

WORSLEY INVESTORS LIMITED

Half Year Report and Condensed Unaudited Consolidated Financial Statements

For the six months ended 31 December 2020

WORSLEY INVESTORS LIMITED

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Performance Summary

	31 December 2020	30 June 2020	% change
Net Asset Value (“NAV”) per share	39.89p	38.20p	4.42%
Share price ²	27.40p	24.30p	12.76%
Share price discount to NAV	31.31%	36.40%	n.c

	31 December 2020	31 December 2019
Earnings/(loss) per share ¹	2.00p	(0.03)p

Total return	Six month period to 31 December 2020	Year ended 30 June 2020
NAV Total Return ³ adjusted for capital raise	4.42%	(2.28)%
Share price Total Return ⁴		
- Worsley Investors Limited	12.76%	(23.70)%
- FTSE All Share Index	9.33%	(12.99)%
- FTSE Real Estate Investment Trust Index	11.08%	(10.08)%

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 21 and 22.

Past performance is not a guide to future performance.

¹ Earnings/(loss) per share based on the net profit/(loss) for the period/year of £0.675 million (30 June 2020: net loss of £0.419 million) and the weighted average number of Ordinary Shares in issue during the period/year of 33,740,929 (30 June 2020: 24,447,454).

² Mid-market share price (source: Shore Capital and Corporate Limited).

³ On a *pro forma* basis, which includes adjustments as necessary to take account of the effect of capital alterations during the period. 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.

WORSLEY INVESTORS LIMITED

Chairman's Statement

The six month period to 31 December 2020 was modestly rewarding for the Company despite some very difficult external factors. In headline terms, our NAV Total Return was a positive 4.42%, our share price rose by 12.76% and the discount of share price to NAV narrowed somewhat to 31.31% albeit that is still much wider than we would like. Our Investment Advisor, Worsley Associates, has deployed the cash raised earlier in 2020 with considerable success but that success has been largely tempered by the situation in Italy which has affected trading at the Curno cinema and has made it extremely difficult to progress the realisation of that asset.

Curno

As with most of the rest of Europe and the UK., Italy relapsed into a "second wave" of the COVID-19 pandemic in the autumn and, for a second time, the government there closed entertainment venues, including cinemas, in October 2020 and so they have remained since. This has had two effects on our Curno asset: it has frustrated our ability to conduct and conclude a normal realisation process; and it has substantively cut the revenue flows for our tenant, UCI, which has sought a further renegotiation of 2021 rentals, none of which has yet been paid. Worsley Associates has worked cooperatively with our tenant, making constructive proposals to relieve the trading stresses arising from the enforced closure. Negotiations continue and we are hopeful that a consensual outcome can be achieved. Further detail is given in the Investment Advisor's report.

Core Equity Portfolio

Shareholders will recall that we raised £3.61million net of expenses by way of a *pro rata* share issue in February 2020. Those funds have been deployed in the Company's core strategy of equity holdings in smaller to mid-sized market capitalisation British quoted securities priced at a deep discount to their intrinsic value. The net gains of £1.012million have been more than satisfactory and the internal rate of return in calendar 2020 of in excess of 100% p.a. on the capital invested serves to confirm the continuing validity of the strategy developed over several decades and now expressed at Worsley Associates. Our most notable disclosed core strategy positions were Smiths News Plc (formerly Connect Group Plc) and Northamber plc. Our other, as yet undisclosed, positions also have excellent potential.

Financial Reporting Date and Other Matters

We have continued to bear down on the operating costs of our public company structure and the benefits of this continue to flow through in the half year just ended. As previously indicated, the Company's financial year end will move to 31 March from this year and therefore the current reporting period will be the nine months to 31 March 2021. By moving to a less congested quarter date, we hope to contain the stress on the administrative and auditing infrastructure and thereby ameliorate the inevitable cost pressure from this source.

