



Pyne Gould Corporation

**TARGET COMPANY STATEMENT**

November 2011



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**PYNE GOULD CORPORATION LIMITED**

This target company statement by Pyne Gould Corporation Limited ("**PGC**") is made pursuant to rule 46 and schedule 2 of the Takeovers Code in response to a full takeover offer made by Australasian Equity Partners Fund No.1 LP ("**AEP**").

In this statement:

"**AEPGP**" means Australasian Equity Partners (GP) No. 1 Limited, the general partner of AEP.

"**BSC**" means Baker Street Capital, L.P.

"**Grant Samuel**" means Grant Samuel and Associates Limited.

"**Independent Adviser's Report**" means the report prepared by Grant Samuel on the merits of the Offer for the purposes of rule 21 of the Takeovers Code.

"**Independent Committee**" means Messrs Mogridge and Irvine, acting as a committee of the directors of PGC.

"**Notice of Intention**" means the notice of intention to make the Offer given by AEP and dated 10 October 2011.

"**NZSX**" means the main board equity security market operated by NZX Limited.

"**Offer**" means the takeover offer referred to in paragraph 2.1.

"**PGC Officer**" means a director or senior officer<sup>1</sup> of PGC, or an associate<sup>2</sup> of a director or senior officer of PGC.

"**PHL**" means Pyne Holdings Limited.

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<sup>1</sup> The following persons are senior officers of PGC for the purposes of this target company statement: John Duncan (Managing Director); Patrick Middleton, Chief Executive Officer of Perpetual Group; Michael Tinkler, General Counsel; James West, Head of Operations and Financial Controller; and Elliot Worrall, Executive Officer Corporate Finance.

<sup>2</sup> George Kerr is a director of PGC. In view of the relationships between George Kerr and AEP, the parties which entered into lock-up agreements with AEP (PHL, BSC, Accident Compensation Corporation, Wyuna Trustees Limited and George Kerr and Stephen Lowe (as trustees of the Kerr Family Trust)) are treated as associates of George Kerr in this statement.

**1. DATE**

1.1 This statement is dated 11 November 2011.

**2. OFFER**

2.1 This statement is given in response to the notice of a takeover offer ("**Offer**") for all of the ordinary shares of PGC given on 10 October 2011 by AEP. The terms of the Offer are set out in the offer document dated 3 November 2011 which has been sent to PGC shareholders by AEP.

**3. TARGET COMPANY**

3.1 The name of the target company is Pyne Gould Corporation Limited.

**4. DIRECTORS OF TARGET COMPANY**

4.1 The directors of PGC are:

- (a) Bryan Mogridge (Chairman and Independent Director);
- (b) John Duncan (Managing Director);
- (c) Bruce Irvine (Independent Director); and
- (d) George Kerr (Non-Executive Director).

**5. OWNERSHIP OF EQUITY SECURITIES OF TARGET COMPANY**

5.1 The only class of equity securities of PGC on issue is ordinary shares. The number and percentage of ordinary shares of PGC held or controlled by:

- (a) each PGC Officer; and
- (b) any other person holding or controlling 5% or more of the ordinary shares of PGC, to the knowledge of PGC,

are set out in schedule 1 to this statement.

5.2 Except as set out in schedule 1, no other person referred to in paragraph 5.1(a) or paragraph 5.1(b) holds or controls equity securities of PGC.

5.3 Schedule 2 to this statement sets out the number and issue price of equity securities of PGC:

(a) that have, during the two year period ending on the date of this statement, been issued to PGC Officers; or

(b) in which PGC Officers have, during the two year period ending on the date of this statement, obtained a beneficial interest under any employee share scheme or other remuneration arrangement.

## **6. TRADING IN TARGET COMPANY EQUITY SECURITIES**

6.1 Details of the acquisition or disposition of equity securities of PGC by PGC Officers, and any person (to the knowledge of PGC) holding or controlling 5% or more of the equity securities of PGC, during the six month period ending on 10 November 2011 (being the latest practicable date before the date of this statement), are set out in schedule 3 to this statement.

6.2 Except as set out in schedule 3, no PGC Officer, or person (to the knowledge of PGC) holding or controlling 5% or more of the equity securities of PGC, acquired or disposed of any equity securities in PGC in the period referred to in paragraph 6.1.

## **7. ACCEPTANCE OF OFFER**

7.1 The name of every PGC Officer who has accepted or intends to accept the Offer, and the number of PGC's ordinary shares for which that person has accepted, or intends to accept, the Offer is set out below. This includes the details of the PGC Officers which have entered into lock-up agreements with AEP in respect of ordinary shares in PGC held by those PGC Officers.

<i>Name of person/entity</i>	<i>Number of ordinary shares</i>	<i>Names of PGC directors or senior officers that hold or control those shares</i>	<i>Names of PGC directors or senior officers that are associated with this person/entity</i>
George Kerr and Stephen Lowe*	1,939,714		George Kerr
Pyne Holdings Limited*	28,594,252		George Kerr
Baker Street Capital, L.P.*#	42,848,301		George Kerr
Accident Compensation Corporation*	6,000,000		George Kerr
Wyuna Trustees Limited*	1,876,000		George Kerr

**Notes:**

\* Each such entity or person has entered into a lock-up agreement with AEP to accept the Offer in respect of the relevant shares. In view of the relationships between George Kerr and AEP, the parties which entered into lock-up agreements with AEP (PHL, BSC, Accident Compensation Corporation and Wyuna Trustees Limited and George Kerr and Stephen Lowe (as trustees of the Kerr Family Trust)), are treated as associates of George Kerr in this statement.

# These shares are registered in the name of either Citigroup Nominees (NZ) Limited or Citibank Nominees Limited.

7.2 No other PGC Officer has accepted, or indicated to PGC a current intention to accept, the Offer in respect of any of the ordinary shares of PGC held or controlled by them.

**8. OWNERSHIP OF EQUITY SECURITIES OF OFFEROR**

8.1 The offeror under the Offer is AEP, which is a New Zealand limited partnership. Details of equity securities held or controlled by PGC, its associates, and PGC Officers, in AEP, and in AEPGP, the general partner of AEP, are set out in the following table:

Name	Description	Class of security	Number	Percentage of class
Pyne Holdings Limited	Associate of George Kerr	Limited partnership interest in AEP	Not applicable	80%
Pyne Holdings Limited	Associate of George Kerr	Ordinary shares in AEPGP	1 share	100%
Baker Street Capital L.P.	Associate of George Kerr	Limited partnership interest in AEP	Not applicable	20%

The information in this table reflects enquiries made of AEP.

- 8.2 Other than as set out above, none of PGC, its associates, or any of the PGC Officers, hold or control any class of securities of AEP or AEPGP.

