

PROSPECTUS

Relating to the proposed distribution of shares in Building Society Holdings Limited

29 April 2011

IMPORTANT INFORMATION

This Prospectus is dated 29 April 2011 and is a prospectus in respect of the proposed distribution of certain shares in BSH to PGC Shareholders pursuant to a Court approved scheme of arrangement.

No person is authorised to give any information or make any representation in connection with the Distribution, which is not contained in this Prospectus, the Information Memorandum or in other communications from the directors of PGC or BSH. Any information or representation not so contained may not be relied upon as having been authorised by PGC or BSH.

Registration of Prospectus

A copy of this Prospectus duly signed by, or on behalf of, the directors of BSH and PGC and having attached to it copies of the documents and other materials required by section 41 of the Securities Act, has been delivered to the Registrar of Companies for registration in accordance with section 42 of the Securities Act.

The documents required by section 41 of the Securities Act to be endorsed on, or attached to, the copy of this Prospectus delivered to the Registrar of Companies for registration are:

- the reports of the Auditor as set out in this Prospectus in respect of certain financial information included in this Prospectus;
- the signed consent of the Auditor to the audit reports appearing in this Prospectus;
- copies of the material contracts referred to under the heading "Material Contracts" in the *Statutory Information* section of this Prospectus, which have not already been registered by, or filed with, the Registrar of Companies;¹ and
- letters of authority authorising this Prospectus to be signed by an agent of any director of PGC and BSH (if and where required).

Forward Looking Statements

This Prospectus contains certain statements that relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of PGC and BSH and which may cause actual results, performance or achievements of BSH to differ materially from those expressed or implied by such statements.

Overseas PGC Shareholders

The Distribution will only be made to PGC Shareholders who are registered as PGC Shareholders at 5:00pm on the Record Date and whose address recorded in the PGC share register is in New Zealand. Those PGC Shareholders whose address recorded in the PGC share register is outside New Zealand will not be able to directly receive their entitlement to Distribution Shares under the Distribution, although such PGC Shareholders are entitled to vote on the resolution to approve the Distribution at the special meeting of PGC Shareholders to be held on 18 May 2011.

PGC and BSH consider it unreasonable to make the Distribution to PGC Shareholders outside New Zealand, having regard to the low number of such PGC Shareholders and the cost and

¹ Subject to the Securities Act (Pyne Gould Corporation Limited and Building Society Holdings Limited) Exemption Notice 2011. See the information under the heading "Places of Inspection of Documents" for further details.

complexity of complying with the legal requirements to enable the Distribution to be made to such PGC Shareholders.

The Distribution Shares which PGC Shareholders whose address recorded in the PGC share register is outside New Zealand would have otherwise received under the Distribution will instead be transferred to a nominee, who will endeavour to sell those Distribution Shares on the NZSX on their behalf, hold the proceeds on trust and account to such PGC Shareholders on a pro rata basis for the proceeds of sale of those Distribution Shares (net of brokerage costs).

Definitions

Capitalised terms used in this Prospectus have the specific meaning given to them in the Glossary.

STATUTORY INFORMATION

This section contains the information required by Schedule 1 of the Securities Regulations.

1 Main Terms of Offer

PGC is seeking to distribute 216,630,283 BSH Shares² to PGC Shareholders in consideration for the cancellation of PGC Shares pursuant to a Court approved scheme of arrangement. All of the Distribution Shares are ordinary shares in BSH, quoted on the NZSX.³

PGC, through its wholly-owned subsidiary MFSL, currently holds 216,630,283 BSH Shares and intends to distribute all of those shares to PGC Shareholders.⁴

In consideration for the Distribution, on the Distribution Date PGC will cancel 73.2% of the PGC Shares held by each PGC Shareholder at 5:00pm on the Record Date (rounded to the nearest whole share) in accordance with the Scheme Plan set out in *Schedule One* of this Prospectus. This means that while the number of PGC Shares you hold will decrease, your percentage stake and proportionate voting interest in PGC will not be affected by the Distribution, subject to rounding.

No money or other amount is payable for the Distribution Shares.

BSH is the original allotter of the Distribution Shares.⁵ BSH's registered office is set out in the Directory.

2 Name and Address of Offeror

PGC is the offeror of the Distribution Shares. PGC's registered office is set out in the Directory.

The BSH Shares held by PGC, through MFSL, were issued: (a) as to one share, on the incorporation of BSH for nil consideration; and (b) as to the remaining 216,630,282 shares, in consideration for the acquisition by BSH of all of the shares in MARAC and 50% of the shares in MARAC JV Holdings, from MSFL pursuant to the Merger.

3 Details of Incorporation of BSH

BSH was incorporated in New Zealand on 30 September 2010 under the Companies Act. BSH's registered number is 3152425.

The public file relating to the incorporation of BSH is kept at the Companies Office of the Ministry of Economic Development and can be accessed on the Companies Office website at www.business.govt.nz/companies.

² For the purposes of Clause 1(3) of Schedule 1 of the Securities Regulations, the maximum number of securities being offered is 216,630,283 BSH Shares, being the Distribution Shares.

³ BSH Shares are tradeable on the NZSX. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange regulated under the Securities Markets Act 1988.

⁴ Pursuant to the Scheme Plan, immediately prior to the Distribution, PGC will acquire from MFSL all of the Distribution Shares.

⁵ BSH is the "issuer" of the Distribution Shares for the purposes of the Securities Regulations and accordingly the information contained in this Prospectus primarily relates to BSH.

4 **Principal Subsidiaries of BSH**

As at the date of this Prospectus, the principal subsidiaries of BSH are Combined Building Society, MARAC and Combined Operations Limited.

BSH has also incorporated the BSH Holdco Subsidiaries to act as the 20 founding members of Combined Building Society.

All of the shares (100%) of the above named subsidiaries are held by members of the BSH Group.

5 **Names, Addresses and Other Information**

Directorate

As at the date of this Prospectus, the Directors of BSH are: Bruce Robertson Irvine (Christchurch, New Zealand), Jeffrey Kenneth Greenslade (Auckland, New Zealand), Graham Russell Kennedy (Ashburton, New Zealand), Gary Richard Leech (Ashburton, New Zealand), Christopher Robert Mace (Auckland, New Zealand), Bryan William Mogridge (Waiheke Island, New Zealand) and Geoffrey Thomas Ricketts (Auckland, New Zealand).

Each of the Directors named above can be contacted at the registered office of BSH set out in the Directory.

As at the date of this Prospectus, Jeffrey Greenslade is the only Director of BSH who is an employee of BSH or an associated person of BSH, being the Managing Director of BSH and Combined Building Society, and the CEO of PGC.

Company Secretary

The Company Secretary of BSH is Martin Dilly. The Company Secretary can be contacted at the registered office of BSH set out in the Directory.

Share Registrar

The Share Registrar of BSH is Link Market Services Limited. The registered address of the Share Registrar is set out in the Directory.

Auditor

The Auditor of BSH is KPMG. The registered address of the Auditor is set out in the Directory.

Advisors

The name and address of the financial advisers and solicitors to BSH and PGC, and the other professional advisors who have been involved in the preparation of this Prospectus, are set out in the Directory.

6 **Restrictions on Directors' Powers**

The BSH Constitution incorporates by reference the requirements of the Listing Rules that apply to BSH as a listed entity. The principal restrictions on the powers of the Board imposed by the BSH Constitution (including the requirements of the Listing Rules incorporated into the BSH Constitution) are as follows:

- the Board may not issue, acquire or redeem any equity securities in BSH except in accordance with the provisions of the Companies Act, the BSH Constitution and the Listing Rules;

- the Board may not cause BSH to give financial assistance for the purpose of, or in connection with, the acquisition of equity securities issued or to be issued by BSH, except in limited circumstances and in accordance with the provisions of the Companies Act, the BSH Constitution and the Listing Rules;
- the Board may not cause BSH to enter into any transaction or series of linked or related transactions to acquire, sell, lease, exchange or otherwise dispose of (other than by way of charge) assets of BSH which would change the essential nature of the business of BSH or in respect of which the gross value is in excess of 50% of the average market capitalisation of BSH, without the prior approval of an ordinary resolution of BSH Shareholders or otherwise in accordance with the Listing Rules; and
- the Board may not cause BSH to enter into certain material transactions if a related party is, or is likely to become, a direct or indirect party to the material transaction, without the prior approval of an ordinary resolution of BSH Shareholders or otherwise in accordance with the Listing Rules.

In addition, a Director will not be able to vote on any matter in which he or she is interested unless permitted by the Companies Act, the BSH Constitution and the Listing Rules.

The Companies Act contains a number of other provisions that could have the effect, in certain circumstances, of imposing restrictions on the powers of the Board. For example, the Board cannot allow BSH to enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolution of BSH Shareholders. These provisions apply to any company registered under the Companies Act.

7 **Substantial Equity Security Holders of Issuer**

The following table sets out the names of the persons who are the registered holders of the 10 largest holdings of BSH Shares as at 19 April 2011 and the amounts of their respective holdings.

Holder	Number of Shares Held	Percentage of Shares Held
MFSL	216,630,283	72.21%
Oceania & Eastern Limited	12,256,703	4.09%
Christopher Robert Mace and Geoffrey Thomas Ricketts as trustees of the Southern Cross Building Society Charitable Trust	3,719,296	1.24%
National Nominees New Zealand Limited	3,297,686	1.10%
HSBC Nominees (New Zealand) Limited	3,134,505	1.05%
Forsyth Barr Custodians Limited	2,749,651	0.92%

Holder	Number of Shares Held	Percentage of Shares Held
Accident Compensation Corporation	1,637,106	0.55%
Donald George Church and Robyn Gail Church and Graham Russell Kennedy	1,448,560	0.48%
FNZ Custodians Limited	885,102	0.30%
Greg Horton and Andrew Harnos	694,253	0.23%
Total	246,453,145	82.15%

None of the persons named above guarantees, or undertakes any liability in respect of, the Distribution Shares.

