Pyne Gould Corporation Limited

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

PYNE GOULD CORPORATION LIMITED
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PYNE GOULD CORPORATION LIMITED
COMPANY REPORT

Managing Director's Report

The operating environment during the year has remained challenging for PGC and its subsidiaries (together "the Group") with cost of living pressure, supply chain disruption and increasing interest rates.

Revenue for the year was GBP 52.161m, 34.23% higher than GBP 38.857m in 2022.

The reason higher sales did not lead to comparably higher gross profit is to do with the volatile nature of the sales mix leading to Gross Profit deteriorating in both absolute and percentage terms. This was due to a change in sales mix with lower value residential land stages and costs associated with delivery of turn key product. The volatility in gross margin is expected to continue given the diverse nature of the sales activity within the RCL business.

RCL continues to maintain a very strong pre-sale book with 505 lots equating to approximately AUD 170m in place as at 30 June 2023. Incremental sales releases have continued to occur (and be absorbed by the market) largely replacing the prior year pre-sales as stock has been delivered.

Supply chain shortages and tightness of contractor availability continue to present challenges for the timing of stock delivery. RCL remains focussed on actively working to deliver its current pre-sales as expediently as possible and will continue to release stock subject to market conditions.

Residential property market conditions have softened in Australia as the impact of interest rate increases reduces purchaser borrowing capacity, however have continued to remain robust in New Zealand notwithstanding the more challenging interest rate environment.

The strong pre-sale book see the Group well placed to withstand any slowdown in activity levels over the 2024 financial year.

Whilst interest rates have increased substantially over the course of the 2023 financial year and retail debt markets have tightened, this has not impacted settlements, with negligible purchaser defaults. Settlements are taking slightly longer to complete post issuance of title, largely reflecting expansion in timeframe for retail financiers to fund, however almost all purchasers are completing.

The acquisition of the Homestead Bay site in Queenstown New Zealand within the RCL business during the financial year is an exciting development for the Group, and is expected to deliver substantial upside as planning for the site is progressed.

During June 2023, TFLP also successfully completed a non-pro rata exit for a number of Limited Partners which further lifted the Group's interest in TFLP (from 83.0% to 84.6%).

TFLP funded the non-pro rata exit via a cash release from RCL (from net settlement proceeds).

As with the prior year non-pro rata exit, whilst considered a positive outcome for TFLP and in turn the Group as the largest Limited Partner, the non-pro rata exit has negatively impacted Group reported net tangible assets. This is primarily due to Group accounts reflecting historical cost accounting treatment for the RCL business which is substantially below market value for the assets.

RCL (and in turn the Group on consolidation) adopts the lower of net realisable value or historical cost in respect of the majority of its assets with value from realisation only being reflected as sites are developed, sold and settled.

The non-pro rata exit offer TFLP made to Limited Partners was at a discount to the General Partner's view of the intrinsic value for the RCL business, however this was well in excess of historical cost values.

The Company continues to see significant upside in TFLP's largest investment RCL and is focussed on continued participation in this investment.

The investment in the iron ore project in Brazil made during the 2022 financial year has been revalued to reflect the improving risk profile and more recent capital raising activity at a substantial premium to the price the Group paid for its equity. The royalty component has been externally valued and also reflects an uplift above purchase price, reflecting the mine moving from being mothballed to back in production. We consider the outlook for this investment remains very promising and it is expected to deliver strong returns to shareholders over the next few years.

Managing Director's 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 active project is Hanley's Farm in Queenstown where it is developing in excess of 1,700 sites. This project continues to progress well and as at balance sheet date approximately 1,365 sites had been sold in a series of progressive releases, with approximately 967 sites completed and settled.

Market conditions in Queenstown remain robust, with sales releases continuing to be quickly absorbed. Ongoing sales releases have occurred during the course of the financial year on a progressive basis. Total pre-sales at balance sheet date of approximately NZD 150 million are in place for this project and focus is on delivering this stock as expediently as possible.

As outlined previously, during the financial year RCL completed the acquisition of the Homestead Bay site in Queenstown (for NZD 70 million) and is focussed on progressing planning approvals for this site as expediently as possible. Whilst approvals are yet to be obtained, RCL expects to achieve a yield in excess of the Hanley's Farm project.

In the Australian portfolio RCL continues to focus on delivery of its own built form product (turn-key apartments and townhouses) providing incremental margin and enhancing absolute returns from the existing medium density sites within the portfolio.

The introduction of completed product into the New Zealand portfolio continues to be explored.

Residential property market conditions in Australia have softened, however sales are still being absorbed. High levels of activity within the residential sector have resulted in increasing challenges in procuring civil contractors. RCL primary focus in Australia is delivering existing pre-sold stock with incremental sales releases occurring on an ongoing basis subject to market conditions.

Post balance sheet date RCL has entered into a conditional agreement to acquire an adjacent site to the Sunbury project for AUD 33.75 million. The site is already zoned to enable residential development, and sales activity is expected to commence during calendar year 2024. The acquisition of this site is also expected to deliver scope to reconfigure the balance of the existing Sunbury project to deliver additional yield.

RCL continues to look for further restocking opportunities in Australia in tandem with progressing planning outcomes across a number of sites.

KCR Investment

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

KCR is continuing with the transition of its business and whilst not yet generating positive operating cashflow, good progress continues to be made, with revenue growth of 23% being achieved for the 2023 financial year.

KCR near-term strategy remains to –

- Improve the rental revenue from its existing properties;
- Upgrade the overall portfolio quality;
- Explore the development opportunity within the portfolio; and
- Focus on reducing costs.

KCR's primary focus is to achieve an operational cash-neutral position by a combination of improving returns from its existing assets and active management to reduce the fixed cost base.

During the 2023 financial year, KCR focussed on completing refurbishment works and re-positioning a number of its assets (to a walk in walk out operating model) with a view to driving enhanced operational performance over the 2024 financial year.

KCR is part way through its transition process to create a stable platform that can be successfully scaled up. We look forward to KCR continuing to improve its underlying operating performance.

Managing Director's Report (continued)

Final Comment

We are well advanced with our strategy of building a long-term, sustainable business from distressed assets and expect to reward our shareholders for their patience as the investment strategy reaches maturity.

Capital management remains an ongoing focus for the Board. PGC shares trade at a considerable discount to the underlying value of Group assets and buying them back continues to offer attractive returns for shareholders and is consistent with our value creation strategy.

Fundamentals for TFLP and its core underlying principal investments remain sound and we believe they are well placed to deliver substantial growth in the coming years.

Successfully achieving a restructure of TFLP, enabling the Group to continue to participate in the underlying assets it holds, remains the primary near-term focus.

George Kerr
Managing Director
13 November 2023

PYNE GOULD CORPORATION LIMITED
COMPANY REPORT (CONTINUED)

Directors' Report

PGC recorded a Net Profit attributable to security holders of £1.98 million for the year to 30 June 2023 (compared with a Net Profit of £3.47 million for the year to 30 June 2022).

After unfavourable foreign currency movements in foreign currency translation, PGC recorded Total Comprehensive Income of £0.49 million prior to adjustment for non-controlling interests.

Total Comprehensive Income attributable to PGC shareholders was £0.91 million (compared with Total Comprehensive Income £6.08 million for the year to 30 June 2022).

Net assets attributable to security holders decreased to £21.34 million (compared to £22.39 million as at 30 June 2022). Deterioration in Net Assets attributable to shareholders was primarily the result of the non-pro rata exit TFLP completed with its Limited Partners.

The exit price was struck by reference to market values which are well in excess of historical cost. The component of the exit paid attributed to security holders was reflective of the actual amount paid which has been applied as a reduction against assets mostly carried on a historical cost basis.

Net assets per share was 3.7% lower, falling from 11.54 pence per share as at 30 June 2022 to 11.11 pence per share as at 30 June 2023 (after allowing for non-controlling interests and other comprehensive income).

Whilst the non-pro rata exit payment made by TFLP has had a negative impact on statutory shareholder equity and Net Assets per share, the Directors consider the impact for the Group to be positive on a market value basis. RCL's substantial real estate portfolio is expected to deliver long term value recognition (as sales are made and settled) well in excess of historical cost. This value will only be reflected in Group accounts as settlements actually occur.

Operating Performance

On a consolidated basis (before allowing for non-controlling interests), the result for the 2023 financial year was a Profit after tax of £1.88 million. This compares with a Profit after tax of £5.49 million for the prior year.

After allowing for foreign exchange translation movements, the consolidated Total Comprehensive Income for the 2023 financial year was £0.49 million. This compares with consolidated Total Comprehensive Income of £6.90 million for the 2022 financial year.

Following adjustment for non-controlling interests, the Total Comprehensive Income attributable to PGC shareholders was £0.91 million (compared to Total Comprehensive Income of £6.08 million for the prior year).

Deterioration in overall performance was largely driven by a combination of a deterioration in gross sale margin as the composition of the sales mix over the year changed (lower margin stages and completed turn key product sales which have higher development costs) and increased financing costs following the completion of the Homestead Bay acquisition.

Gross margin will continue to fluctuate depending on the sales mix in any given year. Built-form product, whilst lower margin overall, continues to be an important part of the sales mix and remains a core group focus. There is also considerable margin variation across the various stages of the existing projects with settlement mix of these stages also impacting the gross margin.

Activity levels across the RCL portfolio have remained strong over the course of the 2023 financial year and are reflected in the pre-sale book of AUD 170 million as at balance date.

Delivery of this stock is expected to underpin strong operational performance from the RCL business during the 2024 financial year.

Market conditions remain robust in Queenstown (New Zealand) however have slowed in Australia. The high level of pre-sales provides a robust buffer against slowing market conditions. There are material constraints on resources (both labour and materials) across all markets RCL operates in which is likely to continue to result in delays in delivering pre-sold stock.

Directors' Report (continued)

Statement of Financial Position

At 30 June 2023, PGC had a deficit in Net Current Assets of £32.27 million (compared to a surplus of £49.93 million last year). Deterioration in Net Current Assets is driven by £91.54 million of Group debt becoming current. Facilities mature in January 2024, and whilst binding commitments to extend are not yet in place, the principal Group financier has indicated that the facilities will be extended and increased to support the Sunbury acquisition, on terms broadly in line with the existing terms and conditions.

Total Group Assets held were £173.20 million (compared to £142.28 million in the prior financial year) with total equity of £29.10 million (compared to £31.14 million in the prior financial year). Increase in total group assets predominantly reflects the acquisition of the Homestead Bay site in Queenstown (New Zealand). The reduction in equity was predominantly driven by the TFLP non-pro rata exit payments to a number of limited partners. Whilst this increased the Group's interest in TFLP to 84.6% (up from 83.0%), as outlined above the payment to exiting limited partners using market values as a reference was well in excess of historical cost.

After allowing for non-controlling interests of £7.76 million (down from £8.75 million in the prior year), net equity attributable to security holders fell to £21.34 million (down from £22.39 million).

Long-Term Focus

The core strategy of building a long-term sustainable business from distressed assets remains unchanged.

We still have challenges ahead but progress continues to be made to deliver value to our shareholders.

The primary near-term focus remains on restructuring TFLP to enable ongoing participation in the underlying assets by the Company.

The intended restructure has been communicated to Limited Partners and the General Partner is working through the mechanics required to enable this to be implemented. This is expected to be completed during the current financial year.

Work in respect of optimising value from the remaining non-core assets is ongoing.

The largest remaining non-core asset is the residential project located within the Bethlehem suburb of Tauranga City..

Share Buyback

Capital management remains an ongoing focus for the Board and we expect to continue to allocate capital to facilitate buyback of shares.

During the year 2,000,000 shares were bought back at a price of NZD 0.29 (14.5p) (prior year: 8,218,835 shares were bought back at an average price of NZD 0.255 (13.4p)) which was value accretive for shareholders.

PGC shares trade at a considerable discount to the market value of the underlying assets and buying them back is consistent with our value creation strategy.

For and on behalf of the Directors

Russell Naylor
Director
13 November 2023

PYNE GOULD CORPORATION LIMITED
BOARD OF DIRECTORS

GEORGE KERR B Com

Non-Independent Director
George is a private equity investor with a successful record in Australasia and the United Kingdom spanning more than 30 years.

He is chairman of Australasian Equity Partners, the cornerstone shareholder in PGC.

George was appointed to the Board of PGC in August 2008 and has been the Group's Managing Director since April 2012. He is also chairman of PGC's Torchlight Group.

RUSSELL NAYLOR

Non-Independent Director
Russell Naylor has an extensive background in banking and finance and is the principal of Naylor Partners, a boutique Sydney-based Corporate Advisory business. Russell is an Executive Director and Investment Committee Member of Torchlight and is a resident of Australia.