## 9. TRADING IN EQUITY SECURITIES OF OFFEROR

- 9.1 AEP and AEPGP were incorporated on 5 October 2011.
- 9.2 PHL has a limited partnership interest in AEP, representing 80% of all limited partnership interests, and acquired this interest on 10 October 2011 in consideration for PHL agreeing to provide 80% of the initial committed capital of AEP. Capital will be called from the limited partners in cash, at the same time and on a pro rata basis relative to their capital commitments.
- 9.3 BSC has a limited partnership interest in AEP, representing 20% of all limited partnership interests, and acquired this interest on 10 October 2011 in consideration for BSC agreeing to provide 20% of the initial committed capital of AEP. Capital will be called from the limited partners in cash, at the same time and on a pro rata basis relative to their capital commitments.
- 9.4 PHL also has an interest in equity securities in AEPGP, and acquired the securities on its incorporation on 5 October 2011 in consideration for \$1.
- 9.5 Other than as set out above, none of PGC, its associates, nor any of the PGC Officers, have acquired or disposed of AEP or AEPGP equity securities during the six month period ending on 10 November 2011 (being the latest practicable date before the date of this statement).

## 10. ARRANGEMENTS BETWEEN OFFEROR AND TARGET COMPANY

10.1 Following receipt of the Notice of Intention:

- (a) PGC entered into a confidentiality agreement with AEP on 30 October 2011 under which AEP agreed to keep confidential information disclosed to it for the purpose of enabling it to consider the waiver of conditions in the Offer. The conditions in the Offer (which are set out in paragraph 4.1 of AEP's offer document) are broad. AEP's offer document provides that the Offer will only proceed if all of the conditions are satisfied or waived. Under the terms of the Confidentiality Agreement, AEP agreed to:
- (i) keep the information disclosed to it confidential, subject to customary exclusions, and to use the information received from PGC only for the purposes of determining whether to waive any applicable Offer conditions; and
  - (ii) comply with its obligations under the Securities Markets Act 1988 in respect of any information received pursuant to the Confidentiality Agreement.
- (b) PGC requested by letters on 31 October 2011 that AEP waive certain conditions in the Offer (and in the lock-up agreements referred to in paragraph 14.3). The waivers sought prior to the date of this statement concerned:
- (i) the proposed issue of 3,500,000 shares by PGC pursuant to an employee share scheme. The issue of the relevant shares had been approved in concept by the board of directors of PGC prior to receipt by PGC of the Notice of Intention. PGC announced the proposal to NZSX on 12 October 2011. At the date of this statement, the terms of the proposed issue have not yet been finalised. It is proposed that the shares be issued to four senior officers of PGC (John Duncan, Patrick Middleton, James West and Elliot Worrall). If the proposal proceeds, and the issue is completed, an announcement to NZSX will be made as to the material terms of the issuance;
  - (ii) an AUD\$1.5 million working capital facility to Van Eyk Research Pty Limited (a company in which Torchlight Investment Group Limited, a subsidiary of PGC, has a 38.1% shareholding); and

- (iii) a variation to the loan book management agreement between MARAC Finance Limited and Real Estate Credit Limited (a subsidiary of PGC) to clarify matters contained in that agreement.
  - (c) AEP has granted the waivers sought by PGC and described in paragraph 10.1(b).
  - (d) PGC may need to seek additional waivers of Offer conditions from AEP, and for that reason to disclose additional information to it pursuant to this confidentiality agreement. These waivers, and disclosures, may, for example, concern the management agreement with Equity Partners Infrastructure No. 1 Limited, as discussed in paragraphs 17.3 to 17.6.
- 10.2 Except as set out in paragraph 10.1, no agreement or arrangement (whether legally enforceable or not) has been made, or proposed to be made, between AEP or any associates of AEP, and PGC or any related company of PGC, in connection with, in anticipation of, or in response to, the Offer.

## **11. RELATIONSHIP BETWEEN OFFEROR, AND DIRECTORS AND OFFICERS OF TARGET COMPANY**

- 11.1 Other than as specified in this paragraph 11, no agreements or arrangements (whether legally enforceable or not) have been made, or are proposed to be made, between AEP or any associates of AEP, and any of the directors or senior officers of PGC or any related company of PGC in connection with, in anticipation of, or in response to, the Offer.
- 11.2 George Kerr is currently the sole director of AEPGP. AEPGP is wholly-owned by PHL. PHL is owned by parties associated with Mr Kerr. PHL holds an 80% limited partnership interest in AEP.
- 11.3 AEPGP and PHL are parties to a limited partnership agreement dated 10 October 2011 with BSC in relation to AEP. This agreement is discussed in more detail at paragraph 14.4.
- 11.4 PHL has entered into a lock-up agreement with AEP in relation to the Offer. AEP has also entered into a lock-up agreement with George Kerr and Stephen Lowe. These lock-up agreements are discussed in more detail at paragraph 13.2.
- 11.5 Michael Tinkler is the General Counsel of PGC. Mr Tinkler is the trustee of the Pyne Trust, a trust associated with George Kerr. In that capacity, Mr Tinkler is a shareholder of PHL. PHL owns 13.20% of the shares in PGC. PHL has entered in a lock-up agreement dated 10

October 2011 in favour of AEP in respect of those PGC shares as described in paragraph 14.1. PHL has also entered into a limited partnership agreement dated 10 October 2011 in its capacity as a limited partner of AEP. Mr Tinkler has signed certain shareholder resolutions in respect of PHL as the trustee of the Pyne Trust to give effect to these transactions.

- 11.6 Except as described in paragraph 11.2, none of the PGC Officers are also directors or senior officers of AEP or AEPGP, or any related company of AEP or AEPGP.

## **12. AGREEMENT BETWEEN TARGET COMPANY, AND DIRECTORS AND OFFICERS**

- 12.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between PGC or any related company of PGC, and any of the PGC Officers, or directors or senior officers of PGC's related companies (or their associates), under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer, except the following:

- (a) The individual employment agreements between PGC and each of Elliot Worrall (Executive Officer Corporate Finance) and James West (Head of Operations and Financial Controller) provide that, if a "change of control event" occurs, Mr Worrall and Mr West respectively are entitled to resign from employment within 2 months of the change of control event, on three months' notice. Following resignation, each would be entitled to a payment equivalent to three months' base salary, payable at the date of termination of employment.
- (b) The individual employment agreement between Perpetual Group Limited (a subsidiary of PGC) and Patrick Middleton contains the same provision as described in paragraph (a).
- (c) For the purposes of paragraphs (a) and (b), a "change of control event" occurs if any person and that person's associates (as defined in the Takeovers Code) become the holders or controllers of 50.1% of the voting rights (as defined in the Takeovers Code) of PGC. Accordingly, if the Offer is declared unconditional and completes, this will constitute a "change of control" event.
- (d) The individual employment agreement between John Duncan and Torchlight Investment Group Limited (a subsidiary of PGC) provides that in the event that

PGC's most substantial shareholder should reduce its shareholding in PGC to less than 10%, then Mr Duncan may by written notice terminate his employment with immediate effect and shall be entitled to receive a payment equal to 8 weeks' base salary (this is based on years of service). At the time this provision was drafted it referred to PHL, which is selling all of its shares to AEP, and consequently this termination provision may be triggered.

- (e) As set out in schedule 1, a small number of shares are held beneficially by each of Messrs Mogridge and Irvine in accordance with the Directors Retirement Share Scheme. On Mr Mogridge or Mr Irvine resigning or retiring as a director of PGC, legal title to those shares will be transferred to Mr Mogridge or Mr Irvine, as the case may be.