8 **Description of Activities of Issuing Group**

Principal activities

BSH was established in 2010 to facilitate the Merger. Since completion of the Merger in January 2011, BSH's principal activity has been to act as a holding company for Combined Building Society, which operates the financial services business formed out of the Merger, and Combined Operations Limited.

Combined Building Society is the principal operating subsidiary of the BSH Group (held through the BSH Holdco Subsidiaries), and commenced business as a financial services provider in January 2011, on completion of the Merger. Since it commenced business, Combined Building Society's principal activities have been its lending and other financial services activities, and its fundraising activities.

MARAC became a wholly owned subsidiary of Combined Building Society under the Merger. MARAC and its predecessors have serviced the consumer and small-to-medium business market for approximately 60 years, with its principal activities involving the provision of consumer and commercial lending across a broad range of sectors and providing a select range of insurance products.

Combined Operations Limited commenced business in January 2011 and holds a 50% interest in MARAC JV Holdings, which holds all of the shares in MARAC Insurance.

Principal assets

The BSH Group's principal assets used in undertaking the BSH Group's principal activities are:

- mortgage advances to customers on residential, farming and commercial properties;
- finance receivables, securitised finance receivables, operating lease vehicles, trade and other receivables, which represent either loans or finance made to borrowers or funds available to make such loans and finance;
- deposits and other investment securities;

- buildings used in part as office accommodation (the remaining office space having been leased); and
- cash and cash equivalents.

The assets referred to above are owned or held under lease by the BSH Group and are subject to obligations in favour of other persons that modify or restrict the ability of the BSH Group to deal with the assets. These obligations include the arrangements with Combined Building Society's trustee and depositors and the arrangements with the BSH Group's financiers described below under the heading "Material Contracts".

9 **Summary Financial Statements**

Not applicable.

10 **Prospects and Forecasts**

A statement as to the trading prospects of the BSH Group is set out in the *Profile of the BSH Group* section of the Information Memorandum, which is set out in *Schedule Four* of this Prospectus.

Special trade factors and risks that may materially affect the prospects of the BSH Group are set out under the heading "Risks" in the *The Proposed Distribution* section of the Information Memorandum and under the heading "What Are My Risks?" in the *Answers to Important Questions* section of the Information Memorandum, set out in *Schedule Four* of this Prospectus.

11 **Provisions Relating to Initial Flotations and Minimum Subscription**

Not applicable.

12 **Acquisition of Business or Subsidiary**

On 5 January 2011, pursuant to the Merger, Combined Building Society acquired the businesses of Canterbury Building Society and Southern Cross Building Society (by taking a transfer of engagements from each of Canterbury Building Society and Southern Cross Building Society under the Building Societies Act) and the shares in MARAC.

Prior to the Merger, each of Canterbury Building Society, Southern Cross Building Society and MARAC provided financial services involving both savings and loans (including residential, commercial, property and, in the case of MARAC, motor vehicle financing).

Summary financial statements for each of Canterbury Building Society, Southern Cross Building Society and MARAC are set out in *Schedule Two* of this Prospectus.

13 **Securities Paid Up Otherwise than in Cash**

BSH currently has 300,000,000 fully paid ordinary shares on issue. Of these shares:

- one share was issued to MFSL on the incorporation of BSH for nil consideration;
- 216,630,282 shares were issued to MFSL under the Merger in consideration for the acquisition of all of the shares in MARAC and 50% of the shares in MARAC JV Holdings;

- (c) 39,128,321 shares were issued to the former shareholders of Canterbury Building Society (other than Southern Cross Building Society) under the Merger in consideration for the acquisition of all of the shares held by those persons in CBS Successor Company Limited (the company that Canterbury Building Society converted into to facilitate the Merger); and
- (d) 44,241,396 shares were issued to the former shareholders of Southern Cross Building Society under the Merger in consideration for the acquisition of all of the shares held by those persons in SCBS Successor Company Limited (the company that Southern Cross Building Society converted into to facilitate the Merger).

14 Options to Subscribe for Securities of the Issuing Group

Not applicable.

15 Appointment and Removal of Directors

BSH is party to a listing agreement with NZX (a registered exchange) and the method by which Directors of BSH may be appointed to, removed from or otherwise vacate office is the same as that contained in the Listing Rules.

16 Interested Persons

For the purposes of this section, a *Specified Person* means: (a) a director or proposed director of BSH or any associated person of any of them; and (b) PGC, MFSL and any associated person of any of them.

Except as described below, no Specified Person is entitled to any remuneration for services, or to recover expenses, in respect of BSH or any of its subsidiaries other than by way of Directors' fees, and reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director. There is no dollar limit on the expenses that the Directors are entitled to recover from BSH.

Jeff Greenslade is the Managing Director of BSH and Combined Building Society and receives remuneration (limited to such amount as may be agreed by the Board) for services performed in that role.

Bryan Mogridge, a director of BSH, is also a director of Trio Group Limited which receives remuneration from MARAC for print management services provided to MARAC. There is no dollar limit on the amount of remuneration for such services.

Except as set out in the table below, no Specified Person has, or has had at any time during the 5 years preceding the date of this Prospectus, any direct or indirect material interest in BSH or any of its subsidiaries, or in any contract or arrangement entered into on behalf or in respect of BSH or any of its subsidiaries, that is material to either or both of the person who has the interest and BSH or any of its subsidiaries.

Specified Person	Disclosure*
PGC/MFSL	MFSL holds 216,630,283 BSH Shares (being the Distribution Shares)

Specified Person	Disclosure*
Christopher Mace	Beneficial interest in 12,256,703 BSH Shares held by Oceania & Eastern Limited
Geoffrey Ricketts	Beneficial interest in 12,256,703 BSH Shares held by Oceania & Eastern Limited
Oceania & Eastern Limited (being an associated person of directors of BSH, Chris Mace and Geoffrey Ricketts, who are also directors of Oceania & Eastern Limited)	Oceania & Eastern Limited holds 12,256,703 BSH Shares
Graham Kennedy	Beneficial interest in 362,671 BSH Shares held by Black Quill Investments Limited
Black Quill Investments Limited (being an associated person of BSH director, Graham Kennedy, who is also a director of Black Quill Investments)	Black Quill Investments Limited holds 362,671 BSH Shares
Graham Kennedy	Beneficial interest in Deposits of \$420,284 in Combined Building Society
Graham Kennedy	Beneficial interest in 1,283 BSH Shares
Graham Kennedy	Beneficial interest in 28,070 BSH Shares held in estate of A.I. Waters
Katie Margaret Kennedy (being an associate of BSH director, Graham Kennedy)	Beneficial interest in 2,830 BSH Shares
Gary Leech	Beneficial interest in 129,758 BSH Shares
Bryan Mogridge	Beneficial interest in Deposits of \$150,000 in Combined Building Society
Bruce Irvine	Beneficial interest in Deposits of \$204,475 in Combined Building Society

*Disclosures in relation to Combined Building Society Deposits are in respect of principal only.

Any Specified Person who holds PGC Shares will receive Distribution Shares in accordance with the Scheme Plan on the same terms as all other PGC Shareholders.

All of the assets of BSH are the shares that it holds in its subsidiaries, including in particular Combined Building Society, MARAC and Combined Operations Limited.

17 **Material Contracts**

The following material contracts have been entered into in the two years preceding the date of registration of this Prospectus by a member of the BSH Group:

Contracts with ongoing day to day application

Crown Deed of Guarantee (Building Society)

Combined Building Society and Her Majesty the Queen in right of New Zealand are party to a Crown Deed of Guarantee (Building Society) dated 15 December 2010. The guarantee given under this Crown Deed of Guarantee will expire at 11:59pm on 31 December 2011.

Deed of Indemnity and Postponement

BSH, MARAC, Combined Building Society and certain other group companies (being any subsidiary or holding company of BSH) entered into a Deed of Indemnity and Postponement with Her Majesty the Queen in right of New Zealand on 14 December 2010, under which (among other things) MARAC indemnifies the Crown for amounts paid by the Crown pursuant to the Crown Guarantee. Two immaterial wholly-owned subsidiaries of Combined Building Society, being VPS Properties Limited (*VPS Properties*) and VPS Parnell Limited (*VPS Parnell*), have joined into this Deed of Indemnity and Postponement as indemnifiers by deeds of accession dated 21 March 2011.

Standby Cash Advances Facility Agreement

Combined Building Society and MARAC entered into a Standby Cash Advances Facility Agreement with Bank of New Zealand and Westpac Banking Corporation dated 15 December 2010, for facilities of up to \$200 million, the purpose of which is to provide liquidity support and funding for the Combined Building Society and MARAC loan portfolios. VPS Properties and VPS Parnell have joined into this Standby Cash Advances Facility Agreement as guarantors by guarantor deeds of accession dated 21 March 2011.

All Obligations Cross Guarantee and Indemnity Deed Poll

MARAC and Combined Building Society entered into an All Obligations Cross Guarantee and Indemnity Deed Poll dated 15 December 2010, under which each of MARAC and Combined Building Society guarantee each other's obligations to Bank of New Zealand and Westpac Banking Corporation. VPS Properties and VPS Parnell have joined into this All Obligations Cross Guarantee and Indemnity Deed Poll as guarantors by supplemental deeds dated 21 March 2011.

