of dilution and of the 7.94 pence per share decline in NAV over the year, 6.11 pence per share is owing to this dilution and 1.83 pence per share or 4% is attributable to operational performance. Given the overall movements in the property and equity markets, this is a creditable result.

I reported at the interim stage that exaggerated price movements and wide dispersion in share price performances have contributed to a rich pool of opportunities and that is still the case. Until we can release the cash proceeds from a sale of Curno, we must inevitably proceed more cautiously than we might have originally intended. The full deployment of our investment strategy has been deferred, but not derailed, and we remain confident that once fully operational it will recoup the short-term dilution from the capital raise for those of our shareholders who did not participate. In the fullness of time, depending on future events and market conditions, we may seek a further capital raise to expand the Company and improve its operational economics. There is nothing in contemplation, but this remains a likely future objective. There are likewise no plans at the present juncture to commence the payment of dividends, but this is also a medium-term consideration and closer attention will be given to it at the time of any capital raise.

Amongst other significant milestones achieved during the year was that shareholders supported the change of name of the Company at the EGM in December 2019, this time by a sufficient margin to allow the change to become effective. On behalf of the board, I would like to extend my thanks to all of you who supported that change.

We also, during the first half of the year, replaced most service providers on substantially better financial terms for the Company. The benefits of this are now flowing through more fully and have helped to contain the cost ratio of the Company. The performances of our new suite of service providers has been entirely satisfactory and on behalf of the Company I would like to extend our thanks to them – particularly for maintaining the quality of their service during the COVID-19 lockdown.

Chairman's Statement (continued)

We have decided to change the Company's year end for financial reporting to 31 March in each year, beginning on 31 March 2021. The current accounting period will therefore run for nine months instead of twelve. By moving our year end to one of the less "crowded" quarter dates where the audit profession is under less operational stress, we hope to contain the growth in associated costs in future years.

The year, especially the second half, has been unprecedented in its challenges. The Company has weathered the storm well and we look forward with anticipation to the future development of our strategy.

W. Scott
Chairman
02 October 2020

Investment Advisor's Report

Investment Advisor
The Investment Advisor is regulated by the FCA and is authorised to provide investment management and advisory services.

During the year, the Investment Advisor's focus has been the extensive preparatory work involved around the capital raising launched in February and, post its close on 16 March, the establishment of the initial investment portfolio and the renegotiation of the lease of the Curno cinema.

Curno Cinema Complex
The Group's Italian multiplex cinema complex, located in Curno, on the outskirts of Bergamo, is let in its entirety to UCI Italia S.p.A. ("UCI").

The impact of the COVID-19 pandemic on trading led UCI near the end of the period to seek the renegotiation of the cinema lease, and terms were agreed in principle before 30 June 2020. As a result of notarisation on 11 September, the lease amendment became legally binding.

The key rental terms of the amended lease are:

Base Rent
1 January 2020 until 28 February 2021 - €830,000 *per annum*
1 March 2021 to 31 December 2021 - €915,000 *per annum*
Thereafter to be indexed to 100% of the Italian ISTAT Consumer Index on an upwards-only basis.

Under the amendment UCI was granted a full rental holiday from 1 March 2020 until 30 November 2020.

Variable Rent
There remains an incremental rent of €1.50 per ticket sold above a minimum threshold of 350,000 tickets per year up to 450,000 tickets per year, rising in 50,000 ticket stages above this level up to €2.50 per extra ticket.

Tenant Guarantee
The lease benefits from a rental guarantee of an initial €13m, reducing over 15 years to €4.5m, given by a U.K. domiciled European holding company for the UCI group, United Cinemas International Acquisitions Limited, which has latest published shareholders' funds of £291.3m.

Tenant break option
UCI now has the right to terminate the lease on 30 June 2035 rather than the previous 31 December 2033.

Trading
Following an excellent start to calendar 2020, trading was dominated by the impact of COVID-19. On 23 February 2020, the governmental authorities of Lombardy, Italy, decreed that all cinemas in the region, which included UCI Curno, were to close temporarily.

In the event, the cinema was closed for some five months, finally reopening on 19 August, with social distancing measures in place. UCI has reported that it is encouraged by attendance levels since.

Valuation
As at 30 June 2020, the Group's independent asset valuer, Knight Frank LLP, fair valued the Curno cinema at €9.6 million (30 June 2019: €9.8 million), and this has been adopted in these Financial Statements.

The principal reason for the valuation reduction was an increase in the assessed market rental yield, in recognition of the uncertainty created by COVID-19, which reduced the final figure by some €550,000, more than offsetting the positive impact of the amended lease.

In regearing and extending the cinema lease UCI has reiterated its substantial commitment to the Bergamo cinema market. Given the enhanced rental generated by the asset, it is the Board's expectation that valuation of the Curno cinema will exceed its current carrying value when the present rental holiday expires at the end of November 2020.

Investment Advisor's Report (continued)

Valuation (continued)

In September the Group's Italian real estate adviser, CBRE S.p.A., resumed dialogue with interested investors, highlighting the cinema's improved rental profile as a result of the amended lease.

The Group will retain the Curno cinema until a disposal can be effected at a price which the board believes properly reflects its medium term prospects.

Investment Strategy

The Investment Advisor's strategy allies the taking of holdings in British quoted securities priced at a deep discount to their intrinsic value, as determined by a comprehensive and robust research process. Most of these companies will have smaller to mid-sized equity market capitalisations, which will in general not exceed £600 million. It is intended to secure influential positions in such British quoted securities, with the employment of activism as necessary to drive highly favourable outcomes.

Lockdowns across Western Europe in early March, in response to the COVID-19 pandemic, gave rise to a severe sell off of British equities, and in particular smaller companies. In the period since the Company has taken advantage of a persistent weakness in prices to take preliminary (less than 2% of Net Assets) holdings in a number of companies. In two instances, following major actions taken by the UK Government to mitigate the economic effects of the pandemic, substantial price recoveries eventuated and the holdings were exited.

The resultant position as at 11 September 2020 was that the Company had 13 stocks in its portfolio, which had a total cost of £2.99m and a combined market value of some £3.05m.

On 1 September 2020, the Group disclosed its maiden public equity position, a holding of some 4% in Connect Group plc. Connect is a long-established English company whose shares are listed on the London Stock Exchange, with a market capitalisation as at 22 September of some £48 million. Following the jettisoning in May of a spectacularly unsuccessful diversification foray, Smiths News, England's major distributor of newspapers and magazines, is the remaining business.

Results for the period

Cash revenue for the year to 30 June 2020 from Curno was €544,000 (£477,000) (30 June 2019: €469,000 (£431,000)), including some €5k in ticket overage. This was substantially below budget, as result of the four-month rental holiday granted under the amended lease.

Property expenses, mainly local Curno property taxes, of some €167,000 (£147,000) (30 June 2019: €171,000 (£151,000)), were incurred.

General and administrative expenses of £585,000 (2019: £827,000) included expenses which are not strictly fiscal 2020 trading items and fall into three elements:

- Items which were incurred before 30 June 2019 (£39,000);
- Amortisation of the property disposal warranty insurance entered into in May 2017 (£45,000); and
- One-off charges, such as in connection with the Name Change (£25,000).

The adjusted expense figure of £476,000 represents a very substantial reduction in the Group's ongoing operating costs, a direct consequence of the various operational improvements made under the auspices of the current Board.

Transaction charges incurred on equity acquisitions were £16,000 (2019: nil). Although expensed under the strictures of IFRS 9, when making decisions regarding purchases such incidentals are considered an inherent part of the overall investment cost.

Taxation is payable on an ongoing basis on Italian income and in Luxembourg, with a small legacy exposure in Germany, and for the period an amount of £79,000 was expensed. This was an increase from 30 June 2019 (£50,000), the comparative having benefited very significantly from the tax advantages associated with the substantial rental incentives provided in the 2019 period to UCI.

The Group continues to expect to be modestly profitable on an ongoing cash basis post the expiry of the Curno rental holiday.

Investment Advisor's Report (continued)

Results for the period (continued)

Net Assets at 30 June 2020 were £12.89m, which compares with the £9.58m contained in the 30 June 2019 audited financial statements. The increase is principally owing to the net impact of the £3.61m (net) in new equity flowing from the Capital Raise (12,982,488 Shares at an issue price of 30 pence each), offset by a £81,000 reduction in the Pounds sterling fair value of the Curno property and £248,000 in lease incentives, which substantively consist of the four month rental holiday granted in the period.

Financial Position

The Group's Statement of Financial Position as at 30 June 2020 was strong with £2.63m held in cash and no debt. Allied to the positive ongoing cash flows the financial position remains secure.

In due course these resources are expected to be supplemented by funds produced by the sale of the Curno cinema.

Euro

As at 30 June 2020, 69% of Total Assets are denominated in Euros, of which the Curno property was some 66%. The Pounds sterling Euro cross rate moved during the period from 1.117 as at 30 June 2019 to 1.104 as at 30 June 2020. This rate will remain a substantial influence on Group Net Assets until Curno's disposal.

Outlook

COVID-19 has had little direct impact on the Group, but provided an opportunity to renegotiate the terms of the Curno cinema lease and thereby achieve an increase of just over 10% in the fixed rental, which over time is expected to lead to a commensurate uplift in its value. Against this, the closure of the cinema has meant a significant delay in disposal prospects.

The Company's ongoing strategy is focused towards special situations. As noted above, equity markets were significantly impacted as a result of uncertainty created by the pandemic and falls in some cases were very substantial. This has thrown up numerous situations worthy of consideration within the smaller capitalisation stocks targeted by the Company and positions have been initiated in a pleasing number of these.

A return to normal levels of economic activity in Britain remains unlikely in the near term. The stock market is in general discounting no full recovery before 2021. Notwithstanding that, certain individual share prices continue to reflect an assessment of prospects which is seen as unduly pessimistic.

With a significant level of liquidity still held the Company is positioned to benefit accordingly.

Worsley Associates LLP

02 October 2020

Board of Directors

William Scott (Chairman), a Guernsey resident, was appointed to the board of the Company as an independent Director on 28 March 2019. Mr Scott also currently serves as an independent non-executive director of a number of investment companies and funds, of which Axiom European Financial Debt Fund Limited is listed on the Premium Segment of the LSE and RTW Venture Fund Limited is traded on the Specialist Fund Segment of the LSE. He is also a director of The Flight and Partners Recovery Fund Limited and a number of funds sponsored by Man and Aberdeen Standard. From 2003 to 2004, Mr Scott worked as senior vice president with FRM Investment Management Limited, which is now part of Man Group plc. Previously, Mr Scott was a director at Rea Brothers (which became part of the Close Brothers group in 1999) from 1989 to 2002 and assistant investment manager with the London Residuary Body Superannuation Scheme from 1987 to 1989. Mr Scott graduated from the University of Edinburgh in 1982 and is a chartered accountant having qualified with Arthur Young (now Ernst & Young LLP) in 1987. Mr Scott also holds the Securities Institute Diploma and is a chartered fellow of the Chartered Institute for Securities & Investment. He is also a chartered wealth manager.

Robert Burke, a resident of Ireland, was appointed to the board of the Company as an independent Director on 28 March 2019. He also serves as an independent non-executive director of a number of investment companies and investment management companies which are domiciled in Ireland as well as a number of companies engaged in retail activities, aircraft leasing, pharmaceuticals, corporate service provision and group treasury activities. He is a graduate of University College Dublin with degrees of Bachelor of Civil Law (1968) and Master of Laws (1970). He was called to the Irish Bar in 1969 and later undertook training for Chartered Accountancy with Price Waterhouse (now PricewaterhouseCoopers) in London, passing the final examination in 1973. He later was admitted as a Solicitor of the Irish Courts and was a tax partner in the practice of McCann FitzGerald in Dublin from 1981 to 2005 at which point he retired from the partnership to concentrate on directorship roles in which he was involved. He continues to hold a practice certificate as a solicitor and is a member of the Irish Tax Institute.

Blake Nixon was one of the pioneers of activism in the UK and has wide corporate experience in the UK and overseas. Following three years at Jordan Sandman Smythe (now part of Goldman Sachs), a New Zealand stockbroker, Mr Nixon emigrated to Australia, where he spent three years as an investment analyst at Industrial Equity Limited ("IEL"), then Australia's fourth largest listed company. In 1989 he transferred to IEL's UK operation and early in 1990 led the takeover of failing LSE listed financial conglomerate, Guinness Peat Group plc ("GPG"). The group was then relaunched as an investment company, applying an owner orientated approach to listed investee companies. Mr Nixon was UK Executive Director, responsible for GPG's UK operations and corporate function, for the following 20 years, finally retiring as a non-executive director in December 2015. He is a founding partner of Worsley Associates LLP, an activist fund manager, and has served as a non-executive director of a number of other UK listed companies, as well as numerous unlisted companies. He is a British resident and was appointed to the Board on 23 January 2019.

Report of Directors

The Directors of the Company present their Annual Report together with the Group's Audited Consolidated Financial Statements (the "Financial Statements") for the year ended 30 June 2020. The Directors' Report together with the Financial Statements give a true and fair view of the financial position of the Group. They have been prepared properly, in conformity with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are in accordance with any relevant enactment for the time being in force; and are in agreement with the accounting records.

Principal Activity and Status
The Company is an Authorised closed-ended investment company domiciled in Guernsey, registered under the provision of The Companies (Guernsey) Law, 2008 and has a premium listing on the Official List and trades on the Main Market of the London Stock Exchange. Trading in the Company's ordinary shares commenced on 18 April 2005. The Company and the entities listed in note 2(f) to the Financial Statements together comprise the "Group".