Outlook

The Investment Advisor has fully invested the cash available to it with promising results to date. COVID-19 has dealt us a set of circumstances beyond our control and this has had two main consequences for us overall. First, it has delayed the optimal sale of the Curno cinema which would release substantial proceeds to redeploy in our core equity strategy. Second, it has created a general weakness in the share prices of many smaller companies – particularly prior to the approval of COVID-19 vaccines and their roll-out to the UK. population. The establishment of our portfolio during that period gave the Investment Advisor the opportunity to initiate positions at very attractive levels, capturing above-trend returns as prices recover. That said, the wider economic damage caused by the pandemic will take some time to repair fully and the combination of stressed valuations and the improving outlook post the vaccination of a large portion of the population means that we still have a rich opportunity set in an improving market for some time to come.

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Chairman's Statement, continued

Outlook, continued

It has been immensely frustrating to all concerned that circumstances have been such that we have not yet been in a position to release the funds tied up in Curno for redeployment in the core equity strategy. Achieving this, at an optimal value, will be a major strategic priority over the next year. Once we have done so, we hope to be in a better position to consider restarting our placing programme to raise additional capital thereby not only improving investor returns by spreading the fixed costs of our operating structure over a larger capital base, but also improving liquidity for investors through a larger and more diverse share register.

The environment for the Company's investment strategy continues to be fertile and we remain very positive.

I would like to take this opportunity to thank Shareholders for their continued support in challenging times and to look forward with them to better days ahead.

W. Scott

Chairman

16 March 2021

WORSLEY INVESTORS LIMITED

Investment Advisor's Report

Investment Advisor

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

In the period under review, the Investment Advisor has been focussed on the initial equities portfolio reaching the level of full investment and the oversight of the Curno cinema, on which the COVID-19 pandemic continued to have a major impact.

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 cinema lease had been amended in June 2020, but the closure of the cinema under Italian regulations for a second time, in October 2020, led UCI in February 2021 to seek a further renegotiation of 2021 rentals under the lease, talks in respect of which are ongoing.

The *current* key rental terms of the lease, which has a final termination date of 31 December 2042, 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.

Variable Rent

Incremental rent is payable at the rate 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 €13million, reducing over 15 years to €4.5million, given by a U.K. domiciled European holding company for the UCI group, United Cinemas International Acquisitions Limited, the parent of which, Odeon Cinemas Group Limited, recently raised term debt of some £400million.

Tenant break option

UCI has the right to terminate the lease on 30 June 2035.

Trading

The cinema, which had been closed for some five months, finally reopened on 19 August 2020, with social distancing measures in place, and in the two months thereafter encouraging attendance levels were reported.

However, on 26 October 2020, the governmental authorities of Lombardy, Italy, decreed that, owing to the impact of COVID-19, all cinemas in the region, which included UCI Curno, were to close temporarily. As of the time of writing the earliest date prescribed for a reopening is 6 April 2021.

The rental holiday under the June 2020 amendment to the lease expired at the end of November 2020, and the December 2020 rental was received prior to period end. The profile of 2021 rentals, none of which has yet been paid, is under discussion with UCI.

Valuation

As at 31 December 2020, the Group's independent asset valuer, Knight Frank LLP, fair valued the Curno cinema at €9.6 million (30 June 2020: €9.6 million), and this has been adopted in these Financial Statements.

Given the enhanced rental generated by the asset under the June 2020 amendment, it had been the Board's expectation that valuation of the Curno cinema at 31 December 2020 would exceed its June 2020 carrying value.

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Investment Advisor's Report, continued

Valuation, continued

The principal reason for the valuation remaining unchanged, notwithstanding this, was that the valuer assumed a waiver of the March 2021 quarterly rentals, in recognition of the second cinema closure, and that offset the positive impact of the amended lease.

In September 2020 the Group's Italian real estate adviser, CBRE S.p.A., had resumed dialogue with interested investors, but following the second closure discussions were suspended, pending the cinema's reopening.

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.

Following a persistent weakness in the prices of British equities, and in particular smaller companies, over most of 2020, the U.S. election at the beginning of November 2020, followed the next week by news of the first effective COVID-19 vaccine, sparked a strong rebound over the subsequent two months, and prices, after a dip in January, have trended slightly better since.

The Company's portfolio, in the period since the 2020 preliminary results announcement on 5 October, reached full investment. Most notable was the acquisition of a second disclosable public equity position, a holding of some 3% in Northamber plc, a small, AiM traded, company, the combined value of whose net cash and freehold property on its own broadly matches its c. £20million market capitalisation.