Russell was appointed to the PGC Board on 14 February 2012 and is a member of the Audit and Risk Committee.

NOEL KIRKWOOD BAgri. Com

Non-Independent Director
In 2010 Noel joined Real Estate Credit Limited, a PGC subsidiary, where his skills were employed to unlock value from the assets held in the former MARAC bad bank. Noel holds a B. Agr. Com (Economics) from Lincoln University. A New Zealand resident with over 30 years' experience in banking and finance, he has held senior credit and lending roles covering rural, business and property transactions and has extensive experience in the work out of distressed property assets.

Noel Kirkwood was appointed to the PGC Board on 27 August 2014.

MICHELLE SMITH M. Com (Hons), ICAEW

Independent Director
Michelle Smith is a Chartered Accountant with over 30 years' experience in Investment Banking and Asset Management in Europe.

Michelle is the COO of Affirmative Investment Management Partners Limited, a fixed income impact investment management start-up company, based in London.

She trained as a chartered accountant with Ernst & Young, London and worked with Goldman Sachs in London for over 12 years. She has expertise in operational risk, compliance and regulatory risk, processes and controls across complex product lines in a highly control conscious and regulated environment.

Michelle has served as a non-executive director on several boards since 2007, ranging from Fund Management and Insurance to Retail Banking, Mining and Biofuels.

Michelle was appointed to the PGC Board on 4 November 2014 and is Chair of the Audit and Risk Committee.

PAUL DUDLEY BSc (Hons), FCA

Independent Director
Paul Dudley is a Fellow of the Chartered Institute of Accountants of England and Wales and is a Member of the UK's Chartered Institute of Securities and Investment. He is a director of Aer Ventures, a corporate advisory business that is authorised and regulated by the UK's Financial Conduct Authority. Paul has acted as a corporate finance adviser on numerous flotations and fundraisings and provided advice on takeovers and other transactions in the private and public arenas.

Earlier in his career, Paul was seconded to the listing department of the London Stock Exchange, and he also worked at a venture capital investment firm, where he advised on investment in emerging growth companies. He began his career at PricewaterhouseCoopers.

Paul is an Independent Director of PGC, based in the United Kingdom.

Paul was appointed to the PGC Board on 23 May 2016 and is a member of the Audit and Risk Committee.

PYNE GOULD CORPORATION LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable laws and regulations.

The Companies (Guernsey) Law, 2008 requires the directors to prepare consolidated financial statements for each financial year. Under that law, they have elected to prepare consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable law.

The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these Consolidated Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of IFRS (as issued by the IASB) used in the preparation of consolidated financial statements;
- state whether applicable IFRS (as issued by the IASB) have been followed subject to any material departures disclosed in the consolidated financial statements; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with The Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Board of Directors of Pyne Gould Corporation Limited authorised the Consolidated Financial Statements set out on pages 16 to 62 for issue on 13 November 2023.

For and on behalf of the Board

Russell Naylor
Director

George Kerr
Managing Director

INDEPENDENT AUDITOR'S REPORT

To the members of Pyne Gould Corporation Limited

Opinion

We have audited the consolidated financial statements of Pyne Gould Corporation Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) issued by the International Standards Board (IASB).

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended;
- are in accordance with IFRSs as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Improper revenue recognition – revenue from land development and resale (2023: £52.161 million, and 2022: £38.857 million) Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. The Group's revenue was mainly revenue from the sale of developed land and revenue generated from the golf course. There is a risk that the revenue may be misstated due to improper revenue recognition and/or fraud. *Refer to the accounting policies in Note 3(e) of the consolidated financial statements (page 27)*	**In responding to the key audit matter, we performed the following audit procedures:** • Updated our understanding of the processes, policies, and controls in relation to the recognition of revenue and confirmed our understanding by performing walkthrough tests; and • Compared the revenue recognition policies adopted by the Group against the requirements of the financial reporting framework. **Torchlight Fund LP (including RCL and KCR)** • Issued Group audit instructions to RCL and KCR component audit teams to perform a full-scope audit. • Performed detailed review of the work performed (directed by the issued Group audit instructions) by the component auditors. **Our result** We have not identified any matters to report to those charged with governance in relation to the recognition of revenue from the sale of developed land.

The key audit matter	How the matter was addressed in our audit
Valuation of inventory – land held for resale (2023: £ 114.844 million, 2022: £94.358 million) As at 30 June 2023, 66% (2022:66%) of the carrying value of the Group's total assets, consisting of land held for resale which is carried at the lower of cost or net realisable value ("NRV"). In determining the NRV of inventory, management uses different valuation techniques, including discounted cash flow models, original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments. Management adjusts the discounted cash flow model as deemed necessary for factors such as non-maintainable earnings, tax risk, and growth stage. Management takes into account relevant developments since the acquisition of the land and other factors pertinent to the valuation with reference to such rights in connection with realisation, recent third-party comparable transactions and reliable indicative offers from potential buyers and applying discounted cash flow analysis. Determining the NRV involves complexity and subjective management judgements and estimates. The magnitude of the amounts involved means that there is the potential for material misstatement giving rise to a higher risk of misstatement requiring special audit consideration. There is a risk that inventories may not be stated at the lower of cost and NRV due to inappropriate valuation models and inputs being applied in determining the NRV. Since one of the main drivers of the Group's total assets and the net asset value is the value of inventory, this is the area of focus for stakeholders and a significant audit risk area, and accordingly, this has been reported as a key audit matter. *Refer to the accounting policies in Note 3(l) of the consolidated financial statements (page 29)*	**Land House Limited (LHL)** The Group audit team's procedures consisted of: • Updated our understanding of the processes, policies, and controls in relation to the valuation and measurement of inventory and confirmed our understanding by performing tests of the design and implementation of relevant key controls. • Assessed whether the accounting policy for the valuation of inventory of LHL is in line with the requirements of IFRS and in line with the Group accounting policies. • For inventory valued at NRV: ○ Obtained and inspected the agreements with the potential buyer and correspondence of management on the ongoing sale of the property regarding the selling price of the property. ○ Challenged the assumptions made by management and evaluated whether the net realisable value of inventory is reasonable. **RCL Real Estate Pty Ltd (RCL)** • Issued Group audit instructions to the RCL component audit team to perform a full-scope audit; and • Performed detailed review of the work performed (directed by the issued Group audit instructions) by the component auditor. **Our result** We have not identified any matters to report to those charged with governance in relation to the valuation of inventory.
Valuation of investment properties (2023: £27.952 million and 2022: £24.605 million) The Group, through its subsidiaries, KCR Residential REIT plc ("KCR") and RCL Real Estate Pty Ltd ("RCL") – RCL Henley Downs Limited, own investment properties held for capital appreciation, rental income or both. Investment properties are valued by the directors of KCR with reference to independent external desktop or full valuations performed by a third-party independent real estate valuation specialist engaged by KCR. Valuations are based on a market approach which provides an indicative value by comparing the property with other similar properties for which price information is available and the valuation technique is Income capitalisation and/or capital value on a per square foot basis.	**KCR Residential REIT plc (KCR) and RCL Real Estate Pty Ltd (RCL)** The Group's investment properties consist of properties held by KCR and RCL for capital appreciation and rental income. • Issued Group audit instructions to the KCR and RCL component audit teams to perform a full-scope audit; and • Performed detailed review of the work performed (directed by the issued Group audit instructions) by the component auditors. **Our result** We have not identified any matters to report to those charged with governance in relation to the investment properties.

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>During the year, NZD 2.0 million (£1.2 million) (30 June 2022: Nil) of inventories held in RCL were reclassified as investment properties due to the change in current and intended use.

The valuation of investment properties requires significant judgement in determining the appropriate inputs to be used in the model and there is therefore a risk that the properties are incorrectly valued.

Refer to the accounting policies in Note 3(h) of the consolidated financial statements (page 28)</td><td></td></tr>
<tr><td>Valuation of Investment at FVTPL (2023: £4.545 million and 2022: £ 1.825 million)

In October 2021, Torchlight Group Limited acquired an investment in 4B Mining Corp, a company incorporated in Canada, for a total consideration of £1.7m (US$2.35m) split between 9,340,625 common shares (£0.89m) and a 1% royalty interest (£0.82m) in the gross revenue of a project of its Brazilian subsidiary (51% ownership).

Management's expert performs the valuation of the royalty portion of the investment that is based on the income approach (discounted cashflows) while the equity portion is valued by management on the market approach using the share price of the latest round of equity raise.

The valuation of the royalty investment requires significant judgement in determining the appropriate inputs to be used in the model giving rise to a higher risk of misstatement and requiring significant audit attention.

There is a risk that the investment might be misstated due to the application of inappropriate methodologies or inputs to the valuations and/or inappropriate judgemental factors.

Refer to the accounting policies in Note 3(m) of the consolidated financial statements (page 30)</td><td>Torchlight Group – Caymans:

The Group audit team's procedures consisted of:

• Updated our understanding of the processes, policies, and controls in relation to the valuation and measurement of the investment and confirmed our understanding by performing tests of the design and implementation of relevant key controls.

• Assessed whether the accounting policy for the valuation of investment of the Group is in line with the requirements of IFRS and in line with the Group accounting policies; and

• To substantially test the unquoted investments

1% Royalty portion of investment:

a. We obtained and inspected the valuation calculations and valuation report, and held discussions with the management and management's expert to understand the inputs and assumptions used in the valuation and assessed whether the data used in the valuation calculations were appropriate and relevant;

b. We assessed the competence, capabilities and objectivity of management's expert;

c. We assessed and determined whether the valuation methodology used to estimate the fair value of the royalty portion is consistent with methods usually used by market participants for similar types of instruments;

d. We challenged and corroborated the management expert's valuation by referencing the inputs used to information independently sources; and

e. We recalculated the discounted cashflows from management's model adjusted to the assumptions of management's expert and agreed it to the value included in the consolidated financial statements.

Equity portion of investment:

a. We obtained the share price of the recent round of equity raise directly from 4B Mining Corp and agreed it to the price used by management in the valuation model;

b. We confirmed the number of shares held by the Group directly with 4B Mining Corp; and</td></tr>
</table>

The key audit matter	How the matter was addressed in our audit
	c. We recalculated the value of shares as at 30 June 2023 by taking the confirmed number of shares and the price of the latest funding round, and assessing the reasonableness of discount rate applied to the share price used, and agreed it to the consolidated financial statements. **Our result** We have not identified any matters to report to those charged with governance in relation to the fair valuation of investment at FVTPL.

Other information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 10, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs as issued by the IASB and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matters on which we are required to report by exception

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

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

DocuSigned by:
Grant Thornton Limited
95865AA77FCC440...

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 13 November 2023

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	2023 £000	2022 £000
Revenue from land development and resale		52,161	38,857
Cost of land development sales	16	(32,247)	(14,614)
Gross profit from land development and resale		**19,914**	**24,243**
Other revenue	5	3,605	2,442
Administration expenses	6	(11,872)	(10,129)
Impaired asset expense	7	-	(502)
Other investment gains	5	5,037	1,425
Foreign exchange losses		151	(736)
Operating Profit		**16,835**	**16,743**
Interest revenue	4	697	329
Interest expense	4	(13,930)	(11,570)
Net finance costs		**(13,233)**	**(11,241)**
Profit before income tax		**3,602**	**5,502**
Income tax charge	9	(1,723)	(12)
Profit for the year after tax		**1,879**	**5,490**
Foreign currency adjustment on translation to presentation currency		(1,390)	1,408
Total comprehensive income for the year		**489**	**6,898**
Profit/(loss) attributable to:			
Owners of the Company		1,982	3,467
Non-controlling interests	20	(103)	2,023
Profit for the year		**1,879**	**5,490**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		907	6,081
Non-controlling interests	20	(418)	817
Total comprehensive income for the year		**489**	**6,898**
Earnings per share		**Pence**	**Pence**
Basic and diluted earnings per share	13	1.02	1.73
Basic and diluted earnings per share – continuing operations	13	1.02	1.73

The notes on pages 21 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Attributable to owners of the Company					
2022	**Share Capital (see note 14) £000**	**Foreign Currency Translation Reserve £000**	**Accumulated Losses £000**	**Non-controlling interests acquisition reserve £000**	**Non-controlling interests (see note 20) £000**	**Total Equity £000**
Balance at 1 July 2021	**151,178**	**20,319**	**(144,757)**	**4,285**	**8,296**	**39,321**
Total comprehensive loss for the year						
Profit for the year	-	-	3,467	-	2,023	5,490
Other comprehensive loss						
Foreign currency adjustment on translation to presentation currency	-	2,614	-	-	(1,206)	1,408
Total comprehensive loss for the year	**-**	**2,614**	**3,467**	**-**	**817**	**6,898**
Acquisition of non-controlling interest	**-**	**-**	**-**	**(2,257)**	**8,371**	**6,114**
Redemptions of non-controlling interests	**-**	**-**	**-**	**(11,378)**	**(8,735)**	**(20,113)**
Transactions with owners						
Share buy-back	(1,081)	-	-	-	-	(1,081)
Total transactions with owners	(1,081)	-	-	-	-	(1,081)
Balance at 30 June 2022	**150,097**	**22,933**	**(141,290)**	**(9,350)**	**8,749**	**31,139**

