Pyne Gould Corporation Annual Meeting 29 October 2010

Bruce Irvine **Jeff Greenslade** **Sean Kam**

Directors in Attendance

- Bruce Irvine, Chairman
- Jeff Greenslade, Managing Director
- George Gould
- George Kerr
- Bryan Mogridge
- John Harvey (MARAC)
- Michelle Smith (MARAC)

Senior Management in Attendance

- Sean Kam, Chief Financial Officer of PGC and MARAC
- Craig Stephen, Chief Investment Officer of PGC and MARAC
- Mark Mountcastle, Chief Risk Officer of PGC and MARAC
- Chris Flood, General Manager Consumer of MARAC
- John Duncan, Chief Executive Officer of the Perpetual Group
- Patrick Middleton, Chief Operating Officer of the Perpetual Group
- Colin Hair, Company Secretary of PGC

Meeting Formalities

Chairman's Address

Bruce Irvine

Key Events

- Recapitalisation
- Change in governance
- Recruit new executive team
- Reposition on core strengths

Financial services based around:

MARAC	Offering plant and equipment, and motor vehicle finance
Perpetual	Retirement planning, wealth management and trustee services
Torchlight	Private equity
PGW	Cornerstone shareholder

Now preparing to become a substantial financial services organisation

Annual Result Overview

- Net profit after tax $22.0m exceeded Prospective Financial Information (PFI) of $20.9m
- MARAC net profit after tax $14.3m
- Perpetual Group net profit after tax $4.5m
- PGG Wrightson contributed $3.9m

Strategy

- **Merge MARAC into a "financial services" and "banking"*** **group to meet the needs of families, individuals, small to medium-sized businesses, and the rural sector**
- **Generate a valuable fee income base in Torchlight Group**
- **Hold PGW shares and maximise value**
- **Manage down non-core activities**

*Neither PGC, MARAC nor Perpetual is a registered bank. No merged entity will be a registered bank until it has been registered as such under the Reserve Bank of New Zealand Act 1989.

Milestones (to date)

November 2009	$272.5m raised in PGC's capital raising
19 November 2009	$33m invested in PGG Wrightson's rights offer
13 January 2010	Promoted to NZX50 Index
24 March 2010	Enter insurance joint venture with The New Zealand Automobile Association (AA)
1 June 2010	Proposed 'Heartland' merger announced
30 June 2010	MARAC acquired GMAC NZ retail motor vehicle finance book
30 June 2010	$150m capital raised by Torchlight Investment Group through Torchlight Fund No 1 LP
12 August 2010	MARAC's Standard & Poor's credit rating outlook upgraded to BB+ (Stable)
7 September 2010	MARAC secured exclusive rights to promote Holden Financial Services
16 September 2010	Merger Implementation Agreement announced
17 September 2010	MARAC put on CreditWatch Positive by Standard & Poor's
5 October 2010	Board and Executive Management for proposed merger announced

Board

Structure, composition and skills reviewed

PGC (including Perpetual) Board

- Bruce Irvine (Chair)
- Jeff Greenslade
- George Gould
- George Kerr
- Bryan Mogridge

MARAC Board

- Bruce Irvine (Chair)
- Jeff Greenslade
- John Harvey
- Bryan Mogridge
- Michelle Smith

Operational Performance

- Credit policies tightened
- Bank-like procedures and protocols progressively put in place
- Refocus on core areas (plant and equipment, SME)
- Exit property development market and wind down of remaining book
- New risk framework implemented as required under NBDT regulations

Heartland – Why do it?

Your Board considers this to be the single greatest value enhancing proposition for shareholders at this time.

What is "Heartland"?

A merger of MARAC, CBS and Southern Cross, which will bring together three complementary businesses that each have a long history and an established heritage of providing financial services to New Zealanders.

