



NZX and Media Release

PGC makes dividend payment

29 October 2010

Pyne Gould Corporation Limited (PGC) today announced the payment of a special fully imputed dividend of 1.5c per share to its shareholders in respect of the year ended 30 June 2010.

A review of dividend payments was signalled at the time PGC announced its full year result in August 2010, which saw the Company report a higher than forecast net profit after tax of \$22m, representing a significant turnaround on the previous year.

PGC Chairman Bruce Irvine said "The Company has a long history of paying dividends and PGC's performance has improved sufficiently to warrant the payment of a special dividend. The dividend policy moving forward will continue to be based on the Company continuing to perform."

The special dividend payment also includes a supplementary payment to overseas shareholders and a dividend reinvestment plan. Shares will be issued under the plan at a 2% discount to the volume weighted average sale price over the five trading days prior to the issue of the shares. Entitlement date for the dividend is 19 November 2010 with payment to be made on 3 December 2010.

Proposed merger update

Documents pertaining to the merger between PGC's subsidiary, MARAC Finance Limited, and CBS Canterbury and Southern Cross Building Society are being registered today. A mail out to shareholders and investors is underway. Documents available include an Information Memorandum for PGC shareholders, and an Investment Statement and a Debt Prospectus for MARAC stockholders.

The directors of the merging entities unanimously recommend the merger proposal to their respective shareholders and investors. After extensive due diligence, valuation and independent analysis, all believe the merger to be value enhancing and beneficial to all parties.

Meetings to vote on the proposal are scheduled to commence from 22 November, with PGC's meeting to be held on 26 November in Christchurch. The merger is targeted for completion on 7 January 2011. An NZX listing¹ for the newly created financial services group is targeted for early February.

¹ An application has been made to NZX Limited for permission to list the shares in Building Society Holdings Limited, and all requirements of NZX Limited that can be complied with on or before the date of this announcement have been duly complied with. However, NZX Limited accepts no responsibility for any statement in this announcement. NZX Limited is a registered exchange regulated under the Securities Markets Act 1988.

Included in the documents being mailed is an Independent Report from Cameron Partners and Northington Partners. Their joint assessment concluded that:

- *“The business case for the merger appears robust, based on our assessment of Building Society Holdings Limited’s strategy and the merger value drivers and risks; and*
- *The merits of the merger for each of the Merging Entities relative to each Merging Entity’s standalone outlook appears compelling, and the basis on which the exchange ratio has been established is fair to the shareholders of each Merging Entity.”*

Strategic review update

A strategic review of PGC’s entire business aimed at unlocking value, as announced earlier this month, is underway. An important consideration of this review will be achieving, for the Merged Entity, the right balance between NZX50 inclusion, a diverse and supportive shareholder base, and retention of New Zealand control. No decision had been made.

Annual meeting

PGC’s annual meeting will be held at 4pm, today, 29 October 2010.

- Ends -

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