This is in addition to the holding of some 4% in Smiths News plc (formerly Connect Group plc), which is England's major distributor of newspapers and magazines. Smiths News in early November published its 2020 financial results, which showcased its outstanding cash flow generation, notwithstanding the lockdowns in response to COVID-19, and a refinancing of its borrowings. We anticipate a continuance of its strong performance in 2021.

As previously reported, preliminary (less than 2% of Net Assets) holdings have also been taken in a number of companies. In three instances, following substantial price recoveries on the back of the UK Government's outstanding COVID-19 vaccination roll out, a substantial proportion of the holding has been exited.

The resultant position as at 9 March 2021 was that the Company held 13 stocks in its portfolio, which had a total cost of £3.34 million and a combined market value of some £5.43 million. The surplus on the portfolio of in excess of 60% of cost, a figure which substantially understates the *annualised* return (given the holdings were purchased over a period of significantly less than a year), is considered highly satisfactory.

Results for the period

Cash revenue for the six months to 31 December 2020 from Curno was €69,200 (£62,000) (31 December 2019: €400,000 (£360,000)). This reflected the five-month rental holiday granted under the 2020 lease amendment.

Property expenses, mainly local Curno property taxes, of some €87,000 (£79,000) (31 December 2019: €77,000 (£68,000)), were incurred.

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Investment Advisor's Report, continued

Results for the period, continued

General and administrative expenses of £273,000 (31 December 2019: £350,000) were in line with expectations, given the costs of the 2020 lease amendment of €8,900 (£8,000) and *amortisation* of the property disposal warranty insurance entered into in May 2017 (£7,000) were recognised for in the period.

Transaction charges incurred on equity acquisitions were £16,000 (31 December 2019: nil). As previously noted, 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.

The substantial reduction in the Group's ongoing operating costs is pleasing, but the scope for further reduction before the ultimate sale of Curno is now relatively limited.

The strong performance of the equities portfolio was reflected in a £1.012million gain (31 December 2019: £3,000).

Taxation is payable on an ongoing basis on Italian income and in Luxembourg, with a small legacy exposure in Germany. For the period an amount of £47,000 (31 December 2019: £42,000) was expensed, most of which was non-cash.

The Group continues to expect to be modestly profitable on an ongoing cash basis.

Net Assets at 31 December 2020 were £13.458million, which compares with the £12.890m contained in the 30 June 2020 audited financial statements. The increase is principally owing to the net impact of the profit of £675,000 offset by a £113,000 reduction in the Pounds sterling fair value of the Curno property in the period.

Financial Position

The Group's Statement of Financial Position as at 31 December 2020 was comfortable with £464,000 held in cash and no debt. Allied to the ready liquidity of the equity portfolio and positive ongoing cash flows the financial position remains secure.

In due course the sale of the Curno cinema will provide further resources for investment.

Euro

As at 31 December 2020, some 65% of Total Assets are denominated in Euros, of which the Curno property was some 63%. The Pounds sterling Euro cross rate moved during the period from 1.1040 as at 30 June 2020 to 1.1185 as at 31 December 2020. This rate will be a substantial influence on Group Net Assets until Curno's disposal.

Outlook

Whilst COVID-19 continues to have little direct impact on the Group, the closure of Italian cinemas has given rise to further renegotiation of the terms of the Curno cinema lease. The consequent significant delay in disposal prospects, although unavoidable, is nevertheless disappointing.

The Worsley investment strategy targets special situations. Even though, as intimated above, UK equity markets, following the approvals of several COVID-19 vaccines, have recovered significantly, experience has shown that opportunities arise in all markets, as some companies are inevitably sold off when expectations for them fail to be met.

A return to normal levels of economic activity in Britain is considered unlikely before 2022. As always, UK stock market prices have advanced in anticipation of recovery. Be that as it may, there continue to be a number of companies whose share prices fail to reflect their underlying strengths.

With an equity portfolio which is well underpinned by deep value, prospects for the Company remain sound.