"BUILDING SOCIETY HOLDINGS LIMITED"

MARAC

CBS Canterbury

SOUTHERN CROSS BUILDING SOCIETY

Lasting and positive contribution to New Zealand communities

Full service, customer focused offering – valuing client relationships over the long term

By New Zealand for Heartland New Zealanders

- Only listed New Zealand controlled bank
- Headquartered in the South Island, but extensive national reach

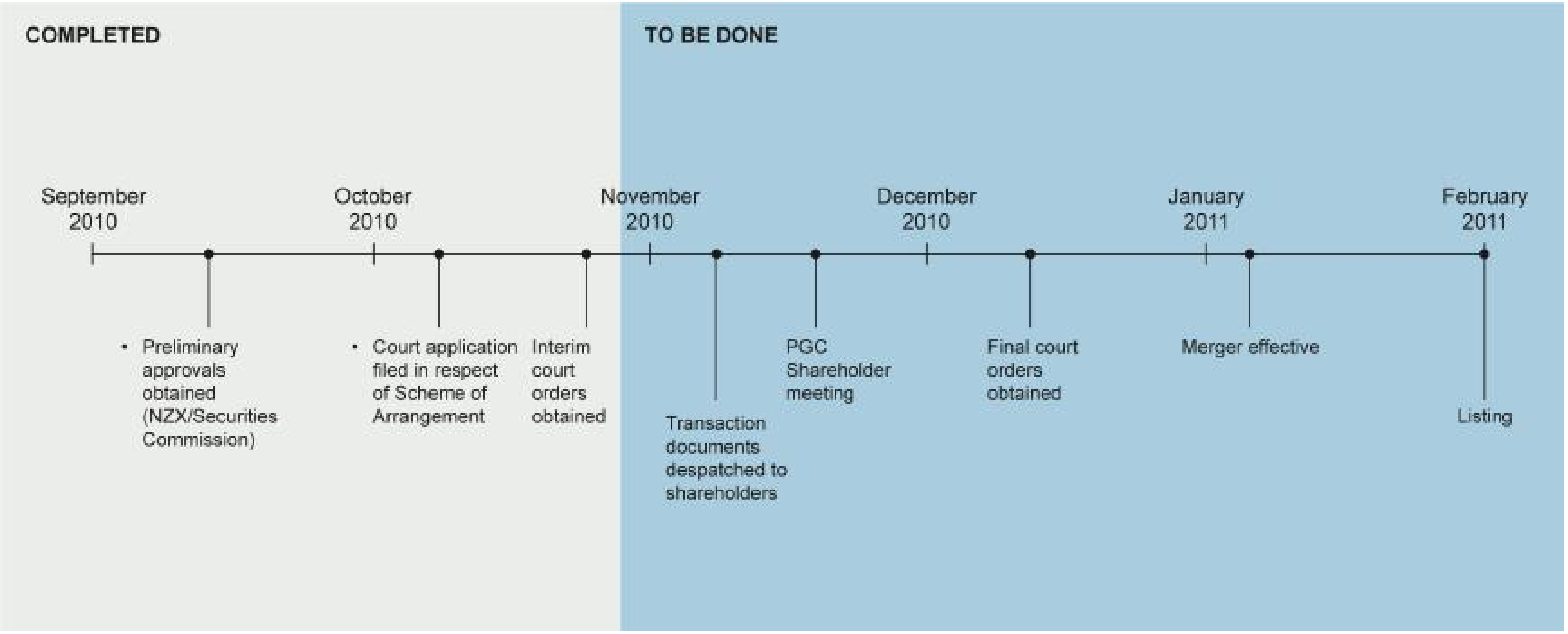
Provider of credit for Heartland New Zealand

- "Middle income" New Zealanders
- SMEs
- Rural / Agriculture

Shareholder Benefits

- Increased shareholder returns superior to those that could be achieved on a standalone basis
- A sustainable business model in the new regulatory environment
- Enhanced consistent profitability – delivering constant dividends

Indicative Merger Implementation Timetable



Governance

- Bruce Irvine (Chairman)
- George Gould
- Bryan Mogridge
- Jeff Greenslade
- Michelle Smith