Investment Objective and Investment Policy.
The new investment objective and investment policy of the Company are described in greater detail on pages 57 and 58.

Going Concern
These Financial Statements have been prepared on a going concern basis. The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. The Group maintains a high cash balance and the property lease generates sufficient cash flows to pay on-going expenses and other obligations. The Directors have considered the cash position and performance of the current invested capital made by the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Consolidated Financial Statements.

Going concern is assessed over the period until 12 months from the approval of these Consolidated Financial Statements. The Board consider there to be no material uncertainty due to the fact that the Group currently has no borrowing, holds a high cash holding, undertook a successful capital raise during the year and that the Company's equity investments comprise predominantly readily realisable securities. Matters relating to the going concern status of the Group are also discussed in the long-term viability statement below.

COVID-19
The COVID-19 strain of coronavirus has been a significant influence on global markets, and has had an economic impact on certain companies held within the Company's portfolio. As of the date of approval of these financial statements, the assessment of this situation continues to evolve and it may be some time before there is clarity around the full effect.

Viability Statement
The Board has evaluated the long-term prospects of the Group, beyond the 12 month time horizon assumption within the going concern framework. The Directors have conducted a review of the viability of the Company taking account of the Company's current position and considering the potential impact of the risks likely to threaten the Company's business model, future performance, solvency or liquidity. For the purposes of this statement the Board has adopted a three year viability period.

The Directors consider that a 20% fall in the value in the Company's equity portfolio would be significant but would not have fundamental impact on the Company's ability to continue in operation over the next three years. In reaching this conclusion, the Directors considered the Company's expenditure projections, the fact that the Group currently has no borrowing, holds a high cash holding, undertook a successful capital raise during the year and that the Company's equity investments comprise predominantly readily realisable securities, which *in extremis* could be expected to be sold to meet funding requirements if necessary, assuming usual market liquidity.

The Directors in forming this view also considered the long operational history and track record of the Group's Investment Property, Curno. As a result of COVID-19, negotiations with the tenant at the Curno property were held with the aim of achieving terms which would improve asset liquidity and maximise potential pricing. As a result, a lease amendment was signed in September 2020 with the alterations summarised in Note 4.

In addition, the Board has assumed that the regulatory and fiscal regimes under which the Group operates will continue in broadly the same form during the viability period. The Board consults with its broker and legal advisers to the extent required to understand issues impacting on the Company's regulatory and fiscal structure. The Administrator also monitors changes to regulations and advises the Board as necessary.

Based on the Company's processes for monitoring operating costs, internal controls, the Investment Advisor's performance in relation to the investment objective, the portfolio risk profile, liquidity risk, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Report of Directors (continued)

Results and Dividends
The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 30.

A resumption of dividend payments is not anticipated in the current financial period.

Directors
The Directors who held office during the year and up to the date of this report were:

W. Scott (Chairman, appointed on 28 March 2019)
B. A. Nixon (appointed on 23 January 2019)
R. H. Burke (appointed on 28 March 2019)

The Directors who held office during the year and their interests in the shares of the Company (all of which are beneficial) were:

	30 June 2020		**30 June 2019**	
W. Scott (Chairman, appointed on 28 March 2019)	400,000	1.19%	n/a	n/a
B. A. Nixon (appointed on 23 January 2019)	10,083,126	29.88%	6,188,380	29.81%
R. H. Burke (appointed on 28 March 2019)	n/a	n/a	n/a	n/a

At the date of this report, Mr Nixon holds 10,083,126 shares, being an interest of 29.88% in the shares of the Company.

Mr Nixon, a Director of the Company, is also Founding Partner of the Investment Advisor.

Management
With effect from 31 May 2019 the Board appointed Worsley Associates LLP as its new Investment Advisor (the "Investment Advisor"). A summary of the contract between the Company and the Investment Advisor in respect of the advisory services provided is given in note 3 to the Financial Statements on page 42.

Listing Requirements
Throughout the period since being admitted to the Official List maintained by the Financial Conduct Authority ("FCA"), the Company has complied with the Listing Rules.

Alternative Investment Fund Managers Directive
The Company does not expect to be required to comply with the AIFM Directive except to the extent required to permit the marketing of the Company's shares in EEA Member States. Should the Company undertake any future marketing of its shares into any EEA Member State, the Board would seek professional advice, as appropriate, to ensure the Company complies with applicable provisions of the AIFM Directive. Compliance with the AIFM Directive would be expected to have a minor impact on costs, including regulatory and compliance costs. If this were to occur the relevant regime remains the national private placement arrangements in the relevant EEA Member State.

Investee Engagement
The Company is a closed-ended investment company which has no employees. The Company operates by outsourcing significant parts of its operations to reputable professional companies, which are required to comply with all relevant laws and regulations.

The nature of the Company's investments is such that it often seeks to acquire substantial shareholdings which provide a direct route via which to influence investee companies. The Company's focus is on investees' medium-term financial performance, and, if necessary, it will press them to adopt governance practices which ensure that they are properly accountable to their shareholders for the delivery of sustainable shareholder value. This active involvement is outside the scope of many traditional institutional shareholders. In matters which may affect the success of the Company's investments the Board and the Investment Advisor work together to ensure that all relevant factors are carefully considered and reflected in investment decisions.

In carrying out its investment activities and in relationship with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

Report of Directors (continued)

International Tax Reporting
For purposes of the US Foreign Accounts Tax Compliance Act, the Company registered with the US Internal Revenue Service (“IRS”) as a Guernsey reporting Foreign Financial Institution (“FFI”), received a Global Intermediary Identification Number (G0W47U.99999.SL.831), and can be found on the IRS FFI list.

The Common Reporting Standard (“CRS”) is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development (“OECD”), which has been adopted by Guernsey and which came into effect on 1 January 2016. The Board has taken the necessary action to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Significant Shareholdings
As at 21 September 2020, shareholders with 3% or more of the voting rights are as follows:

	Shares held	% of issued share capital
B.A. Nixon	10,083,126	29.88%
Transact Nominees Limited	4,177,383	12.38%
Pershing Nominees Limited	3,000,000	8.89%
Chase Nominees Limited	2,522,420	7.48%
State Street Nominees Limited	2,075,804	6.15%
Lion Nominees Limited	2,041,736	6.05%
BBHISL Nominees Limited	1,800,000	5.33%

Guernsey Financial Services Commission Code of Corporate Governance
The Board of Directors confirms that, throughout the period covered by the Financial Statements, the Company complied with the Code of Corporate Governance issued by the Guernsey Financial Services Commission, to the extent it was applicable based upon its legal and operating structure and its nature, scale and complexity.

Anti-Bribery and Corruption
The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003. In consideration of the UK Bribery Act 2010, the Board abhors bribery and corruption of any form and expects all the Company’s business activities, whether undertaken directly by the Directors themselves or by third parties on the Company’s behalf, to be transparent, ethical and beyond reproach.

Criminal Finances Act
The Directors of the Company have a zero-tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with them from engaging in criminal facilitation of tax evasion.

Independent Auditor
The Board of Directors appointed BDO Limited as auditor on 9 July 2019. A resolution to confirm the reappointment of BDO Limited will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting
The next AGM of the Company is scheduled to be held on 8 December 2020.

Report of Directors (continued)

Directors' Responsibilities
The Directors of the Company are responsible for preparing for each financial year an annual report and the Financial Statements which give a true and fair view of the state of affairs of the Company and of the respective results for the year then ended, in accordance with applicable Guernsey law and International Accounting Standards Board ("IASB") adopted International Financial Reporting Standards ("IFRS"). In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements which are free from material misstatement, whether owing to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors
So far as each Director is aware, all relevant information has been disclosed to the Company's auditor; and each Director has taken all the steps which he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Responsibility Statement
Each of the Directors, whose names and functions are listed on page 8, confirms to the best of that person's knowledge and belief:

- the Financial Statements, prepared in accordance with the IFRS as endorsed by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group; as required by DTR 4.1.12R and are in compliance with the requirements set out in the Companies (Guernsey) Law, 2008;
- the Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group's position, performance, business model and strategy; and
- the Financial Statements including information detailed in the Chairman's statement, the Report of the Directors, the Investment Advisor's report and the notes to the Financial Statements, include a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces, as required by:

  - DTR 4.1.8 and DTR 4.1.9 of the Disclosure and Transparency Rules, being a fair review of the Group business and a description of the principal risks and uncertainties facing the Group; and

  - DTR 4.1.11 of the Disclosure and Transparency Rules, being an indication of important events which have occurred since the end of the financial year and the likely future development of the Group.

Signed on behalf of the Board by:

W. Scott
Director
02 October 2020

Corporate Governance Report

On 18 December 2019, the Company became a member of the Association of Investment Companies ("AIC") and except as noted herein complies with the 2019 AIC Code of Corporate Governance issued in February 2019 ("the AIC Code"), effective for accounting periods commencing on or after 1 January 2019. By complying with the AIC Code, the Company is deemed to comply with both the UK Corporate Governance Code (July 2018) (the "UK Code") issued by the Financial Reporting Council ("FRC") and the Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "GFSC Code").

The Board considers that reporting against the principles and recommendations of the AIC Code provides appropriate information to shareholders and during the year the Board has reviewed its policies and procedures against the AIC Code.

The GFSC Code provides a governance framework for GFSC licensed entities, authorised and registered collective investment schemes. Companies reporting against the UK Code or the AIC Code are deemed to comply with the GFSC Code. The AIC Code is available in the AIC's website, www.theaic.co.uk.

For the year ended 30 June 2020, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except for the following provisions relating to:

- Senior Independent Director;
- the need for an internal audit function;
- the whistle blowing policy;
- Remuneration Committee; and
- Nomination Committee

The Board considers these provisions are not relevant given the nature, scale and lack of complexity of the Company and its legal and operating structure as a self-managed investment company. The Company has therefore not reported further in respect of these provisions. Details of compliance are noted in the following pages. The absence of an Internal Audit function is discussed in the Audit Committee Report on pages 20 to 23.

The Directors are non-executive and the Company does not have any employees, hence no Chief Executive, Executive Directors' remuneration or whistle-blowing policy is required. The Board is satisfied that any relevant issues can be properly considered by the Board. Moreover, the Directors have satisfied themselves that the Company's service providers have appropriate whistle-blowing policies and procedures and have received confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

Composition, Independence and Role of the Board
The Board currently comprises three non-executive Directors. Both Mr Scott and Mr Burke are considered by the Board to be independent of the Company's Investment Advisor. Mr Nixon is Founding Partner of the Investment Advisor and is therefore not independent.

Whilst Mr Nixon is not an independent director, the presence of two other directors who are independent and non-executive mitigates the risk of Mr Nixon acting in his own interest.

Mr Scott was appointed Chairman on 28 March 2019. The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Mr Scott is considered independent because he:

- has no current or historical employment with the Investment Advisor; and
- has no current directorships in any other investment funds managed by the Investment Advisor.

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic direction and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

Corporate Governance Report (continued)

The Board is responsible to shareholders for the overall management of the Company.

The Board needs to ensure that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. In seeking to achieve this, the Directors have set out the Company's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Company operates and set appropriate risk controls. Furthermore, throughout the Annual Report and Financial Statements the Board has sought to provide further information to enable shareholders to better understand the Company's business and financial performance.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibility Statement on page 12.

The Board is also responsible for issuing half yearly reports, NAV updates and other price sensitive public reports.

The Board does not consider it appropriate to appoint a Senior Independent Director. The Board believes it has a good balance of skills and experience to ensure it operates effectively. The Chairman is responsible for leadership of the Board and ensuring its effectiveness.

The Board has engaged external companies to undertake the investment advisory and administrative activities of the Company. Documented contractual arrangements are in place with these companies and these define the areas where the Board has delegated responsibility to them. The Board has adopted a schedule of matters specifically reserved for its decision-making and distinguishing these from matters it has delegated to the Company's key service providers.

The Company holds regular board meetings to discuss general management, structure, finance, corporate governance, marketing, risk management, compliance, asset allocation and gearing, contracts and performance. The quarterly Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls which are supplemented by communication and discussions throughout the year.

A representative each of the Investment Advisor and Administrator attends each Board meeting either in person or by telephone, thus enabling the Board fully to discuss and review the Company's operation and performance. Each Director has direct access to the Investment Advisor and Company Secretary and may at the expense of the Company seek independent professional advice on any matter.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter which concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Conflicts of interest
Directors are required to disclose all actual and potential conflicts of interest as they arise for approval by the Board, who may impose restrictions or refuse to authorise conflicts. The process of consideration and, if appropriate, approval will be conducted only by those Directors with no material interest in the matter being considered. The Board maintains a Conflicts of Interest policy which is reviewed periodically and a Business Interests and Potential Conflicts of Interest register which is reviewed by the Board at each quarterly Board meeting.

Re-election
There are provisions in the Company's Articles of Incorporation which require Directors to seek re-election on a periodic basis. There is no limit on length of service, nor is there any upper age restriction on Directors. The Board considers that there is significant benefit to the Company arising from continuity and experience among directors, and accordingly does not intend to introduce restrictions based on age or tenure. It does, however, believe that shareholders should be given the opportunity to review membership of the Board on a regular basis.