Worsley Associates LLP

16 March 2021

WORSLEY INVESTORS LIMITED

Interim Management Report

A description of the important events which have occurred during the first six months of the financial year and their impact on the performance of the Company as shown in the Financial Statements is given in the Chairman's Statement, the Investment Advisor's Report and the Notes to the Financial Statements, and are incorporated here by reference.

Statement of principal risks and uncertainties

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. The Board, through its Audit Committee, has carried out a robust assessment of the principal risks and uncertainties facing the Company, using a comprehensive risk matrix as the basis for analysing the Company's system of internal controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy.

The principal risks assessed by the Board relating to the Company were disclosed in the Annual Financial Report for the year ended 30 June 2020. The principal risks disclosed include investment risk, operational risk, accounting, legal and regulatory risk, financial risks and foreign exchange risk. A detailed explanation of these can be found on page 17 of the Annual Financial Report. The Board and Investment Advisor do not consider these risks to have materially changed during the six months ended 31 December 2020 and they are not expected to change in the remainder of the financial year.

Going concern

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 the next 12 months. The lease income generates enough cash flows to pay on-going expenses. The Directors have considered the cash position and performance of the current capital invested of the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Financial Statements.

Going concern is assessed over a minimum period of 12 months from the approval of these Financial Statements. The Board considers there to be no material uncertainty due to the fact that the Group currently has no borrowing, retains a significant cash balance and that the Company's equity investments comprise predominantly readily realisable securities.

Interim Report is Unaudited

This Interim Report has not been audited, nor reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

Responsibility Statement

We confirm to the best of our knowledge that:

- the Condensed Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; as required by Disclosure Guidance & Transparency Rule ("DTR") 4.2.4R of the UK's Financial Conduct Agency ("FCA"); and
- the Interim Management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events which have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions which have taken place in the first six months of the current financial year and which have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report which could do so.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

On behalf of the Board

W.Scott
Chairman
16 March 2021

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Comprehensive Income For the six months ended 31 December 2020

	Notes	For the six month period to 31 December 2020 (Unaudited) £000s	For the six month period to 31 December 2019 (Unaudited) £000s
Gross property income	3 & 6	385	363
Property operating expenses	6	(79)	(68)
Net property income		306	295
Net gain on investments at fair value through profit or loss	7	1,012	3
Unrealised gain on investment property	6	-	90
Lease incentive movement	3	(323)	(3)
General and administrative expenses	4	(273)	(350)
Operating profit		722	35
Profit before tax		722	35
Income tax expense		(47)	(42)
Profit/(loss) for the period		675	(7)
Other comprehensive loss			
Foreign exchange translation loss		(107)	(500)
Total items which are or may be reclassified to profit or loss		(107)	(500)
Total comprehensive profit/(loss) for the period		568	(507)
Basic and diluted earnings/(loss) per ordinary share (pence)	5	2.00	(0.03)

The accompanying notes on pages 13 to 19 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Changes in Equity For the six months ended 31 December 2020

	Revenue reserve (Unaudited) £000s	Distributable reserve (Unaudited) £000s	Foreign currency reserve (Unaudited) £000s	Total equity (Unaudited) £000s
Balance at 1 July 2020	(46,629)	47,263	12,256	12,890
Profit for the period	675	-	-	675
Other comprehensive income	-	-	(107)	(107)
Balance at 31 December 2020	(45,954)	47,263	12,149	13,458

For the six months ended 31 December 2019

	Revenue reserve (Unaudited) £000s	Distributable reserve (Unaudited) £000s	Foreign currency reserve (Unaudited) £000s	Total equity (Unaudited) £000s
Balance at 1 July 2019	(46,210)	43,653	12,134	9,577
Loss for the period	(7)	-	-	(7)
Other comprehensive loss	-	-	(500)	(500)
Balance at 31 December 2019	(46,217)	43,653	11,634	9,070

The accompanying notes on pages 13 to 19 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Financial Position As at 31 December 2020