The notes on pages 21 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Attributable to owners of the Company					
2023	**Share Capital (see note 14) £000**	**Foreign Currency Translation Reserve £000**	**Accumulated Losses £000**	**Non-controlling interests acquisition reserve £000**	**Non-controlling interests (see note 20) £000**	**Total Equity £000**
Balance at 1 July 2022	**150,097**	**22,933**	**(141,290)**	**(9,350)**	**8,749**	**31,139**
Total comprehensive loss for the year						
Profit/(loss) for the year	-	-	1,982	-	(103)	1,879
Other comprehensive loss						
Foreign currency adjustment on translation to presentation currency	-	(1,075)	-	-	(315)	(1,390)
Total comprehensive income/(loss) for the year	**-**	**(1,075)**	**1,982**	**-**	**(418)**	**489**
Redemptions of non-controlling interests	-	-	-	**(1,667)**	**(574)**	**(2,241)**
Transactions with owners						
Share buy-back	(290)	-	-	-	-	(290)
Total transactions with owners	**(290)**	**-**	**-**	**-**	**-**	**(290)**
Balance at 30 June 2023	**149,807**	**21,858**	**(139,308)**	**(11,017)**	**7,757**	**29,097**

The notes on pages 21 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	2023 £000	2022 £000
ASSETS			
Current assets			
Cash in bank		13,640	7,275
Finance receivables	15	1,936	2,126
Trade and other receivables		1,335	3,865
Investments – Fair value through profit or loss	18	-	42
Investments – Loans and receivables at amortised cost	19	993	1,308
Inventories	16	43,599	37,609
Prepayments		1,407	1,094
Total current assets		**62,910**	**53,319**
Non-current assets			
Inventories	16	71,245	56,749
Investment properties	17	27,952	24,605
Investments – Fair value through profit or loss	18	4,545	1,825
Advances to related parties	23	4,161	3,853
Property, plant and equipment		2,388	1,933
Total non-current assets		**110,291**	**88,965**
Total assets		**173,201**	**142,284**
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade and other payables	22	3,633	3,387
Borrowings	21	91,543	-
Total current liabilities		**95,176**	**3,387**
Non-current liabilities			
Borrowings	21	47,921	106,743
Deferred tax liability	10	1,007	1,015
Total non-current liabilities		**48,928**	**107,758**
Total liabilities		**144,104**	**111,145**
EQUITY			
Share capital	14	149,807	150,097
Foreign currency translation reserve		21,858	22,933
Accumulated losses		(139,308)	(141,290)
Non-controlling interests acquisition reserve		(11,017)	(9,350)
Total equity – attributable to the owners of the Company		**21,340**	**22,390**
Non-controlling interests	20	**7,757**	**8,749**
Total equity		**29,097**	**31,139**
Total equity and liabilities		**173,201**	**142,284**
Net assets per share (pence)	13	11.11	11.54

The Board of Directors of Pyne Gould Corporation Limited approved and authorised for issue the Consolidated Financial Statements set out on pages 16 to 58 for issue on 13 November 2023.

Russell Naylor
Director

George Kerr
Managing Director

The notes on pages 21 to 58 are an integral part of these Consolidated Financial Statements.

PYNE GOULD CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Interest received		322	5
Rental revenue	5	1,376	774
Proceeds from sale of inventories		52,211	38,882
Fees and other revenue received		2,229	1,668
Total cash flows from operating activities		**56,138**	**41,329**
Payments to suppliers and employees		(9,834)	(14,427)
Acquisition costs of inventories		(35,634)	-
Development costs of inventories		(27,648)	(27,532)
Total cash flows used in operating activities		**(73,116)**	**(41,959)**
Net cash flows used in operating activities	11	**(16,978)**	**(630)**
Cash flows from investing activities			
Proceeds from disposal of investments		-	8,421
Proceeds from settlement of finance receivables		40	-
Net cash acquired from acquisition of KCR		-	312
Total cash flows from investing activities		**40**	**8,733**
Acquisition of property, plant and equipment		(1,029)	(1,662)
Increase in finance receivables		-	(102)
Increase in other investments		-	(1,825)
Settlement of redemption of non-controlling interests		(2,241)	(20,113)
Increase in advances to other related parties	23	(106)	(106)
Total cash flows used in investing activities		**(3,376)**	**(23,808)**
Net cash flows used in investing activities		**(3,336)**	**(15,075)**
Cash flows from financing activities			
Increase in borrowings	12	40,617	24,823
Total cash flows from financing activities		**40,617**	**24,823**
Share buy-backs		(291)	(1,082)
Decrease in borrowings	12	(12,742)	(11,699)
Interest paid		(548)	(310)
Total cash flows used in financing activities		**(13,581)**	**(13,091)**
Net cash flows from financing activities		**27,036**	**11,732**
Net increase/(decrease) in cash in bank		**6,722**	**(3,973)**
Foreign currency adjustment on translation of cash balances to presentation currency		(357)	925
Opening cash in bank		7,275	10,323
Closing cash in bank		**13,640**	**7,275**
Represented by:			
Cash in bank		13,640	7,275
		13,640	7,275

The notes on pages 21 to 58 are an integral part of these Consolidated Financial Statements.

1. Reporting Entity

Pyne Gould Corporation Limited is a Guernsey-domiciled company. The Consolidated Financial Statements comprise Pyne Gould Corporation Limited ("the Company") and its subsidiaries (see note 8) (together "the Group").

Entities within the Group variously offer financial and asset management services, engage in real estate development and construction, and invest in financial and real estate assets.

The Company is also listed on the Official List of The International Stock Exchange ("TISE") as of 21 November 2018. The registered office address of the Company is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL.

2. Basis of Preparation

(a) Statement of compliance

These Consolidated Financial Statements, including comparative figures, are in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As a Guernsey domiciled company, the Consolidated Financial Statements also comply with the legal and regulatory requirements of The Companies (Guernsey) Law, 2008, and have been prepared under the assumption that the Group operates as a going concern.

(b) Basis of measurement

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for inventories held for sale recorded at the lower of cost or fair value less costs to sell, loans and receivables carried at amortised cost and investment properties and financial assets at fair value through profit or loss.

(c) Functional currency

The Board of Directors ("Board" or "Directors") considers New Zealand dollars ("NZD") to be the functional currency of the Company, as it is the currency in which capital is raised and returned. In addition, all equity related transactions (including dividends) are settled in NZD. Whilst the Group's operations are conducted in multiple currencies, historically the functional currency has been NZD and for this financial year the Directors' have determined the underlying transactions, events and conditions have not changed from the historic functional currency position of NZD. For further details on the functional currency, see note 2(e)(ii).

(d) Presentation currency

Due to the migration of the Company from New Zealand to Guernsey in 2014, the listing on TISE and the intention, in due course, to list on the London Stock Exchange, although the process to list on the London Stock Exchange has not started, the Board agreed the presentation currency of these Consolidated Financial Statements should be British Pound Sterling ("GBP" or "£"). The figures in the Consolidated Financial Statements and related notes have been translated from NZD and from Australian Dollars ("AUD") using the procedures outlined below:

- Assets and liabilities have been translated into GBP using the closing rates of exchange applicable at the relevant reporting date. As at 30 June 2023 the rates applied were NZD1.00 to GBP 0.481073 and AUD1.00 to GBP0.523522 (30 June 2022: NZD1.00 to GBP0.513029 , AUD1.00 to GBP0.567734);
- Revenue and expenses, including any other comprehensive income, have been translated into GBP at average rates of exchange for the relevant accounting year. For the year ended 30 June 2023 the average rates applied were NZD1.00 to GBP0.507712 and AUD1.00 to GBP0.555235 (30 June 2022: NZD1.00 to GBP0.510835 and AUD1.00 to GBP0.545760);
- Movements in share capital and share premium are translated into GBP at the rates applicable at the dates of the transactions; and
- All differences arising on the above translations have been taken to the foreign currency translation reserve.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign Currency Translation Reserve").

Unless otherwise indicated, amounts are rounded to the nearest thousand.

2. Basis of Preparation (continued)

(e) Accounting judgements and major sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and estimation uncertainty

The following are the key accounting judgements and sources of estimation uncertainty at 30 June 2023 that have significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical judgements in applying accounting policies:

(i) Going Concern

The Directors note that two of the Group’s seven loan facilities are due to mature in January 2024, as a result of which, as at the reporting date, a substantial proportion of the Group’s liabilities are now current, and the Group’s current liabilities exceed its current assets. Whilst formal terms in respect of an extension to these facilities have not yet been documented or agreed, preliminary discussions with the Group’s principal financier have provided the Directors with a reasonable expectation that a refinancing and extension of both facilities will be agreed on similar terms to that currently in place, and that facilities are likely to be increased to support the Sunbury acquisition by the Group (refer to note 21).

As a result, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for at least 12 months from the date of approval of the Consolidated Financial Statements, and therefore these Consolidated Financial Statements are presented on a going concern basis.

In reaching this conclusion, the Directors have considered the risks that could impact the Group’s liquidity over the next 12 months from the date of approval of the Consolidated Financial Statements and are of the opinion that it remains appropriate to prepare these Consolidated Financial Statements on a going concern basis. The expected realisable value of inventories is materially in excess of the current cost carrying value.

Torchlight Fund LP

On 13 December 2021, the limited partners of Torchlight Fund LP (“TFLP”), the most significant component of the Group, approved an extension of the life of TFLP by 6 months to 31 May 2022 and the life has not been further extended. In June 2022 and June 2023 the Group facilitated non-pro rata exits for a number of limited partners. TFLP’s audited financial statements for the year ended 31 March 2023 were prepared on a basis other than going concern in preparing the financial statements given the fact they believe that the exit plan communicated to Limited Partners to house all remaining partnership assets within Torchlight Real Estate Group (a wholly owned subsidiary of the Partnership) and then complete an in specie distribution of these shares to Limited Partners will be completed within the next 12 months. Following completion of the in specie distribution it is then intended to wind the Limited Partnership up which is also expected to occur within the next 12 months. This involves writing assets down to their net realisable value based on conditions existing at the end of the reporting period, providing for contractual commitments which may have become onerous as a consequence of the decision to wind-down the entity and classify all non-current assets and liabilities as current.

2. Basis of Preparation (continued)

(e) Accounting judgements and major sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies (continued):

(ii) Functional currency
The Board of Directors considers NZD as the functional currency of the Company, as NZD is the currency in which capital is raised, dividends are declared and paid, capital returned and ultimately the currency that would be returned if the Company was wound up. In addition, the Company has no bank facility debt and is wholly funded through equity. All equity related transactions (including dividends) are settled in NZD.

The Directors have also considered the currencies in which the underlying assets are denominated. The Company has exposure to a number of currencies through its underlying assets, principally NZD and AUD. However, the majority of the Company's expenditure during the current financial year has remained in NZD.

Whilst the Company's operations are conducted in multiple currencies, historically the functional currency has been NZD and for this financial year the Directors' have determined the underlying transactions, events and conditions have not changed from the historic functional currency position of NZD.

(iii) Investment in KCR Residential REIT plc ("KCR")
During the prior year, TFLP exercised options to increase its stake in KCR to 55.4%, and accordingly, the Board determined that the Group has control over KCR, which is therefore classified as a subsidiary. There have been no changes in the current year.

(iv) Assets held for sale
As at 30 June 2023, the decision has been made to restructure and continue the Group's participation in RCL and therefore the Group's investment in RCL is not classified as a disposal group held for sale in these Consolidated Financial Statements.

(v) Reclassification of inventories
During the year, certain inventories held within RCL were completed and were subsequently let out to tenants. Accordingly, the Directors determined that these properties no longer met the definition of inventories and should be reclassified as investment properties in these Consolidated Financial Statements.

Key sources of estimation uncertainty

(i) Inventories
Inventories are stated at the lower of cost or net realisable value, which have been determined using forecast feasibility estimates. These forecast feasibility estimates require the application of estimations around sales volume rates, development costs, selling prices and financing costs over the life of each project. The basis for which inventories are carried in the Consolidated Financial Statements is disclosed above, whilst the carrying values of inventories are disclosed in note 16.

(ii) *Investments - Fair value through profit or loss (FVTPL) – Level 3*
The key source of estimation uncertainty when estimating the fair value of level 3 investments are the unobservable inputs and assumptions used when determining fair value. The use of different inputs or methodologies could lead to different measurement of fair value however, the Group believes that its estimates of fair value are appropriate (see note 24).