The Board believes that, while regular rotation is in keeping with good governance, the unquestionable benefits of ensuring that there is some continuity mean that it is in the best interests of the Company that not all Directors offer themselves for re-election each year. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

In accordance with the Company's Articles of Association, at each AGM all Directors who held office at the two previous AGM's and did not retire shall retire from office and shall be available for re-election. Messrs Scott and Nixon will stand for re-election at this year's AGM. Further details regarding the experience of each of the Directors are set out on page 8.

Corporate Governance Report (continued)

Board Diversity
The Board has also given careful consideration to the recommendation of the Davies Report on "Women on Boards" and notes the recommendations of the Parker review into ethnic diversity and the Hampton-Alexander review on gender balance in FTSE leadership. As recommended in the Davies Report, the Board has reviewed its composition. However, it believes that the current appointments provide an appropriate range of skills and experience and are in the interests of shareholders.

Board Evaluation and Succession Planning
The Board conducts an annual self-evaluation of its performance and that of the Company's individual Directors, which is led by the Chairman and, as regards the Chairman's performance evaluation, by the other Directors. The annual self-evaluation considers how the Board functions as a whole taking balance of skills, experience and length of service into consideration and also reviews the individual performance of its members.

To facilitate this annual self-evaluation, the Company Secretary circulates a detailed questionnaire to each Director and a separate questionnaire for the evaluation of the Chairman. The questionnaires, once completed, are returned to the Company Secretary who collates responses, prepares a summary and discusses the Board evaluation with the Chairman prior to circulation to the remaining Board members. The performance of the Chairman is evaluated by the other Directors. On occasions, the Board may seek to employ an independent third party to conduct a review of the Board.

The Board considers it has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. An induction programme has been prepared for any future Director appointments and all Directors receive other relevant training as necessary.

Board and Committee Meetings
The table below sets out the number of scheduled Board, Audit Committee and Management Engagement Committee meetings held during the year ended 30 June 2020 and, where appropriate, the number of such meetings attended by each Director who held office during the same period.

	Board of Directors		**Audit Committee**		**Management Engagement Committee**	
	Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
W. Scott (Chairman)	3	3	2	2	1	1
R. H. Burke	3	3	2	2	1	1
B. A. Nixon	3	3	2*	2*	1*	1*

*In attendance by invitation

In addition to the scheduled quarterly Board meetings, the Board, or committees thereof, held six ad hoc meetings which were required in connection with the capital raise and to deal with certain other matters of an administrative nature. In normal circumstances the Board intends to meet not less than four times per year on a quarterly basis in addition to such ad hoc meetings as may be necessary.

Audit Committee
The Company has established an Audit Committee with formal duties and responsibilities. The Audit Committee meets formally at least twice a year and each meeting is attended by the independent external auditor and Administrator. The Company's Audit Committee is comprised of Mr Burke and Mr Scott. Mr Nixon was a member from his appointment as a director on 23 January 2019 until 31 May 2019 when Worsley Associates was appointed Investment Advisor. At the invitation of the Audit Committee, Mr. Nixon may attend meetings of the committee. With effect from the 29 March 2019, the Audit Committee was chaired by Mr Burke.

The Audit Committee monitors the performance of the auditor, and also examines the remuneration and engagement of the auditor, as well as its independence and any non-audit services provided by it. A report of the Audit Committee detailing its responsibilities and its key activities is presented on pages 20 to 23.

Risk Committee
The Company established a Risk Committee on 26 February 2020 with formal duties and responsibilities. The Risk Committee will meet formally at least twice a year. The Risk Committee is comprised of the entire Board and is chaired by Mr Scott. The principal function of the Risk Committee is to identify, assess, monitor and, where possible, oversee the management of risks to which the Company's investments are exposed, with regular reporting to the Board. The Directors have appointed the Risk Committee to manage the additional risks faced by the Company as well as the relevant disclosures to be made to investors and the necessary regulators.

Corporate Governance Report (continued)

Risk Committee (continued)

The Risk Committee will review the robustness of the Company's risk management processes, the integrity of the Company's system of internal controls and risk management systems, and the identification and management of risks through the use of the Company's risk matrix. The Risk Committee reviews the principal, emerging, and other risks relevant to the Company.

The Risk Committee will report on the internal controls and risk management systems to the Board of Directors. The Board of Directors is responsible for establishing the system of internal controls relevant to the Company and for reviewing the effectiveness of those systems. The review of internal controls is an on-going process for identifying and evaluating the risks faced by the Company, designed to effectively manage rather than eliminate business risks to ensure the Board's ability to achieve the Company's business objectives.

It is the responsibility of the Board to undertake the risk assessment and review of the internal controls in the context of the Company's objectives in relation to business strategy, and the operational, compliance and financial risks facing the Company. These controls are operated in the Company's main service providers: the Investment Advisor and Administrator. The Board will receive regular updates and will undertake an annual review of each service provider.

The Board of Directors considers the arrangements for the provision of Investment Advisor and Administration services to the Company and as part of the annual review the Board considered the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board is satisfied that each service provider has effective controls in place to control the risks associated with the services that they are contracted to provide to the Company and therefore the Board is satisfied with the internal controls of the Company.

Management Engagement Committee
The Company has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee meets formally at least once a year. The Management Engagement Committee is comprised of Mr Burke and Mr Scott. The principal function of the Management Engagement Committee is to ensure that the Company's investment advisory arrangements are competitive and reasonable for the shareholders, along with the Company's agreements with all other third party service providers (other than the external auditor).

During the year the Management Engagement Committee has reviewed the services provided by the Investment Advisor and other service providers, and recommended that the continuing appointments of the Company's service providers was in the best interests of the Company. The Management Engagement Committee was chaired by Mr Scott.

Nomination Committee
The Board does not have a separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. Any proposal for a new Director will be discussed and approved by the Board, giving full consideration to succession planning and the leadership needs of the Company.

Remuneration Committee
In view of its non-executive nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee, as anticipated by the AIC Code, because this function is carried out as part of the regular Board business. A Remuneration Report prepared by the Board is contained in the Financial Statements on page 24.

Terms of Reference
All Terms of Reference for Committees are available from the Administrator upon request.

Internal Controls
The Board is ultimately responsible for establishing and maintaining the Company's system of internal controls and for maintaining and reviewing its effectiveness. The system of internal controls is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by its nature can only provide reasonable and not absolute assurance against misstatement and loss. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable.

The Board has delegated the day to day management of the Company's investment portfolio and the administration, registrar and corporate secretarial functions including the independent calculation of the Company's NAV and the production of the Annual Report and Financial Statements, which are independently audited. Whilst the Board delegates responsibility, it retains accountability for the functions it delegates and is responsible for the systems of internal control.

Corporate Governance Report (continued)

Internal Controls (continued)
Formal contractual agreements have been put in place between the Company and providers of these services. On an ongoing basis, board reports are provided at each quarterly board meeting from the Investment Advisor, Administrator and Company Secretary and Registrar; and a representative from the Investment Advisor is asked to attend these meetings.

In accordance with Listing Rule 15.6.2 (2) R the Directors formally appraise the performance and resources of the Investment Advisor on an annual basis. In the opinion of the Directors their continuing appointment of the Investment Advisor on the terms agreed is in the interests of the Company and the shareholders.

The Investment Advisor was appointed on 31 May 2019.

The Board has reviewed the need for an internal audit function and owing to the size of the Company and the delegation of day-to-day operations to regulated service providers, an internal audit function is not considered necessary. The Directors will continue to monitor the systems of internal controls in place in order to provide assurance that they operate as intended.

Principal Risks and Uncertainties
In respect of the Company's system of internal controls and its effectiveness, the Directors:

- are satisfied that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

The principal risks and uncertainties which have been identified and the steps which are taken by the Board to mitigate them are as follows:

Investment Risks
The Company is exposed to the risk that its investment portfolio and the remaining investment property fail to perform in line with the Company's objectives. The Company is exposed to the risk that markets move adversely, or the remaining property asset is disposed of inappropriately. The Board reviews reports from the Investment Advisor at each quarterly Board meeting and at other times when expedient, paying particular attention to the diversification of the portfolio and to the performance and volatility of underlying investments.

Operational Risks
The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Investment Advisor, Administrator and the Corporate Broker. The Board and its Committees regularly review reports from the Investment Advisor and the Administrator on their internal controls.

Accounting, Legal and Regulatory Risks
The Company is exposed to the risk that it may fail to maintain accurate accounting records, fail to comply with requirements of its Prospectus or fail to adapt its processes to changes in law or regulations. The accounting records prepared by the relevant service providers are reviewed by the Investment Advisor. The Administrator, Corporate Broker and Investment Advisor provide regular updates to the Board on compliance with the Prospectus and any changes in regulation.

Financial Risks
The financial risks, including market, credit, liquidity and interest rate risk faced by the Company are set out in note 14 of the Financial Statements on pages 50 to 52. These risks and the controls in place to reduce the risks are reviewed at the quarterly Board meetings.

Foreign Exchange Risk
The Company is exposed to currency risk given that the assets of its subsidiaries are predominantly denominated in Euro but the presentation currency of the Company is Pounds sterling. The Investment Advisor reports at least quarterly to the Board on the strategy for managing this risk. Although the Company has the ability to hedge this risk, it has not to date chosen to do so and has no plans to make such arrangements.

Corporate Governance Report (continued)

COVID-19
The COVID-19 pandemic has presented a significant emerging risk to the global economy and financial markets and resulted in an unprecedented level of market volatility and disruption earlier this year. The impact of the pandemic is discussed further in the Chairman's statement, the Investment Advisor's report and the report of the Audit Committee on pages 20 to 23.

The Board seeks to mitigate and manage these risks through ongoing review, policy-setting and enforcement of contractual obligations and monitoring of the Company's investment portfolio. The Board, Investment Advisor and the Corporate Broker also continually monitor the investment environment in order to identify any new or emerging risks.

Emerging Risks
The Board is alert to the identification of any new or emerging risks through the ongoing monitoring of the Company's investment portfolio and by conducting regular reviews of the Company's risk assessment matrix. Should an emerging risk be identified the risk assessment matrix is updated and appropriate mitigating measures and controls will be agreed.

Non-Audit Services Policy
The Company has adopted rules in relation to the engagement of the external auditor, BDO Limited, to perform non-audit services. As a Market Traded Company ("MTC"), since March 2020, the Company is classified as an EU/UK Public Interest Entity ("PIE"). Accordingly, the Audit Committee must consider whether or not the provision of such non-audit services is compatible with the list of permissible services under the FRC's UK Auditing Standards (the "Auditing Standards"):

- in accordance with the Auditing Standards, the Company may not utilise external auditors for internal audit purposes, secondments, valuation or tax advice or other services which are not included on the "white list" of permissible services, as amended from time to time by the FRC; and
- the Directors must consider the actual, perceived and potential impact upon the independence of external audit prior to engaging external audit to undertake any non-audit service.

The Audit Committee will review the need for non-audit services and authorise such on a case by case basis and recommend an appropriate fee for such non-audit services to the board of directors of the Company.

The Board will consider the actual, perceived and potential impact upon the independence of external auditors prior to engaging external auditors to undertake any non-audit service, as well as confirming that any non-audit services are included on the list of permissible services, as amended from time to time by the FRC.

During the year, BDO LLP (UK) provided service in relation to the capital raise. The Board considered the potential impact upon the independence of external auditors prior to the engagement. The Board believe this engagement did not materially impact the independence of the external audit as BDO LLP (UK) is a separate legal entity and does not provide any resources in relation to the external audit work.

The Board reserves the right to review the policy periodically and, if required, amend it to ensure that the policy is compliant with all applicable law and regulation and best practice.

Relations with Shareholders
The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders if required. The Investment Advisor meets with major shareholders on a regular basis and reports to the Board on these meetings. Issues of concern can be addressed by any shareholder in writing to the Company at its registered address. The AGM of the Company provides a forum for shareholders to meet and discuss issues with the Directors and Investment Advisor of the Company. In addition, the Company maintains a website (www.worsleyinvestors.com) which contains comprehensive information, including regulatory announcements, share price information, financial reports, investment objectives and strategy and investor contacts.

Corporate Governance Report (continued)

Promotion of the success of the Company
The Board acts in a manner which is considered to be:

- in good faith;
- likely to promote the continuing success of the Company; and
- to the benefit of its shareholders as a whole.

Whilst the primary duty of the Directors is owed to the Company, the Board considers as part of its discussions and decision making process the interests of all stakeholders.

The Board is committed to maintaining high standards of corporate governance and accountability.

As an investment company, the Company does not have any employees and conducts its core operations through third party service providers. Each provider has an established track record and, through regulatory oversight and control, is required to have in place suitable policies to ensure it maintains high standards of business conduct, treat customers fairly, and employ corporate governance best practice.

Particular consideration is given to the continued alignment between the activities of the Company and those which contribute to delivering the Board's strategy, which include the Investment Advisor, the Corporate Broker and the Administrator.

The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Company's operations can be raised with the Company Secretary.

Signed on behalf of the Board by:

W. Scott
Chairman
02 October 2020

Audit Committee Report

Dear Shareholders,

I am pleased to present the Audit Committee's Report for the year ended 30 June 2020, which covers the following topics:

- Responsibilities of the Audit Committee and its key activities during the year,
- Financial reporting and significant areas of judgement and estimation,
- Independence and effectiveness of the external auditor, and
- Internal control and risk management systems.

