Pyne Gould Corporation Limited

INTERIM REPORT AND UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2020

PYNE GOULD CORPORATION LIMITED

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For the period ended 31 December 2020

PYNE GOULD CORPORATION LIMITED

COMPANY REPORT

Directors' Report

Operating Performance
Pyne Gould Corporation ("PGC" or "the Company") recorded an unaudited Net Loss attributable to security holders of £3.19 million for the half year to 31 December 2020 (compared with a Net Profit after tax attributable to security holders of £1.30 million in the half year to 31 December 2019).

After a small favourable non-cash movement in foreign currency reserves, PGC recorded a Total Comprehensive Loss for the half year to 31 December 2020 of £3.64 million (compared to a Total Comprehensive Profit of £0.24 million in the half year to 31 December 2019).

Statement of Financial Position
Net Tangible Assets ("NTA") decreased by 6.77% to £50.30 million in the half year to 31 December 2020 (down from £53.95 million as at 30 June 2020). NTA per share decreased by 6.35% to 19.61 pence per share at 31 December 2020 (down from 20.94 pence per share as at 30 June 2020).

On a consolidated basis PGC held Total Assets of £119.87 million at 31 December 2020 (down from £122.28 million at 30 June 2020). This was made up of current assets of £32.26 million (30 June 2020: £23.02 million) and long-term assets of £87.61 million (30 June 2020: £99.25 million). PGC had Total Liabilities of £69.57 million at 31 December 2020 (30 June 2020: £68.33 million).

After allowing for non-controlling interests of £10.61 million (30 June 2020: £11.56 million), Net Tangible Assets attributable to the owners of PGC was £39.68 million (30 June 2020: £42.39 million).

Commentary
The operating environment during the half year remained challenging with Covid-19 related lockdowns continuing to impact PGC and its subsidiaries (together "the Group").

Progress continues to be made to progress a liquidity event for Torchlight Fund LP ("TFLP") which is the most significant Group asset.

As we have previously outlined, PGC remains focused on the long run success of TFLP in which PGC has an ownership through direct limited partner interests of 70.3%.

The life of TFLP has been extended until 30 November 2021 and the primary near-term focus of the General Partner is on progressing a liquidity event for TFLP. As outlined in the Annual Report, PGC continues to see significant upside in TFLP's largest investment, RCL and is exploring options to enable it to continue to participate in the ongoing growth of this investment.

The General Partner is continuing to progress strategic options for RCL including a General Partner led restructure of TFLP to sell the investment in RCL to a new partnership structure to allow value optimisation of RCL to continue.

In the event of a sale, PGC has committed to roll its investment into any new structure to enable ongoing participation in this asset. Covid-19 related lockdowns and travel restrictions have resulted in delays in this process however efforts to progress this are ongoing.

As announced in January 2021, RCL successfully closed a restructure and increase in its financing arrangements providing an increase in funding and an extension in term for a further 3 years. Settlement of the AUD 25.5 million owed by TFLP in respect of the redemption of Partnership interests has also been effected.

Ongoing easing of Covid-19 related lockdowns, vaccine rollout and removal of travel restrictions are expected to impact positively on the Group.

Efforts are ongoing to finalise the exit of our remaining non-core assets, including the realisation of the outstanding receivable from the sale of Perpetual Trust Limited ("PTL").

As set out previously, PGC has lodged proceedings in the Auckland High Court against Bath Street Capital Ltd ("BSC") and Mr Barnes seeking damages of not less than NZD 22 million (£11.63 million), together with interest and costs. This matter was due to be heard in the Auckland High Court in February 2021, however due to Covid-19 related border closures and the impact this had on trial preparations this was deferred and is now listed for February 2022. The claim concerns the sale in 2013 by PGC to BSC (then called Coulthard Barnes Capital Ltd) of PGC's shareholding in PTL. The amount of the claim represents unpaid consideration in respect of carry rights that were vested in PGC.

Consistent with our approach we will only comment on this as outcomes occur.

Following the successful delivery of the first stage of our residential project located within the Bethlehem suburb of Tauranga City, we are continuing to explore development options for the balance of this site.

Directors' Report (continued)

RCL
TFLP's largest investment is 100% of land developer and home builder RCL. RCL has a series of substantial residential land development projects located across Australia (Victoria, New South Wales and Queensland) and New Zealand (Queenstown). RCL's approach is to effectively manage its portfolio through the successful, timely and efficient re-zoning, construction, development and sale of each project.

RCL's largest project is Hanley's Farm in Queenstown, where it is developing in excess of 1,700 sites. This project is progressing well and as at 31 December 2020, approximately 695 sites had been sold in a series of progressive releases, with approximately 435 sites completed and settled.

Market conditions in Queenstown remain solid with all stock released selling quickly. Following the easing of Covid-19 related restrictions during the second half of calendar year 2020, in excess of 100 lots were progressively released in 4 stages which were fully sold. Total pre-sales are now in excess of 220 lots with further releases planned to be released in the first quarter of 2021. Focus remains on delivering the stock which has been sold with the next round of settlements expected to commence in March 2021.

In the Australian portfolio RCL continues to focus on delivery of its own built form product (turn-key apartments and townhouses), enhancing margins and returns from the existing medium density sites within the portfolio. RCL intends to also progressively introduce a component of turn-key free-standing houses as part of the sales mix within the existing residential estates to both provide access to buyers looking for completed product and capture incremental development margins from construction.

RCL's cashflow has been adversely impacted by Covid-19 disruption which has resulted in delays in completing works to enable settlement of pre-sold stock and has also deferred the timing for new sales releases. During the period RCL focussed on progressing planning approvals and yield optimisation for its existing Australian projects.

Following the easing of lockdowns in Melbourne and a reduction in Covid-19 related disruption, RCL has had several successful sales releases, including for the Sunbury project. The Sunbury project was originally planned to come on line during 2020, however sales releases were deferred due to the impact of lockdowns. The initial releases within this project have been well received and continue to sell well. The first stage of this project is expected to start settling later this year.

Pre-sales within the Australian portfolio are starting to rebuild, and given the positive outlook for residential real estate in RCL's core Australian markets, we expect to see good positive momentum rebuilding in the Australian business over the course of this year.

RCL continues to actively look for additional re-stocking opportunities in Australia.

KCR Investment
As part of the General Partner's efforts to maximise its investment and facilitate an exit for RCL, TFLP made a follow-on investment in KCR Residential REIT Plc (KCR), a UK-based, AIM-listed residential REIT.

TFLP has the ability to subscribe for a further 50 million ordinary shares during the option agreement.

The initial investment enabled KCR to restructure its balance sheet and refinance its portfolio to free up capital to support the restructuring of the business and enable additional investment in the existing portfolio to assist in driving growth from the existing asset base.

KCR operates in the private rented residential market in London and surrounds. KCR also owns and operates a portfolio of retirement living accommodation.

KCR has an active focus on both enhancing returns from its existing assets and reducing operating costs within the business. Whilst KCR remains cash negative it is making good progress towards achieving a break-even position from the combination of enhanced operational returns from the existing assets and cost management.