Current PGC/MARAC directors

- Gary Leech
- Graham Kennedy

Current CBS directors

- Christopher Mace
- Geoffrey Ricketts

Current SCBS directors

Executive Team

- Jeff Greenslade, Managing Director
- Chris Flood, Head of Consumer
- Michael Jonas, General Counsel
- Sean Kam, Chief Financial Officer
- Mark Mountcastle, Chief Risk Officer
- Craig Stephen, Treasurer

PGC/MARAC

- James Mitchell, Head of Business
- Will Purvis, Head of Rural

New talent attracted

- Bryan Inch, Head of Retail

CBS

- Mark Bellas, Chief Operating Officer

SCBS

Market Conditions

- Global and New Zealand economies recovering
- Credit remains tight
- Caution evident
- PGC well placed

Group Outlook

Perpetual

- Expansion of network, FUM and FUA
- Additional capability and integration with bank strategy

Torchlight

- Positive acquisition
- Review whether “private equity” fits with strategic direction

PGG Wrightson

- Committed shareholder
- Constantly reviewing our position

Group Outlook

MARAC

- Committed to Heartland Strategy as pathway to Bank*
- Earnings benefit from transition of “Product to Customer”
- Costs increased by Extended Crown Guarantee and costs of merger but offset by Heartland benefits
- Finance industry pressure brings consolidation opportunities
- Reduced supply of credit to SMEs and Rural sector offers growth potential within prudential risk parameters

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PGC Post-Merger

Strategic review underway

Dividend

- Interim dividend of 1.5 cents per share, fully imputed, plus a supplementary dividend to overseas shareholders
- Dividend Reinvestment Plan will apply to this dividend
  - Shares being issued at a 2% discount to the volume weighted average sale price over the 5 trading days prior to the issue of the shares on 3 December 2010
  - Fully underwritten by First NZ Capital
- Record date 19 November 2010