### **13. INTERESTS OF DIRECTORS AND OFFICERS OF TARGET COMPANY IN CONTRACTS OF OFFEROR OR RELATED COMPANY**

13.1 Other than as set out in this paragraph 13, no PGC Officer has any interest in any contract to which AEP, or any related company of AEP, is a party.

13.2 The following PGC Officers have interests in contracts to which AEP, or a related company of AEP, is a party:

- (a) George Kerr, a director of PGC, is also a director of, and associated with, PHL, which is party to a lock-up agreement dated 10 October 2011 with AEP under which it has agreed to accept the Offer. If completion occurs under the Offer, the amount payable to PHL under the Offer will be \$9,436,103.16.
- (b) PHL is also a limited partner in, and party to a limited partnership agreement relating to, AEP. This agreement is further discussed at paragraph 14.4.
- (c) George Kerr is the sole director of, and associated with, AEPGP, the general partner of AEP. AEPGP is also a party to the limited partnership agreement relating to AEP. This agreement is further discussed at paragraph 14.4.
- (d) George Kerr is a trustee of the Kerr Family Trust and is, along with Stephen Lowe, a party to a lock-up agreement dated 10 October 2011 with AEP under which they have agreed to accept the Offer. If completion occurs under the Offer, the amount payable to George Kerr and Stephen Lowe under the Offer will be \$640,105.62.

(e) The following entities are party to lock-up agreements dated 10 October 2011 with AEP under which they have agreed to accept the Offer. If completion of the Offer occurs, the amount set out alongside the name of each entity will be payable by AEP to that person or entity. As a result of the relationships between Mr Kerr, AEP and AEPGP, the following entities are treated as associates of Mr Kerr in this statement:

- (i) Baker Street Capital, L.P - \$14,139,939.33;
- (ii) Accident Compensation Corporation - \$1,980,000; and
- (iii) Wyuna Trustees Limited - \$619,080.00.

#### **14. INTERESTS OF TARGET COMPANY'S SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF OFFEROR OR RELATED COMPANY**

14.1 PHL, a substantial security holder of PGC, is party to a lock-up agreement with AEP dated 10 October 2011 whereby it has agreed to accept the Offer in respect of its 28,594,252 shares in PGC. If completion occurs under the Offer the amount payable to PHL under the Offer will be \$9,436,103.16.

14.2 BSC, a substantial security holder of PGC, is party to a lock-up agreement dated 10 October 2011 with AEP whereby it has agreed to accept the Offer in respect of its 42,848,301 shares in PGC. If completion occurs under the Offer, the amount payable to BSC under the Offer will be \$14,139,939.33.

14.3 AEP is a substantial security holder of PGC by virtue of having a power to acquire securities under lock-up agreements dated 10 October 2011 with PHL, BSC, George Charles Desmond Kerr and Stephen Bruce Lowe, Accident Compensation Corporation and Wyuna Trustees Limited. If completion occurs under the Offer, AEP will acquire 81,258,267 shares in PGC pursuant to the agreements which represents a 37.51% interest in PGC, and the amount payable by AEP will be \$26,815,228.00.

14.4 PHL and BSC are parties to a limited partnership agreement dated 10 October 2011 relating to AEP ("**LP Agreement**"). The key terms of the LP Agreement, as disclosed in AEP's offer document, are:

- (a) AEP has been established for the purpose of making the proposed acquisition of PGC pursuant to and in accordance with the Offer.

- (b) PHL and BSC will be the initial limited partners of the limited partnership. They have agreed to provide 80% and 20% of the initial committed capital of AEP respectively. Capital will be called from the limited partners in cash, at the same time and on a pro rata basis relative to their capital commitments.
- (c) Subject to certain limited exceptions, the limited partners will have no involvement in the management of the limited partnership or in the assets which it holds.
- (d) The initial general partner of AEP will be AEPGP. AEPGP has exclusive responsibility for the management and control of the business and affairs of AEP. AEPGP will be responsible for making and conducting the Offer (including making any decisions regarding waiving or, subject to the Takeovers Code, determining the satisfaction of any of the conditions of the Offer). AEPGP must not make any amendment to the terms of the Offer from the terms attached to the Notice of Intention without the consent of limited partners which represent 90% of AEP's committed capital.
- (e) Additional limited partners may be introduced to the limited partnership in the future with the agreement of all existing limited partners and subject to a \$10 million minimum investment amount.
- (f) If so requested by a limited partner, AEPGP must use its reasonable endeavours to obtain a settlement facility for that limited partner to enable it to provide capital contributions required under the LP Agreement prior to receiving the consideration payable to it under the Offer in respect of its PGC shares.
- (g) Transfers of limited partnership interests (other than to related parties) are not permitted without the written consent of all limited partners.
- (h) The general partner may retire upon giving 90 business days' notice and must retire if required to do so by law. The general partner cannot be replaced by the limited partners.
- (i) The establishment and administration costs of the general partner will be paid or reimbursed (as the case may be) by the limited partnership. The general partner will be paid an annual management fee of \$600,000 plus GST.
- (j) Any limited partner who is dissatisfied with the performance or strategy of the limited partnership or the material decisions of the general partner, may, no

earlier than 180 days after completion of the Offer, sell its interest in the limited partnership or, if the parties cannot agree on sale terms, require the liquidation and distribution of limited partnership assets up to an amount equal to the capital contributions provided by the limited partners in relation to the Offer. The general partner will use all reasonable endeavours to make that distribution wholly in cash.

- (k) Unless approved in writing and except as noted otherwise in paragraph (j), all distributions made prior to liquidation of AEP will be made in cash only. Where any distribution *in specie* is made under the LP Agreement (whether prior to, or as part of, the liquidation of AEP), AEPGP will have the right and, subject to law, the obligation if requested to do so by a limited partner, to purchase such assets at a price agreed between the parties or, in the absence of such agreement, as determined by an independent valuer.
- (l) AEP is permitted to borrow, including to pay distributions.
- (m) The limited partnership has a term of at least seven years, subject to earlier termination in the following circumstances:
  - (i) a resolution being passed by limited partners who together represent at least 75% of the committed capital of the limited partnership;
  - (ii) the occurrence of an insolvency event or an occurrence of a change in law which makes continuation of the partnership unlawful, impractical or inadvisable;
  - (iii) if George Kerr ceases to have substantial management involvement, or ceases to have a material equity interest, in the general partner of AEP;
  - (iv) if the Offer is not declared unconditional; or
  - (v) certain other usual circumstances.
- (n) Upon termination of the LP Agreement, the limited partnership will be liquidated and the limited partnership will be removed from the register of limited partnerships.
- (o) Nothing in the LP Agreement will require a party to take any action (including making or receiving a transfer of a partnership interest or making a distribution) to the extent that action would constitute a breach of the Takeovers Code, the

Overseas Investment Act 2005 or the Limited Partnerships Act 2008 or would result in overseas persons holding or controlling 25% or more of the partnership interests.