KCR is part way through its transition process to create a stable platform that can be successfully scaled-up. Good progress has been made since the initial TFLP investment with the current cash burn the smallest since KCR's admission to AIM.

We look forward to KCR continuing to improve its underlying operating performance.

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Directors' Report (continued)

Share buyback
Capital management remains an ongoing focus for the Board and we expect part of the proceeds generated from the divestment of non-core assets to be used to facilitate buyback of shares on market.

PGC shares trade at a considerable discount to NAV and buying them back is consistent with our value creation strategy.

During the period, the Company bought back 100,000 shares at a price of NZD 29¢ (£0.153) per share. As previously announced, in January 2021 agreement was reached to buy back another small parcel of 44,705 shares at NZD 16¢ (£0.085) on a deferred consideration basis.

This transaction completed on 29 January 2021 and is value accretive for shareholders.

Going concern
The Group's Consolidated Audited Financial Statements for the year ended 30 June 2020 referenced a number of material uncertainties in respect of going concern, primarily relating to:

- Near-term debt maturity within the RCL business;
- An increased working capital funding requirement within RCL; and
- Payment due in January 2021 of AUD 25.5 million by TFLP for redemption of Partnership interests.

The Directors note that in January 2021, arrangements with RCL's principal financiers to refinance and increase the debt facility maturing in March 2021 were completed.

This refinancing has provided additional working capital of AUD 10 million, which is expected to be adequate to support RCL's operational requirements over the next 12 months, has extended the debt facility for a period of a further three years, and has enabled TFLP to settle the AUD 25.5 million due in respect of the redemption of Partnership interests in January 2021.

The Directors also note that the ongoing easing of Covid-19 related lockdowns, vaccine rollouts and the removal of travel restrictions are anticipated to have a positive impact on the Group's cashflow during the course of the calendar year 2021.

Accordingly, whilst there remains a degree of uncertainty in assessing the financial impact that the Covid-19 pandemic will ultimately have on the Group, the Directors are of the opinion that it is appropriate to prepare these interim financial statements on a going concern basis.

Final comment
We continue to make progress with our strategy of building a long-term sustainable business from distressed assets.

We are grateful to shareholders for the patience and understanding you are demonstrating.

We still have challenges ahead, but the company is well poised to deliver value to shareholders over the coming years as our long-term investment strategy approaches maturity.

George Kerr
Managing Director

17 March 2021

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2020

	Note	Unaudited 6 months to 31 December 2020 £000	Unaudited 6 months to 31 December 2019 £000
Revenue from land development and resale		5,446	27,605
Cost of land development sales		(4,260)	(19,654)
Net revenue from land development and resale		**1,186**	**7,951**
Interest revenue		176	177
Interest expense		(1,865)	(2,667)
Net interest expense		**(1,689)**	**(2,490)**
Other investment (losses)/gains	5	(718)	272
Other revenue	5	1,339	1,012
Total fees and other revenue		**621**	**1,284**
Gross operating revenue		**118**	**6,745**
Selling and administration expenses	6	(4,437)	(4,888)
Foreign exchange gains		67	19
Net operating (loss)/profit before income tax		**(4,252)**	**1,876**
Income tax		-	-
(Loss)/profit for the period after tax		**(4,252)**	**1,876**
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Foreign currency adjustment on translation to presentation currency		616	(1,638)
Total other comprehensive income/(loss)		**616**	**(1,638)**
Total comprehensive (loss)/income for the period		**(3,636)**	**238**
(Loss)/profit attributable to:			
Owners of the Parent Company		(3,191)	1,299
Non-controlling interests		(1,061)	577
(Loss)/profit for the period		**(4,252)**	**1,876**
Total comprehensive (loss)/income attributable to:			
Owners of the Parent Company		(2,689)	41
Non-controlling interests		(947)	197
Total comprehensive (loss)/income for the period		**(3,636)**	**238**
Earnings per share			**Pence**
Basic and diluted (loss)/profit per share attributable to owners of the Parent Company	8	(1.58)	0.63
Basic and diluted (loss)/profit per share attributable to owners of the Parent Company – continuing operations	8	(1.58)	0.63

The notes on pages 11 to 30 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2020

31 December 2020 - Unaudited	Share Capital (note 9) £000	Foreign Currency Translation Reserve £000	Accumulated Losses £000	Non-controlling interests acquisition reserve £000	Non-controlling interests £000	Total Equity £000
Balance at 1 July 2020	**151,197**	**20,939**	**(134,034)**	**4,285**	**11,561**	**53,948**
Total comprehensive (loss)/income for the period						
Loss for the period	-	-	(3,191)	-	(1,061)	(4,252)
Other comprehensive income						
Foreign currency adjustment on translation to presentation currency	-	502	-	-	114	616
Total comprehensive (loss)/income for the period	**-**	**502**	**(3,191)**	**-**	**(947)**	**(3,636)**
Transactions with owners						
Share buy-back	(15)	-	-	-	-	(15)
Balance at 31 December 2020	**151,182**	**21,441**	**(137,225)**	**4,285**	**10,614**	**50,297**

The notes on pages 11 to 30 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the period ended 31 December 2020

31 December 2019 - Unaudited	Share Capital (note 9)	Foreign Currency Translation Reserve	Accumulated Losses	Share Capital	Non-controlling interests	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 July 2019	**151,940**	**22,060**	**(133,921)**	**4,285**	**11,908**	**56,272**
Total comprehensive income for the period						
Loss for the period	-	-	1,299	-	577	1,876
Other comprehensive loss						
Foreign currency adjustment on translation to presentation currency	-	(1,258)	-	-	(380)	(1,638)
Total comprehensive loss for the period	**-**	**(1,258)**	**1,299**	**-**	**197**	**238**
Transactions with owners						
Share buy-back	(743)	-	-	-	-	(743)
Balance at 31 December 2019	**151,197**	**20,802**	**(132,622)**	**4,285**	**12,105**	**55,767**

The notes on pages 11 to 30 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
ASSETS			
Current assets			
Cash and cash equivalents		2,301	7,253
Finance receivables	10	753	706
Trade and other receivables		2,759	2,915
Investments – Loans and receivables at amortised cost	14	702	693
Inventories	11	25,573	11,343
Prepayments		168	113
Total current assets		**32,256**	**23,023**
Non-current assets			
Inventories	11	64,578	75,899
Investments – Fair value through profit or loss	12	16,134	16,672
Investments – Derivative financial instruments	13	1,873	1,849
Investments – Loans and receivables at amortised cost	14	1,604	1,583
Advances to related parties	16	3,297	3,113
Property, plant and equipment		125	136
Total non-current assets		**87,611**	**99,252**
Total assets		**119,867**	**122,275**
LIABILITIES			
Current liabilities			
Borrowings	15	21,610	26,862
Settlement payable re acquisition of non-controlling interests	19	14,374	14,219
Trade and other payables		4,025	3,000
Total current liabilities		**40,009**	**44,081**
Non-current liabilities			
Borrowings	15	28,540	23,236
Deferred tax liability		1,021	1,010
Total non-current liabilities		**29,561**	**24,246**
Total liabilities		**69,570**	**68,327**
EQUITY			
Share capital	9	151,182	151,197
Foreign currency translation reserve	9	21,441	20,939
Accumulated losses		(137,225)	(134,034)
Non-controlling interests acquisition reserve	9	4,285	4,285
Total equity – attributable to the owners of the Company		**39,683**	**42,387**
Non-controlling interests	9	**10,614**	**11,561**
Total equity		**50,297**	**53,948**
Total equity and liabilities		**119,867**	**122,275**
Net assets per share (pence)		19.61	20.94

The Board of Directors of Pyne Gould Corporation Limited authorised the interim condensed consolidated financial statements set out on pages 6 to 30 for issue on 17 March 2021.

