



**NZX Release**

15 November 2010

### **PGC plans to distribute holding in financial services group to shareholders**

Pyne Gould Corporation (“PGC”) advised today that it intends to distribute directly to PGC shareholders the majority of its 72% stake in Building Society Holdings Limited, should the merger between MARAC, CBS Canterbury and Southern Cross Building Society proceed. A small stake in Building Society Holdings Limited will separately be placed by PGC to investors at or around the same time as the distribution. PGC is in the process of determining the final split between the distribution and the placement, which will be sized in order to maximise value for PGC shareholders.

The decision was taken as part of a strategic review of PGC’s operations, which is ongoing. PGC intends to implement the distribution as soon as practicable following the proposed listing of Building Society Holdings Limited, which is scheduled to occur in early February 2011. Final timing will depend on the documentary and regulatory approval processes which PGC will be required to complete ahead of the distribution and placement.

The chairman of PGC, Bruce Irvine, said: “We have reviewed all our options in relation to Building Society Holdings Limited and determined that an in specie distribution and placement of our 72% shareholding is the best option to maximise value for PGC shareholders. It puts ownership directly in the hands of our shareholders and investors and will promote liquidity and price discovery and maximise likelihood of NZX50 index inclusion for Building Society Holdings Limited. The distribution and placement will mean that Building Society Holdings will be widely held by a broad range of investors with no single dominant shareholder. The placement will provide cash proceeds for PGC.”

The key benefits of the distribution and placement include:

- Likelihood of an improved weighting in the NZX50 index due to a wider distribution of shares than would otherwise be the case with PGC as a 72% shareholder
- Broader institutional investor interest due to likelihood of a higher index weighting and the ability of institutions potentially to access stock via the placement
- Greater liquidity which helps the buying and selling of shares, reduces pricing anomalies which occur in less liquid stocks, and promotes price discovery
- Greater transparency for PGC shareholders by owning shares in Building Society Holdings Limited directly, rather than through their investment in PGC
- BSHL would not have one dominant shareholder

Detailed information on the planned in specie distribution will be provided to shareholders as soon as practicable (expected to be in March 2011).

The strategic review is being led by PGC chief executive Jeff Greenslade, with First NZ Capital engaged as financial adviser.

Mr Greenslade said that the review was ongoing with PGC considering its options in respect of its other assets. Further announcements would be made once PGC has completed its strategic review, he said.

Mr Greenslade, Sean Kam (Chief Financial Officer) and Michael Jonas (General Counsel) will continue to perform their management obligations to PGC until the later of the distribution and placement and the publication of PGC's mid year accounts (expected to be some time in February 2011), at which time it is intended that they will be dedicated full time to the Building Society Holdings group. Following the transition, Mr Greenslade, Mr Kam and Mr Jonas will continue to provide management services to PGC for a short period until satisfactory replacement arrangements are made.

Ends

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