

## **PGC proposes to participate in EPIC banking restructure**

Pyne Gould Corporation (PGC) is proposing to acquire a NZ\$14m participation in National Australia Bank's (NAB) first ranking loan facilities to Equity Partners Infrastructure Company No.1 Limited (EPIC) This participation is to be made in two tranches, with the first tranche of NZ\$7.5 million to be made once the terms of the participation have been agreed and the participation agreement formally documented. The second tranche of NZ\$6.5 million, to be made by 15 July 2011, is also subject to PGC obtaining a waiver from the NZX from Listing Rule 9.2.1. A waiver of this Listing Rule is required as EPIC and Torchlight (an investor in EPIC) are related parties of PGC. The related party issue arises through, amongst other things, PGC being the owner of EPIC's manager as well as the owner of Torchlight's general partner. Although the participation has not yet been agreed with NAB, it is anticipated that this will be agreed within the next 7 days.

The proposed participation will result in PGC holding a share in NAB's first ranking facility, whereby interest received is paid out to both NAB and PGC on a pro rata basis, subject to the principal amount of PGC's participation being subordinated behind NAB's share and PGC's interest component being subordinated on an event of default occurring.

PGC has agreed to support EPIC by looking to acquire the participation which it is proposed is made in place of EPIC's obligation to make certain principal repayments on the NAB Facility. If agreed, the participation will allow EPIC to proceed with an orderly and early realisation of assets with proceeds net of any costs applied to full repayment of the NAB facility.

If the proposed participation arrangements are not concluded or the waiver of Listing rule 9.2.1 not obtained, to allow the second tranche to be made, or another acceptable arrangement concluded, this may result in EPIC being in breach of the NAB facility.

PGC Chair Bryan Mogridge said that PGC's proposed support, by looking to make the participation, not only assists EPIC as it moves to reduce debt and complete its restructuring but it also provides a favourable return to PGC investors in participating in a strong first registered security position over EPIC.

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