The Company is currently undergoing a transition period. The Audit Committee's activities during the year have therefore concentrated on maintaining an appropriate risk and control environment, providing suitable disclosure of progress and residual risks in the Financial Statements, ensuring ongoing engagement from service providers and keeping sufficient liquid funds to meet expenditure for essential or justified items.

Responsibilities
The Audit Committee reviews and recommends to the Board for approval or otherwise, the Financial Statements of the Company and is the forum through which the independent external auditor reports to the Board of Directors. The independent external auditor and the Audit Committee will meet together without representatives of either the Administrator or Investment Advisor being present if either considers this to be necessary.

The responsibilities of the Audit Committee include:

1. Monitoring the integrity of the Financial Statements of the Company covering:
    - formal announcements relating to the Company's financial performance;
    - significant financial reporting issues and judgements;
    - matters raised by the external auditors; and
    - appropriateness of accounting policies and practices.
2. Reviewing and considering the AIC Code and FRC Guidance on Audit Committees.
3. Monitoring the quality and effectiveness of the independent external auditor, which includes:
    - meeting regularly to discuss the audit plan and the subsequent findings;
    - considering the level of fees for both audit and non-audit work;
    - reviewing independence, objectivity, expertise, resources and qualification; and
    - making recommendations to the Board on the appointment, reappointment, replacement and remuneration.
4. Reviewing the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption, and
5. Monitoring and reviewing the internal control and risk management systems of the service providers together with the need for a Company Internal Audit function.

The Audit Committee's full terms of reference can be obtained by contacting the Company's Administrator.

Financial Reporting
The Audit Committee's review of the Audited Annual Report and Financial Statements focused on the following significant risks;

Valuation of Investment Property
The Company's sole remaining investment property was independently valued at £8.70 million (€9.60 million) as at 30 June 2020 (30 June 2019: £8.78 million (€9.80 million)) and represented the majority of the total assets of the Group. The remaining investment property comprises a cinema complex in Curno, Italy, owned via an intermediate holding company. The valuation of this investment is in accordance with the requirements of IFRS as issued by the International Accounting Standards Board. The valuation estimate is provided by Knight Frank LLP, an external independent valuer. The Audit Committee considers the fair value of the sole remaining investment property held by the Group as at 30 June 2020 to be reasonable based on information provided by the Investment Advisor and Administrator. All valuations are also subject to review and oversight by the Investment Advisor.

The valuation report received from the independent valuer included a 'Material Valuation Uncertainty' paragraph in relation to the market risks linked to the COVID-19 pandemic: this paragraph explains that valuer has attached less weight to previous market evidence for comparison purposes to achieve an informed opinion on value. The valuer therefore recommends that a higher degree of caution should be attached to this valuation compared to valuations carried out under normal circumstances.

Audit Committee Report (continued)

Valuation of investments
The Company's non-property investments had a fair value of £1.68 million as at 30 June 2020 (30 June 2019: nil). The investments are all listed. The Committee considered the fair value of the investments held by the Company as at 30 June 2020 to be reasonable based on information provided by the Investment Advisor and Administrator. All prices are confirmed to independent pricing sources as at 30 June 2020 by the Administrator and are subject to a review process at the Administrator and oversight at the Investment Advisor. We also note the work of the independent Auditor on these balances as set out in their report on pages 25 to 29.

Audit Findings Report
The independent external auditor reported to the Audit Committee that no material unadjusted misstatements were found in the course of their work. Furthermore, the Investment Advisor and Administrator confirmed to the Audit Committee that they were not aware of any material unadjusted misstatements including matters relating to the Financial Statements presentation.

Accounting Policies & Practices
The Audit Committee has assessed the appropriateness of the accounting policies and practices adopted by the Group together with the clarity of disclosures included in the Financial Statements. Following a review of the presentations and reports from the Administrator and consulting where necessary with the independent external 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). It 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.

The Audit Committee advised the Board that this Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable.

Fraud, Bribery and Corruption
The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Group. The Board receives a confirmation from all service providers that there have been no instances of fraud or bribery.

The Independent External Auditor
BDO Limited served as the Company's Independent Auditor throughout the year and have indicated their willingness to continue in office.

The independence and objectivity of the external auditor is reviewed by the Audit Committee, which also reviews the terms under which the independent external auditor is appointed to perform non-audit services. The Audit Committee has established pre-approval policies and procedures for the engagement of the auditor to provide audit, assurance and tax services. The principles on which these are based are that the external auditor may not provide a service which:

- places them in a position to audit their own work
- creates a mutuality of interest
- results in the external auditor developing close relationships with service providers of the Company
- results in the external auditor functioning as a manager or employee of the Company
- puts the external auditor in the role of advocate of the Company

Audit Committee Report (continued)

As a general rule, the Company does not utilise external auditors for internal audit work, secondments or valuation advice. Services which are in the nature of audit, such as tax compliance, tax structuring, accounting advice, quarterly reviews and disclosure advice are normally permitted but are subject to prior approval by the Audit Committee.

The following table summarises the remuneration payable to BDO Limited for audit and non-audit services provided to the Company during the years ended 30 June 2020 and 30 June 2019.

	30 June 2020	**30 June 2019**
	£	**£**
Statutory audit	35,000	40,000
Total fees	**35,000**	**40,000**

The following table summarises the remuneration payable to BDO Italia S.p.A for audit and non-audit services provided to the Group during the years ended 30 June 2020 and 30 June 2019.

	30 June 2020	**30 June 2019**
	€	**€**
Statutory audit of subsidiary	8,000	-
Total fees	**8,000**	**-**

The following table summarises the remuneration payable to BDO LLP (UK) for audit and non-audit services provided to the Group during the years ended 30 June 2020 and 30 June 2019.

	30 June 2020	**30 June 2019**
	£	**£**
Professional services in relation to the capital raise	32,500	-
Total fees	**32,500**	**-**

Performance and Effectiveness
During the year, when considering the effectiveness of the independent external auditor, the Audit Committee has taken into account the following factors:

- the audit plan presented to them before the audit;
- changes in audit personnel;
- the post audit findings report;
- the independent external auditor's own internal procedures to identify threats to independence; and
- feedback received from both the Investment Advisor and Administrator.

The Audit Committee reviewed and, where appropriate, challenged the audit plan and the audit findings report of the independent external auditor and concluded that the audit plan sufficiently identified audit risks and that the audit findings report indicated that the audit risks were sufficiently addressed with no significant variations from the audit plan. The Audit Committee considered reports from the independent external auditor on their procedures to identify threats to independence and concluded that the procedures were sufficient.

Appointment of External Auditor
Consequent to this review process, the Audit Committee recommended to the Board that a resolution be put to the next AGM to confirm the reappointment of BDO Limited as independent external auditor.

Audit Committee Report (continued)

Internal Control and Risk Management Systems
The Board of Directors considers the arrangements for the provision of Investment Advisory, Investment Management, Administration and Custody services to the Company on an on-going basis and a formal review is conducted annually. As part of this review the Board considered the quality of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Audit Committee has reviewed the need for an internal audit function and has decided that the system and procedures employed by the Investment Advisor and the Administrator's internal audit function provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Group is therefore considered unnecessary.

In finalising the Financial Statements for recommendation to the Board for approval, the Audit Committee has satisfied itself that the Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

A member of the Audit Committee will continue to be available at each AGM to respond to any shareholder questions on the activities of the Audit Committee.

R. H. Burke,
Chairman, Audit Committee
02 October 2020

Directors' Remuneration Report

Introduction
An ordinary resolution for the approval of the Director's Remuneration Report will be put to the shareholders at the forthcoming AGM held.

Remuneration Policy
All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, and account is taken of fees paid to directors of comparable companies. The Directors of the Company are remunerated for their services at such a rate as the Directors determine provided that the aggregate amount of such fees does not exceed £120,000 per annum.

There are no long-term incentive schemes provided by the Company and no performance fees are paid to Directors.

None of the Directors has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire by rotation or cease to be a director in accordance with the Articles of Incorporation, by operation of law or until they resign.

Remuneration
Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. No Directors have been paid additional remuneration outside their normal Directors' fees and expenses.

The current annual Directors' fees comprise £20,000 per annum payable to the Chairman and £15,000 per annum payable to the other Directors.

Upon appointment of Worsley as Investment Advisor on 31 May 2019, Mr Nixon waived any future Director's fee for as long as he is a member of the Investment Advisor.

For the years ended 30 June 2020 and 30 June 2019 Directors' fees incurred were as follows:

	30 June 2020	**30 June 2019**
	£	**£**
W. Scott (Chairman, appointed on 28 March 2019)	20,000	5,205
B.A. Nixon (appointed on 23 January 2019)	-	4,500
R. H. Burke (appointed on 28 March 2019)	15,000	3,905
C. J. Hunter (resigned on 28 December 2018)	-	9,000
G. J. Farrell (resigned on 28 March 2019)	-	10,125
S. C. Monier (resigned on 28 December 2018)	-	6,750
S. J. Lawson (resigned on 28 March 2019)	-	10,125
	35,000	49,610

The directors of the subsidiaries of the Group received emoluments amounting to £12,589 (30 June 2019: £16,312). Total fees paid to Directors and directors of the subsidiaries were £47,589 (30 June 2019: £65,922).

Signed on behalf of the Board by:

W. Scott
Director
02 October 2020

Independent Auditor's Report to the Members of Worsley Investors Limited

Opinion

We have audited the financial statements of Worsley Investors Limited ("the Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS's; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to emerging and principal risks, going concern and viability statement

We have nothing to report in respect of the following information within the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation on page 17 in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement on page 9 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 9 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Worsley Investors Limited (continued)

Key Audit Matter	How we addressed the Key audit matter in our audit
Valuation of investment property **Refer to page 20 of the Audit Committee Report, accounting policies 2(d) and 2(l) and the disclosure note 7)** The group holds a single investment property which is fair valued and represents 67% of the group's net asset value. The fair value has been determined by the Directors based on an independent Royal Institution of Chartered Surveyors "RICS" valuation performed by independent valuers, Knight Frank LLP. Such property valuations are a highly subjective area as it requires the valuer to make judgements as to property yields, quality of tenants and other variables to arrive at the current fair value of the property. Such subjectivity and judgements are greater this year due to the Covid-19 pandemic and we were expecting the valuer to include 'Material Uncertainty' paragraphs within their valuation report. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of the estimated rental value and yield profile applied) could result in a material misstatement in the consolidated financial statements.	**Independent valuations** For the independent property valuation, we evaluated the competence and independence of the external valuer, which included consideration of their qualifications and expertise. We read the terms of their engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We have read the valuation report for the property, noted the material uncertainty clauses inserted as a result of the impact of Covid-19 on the property markets, discussed the basis of the property valuation, including the Covid-19 impact, with the valuer to understand the process undertaken by them and confirmed that the valuation was prepared in accordance with professional valuation standards and IFRS. We considered the reasonableness of the inputs used by the valuer in the valuation, such as the rental terms and other assumptions that impact the value. This included discussions with and challenge of the valuer around the Covid-19 impact, the resulting adjustments to yields and overall consideration of the resulting valuation in light of Covid-19. In addition, we agreed a sample of the significant inputs into the valuation, such as the rental details, to supporting documentation. **Disclosures** We reviewed and challenged the disclosures in relation to property valuations within note 2(d), 2(l) and in particular note 7 (sensitivities) given the 'Material Uncertainty' paragraphs within the valuations reports. **Key observation** We draw attention to the valuers inclusion of a material uncertainty over the valuation as a result of Covid-19 as detailed in note 2(d). From the procedures performed, we have not identified any material misstatements in the investment property valuation amounts reported in these financial statements.

Independent Auditor's Report to the Members of Worsley Investors Limited (continued)

Key Audit Matter	How we addressed the Key audit matter in our audit
Valuation and existence of Listed Investments **Refer to page 21 of the Audit Committee Report, accounting policies 2(d) and 2(p) and the disclosure note 8)** The investment portfolio as at 30 June 2020 comprised listed investments whose price is readily available. We focused on the valuation and existence of investments because investments represent a principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements as well as being the principle activity of the group going forward.	**Listed investments** For all of the listed investments, we agreed the existence of the investment portfolio holdings to the respective custodian confirmation which we independently obtained. We tested the valuation of all listed investments by agreeing the priced used in the valuation to independent third-party sources. **Key observation** Based on the procedures performed we are satisfied that the investment valuations and existence is appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decision of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole to be £195,000 (£150,000) which is based on a level of 1.5% (2019: 1.5%) of total assets. We considered total assets to be the most appropriate benchmark due to the Group being an asset holding Group with no external borrowings and which is no longer in an active wind down process.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

This performance materiality has been set at £136,500 (£90,000) which is 70% (2019: 60%) of materiality. This has been set based upon the control environment in place, the directors' assessment of risk and this being our second year of audit.

We agreed with the Audit Committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £5,850 (2019: £4,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report to the Members of Worsley Investors Limited (continued)

An overview of the scope of our audit

We tailored the scope of our audit taking into account the nature of the Group's investments, involvement of the Group's service providers, the accounting and reporting environment and the industry in which the Group operates.