- 14.5 AEP's offer document also reports that AEP, AEPGP, BSC and PHL have entered into a letter agreement dated 10 October 2011 under which two limited partners of AEP, PHL and BSC, have agreed to be responsible for all of the costs incurred by them prior to the Offer being declared unconditional in connection with establishing AEP and making the Offer. PHL agreed to be responsible for 80% of those costs, with BSC to be responsible for the other 20% of those costs.
- 14.6 Except as set out in paragraphs 14.1 to 14.5 there is no other person who, to the knowledge of PGC, holds or controls 5% or more of any class of equity securities of PGC and has an interest in any material contract to which AEP, or any related company of AEP, is a party.

## **15. ADDITIONAL INFORMATION**

- 15.1 In the opinion of the directors of PGC, no additional information within the knowledge of PGC is required to make the information in AEP's takeover offer document correct or not misleading.

## **16. RECOMMENDATION**

- 16.1 Following receipt of the Notice of Intention, the Independent Committee was established to prepare this statement, consider the merits of the Offer, and make a recommendation to PGC shareholders. The members of the Independent Committee are Bryan Mogridge and Bruce Irvine. No other members of the PGC board of directors have been associated with the preparation of this recommendation. The Independent Committee appointed Grant Samuel to provide the Independent Adviser's Report. This appointment was approved by the Takeovers Panel. The Independent Committee also engaged Russell McVeagh to advise PGC with respect to the Offer, and Collings Associates to advise Equity Partners Infrastructure Management Limited on the matters discussed in paragraphs 17.3 to 17.7.
- 16.2 George Kerr is an associate of the Offeror. He therefore has a conflict of interest in making a recommendation in respect of the Offer, and abstains from making a recommendation.

John Duncan is an employee of a subsidiary of PGC pursuant to the employment agreement described in paragraph 12.1(d). He is also a director of EPIC, and the issues described in paragraphs 17.3 to 17.7 are therefore also relevant. For these reasons he, and the members of the Independent Committee, considered it appropriate that he also abstain from making a recommendation.

- 16.3 The Independent Committee considers that the Independent Adviser's Report is a thorough analysis of PGC's current value, and it is recommended that shareholders read this report in its entirety before making any decisions about their shareholdings in PGC.

Grant Samuel has assessed the value of PGC to be within a range of **49 cents to 57 cents per share**. The Offer is therefore at a 33% to 42% discount to the valuation range provided by Grant Samuel.

The Independent Adviser's Report goes on to say: *"The valuation represents the estimated full underlying value of PGC assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect PGC shares to trade on the NZSX in the absence of a takeover offer or proposal similar in nature to the AEP offer."*

- 16.4 The Independent Committee comments as follows on the Independent Adviser's Report:

The valuation range of 49 cents to 57 cents per share as assessed by Grant Samuel is well above the Offer of 33 cents per share, and in section 5 of the Independent Adviser's Report Grant Samuel evaluates the merits of the Offer. Section 5 of the report is essential reading for all shareholders in evaluating their decision as to their own shares.

Within section 5, Grant Samuel says: *"In some takeovers there are factors that suggest that even if an offer price is below the underlying value of the company, shareholders should consider accepting the offer. For example, there may be reasons to accept an offer below the full underlying value of \$0.49 to \$0.57 per share, as the share price is unlikely to trade at these levels for some time. However in this instance there does not appear to be any compelling reason for shareholders to accept."*

However, Grant Samuel does mention a number of salient points that shareholders may want to consider that could support accepting the Offer. Those points are:

1. *"In Grant Samuel's opinion there is a very low likelihood of a party not associated with George Kerr making an alternative or higher offer than the AEP Offer."* Grant Samuel goes on to suggest there are three reasons why it believes this to be so.

2. *"To achieve the 50.01% minimum AEP requires holders of 20% of the shares not associated with the lock up arrangements to accept the AEP Offer. This is a relatively low threshold. To achieve acceptances of 90% AEP needs holders of 84% of the shares not associated with the lock up arrangements to accept its Offer. This is a high threshold."* The implication of this observation is that the chance of AEP getting to 50.01% is reasonable to high.
3. *"The PGC share price has traded around the AEP Offer price since the Offer was announced. In the absence of actual and potential takeover speculation, the PGC share price is likely to be lower than the current share price."*

#### 16.5 Independent Committee recommendation:

The Independent Committee is of the view that it is inappropriate to make a straightforward recommendation to accept the Offer (ie "Sell") or reject the Offer (ie "Don't Sell"), as a shareholder's decision will depend considerably upon the individual shareholder's appetite for long term growth versus the need for a dividend flow and liquidity, and for this reason the Independent Committee is not making a recommendation of that nature.

Given the makeup of PGC and the points above, it seems likely that AEP will get to 50.01% of PGC, and as AEP has said in its offer document, dividends are then unlikely to be paid in the foreseeable future and extra capital may be required by PGC. These comments may be designed to encourage some shareholders to sell, but taken on their face they represent a statement as to what AEP believes is the future for PGC.

Despite the 33 cent offer being 22% above the previous closing price for PGC shares on 7 November 2011 (being the last trading date before the Notice of Intention was given), the 33 cents is some 33% to 42% below the value range Grant Samuel has assessed.

As a consequence of all of this information the Independent Committee recommends the following:

1. If you are a shareholder who has an appetite for long term growth and does not require a dividend or immediate liquidity, and believes that AEP will bring value-adding strategies to PGC, then you **SHOULD NOT SELL**. The members of the Independent Committee will **NOT** be selling their shares.
2. If you are a shareholder who does require a dividend or immediate liquidity, or does not have an appetite for long term growth, or does not believe that AEP will bring

value adding strategies to PGC, then you should discuss this with your financial adviser and **CONSIDER SELLING** all or some of your shares to AEP.

Despite this recommendation, it is very important to state that it is for individual shareholders to form their own conclusions from reading this statement and the Independent Adviser's Report before acting upon the Offer. Shareholders should consult their financial advisor about the merits of AEP's offer and in particular the context of their decision against the backdrop of the global financial unrest, emanating from Europe.

## **17. ACTIONS OF TARGET COMPANY**

- 17.1 Except for the arrangements summarised in paragraphs 10.1 and 17.2 to 17.3, there are no material agreements or arrangements (whether legally enforceable or not) entered into by PGC and its related companies as a consequence of, in response to, or in connection with, the Offer.
- 17.2 As disclosed to NZSX on 12 October 2011, prior to receiving the Notice of Intention, the board of PGC had approved in concept a proposal to issue a total of 3,500,000 additional shares to certain persons under a share issue scheme. As detailed in paragraph 10.1(c), AEP waived certain conditions of the Offer which would be triggered by the issue of the shares by PGC. The shares have not been issued at the date of this statement but may be issued prior to the close of the Offer. The proposed issuance has been taken into account in the Independent Adviser's Report.
- 17.3 Equity Partners Infrastructure Management Limited ("**EPIM**"), whose ultimate holding company is PGC, is a party to a management agreement with Equity Partners Infrastructure Company No.1 Limited ("**EPIC**"). John Duncan and Bryan Mogridge are directors of EPIM, and John Duncan is a director of EPIC. This agreement provides that EPIC may terminate the agreement by notice in writing to EPIM if there is a change in the direct or indirect ownership or control of EPIM or its holding company without the prior written consent of EPIC (such consent not to be unreasonably withheld). Following receipt of the Notice of Intention, EPIM sought the consent of EPIC to any change in the direct or indirect ownership or control of EPIM occurring as a result of a successful completion of the Offer.
- 17.4 As disclosed to the NZSX on 4 November 2011, the independent directors of EPIC have concluded that they cannot and do not give consent to the change in control discussed in paragraph 17.3. PGC understands that EPIC took this step as a result of advice to EPIC that a change in control of EPIM would trigger pre-emptive rights in the shareholders