Financial Overview

Sean Kam

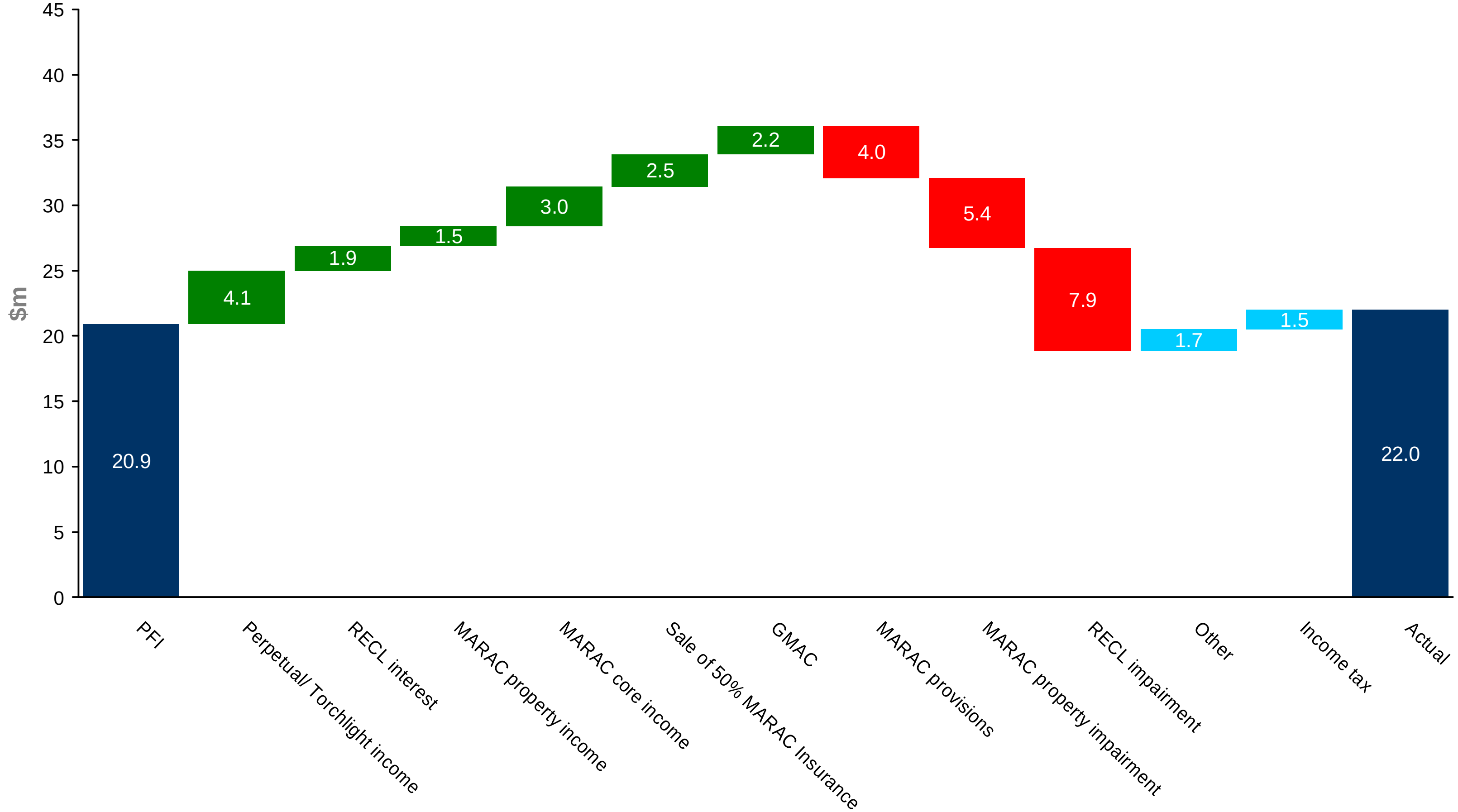
PGC Group June 2010 Overview

Consolidated results	Jun-10 Actual (NZ$m)	Jun-10 PFI (1) (NZ$m)	Jun-10 Variance (NZ$m)	Jun-09 Actual (NZ$m)
Net interest income	62.4	55.6	6.8	59.4
Net other operating income	42.9	32.8	10.1	24.3
Net operating income	**105.3**	**88.4**	**16.9**	**83.7**
Other expenses	50.2	49.9	0.3	43.2
Impaired asset expense	31.8	14.4	17.4	98.6
Operating profit / (loss)	**23.3**	**24.1**	**(0.8)**	**(58.1)**
Share of equity accounted investees' profit (2)	4.4	4.0	0.4	(13.8)
Profit / (loss) before income tax	**27.7**	**28.1**	**(0.4)**	**(71.9)**
Income tax expense / (benefit)	5.7	7.2	(1.5)	(17.6)
Net profit for the year	**22.0**	**20.9**	**1.1**	**(54.3)**

