

## PGC shareholders approve in specie distribution of BSH shares

18 May 2011

Pyne Gould Corporation Limited (PGC) today advised that shareholders voted overwhelmingly in favour of the proposed in specie distribution of shares in NZSX-listed Building Society Holdings Limited (BSH), the new Heartland financial services group.

The resolution, which required approval by at least 75% of the votes cast by PGC shareholders, was supported by 99.72% of those who voted.

Application for Final Court Orders will be made on Friday to formally approve the distribution of PGC's 72.21% stake in BSH to its shareholders. A four day trading halt, as is required by the NZX, will take place after market closes on 23 May until 5:00pm on 27 May (the record date for determining entitlements). The distribution of BSH shares and the cancellation of a proportion of PGC shares will take place before the market opens on 30 May 2011 with holding statements sent to shareholders no later than 7 June.

The Chairman of PGC, Bruce Irvine, said the distribution of BSH shares to PGC shareholders was a culmination of a long process to unlock value for shareholders.

"The distribution is expected to result in BSH being included in the NZX50 index which will encourage a broader institutional investor interest. Institutional investors are good for a company and its share price and should improve the tradability of BSH shares. At present, the trading base is too thin for the true value of BSH to be recognised in its share price."

BSH is an NZSX-listed entity. It is the holding company of the new Heartland financial services group and is expected to officially change its name to Heartland New Zealand Limited on 1 June 2011, and its ticker from BSH to HNZ. The \$2.2 billion Heartland group was formed as a result of a merger between CBS Canterbury, MARAC and Southern Cross Building Society which was completed in January this year.

It is expected that from 1 June the principal operating subsidiary of Heartland New Zealand Limited will be renamed from Combined Building Society to Heartland Building Society. The Heartland brand will be progressively rolled out across all the group's operating divisions, beginning with Business and Rural (previously MARAC and Pyne Gould Rural respectively). The legacy brands of CBS Canterbury, Southern Cross and MARAC will continue in the meantime for Retail, Deposit and Consumer customers (Retail and Consumer division).

As a further step in the separation of the Heartland group from the wealth, asset management and trustee services (provided through wholly owned subsidiary Perpetual) of PGC and following the distribution, Bruce Irvine will step down as Chairman of PGC and Jeff Greenslade will step down as Managing Director of PGC. They will remain as independent directors of PGC until a review of the board composition is undertaken. Bryan Mogridge will take over as Chairman of PGC and John Duncan as Managing Director of PGC.

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