agreement for its Moto investment (which PGC understands would mean that EPIC's Moto shareholding would then need to be offered for sale to other Moto shareholders). Consequently, EPIC has also given notice to EPIM that the management agreement will be terminated immediately prior to any change in control occurring (which EPIC considers would occur if AEP receives acceptances under the Offer which will result in AEP holding or controlling greater than 50% of the voting rights in PGC, and declaring the Offer unconditional). If a change of control does not occur, the EPIC notice to EPIM will be of no effect.

- 17.5 PGC has taken advice on the notice of termination and has entered into discussions with EPIC on the matter (including the validity of termination), which are continuing. At the date of this statement, PGC considers that by working closely with EPIC and AEP, it should achieve a satisfactory outcome for PGC shareholders.
- 17.6 The Independent Adviser's Report includes a consideration of the valuation effect that will result if a satisfactory outcome cannot be achieved and the management agreement is terminated. This is contained on page 21 of the Independent Adviser's Report.
- 17.7 At the date of this statement, PGC cannot be certain of the outcome of its discussions with EPIC. PGC will make announcements to NZSX on this matter as those discussions progress to a conclusion. PGC shareholders should be aware that conditions of the Offer may be triggered by the right of EPIC to terminate the Management Agreement, or its termination, or any agreements reached with EPIC on this matter.
- 17.8 Other than the proposed share issue detailed at paragraph 17.2, and the discussions with EPIC referred to in paragraph 17.5, there are no negotiations underway as a consequence of, in response to, or in connection with, the Offer that relate to or could result in:
- (a) an extraordinary transaction, such as a merger, amalgamation or reorganisation, involving PGC or any of its related companies; or
  - (b) the acquisition or disposition of material assets by PGC or any of its related companies; or
  - (c) an acquisition of equity securities by, or of, PGC or any related company of PGC; or
  - (d) any material change in the equity securities on issue, or policy relating to distributions, of PGC.

17.9 PGC holds a 9.5% interest in PGG Wrightson Limited ("**PGGW**"). As disclosed in the financial statements of PGC for the year ended 30 June 2011, this investment is held for sale. As such, discussions may occur in relation to this shareholding in the ordinary course and unrelated to the Offer.

## **18. EQUITY SECURITIES OF TARGET COMPANY**

18.1 PGC has 216,629,610 ordinary shares, which are the only class of equity securities of PGC. Subject to certain conditions in the constitution of PGC and the NZSX Listing Rules, each ordinary share confers upon the holder the right to:

- (a) an equal share in the distribution of the surplus assets on liquidation; and
- (b) an equal share in distributions authorised by the board of PGC; and
- (c) cast one vote on a show of hands, or to cast one vote per share on a poll, at a meeting of shareholders.

## **19. FINANCIAL INFORMATION**

19.1 Each person to whom the Offer is made is entitled to obtain from PGC a copy of the most recent annual report of PGC (being the annual report for the year ended 30 June 2011) from PGC's website at [www.pgc.co.nz](http://www.pgc.co.nz), or by making a written request to: The Company Secretary, PO Box 167, Christchurch 8024.

19.2 Since 30 June 2011, the market value of the shares held by PGC in PGGW has declined. In addition, since acquisition on 30 August 2011, the market value of the shares held by PGC in Heartland New Zealand Limited ("**HNZL**") has declined. At 10 November 2011, the aggregate amount of that decline is \$9.0 million.

19.3 Except as recorded in paragraph 19.2:

- (a) there have been no known material changes to the financial or trading position, or prospects, of PGC since the annual report for the year ended 30 June 2011; and
- (b) there is no other information, other than as set out elsewhere in this statement, or in the annual report referred to in paragraph 19.1, or in the Independent

Adviser's Report, about the assets, liabilities, profitability, and financial affairs of PGC that could reasonably be expected to be material to the making of a decision by shareholders to accept or reject the Offer.

**20. INDEPENDENT ADVICE ON MERITS OF THE OFFER**

20.1 Grant Samuel is the independent adviser which has provided the Independent Adviser's Report. A copy of the full Independent Adviser's Report is attached to this statement.

20.2 The Independent Adviser's Report includes:

- (a) a statement of the qualifications and expertise of Grant Samuel; and
- (b) a statement that Grant Samuel has no conflict of interest that could affect its ability to provide an unbiased report.

**21. ASSET VALUATION**

21.1 None of the information provided in this statement refers to a valuation of any asset.

21.2 The Independent Adviser's Report includes Grant Samuel's valuation of PGC, and discloses the basis of computation and the key assumptions on which the valuation is based.

**22. PROSPECTIVE FINANCIAL INFORMATION**

22.1 None of the information provided in this statement, or the Independent Adviser's Report, refers to prospective financial information.

## 23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER OFFER

23.1 The closing price for ordinary shares of PGC on NZSX was:

- (a) NZ\$0.33 on 11 November 2011, being the last practicable working day before the date this statement was sent by PGC; and
- (b) NZ\$0.270 on 7 October 2011, being the last day on which NZSX was open for business before the date on which PGC received the Notice of Intention.

23.2 The highest and lowest closing market prices on NZSX, during the six months before 10 October 2011 (being the date on which PGC received the Notice of Intention) were:

- (a) **Highest:** NZ\$0.420 on 3 June 2011; and
- (b) **Lowest:** NZ\$0.260 on 26 September 2011, 30 September 2011, 5 October 2011.

23.3 During the six month period referred to above, PGC completed an in specie distribution to its shareholders of its entire shareholding in Building Society Holdings Limited ("**BSH**") in consideration for the cancellation of 591,689,961 PGC shares pursuant to a scheme of arrangement effected under part 15 of the Companies Act 1993. The percentage of total PGC shares cancelled was determined by reference to the quoted share price at 5pm, 8 April 2011 as follows:

- (a) the aggregate market value ("**BSH Value**") of the BSH shares was calculated based on the quoted share price at 5pm, 8 April 2011;
- (b) the aggregate market value ("**PGC Value**") of all PGC shares was calculated based on PGC's quoted share price at 5pm, 8 April 2011;
- (c) the BSH Value was divided by the PGC Value, with the resulting quotient being equal to 73.2% (rounded to one decimal place). This equated to 591,689,961 PGC shares. This distribution and cancellation was approved by PGC shareholders by a special resolution at a meeting held on 18 May 2011 and was effective as of 30 May 2011. BSH was subsequently renamed HNZL.

23.4 In addition:

- (a) As a result of a partial takeover of PGGW by Agria (Singapore) Pte. Ltd, PGC's shareholding in PGGW was reduced from 18.3% to 9.5% on or about 2 May 2011.

