Pyne Gould Corporation

NZX ANNOUNCEMENT

10 June 2016

PGC Interim Financial Results to 31 December 2015

Operating Performance

Pyne Gould Corporation ("PGC") delivered a cash operating profit of GBP1.596 million for the six months to 31 December 2015. This compares with a cash operating loss of GBP5.0 million for the same period last year.

A four-fold increase in investment income to GBP8.430m (GBP2.131m last year) together with lower sales and administration expenses of GBP4.516m (GBP5.56m last year) saw operating income rise to GBP5.187m (GBP1.715m last year).

After allowing for non cash items, principally a foreign exchange loss of GBP2.906m (gain of GBP0.176m last year), the company reported an after tax loss for the period of GBP1.546m (last year a loss of GBP5.323m). This is equal to 0.51 pence per share (last year 2.4 pence per share).

Statement of Financial Position

Foreign exchange movements also had a negative impact on the consolidated Statement of Financial Position. As at 31 December 2015, PGC had GBP50.805m of net assets (30 June 2015: GBP55.199m). The reduction of GBP4.394m is after a total of GBP5.301m of non cash foreign exchange adjustments.

On a per share basis, the NTA per share is 24.49 pence per share (30 June 2015: 26.61 pence per share).

Foreign exchange movements affected the accounts in two ways. Firstly, there was a non cash adjustment of GBP2.906m in the profit and loss referred to above. Secondly, there was a GBP2.395m adjustment to the balance sheet. This is because the accounts are presented in GBP and a non cash adjustment must be made on translation to presentation currency. In the year to 31 December 2015, this is negative adjustment of GBP2.395m (31 December 2014: GBP2.836m).

Current Assets

PGC Group held consolidated current assets of GBP67.849m (30 June 2015: GBP61.407m) as at 31 December 2015.

Group cash balances lifted by GBP20.643m over the six month period, from GBP10.937m to GBP31.58m.

The very strong cash performance was principally generated by Torchlight Fund LP ("TFLP"). Specifically, cash was generated through a strong sales period for RCL in its Victorian residential real estate book, and the sale of Local World to Trinity Mirror.

RCL recorded GBP28.033m of residential site sales over the period. After GBP8.864m of development costs, this generated cash of GBP19.169m. After allowing for interest on borrowings of GBP4.428m the cash contribution pre sales and administration expenses was GBP15.773m.

The exit of Local World in the period was at 4x initial investment. This outcome was achieved in less than 3 years and delivered GBP13.606m of cash as well as GBP5m of Trinity Mirror shares and GBP1.318m of deferred cash (subject to warranties under the sale and purchase contract). The details of this transaction have been provided in prior announcements.

PGC Group holds GBP27.124m (30 June 2015: GBP24.614m) in real estate inventories classed as current assets. These inventories represent blocks of land being developed into residential sites for sale over the coming 12 month period. The cash generated from these sales will be at a substantial premium to cost and will be reflected in group profit next year. The cash is budgeted to amortise bridge and working capital finance at RCL.

Current Liabilities

As at 31 December 2015, PGC Group had GBP58.557m (30 June 2015: GBP66.458m) of consolidated liabilities, down by GBP7.901m over the period.

Current assets of GBP67.849m comfortably exceed all consolidated liabilities of GBP58.557m.

The liabilities principally represent working capital finance and acquisition finance taken on at the time of the RCL credit bid in 2014 and is being amortised over the course of this year. As noted above, this marks the end of the restructuring period of RCL and means RCL has the financial capacity to internally fund working capital and consider both internal and external funding options for growth looking forward. This allows greater reinvestment in the land bank and consequently greater long run value for investors.

PGC has no long run borrowings.

Non Current Assets

PGC Group holds consolidated non current assets of GBP87.245m (30 June 2015: GBP99.991m) with GBP73.910m (30 June 2015: GBP86.508m) in core assets and GBP13.335m (30 June 2015: GBP12.241m) of legacy non core assets in process of divestment.

Non current inventories at GBP23.697m (30 June 2015: GBP38.394m) are large blocks of land that will not be developed in the coming 12 month period. As time progresses these inventories move incrementally into current assets for development and sale. The long run cashflow from these inventories is substantially in excess of book value.

Loans and receivables of GBP22.811m (30 June 2015: GBP23.014m) are predominantly expected to convert to ownership of underlying real estate assets and increase inventories for long term profitable development. The exception is GBP1.318m which is an escrowed cash amount following the sale of Local World which will be held in a cash escrow for 2 years pending settlement adjustments.

Investments of GBP27.402m (30 June 2015: GBP24.560m) include securities and receivables, the largest of which is the TFLP shareholding in Lantern Hotel Group which represents GBP16.596m at market price as at 31 December 2015.

Non core assets have a book value of GBP13.335m.

The largest non core asset is a receivable independently valued at NZD21.2m (GBP9.801m) This receivable represents the consideration PGC is due for agreeing to exit its carried interest in the owner of Perpetual Trust. PGC has commenced legal proceedings to recover this receivable plus interest and costs.

The balance is made up of small real estate assets. These include a residential real estate project in Tauranga acquired as a distressed asset from Marac at the time of the restructuring and 2009 rights issue. This is valued at NZD5.8m (GBP2.8m) and will gradually be worked through to cash over the next 5 to 7 years.

Non-Controlling Interests

As previously described, PGC controls and is required to consolidate TFLP. In order to fairly calculate NTA, the accounts must make adjustments and allow for non-controlling interests in its accounts. As at 31 December 2015, PGC held 42.3% of TFLP. Non-controlling interests represent the balance which is GBP45.732 (30 June 2015: GBP39.741m).

The full financial accounts for the six month to 31 December 2015 will be available on the PGC website – www.pgc.co.nz

For more information, please contact: David Lewis +64 21 976 119