This assessment took into account the likelihood, nature and potential magnitude of any potential misstatement. As part of this risk assessment we considered the Group's interaction with the service providers. We assessed the control environment in place within the Group to the extent that it was relevant to our audit. Following this assessment, taking into consideration materiality, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

As the Group's annual report does not include financial statements for the standalone Parent Company we concluded that the most effective audit approach for the Group was to audit the consolidated financial statements as if the Group was one entity.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

• **Fair, balanced and understandable set out on page 12** – the statement given by the directors that they consider 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, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

• **Audit committee reporting set out on page 20** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

• **Directors' statement of compliance with the UK Corporate Governance Code set out on page 13** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company; or
- the Parent Company financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Independent Auditor's Report to the Members of Worsley Investors Limited(continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities statement within the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Justin Marc Hallett
For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

02 October 2020

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2020

	Notes	For the year ended 30 June 2020 £000s	For the year ended 30 June 2019 £000s
Gross property income	4 & 7	**725**	727
Property operating expenses	4	**(147)**	(151)
Net property income		**578**	576
Other income		**5**	-
Net gain on investments at fair value through profit or loss	8	**85**	-
Loss on disposals of a subsidiary and investment property		**-**	(53)
Unrealised (loss)/gain on investment property	7	**(175)**	799
Lease incentive movement	4	**(248)**	(301)
General and administrative expenses	5	**(585)**	(827)
Operating (loss)/profit		**(340)**	194
Foreign exchange loss		**-**	(29)
Share in loss of joint venture		**-**	(10)
(Loss)/profit before tax		**(340)**	155
Income tax expense	11	**(79)**	(50)
(Loss)/profit for the year		**(419)**	105
Other comprehensive income			
Foreign exchange translation gain		**122**	41
Total items that are or may be reclassified to profit or loss		**122**	41
Total comprehensive (loss)/income for the year		**(297)**	146
Basic and diluted (loss)/income per ordinary share (pence)	6	**(1.71)**	0.47

The accompanying notes on pages 34 to 55 form an integral part of these Financial Statements

Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

	Note	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total equity £000s
Balance at 1 July 2019		**(46,210)**	**43,653**	**12,134**	**9,577**
Share issue	12	-	3,895	-	3,895
Share issue costs	12	-	(285)	-	(285)
Loss for the year		(419)	-	-	(419)
Other comprehensive income		-	-	122	122
Balance at 30 June 2020		**(46,629)**	**47,263**	**12,256**	**12,890**

For the year ended 30 June 2019

	Note	Revenue reserve £000s	Distributable reserve £000s	Foreign currency reserve £000s	Total equity £000s
Balance at 1 July 2018		**(46,315)**	**44,853**	**12,093**	**10,631**
Share redemptions	12	-	(1,200)	-	(1,200)
Profit for the year		105	-	-	105
Other comprehensive income		-	-	41	41
Balance at 30 June 2019		**(46,210)**	**43,653**	**12,134**	**9,577**

The accompanying notes on pages 34 to 55 form an integral part of these Financial Statements

Consolidated Statement of Financial Position
As at 30 June 2020

		Notes	30 June 2020 £000s	30 June 2019 £000s
Non-current assets				
	Investment property	4 & 7	**8,135**	8,476
Current assets				
	Cash and cash equivalents		**2,632**	793
	Investments held at fair value through profit or loss	8	**1,684**	-
	Trade and other receivables	9	**100**	162
	Lease incentive	4 & 7	**561**	301
	Tax receivable		**130**	96
Total assets			**13,242**	9,828
Non-current liabilities				
	Provisions		**46**	45
Current liabilities				
	Trade and other payables	10	**205**	172
	Tax payable		**101**	34
Total liabilities			**352**	251
Total net assets			**12,890**	9,577
Equity				
	Revenue reserve	15	**(46,629)**	(46,210)
	Distributable reserve	15	**47,263**	43,653
	Foreign currency reserve	15	**12,256**	12,134
Total equity			**12,890**	9,577
Number of ordinary shares		12	**33,740,929**	20,758,441
Net asset value per ordinary share (pence)		13	**38.20**	46.14

The Consolidated Financial Statements on pages 30 to 55 were approved by the Board of Directors and authorised for issue on 02 October 2020. They were signed on its behalf by:-

W. Scott
Director

The accompanying notes on pages 34 to 55 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED
(formerly AXA Property Trust Limited)

Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Notes	**Year ended 30 June 2020 £000s**	Year ended 30 June 2019 £000s
Operating activities			
(Loss)/profit before tax		**(340)**	155
Adjustments for:			
Unrealised loss/(gain) on investment property	7	**175**	(799)
Net gains on investments held at fair value through profit or loss	8	**(85)**	-
Dividend income	8	**4**	-
Lease incentive movement	4 & 7	**248**	301
Foreign exchange gain on investment property	7	**(82)**	(107)
Share in loss of joint venture		**-**	10
(Increase)/decrease in trade and other receivables		**(193)**	13
Increase/(decrease) in provisions		**1**	(164)
Increase/(decrease) in trade and other payables		**34**	(310)
Foreign exchange loss		**-**	29
Return of capital from joint ventures		**-**	155
Purchase of investments held at fair value through profit or loss	8	**(1,633)**	-
Sale of investments held at fair value through profit or loss	8	**30**	-
Net cash used in operations		**(1,841)**	(717)
Tax paid		**(52)**	(622)
Net cash outflow from operating activities		**(1,893)**	(1,339)
Financing activities			
Redemption of shares	12	**-**	(1,200)
Share issue	12	**3,895**	-
Share issue cost	12	**(285)**	-
Net cash from/(used) in financing activities		**3,610**	(1,200)
Effects of exchange rate fluctuations		**122**	34
Increase/(decrease) in cash and cash equivalents		**1,839**	(2,505)
Cash and cash equivalents at start of the year		**793**	3,298
Cash and cash equivalents at the year end		**2,632**	793

The accompanying notes on pages 34 to 55 form an integral part of these Financial Statements

1. Operations

Worsely Investors Limited (the "Company") is a limited liability, closed-ended investment company incorporated in Guernsey. The Company historically invested in commercial property in Europe which was held through subsidiaries. The Consolidated Financial Statements (the "Financial Statements") of the Company for the year ended 30 June 2020 comprise the Financial Statements of the Company and its subsidiaries (together referred to as the "Group").

Worsley Associates LLP was appointed on 31 May 2019 as Investment Advisor to the Company.

At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt a New Investment Objective and Policy. Please refer to the Investment Policy on page 57 for further detail. At an EGM on 11 December 2019, a special resolution was passed to change the name of the Company from AXA Property Trust Limited to Worsley Investors Limited. The Company's registered office is included on page 59.

2. Significant accounting policies

(a) Basis of preparation

The Financial Statements, which show a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB") and are in compliance with The Companies (Guernsey) Law, 2008. The Financial Statements have been prepared on a going concern basis, and the accounting policies, presentation and methods of computation are consistent with this basis, as disclosed in the going concern paragraph below.

The Directors believe that the Financial Statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which they relate and do not omit any matter or development of significance.

(b) Going concern

These Financial Statements have been prepared on a going concern basis. The Directors, at the time of approving the Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. The Group maintains a high cash balance and the property lease generates sufficient cash flows to pay on-going expenses and other obligations. The Directors have considered the cash position and performance of the current capital invested by the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Consolidated Financial Statements.

The going concern is assessed from 12 months from the approval of these Consolidated Financial Statements. The Board consider there to be no material uncertainty due to the fact that the Group currently has no borrowing, holds a high cash holding, undertook a successful capital raise during the year and that the Company's equity investments comprise predominantly readily realisable securities

(c) Adoption of new standards and its consequential amendments

IFRS 16

IFRS 16 was published in January 2016 and specifies how to report information which faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

IFRS 16 replaced IAS 17 and related interpretations.

IFRS 16 was adopted on 1 July 2019. As the Lessor, the adoption of IFRS 16 is substantially unchanged from accounting under IAS 17 as a result of which the adoption of this amended standard has had no material impact on the Financial Statements of the Company.

2. Significant accounting policies (continued)

(c) Adoption of new standards and its consequential amendments (continued)

Standards and amendments in issue but not yet effective
The following standard, which has not been applied in these Financial Statements, was in issue at the reporting date but not yet effective:

The following standards, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective –

- IAS 1 (amended), 'Presentation of Financial Statements' – (effective for accounting periods commencing on or after 1 January 2023)
- IAS 37 (amended), 'Provisions, Contingent Liabilities and Contingent Assets' – (effective for accounting periods commencing on or after 1 January 2022)
- IFRS 17 – 'Insurance Contracts' (effective for accounting periods commencing on or after 1 January 2021).

The amendments to IAS 1 were published in January 2020 and relate to the classification of liabilities.

The amendments to IAS 37 were published in May 2020 and relate to the costs to include when assessing whether or not a contract is onerous.

IFRS 17 was published in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts that fall within the scope of the standard.

In addition, the IASB has issued the following publications –

- 'Definition of Material (Amendments to IAS 1 and IAS 8)', published in October 2018, which has amended IAS 1 and IAS 8 to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards, effective for accounting periods commencing on or after 1 January 2020
- 'Amendments to References to the Conceptual Framework in IFRS standards', published in March 2018, which has updated certain Standards and Interpretations with regard to references to and quotes from the Framework or to indicate where they refer to a different version of the Conceptual Framework, effective for accounting periods commencing on or after 1 January 2020
- 'Amendments regarding pre-replacement issues in the context of the IBOR reform', published in September 2019, which has amended IFRS 7, IFRS 9 and IAS 39, effective for accounting periods commencing on or after 1 January 2020
- 'Annual Improvements to IFRS Standards 2018-2020', published in May 2020, which has amended certain existing standards, effective for accounting periods commencing on or after 1 January 2022.

The Company has no financial instruments that fall within the scope of IFRS 17, and the changes arising from the amendments to other standards are either presentational and/or minor in nature. It is therefore anticipated that the adoption of these new and amended standards will have no material impact on the Financial Statements of the Company.

2. Significant accounting policies (continued)

(d) Significant estimates and judgements

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions which affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes which require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Functional currency

As disclosed in note 2(e), the Company's functional currency is Pounds sterling and the subsidiaries' functional currency is Euro. The Board of Directors considers that the Parent Company's functional currency is Pounds sterling, as the capital raised, return on capital and any distributions paid by the Parent Company are in Pounds sterling. The Euro most faithfully represents the economic effect of the underlying transactions, events and conditions of the subsidiaries. The Euro is the currency in which the subsidiaries measure their performance and report their results.

(ii) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising which are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the Consolidated Statement of Comprehensive Income.

The property is valued quarterly by an external independent valuer as at the end of each calendar quarter. Their valuations are reviewed quarterly by the Board.

Quarterly valuations of the investment property are carried out by Knight Frank LLP, external independent valuers to the Group, in accordance with the Royal Institution of Chartered Surveyors' ("RICS") Appraisal and Valuation Standards. The property has been valued in accordance with the definition of the RICS Valuation which is defined as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation is based on the highest and best use of the investment property.

An independent valuation was carried out for the investment property. The valuation report received from the independent valuer included a 'Material Valuation Uncertainty' paragraph in relation to the market risks linked to the COVID-19 pandemic: this paragraph explains that valuer has attached less weight to previous market evidence for comparison purposes to achieve an informed opinion on value. The valuer therefore recommends that a higher degree of caution and less certainty should be attached to this valuation compared to valuations carried out under normal circumstances. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation nor that the valuation cannot be relied upon.

The key assumptions used to determine the market value of the investment property are explained further in note 7.

Investments held at fair value through profit or loss

The Company records its investments at fair value. Investments traded in active markets are valued at the latest available bid prices ruling at midnight on the reporting date. Investments consist of listed or quoted equities or equity-related securities which are issued by corporate issuers, supra-nationals or government organisations, and investment in funds.

2. Significant accounting policies (continued)

(e) Foreign currency translation

(i) Foreign currency transactions

Transactions in foreign currencies are translated to presentation currency at the spot foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated to presentation currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities which are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies which are stated at fair value are translated to presentation currency at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Exchange differences on foreign operations

The assets and liabilities of foreign operations, arising on consolidation, are translated to presentation currency at the foreign exchange rates ruling at the Consolidated Statement of Financial Position date. The income and expenses of foreign operations are translated to presentation currency at an average rate. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and as a separate component of equity.

(f) Basis of consolidation

(i) Subsidiaries

The Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 30 June each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(ii) Transactions eliminated on consolidation

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in preparing the Financial Statements.

Worsley Investors Limited, the Company, is the parent of the Group. It was incorporated in Guernsey on 5 April 2005. The Company owned the following subsidiary as at the reporting date:

Subsidiaries	**Country of incorporation**	**Date of incorporation**	**Ownership interest %**	**Principal activities**	**Financial year end**
Property Trust Luxembourg 2 S.à r.l.	Luxembourg	24 November 2005	100.00%	Holding Company	30 June

The company shown in the table below was directly owned by Property Trust Luxembourg 2 S.à.r.l. as at the reporting date:

Indirect subsidiaries and joint ventures Property Trust Luxembourg 2 S.à r.l.	**Country of incorporation**	**Ownership interest %**	**Financial year end**
Multiplex 1 S.r.l.	Italy	100.00%	31 December

The entity above has a reporting date of 31 December 2019 owing to legacy set up.

Property Trust Rothenburg 1 S.a.r.l merged with Property Trust Luxembourg 2 S.a.r.l in January 2019.

(g) Income recognition

Interest income from banks is recognised on an effective yield basis.

Dividend income from equity investments is recognised when the relevant investment is quoted ex-dividend, and is included gross of withholding tax. Rental income from the investment property leased out under operating leases is recognised in the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives are amortised over the whole lease term.