(b) On 30 August 2011, PGC acquired a 6.02% shareholding in HNZN by way of a subscription of 13,333,333 new shares at an issue price of \$0.75 per share under a share purchase plan, and the acquisition of 10,048,352 new shares at an issue price of \$0.65 per share pursuant to underwriting arrangements. Both obligations were specified in a deed dated 14 June 2011 between PGC and HNZN. The acquisition of these shares was funded by bank debt of \$16,531,428.80, the term of which expires on 31 May 2012. The bank facility is secured by two separate specific security deeds, with one over PGC's shareholding in PGGW and the other one over PGC's shareholding in HNZN.

23.5 The board of PGC determined on 23 September 2011 that no dividend would be declared for the year end 30 June 2011.

23.6 Other than matters set out elsewhere in this statement and/or in the Independent Adviser's Report, there is no information about the market price of the PGC shares that could reasonably be expected to be material to the making of a decision by shareholders to accept or reject the Offer.

## 24. OTHER INFORMATION

24.1 The Independent Committee considers it appropriate to note that the conditions to the offer (as set out in clause 4.1 of AEP's offer document) are reasonably extensive. The offer document records that the Offer will only proceed if all of these conditions are satisfied or waived. Grant Samuel, in paragraph 1.2 of the Independent Adviser's Report, comments on the conditions, and records its view that there is a strong likelihood of a condition being triggered, which would give AEP the right to terminate the Offer.

24.2 For completeness, the following relationships between persons referred to in this statement are noted:

(a) **Torchlight:** PGC is the ultimate holding company of Torchlight (GP) 1 Limited ("**Torchlight GP**"), the general partner of Torchlight Fund No. 1 LP ("**TF1**"). TF1 is a New Zealand limited partnership which invests in a range of assets. PGC holds partnership interests in TF1 representing 10% of the total capital commitment of TF1. In addition:

(i) PHL holds a partnership interest in TF1. This interest represents 9.00% of the total capital commitments of TF1;

- (ii) Bryan Mogridge holds a partnership interest in TF1. This interest represents 0.166% of the total capital commitments of TF1;
  - (iii) TF1 holds 5.32% and PGC holds 11.06% of the shares currently on issue in EPIC. EPIC invests in a range of infrastructure assets. PHL holds 200,000 (or 0.15%) of the shares currently on issue in EPIC;
  - (iv) TF1 also has an option to acquire further EPIC shares which, if exercised, would result in TF1 holding 19.99% of EPIC. TF1 also holds 13,351,305 convertible notes issued by EPIC, which have an issue price of \$1.00 per note, and which are convertible at the option of TF1 for \$0.90 per share; and
  - (v) George Kerr and John Duncan, directors of PGC, are also directors of Torchlight GP. Bryan Mogridge resigned as a director of Torchlight GP on 31 October 2011.
- (b) **Heartland New Zealand Limited:** PGC is the holder of 23,395,757 ordinary shares in HNZN. The acquisition of this interest is detailed in paragraph 23.4(b). In addition:
- (i) Bruce Irvine, a director of PGC, is also a director of HNZN. Mr Irvine is the chairman of HNZN;
  - (ii) Bruce Irvine has an interest in 425,662 ordinary shares of HNZN;
  - (iii) Bryan Mogridge has a legal interest in 1,412,359 ordinary shares of HNZN. Bryan Mogridge resigned as a director of HNZN on 28 October 2011;
  - (iv) John Duncan has an interest, through the John Duncan Trust, in 854,920 ordinary shares of HNZN;
  - (v) PHL holds 28,025,369 ordinary shares of HNZN; and
  - (vi) PGGW, a company in which PGC holds a 9.5% interest, holds 13,333,333 ordinary shares in HNZN.
- (c) **PGG Wrightson Limited:** PGC is the holder of 72,171,074 ordinary shares in PGGW. Bruce Irvine, a director of PGC, is also a director of PGGW.

24.3 The Independent Committee considers, except as set out in the Independent Adviser's Report, that there is no other information not required to be disclosed elsewhere in this target company statement that could reasonably be expected to be material to the making of a decision by PGC shareholders to accept or reject the Offer.

## **25. APPROVAL OF TARGET COMPANY STATEMENT**

25.1 The contents of this statement have been approved by the Independent Committee which has been delegated the authority by the board of directors of PGC to deal with all matters relating to the Offer.

25.2 For the reasons set out in paragraph 16.2, George Kerr and John Duncan are not members of the Independent Committee, and have not approved this statement in their capacity as directors of PGC. George Kerr has been asked to provide confirmation of statements of fact concerning himself and his associates. John Duncan has also been asked to provide confirmation of statements of fact in relation to himself and his associates, and (as Managing Director) has provided the certificate below.

**26. CERTIFICATE**

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by PGC under the Takeovers Code.

**SIGNATURES**



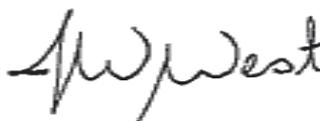
**Bryan Mogridge**  
Director



**Bruce Irvine**  
Director



**John Duncan**  
Managing Director (Person fulfilling role of  
Chief Executive Officer)



**James West**  
Group Financial Controller (Person fulfilling role  
of Chief Financial Officer)

## SCHEDULE 1

### Ownership of equity securities in PGC (paragraph 5.1)

The information in this schedule is taken from substantial security holder notices filed with the NZSX as at 11 November 2011, PGC's share register at that date, information set out in AEP's offer document, and information provided by the relevant parties referred to.

#### Directors

Name of person/entity that ordinary shares are registered in	Ordinary shares held by person/entity		Name of PGC directors that hold or control those shares	Name of PGC directors that are associated with this person/entity
	Number	Percentage		
BW Mogridge	44,899	0.02%	BW Mogridge	
Trustees of the Directors Retirement Share Scheme	31,413	0.01%		BW Mogridge
BW and HJ Mogridge	1,336,048	0.62%		BW Mogridge
BR Irvine	34,483	0.02%	BR Irvine	
Trustees of the Directors Retirement Share Scheme	30,017	0.01%		BR Irvine
MT Irvine	208,404	0.10%		BR Irvine
Pyne Holdings Limited*	28,594,252	13.20%		GCD Kerr
GCD Kerr and SB Lowe*	1,939,714	0.90%		GCD Kerr
J Duncan and MN Szigetvary	854,920	0.39%		J Duncan
Baker Street Capital, L.P.*#	42,848,301	19.78%		GCD Kerr
Accident Compensation Corporation*	10,060,158	2.77%		GCD Kerr
Wyuna Trustees Limited*	1,876,000	0.87%		GCD Kerr

#### Notes:

\* Baker Street Capital, L.P, Pyne Holdings Limited, George Kerr and Stephen Lowe, and Wyuna Trustees Limited are parties to lock-up agreements with AEP to accept the Offer in respect of the shares set out in this table. Accident Compensation Corporation is party to a lock-up agreement with AEP to accept the Offer in respect of 6,000,000 shares. George Kerr is the sole director (and PHL is

the sole shareholder) of AEPGP, the general partner of AEP, and PHL is a limited partner in AEP, and George Kerr is treated as an associate of each of these entities for the purposes of this statement.