Master Trust Deed

Combined Building Society entered into a Master Trust Deed dated 29 October 2010 with Trustees Executors Limited, relating to the ongoing issue of unsecured debt instruments by Combined Building Society (and for the benefit of the holders of those debt instruments). MARAC has joined into this Master Trust Deed as a guarantor by a supplemental trust deed dated 14 December 2010, which is separately listed below as

a material contract. VPS Properties and VPS Parnell have joined into this Master Trust Deed as guarantors by supplemental trust deeds dated 24 March 2011.

Supplemental Trust Deed (Accounts)

Combined Building Society entered into a Supplemental Trust Deed (accounts) dated 29 October 2010 with Trustees Executors Limited, which is supplemental to the Master Trust Deed and governs the terms of the accounts issued by Combined Building Society. Accounts include deposits with Combined Building Society.

Supplemental Trust Deed (Bonds)

Combined Building Society entered into a Supplemental Trust Deed (bonds) dated 29 October 2010 with Trustees Executors Limited, which is supplemental to the Master Trust Deed and governs the terms of the NZDX quoted bonds issued by Combined Building Society.

Supplemental Trust Deed (MARAC as Guarantor)

MARAC entered into a Supplemental Trust Deed (MARAC as Guarantor) to the Master Trust Deed dated 14 December 2010 with Trustees Executors Limited, which is supplemental to the Master Trust Deed and whereby MARAC unconditionally guarantees all of Combined Building Society's obligations under the Master Trust Deed.

Loan Note Agreement

MARAC and MFSL entered into a Loan Note Agreement dated 18 September 2009 (as subsequently amended) under which MFSL issued loan notes to MARAC as part of the consideration for the sale by MARAC to MFSL of certain property loans. As at the date of this Prospectus, the principal balance of the loan notes is approximately \$25 million, and interest accrues and is paid quarterly on that amount. The loan notes are currently due for repayment on 30 September 2011.

The loan notes are supported by a Deed of Guarantee and Indemnity from PGC dated 29 October 2009, and a General Security Deed from PGC dated 29 October 2009.

Deed of Subordination

PGC, MARAC and MFSL are parties to a Deed of Subordination dated 18 September 2009 (in connection with the sale by MARAC to MFSL of certain property loans, and the resulting loan notes). In accordance with this deed PGC has agreed that any indebtedness owed by MFSL to it (junior indebtedness) is subordinated to any indebtedness owed by MFSL to MARAC.

Deed of Undertaking

PGC, MARAC, MFSL and Torchlight Investment Group are parties to a Deed of Undertaking dated 18 September 2009 (in connection with the sale by MARAC to MFSL of certain property loans, and the resulting loan notes). In accordance with this deed, each of PGC, MFSL and Torchlight Investment Group has agreed that certain proceeds will be (ultimately) applied to repayment of the loan notes.

RECL Management Agreement

MARAC and RECL are parties to a Management Agreement dated 5 January 2011 (*RECL Management Agreement*), by which RECL agreed to manage certain non-core real estate loan assets of MARAC for a 5 year period, and assume the risk of loss on those loans for that period (with any payment by RECL to MARAC in respect of that loss at the end of that period, subject to limited rights on the part of MARAC to earlier payment). RECL's payment obligations are "limited in recourse" to a pool of security

provided by RECL. This pool of security includes a \$11 million 5 year zero coupon bond, and an initial minimum \$22 million in security value of other qualifying assets.

Service Amount Security Agreement

MARAC and RECL are parties to a Service Amount Security Agreement dated 5 January 2011 (in connection with the RECL Management Agreement). Under this agreement RECL grants to MARAC security over its assets to secure its obligations under the RECL Management Agreement.

Support Provider Undertaking

MARAC and PGC are parties to a Support Provider Undertaking dated 5 January 2011 (in connection with the RECL Management Agreement). Under this agreement PGC undertakes to procure that RECL complies with its obligations to ensure that the security value of other qualifying assets subject to a first priority security interest under the Service Amount Security Agreement is not less than a stated minimum amount (initially \$22 million).

Other contracts (including contracts fully performed)

Merger Implementation Agreement

Canterbury Building Society, Southern Cross Building Society, PGC, MARAC and MFSL entered into a Merger Implementation Agreement dated 15 September 2010, pursuant to which the parties conditionally agreed to implement the Merger.

Deed of Defeasance (MARAC)

Combined Building Society entered into a Deed of Defeasance with MARAC, The New Zealand Guardian Trust Company Limited and Trustees Executors Limited dated 14 December 2010, which sets out the terms on which Combined Building Society assumed liability for the stock issued by MARAC under its then existing Debenture Trust Deed.

Deed of Defeasance (Canterbury Building Society)

Combined Building Society entered into a Deed of Defeasance with Canterbury Building Society and Trustees Executors Limited dated 14 December 2010, which sets out the terms on which Combined Building Society assumed liability for the deposits of Canterbury Building Society outstanding under its then existing Debt Security Trust Deed.

Deed of Defeasance (Southern Cross)

Combined Building Society entered into a Deed of Defeasance with Southern Cross Building Society and Trustees Executors Limited dated 14 December 2010, which sets out the terms on which Combined Building Society assumed liability for the deposits of Southern Cross Building Society outstanding under its then existing Debt Security Trust Deed.

Agreement for Sale and Purchase of Ex-MARAC Loans

MARAC and MFSL entered into an Agreement for Sale and Purchase of Loan Assets dated 18 September 2009, relating to the sale by MARAC to MFSL of certain property loans (the Ex-MARAC Loans). The Ex-MARAC Loans were subsequently on-sold by MFSL to RECL.

Security Trust Deed

MARAC and MFSL entered into a Security Trust Deed dated 18 September 2009, relating to the administration by MARAC of the Ex-MARAC Loans while held by MFSL.

Transitional Services Agreement

MARAC and RECL entered into a Transitional Services Agreement dated 18 September 2009, relating to the administration by MARAC of the Ex-MARAC Loans while held by RECL. This arrangement has expired.

18 Pending Proceedings

There are no legal proceedings or arbitrations pending as at the date of registration of this Prospectus that may have a material adverse effect on the BSH Group.

19 Preliminary and Issue Expenses

Issue expenses (including share registry expenses, legal fees, accounting fees, tax adviser costs, financial adviser costs, advertising costs, printing and distribution costs) relating to the Distribution are estimated to be approximately \$650,000. No commission is payable in respect of the transfer of Distribution Shares by PGC to PGC Shareholders.

Preliminary expenses (including share registry expenses, legal fees, accounting fees, tax adviser costs, financial adviser costs, advertising costs, printing and distribution costs) relating to the establishment of BSH were approximately \$300,000.

20 Restrictions on Issuing Group

The following restrictions on the ability of BSH and/or its subsidiaries to make a distribution or to borrow (as a result of any undertaking given, or contract or deed entered into by BSH or any of its subsidiaries) will apply:

Master Trust Deed

Pursuant to the Master Trust Deed entered into by Combined Building Society with Trustees Executors Limited, Combined Building Society is restricted from making a distribution while any amount due and payable by Combined Building Society under the Master Trust Deed remains unpaid.

Standby Cash Advances Facility Agreement

Pursuant to the Standby Cash Advances Facility Agreement entered into by Combined Building Society and MARAC with Bank of New Zealand and Westpac Banking Corporation:

- Combined Building Society is restricted from making a distribution if the aggregate amount of distributions made by Combined Building Society in any financial year exceeds the after tax profit of the guaranteeing group for the current financial year, or if an event of default (or potential event of default) exists or would occur as a result of payment of the distribution;
- Combined Building Society undertakes to comply with certain financial covenants (such as a tangible net worth covenant) which may restrict levels of borrowing; and
- Combined Building Society undertakes not to enter into any further borrowing facility with a registered bank, without first obtaining written consent.

Crown Guarantee

Pursuant to the Crown Guarantee, Combined Building Society is restricted from making a distribution, unless that distribution falls within one of the excepted classes of permitted payment. One of those excepted classes is payment of a dividend if the aggregate amount of such dividend in any financial year does not exceed the after tax profit for the previous financial year.

Deed of Indemnity and Postponement

Pursuant to the Deed of Indemnity and Postponement entered into by BSH, MARAC, Combined Building Society and certain other group companies with Her Majesty the Queen in right of New Zealand, Combined Building Society is restricted from making a distribution unless it is expressly permitted under the Crown Guarantee.

21 Other Terms of Offer and Securities

All of the terms of the Distribution, and all the terms of the Distribution Shares, are set out in this Prospectus (including the Schedules of this Prospectus), other than any terms implied by law or any terms set out in a document that has been registered with a public official, is available for public inspection and is referred to in this Prospectus.

22-24 Financial Statements

The latest audited financial statements for the BSH Group for the period ending 7 January 2011 are set out in *Schedule Three* of this Prospectus.

25 Places of Inspection of Documents

The BSH Constitution and copies of the material contracts referred to under the heading "Material Contracts" above, may be inspected (without charge) during normal business hours at the registered office of BSH set out in the Directory.

A copy of the RECL Management Agreement may be inspected (without charge) during normal business hours at the registered office of BSH set out in the Directory. The copy of the RECL Management Agreement delivered to the Registrar of Companies and the copy available for inspection at BSH's registered office shall exclude certain information in accordance with the Securities Act (Pyne Gould Corporation Limited and Building Society Holdings Limited) Exemption Notice 2011. Information has been redacted from Schedule 1 of the copy of the RECL Management Agreement delivered to the Registrar of Companies and available for inspection because it is commercially sensitive information. The excluded information is personal information relating to third parties that is included in the RECL Management Agreement for the purposes of identifying certain loan assets of MARAC which are to be managed by RECL pursuant to the RECL Management Agreement.