Russell Naylor – Director **George Kerr – Director**

The notes on pages 11 to 30 are an integral part of these interim condensed consolidated financial statements.

PYNE GOULD CORPORATION LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 31 December 2020

	Note	Unaudited 6 months to 31 December 2020 £000	Unaudited 6 months to 31 December 2019 £000
Cash flows from operating activities			
Interest received		34	49
Rental revenue		5	5
Proceeds from sale of inventories		5,446	27,605
Fees and other revenue received		1,334	1,007
Total cash from operating activities		**6,819**	**28,666**
Payments to suppliers and employees		(3,447)	(4,352)
Development costs of inventories		(6,045)	(31,601)
Total cash used in operating activities		**(9,492)**	**(35,953)**
Net cash flows used in operating activities	7	**(2,673)**	**(7,287)**
Cash flows used in investing activities			
Increase in finance receivables		(38)	(41)
Acquisition of property, plant and equipment		(20)	-
Increase in advances to other related parties		(28)	(16)
Increase in other investments	12	-	(4,050)
Total cash applied to investing activities		**(86)**	**(4,107)**
Net cash flows used in investing activities		**(86)**	**(4,107)**
Cash flows (used in)/from financing activities			
Increase in borrowings		-	31,390
Total cash from financing activities		**-**	**31,390**
Decrease in borrowings		(959)	(22,098)
Total cash used in financing activities		**(959)**	**(22,098)**
Net cash flows (used in)/from financing activities		**(959)**	**9,292**
Net decrease in cash and cash equivalents		**(3,718)**	**(2,102)**
Foreign currency adjustment on translation of cash balances to presentation currency		(1,234)	(1,560)
Opening cash and cash equivalents		7,253	15,096
Closing cash and cash equivalents		**2,301**	**11,434**
Represented by:			
Cash and cash equivalents		2,301	11,434
		2,301	**11,434**

The notes on pages 11 to 30 are an integral part of these interim condensed consolidated financial statements.

1. Reporting entity

Pyne Gould Corporation Limited is a Guernsey-domiciled company. The financial statements presented are the consolidated interim financial statements comprising Pyne Gould Corporation Limited ("the Company") and its subsidiaries (together "the Group").

Entities within the Group offer financial and asset management services and invest in a portfolio of financial and real estate assets.

On 12 February 2014, the Company was deregistered as a New Zealand company (its original location of incorporation) and re-registered as a Guernsey-domiciled company. On 20 November 2018, the Company delisted from the New Zealand Stock Exchange (“NZX”) and listed on the Official List of The International Stock Exchange (“TISE”) on 21 November 2018. Following its delisting from the NZX, the Company was removed from the New Zealand Companies Register on 10 June 2019. The registered office address of the Company is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR.

These unaudited interim condensed consolidated financial statements (the “interim financial statements”) were authorised by the Directors for issue on 17 March 2021.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ and with applicable legal and regulatory requirements. They do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company’s last annual audited consolidated financial statements for the year ended 30 June 2020.

The accounting policies applied in these interim financial statements are consistent with those applied in the last annual audited consolidated financial statements for the year ended 30 June 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board. Having reassessed the principal risks, the Group’s financial position as at 31 December 2020 and the factors that may impact its performance in the forthcoming year, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these interim financial statements.

As a Guernsey domiciled company, the interim financial statements also comply with the legal and regulatory requirements of The Companies (Guernsey) Law, 2008 (as amended).

(b) Accounting judgements and major sources of estimation uncertainty

The estimates and judgements made by the Board of Directors are consistent with those made in the audited consolidated financial statements for the year ended 30 June 2020.

Going concern

The Group’s Consolidated Audited Financial Statements for the year ended 30 June 2020 referenced a number of material uncertainties in respect of going concern, primarily relating to:

- Near-term debt maturity within the RCL business;
- An increased working capital funding requirement within RCL; and
- Payment due in January 2021 of AUD 25.5 million by Torchlight Fund LP (“TFLP”) for redemption of Partnership interests.

The Directors note that in January 2021, arrangements with RCL’s principal financiers to refinance and increase the debt facility maturing in March 2021 were completed.

This refinancing has provided additional working capital of AUD 10 million, which is expected to be adequate to support RCL’s operational requirements over the next 12 months, has extended the debt facility for a period of a further three years, and has enabled TFLP to settle the AUD 25.5 million due in respect of the redemption of Partnership interests in January 2021.

The Directors also note that the ongoing easing of Covid-19 related lockdowns, vaccine rollouts and the removal of travel restrictions are anticipated to have a positive impact on the Group’s cashflow during the course of the calendar year 2021.

Accordingly, whilst there remains a degree of uncertainty in assessing the financial impact that the Covid-19 pandemic will ultimately have on the Group, the Directors are of the opinion that it is appropriate to prepare these interim financial statements on a going concern basis.

3. Significant accounting policies

There have been no new standards or amendments applied during the period which have had a material impact on these interim financial statements.

4. Segmental analysis

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The following summary describes the operations in each of the Group's reportable segments for the current period:

Torchlight Group	Provider of investment management services and a proprietary investor (both directly and in funds it manages)
Property Group	Management of the Group's property assets
Parent Company	Parent Company that holds investments in and advances to/from subsidiaries

Information regarding the results of each reportable segment is shown on the following pages. Performance is measured based on segment profit/(loss) for the period, as included in the internal management reports that are reviewed by the Board, which is the Chief Operating Decision Maker (“CODM”). Segment profit is used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The accounting policies of the reportable segments are the same as the Group’s accounting policies.