#Baker Street Capital, L.P.'s shares are registered in the name of either Citibank Nominees (NZ) Limited or Citibank Nominees Limited.

### Senior officers

No ordinary shares of PGC were, at 11 November 2011, held or controlled by any senior officers of PGC, or their associates, except as set out above for John Duncan. Please refer also to the proposed share issue referred to in paragraph 10.1(b)(i).

### Substantial security holders

Name of shareholder or person holding or controlling 5% or more of PGC shares	Number of ordinary shares held or controlled	Percentage	Date of last substantial security holder notice
Baker Street Capital, L.P.*^	42,848,301*	19.78%	7 November 2011
Pyne Holdings Limited*	28,594,252*	13.20%	7 November 2011
Australasian Equity Partners Fund No. 1 LP#	81,258,267*	37.51%	7 November 2011

### Notes:

\* Baker Street Capital, L.P and Pyne Holdings Limited have entered into lock-up agreements with AEP to accept the Offer in respect of these shares. George Kerr is an associate of Pyne Holdings Limited, AEP and (as a result of a lock up agreement between Baker Street Capital, L.P and AEP) Baker Street Capital, L.P.

^Baker Street Capital, L.P.'s shares are registered in the name of either Citibank Nominees (NZ) Limited or Citibank Nominees Limited.

# AEP is not the registered owner of any PGC shares at the date of this statement. AEP has entered into lock-up agreements with Baker Street Capital, L.P, Pyne Holdings Limited, George Kerr and Stephen Lowe, Accident Compensation Corporation and Wyuna Trustees Limited. Each of these shareholders has agreed to accept the Offer in respect of all of the PGC shares they hold or control except for Accident Compensation Corporation which has agreed to accept the Offer in respect of 6,000,000 PGC shares. If completion occurs under the Offer, AEP will acquire these shares.

## SCHEDULE 2

### Issue of equity securities in PGC (paragraphs 5.3 (a) and 5.3(b))

The information in this schedule is taken from PGC's records and information provided by the relevant parties referred to.

#### Directors

**Table A: Shares issued**

Name of person/entity that ordinary shares are registered in	Equity securities issued to person/entity		Name of PGC directors that hold or control those shares	Name of PGC directors that are associated with this person/entity
	Number	Issue price per share and issue date		
BW Mogridge	11,627	\$0.43 : 30/11/09	BW Mogridge	
	6,225	\$0.372 : 3/12/10		
Trustees of the Directors Retirement Share Scheme	4,219	\$0.372 : 3/12/10		BW Mogridge
BW and HJ Mogridge	185,253	\$0.372 : 3/12/10		BW Mogridge
BR Irvine	11,627	\$0.43 : 30/11/09	BR Irvine	
	4,781	\$0.372 : 3/12/10		
Trustees of the Directors Retirement Share Scheme	4,032	\$0.372 : 3/12/10		BR Irvine
MT Irvine	11,627	\$0.43 : 30/11/09		BR Irvine
	28,896	\$0.372 : 3/12/10		
Pyne Holdings Limited	11,627	\$0.43 : 30/11/09		GCD Kerr
	4,150,617	\$0.372 : 3/12/10		
Accident Compensation Corporation	2,221,847	\$0.37 : 3/12/10		GCD Kerr

**Table B: Employee share scheme or other remuneration arrangement**

No directors of PGC or their associates have, during the two year period ending on the date of this statement, obtained a beneficial interest under any employee share scheme or other remuneration

agreement. However, please refer to the proposed share issue referred to in paragraph 10.1(b)(i), and to the shares issued to directors pursuant to the Directors Retirement Share Scheme as set out above.

### **Senior Officers**

#### **Table C: Shares issued**

No shares have, during the two year period ending on the date of this statement, been issued to senior officers of PGC or their associates, except as set out above for John Duncan. Please refer also to the proposed share issue referred to in paragraph 10.1(b)(i).

#### **Table D: Employee share scheme or other remuneration arrangement**

No senior officers of PGC or their associates have, during the two year period ending on the date of this statement, obtained a beneficial interest under any employee share scheme or other remuneration agreement. However, please refer to the proposed share issue referred to in paragraph 10.1(b)(i).

### SCHEDULE 3

#### Trading in equity securities in PGC (paragraph 6.1)

The information in this schedule is taken from substantial security holder notices filed with the NZSX as at 11 November 2011, PGC's share register at that date, information set out in AEP's offer document (and letter to PGC shareholders dated 9 November 2011) and information provided by the relevant parties referred to.

**Table A: Trading Totals**

Name	Total ordinary shares acquired during the period	Total ordinary shares disposed of during the period*
Baker Street Capital, L.P.^	42,848,301	6,220,565
Accident Compensation Corporation	3,597,880	54,155,587
Pyne Holdings Limited	Nil	81,308,315
Wyuna Trustees Limited	Nil	5,124,000
Trustees of the Directors Retirement Share Fund (BW Mogridge)	Nil	85,799
Trustees of the Directors Retirement Share Fund (Bruce Irvine)	Nil	81,986
BW Mogridge	Nil	122,634
BW and HJ Mogridge	Nil	3,649,205
MT Irvine	Nil	569,222
Bruce Irvine	Nil	94,184
George Kerr and Stephen Lowe	Nil	4,895,424
John Duncan and MN Szigetvary	Nil	2,335,080

**Notes:**

\* Includes PGC shares cancelled. See discussion at paragraph 23.3 of this statement in relation to the cancellation of PGC shares.

^Baker Street Capital, L.P.'s shares are registered in the name of either Citibank Nominees (NZ) Limited or Citibank Nominees Limited.

**Table B: Trading Information**

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	302,355	Ordinary shares	Acquisition	30 May 2011	\$0.35
Baker Street	Associate of	6,220,565	Ordinary	Cancellation	30 May	Not

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
Capital, L.P.	George Kerr / Person holding or controlling 5% or more of PGC shares		shares	of shares by PGC	2011	applicable*
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	625,005	Ordinary shares	Acquisition	31 May 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	1,157,514	Ordinary shares	Acquisition	1 June 2011	\$0.40
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	1,635,883	Ordinary shares	Acquisition	2 June 2011	\$0.41
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	452,250	Ordinary shares	Acquisition	3 June 2011	\$0.40
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	3,902,947	Ordinary shares	Acquisition	7 June 2011	\$0.42
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	50,239	Ordinary shares	Acquisition	8 June 2011	\$0.40
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	1,181,526	Ordinary shares	Acquisition	9 June 2011	\$0.40
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	272,888	Ordinary shares	Acquisition	10 June 2011	\$0.40

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
	PGC shares					
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	45,586	Ordinary shares	Acquisition	13 June 2011	\$0.40
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	40,000	Ordinary shares	Acquisition	16 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	736,225	Ordinary shares	Acquisition	17 June 2011	\$0.37
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	81,043	Ordinary shares	Acquisition	20 June 2011	\$0.38
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	43,902	Ordinary shares	Acquisition	21 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	75,055	Ordinary shares	Acquisition	22 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	711,492	Ordinary shares	Acquisition	23 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	221,910	Ordinary shares	Acquisition	24 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding	1,400,000	Ordinary shares	Acquisition	27 June 2011	\$0.40