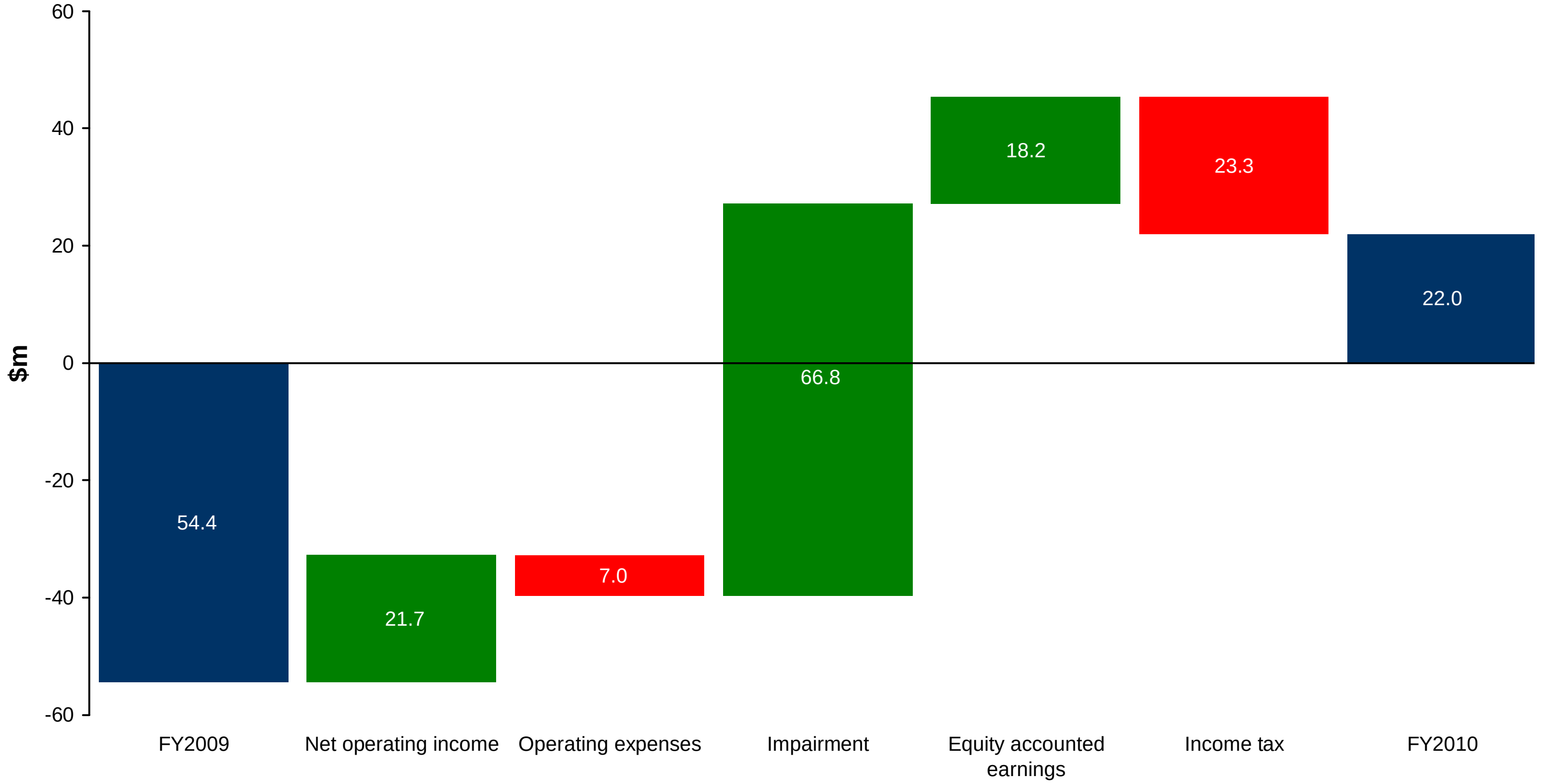
(1) Forecasts are subject to detailed assumptions, qualifications and risk factors set out in the Rights Issue Offer Document. Total forecast as per Offer Document adjusted for Agria dilution and PGW PFI announcement. The PFI has been restated as detailed in the Group Financial Statements in order to align it with the Statutory Financial Statement classifications, this has no impact on the prospective profit for the year.

(2) Actual excludes impact of Agria dilution of $0.4m as the cost of dilution is included in other expenses. Includes the equity accounted earnings of the jointly controlled entity, MARAC JV Holdings Limited, and its subsidiary MARAC Insurance Limited.