(iii) Impairment
The Group considers expected credit losses (ECLs) for all debt instruments except those held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (see notes 7, 19 and 24).

Key sources of estimation uncertainty (continued)

(iv) Investment properties
The fair values of the Group's investment properties are based on current prices in an active market for similar properties in the same location and condition. Current prices are based on estimates of the amount for which a property could be exchanged between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Valuations of the investment properties held in RCL are based on a market comparable approach taking into account a hypothetical development model, direct sales comparisons and discounted cashflows. Valuations of the investment properties held in KCR are calculated on an income capitalisation and/or capital value per square foot basis.

(v) Deferred tax
The Group makes estimates in relation to the recognition of deferred tax assets in respect of its unutilised tax losses. For details see note 3(k).

3. Significant Accounting Policies

The accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to all the years, unless otherwise stated.

(a) Basis of consolidation
The Consolidated Financial Statements comprise the operating results, cash flows and assets and liabilities of the Company and its subsidiaries (the "Group") for the year ended 30 June 2023. Subsidiaries are all entities over which the Company exercises control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

• Exposure, or rights, to variable returns from its involvement with the investee

• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement(s) with the other vote holders of the investee

• Rights arising from other contractual arrangements

• The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes profit or loss and total comprehensive income or loss of subsidiaries between the owners of the Company and the non-controlling interests based on their respective ownership interests.

Investment in subsidiaries
The Company has an investment in TFLP, which is accounted for as a subsidiary. The investment is held through the Company's subsidiary Torchlight Group Limited.

Following the non-pro-rata redemption of certain limited partners' interests in May 2023 and June 2023, as at 30 June 2023, the Company's limited partnership interest in TFLP is 84.6% (30 June 2022: 83.0%). In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP (see note 8).

The non-controlling interests in TFLP are measured at their proportionate share of TFLP's net assets.

TFLP has an investment in KCR Residential REIT plc, which, amounts to 55.4% of the issued share capital of KCR (30 June 2022: 55.4%).

New accounting standards effective and adopted
The following relevant amended standard has been applied in these Consolidated Financial Statements:

- IAS 37 (amended), "Provisions, Contingent Liabilities and Contingent Assets" (amendments regarding the costs to include when assessing whether a contract is onerous), effective for accounting periods commencing on or after 1 January 2022.

In addition, the IASB has issued the following publication:
- 'Annual Improvements to IFRS Standards 2018-2020', published in May 2020. This project has amended certain existing standards effective for accounting periods commencing on or after 1 January 2022.

In the opinion of the Directors, the adoption of these amended standards has had no material impact on the Consolidated Financial Statements of the Group.

New, revised and amended standards applicable to future reporting periods
At the date of approval of these Consolidated Financial Statements, the following relevant new or amended standards and interpretations, which may be applicable to the Group's operations but have not been applied in these Financial Statements, were in issue but not yet effective:

- IAS 1 (amended), "Presentation of Financial Statements" (amendments regarding the classification of liabilities and the disclosure of accounting policies), effective for accounting periods commencing on or after 1 January 2023;
- IAS 8 (amended), "Accounting Policies, Changes in Accounting Estimates and Errors" (amendments regarding the definition of accounting estimates), effective for accounting periods commencing on or after 1 January 2023; and
- IAS 12 (amended), "Income Taxes" (amendments regarding deferred tax on leases and decommissioning obligations), effective for accounting periods commencing on or after 1 January 2023.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

In addition, the International Sustainability Standards Board (ISSB) published the following Sustainability Disclosure Standards in June 2023, effective for accounting periods commencing on or after 1 January 2024 :

- IFRS S1, ‘General Requirements for Disclosure of Sustainability-related Financial Information’; and
- IFRS S2, ‘Climate-related Disclosures’

IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities.

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities.

The purpose of both standards is to provide information that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

(b) Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle; or
- It is held primarily for the purpose of trading; or
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Interest

Interest revenue and interest expense are recognised in profit or loss within the Consolidated Statement of Comprehensive Income using the effective interest method. The effective interest rate is established on initial recognition of the financial assets and liabilities and is not revised subsequently. The calculation of the effective interest rate includes all yield related fees and commissions paid or received that are an integral part of the effective interest rate.

(d) Employee benefit

Salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees’ services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits.

3. Significant Accounting Policies (continued)

(e) Revenue

Revenue arises mainly from land development and resale. The Group also generates revenue from golf and other operations and from dividends on investments.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied. Performance obligations may be satisfied at a point in time (typically for the sale of goods) or over a period of time (typically for the sale of services).

(i) Revenue from land development and resale

Revenue from land development and resale is recognised at a point in time when the Group satisfies performance obligations by transferring the developed property to the buyer.

(ii) Golf and other revenue

Revenue from golf and other operations is recognised at a point in time when the Group satisfies performance obligations by transferring the promised services to its customers.

(iii) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established, normally the ex-dividend date.

(f) Foreign currencies

Foreign currency assets and liabilities are translated into New Zealand dollars, the Company's functional currency, at the rate of exchange ruling at the end of the reporting date. Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Currency gains and losses are included in the profit or loss within the Consolidated Statement of Comprehensive Income.

The results of operation and financial position of subsidiaries that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss in the Consolidated Statement of Comprehensive Income.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ("OCI") or profit or loss are also recognised in OCI or profit or loss, respectively); and
- Income and expenses are translated at average exchange rates.

All resulting exchange differences are recognised under other comprehensive income and presented as a separate component of equity ("Foreign Currency Translation Reserve").

(g) Assets held for sale

Assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. On subsequent remeasurement of a disposal group, the carrying amounts of assets and liabilities included in the disposal group classified as held for sale, shall be remeasured in accordance with applicable IFRSs as set out here before the fair value less costs to sell of the disposal group is remeasured. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

3. Significant Accounting Policies (continued)

(h) Investment properties
Investment properties comprise properties owned by the Group which are held for capital appreciation, rental income or both. Investment properties are initially measured at cost, including expenditure that is directly attributable to the acquisition of the asset. Investment properties are revalued on acquisition by independent external valuers and then by the directors or independent valuers annually thereafter. Acquisitions and disposals are recognised on completion. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Further details of the investment property valuation methodology are contained in note 24.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(i) Plant and equipment
Plant and equipment are recorded at cost less accumulated depreciation and impairment. Subsequent costs are capitalised if it is probable that future economic benefits will flow to the Group and the costs can be measured reliably.

Plant and equipment are depreciated on a straight-line basis, at rates which will write off cost less estimated residual values over their estimated economic lives as follows:

Plant and equipment	1 - 13 years

(j) Leasing
The Group applies IFRS 16 Leases. Lessees, with certain exceptions for short term or low value leases, are required to recognise all leased assets on their Statement of Financial Position as 'right-of-use assets' with a corresponding lease liability.

The Group has a small number of operating leases concerning office premises and plant and equipment. IFRS 16 provides an exemption for short term operating leases and leases of low value. The Group has taken advantage of the exemptions rather than establishing a right to use asset.

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

(k) Tax
The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. In respect of income tax arising in other jurisdictions, the income tax credit or expense for the year comprises current and deferred tax. Income tax credit or expense is recognised in profit or loss within the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable in countries where the Company’s subsidiaries operate and generate taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Significant Accounting Policies (continued)

(k) Tax

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(l) Inventories

Land held for resale
Land held for resale is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Land held for resale includes the cost of acquisition and development costs incurred during development.

(m) Financial assets and liabilities

Classification
The Group classifies its financial assets and financial liabilities into categories in accordance with IFRS 9.

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

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

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

All other financial assets of the Group are measured at FVTPL.

Cash and cash equivalents
Cash and cash equivalents consist of cash and liquid assets used in the day-to-day cash management of the Group, including call deposits with original maturities of three months or less where there is an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the Consolidated Statement of Financial Position.

Investments in loans and receivables
Investments in loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Finance receivables
Finance receivables are initially recognised at fair value plus incremental direct transaction costs and are subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

3. Significant Accounting Policies (continued)

(m) Financial assets and liabilities (continued)

Investments - Fair value through profit or loss (FVTPL)
Investments at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value, with gains or losses recognised in profit or loss in the Consolidated Statement of Comprehensive Income. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Group classifies non-derivative financial liabilities as financial liabilities at amortised cost. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost comprise borrowings, trade and other payables and advances from other entities.

Borrowings
Bank borrowings are initially recognised at fair value including incremental direct transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Offsetting
Financial assets and liabilities are offset, and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Recognition
The Group initially recognises finance receivables, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises a financial liability when its contractual obligations are discharged, are cancelled or expire.

3. Significant Accounting Policies (continued)

(n) Impaired financial assets and past due assets

The Group's financial assets at amortised cost are subject to impairment based on the Group's assessment of credit losses incurred and expected credit losses.

The Group has provided fully for its estimated incurred credit losses and for expected credit losses over the 12 months subsequent to the date of signing of these Consolidated Financial Statements. The Group provides for expected credit losses over the life of the asset where there has been a significant increase in credit risk since recognition of the asset.

Past due but not impaired assets are any assets which have not been operated by the counterparty within their key terms but are not considered to be impaired by the Group.

Bad debts provided for are written off against individual or collective valuation allowances. Amounts required to bring the provisions to their assessed levels are recognised in profit or loss within the Consolidated Statement of Comprehensive Income. Any future recoveries of amounts provided for are taken to profit or loss within the Consolidated Statement of Comprehensive Income.

For further information about credit impairment provisioning refer to note 25.

(o) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be permanently impaired. If any indication exists, the Group estimates the asset's recoverable amount, which is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered permanently impaired and is written down to its recoverable amount. Any such impairment is recognised in profit or loss in the Consolidated Statement of Comprehensive Income.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised profit or loss in the Consolidated Statement of Comprehensive Income.

(q) Goods and services tax (GST)

GST for New Zealand subsidiaries

Upon the Company's re-domicile to Guernsey, its operating activities were no longer subject to GST. As at 30 June 2023, only two wholly-owned subsidiaries remained registered for GST in New Zealand.

All items in the Consolidated Financial Statements are stated exclusive of recoverable GST, except for receivables and payables, which are stated on a GST-inclusive basis. The net amount of GST recoverable from, or payable to, New Zealand Inland Revenue, is included as part of receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed exclusive of GST.

GST for Australian subsidiaries

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Consolidated Statement of Financial Position.

(r) Statement of cash flows

The Consolidated Statement of Cash Flows has been prepared using the direct method modified by the netting of certain permitted cash flows, in order to provide more meaningful disclosure. Cash and cash equivalents consists of cash and liquid assets convertible to cash within 90 days and used in the day to day cash management of the Group.

3. Significant Accounting Policies (continued)

(s) Segment reporting

The Chief Operating Decision Maker, which is the Board, is of the opinion that the Group is engaged in three reportable segments, of which one segment relates to the Parent Company's activities which are that of an investment company and two segments through its investment in its Subsidiary (Torchlight), being investments in residential land subdivision and property development in Australia and New Zealand and acquiring, developing and managing residential property predominantly for letting to third parties on long and short leases in the United Kingdom. The financial information used by the Chief Operating Decision Maker to manage the Group presents the business in three segments. Segment information is measured on the same basis as that used in the preparation of the Group's Consolidated Financial Statements.

The Company receives no revenues from external customers. Other than the Subsidiary, which is a Cayman fund, the Company holds no non-current assets in any geographical areas other than Guernsey. The Subsidiary owns non-current assets in New Zealand, Australia, the United Kingdom and the Cayman Islands.

For detail segment analysis refer to note 27.

4. Net interest expense

	2023 £000	2022 £000
Interest revenue		
Finance receivables and cash and cash equivalents	321	4
Advances to related parties	376	325
Total interest revenue	**697**	**329**
Interest expense		
Borrowings	(13,930)	(11,570)
Total interest expense	**(13,930)**	**(11,570)**
Net interest expense	**(13,233)**	**(11,241)**

5. Investment gains and other revenue

	2023 £000	2022 £000
Investment gains		
Movement in fair value of listed equity securities	-	624
Bargain gain on acquisition of controlling interest in listed equity investment	-	2,604
Gain on revaluation of investment properties (note 17)	2,042	343
Loss on disposal of investment at fair value through profit or loss (note 18)	(41)	-
Movement in fair value of investments at fair value through profit or loss (note 18)	3,036	(2,146)
	5,037	**1,425**
Other revenue		
Golf revenue	2,009	1,514
Miscellaneous revenue	220	154
Rental revenue	1,376	774
Total other revenue	**3,605**	**2,442**

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

	2023 £000	2022 £000
Directors' fees	120	120
Personnel expenses*	3,201	2,453
Legal and consultancy fees	2,598	2,687
Audit fees	265	376
Golf expenses	1,181	973
Property expenses	996	385
Depreciation	574	291
Other operating expenses**	2,937	2,844
Selling and administration expenses	**11,872**	**10,129**

** Personnel expenses have been incurred within the RCL Group and KCR (2022: RCL Group and KCR).*
*** Other operating expenses include administration, listing and regulatory costs and other overhead expenditure. There are no other individual (or aggregated) significant expenses for further disaggregation.*

7. Impaired asset expense

Loans receivable individually assessed	2023 £000	2022 £000
Opening balance as at 1 July 2022	**(2,366)**	**(1,864)**
Movement on impairment during the year	-	(502)
Closing balance as at 30 June 2023	**(2,366)**	**(2,366)**

During the year, the Group did not recognise any impairment in respect of expected credit losses (30 June 2022: NZD1.0 million (£0.5 million) in relation to a group of three related loans, being the full remaining amount of the net loan balances).