4. Segmental analysis (continued)

Group's reportable segments

Revenue and expenditure			**Continuing Operations**		
For the period ended 31 December 2020 - Unaudited	**Torchlight Segment**	**Property Group**	**Parent Company**	**Inter-segment eliminations**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
External revenue					
Interest revenue	176	-	-	-	**176**
Other revenue	1,334	5	-	-	**1,339**
Gross revenue from land development and resale	5,312	134	-	-	**5,446**
Cost of land development sales	(4,125)	(135)	-	-	**(4,260)**
Other investment losses	(718)	-	-	-	**(718)**
	1,979	**4**	**-**	-	**1,983**
Internal revenue					
Foreign exchange gains	20	42	5	-	**67**
Total segment revenue	**1,999**	**46**	**5**	-	**2,050**
Expenses					
Interest expense	(1,865)	-	-	-	**(1,865)**
Selling and administration expenses	(3,969)	(67)	(401)	-	**(4,437)**
Total operating expenses	**(5,834)**	**(67)**	**(401)**	-	**(6,302)**
Loss before tax	**(3,835)**	**(21)**	**(396)**	-	**(4,252)**
Income tax	-	-	-	-	**-**
Loss after tax	**(3,835)**	**(21)**	**(396)**	-	**(4,252)**
Non-controlling interests	1,061	-	-	-	**1,061**
Loss for the period attributable to owners of the Company	**(2,774)**	**(21)**	**(396)**	-	**(3,191)**
Total assets	**155,863**	**2,660**	**70,553**	**(109,209)**	**119,867**
Total liabilities	**95,838**	**11,976**	**495**	**(38,739)**	**69,570**

4. Segmental analysis (continued)

Group's reportable segments (continued)

Revenue and expenditure For the period ended 31 December 2019 - Unaudited	Continuing Operations Torchlight Group £000	Property Group £000	Parent Company £000	Inter-segment eliminations £000	Total £000
External revenue					
Interest revenue	108	-	69	-	**177**
Other revenue	1,007	5	-	-	**1,012**
Gross revenue from land development and resale	26,611	994	-	-	**27,605**
Cost of land development sales	(19,227)	(427)	-	-	**(19,654)**
Other investment gains	272	-	-	-	**272**
	8,771	**572**	**69**	**-**	**9,412**
Internal revenue					
Foreign exchange gains/(losses)	29	(2)	(8)	-	**19**
Total segment revenue	**8,800**	**570**	**61**	**-**	**9,431**
Expenses					
Interest expense	(2,655)	(12)	-	-	**(2,667)**
Selling and administration expenses	(4,278)	(76)	(534)	-	**(4,888)**
Total operating expenses	**(6,933)**	**(88)**	**(534)**	**-**	**(7,555)**
Profit/(loss) before tax	**1,867**	**482**	**(473)**	**-**	**1,876**
Income tax	-	-	-	-	**-**
Profit/(loss) after tax	**1,867**	**482**	**(473)**	**-**	**1,876**
Non-controlling interests	(577)	-	-	-	**(577)**
Profit/(loss) for the period attributable to owners of the Company	**1,290**	**482**	**(473)**	**-**	**1,299**

Assets and liabilities As at 30 June 2020 - Audited	Continuing operations Torchlight Group £000	Property Group £000	Parent Company £000	Inter-segment eliminations £000	Total £000
Total assets	**157,708**	**2,765**	**69,973**	**(108,171)**	**122,275**
Total liabilities	**94,638**	**11,894**	**426**	**(38,631)**	**68,327**

5. Investment and other revenue

	Unaudited 6 months to 31 December 2020 £000	Unaudited 6 months to 31 December 2019 £000
Investment loss		
Movement in fair value of listed equity securities	(718)	272
Net investment loss	**(718)**	**272**
Other revenue		
Golf revenue	1,081	870
Miscellaneous revenue	253	137
Rental revenue	5	5
Total other revenue	**1,339**	**1,012**

Golf revenue and expenses have been generated from the operations of a golf course within the Group's subsidiary RCL Pacific Dunes Golf Operations Pty Ltd.

6. Selling and administration expenses

	Unaudited 6 months to 31 December 2020 £000	Unaudited 6 months to 31 December 2019 £000
Directors' fees	60	60
Personnel expenses *	938	839
Legal and consultancy fees	1,350	1,750
Other operating expenses **	2,089	2,239
Selling and administration expenses	**4,437**	**4,888**

** Personnel expenses have been generated from within the RCL Group.*
*** Other operating expenses include property expenses, golf expenses, listing and regulatory costs, audit fees and other overhead expenditure. There are no other individual (or aggregated) significant expenses for further disaggregation.*

7. Reconciliation of profit after tax to net cash flows from operating activities

	Unaudited 6 months to 31 December 2020 £000	Unaudited 6 months to 31 December 2019 £000
(Loss)/profit for the period	**(4,252)**	**1,888**
Adjustments for non-cash items:		
Foreign exchange gain	(58)	(18)
Depreciation and amortisation of non-current assets	31	24
Unrealised loss/(gain) on investments	718	(272)
Interest revenue	(143)	-
Interest paid	1,866	2,539
Total non-cash items	**2,414**	**2,273**
Adjustments for movements in working capital:		
Trade and other receivables	(49)	2,359
Trade and other payables	996	(2,349)
Movement in development costs	(1,782)	(11,458)
Total movements in working capital	**(835)**	**(11,448)**
Net cash flows applied to operating activities	**(2,673)**	**(7,287)**

8. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit after tax by the weighted average number of ordinary shares in issue during the period.

	Unaudited 6 months to 31 December 2020 £000	Unaudited 6 months to 31 December 2019 £000
(Loss)/profit after tax attributable to owners of the Company	(3,191)	1,299
(Loss)/profit after tax attributable to owners of the Company – continuing operations	(3,191)	1,299
Weighted average number of ordinary shares in issue (000)	202,436	207,436
Basic and diluted (loss)/earnings (pence per share)	**(1.58)p**	**0.63p**
Basic and diluted (loss)/earnings – continuing operations (pence per share)	**(1.58)p**	**0.63p**

	Unaudited 31 December 2020	Audited 30 June 2020
Net tangible assets per share (pence per share)*	**19.61p**	**20.94p**

** Net tangible assets per share are calculated by dividing the net tangible assets by the shares in issue at period/year end.*

9. Share capital and reserves

Authorised capital
The Company has the power to issue an unlimited number of shares of no par value which may be issued as Redeemable Shares or otherwise. The Company only has NZ Dollar non-redeemable Ordinary Shares in issue at the date of this report.

	Unaudited 31 December 2020 Shares 000s	Audited 30 June 2020 Shares 000s
Number of issued shares		
Opening balance	202,463	207,463
Share buy-back	(100)	(5,000)
Closing balance	**202,363**	**202,463**

The shares have equal voting rights and rights to dividends and distributions and do not have a par value.

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Share premium		
Opening balance	151,197	151,940
Share buy-backs	(15)	(743)
Closing balance	**151,182**	**151,197**

Foreign currency translation reserve
The foreign currency translation reserve comprises accumulated exchange differences arising on the conversion of the Group's operations denominated in New Zealand Dollars and Australian Dollars to British Pound Sterling.

Non-controlling interests ("NCI") reserve
NCI reserve represents the accumulated profits attributable to the NCIs.

NCI acquisition reserve
NCI acquisition reserve represents the accumulated net gains recognised by the Group in transactions between the Group and NCIs.

10. Finance receivables

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Current		
Gross finance receivables	753	706
Total finance receivables	**753**	**706**

Finance receivables are loans with various terms and interest rates.

11. Inventories

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Land held for resale		
Current assets		
Cost of acquisition	13,912	6,088
Development costs	11,661	5,255
	25,573	**11,343**
Non-current assets		
Cost of acquisition	53,968	62,709
Development costs	10,610	13,162
Less: impairment/(reversal of impairment)	-	28
	64,578	**75,899**
Total inventories	**90,151**	**87,242**

The majority of the Group's inventories are held in the Torchlight Group segment of the business, principally through the RCL Australian and New Zealand registered subsidiaries. These inventories consist of residential land subdivisions and property development in the geographical areas of Australia and New Zealand. In accordance with the Group's accounting policy, inventories are held at the lower of cost and net realisable value. All inventories are held at cost. At 31 December 2020, these inventories are pledged as security to a third party corporate debt facility as detailed further in note 15.