The directors of PGC and BSH warrant that the exclusion of the redacted information in Schedule 1 of the RECL Management Agreement does not make this Prospectus misleading in any material particular by a failure to refer, or give proper emphasis, to any adverse circumstances.

Copies of the documents referred to above are also available (without charge) on the public register maintained by the Companies Office of the Ministry of Economic Development and are available for public inspection on the Companies Office website at www.business.govt.nz/companies.

26 Other Material Matters

Securities Act (Pyne Gould Corporation Limited and Building Society Holdings Limited) Exemption Notice 2011

The Securities Commission has granted PGC and BSH exemptions from section 37A(1)(a) of the Securities Act, regulation 18(1)(a) of the Securities Regulations, clause 25(c) of Schedule 1 and clause 19(c) of Schedule 2 of the Securities Regulations, and regulation 26 of the Securities Regulations. These exemptions are contained in the Securities Act (Pyne Gould Corporation Limited and Building Society Holdings Limited) Exemption Notice 2011 (*Exemption Notice*).

The effect of the Exemption Notice is that:

- the Information Memorandum is only required to be sent to PGC Shareholders as at the record date for receiving notice of the special meeting of PGC Shareholders, and any other person who acquires a PGC Share after such date and requests a copy of the Information Memorandum before the Distribution; and
- certain commercially sensitive information may be omitted from the copy of the RECL Management Agreement which is required to be delivered to the Registrar of Companies for registration with this Prospectus (and any future prospectus registered by any member of the BSH Group or the PGC Group) and made available for inspection; and
- the Information Memorandum can include and refer to the Pro Forma Financial Information and any advertisement relating to the Distribution can refer to information contained in the Pro Forma Financial Information.

NZX waivers

NZX has granted PGC and BSH waivers from Listing Rules 7.1.5(c), 7.1.10, 7.1.11, 7.1.12 and 7.1.13 to waive PGC and BSH from the requirement to include certain information required by the Listing Rules in the Information Memorandum on the basis that that information is not relevant to the Distribution.

The effect of the waivers is that PGC and BSH are not required to include the following information in the Information Memorandum:

- a field for investors' CSN details;
- details of the parties to whom applications may be sent;
- a minimum holding of Distribution Shares that must be held by PGC Shareholders;
- a statement regarding oversubscriptions; and
- details of the method of dealing with oversubscriptions and refunds of subscription moneys.

There are no other material matters relating to the Distribution, other than those set out in this Prospectus (including the Schedules of this Prospectus), the financial statements referred to under the heading "Financial Statements" above or in contracts entered into in the ordinary course of business of BSH or any other member of the BSH Group.

PROSPECTUS

27 Directors' Statement

The Directors of BSH, after due inquiry by them, are of the opinion that none of the following has materially and adversely changed during the period between the date of the latest financial statements contained or referred to in this Prospectus and the date of registration of this Prospectus:

- the trading or profitability of the BSH Group;
- the value of the assets of the BSH Group; or
- the ability of the BSH Group to pay its liabilities due within the next 12 months.

28 Auditor's Report

The audit reports required by clause 28 of Schedule 1 to the Securities Regulations to be contained in this Prospectus are set out in *Schedule Two* and *Schedule Three* of this Prospectus.

29 Signatures Required under the Securities Act

This Prospectus is signed by each director of BSH (or his or her agent authorised in writing) and each director of PGC (or his or her agent authorised in writing), each an "issuer" for the purposes of the Securities Act.


Directors of **Building Society Holdings Limited:**


Bruce Robertson Irvine

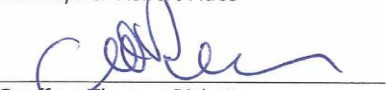

Jeffrey Kenneth Greenslade


Graham Russell Kennedy



Gary Richard Leech


Christopher Robert Mace


Bryan William Mogridge



Geoffrey Thomas Ricketts

Directors of **Dyne Gould Corporation Limited:**


Bruce Robertson Irvine


Jeffrey Kenneth Greenslade


George Charles Desmond Kerr
(Signed by his agent JK Greenslade)


Bryan William Mogridge

GLOSSARY

\$, NZD or NZ\$	New Zealand dollars
Auditor	KPMG
Board	The board of Directors of BSH
BSH	Building Society Holdings Limited
BSH Constitution	The constitution of BSH, as amended from time to time
BSH Group	BSH and its subsidiaries
BSH Holdco Subsidiaries	BSHL No.1 Limited, BSHL No.2 Limited, BSHL No.3 Limited, BSHL No.4 Limited, BSHL No.5 Limited, BSHL No.6 Limited, BSHL No.7 Limited, BSHL No.8 Limited, BSHL No.9 Limited, BSHL No.10 Limited, BSHL No.11 Limited, BSHL No.12 Limited, BSHL No.13 Limited, BSHL No.14 Limited, BSHL No.15 Limited, BSHL No.16 Limited, BSHL No.17 Limited, BSHL No.18 Limited, BSHL No.19 Limited and BSHL No.20 Limited
BSH Share	An ordinary share in the capital of BSH
BSH Shareholder	A holder of one or more BSH Shares
Building Societies Act	The Building Societies Act 1965, as amended from time to time
Combined Building Society	Combined Building Society, an indirectly wholly owned subsidiary building society of BSH, established under the Building Societies Act
Companies Act	The Companies Act 1993, as amended from time to time
Court	The High Court of New Zealand
Crown Guarantee	The Crown retail guarantee expiring at 11:59pm on 31 December 2011 granted to Combined Building Society pursuant and subject to the Crown Retail Deposit Guarantee Scheme Act 2009 and the terms of the Crown Deed of Guarantee (Building Society) dated 15 December 2010

Director	A director of BSH
Directory	The directory set out in this Prospectus
Distribution	The distribution by PGC of the Distribution Shares to PGC Shareholders in accordance with the Scheme Plan
Distribution Date	30 May 2011, unless changed in accordance with the Scheme Plan
Distribution Share	A BSH Share that will be distributed to PGC Shareholders, in accordance with the Scheme Plan
GAAP or NZ GAAP	Generally accepted accounting practice, as defined in the Financial Reporting Act 1993
Glossary	This glossary of terms
Information Memorandum	The notice of meeting and information memorandum dated 29 April 2011 in respect of the Distribution, included as <i>Schedule Four</i> of this Prospectus
Listing Rules	Listing Rules of NZX in relation to the NZSX (or any market in substitution for that market) in force from time to time, read subject to any applicable rulings or waivers
MARAC	MARAC Finance Limited
MARAC JV Holdings	MARAC JV Holdings Limited
MARAC Insurance	MARAC Insurance Limited
Merger	The merger of the financial services businesses of MARAC, Canterbury Building Society and Southern Cross Building Society, which was completed on 7 January 2011
MFSL	MARAC Financial Services Limited
NZ IFRS or IFRS	New Zealand equivalent to International Financial Reporting Standards
NZDX	The market for debt securities, operated by NZX
NZSX	The main board equity security market, operated by NZX

NZX	NZX Limited
PGC	Pyne Gould Corporation Limited
PGC Group	PGC and its subsidiaries
PGC Share	An ordinary share in the capital of PGC
PGC Shareholder	A holder of one or more PGC Shares
Pro Forma Financial Information	The condensed unaudited pro forma statement of financial position of the PGC Group, together with the notes and underlying assumptions set out in that statement, contained in the Information Memorandum
Prospectus	This prospectus dated 29 April 2011
RECL	Real Estate Credit Limited
Record Date	27 May 2011, unless changed in accordance with the Scheme Plan
Scheme Plan	The scheme plan set out in <i>Schedule One</i> of this Prospectus (which may be amended in accordance with its terms)
Securities Act	The Securities Act 1978, as amended from time to time
Securities Regulations	The Securities Regulations 2009, as amended from time to time
Share Registrar	Link Market Services Limited

DIRECTORY

BUILDING SOCIETY HOLDINGS LIMITED

75 Riccarton Road
Riccarton
Christchurch 8011

Phone: +64 (9) 927 9130
Facsimile: +64 (9) 927 9310

PYNE GOULD CORPORATION LIMITED

305 Lincoln Road
Addington
Christchurch 8024

Phone: +64 (3) 365 0000
Facsimile: +64 (3) 379 8616

SHARE REGISTRAR

Link Market Services Limited

138 Tancred Street
Ashburton

Phone: +64 (3) 308 8887
Facsimile: +64 (3) 308 1311

Level 16, Brookfields House
19 Victoria Street West
Auckland 1010

Phone: +64 (9) 375 5998
Facsimile: +64 (9) 375 5990

LEGAL ADVISORS

Chapman Tripp

Level 35, ANZ Centre
23-29 Albert Street
Auckland 1140

Phone: +64 (9) 357 9000
Facsimile: +64 (9) 357 9099

FINANCIAL ADVISORS

First NZ Capital

Level 39, ANZ Centre
23-29 Albert Street
Auckland 1140

Phone: +64 (9) 302 5500
Facsimile: +64 (9) 302 5580

AUDITOR

KPMG

KPMG Centre
18 Viaduct Harbour Avenue
Auckland 1140

Phone: +64 (9) 367 5800
Facsimile: +64 (9) 367 5875

TAX ADVISORS

Deloitte

Deloitte Centre
80 Queen Street
Auckland 1010

Phone: +64 (9) 303 0700
Facsimile: +64 (9) 303 0701

SCHEDULE ONE: SCHEME PLAN

SCHEME PLAN

RELATING TO THE IN SPECIE DISTRIBUTION BY PYNE GOULD CORPORATION LIMITED OF SHARES IN BUILDING SOCIETY HOLDINGS LIMITED PURSUANT TO A SCHEME OF ARRANGEMENT UNDER PART 15 OF THE COMPANIES ACT 1993

29 APRIL 2011

BACKGROUND

- A. MARAC Financial Services Limited, a wholly owned subsidiary of Pyne Gould Corporation Limited, holds 216,630,283 shares in Building Society Holdings Limited.
- B. Following a strategic review, Pyne Gould Corporation Limited wishes to distribute all of these shares in Building Society Holdings Limited to its shareholders pursuant to this Scheme Plan.

