



**Chairman's address**

**Pyne Gould Corporation Ltd (PGC) Annual Shareholder's Meeting**

**Mercure Hotel, Auckland - 2pm, 17<sup>th</sup> December 2014**

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The 30 June 2014 year provided a satisfactory result with a profit after tax of \$26.6 million raising PGC's Net Tangible Assets by 14% to 73 cents per share.

As noted in our Annual Report, our final audit has been qualified specifically and only to the extent that the Torchlight audit had not been completed. We anticipate that audit being completed before we release our 6 months ending December 31<sup>st</sup> 2014 results in 2015, and will update the market accordingly.

It's only 3 years ago (closely following the near \$250 million capital reconstruction of the Group) that we divided the then PGC into: Building Society Holdings, with the aspiration that it would become a bank (now Heartland Bank); and PGC, which retained the investment in the Torchlight Fund, the General Partner of that Fund, and Perpetual Trust. PGC also retained an investment in EPIC and all the old and unwanted property assets of Building Society Holdings, which the market referred to as a "rag tag bag of bin end assets". Anyway, however you wish to describe them, almost all PGC's previous assets, except for the investment in - and association with - Torchlight, have been sold at prices that have generated satisfactory profits and significant cash. PGC is now in the enviable position of owning a share in a very successful investment fund, in Torchlight, and having considerable cash holdings with no bank debt.

As a fund manager and investor in undervalued strategic entities (often ones with distressed bank debt), we are well placed to either invest on our own, further into Torchlight or in conjunction with Torchlight. The best opportunities for us to continue our strong growth in Net Tangible Assets per share (up 69% since June 2012) are in the European theatre, and hence our transition of domicile to Guernsey and efforts to gain a listing on the London Stock Exchange.

While this large difference between our NTA and the market price for our shares exists, the directors will continue with our previously announced share buy back programme to buy back up to 15% of the issued capital or a little over 30 million shares. To date we have purchased 9,116,361 shares on market and cancelled them.

In summary, it has been a very busy 3 years for the company and after considerable reconstruction PGC is very well placed to grow the underlying value per share further within Australia, the UK and Europe. The type of business that we undertake is more common and better understood overseas than within New Zealand and we understand that. As I have said, our future and opportunities are overseas, but in pursuit of enhancing that value for shareholders we won't lose sight of our origins here in New Zealand.

Thank you.