2010 PFI to Actual 2010



PGC Group 2010 Actual to 2009 Actual



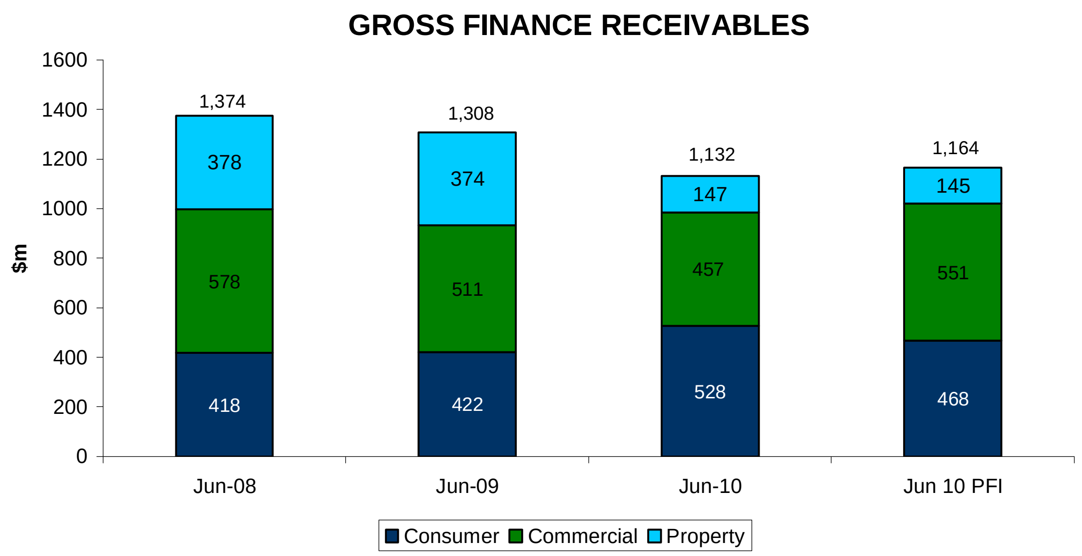
Divisional Earnings Breakdown

	Jun-10 Actual (NZ$m)	Jun-10 PFI [6] (NZ$m)	Jun-10 Variance (NZ$m)	Jun-09 Actual (NZ$m)
MARAC [1]	20.2	19.6	0.6	27.3
Perpetual Group [2]	6.0	7.5	(1.5)	4.7
PGG Wrightson [3]	3.9	4.0	(0.1)	(13.8)
Corporate & minor entities [4]	(2.4)	(3.0)	0.1	(90.2)
Profit before tax [5]	27.7	28.1	(0.8)	(72.0)
Income tax expense	5.7	7.2	(1.5)	(17.6)
Net profit after tax [5]	**22.0**	**20.9**	**1.1**	**(54.4)**

(1) MARAC Finance Limited
(2) Perpetual Group includes Perpetual Trust, Perpetual Group Limited, Torchlight Investment Group Limited and all subsidiaries of these companies.
(3) Includes Agria dilution $0.4m
(4) Corporate and minor entities includes Pyne Gould Corporation, MARAC Financial Services, MARAC Insurance, MARAC Investments and MARAC Securities. Includes the gain on sale of 50% of MARAC Insurance, the gain on sale of the building and the elimination of the loan note interest.
(5) Any difference between the value of the profit lines and the sum of the individual values is due to rounding.
(6) Forecasts are subject to detailed assumptions, qualifications and risk factors set out in the Rights Issue Offer Document. Forecast as per Offer Document adjusted for Agria dilution and the PGGW PFI announcement.

MARAC

- Net profit after tax $14.3m
- Refocused on quality earnings
- Growth through acquisition/alliances
- Standard & Poor's revised MARAC's outlook to BB+ (Stable) and placed on CreditWatch Positive following the signing of the MIA