1 INTERPRETATION

1.1 Definitions

In this Scheme Plan:

BSH means Building Society Holdings Limited.

BSH Share means an ordinary share in the capital of BSH.

Court means the High Court of New Zealand.

Distribution Date means 30 May 2011 or such other date (being a trading day on the NZSX not later than 30 June 2011) as may be determined by the board of directors of PGC.

Distribution Shares means the 216,630,283 BSH Shares held by MFSL (being all of the BSH Shares held by MFSL as at the date of this Scheme Plan).

MFSL means MARAC Financial Services Limited.

NZSX means the main board equity securities market, operated by NZX Limited.

PGC means Pyne Gould Corporation Limited.

PGC Shareholder means any person recorded on the PGC share register at 5:00pm on the Record Date.

PGC Share means an ordinary share in the capital of PGC.

Record Date means 27 May 2011 or such later date (being at least one trading day prior to the Distribution Date) as may be determined by the board of directors of PGC.

Scheme Plan means this scheme plan.

1.2 Interpretation:

In this Scheme Plan, unless the context otherwise requires:

- (a) The division of this Scheme Plan into clauses and the inclusion of headings are for convenience of reference only and do not affect the construction or interpretation of this Scheme Plan.
- (b) The singular includes the plural and vice versa.
- (c) References to dates and times are to dates and times in New Zealand.

2 SCHEME OF ARRANGEMENT

2.1 At 8:00am on the Distribution Date, the following will occur sequentially in the order specified in this clause without any further act or formality, except as otherwise provided:

- (a) The Distribution Shares will be transferred (without the need for any further action by any person) by MFSL to PGC, and as a result of that transfer PGC will owe to MFSL an amount equal to the book value of the Distribution Shares, as recorded in the accounts of MFSL, which amount will be payable on 90 days' written demand from MFSL to PGC from time to time.
- (b) 73.2% of the PGC Shares held by each PGC Shareholder at 5:00pm on the Record Date (rounded to the nearest whole number) will be cancelled in consideration for the transfer of shares referred to in paragraph 2.1(c).
- (c) The Distribution Shares will be transferred (without the need for any further action by any person) by PGC to the PGC Shareholders as follows:
 - (i) The Distribution Shares will be transferred to the PGC Shareholders or, in the case of a PGC Shareholder whose address recorded in the PGC share register is outside New Zealand, a nominee appointed by PGC (*PGC Nominee*) on a pro rata basis in proportion to each PGC Shareholder's holding of PGC Shares at 5:00pm on the Record Date (such entitlement rounded down to the nearest whole number).
 - (ii) If, following the application of the above methodology, all of the Distribution Shares have not been transferred, those PGC Shareholders with the highest fractional entitlement to shares prior to rounding will have transferred to them, or to the PGC Nominee (where applicable), one additional BSH Share until all of the Distribution Shares have been transferred (provided that if two or more PGC Shareholders had the same fractional entitlement and there are not enough Distribution Shares to transfer one additional BSH Share to each of those PGC Shareholders, then PGC or its share registrar will randomly determine which of those PGC Shareholders will be entitled to one additional BSH Share so that all of the Distribution Shares have been transferred to PGC Shareholders or the PGC Nominee in accordance with this Scheme Plan).

3 AMENDMENT OR WITHDRAWAL

- 3.1 PGC reserves the right to amend, modify and/or supplement this Scheme Plan at any time and from time to time, provided that any such amendment, modification or supplement has been approved by the Court and communicated to the PGC Shareholders in the manner required by the Court (if so required).
- 3.2 Any amendment, modification or supplement to this Scheme Plan shall be effective only if it is proposed, or consented to in writing, by PGC.
- 3.3 PGC reserves the right to withdraw this Scheme Plan at any time on or before the Distribution Date, in which case this Scheme Plan shall cease to have any force or effect.

SCHEDULE TWO: HISTORICAL FINANCIAL INFORMATION

Summary historical financial information for each of Canterbury Building Society, Southern Cross Building Society and MARAC for the five financial years prior to the Merger is set out on the following pages.

The summary financial statements have been prepared in accordance with Financial Reporting Standard 43 "*Summary Financial Statements*". However, these cannot be expected to provide as complete an understanding as provided by the full financial statements of each entity.

Canterbury Building Society: Summary Financial Statements

Canterbury Building Society Summary Financial Statements

	NZ IFRS				PREVIOUS NZ GAAP	
Income Statement						
	Audited 12 months to 31 March 2010 \$000	Audited 12 months to 31 March 2009 \$000	Audited 12 months to 31 March 2008 \$000	Audited 12 months to 31 March 2007 \$000	Audited 12 months to 31 March 2007 \$000	Audited 12 months to 31 March 2006 \$000
Parent and Consolidated						
Interest income	30,406	50,993	35,650	28,657	28,675	22,095
Interest expense	22,372	39,794	27,455	21,984	21,744	16,521
Net interest income	8,034	11,199	8,195	6,673	6,931	5,574
Other net income	2,362	696	827	982	1,065	682
Total operating income before other net gains	10,396	11,895	9,022	7,655	7,996	6,256
Employee benefits	4,141	3,801	2,531	2,139	2,133	1,420
Other operating expenses	4,469	4,935	3,273	3,059	3,106	2,268
Profit before impairment and tax	1,786	3,159	3,218	2,457	2,757	2,568
Impairment	589	2,410	15	-	1	5
Net profit before tax	1,197	749	3,203	2,457	2,756	2,563
Impairment of goodwill	-	(4,148)	-	-	-	-
Special finance charge	-	-	(1,110)	-	-	-
Total non-recurring items	-	(4,148)	(1,110)	-	-	-
Net profit/(loss) before tax	1,197	(3,399)	2,093	2,457	2,756	2,563
Tax expense/(benefit)	(711)	82	1,209	845	904	870
Net profit/(loss) after tax	1,908	(3,481)	884	1,612	1,852	1,693
Statement of Comprehensive Income						
Net profit/(loss) after tax attributable to: owners of the Society	1,908	(3,481)	884	1,612	1,852	1,693
Other comprehensive income/(loss) for the period, net of tax						
Net change in asset revaluation reserve, net of tax	101	(127)	68	628	765	290
Net change in available-for-sale reserve, net of tax	412	(349)	(211)	12	-	-
Net change in capital gains reserve, net of tax	-	-	241	-	-	-
Total comprehensive income/(loss) for the period, net of tax	2,421	(3,957)	982	2,252	2,617	1,983
Total comprehensive income/(loss) attributable to: owners of the Society	2,421	(3,957)	982	2,252	2,617	1,983
Statement Of Changes in Equity						
Opening balance	48,594	53,490	24,920	19,399	22,116	21,197
Total comprehensive income/(loss) for the period attributable to: owners of the Society	2,421	(3,957)	982	2,252	2,617	1,983
Contributions from owners	537	1,175	28,176	4,251	4,251	-
Distributions to owners	-	(2,114)	(588)	(982)	(1,223)	(1,064)
Closing Balance	51,552	48,594	53,490	24,920	27,761	22,116
Components of equity:						
Share capital	44,288	43,752	42,577	14,401	17,401	13,150
Retained earnings	5,583	3,674	9,270	8,974	8,544	7,914
Available for sale reserve	(135)	(547)	(199)	12	-	-
Asset revaluation reserve	1,529	1,428	1,555	1,487	1,770	1,006
Realised capital gains reserve	287	287	287	46	46	46
Total Equity	51,552	48,594	53,490	24,920	27,761	22,116

Canterbury Building Society: Summary Financial Statements

Canterbury Building Society Summary Financial Statements

	NZ IFRS				PREVIOUS NZ GAAP	
Balance Sheet						
	Audited As at 31 March 2010 \$000	Audited As at 31 March 2009 \$000	Audited As at 31 March 2008 \$000	Audited As at 31 March 2007 \$000	Audited As at 31 March 2007 \$000	Audited As at 31 March 2006 \$000
Parent and Consolidated						
Assets						
Cash and cash equivalents	44,309	93,615	75,334	65,906	825	70
Short term deposits	27,000	5,300	10,300	-	65,133	59,593
Investment securities	7,918	17,131	8,166	4,876	4,824	4,806
Loans and advances	445,262	417,424	449,071	270,616	270,405	227,072
Intangibles	9,897	10,122	13,479	530	443	246
Other assets	6,459	6,058	5,377	7,347	7,440	4,012
Total Assets	540,845	549,650	561,727	349,275	349,070	295,799
Liabilities						
Deposits and interest accruals	486,262	493,151	506,156	319,952	319,952	272,819
Preference Shares	-	-	-	3,000	-	-
Other liabilities	3,031	7,905	2,081	1,403	1,357	864
Total Liabilities	489,293	501,056	508,237	324,355	321,309	273,683
Net Assets	51,552	48,594	53,490	24,920	27,761	22,116
Equity						
Share capital	44,288	43,752	42,577	14,401	17,401	13,150
Reserves	7,264	4,842	10,913	10,519	10,360	8,966
Total Equity	51,552	48,594	53,490	24,920	27,761	22,116
Statement Of Cash Flows						
	Audited 12 months to 31 March 2010 \$000	Audited 12 months to 31 March 2009 \$000	Audited 12 months to 31 March 2008 \$000	Audited 12 months to 31 March 2007 \$000	Audited 12 months to 31 March 2007 \$000	Audited 12 months to 31 March 2006 \$000
Parent and Consolidated						
Net cash flows from/(used in) operating activities	(37,754)	24,697	(6,936)	(1,602)	2,653	2,104
Net cash flows from/(used in) investing activities	(12,088)	(5,476)	4,639	(328)	(9,883)	(49,062)
Net cash flows from/(used in) financing activities	536	(940)	11,724	8,225	7,985	45,982
Net increase/(decrease) in cash held	(49,306)	18,281	9,427	6,295	755	(976)
Add opening cash brought forward:						
Cash on hand and at bank	93,615	75,334	65,907	59,611	70	1,046
Closing cash carried forward	44,309	93,615	75,334	65,906	825	70
Comprising:						
Cash on hand and at bank	44,309	93,615	75,334	65,906	825	70
Date of Authorisation of Financial Statements						
Authorised for issue by the Board	11-Jun-2010	12-Jun-2009	27-Jun-2008	14-Jun-2007	14-Jun-2007	19-Jun-2006