2. Significant accounting policies (continued)

(h) Expenses/Other Income

Expenses are accounted for on an accruals basis.

Service costs for service contracts entered into by the Group acting as the principal are recorded when such services are rendered. The Group is entitled to recover such costs from the tenants of the investment property. The recovery of costs is recognised as service charge income on an accrual basis.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits carried at amortised cost. Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Dividends

Dividends are recognised as a liability in the period in which they become obligations of the Company. Interim dividends are recognised when paid. Final dividends are recognised once they are approved by shareholders.

(k) Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Investment property

Investment property is held to earn rental income and capital appreciation and is recognised as such. Investment property is initially recognised at cost, being the fair value of consideration given, including associated transaction costs.

After initial recognition, investment property is measured at fair value using the fair value model with unrealised gains and losses recognised in the Consolidated Income Statement. Realised gains and losses upon disposal of the property is recognised in the Consolidated Income Statement. Quarterly valuations are carried out by Knight Frank LLP, external independent valuers, in accordance with the RICS Appraisal and Valuation Standards. The property has been valued in accordance with the definition of the RICS Valuation which is defined as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation is based on the highest and best use of the investment property.

Lease incentive assets are deducted from the independent valuation to arrive at fair value for accounting purposes: refer to note 7 for further details.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Consolidated Income Statement during the financial period in which they are incurred.

Investment property is derecognised when it has been disposed of. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within gain/(loss) on disposals of subsidiaries and investment property.

2. Significant accounting policies (continued)

(m) Assets held for sale

Investment property is transferred to assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated;
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

On re-classification, the investment property that is measured at fair value continues to be so measured.

(n) Joint ventures

The Group's interest in jointly controlled entities are accounted for using the equity method. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture which is attributable to the other ventures ("Downstream transaction"). The Group recognises its share of profits or losses from the joint venture which result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party ("Upstream transaction"). When Downstream transactions provide evidence of a reduction in the net fair value of the assets sold, or of an impairment loss of those assets, those losses are recognised in full. When Upstream transactions provide evidence of a reduction in the net fair value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share in those losses.

(o) Operating leases (lessor)

The determination of whether or not an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed to establish if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Where an operating lease is modified it is accounted for as a new lease with any prepaid or accrued lease payments relating to the original lease being treated as part of the lease payments for the new lease.

(p) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

On initial recognition, the Group classifies financial assets as measured at amortised cost or at fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- - its contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest.

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed.

The Group has determined that it has only one business model: a held-to-collect business model: this includes cash and cash equivalents. These financial assets are held to collect contractual cash flow.

2. Significant accounting policies (continued)

(p) Financial instruments (continued)

Classification of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets held at amortised cost. The Group has elected to apply the simplified approach permitted by IFRS 9 in respect of receivables because they have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is always to recognise lifetime Expected Credit Loss ("ECL"). Under the simplified approach practical expedients are available to measure lifetime ECL but forward-looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times. The Directors have concluded that any ECL on receivables would be highly immaterial to the Financial Statements owing to the low credit risk of the relevant counterparties and the historical payment history.

Cash and cash equivalents comprise cash balances and call deposits carried at amortised cost. Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments at fair value through profit or loss ("investments")

Recognition
Investments are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Purchases and sales of investments are recognised on the trade date (the date on which the Company commits to purchase or sell the investment). Investments purchased are initially recorded at fair value, being the consideration given, including transaction or other dealing costs associated with the investment.

Measurement
Subsequent to initial recognition, investments are measured at fair value. Gains and losses arising from changes in the fair value of investments and gains and losses on investments that are sold are recognised through profit or loss in the Statement of Comprehensive Income within net changes in fair value of financial assets at fair value through profit or loss.

Investments traded in active markets are valued at the latest available bid prices ruling at midnight on the reporting date. The Directors are of the opinion that the bid-market prices are the best estimate of fair value. Investments consist of listed or quoted equities or equity-related securities, options and bonds which are issued by corporate issuers, supra-nationals or government organisations, and investment in funds.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses arising from changes in the fair value of financial assets/(liabilities) are shown as net gains or losses on financial assets through profit or loss and recognised in the Statement of Comprehensive Income in capital in the period in which they arise.

Realised gains and losses arising on disposal of investments are calculated by reference to the proceeds received on disposal and the average cost attributable to those investments and are recognised in the Statement of Comprehensive Income. Unrealised gains and losses on investments are recognised in the Statement of Comprehensive Income.

2. Significant accounting policies (continued)

(p) Financial instruments (continued)

Capital

Financial instruments issued by the Group are treated as equity if the holder has only a residual interest in the assets of the Group after the deduction of all liabilities. The Company's Ordinary Shares are classified as equity instruments.

The Group's capital is represented by the Ordinary Shares, revenue reserve, distributable reserve and foreign exchange reserve. Share premium is included in the distributable reserve presented in the Consolidated Statement of Changes in Equity. The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective, both of which are set out on pages 57 to 58. It is not subject to externally imposed capital requirements. The Ordinary shares carry rights regarding dividends, voting, winding-up and redemptions, which are detailed in full in the Company's Memorandum and Articles of Incorporation.

Equity instruments

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

(q) Taxation

The Company has obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and accordingly is subject to an annual fee of £1,200. The Directors intend to conduct the Group's affairs such that it continues to remain eligible for exemption.

The Company's subsidiaries are subject to income tax on any income arising on investment property, after deduction of debt financing costs and other allowable expenses. However, when a subsidiary owns a property located in a country other than its country of residence the taxation of the income is defined in accordance with the double taxation treaty signed between the country where the property is located and the residence country of the subsidiary.

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year as determined under local tax law, using tax rates enacted or substantially enacted at the Consolidated Statement of Financial Position date, and any adjustment to tax payable in respect of previous periods.

Deferred income tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. 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 substantially enacted at the Consolidated Statement of Financial Position date, except in the case of investment property, where deferred tax is provided for the effect of the sale of the property. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset is utilised.

Details of current tax and deferred tax assets and liabilities are disclosed in note 11.

2. Significant accounting policies (continued)

(r) Determination and presentation of operating segments
The Company has entered into an Investment Advisory Agreement with the Investment Advisor, under which the Board has appointed the Investment Advisor to oversee on a day-to-day basis the assets of the Company, subject to their review and control and ultimately the overall supervision of the Board. The Board retains full responsibility to ensure that the Investment Advisor adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Advisor. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

The Board has considered the requirements of IFRS 8, 'Operating Segments'. The Board is of the view that the Group has one segment of business.

(s) Share issue costs
Share issue costs are fully written off against the share capital account in the period of the share issue in accordance with Guernsey company law.

3. Material agreements

Investment Management Agreements

AXA Investment Managers UK Limited up to 31 May 2019
AXA Investment Managers UK Limited was appointed as the investment manager of the Group pursuant to an Investment Management Agreement dated 18 April 2005. Under the terms of the Investment Management Agreement, AXA Investment Managers UK Limited was entitled to a management fee of 90 basis points per annum of gross assets together with reasonable expenses payable quarterly in arrears. The management fee was reduced by an amount equal to the fees payable to the Real Estate Adviser by the property subsidiaries such that the total fees payable by the Group to the Investment Real Estate Adviser and AXA Investment Managers UK Limited did not exceed 90 basis points per annum. This Investment Management Agreement was terminated on 31 May 2019.

AXA Investment Managers UK Limited agreed to amend the Management Fee arrangements with effect from 1 January 2013 such that the Manager and/or its Associates would receive in aggregate:

A management fee of 1.10 per cent. of NAV (as opposed to 0.90 per cent. of gross assets) per annum to be paid quarterly in arrears based on the NAV at the end of the relevant quarter, transaction fees of 0.35 per cent. of the gross sales price achieved on each asset sale and a performance fee of 12.5 per cent. of cash returned to shareholders in excess of 80 per cent. of NAV as at 31 December 2012, with threshold percentage of NAV increasing by 5 per cent. per annum with effect from 1 January 2015 (such that, by way of example, the threshold percent for the 12 month from and including 1 January 2015 (such that the threshold percentage for the 12 months from and including 1 January 2015 was 85 per cent of NAV as of 31 December 2012 and increased to 90 per cent from and including January 2016 and so on for each consecutive year).This amendment of the management fee was approved by a resolution of the shareholders on 26 April 2013.

During the year, AXA Investment Managers UK Limited were not due a fee (30 June 2019: £119,274). No fees were outstanding as at 30 June 2020 (30 June 2019: £nil).

On 31 May 2019, AXA Investment Managers UK Limited resigned and Worsley Associates LLP ("Worsley") was appointed as the Investment Advisor with immediate effect.

Worsley Associates LLP from 31 May 2019
The Investment Advisory Agreement had an initial term of two years, with either Worsley or the Company being able to terminate the agreement by giving 12 months' notice from 1 June 2020 and thereafter on a rolling 12 months' notice basis. On giving the requisite 12 months' notice there is no compensation on termination (save in respect of any payment made in lieu of notice where Worsley and the Company agree to terminate the Investment Advisory Agreement on less than 12 months' notice). In addition, the Company and Worsley may terminate the Investment Advisory Agreement in certain limited circumstances.

Pursuant to the Investment Advisory Agreement, Worsley is entitled to an annual advisory fee of 1.25 per cent. of the Company's Net Asset Value, to the extent that the Company's Net Asset Value is £40 million or less, but subject to a minimum fee of £150,000 per annum. If the Company's Net Asset Value exceeds £40 million, the Company will pay Worsley a fee equal to 1.25 per cent. of £40 million and 1.00 per cent. of the amount by which the Company's Net Asset Value exceeds £40 million.

During the year, the Worsley was due an Investment Advisory fee of £156,843 (30 June 2019: £12,500). Fees of £24,555 were outstanding as at 30 June 2020 (30 June 2019: £12,500).

3. Material agreements (continued)

Broker Agreement

Stifel Nicolaus Limited to 18 April 2019
Stifel Nicolaus Limited was prior to 18 April 2019, Corporate Broker to the Company. Fees incurred for the year ended 30 June 2020 totalled £nil (30 June 2019: £20,394) of which no fee was outstanding as at 30 June 2020 (30 June 2019: £nil).

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited from 18 April 2019
On 18 April 2019, Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (together "Shore Capital") were appointed as the Company's financial adviser and broker. Fees expensed in the year ended 30 June 2020 totalled £35,000 (30 June 2019: £31,250) of which none was outstanding as at 30 June 2020 (30 June 2019: £6,250).

Administrator Agreement

Northern Trust International Fund Administration Services (Guernsey) Limited up to 28 June 2019
Northern Trust International Fund Administration Services (Guernsey) Limited was Administrator and Secretary to the Company pursuant to the Administration Agreement dated 13 April 2005. Fees incurred in the year ended 30 June 2020 totalled £nil (30 June 2019: £153,965).

With effect from 28 June 2019, Northern Trust International Fund Administration Services (Guernsey) Limited resigned and Praxis Fund Services Limited ("Praxis") was appointed as Administrator and Company Secretary.

Praxis Fund Services Limited from 28 June 2019
With effect from 28 June 2019, Praxis is entitled to an annual fee payable by the Company as follows:

-Where the Net Asset Value ("NAV") is up to £20 million a fixed fee of £70,000 per annum will apply;
-Where the NAV is over £20 million but up to £100 million a further fee equating to 0.025% of NAV per annum will be charged on the excess; and
-Where the NAV is over £100 million, a further fee equating to 0.06% per annum of the NAV in excess of £100 million will be charged.

During the year, the Praxis was due an administration fee of £70,000 (30 June 2019: £5,000), Praxis was also paid a one-off fee in relation to the Capital Raise of £20,000. Fees of £17,404 were outstanding as at 30 June 2020 (30 June 2019: £nil).

Fees totalling £51,000 were paid to the administrators of the subsidiaries (30 June 2019: £82,000).

Custody Agreement

With effect from 5 July 2019, Butterfield Bank (Guernsey) Limited was appointed as Custody Agent to the Company. Butterfield Bank (Guernsey) Limited is entitled to an annual fee payable by the Company as follows:

At the rate of 0.15% per annum of the gross value of the investments held, subject to a minimum fee of £400 per annum. During the year, Butterfield Bank (Guernsey) Limited was due a custody agency fee of £536 (30 June 2019: £nil). Fees of £536 were outstanding as at 30 June 2020 (30 June 2019: £nil). During the year, Butterfield Bank (Guernsey) Limited was due transaction fees of £10,266 incurred as a result of investment trading (30 June 2019: £nil). No transaction fees were outstanding as at 30 June 2020 (30 June 2019: £nil).

4. Gross rental income

Gross rental income for the year ended 30 June 2020 amounted to £0.73 million (30 June 2019: £0.73 million). The Group leases out its investment property under an operating lease which is structured in accordance with local practices in Italy. The lease benefits from indexation.

The lease was signed in December 2018 summarised as follows:

- *Term*
  15 years fixed, from 1 January 2019 until 31 December 2033 with an automatic nine-year extension unless cancelled by the tenant with a minimum 12-month notice period.
- *Base Rent*
  Year 1 – €800,000
  Year 2 (i.e. from January 2020) – €830,000, and thereafter to be indexed to 100% of the ISTAT Consumer Index on an upwards-only basis.
  As part of the overall negotiation package an amount of €330,329 lease incentive was paid in December 2018 to the tenant. The new lease has been treated as backdated with an effective commencement date of 1 July 2018. A further amount of €330,329 was granted to the tenant as a discount on rent which adjusted the rental income received from 1 July 2018 to 31 December 2018 to be in line with that receivable under the new lease agreement. Please refer to note 7 for further details.
- *Variable Rent*
  There was an incremental rent of between €1.50 and €2.50 per ticket sold above a minimum threshold of 350,000 tickets per year. There was €5,255 of variable rent earned in the year ended 30 June 2020 (30 June 2019: nil).