8. Significant controlled entities

Significant subsidiaries	Principal place of business	Nature of business	2023 % held	2022 % held
MARAC Financial Services Limited (MFSL)	New Zealand	Investment holding	100%	100%
MARAC Investments Limited	New Zealand	Property and commercial financing	100%	100%
Torchlight Securities Limited[2]	New Zealand	Asset management	100%	100%
Torchlight Fund No.2 LP	New Zealand	Investment holding entity	100%	100%
Torchlight (GP) 2 Limited	New Zealand	Non-trading company	100%	100%
Real Estate Credit Limited	New Zealand	Property asset management	100%	100%
Property Assets Limited	New Zealand	Property asset management	100%	100%
Land House Limited	New Zealand	Property asset management	100%	100%
Torchlight Group	Cayman Islands	Holding company	100%	100%
Torchlight GP Limited	Cayman Islands	Asset management	100%	100%
Torchlight Fund LP[1]	Cayman Islands	Investment holding entity	84.6%	84.6%
Real Estate Southern Holdings Limited[1]	New Zealand	Property Investment	84.6%	84.6%
Henley Downs Village Investments Limited[1]	New Zealand	Property Investment	84.6%	84.6%
Torchlight Real Estate Group[1]	Cayman Islands	Bare Trustee	84.6%	84.6%
RCL Real Estate Holdings[1]	Cayman Islands	Bare Trustee	84.6%	84.6%
RCL Real Estate Pty Ltd[1]	Australia	Holding Company	84.6%	84.6%
RCL Queenstown Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL PRM Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
The Modular Concrete Construction Company Pty Ltd (formerly RCL Sanctuary Lakes Pty Ltd[1])	Australia	Property Investment	84.6%	84.6%
Sanctuary Land Developments Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
TMC3 Pty Ltd (formerly RCL Links Pty Ltd[1])	Australia	Property Investment	84.6%	84.6%
RCL Grandvue Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Haywards Bay Pty Ltd[1,2]	Australia	Property Investment	84.6%	84.6%
RCL Port Stephens Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Pacific Dunes Golf Operations Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Forster Pty Ltd[1,2]	Australia	Property Investment	84.6%	84.6%
RCL St Albans Pty Ltd [1]	Australia	Property Investment	84.6%	84.6%
RCL Merimbula Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Renaissance Rise Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Real Estate Australia Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Sunbury Pty Ltd [1]	Australia	Property Investment	84.6%	84.6%
RCL Gwandalan Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Nords Pty Ltd[1]	Australia	Property Investment	84.6%	84.6%
RCL Henley Downs Limited[1]	New Zealand	Property Investment	84.6%	84.6%
RCL Homestead Bay Limited[1]	New Zealand	Property Investment	84.6%	-%
RCL Jack's Point Limited[1]	New Zealand	Property Investment	84.6%	84.6%
Jack's Point Village Terraces Limited[1]	New Zealand	Property Investment	84.6%	84.6%
KCR Residential REIT plc[1]	United Kingdom	Property Investment	46.9%	46.9%

[1]*Collectively Torchlight Fund LP and its subsidiaries*
[2]*Dormant entity*

8. Significant controlled entities (continued)

All Group subsidiaries have 30 June as their year end, with the exception of Torchlight Fund LP and Real Estate Southern Holdings Limited which, for historical reasons, have a year end of 31 March. These Consolidated Financial Statements incorporate the adjusted results of these two entities for the year ended 30 June 2023. Groups of companies referred to throughout these Consolidated Financial Statements as Torchlight Group, RCL Group and Property Group are as follows:

Torchlight Group*

MARAC Financial Services Limited
Torchlight Securities Limited
Torchlight Fund No.2 LP
Torchlight (GP) 2 Limited
Torchlight Group and its subsidiaries:

Torchlight GP Limited
Torchlight Fund LP
Real Estate Southern Holdings Limited
Henley Downs Village Investments Limited
Torchlight Real Estate Group

RCL Group*

RCL Real Estate Holdings
RCL Real Estate Pty Ltd
RCL Queenstown Pty Ltd
RCL PRM Pty Ltd
The Modular Concrete Construction Company Pty Ltd (formerly RCL Sanctuary Lakes Pty Ltd)
Sanctuary Land Developments Pty Ltd
TMC3 Pty Ltd (formerly RCL Links Pty Ltd)
RCL Grandvue Pty Ltd
RCL Haywards Bay Pty Ltd
RCL Port Stephens Pty Ltd
RCL Pacific Dunes Golf Operations Pty Ltd
RCL Forster Pty Ltd
RCL Merimbula Pty Ltd
RCL Renaissance Rise Pty Ltd
RCL Real Estate Australia Pty Ltd
RCL Henley Downs Limited
RCL Sunbury Pty Ltd
RCL Jack's Point Limited
RCL St Albans Pty Ltd
RCL Homestead Bay Limited
RCL Gwandalan Pty Ltd
RCL Nords Pty Ltd
Jack's Point Village Terraces Limited

Property Group

Real Estate Credit Limited
Property Assets Limited
Land House Limited
MARAC Investments Ltd

*Torchlight segment within note 27 includes both the Torchlight Group and RCL Group of companies.

Torchlight Fund LP (TFLP) and its subsidiaries

At 30 June 2023, the Company, through a subsidiary, had an ownership through direct limited partnership interests in TFLP of 84.6% (30 June 2022: 83.0%). In accordance with the TFLP limited partnership agreement, substantive control over TFLP is deemed to be established when a single investor holds greater than 34% of the limited partnership interests in TFLP. As a result, the Company is deemed to have control over TFLP. The Company, through a separate subsidiary, receives remuneration from TFLP in the form of management fees, but the Company has no ability to access or use the assets of TFLP to settle liabilities of the Company or its other subsidiaries.

TFLP was due to expire on 30 November 2021, however on 13 December 2021, the limited partners of TFLP approved an extension of the life of TFLP to 30 November 2022, and in June 2022 and June 2023 the Group facilitated non-pro rata exits for a number of limited partners.

The life of the Partnership has not been further extended, therefore as at 31 March 2023 the General Partner deemed it appropriate to adopt a basis other than going concern in preparing the financial statements given the fact they believe that the exit plan communicated to Limited Partners will be completed and the assets held by the Partnership may be fully realised, the liabilities be repaid and the Partnership put into liquidation in the next 12 months from the date of approving the financial statements in line with the LPA.

8. Significant controlled entities (continued)

Torchlight Fund LP (TFLP) and its subsidiaries (continued)

At 30 June 2023, the Company's investment in TFLP includes material non-controlling interests ("NCI"):

Significant subsidiaries	Proportion of ownership interests and voting rights held by the NCI	Accumulated NCI c/fwd	Total comprehensive (loss)/ income allocated to NCI	Acquisition of KCR NCI	Redemption of TFLP NCI	Accumulated NCI
			£000		£000	£000
30 June 2023						
Torchlight Fund LP and its subsidiaries	15.4%[1]	8,749	(418)	-	(574)	7,757
30 June 2022						
Torchlight Fund LP and its subsidiaries	17.0%[1]	-	817	8,371	(8,735)	**8,749**

[1] The proportion of ownership interests and voting rights held by the NCI in KCR is 53% (2022:54.0%)

Summarised financial information for TFLP, before intra-Group eliminations, is set out below:

Summarised Statement of Financial Position

	2023 £000	2022 £000
Current		
Cash in bank	13,456	7,082
Other current assets (excluding cash)	147,637	125,581
Total current assets	**161,093**	**132,663**
Other current liabilities (including trade payables)	(143,815)	(110,913)
Total current liabilities	**(143,815)**	**(110,913)**
Non-current		
Assets	-	-
Liabilities	-	-
Total non-current net assets/(liabilities)	**-**	**-**
Net assets	**17,278**	**21,750**
Equity attributable to owners	**9,521**	**13,001**
Non-controlling interests	**7,757**	**8,749**

8. Significant controlled entities (continued)

Torchlight Fund LP (TFLP) and its subsidiaries (continued)

Summarised Statement of Comprehensive Income

	2023 £000	2022 £000
Net external revenue (see note 27(a))	**29,240**	**28,428**
(Loss)/profit for the year attributable to owners	(145)	4,947
(Loss)/profit for the year attributable to NCI	(103)	2,023
(Loss)/profit for the year	**(248)**	**6,970**
Total comprehensive (loss)/income for the year attributable to owners	(458)	6,979
Total comprehensive (loss)/income for the year attributable to NCI	(418)	817
Total comprehensive (loss)/income for the year	**(876)**	**7,796**

No dividends were paid to the NCI during the financial year ended 30 June 2023 (30 June 2022: £nil).

Summarised statement of changes in equity

	Group interests £000	Non-controlling interests £000	Total £000
Balance at 1 July 2022	**13,001**	**8,749**	**21,750**
Loss for the year	(145)	(103)	(248)
Redemption of TFLP partnership interests	(3,294)	(574)	(3,868)
Foreign currency adjustment on translation to presentation currency	(41)	(315)	(356)
Balance at 30 June 2023	**9,521**	**7,757**	**17,278**

Summarised cash flows

	2023 £000	2022 £000
Net cash (applied to)/from operating activities	(5,133)	5,741
Net cash applied to investing activities	(9,944)	(21,671)
Net cash from financing activities	23,403	12,814
Foreign currency adjustment on translation to presentation currency	(413)	(84)
Net cash inflow/(outflow)	**7,913**	**(3,200)**

9. Tax

	2023 £000	2022 £000
Current tax (charge)/credit		
Current year	(1,521)	-
Deferred tax (charge)/credit	(202)	(12)
Total tax (charge)/credit	(1,723)	(12)
Attributable to:		
Continuing operations	(1,723)	(12)
Reconciliation of effective tax rate		
Taxable profits before tax	1,879	5,490
Total taxable profits	1,879	5,490
Prima facie tax (charge)/credit at 30%, 28% and 0%*	(1,397)	(2,342)
Less tax effect of items not taxable/deductible	216	(89)
Unused tax losses/(profits) and tax offsets not recognised as deferred tax assets	(542)	2,419
Total tax (charge)/credit	**(1,723)**	**(12)**

*30% applicable Australian tax rate, 28% applicable New Zealand tax rate, 0% Guernsey tax rate and 0% Cayman Islands tax rate for the financial year ends 30 June 2023 and 30 June 2022.

The above tax computations relate to the subsidiaries which are subject to tax reporting in Australia and New Zealand. As a Guernsey Company, the Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200. There is no tax chargeable relating to any items included in other comprehensive income.

10. Deferred tax

	1 July 2022 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2023 £000
Deferred tax liabilities	1,312	58	(105)	1,265
Deferred tax assets	(297)	17	22	(258)
Net deferred tax liability	**1,015**	**75**	**(83)**	**1,007**

	1 July 2021 £000	Recognised in profit or loss £000	Foreign exchange gain/(loss) on translation £000	30 June 2022 £000
Deferred tax liabilities	1,209	42	61	1,312
Deferred tax assets	(253)	(30)	(14)	(297)
Net deferred tax liability	**956**	**12**	**47**	**1,015**

10. Deferred tax (continued)

The following deferred tax assets are only available against future taxable profits in New Zealand.

	2023 £000	2022 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	3,358	3,657
Deductible temporary differences	425	799
Total unrecognised deferred tax assets	**3,783**	**4,456**

The following deferred tax assets are only available against future taxable profits in Australia.

	2023 £000	2022 £000
The following deferred tax assets have not been recognised as at 30 June:		
Tax losses (subject to meeting shareholder continuity requirements)	10,167	10,469
Total unrecognised deferred tax assets	**10,167**	**10,469**

The Company is exempt from Guernsey income tax.

The Group has not recognised any deferred tax assets arising from unrealised tax losses due to uncertainty of future trading results, and therefore the ability to be able to utilise the losses.