Canterbury Building Society: Notes to Summary Financial Statements

At the date these summary financial statements were prepared, Canterbury Building Society was a profit-oriented building society registered in New Zealand under the Building Societies Act. For the purposes of these summary financial statements, Canterbury Building Society consists of Canterbury Building Society and its subsidiary, Loan Properties Limited. Loan Properties Limited was acquired on 1 February 2008, through the business combination with Loan and Building Society, and was subsequently struck off on 3 March 2009. For the 2006 and 2007 financial years the parent and group financial statements are the same due to no group existing at these reporting dates.

The summary financial statements of Canterbury Building Society have been prepared on the following basis:

- The values presented in the summary of financial statements were extracted from the full financial statements of Canterbury Building Society for the financial years ending 31 March 2010, 2009, 2008, 2007 and 2006.
- The full financial statements for the financial years ended 31 March 2010, 2009, 2008 and 2007 have been prepared in accordance with NZ GAAP and comply with New Zealand Equivalents to International Financial Reporting Standards (*NZ IFRS*) as appropriate for profit-oriented entities. The full financial statements for the financial years ended 31 March 2010, 2009, 2008 and 2007 included an explicit and unreserved statement of compliance with IFRS. The full financial statements for the financial years ended 31 March 2007 and 2006 have been prepared in accordance with NZ GAAP and comply with New Zealand Financial Reporting Standards (*NZ FRS*) applicable prior to the implementation of NZ IFRS.
- The full financial statements for the financial years ending 31 March 2010, 2009, 2008, 2007 and 2006 presented in the summary financial statements have been audited. None of these audit reports contain qualified opinions or any explanatory paragraphs highlighting matters regarded as relevant to proper understanding of the basis of the opinions given. These financial statements are available on the public register maintained by the Companies Office of the Ministry of Economic Development and are available for public inspection on the Companies Office website at www.business.govt.nz/companies.
- The accounting policies that have been applied in preparing the full financial statements for the year ended 31 March 2010 are consistent with the accounting policies applied in the previous year.
- The summary financial statements cannot be expected to provide a complete understanding as provided by the full financial statements from which they are extracted.
- The summary financial statements comply with Financial Reporting Standard 43 "*Summary Financial Statements*" as required by the Securities Regulations.
- The summary financial statements reflect the current presentation requirements of Financial Reporting Standard 43 "*Summary Financial Statements*" (as amended by the consequential amendments of NZ IAS 1 Presentation of Financial Statements (revised

2007)) for all periods presented, including the presentation of other comprehensive income and total comprehensive income.

- The summary financial statements are presented in New Zealand dollars which is the functional currency of Canterbury Building Society. Unless otherwise indicated, amounts are rounded to the nearest thousand.

On 1 April 2006 the assets, liabilities and engagements of SMC Building Society were transferred to Canterbury Building Society at fair value, including goodwill of \$0.5 million.

On 16 August 2007 a non-renounceable issue to both ordinary and preference shareholders was made in the ratio of 1 for 10 at an issue price of \$4.50 per new ordinary share. The offer resulted in Canterbury Building Society allotting 801,578 new ordinary shares fully paid.

Also on 16 August 2007 Canterbury Building Society redeemed the 3,000,000 preference shares that were on issue. Shareholders received an aggregate redemption amount of \$1.37 comprising a redemption dividend of 37 cents per share together with the \$1.00 originally subscribed per share. In accordance with NZ IFRS accounting requirements, these dividends are accounted for as a finance charge through the Income Statement.

On 30 November 2007 an interim dividend of 8 cents per share (fully imputed) was paid on the ordinary shares on issue.

On 1 February 2008 the assets, liabilities and engagements of Loan and Building Society were transferred to Canterbury Building Society at fair value as a business combination, including goodwill of \$13.2 million.

On 25 July 2008 an interim dividend of 8 cents per share (fully imputed) was paid on the ordinary shares on issue.

On 19 December 2008 a bonus issue of shares, in lieu of an interim dividend, equivalent to 10 cents per share (fully imputed) was paid on the ordinary shares on issue.

The summary financial statements were authorised for issue by the directors of Canterbury Building Society on 30 September 2010.

Southern Cross Building Society: Summary Financial Statements

Southern Cross Building Society Summary Financial Statements

	NZ IFRS				PREVIOUS NZ GAAP	
Income Statement						
	Audited 12 months to 30 June 2010 \$000	Audited 12 months to 30 June 2009 \$000	Audited 12 months to 30 June 2008 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2006 \$000
Parent and Consolidated						
Interest income	27,372	38,125	44,451	39,706	38,908	39,297
Interest expense	17,675	27,545	33,304	30,708	30,403	28,474
Net interest income	9,697	10,580	11,147	8,998	8,505	10,823
Other net income	39	428	1,824	2,154	2,665	3,228
Total operating income before other net gains	9,736	11,008	12,971	11,152	11,170	14,051
Employee benefits	3,313	3,352	3,108	2,806	2,806	2,524
Other operating expenses	4,196	4,437	4,229	4,344	4,344	4,310
Profit before impairment, other net gains, restructuring costs and tax	2,227	3,219	5,634	4,002	4,020	7,217
Impairment	5,765	14,625	593	1,222	1,180	433
Profit/(loss) before non-recurring items and tax	(3,538)	(11,406)	5,041	2,780	2,840	6,784
Other net gains/(losses)	(1,183)	-	2,668	2,871	-	1,185
Restructuring costs	(458)	47	(1,905)	(1,600)	(1,600)	-
Total non-recurring items	(1,641)	47	763	1,271	(1,600)	1,185
Net profit/(loss) before tax	(5,179)	(11,359)	5,804	4,051	1,240	7,969
Tax expense/(benefit)	(477)	(2,614)	636	1,386	531	2,405
Net profit/(loss) after tax	(4,702)	(8,745)	5,168	2,665	709	5,564
Statement of Comprehensive Income						
Net profit/(loss) after tax attributable to: owners of the Society	(4,702)	(8,745)	5,168	2,665	709	5,564
Other comprehensive income/(loss) for the period, net of tax						
Net change in asset revaluation reserve, net of tax	(174)	-	-	690	2,484	1,139
Net change in available-for-sale reserve, net of tax	-	1,015	(1,504)	(391)	-	-
Net change in defined benefit plan reserve, net of tax	-	(502)	(286)	-	-	-
Net change in fair value through other comprehensive income reserve	(353)	-	-	-	-	-
Total comprehensive income/(loss) for the period, net of tax	(5,229)	(8,232)	3,378	2,964	3,193	6,703
Total comprehensive income/(loss) attributable to: owners of the Society	(5,229)	(8,232)	3,378	2,964	3,193	6,703
Statement Of Changes in Equity						
Opening balance	52,198	60,405	57,140	43,676	44,163	37,460
Change in accounting policy - early adoption of NZ IFRS 9	612	-	-	-	-	-
Opening balance restated	52,810	60,405	57,140	43,676	44,163	37,460
Total comprehensive income/(loss) for the period attributable to: owners of the Society	(5,229)	(8,232)	3,378	2,964	3,193	6,703
Contributions from owners	25	25	425	10,500	10,500	-
Distributions to owners	-	-	(538)	-	-	-
Closing Balance	47,606	52,198	60,405	57,140	57,856	44,163
Components of equity:						
Share capital	10,475	10,450	10,425	10,500	10,500	-
Capital reserve	40,000	40,000	40,000	40,000	40,000	-
Retained earnings	(3,676)	1,026	9,771	(729)	-	37,500
Available for sale reserve	-	(612)	(1,627)	(123)	-	-
Asset revaluation reserve	1,074	1,248	1,248	6,618	7,356	6,663
Defined benefit reserve	86	86	588	874	-	-
Fair value through other comprehensive income reserve	(353)	-	-	-	-	-
Total Equity	47,606	52,198	60,405	57,140	57,856	44,163