The remaining inventories were held in the Property Group segment of the business through Land House Limited ("LHL"). There is no security held over these properties.

During the period, AUD 5.0 million (£2.8 million) (31 December 2019: AUD 13.4 million (£7.3 million)) and NZD 2.6 million (£1.3 million) (31 December 2019: NZD 21.5 million (£11.7 million)) of inventories in respect of the RCL subsidiaries and NZD 0.3 million (£0.1 million) (31 December 2019: NZD 1.4 million (£0.7 million)) in respect of the LHL subsidiary were recognised as a expenses in the consolidated Statement of Comprehensive Income. No write-down of inventories to fair value less costs to sell nor any reversal of any such write-downs were recognised as an expense during the period (31 December 2019: £Nil).

12. Investments – Fair value through profit or loss

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Non-current assets		
KCR Residential REIT	2,115	2,835
PTL receivable	8,859	8,742
Loans and receivables	5,160	5,095
	16,134	16,672
Total Investments – Fair value through profit or loss	**16,134**	**16,672**

At 31 December 2020, the Company held 32.64% (30 June 2020: 32.64%) of the issued share capital in KCR Residential REIT plc ("KCR") through its investment in its subsidiary, TFLP. While Mr Naylor, a director of the Company was appointed to the Board of KCR, the Company has considered this and TFLP's voting rights and consider that TFLP has significant influence but not control and do not deem this sufficient to enforce any operational or financial changes to KCR at this stage. KCR is deemed an associate, however for the purposes of the financial statements, the Directors have elected to account for KCR as a financial asset at fair value through profit or loss under the provisions of IAS 28 and in accordance with IFRS 9.

12. Investments – Fair value through profit or loss (continued)

The fair value of the PTL receivable as at 31 December 2020 has been arrived at on the basis of a valuation carried out by an external party to the Group, Simmons Corporate Finance, as at 30 June 2020, which assessed the fair value of the PTL receivable to be NZD 16.8 million (£8.9 million) (30 June 2020: NZD 16.8 million (£8.7 million)). The key assumptions underlying the valuation are the same as those applied in the Group's 30 June 2020 annual financial statements. The Directors have taken into consideration all events that have transpired during the interim reporting period and consider that these assumptions remain appropriate.

Loans and receivables comprises the following amounts:

(a) a loan to an Australian borrower group that is in default, which is measured at a fair value of AUD2.0 million (£1.1 million) (30 June 2020: AUD2.0 million (£1.1 million)) based on the future discounted cash flows expected to be received.

(b) a receivable of NZD7.6 million (£4.1 million) (30 June 2020: AUD7.6 million (£4.0million)) due from an Australian investment company in relation to the acquisition by that company of a partnership interest in Torchlight Fund LP.

For further details of the methods and assumptions used to estimate the fair value of the above listed assets see note 17.

13. Investments – Derivative financial instruments

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Non-current assets		
Derivative financial instruments	1,873	1,849
Total Investments – Derivative financial instruments	**1,873**	**1,849**

The fair value of the Group's Derivative financial instruments at 31 December 2020 has been arrived at on the basis of a valuation carried out by an external party to the Group, Northington Partners, as at 30 June 2020. The external valuer assessed the Derivative financial instruments to have a fair value in the range of NZD 3.4 million to NZD 3.7 million. In the opinion of the Directors, a valuation of NZD 3.5 million (£1.9 million), in the middle of this range, best represents the fair value of the Derivative financial instruments at 31 December 2020 (30 June 2020: NZD 3.5 million (£1.8 million)). The key assumptions underlying the valuation are the same as those applied in the Group's 30 June 2020 annual financial statements. The Directors have taken into consideration all events that have transpired during the interim reporting period and consider that these assumptions remain appropriate. For details of methods and assumptions used to estimate the fair value of each of the above listed assets see note 17.

14. Investments – Loans and receivables at amortised cost

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Current assets		
Loans receivable - gross	2,378	2,347
Impairment of loans receivable	(1,676)	(1,654)
Total current loans and receivables as amortised cost	**702**	**693**
Non-current assets		
Loans receivable - gross	35,570	35,186
Impairment of loans receivable	(35,570)	(35,186)
Loans receivable – net of impairment	-	-
Other receivables	1,604	1,583
Total non-current loans and receivables at amortised cost	**1,604**	**1,583**
Total Loans and receivables at amortised cost	**2,306**	**2,276**

14. Investments – Loans and receivables at amortised cost (continued)

Loans receivable

Loans receivable have been impaired based on expected recoveries from underlying projects. These loans have been valued and assessed for impairment based on discount cash flow (DCF) analysis of the underlying projects. The discount rates applied within these DCF analyses range from 9% to 20% (30 June 2020: 9% to 20%).

Other receivables

Other receivables comprises an amount of NZD 3.0 million (£1.6 million) paid as a deposit towards 50% of development costs on an initial exercise of a call option in respect of 50 residential lots (30 June 2020: NZD 3.0 million (£1.6 million) on an initial exercise of a call option in respect of 50 residential lots).

The ageing analysis of the loans and receivables is as follows:

	Unaudited 31 December 2020			
	£000	£000	£000	£000
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,604	-	-	1,604
Up to 12 months	-	702	-	702
Total	**1,604**	**702**	**-**	**2,306**

	Audited 30 June 2020			
	£000	£000	£000	£000
	Not yet due	Past due and impaired	Past due and not impaired	Total
Not yet due	1,583	-	-	1,583
Up to 12 months	-	693	-	693
Total	**1,583**	**693**	**-**	**2,276**

15. Borrowings

	Unaudited 31 December 2020	Audited 30 June 2020
	£000	£000
Current		
Third party corporate debt facilities – secured	21,610	26,862
Non-current		
Third party corporate debt facility – secured	28,540	23,236
Total borrowings	**50,150**	**50,098**

Third party debt facilities for the Australian portfolio in the RCL Group are secured by cross-guarantees between RCL Group subsidiaries together with freehold mortgages and registered charges. The total facilities of AUD 48.2 million (£27.2 million) were due to mature in March 2021. As outlined in last year's consolidated financial statements and announced in January 2021, RCL successfully completed a refinancing of all debt facilities resulting in an increased facility in respect of the Australian portfolio of AUD 82.4 million (£46.4 million) and maturity being extended until January 2024. The interest rate applicable to the facility is 13.75%.

The Hanley Farm project debt is a stand-alone facility provided to RCL Hanley Downs Ltd. This facility is limited recourse with security being limited to the freehold mortgage and registered charge. The total facility of NZD 44.6 million (£23.6 million) was due to expire in July 2026. As part of the refinance of the debt facilities for the Australian portfolio this facility has been increased to NZD 60.6 million (£32.0 million), reducing to NZD 37.0 million (£19.6 million) in July 2021, and is now cross-collateralised with the Australian portfolio and matures in January 2024. The interest rate applicable to the facility is 10% until July 2021, and 13.75% thereafter.

