



ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

During the 2014 financial year PAYCE continued to focus on its property development projects progressing the development of the East Village and Platinum projects at Victoria Park, Sydney and the Washington Park project at Riverwood North, Sydney. For the fifth successive year the Group recorded a profit, this year of \$1.5 million after tax, lower than prior years given the cyclical nature of development projects.

Subsequent to year-end, the East Village project is now completed, with the residential apartments being settled and the vibrant and active retail / commercial centre commencing trade on the 22nd October.

The 322 residential unit "Platinum" joint venture project at Zetland, is also nearing completion with settlements due to complete shortly.

The Group also continues to progress its medium density residential and mixed-use projects (either itself or in joint venture) at Riverwood North, Ermington, Wentworth Point, Kirrawee and West-End, Brisbane. PAYCE also continues to seek and assess long term additional opportunities, as evidenced by recent acquisitions of large industrial sites in the Sydney residential suburbs of Melrose Park and Auburn.

As part of the Group's ongoing capital management strategy, it recently sought to alter the Conditions of the Corporate Notes issued in December 2013. Whilst these changes were not accepted by Noteholders, PAYCE continues to consider other appropriate capital management alternatives.

I would like to take this opportunity to thank my fellow Directors and the 'PAYCE' team for their efforts during the past years and their on-going commitment to the Group.