

**NZX ANNOUNCEMENT**

29 August 2016

**PGC Preliminary Full Year Results**

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**Managing Director's Report**

Pyne Gould Corporation ("PGC") recorded Total Comprehensive Income for the year to 30 June 2016 of GBP8.78 million. (This compares with a Total Comprehensive Loss of GBP22.22 million for the year to 30 June 2015.)

The result was dominated by non-cash movements in foreign currency reserves. In the year to 30 June 2016, PGC recorded an GBP8.93 million unrealised gain from the foreign exchange translation of foreign associates and subsidiaries (compared with a GBP15.427 million unrealised loss from foreign exchange translations for the year to 30 June 2015).

At an operating level, PGC recorded a small Net Loss after Tax of GBP0.007 million for the year to 30 June 2016 (compared to a Net Loss after Tax of GBP6.789 million in the prior year).

At 30 June 2016, PGC held Net Current Assets of GBP38.3 million (up from GBP30.6 million last year). This is made up of current assets of GBP43.8 million (GBP61.4 million last year), with GBP5.5 million current liabilities (down from GBP30.8 million last year). PGC held long-term assets of GBP109.6 million (up from GBP99.991m) with GBP43.6 million long-term liabilities (up from GBP35.7 million).

After allowing for non-controlling interests, PGC recorded a lift in Net Tangible Assets (NTA) per share from 26.84 pence (26.61 pence in the prior year).

**Commentary**

PGC remains focused on patiently executing on its long-term strategy of exiting non-core assets and building a long term business from distressed assets.

The exit of non-core assets is largely complete. The material residual receivable arose from the exit from Perpetual Trust Limited (PTL). This receivable has been independently valued at NZ\$20.88 million.

The core strategy of commitment to the growth of the Torchlight Fund LP (TFLP) is also expected to deliver long-term value from its principal three investments of Local World (now exited), ASX-listed Lantern Hotel Group ("LTN") and RCL.

We have discussed previously the exit of Local World in late 2015 at over four times the purchase price. Cash consideration from the sale was repatriated from GBP into Australian dollars in TFLP at the time of Local World. Since then, due to Brexit, the Australian dollar has risen approximately 20 percent against the pound, from GBP0.47 to GBP0.56 by June 30.

TFLP is also the largest shareholder in LTN. LTN has a valuable portfolio of freehold gaming pubs in Australia. These pubs require time and expertise to unlock full potential. TFLP

preferred a long-term approach, however, the LTN board is making progress towards this outcome with a cash distribution and unrealised gains over the year.

The largest investment of TFLP is RCL. This is very long term in nature and value is only realised as blocks of land are converted to actual cash sales over time. RCL is continuing to unlock value in the underlying real estate portfolio. The most significant event during the course of the past financial year has been the positive outcome in progressing a plan change at Jacks Point in Queenstown. The first stage of this project was recently released to the market with all 100 sections selling in line with list prices on the day of release. The near term focus within RCL remains on continuing to progress this project.

PGC and subsidiaries have been involved with a number of large and complex litigations over the course of the financial year. This is an unwelcome, but necessary, requirement of defending the balance sheet of PGC. We devote considerable resources to this part of the business and fully expect our position to be validated by the courts in all cases. We will only comment on particular proceedings as the results are made available.

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