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16. Related party transactions

(a) Transactions with related parties

Parent and its associated entity

Australasian Equity Partners (GP) No. 1 Limited ("AEP GP")
AEP GP, as general partner of Australasian Equity Partners Limited Partnership ("AEP LP"), is the parent of PGC, holding 65.74% (30 June 2020: 65.71%) of PGC's shares at 31 December 2020. George Kerr is the ultimate controlling party of AEP LP.

AEP GP charged Torchlight Group Limited, a subsidiary of the Company, administration fees of £16,150 during the period ended 31 December 2020 (31 December 2019: £Nil). At 31 December 2020, an amount of £7,121 was payable to AEP GP (30 June 2020: £41,467). The above expenses have been included in selling and administration expenses in the Consolidated Statement of Comprehensive Income.

During the period ended 31 December 2020, unsecured loan advances were provided to AEP GP. The amounts are repayable by AEP GP on demand or by the loan expiry date of 30 November 2023, extended from 13 November 2020, whichever is the earlier. At 31 December 2020, the amount receivable from AEP GP was £3.3 million (30 June 2020: £3.1 million). General advances accrue interest at 9%. Total interest recognised during the period was £143,000 (31 December 2019: £133,000).

(b) Transactions with key management personnel

Key management personnel, being Directors of the Group and staff reporting directly to the Managing Director transacted with the Group during the period as follows:

	Unaudited 31 December 2020 £000	Unaudited 31 December 2019 £000
Key management personnel compensation from the Parent Company is as follows:		
Directors' fees payable to non-executive Directors	60	60
Consultancy fees payable to executive Directors	567	509
Total	**627**	**569**

Directors' fees of £25,000 were outstanding at 31 December 2020 (30 June 2020: £25,000). Consultancy fees of £702,000 were outstanding at 31 December 2020 (30 June 2020: £159,000).

	Unaudited 31 December 2020 £000	Unaudited 31 December 2019 £000
Personnel compensation within the RCL Group companies is as follows:		
Short-term employee benefits	938	839
Total	**938**	**839**

There were no employee benefits outstanding at 31 December 2020 or 30 June 2020.

17. Fair value

The following methods and assumptions were used to estimate the fair value of each class of asset and financial liability.

Fair value measurement of financial instruments

Finance receivables
The fair value of the Group's finance receivables are considered equivalent to their carrying value due to their short term nature.

Loans and receivables at amortised cost
Loans and receivables are measured at amortised cost. For purposes of fair value disclosures, the carrying amount of short term loans and receivables approximates fair value. For long term loans and receivables, fair value is determined based on discounted cash flows using the current market interest rate of a similar instrument and based on this the amortised cost approximates the fair value.

Borrowings
Borrowings are measured at amortised cost. For purposes of fair value disclosures, the carrying amount of short term borrowings approximates fair value. For long term borrowings, fair value is determined based on discounted cash flows using the current market interest rate of a similar instrument and based on this the amortised cost approximates the fair value.

Investments - Fair value through profit or loss
PTL Receivable
The PTL receivable is measured at fair value, in accordance with a valuation prepared by an external valuer, which is based on the probability weighted Net Present Values (“NPVs”) of the receivable under three separate scenarios (see note 17). The Directors consider the fair value of the PTL receivable at the reporting date to be best represented by the valuation assessment provided by the external valuer.

KCR Residential REIT
The investment in KCR Residential REIT (“KCR”), an entity listed on the AIM segment of the LSE, is held by a subsidiary of the Group, Torchlight Fund LP, which holds 32.64% of the total shares and measures the investment in KCR at fair value. As such, under the provisions of IAS 28, the Directors have elected to measure the investment at fair value through profit or loss in accordance with IFRS 9.

Fair value is determined by reference to the quoted market price of the investment.

Loans and receivables
Loans and receivables measured at fair value are valued on the basis of the future discounted cash flows expected to be received from the assets, which the Directors consider to be the best estimate of fair value for the assets at the reporting date.

Derivative financial instruments
Derivative financial instruments are measured at fair value. The fair value of the derivative financial instruments is determined by an external valuer using a stochastic discounted cash flow (“DCF”) analysis over an assumed development period. The Directors consider the assessment of the fair value of the derivative financial instruments to be best represented by the valuation assessment provided by the external valuer.

Other financial assets and liabilities
The fair value of other financial assets and liabilities is considered equivalent to their carrying value due to their short term nature.

17. Fair value (continued)

Fair Value Hierarchy

The following tables provide an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value grouped as follows:

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

	Note	Unaudited 31 December 2020			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets		**£000**	**£000**	**£000**	**£000**
Investments – PTL receivable	12	-	-	8,859	8,859
Investments – KCR Residential REIT	12	2,115	-	-	2,115
Loans and receivables	12	-	-	5,160	5,160
Investments – Derivative financial instruments	13	-	-	1,873	1,873
Total Assets		**2,115**	**-**	**15,892**	**18,007**

There were no transfers between Levels 1, 2 and 3 in the period (31 December 2019: no transfers).

	Note	Audited 30 June 2020			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets		**£000**	**£000**	**£000**	**£000**
Investments – PTL receivable	12	-	-	8,742	8,742
Listed equity securities	12	2,835	-	-	2,835
Loans and receivables	12	-	-	5,095	5,095
Investments – Derivative financial instruments	13	-	-	1,849	1,849
Total Assets		**2,835**	**-**	**15,686**	**18,521**

There were no transfers between Levels 1, 2 and 3 in the year.

17. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets

Foreign exchange translation movements are recognised in other comprehensive income.

	Unaudited 31 December 2020			
	PTL receivable £000	Loans and receivables at fair value through profit or loss £000	Derivative Financial instruments £000	Total £000
Investments held at fair value				
Balance at the beginning of the period	8,742	5,095	1,849	15,686
Foreign exchange on translation	117	65	24	206
Balance at the end of the period	**8,859**	**5,160**	**1,873**	**15,892**

	Audited 30 June 2020			
	PTL receivable £000	Loans and receivables at fair value through profit or loss £000	Derivative Financial instruments £000	Total £000
Investments held at fair value				
Balance at the beginning of the year	8,765	5,255	2,119	16,139
Change in fair value through profit or loss within investment revenue	99	(107)	(246)	(254)
Foreign exchange on translation	(122)	(53)	(24)	(199)
Balance at the end of the year	**8,742**	**5,095**	**1,849**	**15,686**

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

17. Fair value (continued)

Valuation process

KCR Residential REIT
KCR Residential REIT is a UK-listed equity security, which is measured at fair value, based on unadjusted quoted price in an active market for identical assets. The investment is classified as level 1 financial instruments in the fair value hierarchy.

Derivative financial instruments
Derivative financial instruments are measured at fair value. The derivative financial instrument is a call option for the right to receive 25 residential lots (30 June 2020: 25 residential lots) in a subdivision situated in East Wanaka, New Zealand. The Group has hitherto exercised options over 75 residential lots in three tranches. The derivative financial instrument has been valued by an external valuer, using a stochastic discounted cash flow ("DCF") analysis over an assumed development period for the 25 lots.

