



NZX Release

## IN SPECIE PROSPECTUS SUBMITTED FOR REGISTRATION

29 April 2011

Pyne Gould Corporation Limited (PGC) and Building Society Holdings Limited (BSH) today advised that they have submitted for registration the prospectus for the in specie distribution of the PGC group's 72.21% stake in BSH.

Shareholder materials are expected to be mailed out on or about 2 May, for a PGC shareholder meeting to be held on 18 May.

The proposal requires the approval of PGC shareholders by special resolution. This approval is to be sought at the 18 May meeting. Should that approval be obtained and final court orders be granted, PGC shareholders should expect to receive their entitlement to BSH shares on 30 May.

As previously foreshadowed, under the proposal 216,630,283 BSH shares will be distributed pro rata amongst PGC shareholders. There are 808,319,571 PGC shares on issue. Accordingly the distribution, if implemented, will mean that:

- Each PGC shareholder will receive approximately 268 BSH shares for every 1000 PGC shares held at the "Record Date" (expected to be 27 May).
- In consideration for that distribution, approximately 73.2% of the PGC shares held by each PGC shareholder at the "Record Date" will be cancelled. This means that of the total 808,319,571 PGC shares on issue, approximately 591,689,926 will be cancelled. As the cancellation applies to all PGC shareholders in the same way, it will have no effect on each shareholder's proportionate interest in PGC (subject to rounding).

The proportion of PGC shares to be cancelled was set so that the market value of PGC shares to be cancelled approximated the market value of the BSH shares to be distributed (based on the quoted market prices for PGC shares (\$0.26 per share) and BSH shares (\$0.71 per share) at the "Determination Time", being 5:00pm on 8 April 2011).

Following this distribution and cancellation, a PGC shareholder will hold approximately 268 BSH shares and 268 PGC shares for every 1000 PGC shares held at the "Record Date".

The board of PGC is unanimously recommending that PGC shareholders vote to approve the proposal. The distribution is an important step in giving effect to PGC's strategy to return value to its shareholders. It will benefit PGC shareholders by:

- resulting in the expected inclusion of BSH in the NZX50 index, as a result of BSH shares being held by a broader range of investors than would otherwise be the case had PGC remained as a dominant shareholder (PGC's shareholding is currently disregarded by NZX for indexation purposes). It is expected that PGC will be removed from the NZX50

following the distribution, because it will not meet the free float capitalisation threshold for inclusion in the NZX50 index;

- encouraging broader institutional investor interest in BSH shares, and therefore improving institutional representation on the BSH share register, as a result of gaining entry into the NZX50 index; and
- increasing the frequency and volume of trading in BSH shares, due to BSH having a more diverse shareholder base, which should promote price discovery and help reduce pricing anomalies which can occur in less liquid stocks.

- Ends -