		31 December 2020 (Unaudited) £000s	30 June 2020 (Audited) £000s
	Notes		
Non-current assets			
Investment property	6	7,710	8,135
Current assets			
Cash and cash equivalents		464	2,632
Investments held at fair value through profit or loss	7	4,530	1,684
Trade and other receivables	8	89	100
Lease incentive	6	873	561
Tax receivable		54	130
Total assets		13,720	13,242
Non-current liabilities			
Provisions		45	46
Current liabilities			
Trade and other payables	9	138	205
Tax payable		79	101
Total liabilities		262	352
Total net assets		13,458	12,890
Equity			
Revenue reserve		(45,954)	(46,629)
Distributable reserve		47,263	47,263
Foreign currency reserve		12,149	12,256
Total equity		13,458	12,890
Number of ordinary shares		33,740,929	33,740,929
Net asset value per ordinary share (pence)	11	39.89	38.20

The Financial Statements on pages 9 to 19 were approved by the Board of Directors and authorised for issue on 16 March 2021. They were signed on its behalf by:

W. Scott
Chairman

The accompanying notes on pages 13 to 19 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Condensed Unaudited Consolidated Statement of Cash Flows For the sixth months ended 31 December 2020

		31 December 2020 (Unaudited) £000s	31 December 2019 (Unaudited) £000s
	Notes		
Operating activities			
Profit before tax		722	35
Adjustments for:			
Unrealised gain on investment property	6	-	(90)
Net gains on investments held at fair value through profit or loss	7	(1,012)	(3)
Dividend income		5	-
Lease incentive movement	3	323	3
Foreign exchange loss on investment property	6	102	476
(Increase)/decrease in trade and other receivables		(307)	75
Decrease in provisions		(1)	(2)
Decrease in trade and other payables		(67)	(20)
Purchase of investments held at fair value through profit or loss	7	(1,866)	(124)
Sale of investments held at fair value through profit or loss	7	23	-
Net cash (used in)/generated from operations		(2,078)	350
Tax paid		17	58
Net cash (outflow)/inflow from operating activities		(2,061)	408
Effects of exchange rate fluctuations		(107)	(500)
Decrease in cash and cash equivalents		(2,168)	(92)
Cash and cash equivalents at start of the period		2,632	793
Cash and cash equivalents at the period end		464	701

The accompanying notes on pages 13 to 19 form an integral part of these Financial Statements

WORSLEY INVESTORS LIMITED

Notes to the Condensed Unaudited Consolidated Financial Statements

For the six months ended 31 December 2020

1. Operations

Worsley 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 Condensed Unaudited Consolidated Financial Statements (the "Financial Statements") of the Company for the period ended 31 December 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 21 and 22 for further details.

2. Significant accounting policies

Basis of preparation

These Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as required by DTR 4.2.4R, the Listing Rules of the London Stock Exchange and 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 Report and Audited Consolidated Financial Statements for the year ended 30 June 2020.

The same accounting policies and methods of computation are followed in the Interim Financial Report as compared with the most recent Annual Financial Statements for the year ended 30 June 2020.

Going concern

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 the next 12 months. The lease income generates enough cash flows to pay on-going expenses. The Directors have considered the cash position and performance of the current capital invested of the Group and concluded that it is appropriate to adopt the going concern basis in the preparation of these Financial Statements.

Going concern is assessed over a minimum period of 12 months from the approval of these Financial Statements. The Board consider there to be no material uncertainty owing to the fact that the Group currently has no borrowing, retains a significant cash balance and that the Company's equity investments comprise predominantly readily realisable securities.

3. Gross property income

Gross property income for the period ended 31 December 2020 amounted to £0.385 million (31 December 2019: £0.363 million). The Group leases out its investment property under an operating lease which is structured in accordance with local practices in Italy. The Group's lease agreement in place as at 31 December 2020 was consistent with that as disclosed in the Company's Audited Annual Financial Statements for the year ended 30 June 2020.

Property income

	31 December 2020 £000s (Unaudited)	31 December 2019 £000s (Unaudited)
Property income received (net of lease incentives)	62	360
Straight-lining of lease incentives	323	3
Property income	385	363

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 31 December 2020, continued

3. Gross property income, continued

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

	31 December 2020 £000s (Unaudited)	31 December 2019 £000s (Unaudited)
Property expenses arising from investment property which generates income	79	68
Total property operating expenses	79	68

There were no property expenses arising from investment property which did not generate income.