The primary assumptions used in the valuation were: estimated average sale price of NZD350,000 per lot; average lot size of 600 square metres; development costs of NZD121,500 per lot; and each section to be pre-sold subject to title and an overall development and sale period of 4.67 years.

Within the methodology the valuer has allowed for certain parameters to vary as follows:

Number of sections released in future tranches
The developer is to develop and market at least 25 sections in the remaining tranche, meaning the Group will have the option to purchase at least 25 properties at the conclusion of the options' life. The valuer has applied a broad spectrum of possibilities in case this tranche is not completed in line with the agreed timeline for whatever reason.

The escalation or reduction in sale price of the sections
The sale price will be determined by the market at the time of sale. The valuer has applied an assumption of 2.5% per annum increases in sales prices, in line with recent land appreciation rates.

The escalation in the exercise price
The valuer has applied an assumption that there will be no increase in the exercise price, as this has remained constant for the first three tranches of residential lots.

Valuation results
The valuer has modelled a range of possible outcomes using a stochastic DCF analysis with varying assumptions as detailed above. The valuer estimated a low to high range of values of the remaining tranche being between NZD3.4 million and NZD3.7 million respectively. The Directors have determined that as at 31 December 2020 a valuation of NZD3.5 million (£1.9 million), in the middle of this range, best represents the fair value of the residual option for 25 lots (30 June 2020: NZD3.5 million (£1.8 million).

Perpetual Trust Limited ("PTL") receivable
In order to ascertain the fair value of the PTL receivable, the Directors engaged an external valuer, who assessed the receivable to have a fair value of NZD 16.8 million (£8.9 million) (30 June 2020: NZD 16.8 million (£8.7 million)). Set out below are details of the inputs used in determining the fair value of the PTL receivable, and analysis as to how the fair value of the receivable would change under varying scenarios.

Valuation assumptions
In determining the fair value of the PTL receivable at the period end, the valuer considered three primary scenarios that could occur in the future:

1. The litigation scenario in which PGC would successfully pursue payment of the PTL receivable through litigation;
2. The IPO scenario in which PGC receives payment under the terms of the Deed of Termination of Agreements and Carry (DTAC) after a Newco containing PTL is successfully listed on the NZX Main Board; and
3. The balance is not recovered, i.e. litigation is unsuccessful and no IPO occurs.

The valuer has assigned a 90% likelihood that the receivable will be subject to litigation and a 10% likelihood that the receivable will be recovered through an IPO between 30 June 2021 and 30 June 2023. In the event litigation occurs, the valuer has assigned a 70% probability that the litigation will be successful, so effectively a 63% likelihood that the receivable will be recovered via a litigation scenario. The valuer has also recognised that an IPO may not occur and that PGC's litigation may not be successful, resulting in PGC receiving no return from the PTL receivable. The valuer has applied a 20% likelihood of no recovery under that scenario.

17. Fair value (continued)

Valuation process (continued)

Perpetual Trust Limited ("PTL") receivable (continued)
Under the IPO scenario, the valuer has assumed three sub-scenarios in which the IPO could take place on or around 30 June 2021, on or around 30 June 2022, or on or around 30 June 2023, with probabilities of 0%, 30% and 70% respectively. In addition, the valuer has assessed the likelihood of the Newco not achieving a prospective EBITDA multiple of 8.5x to be negligible, and has attributed a probability of 0% to this outcome. All cash flows under the IPO scenario have been discounted using a discount rate of 9.86%.

Using the above valuation assumptions, the fair value of the PTL receivable has been calculated as follows:

31 December 2020	**Litigation scenario**		**IPO – thee sub-scenarios**		**No return scenario**
	NZD000	**NZD000**	**NZD000**	**NZD000**	**NZD000**
Gross Value	22,000	22,000	22,000	22,000	0
Date received	31 Dec 2022	30 June 2021	30 June 2022	30 June 2023	
Discount rate – pre-tax	0.00%	9.86%	9.86%	9.86%	
Present value	22,000	20,025	18,228	16,592	
Probability	63.0%	0.0%	5.1%	11.9%	20.0%
Fair Value	**16,764**				
	£000				
Fair Value in £	**8,859**				

30 June 2020	**Litigation scenario**		**IPO – thee sub-scenarios**		**No return scenario**
	NZD000	**NZD000**	**NZD000**	**NZD000**	**NZD000**
Gross Value	22,000	22,000	22,000	22,000	0
Date received	31 Dec 2022	30 June 2021	30 June 2022	30 June 2023	
Discount rate – pre-tax	0.00%	9.86%	9.86%	9.86%	
Present value	22,000	20,025	18,228	16,592	
Probability	63.0%	0.0%	5.1%	11.9%	20.0%
Fair Value	**16,764**				
	£000				
Fair Value in £	**8,742**				

Litigation, IPO scenarios and timings

- a 10% decrease in the probability weighting of the successful litigation scenario would result in a reduction in the fair value of the PTL receivable of £929,000;
- a 5% decrease in the probability weighting of the general litigation scenario would result in an increase in the fair value of the PTL receivable of £1,262,000;
- a 6 month delay in each of the IPO sub-scenarios would result in a reduction in the fair value of the PTL receivable of £71,000;
- a 12 month delay in each of the IPO sub-scenarios would result in a reduction in the fair value of the PTL receivable of £138,000;
- a 2% decrease in the discount rate used would result in an increase in the fair value of the PTL receivable of £39,000.

17. Fair value (continued)

Valuation process (continued)

Perpetual Trust Limited ("PTL") receivable (continued)

Litigation, IPO scenarios and timings (continued)

The following sensitivity table illustrates the potential impact to the fair value of the PTL receivable arising from potential changes to the litigation success rate and potential delays in the timing of IPO scenarios, with all other variables consistent with initial assumptions.

Success %	IPO delay							Successful litigation probability
	31-Dec-20	30-Jun-21	31-Dec-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	
0%	3,153	3,009	2,870	2,738	2,493	2,269	2,065	**0.0%**
10%	3,979	3,845	3,715	3,593	3,365	3,156	2,967	**9.0%**
20%	4,804	4,680	4,560	4,448	4,236	4,044	3,869	**18.0%**
30%	5,629	5,516	5,406	5,302	5,108	4,931	4,770	**27.0%**
40%	6,455	6,352	6,251	6,157	5,980	5,819	5,672	**36.0%**
50%	7,281	7,187	7,097	7,012	6,852	6,706	6,574	**45.0%**
60%	8,106	8,023	7,942	7,866	7,724	7,594	7,476	**54.0%**
70%	8,932	8,859	8,788	8,721	8,596	8,481	8,377	**63.0%**
80%	9,758	9,695	9,633	9,575	9,467	9,369	9,279	**72.0%**
90%	10,583	10,530	10,478	10,430	10,339	10,256	10,181	**81.0%**
100%	11,409	11,366	11,324	11,285	11,211	11,144	11,082	**90.0%**

The following sensitivity table illustrates the potential impact to the fair value of the PTL receivable arising from potential changes to the litigation scenario weighting and potential delays in the timing of IPO scenarios, with all other variables consistent with initial assumptions.