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
	or controlling 5% or more of PGC shares					
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	34,205	Ordinary shares	Acquisition	28 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	189,155	Ordinary shares	Acquisition	30 June 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	3,379,026	Ordinary shares	Acquisition	1 July 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	1,434,677	Ordinary shares	Acquisition	4 July 2011	\$0.39
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	75,000	Ordinary shares	Acquisition	5 July 2011	\$0.37
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	549,234	Ordinary shares	Acquisition	8 July 2011	\$0.37
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	208,918	Ordinary shares	Acquisition	13 July 2011	\$0.36
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	222,391	Ordinary shares	Acquisition	14 July 2011	\$0.36
Baker Street	Associate of	543,140	Ordinary	Acquisition	15 July	\$0.36

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
Capital, L.P.	George Kerr / Person holding or controlling 5% or more of PGC shares		shares		2011	
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	506,860	Ordinary shares	Acquisition	18 July 2011	\$0.36
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	548,210	Ordinary shares	Acquisition	19 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	282,935	Ordinary shares	Acquisition	20 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	102,453	Ordinary shares	Acquisition	21 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	1,002,680	Ordinary shares	Acquisition	22 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	427,311	Ordinary shares	Acquisition	25 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	462,808	Ordinary shares	Acquisition	27 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	134,349	Ordinary shares	Acquisition	28 July 2011	\$0.35

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
	PGC shares					
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	187,769	Ordinary shares	Acquisition	29 July 2011	\$0.35
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	1,313,885	Ordinary shares	Acquisition	1 August 2011	\$0.37
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	30,000	Ordinary shares	Acquisition	2 August 2011	\$0.37
Baker Street Capital, L.P.	Associate of George Kerr / Person holding or controlling 5% or more of PGC shares	16,000,000	Ordinary shares	Acquisition	4 August 2011	\$0.38
Accident Compensation Corporation	Associate of George Kerr	2,250,000	Ordinary shares	Disposal	17 May 2011	\$0.30
Accident Compensation Corporation	Associate of George Kerr	2,250,000	Ordinary shares	Disposal	17 May 2011	\$0.30
Accident Compensation Corporation	Associate of George Kerr	136,920	Ordinary shares	Disposal	18 May 2011	\$0.30
Accident Compensation Corporation	Associate of George Kerr	88,500	Ordinary shares	Acquisition	30 May 2011	\$0.33
Accident Compensation Corporation	Associate of George Kerr	40,978,051	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
Accident Compensation Corporation	Associate of George Kerr	2,500,000	Ordinary shares	Disposal	01 Jul 2011	\$0.39
Accident Compensation Corporation	Associate of George Kerr	300,000	Ordinary shares	Disposal	22 Jul 2011	\$0.35
Accident Compensation Corporation	Associate of George Kerr	550,000	Ordinary shares	Disposal	25 Jul 2011	\$0.35
Accident Compensation Corporation	Associate of George Kerr	125,000	Ordinary shares	Disposal	27 Jul 2011	\$0.35

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
Accident Compensation Corporation	Associate of George Kerr	500,000	Ordinary shares	Disposal	01 Aug 2011	\$0.37
Accident Compensation Corporation	Associate of George Kerr	500,000	Ordinary shares	Disposal	01 Aug 2011	\$0.37
Accident Compensation Corporation	Associate of George Kerr	2,371,610	Ordinary shares	Disposal	04 Aug 2011	\$0.38
Accident Compensation Corporation	Associate of George Kerr	1,694,006	Ordinary shares	Disposal	04 Aug 2011	\$0.38
Accident Compensation Corporation	Associate of George Kerr	24,566	Ordinary shares	Acquisition	24 Aug 2011	\$0.33
Accident Compensation Corporation	Associate of George Kerr	20,100	Ordinary shares	Acquisition	31 Aug 2011	\$0.32
Accident Compensation Corporation	Associate of George Kerr	156,411	Ordinary shares	Acquisition	01 Sep 2011	\$0.32
Accident Compensation Corporation	Associate of George Kerr	205,976	Ordinary shares	Acquisition	08 Sep 2011	\$0.32
Accident Compensation Corporation	Associate of George Kerr	224,990	Ordinary shares	Acquisition	08 Sep 2011	\$0.32
Accident Compensation Corporation	Associate of George Kerr	243,337	Ordinary shares	Acquisition	12 Sep 2011	\$0.31
Accident Compensation Corporation	Associate of George Kerr	200,000	Ordinary shares	Acquisition	14 Sep 2011	\$0.31
Accident Compensation Corporation	Associate of George Kerr	168,639	Ordinary shares	Acquisition	15 Sep 2011	\$0.30
Accident Compensation Corporation	Associate of George Kerr	131,361	Ordinary shares	Acquisition	19 Sep 2011	\$0.30
Accident Compensation Corporation	Associate of George Kerr	134,000	Ordinary shares	Acquisition	21 Sep 2011	\$0.28
Accident Compensation Corporation	Associate of George Kerr	1,000,000	Ordinary shares	Acquisition	29 Sep 2011	\$0.26
Accident Compensation Corporation	Associate of George Kerr	1,000,000	Ordinary shares	Acquisition	29-Sep-2011	\$0.26
Wyuna Trustee Limited	Associate of George Kerr	5,124,000	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
Trustees of	Associate of	81,986	Ordinary	Cancellation	30 May	Not

Name	Description	Number	Class of equity security	Disposal or acquisition	Date of transaction	Consideration
the Directors Retirement Share Scheme	Bruce Irvine		shares	of PGC Shares	2011	applicable*
Bruce Irvine	Director	94,184	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
MT Irvine	Associate of Bruce Irvine	569,222	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
Trustees of the Directors Retirement Share Scheme	Associate of Bryan Mogridge	85,799	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
BW and HJ Mogridge	Associate of Bryan Mogridge	3,649,205	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
BW Mogridge	Director	122,634	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
Pyne Holdings Limited	Associate of George Kerr	81,308,315	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
George Kerr and Stephen Lowe	Associate of George Kerr	4,895,424	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*
John Duncan and MN Szigetvary	Associate of John Duncan	2,335,080	Ordinary shares	Cancellation of PGC Shares	30 May 2011	Not applicable*

**Notes:**

In addition, Baker Street Capital, L.P., Accident Compensation Corporation, Pyne Holdings Limited, Wyuna Trustees Limited and George Kerr and Stephen Lowe have entered lock-up agreements with AEP to accept the Offer in respect of PGC shares. These agreements are dated 10 October 2011. The consideration per share paid by AEP pursuant to those agreements will be the same consideration paid under the Offer. The numbers of shares subject to the agreements is set out in paragraph 7.1 of this statement.

\* See discussion at paragraph 23.3 of this statement in relation to the cancellation of PGC shares.

^Baker Street Capital, L.P.'s shares are registered in the name of either Citibank Nominees (NZ) Limited or Citibank Nominees Limited.