New Zealand imputation credit account

	2023 £000	2022 £000
Balance at end of the reporting period available for use in subsequent reporting periods	-	-

11. Reconciliation of loss after tax to net cash flows from operating activities

	2023 £000	2022 £000
Profit for the year	**1,879**	**5,490**
Add/(less) non-cash items:		
Impairment on finance receivables	-	502
Depreciation and amortisation of non-current assets	574	291
Unrealised gain on investment properties	(2,042)	(343)
Unrealised gain on investments	(3,036)	(2,916)
Realised loss on investments	41	2,146
Interest expense	13,383	11,260
Interest revenue	(375)	(325)
Foreign exchange loss	397	736
Other non-cash items	2,257	519
Total non-cash items	**11,199**	**11,870**
Add/(less) movements in working capital items:		
Trade and other receivables	2,213	(1,658)
Trade and other payables	(1,283)	(3,439)
Development costs	(30,986)	(12,893)
Total movements in working capital items	**(30,056)**	**(17,990)**
Net cash flows applied to operating activities	**(16,978)**	**(630)**

12. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	2023			2022		
	Long-term borrowings £000	Short-term borrowings £000	Total £000	Long-term borrowings £000	Short-term borrowings £000	Total £000
Opening balance	**106,743**	**-**	**106,743**	**65,751**	**-**	**65,751**
Cash flows:						
Repayment	(12,742)	-	(12,742)	(11,699)	-	(11,699)
Proceeds	40,617	-	40,617	24,823	-	24,823
Non-cash:						
Acquisition of KCR loans	-		-	13,178	-	13,178
Capitalised interest	9,544	-	4,846	11,775	-	11,775
Transfer from long-term to short-term borrowings	(91,543)	91,543	-	-	-	-
Translation difference	(4,698)	-	-	2,915	-	2,915
Closing balance	**47,921**	**91,543**	**139,464**	**106,743**	**-**	**106,743**

13. Earnings per share attributable to owners of the Company

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

	2023	2022
Profit after tax attributable to owners of the Company (£000)	1,982	3,467
Profit after tax attributable to owners of the Company – continuing operations (£000)	1,982	3,467
Weighted average number of ordinary shares in issue (000)	193,549	200,104
Basic and diluted earnings attributable to owners of the Company (pence per share)	**1.02p**	**1.73p**
Basic and diluted earnings attributable to owners of the Company - continuing operations (pence per share)	**1.02p**	**1.73p**
Net assets per share attributable to owners of the Company (pence per share)*	**11.11p**	**11.54p**

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

14. 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 New Zealand Dollar non-redeemable ordinary shares, authorised, in issue and fully paid at the date of this report.

	2023 shares 000s	2022 shares 000s
Number of issued shares		
Opening balance	**194,100**	**202,319**
Share buy-backs	(2,000)	(8,219)
Closing balance	**192,100**	**194,100**

14. Share capital and reserves (continued)

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

	2023 £000	2022 £000
Share capital		
Opening balance	**150,097**	**151,178**
Share buy-back	(290)	(1,081)
Closing balance	**149,807**	**150,097**

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.

Non-controlling interests acquisition reserve
NCI acquisition reserve represents the gains and losses recognised in transactions between the Group and NCIs.

15. Finance receivables

	2023 £000	2022 £000
Gross finance receivables	1,936	2,126
Total finance receivables	**1,936**	**2,126**

Finance receivables are loans with various terms and interest rates.

16. Inventories

Land held for resale	2023 £000	2022 £000
Current assets		
Cost of acquisition	22,210	18,235
Development costs	22,009	19,374
Less: impairment	(620)	-
	43,599	**37,609**
Non-current assets		
Cost of acquisition	61,228	40,930
Development costs	10,017	16,481
Less: impairment	-	(662)
	71,245	**56,749**
Total inventories	**114,844**	**94,358**

The majority of the Group's inventories are held in the Torchlight Group segment of the business 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 note 3(l), inventories are held at the lower of cost and net realisable value. All RCL inventories are held at cost. At 30 June 2023, these inventories are pledged as security to a third party corporate debt facility as detailed further in note 21. The remaining inventories were held in the Property Group segment of the business through Land House Limited ("LHL"). No security is held over these properties.

During the year, NZD 62.5 million (£31.7 million) (30 June 2022: NZD 27.7 million (£14.3 million)) of inventories in respect of the RCL subsidiaries and NZD 1.0 million (£0.5 million) (30 June 2022: NZD 0.6 million (£0.3 million)) of inventories in respect of the RESHL were recognised as expenses in the Consolidated Statement of Comprehensive Income. No write-down of inventories to fair value less costs to sell was recognised as an expense during the year (30 June 2022: Nil).

16. Inventories (continued)

During the year, NZD 4.4 million (£2.117 million) (30 June 2022: Nil) of inventories held in RCL were reclassified as investment properties (see note 17).

17. Investment properties

	2023 £000	2022 £000
Opening balance	24,605	-
Additions in KCR	398	-
Transfers from inventories relating to Henley Downs	1,004	
Acquisition on assuming control of KCR	-	24,262
Revaluation	2,042	343
Foreign exchange on translation	(97)	-
Total investment properties	**27,952**	**24,605**

Investment properties were valued by the Directors with reference to professionally qualified independent external valuers at or within three months of 30 June 2023, and at acquisition were recorded at the values that were attributed to the properties at the acquisition date. The Directors have further considered the values as at 30 June 2023 and concluded that the valuations determined as at 30 June 2023 remain appropriate.

Investment Properties comprises leasehold properties valued at £2.1 million and freehold properties valued at £25.8 million (30 June 2022: leasehold properties £6.1 million and freehold properties £18.5 million).

As at 30 June 2023, the majority of the Group's investment properties (30 June 2022: all of the Group's investment properties) were held through the Group's investment in KCR. During the year, NZD 2.0 million (£1.2 million) (30 June 2022: Nil) of inventories held in RCL were reclassified as investment properties.

For further details of the methods and assumptions used to estimate the fair value of the investment properties see note 24.

18. Investments – Fair value through profit or loss (FVTPL)

	2023 £000	2022 £000
Current assets		
Loans and receivables at FVTPL	-	42
	-	42
Non-current assets		
4B Mining Corp – Royalty	1,344	929
4B Mining Corp – Equity	3,201	896
	4,545	1,825
Total Investments – Fair value through profit or loss	**4,545**	**1,867**

Loans and receivables

Loans and receivables comprised a loan to an Australian borrower group that is in default, which was disposed of during the period for nil consideration.

4B Mining Corp

On 21 October 2021, the Group, through its subsidiary Torchlight Group Limited, acquired an investment in 4B Mining Corp ("4B"), a company incorporated in Canada, for a total consideration of US$2.35 million (£1.8 million).

The investment comprises a holding in the common shares of 4B and a 1% royalty interest in the gross revenue of a project to be pursued by Mineracao Piramide Participacoes Ltda, a Brazilian subsidiary of 4B. The investment is classified as an investment at fair value through profit or loss. The equity component of the investment has been valued by the Directors at 30 June 2023 at a 20% discount to the price of the last capital raise, reflecting risks associated with an unlisted investment, liquidity and the Group's minority position. The royalty interest has been valued on the basis of a third party valuation provided by Leadenhall Valuation Services Pty Limited, which was prepared using the discounted cash flow methodology. Leadenhall's valuation as at 30 June 2023 indicated a range of values from US$1.5 million to US$1.9 million. The Directors have determined that the royalty should be valued at the mid-point of this range of US$1.7 million (£1.3 million). The current Group holdings is 4.9%.

19. Investments – Loans and receivables at amortised cost

	2023 £000	2022 £000
Current assets		
Loans receivable - gross	2,165	2,309
Impairment of loans receivable	(2,165)	(2,309)
Other receivables	993	1,308
Total current loans and receivables at amortised cost	**993**	**1,308**
Non-current assets		
Loans receivable - gross	33,035	35,825
Impairment of loans receivable	(33,035)	(35,825)
Total non-current loans and receivables at amortised cost	-	-
Total loans and receivables at amortised cost	**993**	**1,308**

The following table shows a reconciliation of the balances of impairment on loans during the year:

	2023 £000	2022 £000
Balance brought forward	38,134	35,920
Impaired asset charge	-	502
Foreign exchange on translation	(2,934)	1,712
Balance carried forward	**35,200**	**38,134**

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

During the year, the Group did not recognise any impairment in respect of expected credit losses (30 June 2022: NZD1.0 million (£0.5 million) in relation to a group of three related loans, being the full remaining amount of the net loan balances).

Other receivables
Other receivables comprises NZD1.9 million (£1.0 million) (30 June 2022: NZD 2.6 million (£1.3 million)) paid as a deposit towards 50% of development costs on the initial exercise of call options in respect of 34 (30 June 2022: 42) residential lots in a subdivision situated in East Wanaka, New Zealand.

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

	2023			
	£000 Not yet due	**£000** Past due and impaired	**£000** Past due and not impaired	**£000** Total
Not yet due	993	-	-	993
Total	**993**	**-**	**-**	**993**

	2022			
	£000 Not yet due	**£000** Past due and impaired	**£000** Past due and not impaired	**£000** Total
Not yet due	1,308	-	-	1,308
Total	**1,308**	**-**	**-**	**1,308**

20. Non-controlling interest

The Group's allocations/transactions with non-controlling interests ("NCI") can be summarised as follows:

	2023 £000
NCI brought forward at 30 June 2022	**8,749**
NCI's share of losses for the year	(103)
Foreign currency adjustment on translation to presentation currency	(315)
Redemption of TFLP non-controlling interests	(574)
NCI carried forward at 30 June 2023	**7,757**

	2022 £000
NCI brought forward at 30 June 2021	**8,296**
NCI's share of profits for the year	2,023
Foreign currency adjustment on translation to presentation currency	(1,206)
Acquisition of KCR non-controlling interest	8,371
Redemption of TFLP non-controlling interests	(8,735)
NCI carried forward at 30 June 2022	**8,749**

21. Borrowings

	2023 £000	2022 £000
Current		
Bank and third party corporate debt facilities – secured	91,543	-
Non-current		
Bank and third party corporate debt facilities – secured	47,921	106,743
Total borrowings	**139,464**	**106,743**

The AUD borrowing facility within the RCL Group was refinanced in January 2021, when the facility was increased to AUD 82.4 million (£46.8 million) and extended to January 2024. Interest is payable on the facility at 13.75%.

The NZD borrowing facility was refinanced at the same time, with the facility being increased to NZD 60.6 million (£31.1 million), reducing to NZD 37.0 million (£19.0 million) in July 2021. The facility was further refinanced in August 2021 and extended to January 2024, providing an additional NZD 30 million (£15.4 million) in working capital to support accelerated development activity across the portfolio.

A new NZD borrowing facility was entered into in May 2023 to support the acquisition of the Homestead Bay project. The facility has an initial term of 5 years. Interest is payable on the facility at 14%.

These facilities are cross-collateralised, secured on the RCL Group's inventories (see note 16).

KCR borrowing

The KCR borrowings comprise four separate facilities with three separate lenders (two banks and one third party corporate lender). The expiries of the facilities range between August 2026 and February 2045, and interest is chargeable at rates between 3.5% and 7.8% per annum, payable monthly.

Each facility is secured on a specific investment property within the KCR portfolio.

22. Trade and other payables

	2023 £000	2022 £000
Current		
Trade payables	1,860	3,134
Other payables	1,773	253
	3,633	**3,387**

Trade and other payables are short-term in nature. The net carrying value of trade and other payables is considered a reasonable approximation of fair value at the end of each reporting period.

23. Related party transactions

(a) Transactions with related parties

Parent and its associated entity

Chase Nominees Limited ("Chase")
Chase is the parent of PGC, holding 54.37% of the Company's shares as at 30 June 2023 (30 June 2022: 51.63%). Entities associated with George Kerr are the ultimate beneficial owners of the shares held by Chase, which is acting as custodian.

Australasian Equity Partners (GP) No. 1 Limited ("AEP GP")
AEP GP is the general partner of Australasian Equity Partners Fund No.1 LP ("AEP LP"), of which George Kerr is the ultimate controlling party. During the year, AEP GP charged Torchlight Group Limited, a subsidiary of the Company, administration fees of £Nil during the year ended 30 June 2023 (30 June 2022: £Nil). At 30 June 2023, there was no balance payable to AEP GP (30 June 2022: £Nil).

During the year ended 30 June 2023, the Group made additional unsecured loan advances of £106,000 (30 June 2022: £106,000) to AEP GP. At 30 June 2023, the amount receivable from AEP GP was £4.2 million (30 June 2022: £3.9 million). These amounts are repayable by AEP GP on demand, or by the loan expiry date of 30 November 2026 (30 June 2022: 30 November 2023), whichever is the earlier. General advances accrue interest at 9% per annum. Total interest recognised during the year was £374,000 (30 June 2022: £322,000).

