

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

26 June 2014

Dear shareholder

Welcome to the first Chairman's update from Thorney Opportunities Ltd (TOP).

As you know TOP aims to be a somewhat different style of investment company which concentrates on producing absolute returns for shareholders over the medium to long term. Our philosophy is not to do frequent and many deals but to be much more strategic, thoughtful, growth focused and value accretive through the careful selection of investments and in particular where we can be a constructive catalyst to help unlock the value in companies.

This is same strategy which has helped the privately owned Thorney Investment Group Australia (TIGA) grow the value of its portfolio substantially over the past two decades. Your company, TOP, has access to the same investment team and deal flow as TIGA and has already co-invested with TIGA in a number of the investments that TOP has undertaken so far.

It has been approximately six months since the TIGA management team took over after the recapitalisation and rebranding of the former Wentworth Holdings Limited. A new Board of Directors has been appointed, a prospectus for an option entitlement has been executed and sent to shareholders, and accounting, operating and system protocols established.

TOP has taken positions in three listed companies, Service Stream Limited, Money3 Corporation Limited and AMA Group Limited. We also inherited a shareholding in Australian Renewable Fuels Limited purchased by the former Wentworth Holdings board.

I want to emphasise to you that so far we have invested or committed to invest a total of only about \$27 million of the approximately \$80 million available for investment after the recapitalisation of Wentworth and subsequent retail share offer.

In other words, TOP is still sitting on a substantial cash position with no debt. This is a very deliberate strategy and puts us in a powerful position to take advantage of the current economic uncertainty and volatility of markets. We will continue to be very disciplined in identifying and investing only in those companies and situations which will, we believe, be value accretive for shareholders.

We believe the three major investments that TOP has undertaken so far fit this category.

Service Stream Limited (SSM) provides design and installation services to the mobile and fixed communications and electricity, water and gas infrastructure sectors.

TOP owns approximately 8.3% of Service Stream (TIGA 20%).

SSM is a key service provider to the NBN rollout. With its recent recapitalisation, SSM is well placed to win a larger volume of NBN rollout contract work, as underlined by the recent announcement of two contract renewals.

We are not overly concerned about SSM's recent profit downgrade as we believe it is mainly the result of the clean up of some legacy issues and delays in the ramp up of NBN contract work. We invested in SSM for the long term as we believe in its business model and intellectual property. We are supportive of the new management especially as the new CEO was an internal appointment who we believe has the right cultural fit to take SSM forward.

Money3 Corporation Limited (MNY) operates in the rapidly growing non-bank consumer finance area with a particular focus on auto finance.

TOP's main exposure to Money3 is through its commitment to taking up \$10m (TIGA \$5m) of a \$30m secured unlisted bond. The bonds pay an attractive 9% per annum over its four year term and provide entitlements to options over ordinary shares at a price of \$1.30 for a four year period. In addition to this exposure, TOP owns a 1.4% interest in the ordinary shares of MNY (TIGA 5.3%).

We like MNY because it is growing successfully in its space and it has a strong, passionate, equity-owning management team who have ambitions to become a leading player in their sector.

AMA Group Limited (AMA) also focuses on the auto sector but it operates in the smash repair and wholesale vehicle aftercare and accessories market. TOP owns approximately 6.3% of AMA (TIGA 0%) which recently announced the \$7 million acquisition of Repair Management Australia.

The acquisition will more than double the revenue of AMA's existing panel repair business and places the group in a strong position to grow in the rapidly evolving and consolidating national panel repair sector. AMA also has a strong management team led by a dynamic CEO who has a significant equity stake.

Australian Renewable Fuels Limited (ARW) is Australia's leading producer of biodiesel. TOP inherited a holding of approximately 10% of the shares in ARW as a result of the Wentworth Holdings restructure. (TIGA 17%).

At current share prices TOP's direct ARW holding represents less than 1% of the total value of TOP's equity and cash holdings and is immaterial to TOP's ongoing performance.

However both TOP and TIGA have been extremely disappointed that ARW has been adversely affected by the proposed 2014 Federal Budget changes to the level of Federal Government support for the Australian biodiesel industry.

Support for the industry until at least 2021 was enshrined in bipartisan legislation passed in 2011. The Federal Government's proposed changes have cast serious doubt about the future viability of the entire Australian biodiesel industry which invested hundreds of millions of dollars in good faith.

TOP representatives have been supporting ARW management in its attempts to explain to the Government the unintended consequences of the proposed Budget changes on the future of the biodiesel industry.

These proposed changes also have the much wider negative impact of significantly increasing the risk profile of investing in any sector which currently receives Government support. We believe the Government and many in the investment community are yet to fully realise the wider implications of this action.

Summary

TOP is an investment vehicle which is designed to deliver solid growth and absolute returns for shareholders over the medium to long term in the same way that the private Thorney Investment Group Australia has done over the past 20 years.

We believe that the current mixed economic signals globally and the degree of uncertainty in the Australian equity market mean companies holding cash will be able to take advantage of some exciting opportunities in the coming months.

We are here for the long term and have invested considerable resources and management bandwidth to making TOP a sustained success story.

As I am sure many of you know, my personal interests own 30% of TOP's shares and so my interests in ensuring TOP's success are fully aligned with yours.

I am very confident that our analytical, value driven approach combined with TOP's constructive catalyst strategies will deliver positive results for TOP shareholders.

I thank you for your continued support and I look forward to providing you with further updates in the future.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Alex Waislitz", with a long horizontal flourish extending to the right.

Alex Waislitz
Chairman