



NZ Release

Pyne Gould Corporation – Market Update

9 February 2011

Pyne Gould Corporation Limited (“**PGC**”) has been undertaking a strategic review of its operations with the aim of maximizing shareholder value. The purpose of this announcement is to update the market with respect to its progress.

BSH Shareholding

PGC previously announced its intention to distribute the majority of its holding in Building Society Holdings Limited (“**BSH**”), which listed on the NZSX on 1 February 2011. Should the partial takeover offer by Agria (Singapore) Pte Ltd (“**Agria**”) for PGG Wrightson Limited (“**PGW**”) become unconditional, PGC will not, as previously announced, have a need to conduct a placement of BSH shares, but will instead distribute its *entire* BSH shareholding to existing shareholders.

The placement was originally intended to fund repayment of the outstanding balance (being approximately \$27 million) of the Loan Notes (“P Note”) issued by MARAC Financial Services Limited (a wholly owned subsidiary of PGC) to MARAC Finance Limited (a wholly owned subsidiary of BSH). It is now intended to fund repayment of the P Note using proceeds of the sale of PGW shares under the Agria offer. Repayment of the P Note will increase the cash on the BSH group’s balance sheet by \$27 million.

The distribution of BSH shares will be implemented as soon as practically possible pursuant to the following process:

- The distribution will be effected via a scheme of arrangement, which will require court approval and PGC shareholder approval.
- Timing depends on when Agria’s offer becomes unconditional, but if that occurs around 15 April (i.e. near the closing date), scheme documents will be sent to shareholders in late April and the distribution will be targeted for completion by late May, allowing for the shareholder notice period and the court approval process.

PGW Shareholding

As previously advised, PGC signed a Lock-Up Deed with Agria, under which PGC agreed to accept the Agria offer in respect of all of its PGW shares. As the offer is a partial offer, should the offer become unconditional, PGC’s acceptance will be subject to scaling which may result in PGC continuing to own some PGW shares following the closing of the offer. PGC’s intention with respect to the cash proceeds of PGW shares sold under the offer and any remaining PGW shares is to:

- Use a portion of the cash proceeds from the offer to fund repayment of the P Note (\$27 million).

- Use a portion of the cash proceeds from the offer to provide approximately \$5 million of working capital and expenses for the ongoing PGC businesses (see below under “PGC - the New Group”).
- Any remaining cash proceeds from the offer, together with any remaining PGW shares which PGC continues to own as a result of scaling, will either be distributed to shareholders, or (subject to any necessary regulatory or shareholder approvals) be used to provide equity financing assistance to BSH for any acquisitions which may be contemplated by BSH, should BSH request such financing assistance. Equity financing assistance may, for example, be provided by PGC to BSH by PGC subscribing for further BSH shares (in which case PGC would intend to also distribute those BSH shares to PGC shareholders).
- If PGW shares are distributed to shareholders, this is targeted to occur at or around the same time as the BSH distribution.

In all circumstances, PGC’s intention is that the cash proceeds of the Agria offer (after repayment of the P Note and provision of working capital for the ongoing PGC business), together with any remaining PGW shares or their proceeds, will be distributed to PGC shareholders or invested in BSH and the resulting BSH shares distributed to PGC shareholders.

On 4 February 2011, PGW announced to the market that it had received an approach from another party who had indicated an interest in making a full takeover offer for PGW. PGC has committed to sell its shares to Agria, should Agria’s offer become unconditional. PGC is not in a position to comment on the likelihood of any competing offer eventuating or becoming unconditional.

PGC - the New Group

Growth Strategy: After the in specie distribution of BSH shares and the capital return from the sale of PGW shares, PGC’s intention is to grow its wealth management capability across New Zealand and Australia. PGC has the financial strength, operating platforms and human resources to deliver long term growth for shareholders, delivered in a favourable strategic environment of ageing demographics and supportive government savings policies.

Financial Position: PGC will have surplus assets held within the Real Estate Credit group. Those surplus assets will be realized over time to maximise cash proceeds, and it is intended that any resulting proceeds be returned to shareholders.

Operating Platforms: The wealth management business consists of two parts:

- Perpetual Group, which began business in New Zealand 135 years ago and currently has a substantial client base and \$587m funds under management and advice. It focuses on both personal and institutional wealth management services.
- Torchlight Group, which focuses on wealth management in proprietary funds across Australia and New Zealand.

A comprehensive plan including details of strategy and human resource will be presented to shareholders at the Special Annual Meeting to be held to approve the distribution of BSH shares.

Update on Management and Board of Directors

After the distribution of BSH shares and realisation or distribution of the PGW shares it is intended that:

- Bruce Irvine will be replaced as chairman of PGC by Bryan Mogridge, and will resign as a director of PGC.
- Jeff Greenslade will resign as CEO and director of PGC, to focus full time on his role as Managing Director of BSH.
- The PGC Board will then consist of Bryan Mogridge as Chair, George Kerr, John Duncan and with one other independent director.

Bryan Mogridge will review his position as a director of BSH before the distribution of BSH shares and realisation or distribution of the PGW shares is completed.

– Ends –

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