(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 year as follows:

	2023 £000	2022 £000
Directors' fees payable to non-executive Directors	120	120
Consultancy fees payable to executive Directors	939	1,054
Total	**1,059**	**1,174**

Directors' fees of £10,000 were outstanding at 30 June 2023 (30 June 2022: £10,000). Consultancy fees of £28,000 were outstanding at 30 June 2023 (30 June 2022: £51,000).

Other personnel compensation payable during the year was as follows:

	2023 £000	2022 £000
RCL Group short-term employee benefits	2,736	2,151
KCR short-term employee benefits	465	302
Total	**3,201**	**2,453**

There were no employee benefits outstanding at 30 June 2023 or 30 June 2022.

24. 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 values of the Group's finance receivables are considered equivalent to their carrying value due to their short-term nature.

Loans and receivables
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
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.

Unlisted investments
Unlisted investments are measured at their fair value as determined by use of appropriate valuation methodologies, for example discounted cash flow analysis, multiple of earnings or comparable transactions.

Investment property
Investment properties are initially measured at cost, including expenditure that is directly attributable to the acquisition of the asset. Investment properties are revalued on acquisition by independent external valuers and then by the Directors or independent valuers annually thereafter. Acquisitions and disposals are recognised on completion. Any gain or loss arising from a change in fair value is recognised in profit or loss.

24. Fair value (continued)

Fair Value Hierarchy

The following table provides 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).

There have been no transfers between levels of fair value hierarchy in the current year (2022: none).

	Note	2023			
		Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Assets					
Investment properties	17	-	-	27,952	27,952
Unlisted investments	18	-	-	4,545	4,545
Total Assets		**-**	**-**	**32,497**	**32,497**

	Note	2022			
		Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Assets					
Loans and receivables	19	-	-	42	42
Investment properties	17	-	-	24,605	24,605
Unlisted investments	18	-	-	1,825	1,825
Total Assets		**-**	**-**	**26,472**	**26,472**

24. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets

2023	**Loans and receivables at fair value through profit or loss £000**	**Investment properties £000**	**Unlisted investments £000**	**Total £000**
Investments held at fair value				
Balance at the beginning of the year	42	24,605	1,825	26,472
Acquisition (note 17)	-	398	-	398
Transfers from inventories	-	1,004	-	1,004
Disposal (notes 5,18)	-	-	-	-
Movement in fair value (notes 5,17,18)	(41)	2,042	3,036	5,037
Foreign exchange on translation	(1)	(97)	(316)	(414)
Balance at the end of the year	**-**	**27,952**	**4,545**	**32,497**

2022	**PTL receivable**	**Loans and receivables at fair value through profit or loss £000**	**Investment properties £000**	**Unlisted investments £000**	**Total £000**
Investments held at fair value					
Balance at the beginning of the year	6,804	3,885	-	-	10,689
Acquisition	-	-	24,262	1,825	26,089
Disposal	(6,804)	(1,617)	-	-	(8,421)
Change in fair value through profit or loss within investment revenue	-	(2,146)	343	-	(1,803)
Foreign exchange on translation	-	(80)	-	-	(80)
Balance at the end of the year	**-**	**42**	**24,605**	**1,825**	**26,472**

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.

24. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets (continued)

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

Description	Fair value at 30 June 2023 £000	Fair value at 30 June 2022 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted investments - 4B Mining Corp – Royalty	1,344	929	30 June 2023 Third party valuation 30 June 2022 Cost	Projected price of iron ore Projected total volume of lump iron ore produced Discount rate N/A	USD78-USD155 19.5 million tonnes-25.1 million tonnes 12.5%-14.5% N/A	The fair value would increase/decrease if price of iron ore was higher/lower, and/or total volume of lump iron ore produced was higher/lower, and/or the discount rate was lower/higher. N/A
Unlisted investments - 4B Mining Corp – Equity	3,201	896	30 June 2023 Third party valuation 30 June 2022 Cost	Discount applied to price of last capital raise N/A	20% discount to last capital raise N/A	If the discount applied was 10% higher/lower, the fair value would decrease/increase by £0.4 million N/A
Loan at fair value through profit or loss	-	42	30 June 2022 Based on NPV of future cash flows and cash balance	Discount rate	10% discount rate 30% entitlement	If the discount rate used was higher/lower, the fair value would decrease/increase. The effect of any such decreases/increases would not be material.
Investment properties - KCR	25,835	24,605	30 June 2023 and 30 June 2022 Income capitalisation and/or capital value on a per square foot basis	Adopted gross yield Adopted rate per square foot	4.40% to 7.37% £319 to £1,313	The fair value would increase/decrease if market rents were higher/lower, and/or rates per square foot were higher/lower, and/or capitalisation rates were lower/higher.

24. Fair value (continued)

Reconciliation of Level 3 fair value measurements of assets (continued)

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

Description	Fair value at 30 June 2023 £000	Fair value at 30 June 2022 £000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties – RCL	2,117	-	30 June 2023 Third party valuation using market comparable approach	Hypothetical development model Direct sales comparisons Discounted cashflows	3.19% rental yields	The fair value would increase/decrease if market rents were higher/lower, and/or comparable sales amounts were higher/lower, and/or the discount rate was lower/higher.
	32,497	**26,472**				

Valuation process

Unlisted investments
As at 30 June 2023, the equity component of the unlisted investment has been valued by the Directors at a 20% discount to the price of the last capital raise, reflecting risks associated with an unlisted investment, liquidity and the Group's minority position. The royalty interest has been valued on the basis of a third party valuation provided by Leadenhall Valuation Services Pty Limited, which was prepared using the discounted cash flow methodology (30 June 2022: purchase cost).

Investment properties

The fair values of the Group's investment properties are based on current prices in an active market for similar properties in the same location and condition. The current price is the estimated amount for which a property could be exchanged between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

25. Financial risk management

The Group is committed to the management of operational and financial risk. The primary financial risks are credit, liquidity and market risk (comprising interest rate, foreign exchange and equity price risk). The Group's financial risk management strategy is set by the Directors. The Group has put in place management structures and information systems to manage the risks arising from financial instruments and has separated monitoring tasks where feasible.

For the purposes of this note the financial instruments can be broken down as follows:

Categories of financial instruments

	2023 £000	2022 £000
Assets		
Financial assets at fair value through profit or loss		
Investments – Fair value through profit or loss	4,545	1,867
	4,545	1,867
Financial assets at amortised cost		
Investments – Loans and receivables at amortised cost	993	1,308
Cash and cash equivalents	13,640	7,275
Finance receivables	1,936	2,126
Trade and other receivables	1,335	3,865
Advances to related parties	4,161	3,853
	22,065	18,427
Liabilities		
Financial liabilities at amortised cost		
Borrowings	139,464	106,743
Trade and other payables	3,633	3,387
	143,097	110,130

Credit Risk

The credit risk associated with the Group’s financial assets is best represented by the carrying value of the assets as disclosed above.

Credit risk management framework

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To manage this risk, the Directors approve all transactions that would subject the Group to significant credit risk.

25. Financial risk management (continued)

Credit Risk (continued)

Reviewing and assessing credit risk
The credit risk management strategies ensure that:

- Credit origination meets agreed levels of credit quality at point of approval.
- Maximum total exposure to any one debtor is actively managed.
- Changes to credit risk are actively monitored with regular credit reviews.

Collateral requirements - finance receivables
The Group has partial or full collateral in place over some finance receivables. The collateral is usually by way of first charge over the asset financed and generally includes personal guarantees from borrowers and business owners.

Expected credit losses
Provisions for expected credit losses are made where events have occurred leading to an expectation of reduced future cash flows from certain receivables measured at amortised cost. Specific credit losses are recognised where events have occurred leading to an expectation of reduced future cash flows from certain receivables. Provisions have also been made for expected future credit losses on assets where appropriate.

Credit losses are recognised as the difference between the carrying value of the asset and the discounted value of management's best estimate of future cash repayments and proceeds from any security held (discounted at the loan's original effective interest rate). All relevant considerations that have a bearing on the expected future cash flows are taken into account, including the business prospects for the customer, the likely realisable value of collateral, the Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. Subjective judgements are made in this process. Furthermore, judgement can change with time as new information becomes available or as work-out strategies evolve, resulting in revisions to the expected credit losses as individual decisions are taken. Estimating the timing and amount of future cash repayments and proceeds from the realisation of collateral are difficult and subjective judgements.

During the year, the Group did not recognise any impairment in respect of expected credit losses (30 June 2022: NZD1.0 million (£0.5 million) in relation to a group of three related loans, being the full remaining amount of the net loan balances).

During the year, no credit losses were recognised (30 June 2022: NZD1.0 million (£0.5 million) recognised against three related loans receivable with a gross value of NZD4.5 million (£2.3 million), reflecting expected 12 month credit losses, representing 100% of the remaining net loan balances).

These loans are recorded at amortised cost less provision for expected credit losses.

With the exception of the above receivables, the Group has no other amounts which are past due at the end of each reporting period.

Maximum exposure to credit risk
The carrying amount of the Group's financial assets recorded in the Consolidated Financial Statements, net of impairment losses relating to financial assets at amortised cost, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

25. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments.

The Group manages liquidity and funding risk by actively monitoring cash on a daily basis to ensure sufficient liquid resources are available to meet requirements. Various tranches of the Group's loan facilities mature in January 2024. Whilst no binding commitments are in place, an extension and increase in the facility have been discussed with the principal financier, who has indicated that additional funding will be provided and the facilities extended.

Cash flow forecasts are prepared regularly and corrective action taken where a shortfall in cash is expected.

Contractual liquidity profile of financial liabilities

2023	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	98,364	568	62,255	15,372	176,559
Trade and other payables	3,633	-	-	-	3,633
Total financial liabilities	**101,997**	**568**	**62,255**	**15,372**	**180,192**

2022	0-12 Months £000	1-2 Years £000	2-5 Years £000	5+ Years £000	Total £000
Financial liabilities					
Borrowings	491	112,724	4,092	17,562	134,869
Trade and other payables	3,387	-	-	-	3,387
Total financial liabilities	**3,878**	**112,724**	**4,092**	**17,562**	**138,256**

Market risk

Interest rate risk

Interest rate risk is the risk that market interest rates will change and impact on the Group's financial results.

	WAIR* %	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2023					
Assets					
Cash and cash equivalents	0.29%	13,640	-	-	**13,640**
Finance receivables		-	-	1,936	**1,936**
Advances to related parties	9%	-	4,161	-	**4,161**
Investments – Loans and receivables at amortised cost		-	-	993	**993**
Investments – Fair value through profit or loss		-	-	4,545	**4,545**
Trade and other receivables		-	-	1,335	**1,335**
Total Assets		**13,640**	**4,161**	**8,809**	**26,610**
Financial liabilities					
Borrowings – floating rate	7.80%	2,375	-	-	**2,375**
Borrowings – fixed rate	13.00%	-	137,089	-	**137,089**
Other financial liabilities		-	-	3,633	**3,633**
Total financial liabilities		**2,375**	**137,089**	**3,633**	**143,097**
Total interest sensitivity gap		**11,265**	**(132,928)**	**5,176**	**(116,487)**

25. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

	WAIR* %	Floating rate financial instruments £000	Fixed rate financial instruments £000	Non-interest bearing financial instruments £000	Total £000
2022					
Assets					
Cash and cash equivalents	0.04%	7,275	-	-	**7,275**
Finance receivables		-	-	2,126	**2,126**
Advances to related parties	9%	-	3,853	-	**3,853**
Investments – Loans and receivables at amortised cost		-	-	1,308	**1,308**
Investments – Fair value through profit or loss		-	-	1,867	**1,867**
Trade and other receivables		-	-	3,865	**3,865**
Total Assets		**7,275**	**3,853**	**9,166**	**20,294**
Financial liabilities					
Borrowings – floating rate	4.70%	2,375	-	-	**2,375**
Borrowings – fixed rate	12.68%		104,368	-	**104,368**
Other financial liabilities		-	-	3,387	**3,387**
Total financial liabilities		**2,375**	**104,368**	**3,387**	**110,130**
Total interest sensitivity gap		**4,900**	**(100,515)**	**5,779**	**(89,836)**

*Weighted average interest rate

The sensitivity analysis below has been determined based on the Group's exposure to interest rates for interest bearing assets and liabilities (included in the interest rate exposure table above) at the year end date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period in the case of instruments that have floating rates.

