

Distribution of Heartland shares to PGC shareholders successfully completed

30 May 2011

Distribution of Heartland shares to PGC shareholders completed

Pyne Gould Corporation Limited (“PGC”) advises that the distribution of Building Society Holdings Limited (to be renamed Heartland New Zealand Limited from 1 June 2011, “Heartland” or “BSH”) shares to PGC shareholders has been successfully implemented in accordance with the Scheme Plan approved by PGC shareholders earlier this month.

The Scheme Plan was put into effect by PGC distributing to its shareholders all of the shares it held in Heartland and cancelling 73.2% of each PGC shareholder’s holding in PGC.

Heartland Chairman Bruce Irvine says the distribution marks a new step forward for both companies. Each has deep roots and long heritages and will now be able to focus on building and developing their respective businesses.

“For Heartland, our vision when we started on this journey nearly two years ago was to create a financial services group that would enable our Heartland customers – the people, families and businesses who are the backbone of New Zealand – to succeed. We are now ready to show how the Heartland financial services group will do that.”

PGC will continue to operate with its focus on wealth, asset management and trustee services.

PGC Chairman Bryan Mogridge says PGC, along with looking to build its product and service offerings, will continue to be supportive of the activities of Heartland.

“There may be opportunities in the future where we can work together to achieve benefits for both businesses.”

IFRS adjustment

As described in the Information Memorandum, the net effect of the distribution, including any profit or loss, is that PGC’s net assets will reduce by approximately \$236 million. In accordance with IFRS, part of this capital reduction will be recognised directly through equity and part will be recognised through the income statement.

The actual amounts that will be recognised through equity and through the income statement will be determined by reference to the closing quoted price of BSH shares on 30 May 2011. Based on a BSH share price of 79c, the total amount to be recognised in equity will be in the order of approximately \$188 million with the balance of approximately \$48 million to be recognised as a loss through the income statement for the year ended 30 June 2011 (although the exact amount to be categorised as a loss is “equity neutral” to PGC as any increase in the loss will be off-set by a corresponding decrease in the reduction direct to equity). The adjustment will have no impact on PGC’s underlying operating earnings.

Board and executive management changes

Today there has been a number of changes to the board and of executive management of PGC following completion of PGC's distribution of Heartland shares to PGC shareholders.

With immediate effect Chairman Bruce Irvine, Managing Director Jeff Greenslade, Chief Financial Officer Sean Kam and General Counsel Michael Jonas have stood down from their respective positions with PGC to focus on their roles at Heartland.

Bruce Irvine will remain on the PGC board as a director until a review of the board composition is complete.

As previously indicated Bryan Mogridge has been appointed Chairman of PGC and John Duncan as Managing Director.

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