4. General and administrative expenses

	31 December 2020 (Unaudited) £000s	31 December 2019 (Unaudited) £000s
Administration fees	54	55
General expenses	49	41
Audit fees	21	30
Legal and professional fees	17	38
Directors' fees (note 13)	23	26
Insurance fees	16	61
Corporate broker fees	13	23
Investment advisor fees (note 13)	80	76
Total	273	350

5. Basic and diluted earnings/(loss) per ordinary share (pence)

The basic and diluted earnings/(loss) per share for the Group is based on the net profit for the period of £0.675 million (31 December 2019: net loss of £0.007 million) and the weighted average number of Ordinary Shares in issue during the period of 33,740,929 (31 December 2019: 20,758,441). There are no instruments in issue which could potentially dilute earnings or loss per Ordinary Share.

6. Investment property

	31 December 2020 (Unaudited) £000s	30 June 2020 (Audited) £000s
Valuation of investment property before lease incentive adjustment at beginning of period/year	8,696	8,777
Fair value adjustment	-	(175)
Foreign exchange translation	(113)	94
Independent external valuation	8,583	8,696
Adjusted for: Lease incentive*	(873)	(561)
Fair value of investment property at the end of the period/year	7,710	8,135

* The Lease incentive is separately classified as a current asset within the Consolidated Statement of Financial Position and to avoid double counting is hence deducted from the Independent property valuation to arrive at fair value for accounting purposes.

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 31 December 2020, continued

6. Investment property, continued

The property is carried at fair value. The lease incentive granted to the tenant is amortised over the term of the lease. In accordance with IFRS, the external independent valuation is reduced by the carrying amount of the lease incentive as at the valuation date. Quarterly valuations are carried out at 31 March, 30 June, 30 September and 31 December by Knight Frank LLP, external independent valuers.

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 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	31 December 2020 (Unaudited)	30 June 2020 (Audited)
Gross estimated rental value per square metre p.a.	114.00€	114.00€
Equivalent yield	9.10%	8.90%

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.

Movement		31 December 2020 (Unaudited)	30 June 2020 (Audited)
Increase of 50 basis points	Property valuation	Decrease of €0.6 million	Decrease of €0.5 million
	equivalent yield		
Decrease of 50 basis points	Property valuation	Increase of €0.6 million	Increase of €0.6 million
	equivalent yield		
Increase of 50 basis points	Gross estimate	Decrease of €0.05 million	Decrease of €0.05 million
	rental value		
Decrease of 50 basis points	Gross estimate	Increase of €0.05 million	Increase of €0.05 million
	rental value		

Property assets are inherently difficult to value owing 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.

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Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 31 December 2020, continued

6. Investment property, continued

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.

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 the 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. Investments at fair value through profit or loss ("FVTPL")

	31 December 2020 £000s (Unaudited)	30 June 2020 £000s (Audited)
Fair value of investments at FVTPL at beginning of period/year	1,684	-
Purchases	1,866	1,633
Sales	(23)	(30)
Realised gains	10	12
Unrealised gains	993	69
Total investments at FVTPL	4,530	1,684

As at 31 December 2020, the cost of the Investments at FVTPL was £3.467million (30 June 2020: £1.615million).

	31 December 2020 £000s (Unaudited)	31 December 2019 £000s (Unaudited)
Realised gains	10	-
Unrealised gains	993	3
Total gains on investments at FVTPL	1,003	3
Dividend income	9	-
Total gains on financial assets at FVTPL	1,012	3

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 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).

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 31 December 2020, continued

7. Investments at fair value through profit or loss (“FVTPL”), continued

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

31 December 2020	Level 1 £000s	Level 2 £000s	Level 3 £000s	Total £000s
Fair value through profit or loss				
- Investments	3,498	1,032	-	4,530

As at 31 December 2020, within the Company’s financial assets classified as Level 2, securities totalling £836,000 are traded on the London Stock Exchange or AiM Market, with the remaining securities of £196,000 being traded on the Aquis Exchange.

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

As at 30 June 2020, within the Company’s financial assets classified as Level 2, securities totalling £512,000 were traded on the London Stock Exchange or AiM Market, with the remaining securities of £165,000 being traded on the Aquis Exchange.

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 which is significant to the fair value measurement as a whole) at the end of each reporting period.