As at 30 June 2023, an increase/decrease of 2% in interest rates on floating rate financial instruments (30 June 2022: increase of 1%/decrease of 0.5%), with all other variables held constant, would have resulted in an increase of £215,000/decrease of £8,000 in the Group's net asset value (30 June 2022: increase of £49,000/decrease of £25,000). The sensitivity rates of +/-2% are regarded as reasonable due to the current increasing rates of global interest rates.

Price risk
The Group is exposed to price risks arising from its unlisted equity investments. Information on the Group's unlisted equity investments is included in note 18.

Any movement in the price of the investment would not have a material impact on its fair value.

Foreign exchange risk
The Group's exposure to foreign currency risk arises from its financial instruments denominated in currencies other than its functional currency, principally Australian Dollar and British Pound Sterling. An increase/decrease of 10% in Australian Dollar and British Pound Sterling against the functional currency of New Zealand Dollar would have resulted in a £1.8 million decrease/increase in the Group's net asset value (30 June 2022: £2.6 million). The sensitivity rate of 10% is regarded as reasonable, as this is approximately the volatility of the Australian Dollar and British Pound Sterling against the New Zealand Dollar over the past 12 months.

25. Financial risk management (continued)

Management of capital

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders, through the optimisation of the debt and equity balance.

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to equity holders of the Company. To maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares and may seek to increase or decrease its level of net debt. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its borrowing facilities within the RCL Group. There have been no breaches of such financial covenants during the year. The Group has no significant borrowing facilities nor externally imposed capital requirements.

26. Contingent liabilities and commitments

Torchlight Fund LP and its subsidiaries

The Group had the following commitments within the RCL Group:

	2023 £000	2022 £000
Contracted work to complete		
Expenditure contracted for at the reporting date but not recognised as liabilities		
Within one year	9,784	15,752

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 30 June 2023 was £0.5 million (30 June 2022: £1.0 million).

27. 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 year:

Torchlight Segment	Provider of investment management services and a proprietary investor (both directly and in funds it manages). Torchlight is currently invested in RCL, a residential land subdivision and property development business in Australia and New Zealand, and in KCR, a business focused on the acquisition, development and management of residential property in the United Kingdom.
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 below. Performance is measured based on segment profit/(loss) for the year, 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 described in note 3.

27. Segmental analysis (continued)

(a) Group's reportable segments

	Continuing Operations				
2023	**Torchlight Segment**	**Property Group**	**Parent Company**	**Inter-segment eliminations**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
External revenue					
Interest revenue	696	1	-	-	**697**
Other revenue	2,009	-	-	-	**2,009**
Other income	1,584	12	-	-	**1,596**
Gross revenue from land development and resale	52,161	-	-	-	**52,161**
Cost of land development sales	(32,247)	-	-	-	**(32,247)**
Net investment gains	5,037	-	-	-	**5,037**
	29,240	**13**	**-**	**-**	**29,253**
Internal revenue					
Foreign exchange gains/(losses)	176	-	(25)	-	**151**
Total segment revenue	**29,416**	**13**	**(25)**	**-**	**29,404**
Expenses					
Selling and administration expenses	(11,302)	(139)	(431)	-	**(11,872)**
Total operating expenses	**(11,302)**	**(139)**	**(431)**	**-**	**(11,872)**
Interest expense	(13,930)	-	-	-	**(13,930)**
Profit/(loss) before tax	**4,184**	**(126)**	**(456)**	**-**	**3,602**
Income tax charge	(1,723)	-	-		**(1,723)**
Profit/(loss) after tax	**2,461**	**(126)**	**(456)**	**-**	**1,879**
Non-controlling interests	103	-	-	-	**103**
Profit/(loss) for the year attributable to owners of the Company	**2,564**	**(126)**	**(456)**	**-**	**1,982**
Total assets	**214,566**	**1,939**	**59,231**	**(102,535)**	**173,201**
Total liabilities	**171,026**	**11,317**	**141**	**(38,380)**	**144,104**

27. Segmental analysis (continued)

(a) Group's reportable segments (continued)

	Continuing Operations				
2022	**Torchlight Segment £000**	**Property Group £000**	**Parent Company £000**	**Inter-segment eliminations £000**	**Total £000**
External revenue					
Interest revenue	329	-	-	**-**	**329**
Other revenue	1,514	-	-	**-**	**1,514**
Other income	917	11	-	**-**	**928**
Gross revenue from land development and resale	38,857	-	-	**-**	**38,857**
Cost of land development sales	(14,614)	-	-	**-**	**(14,614)**
Net investment gains	1,425	-	-	**-**	**1,425**
	28,428	**11**	**-**	**-**	**28,439**
Internal revenue					
Foreign exchange gains	(719)	-	(17)	**-**	**(736)**
Total segment revenue	**27,709**	**11**	**(17)**	**-**	**27,703**
Expenses					
Impairment	(502)	-	-	**-**	**(502)**
Selling and administration expenses	(9,454)	(124)	(551)	**-**	**(10,129)**
Total operating expenses	**(9,956)**	**(124)**	**(551)**	**-**	**(10,631)**
Interest expense	(11,570)	-	-		**(11,570)**
(Loss)/profit before tax	**6,183**	**(113)**	**(568)**	**-**	**5,502**
Income tax charge	(12)	-	-	**-**	**(12)**
(Loss)/profit after tax	**6,171**	**(113)**	**(568)**	**-**	**5,490**
Non-controlling interests	(2,023)	-	-	**-**	**(2,023)**
(Loss)/profit for the year attributable to owners of the Company	**4,148**	**(113)**	**(568)**	**-**	**3,467**
Total assets	**186,398**	**1,947**	**64,611**	**(110,672)**	**142,284**
Total liabilities	**141,424**	**11,820**	**156**	**(42,255)**	**111,145**

27. Segmental analysis (continued)

(b) Geographical information

The Company is domiciled in Guernsey. The Group has subsidiaries incorporated in four (30 June 2022: four) principal geographic areas: New Zealand, Australia, United Kingdom and the Cayman Islands (30 June 2022: New Zealand, Australia, United Kingdom and the Cayman Islands).

The Group's revenue from external customers from continuing operations and information about its segment non-current assets by geographical location (of the country of incorporation of the entity earning revenue or holding the asset) are detailed below:

	Revenue from External Customers		Non-Current Assets	
	2023	2022	2023	2022
	£000	£000	£000	£000
New Zealand	41,411	39,650	21,874	21,294
Australia	13,101	754	53,673	37,333
United Kingdom	1,575	899	26,038	24,462
Cayman Islands	375	325	8,706	5,720
	56,462	**41,628**	**110,291**	**88,809**

28. Events after the reporting date

The following significant events have taken place subsequent to the end of the reporting period to the date that these financial statements were authorised for issue:

On 29 September 2023, RCL Real Estate Pty Ltd entered into a conditional contract of sale to acquire a site located at 607 Sunbury Road, Sunbury. The site adjoins the Group’s successful ‘Maplestone’ project at 605 Sunbury Road. The site comprises 35ha of land that is zoned for residential development and has a planning permit in place for 285 residential lots together with balance land that is capable of supporting up to a further 144 residential lots. The purchase price is AUD33 million with settlement to occur within 90 days, subject to Foreign Investment Review Board Approval. The Group intends to settle the purchase with debt funding and will aim to commence development over the course of the 2024 financial year.

There were no other material events subsequent to 30 June 2023 to the date when these Consolidated Financial Statements were authorised for issue.

STATUTORY DISCLOSURES

The following persons respectively held office as Directors of the Company and the Company's subsidiaries during the year ended 30 June 2023:

Pyne Gould Corporation Ltd
G Kerr
R Naylor
N Kirkwood
M Smith
P Dudley

Torchlight Group
G Kerr
R Naylor

Torchlight GP Limited
G Kerr
R Naylor

Ferrero Investments Limited
R Naylor

MARAC Financial Services Limited
N Kirkwood

MARAC Investments Limited
N Kirkwood

Torchlight (GP) 2 Limited
G Kerr

Torchlight Management Limited
G Kerr

Torchlight Securities Limited
G Kerr

Henley Downs Village Investments Limited
N Kirkwood

Torchlight Real Estate Group
G Kerr
R Naylor

RCL Real Estate Holdings
R Naylor

RCL Real Estate Pty Ltd
R Naylor

RCL Queenstown Pty Ltd
R Naylor

The Modular Concrete Construction Company Ltd (formerly RCL Sanctuary Lakes Pty Ltd)
R Naylor

Sanctuary Land Development Pty Ltd
R Naylor

Real Estate Southern Holdings Limited
R Naylor
N Kirkwood

RCL Nords Pty Ltd
R Naylor

RCL Henley Downs Limited
R Naylor
N Kirkwood

RCL Jack’s Point Limited
R Naylor
N Kirkwood

RCL Haywards Bay Pty Ltd
R Naylor

RCL Port Stephens Pty Ltd
R Naylor

RCL Pacific Dunes Golf Operations Pty Ltd
R Naylor

RCL Forster Pty Ltd
R Naylor

RCL St Albans Pty Ltd
R Naylor

RCL Merimbula Pty Ltd
R Naylor

RCL Renaissance Rise Pty Ltd
R Naylor

Jack’s Point Village Terraces Limited
R Naylor
N Kirkwood

RCL Sunbury Pty Ltd
R Naylor

RCL Grandvue Pty Ltd
R Naylor

RCL Real Estate Australia Pty Ltd
R Naylor

NZ Real Estate Credit Limited
N Kirkwood

RCL Real Estate Australia Pty Ltd
R Naylor

TMC3 Pty Ltd (formerly RCL Links Pty Ltd)
R Naylor

RCL Gwandalan Pty Ltd
R Naylor

STATUTORY DISCLOSURES (CONTINUED)

RCL Homestead Bay Limited
R Naylor
N Kirkwood

Disclosure of interests
There are no disclosures of interest given by the Directors

General disclosure
All Directors have provided a general notice that they may from time to time undertake personal business transactions with the Company, including utilising the Company's services. All such transactions are carried out in accordance with the Company's normal business criteria for those types of transactions. The Group obtains consulting services from Naylor Partners Pty Ltd, of which R Naylor is a director and shareholder, from Cassone Limited, of which Noel Kirkwood is a director and shareholder, and legal services from Burton Partners. These services are provided on normal commercial terms.

Information used by Directors
No notices were received from Directors of the Company requesting to disclose or use Company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and insurance of Directors and Officers
The Company has given indemnities to Directors and has arranged insurance for Directors and officers of the Company and its subsidiaries.

These indemnify and insure Directors and officers against liability and costs for actions undertaken by them in the course of their duties. The cost of the insurance premiums to the Company and its subsidiaries for the year was £80,000 (30 June 2022: £80,000)

Details of individual Directors' shareholdings are as follows:

	Number of shares held by Director	Number of shares held by associated entity
G Kerr		
Balance at 30 June 2023 and 30 June 2022	-	104,453,556
R Naylor		
Balance at 30 June 2023 and 30 June 2022	-	-
N Kirkwood		
Balance at 30 June 2023 and 30 June 2022	-	-
M Smith		
Balance at 30 June 2023 and 30 June 2022	-	-
P Dudley		
Balance at 30 June 2023 and 30 June 2022	-	-

Remuneration of Directors

The total remuneration received by each Director who held office in the Company and its subsidiary companies during the year ended 30 June 2023 was as follows:

Parent Company Directors			Remuneration
G Kerr*	Executive	Non-Independent	-
R Naylor*	Executive	Non-Independent	-
N Kirkwood*	Executive	Non-Independent	-
M Smith	Non-Executive	Independent	£60,000
P Dudley	Non-Executive	Independent	£60,000

**Executive Directors do not receive Directors' fees.*

STATUTORY DISCLOSURES (CONTINUED)

Gender composition of Board

Gender	30 June 2023 Number of Directors	30 June 2022 Number of Directors
Male	4	4
Female	1	1

SHAREHOLDER INFORMATION

Executive employees' remuneration

No employees of the Company and its subsidiary companies, who received remuneration, including non-cash benefits, have received in excess of NZD100,000 for the year ended 30 June 2023.

Donations

During the financial year ended 30 June 2023, the Company made no donations.

Substantial security holders

At 30 June 2023 only four shareholders held more than 5.00% (30 June 2022: three shareholders) of the issued capital of the Company. Chase Nominees Limited (“Chase”), acting as custodian, held 104,453,556 shares (54.37% of the issued capital) on behalf of entities associated with George Kerr; Pyne Holdings Limited held 28,594,252 shares (14.89% of the issued capital); ZZ New Zealand Control Account held 26,031,365 shares (13.55% of issued capital); and Sofiya Machulskaya held 23,436,372 shares (12.20% of the issued capital).

PYNE GOULD CORPORATION LIMITED

DIRECTORY

DIRECTORS
George Kerr
Russell Naylor
Noel Kirkwood
Michelle Smith
Paul Dudley

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