Southern Cross Building Society: Summary Financial Statements

Southern Cross Building Society Summary Financial Statements

	NZ IFRS				PREVIOUS NZ GAAP	
Balance Sheet						
	Audited As at 30 June 2010 \$000	Audited As at 30 June 2009 \$000	Audited As at 30 June 2008 \$000	Audited As at 30 June 2007 \$000	Audited As at 30 June 2007 \$000	Audited As at 30 June 2006 \$000
Parent and Consolidated						
Assets						
Cash and cash equivalents	681	1,006	1,306	645	645	746
Short term deposits	122,013	95,368	55,392	29,835	29,834	34,537
Investment securities	19,123	25,477	49,488	57,848	57,147	56,414
Investment property	-	-	-	16,000	15,610	12,610
Loans and advances	249,822	275,621	338,498	371,787	374,848	366,724
Deferred tax asset	5,572	5,414	2,824	2,171	1,224	3,242
Other assets	5,785	9,126	8,408	15,081	14,775	6,463
Total Assets	402,996	412,012	455,916	493,367	494,083	480,736
Liabilities						
Deposits and interest accruals	353,737	358,162	384,791	423,653	423,543	420,809
Reseemable shares	-	-	7,845	10,097	10,097	14,396
Other liabilities	1,653	1,652	2,875	2,477	2,587	1,368
Total Liabilities	355,390	359,814	395,511	436,227	436,227	436,573
Net Assets	47,606	52,198	60,405	57,140	57,856	44,163
Equity						
Share capital	10,475	10,450	10,425	10,500	10,500	-
Reserves	37,131	41,748	49,980	46,640	47,356	44,163
Total Equity	47,606	52,198	60,405	57,140	57,856	44,163
Statement Of Cash Flows						
	Audited 12 months to 30 June 2010 \$000	Audited 12 months to 30 June 2009 \$000	Audited 12 months to 30 June 2008 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2006 \$000
Parent and Consolidated						
Net cash flows from/(used in) operating activities	(282)	(1)	(22,039)	(5,208)	27,023	27,391
Net cash flows from/(used in) investing activities	(43)	(299)	17,987	(393)	(6,670)	(24,525)
Net cash flows from/(used in) financing activities	-	-	4,713	5,500	(20,454)	(2,638)
Net increase/(decrease) in cash held	(325)	(300)	661	(101)	(101)	228
Add opening cash brought forward:						
Cash on hand and at bank	1,006	1,306	645	746	746	518
Closing cash carried forward	681	1,006	1,306	645	645	746
Comprising:						
Cash on hand and at bank	681	1,006	1,306	645	645	746
Date of Authorisation of Financial Statements						
Authorised for issue by the Board	11-Aug-2010	12-Aug-2009	22-Aug-2008	23-Aug-2007	23-Aug-2007	24-Aug-2006

Southern Cross Building Society: Notes to Summary Financial Statements

At the date these summary financial statements were prepared, Southern Cross Building Society was a profit-oriented building society registered in New Zealand under the Building Societies Act. For the purposes of these summary financial statements, the “Southern Cross Group” consists of Southern Cross Building Society and its wholly owned subsidiaries, Southern Cross Building and Investments Limited and Southern Cross Nominees Limited.

The summary financial statements of Southern Cross Building Society have been prepared on the following basis:

- The values presented in the summary of financial statements were extracted from the full financial statements of Southern Cross Building Society for the financial years ending 30 June 2010, 2009, 2008, 2007 and 2006 subject to certain reclassifications and adjustments of equity due to changes in the accounting policy for debt and equity classification as disclosed in the financial statements for the year ended 30 June 2006.
- The full financial statements for the financial years ended 30 June 2010, 2009, 2008 and 2007 have been prepared in accordance with NZ GAAP and comply with New Zealand Equivalents to International Financial Reporting Standards (*NZ IFRS*) as appropriate for profit-oriented entities. The full financial statements for each of these years included an explicit and unreserved statement of compliance with IFRS. The full financial statements for the financial years ended 30 June 2007 and 2006 have been prepared in accordance with NZ GAAP and comply with New Zealand Financial Reporting Standards (*NZ FRS*) applicable prior to the implementation of NZ IFRS.
- The full financial statements for each year presented in the summary financial statements have been audited. None of these audit reports contain qualified opinions or any explanatory paragraphs highlighting matters regarded as relevant to proper understanding of the basis of the opinions given. These financial statements are available on the public register maintained by the Companies Office of the Ministry of Economic Development and are available for public inspection on the Companies Office website at www.business.govt.nz/companies.
- The accounting policies that have been applied in preparing the full financial statements for the year ended 30 June 2010 are consistent with the accounting policies applied in the previous year.
- The summary financial statements cannot be expected to provide a complete understanding as provided by the full financial statements from which they are extracted.
- The summary financial statements comply with the Financial Reporting Standard 43 “*Summary Financial Statements*” as required by the Securities Regulations.
- The summary financial statements are presented in New Zealand dollars which is the functional currency of the Southern Cross Group. Unless otherwise indicated, amounts are rounded to the nearest thousand.

The summary financial statements were authorised for issue by the directors of Southern Cross Building Society on 22 September 2010.

MARAC: Summary Financial Statements**MARAC Finance Limited
Summary Financial Statements**

	NZ IFRS				PREVIOUS NZ GAAP	
Income Statement						
	Audited 12 months to 30 June 2010 \$000	Audited 12 months to 30 June 2009 \$000	Audited 12 months to 30 June 2008 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2006 \$000
Parent and Consolidated						
Interest income	148,337	168,933	173,438	134,849	121,226	108,501
Interest expense	89,271	109,318	108,637	80,371	81,059	69,963
Net interest income	59,066	59,615	64,801	54,478	40,167	38,538
Other net income	10,015	6,004	5,389	5,504	18,961	17,716
Total operating income before other gains	69,081	65,619	70,190	59,982	59,128	56,254
Employee benefits	13,049	13,377	14,411	12,454	12,080	11,309
Other operating expenses	11,976	11,671	11,404	9,697	9,477	8,509
Profit before impairment and tax	44,056	40,571	44,375	37,831	37,571	36,436
Impairment	23,765	13,318	5,726	955	356	1,787
Net profit before tax	20,291	27,253	38,649	36,876	37,215	34,649
Tax expense	5,992	8,199	12,785	12,199	12,311	11,461
Net profit after tax	14,299	19,054	25,864	24,677	24,904	23,188
Statement of Comprehensive Income						
Net profit after tax attributable to owners of the entity	14,299	19,054	25,864	24,677	24,904	23,188
Other comprehensive income/(loss) for the period, net of tax						
Effective portion of changes in fair value of cash flow hedges, net of tax	4,208	(4,427)	(1,765)	-	-	-
Total comprehensive income for the period, net of tax	18,507	14,627	24,099	24,677	24,904	23,188
Total comprehensive income attributable to owners of the entity	18,507	14,627	24,099	24,677	24,904	23,188
Statement Of Changes in Equity						
Opening balance	152,961	139,989	120,890	107,463	110,790	100,602
Total comprehensive income for the period attributable to: owners of the entity	18,507	14,627	24,099	24,677	24,904	23,188
Contributions from owners	35,000	11,345	-	-	-	-
Distributions to owners	-	(13,000)	(5,000)	(11,250)	(11,250)	(13,000)
Closing Balance	206,468	152,961	139,989	120,890	124,444	110,790
Components of equity:						
Share capital	55,000	20,000	20,000	20,000	20,000	20,000
Capital reserve	-	-	-	-	14	14
Retained earnings	153,452	139,153	121,754	100,890	104,430	90,776
Fair value through other comprehensive income reserve	(1,984)	(6,192)	(1,765)	-	-	-
Total Equity	206,468	152,961	139,989	120,890	124,444	110,790

MARAC: Summary Financial Statements**MARAC Finance Limited
Summary Financial Statements**

	NZ IFRS				PREVIOUS NZ GAAP	
Balance Sheet						
	Audited As at 30 June 2010 \$000	Audited As at 30 June 2009 \$000	Audited As at 30 June 2008 \$000	Audited As at 30 June 2007 \$000	Audited As at 30 June 2007 \$000	Audited As at 30 June 2006 \$000
Parent and Consolidated						
Assets						
Cash and cash equivalents	86,406	62,462	8,655	-	-	-
Finance receivables	941,328	1,136,646	1,011,954	1,197,815	1,204,210	1,039,256
Finance receivables - securitised	160,853	157,941	291,532	-	-	-
Operating lease vehicles	42,895	36,209	29,719	36,834	36,675	37,590
Other assets	63,074	19,537	10,404	7,261	5,129	4,047
Total Assets	1,294,556	1,412,795	1,352,264	1,241,910	1,246,014	1,080,893
Liabilities						
Bank overdraft	-	-	-	910	910	6,296
Deposits and interest accruals	834,381	1,066,231	901,091	1,088,450	1,089,200	941,153
Borrowings - Securitised	149,298	150,728	283,042	-	-	-
Other liabilities	104,409	42,875	28,142	31,660	31,460	22,654
Total Liabilities	1,088,088	1,259,834	1,212,275	1,121,020	1,121,570	970,103
Net Assets	206,468	152,961	139,989	120,890	124,444	110,790
Equity						
Share capital	55,000	20,000	20,000	20,000	20,000	20,000
Reserves	151,468	132,961	119,989	100,890	104,444	90,790
Total Equity	206,468	152,961	139,989	120,890	124,444	110,790
Statement Of Cash Flows						
	Audited 12 months to 30 June 2010 \$000	Audited 12 months to 30 June 2009 \$000	Audited 12 months to 30 June 2008 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2007 \$000	Audited 12 months to 30 June 2006 \$000
Parent and Consolidated						
Net cash flows from/(used in) operating activities	30,373	5,915	5,115	29,374	38,066	36,359
Net cash flows from/(used in) investing activities	193,504	73,764	(77,612)	(168,415)	(177,107)	(136,344)
Net cash flows from/(used in) financing activities	(199,933)	(23,036)	82,062	144,427	144,427	94,776
Net increase/(decrease) in cash held	23,944	56,643	9,565	5,386	5,386	(5,209)
Add opening cash brought forward:						
Cash on hand and at bank	62,462	8,655	(910)	(6,296)	(6,296)	(1,087)
Acquired on amalgamation	-	(2,836)	-	-	-	-
Closing cash carried forward	86,406	62,462	8,655	(910)	(910)	(6,296)
Comprising:						
Cash on hand and at bank/ bank overdraft	86,406	62,462	8,655	(910)	(910)	(6,296)
Date of Authorisation of Financial Statements						
Authorised for issue by the Board	26-Aug-2010	28-Aug-2009	26-Aug-2008	24-Aug-2007	24-Aug-2007	29-Aug-2006

MARAC: Notes to Summary Financial Statements

The “MARAC Group” is a profit-oriented entity, which consists of MARAC, MARAC ABCP Trust 1 (*Trust*), MARAC Retirement Bonds Superannuation Fund (*Fund*) and MARAC PIE Fund (*PIE*). The assets securitised into the Trust continue to be recognised in MARAC’s financial statements, however those assets are set aside for the benefit of the investors in the Trust and no longer form part of MARAC’s assets which are available to repay MARAC stockholders or to repay holders of Combined Building Society debt securities following the Merger. Accordingly, as MARAC’s and the MARAC Group’s financial performance and position are the same in all material respects, a single set of numbers is presented.