During June 2020, as a result of COVID-19, negotiations with the tenant at the Curno property were held with the aim of achieving overall terms which would improve asset liquidity and maximise potential pricing. As a result, a lease amendment was signed on 11 September 2020 with alterations summarised as follows:

- *Term*
  17.5 years fixed, from 1 January 2019 until 30 June 2035 with an automatic nine-year extension unless cancelled by the tenant with a minimum 12-month notice period.
- *Base Rent*
  From 1 March 2021 – €915,000, and from 1 January 2022 to be indexed to 100% of the ISTAT Consumer Index on an upwards-only basis. As part of the overall amendment package an amount of €622,500 was granted to the tenant as a full discount on rent payable from 1 March 2020 to 30 November 2020. Of the €622,500 discount on rent, €276,667 relates to the year ended 30 June 2020. Please refer to the table below and note 7 for further details.
- *Variable Rent*
  Remains as per prior agreement. There will be an incremental rent of between €1.50 and €2.50 per ticket sold above a minimum threshold of 350,000 tickets per calendar year.

This was agreed in full prior to the year end, however, formalisation of the lease documentation was delayed until September 20. As such the lease amendment has been accounted for within these financial statements and the asset valuation.

Minimum Lease Payments (based on actual cash flows)

	30 June 2020	30 June 2019
	€000s	€000s
1 year	513	815
1-5 years	3,667	3,320
After 5 years	9,233	7,885

Lease incentive

	30 June 2020	30 June 2019
	£000s	£000s
Lease incentive at beginning of year	**301**	-
Lease incentive movement for the year	**248**	301
Foreign exchange translation	**12**	-
Lease incentive at end of year	**561**	301

4. Gross rental income (continued)

The amounts recognised in the Statement of Comprehensive Income of the Group in relation to the investment property are as follows:

Rental income

	30 June 2020	30 June 2019
	£000s	£000s
Rental income received (net of lease incentives)	**477**	431
Straight-lining of lease incentives	**248**	296
Rental income	**725**	727

Expense from services to tenants, other property operating and administrative expenses

	30 June 2020	30 June 2019
	£000s	£000s
Property expenses arising from investment property which generates rental income	**147**	151
Total property operating expenses	**147**	151

As the investment property was rented for the entire period, there were no property expenses arising from investment property that did not generate rental income.

5. General and administrative expenses

	30 June 2020	**30 June 2019**
	£000s	**£000s**
Administration fees (note 3)	**121**	241
General expenses	**70**	63
Audit fees	**42**	45
Legal and professional fees	**35**	239
Directors' fees and expenses (note 16)	**52**	66
Insurance fees	**72**	120
Liquidation costs	**-**	(106)
Corporate Broker fees (note 3)	**35**	27
Investment management fees	**-**	119
Investment advisor fees (note 16)	**158**	13
Total	**585**	827

6. Basic and diluted loss per Share

The basic and diluted gain or loss per share for the Group is based on the net loss for the year of £0.419 million (30 June 2019: net profit of £0.105 million) and the weighted average number of Ordinary Shares in issue during the year of 24,447,454 (30 June 2019: 22,294,390). There are no instruments in issue which could potentially dilute earnings or deficit per Ordinary Share.

7. Investment property

	30 June 2020	30 June 2019
	£000s	£000s
Value of investment property before lease incentive adjustment at beginning of the year	**8,777**	7,871
Fair value adjustment	**(175)**	799
Foreign exchange translation	**94**	107
Independent external valuation	**8,696**	8,777
Adjusted for: Lease incentive (note 4)*	**(561)**	(301)
Fair value of investment property at the end of the year	**8,135**	8,476

Investment property is carried at fair value. The fair value adjustment has been adjusted with carrying amount of the lease incentive.

The property has been valued on the basis of fair value, being the price which would be received if the asset were sold in an orderly transaction between market participants at the measurement date. Quarterly valuations are carried out at 31 March, 30 June, 30 September and 31 December by Knight Frank LLP, external independent valuers.

* The Lease incentive is classified as a separate item within the Consolidated Statement of Financial Position and hence to avoid double counting has been deducted from the independent property valuation to arrive at fair value for accounting purposes.

The resultant fair value of investment property is analysed below by valuation method, according to the levels of the fair value hierarchy. The different levels have been defined as follows:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 which 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 which are not based on observable market data (unobservable inputs).

The investment property (Curno) is classified as Level 3.

The significant assumptions made relating to its independent valuation are set out below:

Significant assumptions	**2020**	**2019**
Gross estimated rental value per sqm p.a.	114.00€	125.00€
Equivalent yield	8.90%	8.61%

An increase/decrease in ERV (Estimated Rental Value) will increase/decrease valuations, while an increase/decrease to yield decreases/increases valuations. The table below sets out the sensitivity of the independent property valuation to changes of 50 basis points in Fair Value.

The external valuer has carried out its valuation using the comparative and investment methods. The external valuer has made the assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions. The market analysis has been undertaken using market knowledge, enquiries of other agents, searches of property databases, as appropriate and any information provided to them. The external valuer has adhered to the RICS Valuation – Professional Standards.

The valuation report received from the independent valuer included a 'Material Valuation Uncertainty' paragraph in relation to the market risks linked to the COVID-19 pandemic: this paragraph explains that valuer has attached less weight to previous market evidence for comparison purposes to achieve an informed opinion on value. The valuer therefore recommends that a higher degree of caution should be attached to this valuation compared to valuations carried out under normal circumstances.

7. Investment property (continued)

2020 sensitivity

Movement		
Increase of 50 basis points	Property valuation equivalent yield	Decrease of €0.5 million
Decrease of 50 basis points	Property valuation equivalent yield	Increase of €0.6 million
Increase of 50 basis points	Gross estimate rental value	Decrease of €0.05 million
Decrease of 50 basis points	Gross estimate rental value	Increase of €0.05 million

2019 sensitivity

Movement		
Increase of 50 basis points	Property valuation equivalent yield	Decrease of €0.6 million
Decrease of 50 basis points	Property valuation equivalent yield	Increase of €0.6 million
Increase of 50 basis points	Gross estimate rental value	Decrease of €0.04 million
Decrease of 50 basis points	Gross estimate rental value	Increase of €0.04 million

Property assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date. Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in Gross Domestic Product ("GDP"), employment trends, inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may affect the cost of financing for real estate companies.

Both rental income and property values may be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or the insolvency of tenants, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. The Investment Advisor addresses market risk through a selective investment process, credit evaluations of tenants, ongoing monitoring of tenants and through effective management of the property.

8. Investments at fair value through profit or loss

	30 June 2020 £000s	30 June 2019 £000s
Fair value of investments at FVTPL at beginning of year	**-**	-
Purchases	**1,633**	-
Sales	**(30)**	-
Realised gains	**12**	-
Unrealised gains	**69**	-
Total investments at FVTPL	**1,684**	-

	30 June 2020 £000s	30 June 2019 £000s
Realised gains	**12**	-
Unrealised gains	**69**	-
Total gains on investments at FVTPL	**81**	-
Dividend income	**4**	
Total gains on financial assets at FVTPL	**85**	-

8. Investments at fair value through profit or loss (continued)

The fair value of investments at FVTPL are analysed below by valuation method, according to the levels of the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 which 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 which are not based on observable market data (unobservable inputs).

The following table analyses within the fair value hierarchy the Company's financial assets at fair value through profit or loss:

30 June 2020	**Level 1 £000s**	**Level 2 £000s**	**Level 3 £000s**	**Total £000s**
Fair value through profit or loss				
- Investments	**1,007**	**677**	**-**	**1,684**

Within the Company's financial assets classified as Level 2, securities totalling £512,000 are traded on the London Stock Exchange or AiM Market, with the remaining securities of £165,000 being traded on the Aquis Exchange.

30 June 2019	**Level 1 £000s**	**Level 2 £000s**	**Level 3 £000s**	**Total £000s**
Fair value through profit or loss				
- Investments	-	-	-	-

The valuation and classification of the investments are reviewed on a regular basis. The Board determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

9. Trade and other receivables

	30 June 2020 £000s	30 June 2019 £000s
Other receivables	**9**	21
Rent receivable	**5**	-
VAT receivable	**69**	65
Prepayments	**17**	69
PTL3 liquidation proceeds	**-**	7
Total	**100**	162

The carrying values of trade and other receivables are considered to be approximately equal to their fair value.

Rent receivable is non-interest bearing and typically due within 30 days.

10. Trade and other payables

	30 June 2020 £000s	30 June 2019 £000s
Investment Advisor fee (note 3 and 16)	**25**	13
Administration fees (note 3)	**30**	10
Legal and professional fees	**-**	10
Audit fees	**39**	40
Director fees payable (note 16)	**5**	5
Broker fees (note 3)	**-**	6
Other	**106**	88
Total	**205**	172

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying values of trade and other payables are considered to be approximately equal to their fair value.

11. Taxation

	30 June 2020 £000s	30 June 2019 £000s
Effect of:		
Current tax		
Luxembourg	**(14)**	(12)
Italy	**(58)**	(22)
Germany	**(7)**	(16)
Total current tax	**(79)**	(50)
Tax charge during the year	**(79)**	(50)

There were no temporary differences as at 30 June 2020 and 2019. The Parent Company is exempt from Guernsey taxation.

12. Share capital

	30 June 2020 Number of shares	30 June 2019 Number of shares
Shares of no par values issued and fully paid		
Balance at the start of the year	20,758,441	23,402,881
Share issue	12,982,488	-
Share redemptions	-	(2,644,440)
Balance at the end of the year	**33,740,929**	**20,758,441**

	30 June 2020 £000s	30 June 2019 £000s
Balance at the start of the year	9,577	10,631
(Loss)/profit for the year and other comprehensive income	(297)	146
Share issue	3,895	-
Share issue costs	(285)	-
Share redemptions	-	(1,200)
Balance at the end of the year	**12,890**	**9,577**

During the year ended 30 June 2020, the Company issued 12,982,488 shares (30 June 2020: nil), at a price of £0.30 per share (30 June 2020: nil) raising gross proceeds of £3.9 million, costs associated with the fund raise totalled £0.285million .

During the year ended 30 June 2019, the Company cancelled 2,644,440 shares, at an average price of £0.45 per share.

13. Net asset value per ordinary share

The Net Asset Value per Ordinary Share at 30 June 2020 is based on the net assets attributable to the ordinary shareholders of £12.89 million (30 June 2019: £9.58 million) and on 33,740,929 (30 June 2019: 20,758,441) ordinary shares in issue at the Consolidated Statement of Financial Position date.

14. Financial risk management

The Group is exposed to various types of risk which are associated with financial instruments. The Group's financial instruments comprise investments, bank deposits, cash, receivables and payables which arise directly from its operations. The carrying value of financial assets and liabilities approximate the fair value.

The main risks arising from the Group's financial instruments are price risk, market risk, credit risk, liquidity risk, interest risk and foreign currency risk. The Board reviews and agrees policies for managing its risk exposure. These policies are summarised below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. Failure of any relevant counterparty to perform its obligations in respect of these items may lead to a financial loss.

The Company is exposed to credit risk in respect of cash and cash equivalents, investments held at fair value through profit or loss and trade and other receivables. The credit risk associated with debtors is limited to trade and other receivables. It is the opinion of the Board of directors that the carrying amounts of these financial assets represent the maximum credit risk exposure as at the reporting date.

The Company will not invest in the securities of any company that is not quoted or does not have a listing. All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

The credit risk on cash and cash equivalent is considered limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies.

As at 30 June 2020 the Group banked with Butterfield Bank (Guernsey) Limited which has a Standard & Poor’s rating of BBB+, CA Indosuez Wealth (Europe) a subsidiary of Credit Agricole which has a Standard & Poor’s rating of A+ and Banco di Desio e della Brianza S.p.A with a Fitch rating of BB+.

As at 30 June 2019 the Group banked with Northern Trust (Guernsey) Limited which had a Fitch rating of AA, CA Indosuez Wealth (Europe) a subsidiary of Credit Agricole which had a Standard & Poor’s rating of A+ and Banco di Desio e della Brianza S.p.A with a Fitch rating of BBB+.

Cash and cash equivalents, investments held at fair value through profit or loss and trade and other receivables presented in the Consolidated Statement of Financial Position are subject to credit risk with maturities within one year. The Company’s maximum credit exposure is limited to the carrying amount of financial assets recognised as at the Consolidated Statement of Financial Position date.

At the reporting date, the carrying amount of the financial assets exposed to risk were as follows:

As at 30 June 2020	Within one year £000s	1-3 years £000s	Total £000s
Cash and cash equivalents	2,632	-	2,632
Investments held at fair value through profit or loss	1,684	-	1,684
Trade and other receivables	791	-	791
Total	**5,107**	**-**	**5,107**

As at 30 June 2019	Within one year £000s	1-3 years £000s	Total £000s
Cash and cash equivalents	793	-	793
Trade and other receivables	559	-	559
Total	**1,352**	**-**	**1,352**

14. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet financial commitments in a reasonable time frame or at a reasonable price.