Litigation %	IPO delay							Successful litigation probability
	31-Dec-20	30-Jun-21	31-Dec-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	
70%	7,157	7,091	7,026	6,965	6,851	6,748	6,654	**49.0%**
75%	7,601	7,533	7,467	7,404	7,288	7,181	7,084	**52.5%**
80%	8,045	7,975	7,907	7,843	7,724	7,615	7,515	**56.0%**
85%	8,488	8,417	8,347	8,282	8,160	8,048	7,947	**59.5%**
90%	8,932	8,859	8,788	8,721	8,596	8,481	8,377	**63.0%**
95%	9,376	9,301	9,228	9,159	9,032	8,915	8,809	**66.5%**

17. Fair value (continued)

Valuation process (continued)

Perpetual Trust Limited ("PTL") receivable (continued)

Litigation, IPO scenarios and timings (continued)

Discount rate
Assessment of fair value requires consideration of a willing buyer and a willing seller on an open market. It is probable that a hypothetical willing buyer of this asset may apply an additional risk premium to the discount rate to reflect the uncertainties associated with the recovery of the PTL receivable. In the sensitivity table below, we show the potential impact to the fair value of the PTL receivable arising from potential changes to the pre-tax discount rate with all other variables consistent with initial assumptions.

Success %	Discount rate							Successful litigation probability
	3.86%	5.86%	7.86%	9.86%	11.86%	13.86%	15.86%	
0%	3,499	3,324	3,161	3,009	2,867	2,735	2,610	**0.0%**
10%	4,300	4,138	3,986	3,845	3,713	3,589	3,474	**9.0%**
20%	5,102	4,951	4,811	4,680	4,558	4,444	4,337	**18.0%**
30%	5,903	5,765	5,636	5,516	5,404	5,299	5,201	**27.0%**
40%	6,704	6,579	6,461	6,352	6,250	6,154	6,064	**36.0%**
50%	7,506	7,392	7,286	7,187	7,095	7,009	6,928	**45.0%**
60%	8,307	8,206	8,112	8,023	7,941	7,864	7,792	**54.0%**
70%	9,109	9,019	8,936	8,859	8,786	8,719	8,655	**63.0%**
80%	9,910	9,833	9,761	9,695	9,632	9,574	9,519	**72.0%**
90%	10,711	10,646	10,570	10,530	10,478	10,429	10,383	**81.0%**
100%	11,513	11,460	11,412	11,366	11,323	11,283	11,246	**90.0%**

The following sensitivity table illustrates the potential impact to the fair value of the PTL receivable arising from potential changes to the litigation scenario weighting and the discount rate, with all other variables consistent with initial assumptions.

Litigation %	Discount rate							Successful litigation probability
	3.86%	5.86%	7.86%	9.86%	11.86%	13.86%	15.86%	
70%	7,318	7,237	7,161	7,091	7,025	6,964	6,906	**49.0%**
75%	7,765	7,682	7,605	7,533	7,523	7,402	7,343	**52.5%**
80%	8,213	8,128	8,049	7,975	7,906	7,841	7,781	**56.0%**
85%	8,661	8,574	8,493	8,417	8,346	8,296	8,218	**59.5%**
90%	9,109	9,019	8,936	8,859	8,786	8,719	8,655	**63.0%**
95%	9,556	9,465	9,380	9,301	9,227	9,157	9,093	**66.5%**

Prospective EBITDA multiple
As set out above, the PTL receivable is determined on the basis of the prospective EBITDA multiple of the Newco on listing.

Having considered the past trading multiples of comparable companies and the headline indices of NZ and Australia, the valuer concluded that the likelihood of this being less than 8.5x (as per the DTAC) is negligible.

In summary, various factors could impact the fair value of the PTL receivable and while the above analysis provides information in respect to the potential impact of changes to the underlying assumptions of the independent expert, the actual fair value may vary significantly from the amount recorded within the consolidated financial statements.

17. Fair value (continued)

Valuation process (continued)

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Unaudited Fair value at 31 December 2020	Audited Fair value at 30 June 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
	£000	£000				
Derivative financial instruments	1,873	1,849	Stochastic discounted cash flow analysis	See page 25	See page 25	See page 25
PTL receivable	8,859	8,742	External valuation using probability weighted scenarios	Percentage probability weightings Discount rate	See pages 25 to 28	See pages 25 to 28
Loan at fair value through profit or loss	1,128	1,116	Based on NPV of future cash flows and cash balance	Discount rate	10%	If the discount rate used was higher/lower, the fair value would decrease/increase
Receivable at fair value through profit or loss	4,032	3,979	Cost adjusted for any estimated shortfall in future distribution payable to Limited Partner in Torchlight	Torchlight NAV	Current NAV at period end date	If the fair value of the Limited Partner's interest in Torchlight fell below the subscription value, the fair value would decrease
	15,892	**15,686**				

18. Contingent liabilities and commitments

Torchlight Fund LP and its subsidiaries
The Group had the following commitments within the RCL group:

	Unaudited 31 December 2020 £000	Audited 30 June 2020 £000
Contracted work to complete		
Expenditure contracted for at the reporting date but not recognised as liabilities		
Within one year	2,355	3,554

Torchlight Fund LP and its subsidiaries – Contingent assets
The Group has financial guarantees in respect of completion of development works and maintenance bonds to relevant authorities. The value of these guarantees at 31 December 2020 was £0.4 million (30 June 2020: £0.6 million).

19. TFLP winding up petition

A winding up petition was filed by certain Limited Partners of TFLP with the Grand Court of The Cayman Islands and served at the registered office of TFLP on 26 June 2015. The petition sought an order to wind up TFLP. Hearings for this petition commenced on 20 February 2017 and concluded on 1 December 2017.

In July 2018, a confidential settlement was reached in respect of the Petition and the Conspiracy Proceedings. As part of this settlement, the Petitioners agreed to the redemption of their limited partnership interests for a fixed redemption payment by TFLP of AUD 25.5 million (£14.4 million) (30 June 2020: £14.2 million), as a result of which PGC's direct limited partnership interests increased from 44.2% to 70.3%, without investing additional capital. The redemption payment was settled by TFLP on 8 January 2021.

20. Subsequent events

The following material events have occurred subsequent to 31 December 2020 to the date when these interim condensed consolidated financial statements were authorised for issue:

- On 7 January 2021, PGC bought back 44,705 shares at a price of NZD0.16 per share on a deferred settlement basis. Payment for the buyback was made 29 January 2021. These shares have been cancelled.
- On 8 January 2021, RCL closed refinancing arrangements with its principal financier to both increase the funding available and extend maturity by 3 years.
- On 8 January 2021, AUD 25.5 million owed by TFLP in respect of the redemption of Partnership interests was paid.
- During March 2021 the titles relating to the second tranche of the East Wanaka option commenced being received. All 25 lots are pre-sold and will settle progressively once titles are received. All titles associated with this option tranche are expected to be received by the end of April 2021.