

Shareholder Newsletter – 6 months ended 31 January 2015

Dear fellow shareholders,

The Company's Appendix 4D and financial report for the half-year ended 31 January 2015 were lodged with the Australian Securities Exchange (ASX) on 26 March 2015 and are available to be downloaded from the Company's website or the ASX website.

NET ASSETS PER SHARE

Net assets per share were \$3.70 as at 31 January 2015 (31 July 2014: \$3.67) before allowing for tax on unrealised capital gains.

Net assets per share after allowing for the tax on unrealised capital gains would be \$3.50 (31 July 2014: \$3.47) if the company were to sell its entire long term investment portfolio and pay the associated tax.

Net assets per share increased by 3c during the half year after the payment of a 6c fully franked dividend to shareholders. The total after tax return of 9c represents a 2.5% shareholder return for the 6 month period or 5% annualised. Shareholder returns are after the payment of all operating expenses and taxes. Shareholders also benefit from the fully franked nature of the dividend paid during the period.

INTERIM DIVIDEND

The Directors have declared an interim ordinary dividend of 6c per share fully franked with a record date of 10th April 2015, payable 24th April 2015.

ON MARKET SHARE BUY BACK

During the half year the company bought back 20,250 shares at a cost of \$58,308 an average price of \$2.88 a share.



PORTFOLIO

The company remains weighted towards long term income producing assets. The net portfolio is invested in investment properties (66%), equities (23%), private equities (1%) development properties (2%), foreign cash (3%) and cash (5%).

The value of the shopping centre portfolio (Pacific Coast Shopping Centres) increased marginally by \$1.5 million during the period due to increased income and lower expenses. There were no changes to valuation metrics (capitalisation rates) during the half.

Equities generated a total return of 2.2% during the half including dividends received. New investments made included Huon Aquaculture, IPH, Medibank Private, BHP, Ardent Leisure, Godfreys and Sealink Travel. Partial or full disposals included ANZ, Magellan Flagship, SCA, Tassal, Telstra, Wesfarmers, Wotif and Woolworths. An impairment provision of \$0.2 million was taken in Flexigroup which has since recovered post half year end.

Foreign currency predominantly in US dollars of \$6 million generated a return of \$0.6 million in line with the significant devaluation of the Australian dollar.

Please refer to 'Gowings At A Glance' on the following page for a snapshot of the investment portfolio as at 31 January 2015.

REVIEW OF OPERATIONS

Total Revenue from Ordinary Activities of \$10.4 million was 1% higher than in the prior corresponding period primarily due to an increase in income from the Pacific Coast Shopping Centres offset by lower Private Equity gains.

Total Expenses of \$6.9 million were 3% lower than the prior corresponding period due to lower investment property expenses and lower salary and wages.

Net Income from Ordinary Activities of \$3.5 million was 10% higher than the prior corresponding period last year primarily due to the effect of lower expenses and higher income from the Pacific Coast Shopping Centres.

Other Income of \$3.8 million, which includes realised and unrealised gains and losses on the investment portfolio but excludes unrealised movements in Equities, was 4% higher than the prior corresponding period. Key items of Other Income includes \$1.3 million of realised gains from the Equities portfolio, \$1.5 million of unrealised gains from the Pacific Coast portfolio and \$0.6 million of unrealised foreign currency gains.

Profit After Tax was \$4.7 million, down 1% on the prior corresponding period.

Net increase in fair value of investments net of tax includes an unrealised Equities portfolio loss of \$0.7 million compared to an unrealised gain of \$1 million in the prior corresponding period. The current period includes unrealised losses in Boundary Bend of \$0.6 million and Woolworths of \$0.5 million offsetting other portfolio gains to generate a \$0.7 million net unrealised loss.

Total Comprehensive Income of \$4 million compared with \$5.8 million in the prior corresponding period.

John Gowing
Managing Director



GOWINGS AT A GLANCE

	31 Jan 2015	31 July 2014
	\$	\$
1. CASH & OTHER		
Cash and term deposits	7,963,000	4,842,000
FX cash and receivables	6,043,000	3,624,000
Unlisted bonds	-	501,000
Working capital *	759,000	2,870,000
Total Cash & Other	14,765,000	11,837,000
2. EQUITIES		
Boundary Bend Limited	5,539,000	6,378,000
Carlton Investments	5,006,000	4,977,000
Blackmores Ltd	4,109,000	2,890,000
ANZ Banking Group**	3,300,000	4,144,000
Woolworths Ltd**	3,178,000	4,875,000
Westpac Banking Corporation	2,791,000	2,803,000
National Australia Bank	2,672,000	2,649,000
TPI Group Limited	2,000,000	2,000,000
Commonwealth Bank of Australia	1,340,000	1,256,000
Other holdings	12,050,000	11,818,000
Total Equities	41,985,000	43,790,000
3. PRIVATE EQUITIES		
Macquarie Whole Sale Co-Investment Fund	1,136,000	1,304,000
Macquarie European Infrastructure***	461,000	1,931,000
Other Investments	958,000	794,000
Total Private Equities	2,555,000	4,029,000
4. PROPERTIES		
Retail	162,779,000	161,182,000
Commercial	3,461,000	3,874,000
Industrial	500,000	500,000
Residential	1,409,000	1,409,000
Property Development	3,077,000	2,683,000
Borrowings	(49,247,000)	(49,274,000)
Total Property	121,979,000	120,374,000
Net assets before tax on unrealised gains on equities and investment properties	181,284,000	180,030,000
Provision for tax on unrealised gains on equities and investment properties	(10,057,000)	(9,828,000)
Net assets after tax on unrealised gains on equities and investment properties	171,227,000	170,202,000
Number of Shares Outstanding	48,976,317	48,996,567
Net assets per share before estimated tax on unrealised gains	\$ 3.70	\$ 3.67
Net assets per share after allowing for estimated tax on unrealised gains	\$ 3.50	\$ 3.47

* Working capital consists of all other assets not defined separately above, all liabilities excluding borrowings of \$49,239,000 which is included in section 4, and before provision for tax on unrealised gains on equities and investment properties.

** Denotes partial sale during the period.

*** Gross proceeds of \$1,535,121 were received from Macquarie European Infrastructure.