The summary financial statements of the MARAC Group have been prepared on the following basis:

- The values presented in the summary of financial statements were extracted from the full financial statements of the MARAC Group for the financial years ending 30 June 2010, 2009, 2008, 2007 and 2006.
- The full financial statements for the financial years ended 30 June 2010, 2009, 2008 and 2007 have been prepared in accordance with NZ GAAP and comply with New Zealand Equivalents to International Financial Reporting Standards (*NZ IFRS*) as appropriate for profit-oriented entities. The full financial statements for each of these years included an explicit and unreserved statement of compliance with IFRS. The full financial statements for the financial years ended 30 June 2007 and 2006 have been prepared in accordance with NZ GAAP and comply with New Zealand Financial Reporting Standards (*NZ FRS*) applicable prior to the implementation of NZ IFRS.
- The full financial statements for each year presented in the summary financial statements have been audited. KPMG’s report in relation to the financial statements of MARAC for the year ended 30 June 2009 made reference to those financial statements being prepared assuming the successful conclusion of matters relating to MARAC’s bank financing arrangements. These matters were successfully concluded subsequent to the completion of KPMG’s 2009 audit, and this was noted in their December 2009 report for inclusion in MARAC’s prospectus. With the exception of this explanatory paragraph, none of the audit reports for the audited financial statements of MARAC on which these historical summaries are based contain qualified opinions or any explanatory paragraphs highlighting matters regarded as relevant to a proper understanding of the basis of the opinions given. These financial statements are available on the public register maintained by the Companies Office of the Ministry of Economic Development and are available for public inspection on the Companies Office website at www.business.govt.nz/companies.
- The accounting policies that have been applied in preparing the full financial statements for the year ended 30 June 2010 are consistent with the accounting policies applied in the previous year.
- The summary financial statements cannot be expected to provide a complete understanding as provided by the full financial statements from which they are extracted.
- The summary financial statements comply with the Financial Reporting Standard 43 “*Summary Financial Statements*” as required by the Securities Regulations.

- The summary financial statements reflect the current presentation requirements of Financial Reporting Standard 43 “*Summary Financial Statements*” (as amended by the consequential amendments of NZ IAS 1 Presentation of Financial Statements (revised 2007)) for all periods presented, including the presentation of other comprehensive income and total comprehensive income.
- The summary financial statements are presented in New Zealand dollars which is the functional currency of the MARAC Group. Unless otherwise indicated, amounts are rounded to the nearest thousand.

The summary financial statements were authorised for issue by the directors of MARAC on 24 September 2010.

AUDIT REPORT



KPMG Centre
18 Viaduct Harbour Avenue
Auckland 1010
New Zealand

PO Box 1584
Shortland St
Auckland 1140
New Zealand

Telephone +64 (9) 367 5800
Fax +64 (9) 367 5875
Internet www.kpmg.co.nz

The Directors
Pyne Gould Corporation Limited
305 Lincoln Road
Addington
Christchurch, 8024

The Directors
Building Society Holdings Limited
75 Riccarton Road
Riccarton
Christchurch, 8011

29 April 2011

Auditor’s report for inclusion in Prospectus

As auditor of Pyne Gould Corporation Limited (“PGC”) and Building Society Holdings Limited (“BSH”) we have prepared this report in accordance with the requirements of the Securities Act 1978 and pursuant to clause 28 of Schedule 1 of the Securities Regulations 2009 for inclusion in the prospectus dated 29 April 2011 (the “Prospectus”) and for no other purpose.

Historical summaries of financial statements

We report on the historical summaries of financial statements which have been taken from audited financial statements as follows:

<i>Entity</i>	<i>Reporting Dates</i>	<i>Pages</i>
Canterbury Building Society	Five years from 31 March 2006 to 2010	2 to 5 of Schedule Two of the Prospectus
Southern Cross Building Society	Five years from 30 June 2006 to 2010	6 to 8 of Schedule Two of the Prospectus
MARAC Finance Limited	Five years from 30 June 2006 to 2010	9 to 12 of Schedule Two of the Prospectus

KPMG, a New Zealand partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss corporation.



PGC pro forma consolidated statement of financial position

We also report on the pro forma consolidated Statement of Financial Position for the PGC group as at 31 December 2010 (“the Pro forma Indicative Balance Sheet”) on pages 21 to 22 of the Information Memorandum, dated 29 April 2011, which is set out in Schedule Four to the Prospectus (the “Information Memorandum”), which has been prepared to illustrate the effect of the in-specie distribution of the PGC group’s investment in Building Society Holdings Limited.

Directors’ responsibilities

The directors of BSH are responsible for the preparation and presentation of the historical summary financial statements in Schedule Two of the Prospectus (pursuant to clause 12(2) of Schedule 1 of the Securities Regulations 2009) and the directors of PGC are responsible for the preparation and presentation of the Pro forma Indicative Balance Sheet on pages 21 to 22 of the Information Memorandum.

Auditor’s responsibilities

We are responsible for reporting in accordance with clause 28(1)(h) of Schedule 1 of the Securities Regulations 2009 on the amounts included in the historical summaries in Schedule Two of the Prospectus, which have been prepared and presented by the Directors.

We are also responsible for reporting on whether the Pro forma Indicative Balance Sheet on pages 21 to 22 of the Information Memorandum, so far as the accounting policies and calculations are concerned, has been properly compiled based upon the unaudited 31 December 2010 PGC group consolidated Statement of Financial Position adjusted for the assumptions made by the issuer set out on pages 21 to 22 of the Information Memorandum, and is presented on a basis consistent with the accounting policies normally adopted by the PGC group.

This report has been prepared for inclusion in the Prospectus for the purpose of meeting the requirements of clause 28 of Schedule 1 to the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the historical summaries of financial statements for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Prospectus not specifically mentioned in this report.

Our firm has provided other services to the PGC group and the BSH group in relation to assurance (including audit) services and accounting advice. Partners and employees of our firm also deal with the PGC group and the BSH group on normal terms within the ordinary course of trading activities of the business of the PGC group and the BSH group. There are, however, certain restrictions on the business dealings which the partners or employees of our firm can have with the PGC group and the BSH group. These matters have not impaired our independence as auditor of the PGC group and the BSH group. The firm has no other relationship with or interest in the PGC group and the BSH group.



Basis of opinions

We have undertaken procedures to obtain reasonable assurance that:

- the amounts set out in the historical summaries of financial statements in Schedule Two of the Prospectus, as required by clause 12(2) of Schedule 1 of the Securities Regulations 2009 have been correctly taken from the audited financial statements; and
- that the Pro forma Indicative Balance Sheet on pages 21 to 22 of the Information Memorandum, so far as the accounting policies and calculations are concerned, has been properly compiled based upon the unaudited 31 December 2010 PGC group consolidated Statement of Financial Position adjusted for the assumptions made by the issuer set out on pages 21 to 22 of the Information Memorandum, and is presented on a basis consistent with the accounting policies normally adopted by the PGC group.

Unqualified opinions

In our opinion, the amounts set out in the historical summaries of financial statements in Schedule Two of the Prospectus, as required by clause 12(2) of Schedule 1 of the Securities Regulations 2009 have been correctly taken from the audited financial statements.

In our opinion, the pro forma statement of financial position on pages 21 to 22 of the Information Memorandum, so far as the accounting policies and calculations are concerned, has been properly compiled based upon the unaudited consolidated statement of financial position for the PGC group as at 31 December 2010 adjusted for the assumptions made by the issuer set out on pages 21 to 22 of the Information Memorandum, and is presented on a basis consistent with the accounting policies normally adopted by the PGC group.

Responsibility for updating

We have no responsibility for updating our opinions on any of the matters above for events and circumstances occurring after the date of this report.

Consent

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give our consent to the inclusion in the Prospectus of this report in the form in which it is included. We also confirm that we have not, before delivery of the Prospectus for registration, withdrawn our consent to the issue thereof.

A handwritten signature in blue ink that reads 'KPMG'.

Auckland

SCHEDULE THREE: BSH GROUP FINANCIAL STATEMENTS

This schedule contains the financial statements for the BSH Group as at 7 January 2011 prepared in accordance with NZ GAAP. BSH is a profit-oriented entity and has made an explicit and unreserved statement of compliance with IFRS in its financial statements.

Note that under New Zealand tax law there is a change of shareholding upon distribution of the Distribution Shares. Accordingly, the imputation credits referred to in note 10 of the BSH Group financial statements in this schedule will not be carried forward after the Distribution.

SCHEDULE FOUR: INFORMATION MEMORANDUM