

NZX ANNOUNCEMENT

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PGC seeks board changes to reduce costs at EPIC

Pyne Gould Corporation ("PGC") is seeking board changes at one of its investments - Equity Partners Infrastructure Company ("EPIC") - saying the company needs to reduce heavy administration costs and instead focus on minimising debt and creating shareholder value.

PGC owns approximately 27% of EPIC and is seeking the removal of two of EPIC's three directors and their replacement with PGC's managing director George Kerr and fellow director Russell Naylor. PGC has written to EPIC requesting a special general meeting to vote on the issue.

Mr Kerr said EPIC is a simple company with a single investment - a minority stake in MOTO, the United Kingdom's largest motorway service area company, which has excellent prospects as the UK economy recovers and MOTO navigates the restructuring of its balance sheet.

"In the interim, however, EPIC's own debt and costs need to be kept to a minimum. PGC has serious concerns that these are getting out of control. We know other EPIC shareholders share these concerns.

"Requesting board changes is an unusual step but it has been triggered by our concern over EPIC's recent announcement that it has arranged a loan of approximately \$10 million (GBP5 million) for working capital purposes.

"What was not disclosed to EPIC shareholders was that this loan from Deutsche Bank has charged all the assets of the company. There has been no coherent explanation provided as to why the entire company has been put at risk to fund operating costs, which appear to be predominantly payments to directors. We do not believe that this level of costs is required to run EPIC over the next few years, given EPIC's size and that it is non-trading holding company with a single investment. Borrowing \$10 million for three years working capital is not, in our view, justifiable or prudent."

PGC Requisition

Mr Kerr said PGC is deeply concerned that despite receiving the requisition of the special meeting last week, the EPIC Board have not disclosed this to all shareholders.

"We are proposing that I and fellow PGC director Russell Naylor join EPIC's board to work with chairman Murray Tonkin to bring costs down and drive value uplift. Over the past two years, PGC has paid its directors standard fees, stripped out almost all its direct administration costs, and focused entirely on creating shareholder value. Over this period, PGC's net asset value has improved materially. We want to replicate this model with EPIC.

"EPIC has a three person board and that is the appropriate size for the company. PGC is comfortable with Murray Tonkin's independent oversight but we believe the board needs highly qualified and experienced directors who will work diligently on behalf of all shareholders to ensure the cost to shareholders of operating EPIC is kept to a minimum. We hope shareholders will support our efforts to reduce costs."

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