8. Trade and other receivables

	31 December 2020 £000s (Unaudited)	30 June 2020 £000s (Audited)
Other receivables	-	9
Rent receivable	-	5
Dividends receivable	4	-
VAT receivable	60	69
Prepayments	25	17
Total	89	100

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.

9. Trade and other payables

	31 December 2020 £000s (Unaudited)	30 June 2020 £000s (Audited)
Investment Advisor’s fee (note 13)	13	25
Administration fees	13	30
Audit fee	22	39
Directors’ fees payable (note 13)	-	5
Other	90	106
Total	138	205

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.

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 31 December 2020, continued

10. Share capital

	31 December 2020 Number of shares (Unaudited)	30 June 2020 Number of shares (Audited)
Shares of no par values issued and fully paid		
Balance at the start of the period/year	33,740,929	20,758,441
Share issues	-	12,982,488
Balance at the end of the period/year	33,740,929	33,740,929

	31 December 2020 £000s (Unaudited)	30 June 2020 £000s (Audited)
Balance at the start of the period/year	12,890	9,577
Profit/(loss) for the period/year and other comprehensive income	568	(297)
Share issue	-	3,895
Share issue costs	-	(285)
Balance at the end of the period/year	13,458	12,890

11. Net asset value per ordinary share

The Net Asset Value per Ordinary Share at 31 December 2020 is based on the net assets attributable to the ordinary shareholders of £13.458 million (30 June 2020: £12.890 million) and on 33,740,929 (30 June 2020: 33,740,929) ordinary shares in issue at the Consolidated Statement of Financial Position date.

12. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's Audited Annual Financial Statements for the year ended 30 June 2020.

13. 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 period in respect of Investment Advisor fees to Worsley was £80,409 (31 December 2019: £76,464) of which £13,315 (30 June 2020: £24,555) remained payable at the period end.

Upon appointment of Worsley as Investment Advisor (31 May 2019), Mr Nixon waived his future Director's fee as he is a member of the Investment Advisor.

As at 31 December 2020, Mr Nixon held 29.88% of the shares in the Company (30 June 2020: 29.88%).

As at 31 December 2020, Mr Scott held 1.19% of the shares in the Company (30 June 2020: 1.19%).

The aggregate remuneration and benefits in kind of the Directors and directors of its subsidiaries in respect of the Company's period ended 31 December 2020 amounted to £22,829 (31 December 2019: £25,965) in respect of the Group of which £17,500 (31 December 2019: £22,095) was in respect of the Company.

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

WORSLEY INVESTORS LIMITED
Notes to the Condensed Unaudited Consolidated Financial Statements
For the six months ended 31 December 2020, continued

14. Commitments and contingent liability

As at 31 December 2020 the Company has no commitments (30 June 2020: 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 31 December 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.

15. Subsequent events

The cinema lease had been amended in June 2020, but the closure of the cinema under Italian regulations for a second time, in October 2020, led UCI in February 2021 to seek a further renegotiation of 2021 rentals under the lease, talks in respect of which are ongoing.

On the 10 March 2021, the financial year end of Property Trust Luxembourg 2 S.A.R.L. was changed from 30 June to 31 March to be in line with the Company's year end.

There were no other post period end events which require disclosure in these Financial Statements.

WORSLEY INVESTORS LIMITED

Portfolio statement (unaudited) as at 31 December 2020

	Currency	Fair value £'000	% of total net assets
UCI Curno	EUR	8,583	63.78%
Less: lease incentive	EUR	(873)	(6.49%)
Total		7,710	57.29%
Smiths News Plc (formerly Connect Group Plc)	GBP	2,932	21.79%
Northamber Plc	GBP	459	3.41%
Total equities greater than 2% of Net Assets		3,391	25.20%
Other equities		1,139	8.46%
Total equities		4,530	33.66%
Total investments		12,240	90.95%

WORSLEY INVESTORS LIMITED

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;

WORSLEY INVESTORS LIMITED

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.

WORSLEY INVESTORS LIMITED

Corporate Information

Directors (All non-executive)

W. Scott (Chairman)
R. H. Burke
B. A. Nixon

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Registration Number

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