The Group has the majority of its assets invested in investment property which is relatively illiquid. The Group prepares forecasts in advance which enables the Group's operating cash flow requirements to be anticipated and ensures that sufficient liquidity is available to meet foreseeable needs and to allow any surplus cash assets to be invested safely and profitably. The Group also monitors the cash position in all subsidiaries to ensure that any working capital needs are addressed as early as possible.

As at 30 June 2020 and 2019, the Company had no significant financial liabilities other than short-term payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

As at the year end, the Company's overall interest rate risk is monitored on a quarterly basis by the Board. As the Company's investments held at fair value through profit or loss are not interest-bearing and are not directly subject to interest rate risk, the exposure to interest rate risk is not significant.

Concentration risk

Until 28 June 2019, the Company was being managed with a view to realising its existing investments and in previous years had sold the vast majority of its underlying assets. As at 30 June 2020, the Company held one Investment Property representing 67.46% of NAV (30 June 2019: 88.50%).

The concentration risk of the Company will decrease fundamentally when the Curno cinema is disposed of.

The Group pursues a policy of diversifying its risk. Save for the Curno Asset until such time as it is realised, the Group intends to adhere to the investment restrictions detailed on pages 57 to 58.

Foreign currency risk

The European subsidiaries are invested in assets denominated in currencies other than Pound sterling (that is Euros), the Company's functional and presentational currency, and the Consolidated Statement of Financial Position may be significantly affected by movements in the exchange rates of such currencies against Sterling.

The following table sets out the total exposure to foreign currency risk and the net exposure to foreign currency of monetary assets and liabilities based on notional amounts.

	Monetary assets £000s	Monetary liabilities £000s	Net exposure £000s
At 30 June 2020	9,176	(270)	8,906
At 30 June 2019	8,718	(190)	8,528

14. Financial risk management (continued)

Foreign currency risk sensitivity

The following table demonstrates the sensitivity to potential fluctuations in the Euro exchange rate (*ceteris paribus*) of the Group's equity.

	Increase/decrease in Euro exchange rate	Effect on equity and income £000s
At 30 June 2020	+10%	891
	-10%	(891)
At 30 June 2019	+5%	426
	-5%	(426)

The sensitivity rate of 10% as at 30 June 2020 is regarded as reasonable in light of the recent volatility of Pound sterling vs the Euro. Any changes in the foreign exchange rate will directly affect the profit and loss, allocated to the capital column of the Consolidated Statement of Comprehensive Income.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's activities expose it primarily to the market risks of changes in market prices.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of the financial instruments held by the Company. It represents the potential loss the Company may suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Advisor in pursuance of the investment objectives and policies.

Market price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equities risks at the reporting date. The 20% reasonably possible price movement for equity-related securities (30 June 2019: n/a) is based on the Investment Advisor best estimates. The sensitivity rate for equity-related investments of 20% is regarded as reasonable, as in the Investment Advisor view there is expected to be volatility in equity markets in the coming year.

A 20% increase in the market prices of equity-related investments as at 30 June 2020 would have increased the net assets attributable to shareholders by £336,742 (30 June 2019: n/a) and a 20% change in the opposite direction would have decreased the net assets attributable to shareholders by an equal opposite amount.

Actual trading results may differ from the above sensitivity analysis and these differences could be material.

14. Financial risk management (continued)

Fair value

Financial assets at fair value through profit or loss are carried at fair value. Other assets and liabilities are carried at cost which approximates fair value.

IFRS 7 requires the Company to classify a fair value hierarchy which reflects the significance of the inputs used in making the measurements. IFRS 7 establishes a fair value hierarchy which prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows –

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 which 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 which are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be which market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources which are actively involved in the relevant market.

Assets classified in Level 1 consist of listed or quoted equities or equity-related securities, options and bonds which are issued by corporate issuers, supra-nationals or government organisations.

Assets classified in Level 2 are investments such as funds fair-valued using the official NAV of each fund as reported by each fund's independent administrator at the reporting date. Where these funds are invested in equity-type products, they are classified as equity in the table above. Options and foreign exchange forward contracts are fair valued using publicly available data. Foreign exchange forward contracts would be shown as derivative financial assets and liabilities in the above table.

Assets classified in Level 3 consist of investments for which no market exists for trading, for example investments in liquidating or illiquid funds, which would be reported using the latest available official NAV less dividends declared to date of each fund as reported by each fund's independent administrator at the last reporting date. Where a market exists for trading in illiquid funds, these are classified in Level 2.

The Company recognises any transfers between levels of fair value hierarchy as of the end of the reporting year during which the transfer has occurred. During the years ended 30 June 2020 and 30 June 2019, there were no transfers between levels of fair value hierarchy.

15. Reserves

(a) Distributable reserves

Distributable reserves arose from the cancellation of the share premium account pursuant to the special resolution passed at the EGM on 13 April 2005 and approved by the Royal Court of Guernsey on 24 June 2005.

(b) Foreign currency reserves

Foreign currency reserves arise as a result of the translation of the Financial Statements of foreign operations, the functional and presentation currency of which is not Pound sterling.

(c) Revenue reserves

Revenue reserves arise as a result of the profit or loss created by the Group.

16. Related party transactions

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Group's activities including the review of investment activity and performance.

Mr Nixon, a Director of the Company, is also Founding Partner and a Designated Member of Worsley Associates LLP ("Worsley"). The total charge to the Consolidated Income Statement during the year in respect of Investment Advisor fees to Worsley was £158,598 (30 June 2019: £12,500) of which £24,555 (30 June 2019: £12,500) remained payable at the year end. As at 30 June 2020, Mr Nixon held 29.88% of the shares in the Company (30 June 2019: 29.81%).

During the year, Mr Nixon received £nil as a Director fee (30 June 2019: £4,500). Upon appointment of Worsley as Investment Advisor (31 May 2019), Mr Nixon waived his future Director fee for so long as he is a member of the Investment Advisor.

The fees and expenses payable to the Investment Advisor are explained in note 3.

All the above transactions were undertaken at arm's-length.

The aggregate remuneration and benefits in kind of the Directors and directors of its subsidiaries in respect of the Company's year ended 30 June 2020 amounted to £47,589 (30 June 2019: £65,922) in respect of the Group of which £35,000 (30 June 2019: £49,610) was in respect of the Company. Please refer to page 24 for further details on the Directors' fees.

17. Commitments and contingent liability

As at 30 June 2020 the Company has no commitments.

Disposal of the Curno property may, depending on the terms, incur Italian taxes which would be material in the context of Shareholders' Funds. As at the 30 June 2020 and up to the date of approval, no disposal was in discussion. As a result, no provision has been included in these financial statements.

18. NAV Reconciliation

The following is a reconciliation of the NAV per share attributable to ordinary shareholders as presented in these Financial Statements to the unaudited NAV per share reported to the LSE:

30 June 2020	**NAV £000s**	**NAV per Ordinary Share £**
Net Asset Value reported to London Stock Exchange (unaudited)	**12,859**	**38.11p**
Other adjustments*	**31**	**0.09p**
Net Assets Attributable to Shareholders per Financial Statements (audited)	**12,890**	**38.20p**

*Other adjustments are a result of a reduction in trade and other payables.

19. Subsequent events

During June 2020, as a result of COVID-19 negotiations with the tenant at the Curno property were held with the aim of achieving overall terms which would improve asset liquidity and maximise potential pricing. As a result, a lease amendment was signed 11 September 2020 with alterations summarised as follows:

- *Term*
  17.5 years fixed, from 1 January 2019 until 30 June 2035 with an automatic nine-year extension unless cancelled by the tenant with a minimum 12-month notice period.
- *Base Rent*
  From 1 March 2021 – €915,000, and from 1 January 2022 to be indexed to 100% of the ISTAT Consumer Index on an upwards-only basis. As part of the overall amendment package an amount of €622,500 was granted to the tenant as a full discount on rent payable from 1 March 2020 to 30 November 2020. Of the €622,500 discount on rent, €276,667 relates to the year ended 30 June 2020.
- *Variable Rent*
  Remains as per prior agreement. There will be an incremental rent of between €1.50 and €2.50 per ticket sold above a minimum threshold of 350,000 tickets per calendar year. There was €5,255 of variable rent earned in the year ended 30 June 2020.

On 30 September 2020, the Board resolved to change the financial year end of the Company, from 30 June to 31 March.

Accordingly, the Company’s next three financial reporting periods will be as follows:

- publication of unaudited interim accounts for the six months ended 31 December 2020 by 31 March 2021;
- publication of audited accounts for the nine months ended 31 March 2021 by 31 July 2021; and
- publication of unaudited interim accounts for the six months ended 30 September 2021 by 31 December 2021.

There were no other post year end events that require disclosure in these Financial Statements.

Portfolio statement (unaudited)
as at 30 June 2020

	Currency	Fair value £'000	% of total net assets
UCI Curno	EUR	8,696	67.46%
Less: lease incentive	EUR	(561)	(4.35%)
Total		**8,135**	**63.11%**
Connect Group Plc	GBP	593	4.60%
Northamber Plc	GBP	304	2.36%
Total equities greater than 2% of Net Assets		**897**	**6.96%**
Other equities		787	6.11%
Total equities		**1,684**	**13.07%**
Total investments		**9,819**	**76.18%**

Investment Policy

Investment Objective and Policy Change

At an EGM held on 28 June 2019, an ordinary resolution was passed to adopt a new Investment Objective and Policy.

Investment Objective

The Company's investment objective is to provide shareholders with an attractive level of absolute long-term return, principally through the capital appreciation and exit of undervalued securities. The existing real estate asset of the Company will be realised in an orderly manner, that is with a view to optimising the disposal value of such asset.

Investment Policy

The Company aims to meet its objectives through investment primarily, although not exclusively, in a diversified portfolio of securities and related instruments of companies listed or admitted to trading on a stock market in the British Isles (defined as (i) the United Kingdom of Great Britain and Northern Ireland; (ii) the Republic of Ireland; (iii) the Bailiwicks of Guernsey and Jersey; and (iv) the Isle of Man). The majority of such companies will also be domiciled in the British Isles. Most of these companies will have smaller to mid-sized equity market capitalisations (the definition of which may vary from market to market, but will in general not exceed £600 million). It is intended to secure influential positions in such British quoted securities with the deployment of activism as required to achieve the desired results.

The Company, Property Trust Luxembourg 2 SARL and Multiplex 1 SRL ("the Group") may make investments in listed and unlisted equity and equity-related securities such as convertible bonds, options and warrants. The Group may also use derivatives, which may be exchange traded or over-the-counter.

The Group may also invest in cash or other instruments including but not limited to: short, medium or long term bank deposits in Pound sterling and other currencies, certificates of deposit and the full range of money market instruments; fixed and floating rate debt securities issued by any corporate entity, national government, government agency, central bank, supranational entity or mutual society; futures and forward contracts in relation to any other security or instrument in which the Group may invest; put and call options (however, the Group will not write uncovered call options); covered short sales of securities and other contracts which have the effect of giving the Group exposure to a covered short position in a security; and securities on a when-issued basis or a forward commitment basis.

The Group pursues a policy of diversifying its risk. Save for the Curno Asset until such time as it is realised, the Group intends to adhere to the following investment restrictions:

- not more than 30 per cent. of the Gross Asset Value at the time of investment will be invested in the securities of a single issuer (such restriction does not, however, apply to investment of cash held for working capital purposes and, pending investment or distribution, in near cash equivalent instruments including securities issued or guaranteed by a government, government agency or instrumentality of any EU or OECD Member State or by any supranational authority of which one or more EU or OECD Member States are members);

- the value of the four largest investments at the time of investment will not constitute more than 75 per cent of Gross Asset Value;

- the value of the Group's exposure to securities not listed or admitted to trading on any stock market will not exceed in aggregate 35 per cent. of the Net Asset Value;

- the Group may make further direct investments in real estate but only to the extent such investments will preserve and/or enhance the disposal value of its existing real estate asset. Such investments are not expected to be material in relation to the portfolio as a whole but in any event will be less than 25 per cent. of the Gross Asset Value at the time of investment. This shall not preclude Property Trust Luxembourg 2 SARL and Multiplex 1 SRL (the "Subsidiaries") from making such investments for operational purposes;

- the Company will not invest directly in physical commodities, but this shall not preclude its Subsidiaries from making such investments for operational purposes;

Investment Policy (continued)

Investment Policy (continued)

- investment in the securities, units and/or interests of other collective investment vehicles will be permitted up to 40 per cent. of the Gross Asset Value, including collective investment schemes managed or advised by the Investment Advisor or any company within the Group; and

- the Company must not invest more than 10 per cent. of its Gross Asset Value in other listed investment companies or listed investment trusts, save where such investment companies or investment trusts have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies or listed investment trusts.

The percentage limits above apply to an investment at the time it is made. Where, owing to appreciation or depreciation, changes in exchange rates or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment, any limit is breached by more than 10 per cent., the Investment Advisor will, unless otherwise directed by the Board, ensure that corrective action is taken as soon as practicable.

Borrowing and Leverage

The Group may engage in borrowing (including stock borrowing), use of financial derivative instruments or other forms of leverage provided that the aggregate principal amount of all borrowings shall at no point exceed 50 per cent. of Net Asset Value. Where the Group borrows, it may, in order to secure such borrowing, provide collateral or security over its assets, or pledge or charge such assets.

Corporate Information

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