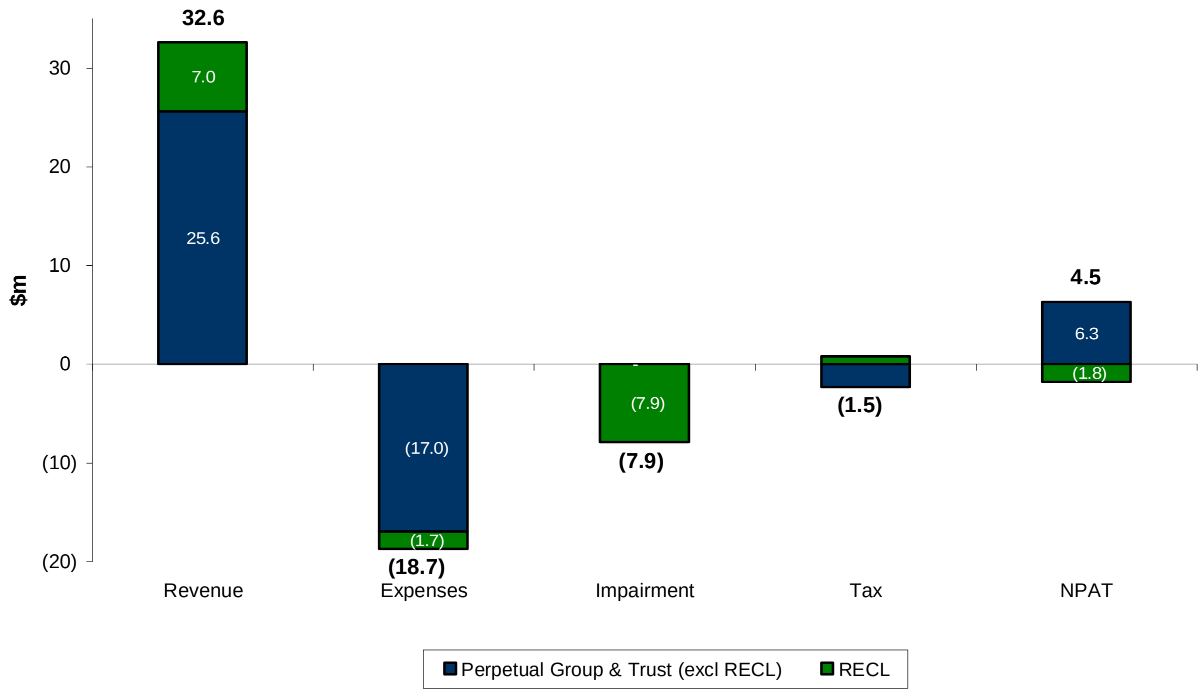


* MARAC Finance Limited only (excludes MARAC Investments Limited, MARAC Insurance Limited, MARAC Securities Limited and MARAC Financial Services Limited). June 2008 includes Nissan Finance Limited. Finance receivables only, excludes operating lease vehicles.

MARAC

Perpetual Group

- Re-positioned as a Retirement Planning and Wealth Management business
- Eight new funds with $594m Funds Under Management at year end
- Torchlight fund closed at $150m



Perpetual Since 1884

PGG Wrightson

- Equity accounted earnings $3.9m (including impact of Agria dilution loss $0.4m)
- PGC participated fully in PGG Wrightson's capital raising last year – investing $33m to help strengthen its balance sheet
- EBITDA was $70.5m and NPAT was $23.3m
- In line with PFI
- PGC is a committed cornerstone shareholder with the objective to maximise value

PGG Wrightson

Balance Sheet

	PGC			MARAC		
	2010 (NZ$m)	2009 (NZ$m)	Mvmt (NZ$m)	2010 (NZ$m)	2009 (NZ$m)	Mvmt (NZ$m)
Total assets	1,561.3	1,468.0	93.3	1,294.6	1,412.8	(118.2)
Total liabilities	1,094.7	1,283.7	(189.0)	1,088.1	1,259.8	(171.7)
Total equity	466.6	184.3	282.3	206.5	153.0	53.5
Equity ratio	30%	13%		16%	11%	
Regulatory capital - NBDT	-	-		9.57%	-	
Net tangible assets	405.5	129.2		198.0	147.3	
NTA per share	$ 0.52	$ 1.32		-	-	

Managing Director's Address
Jeff Greenslade

Overview

Then

- Global Financial Crisis
- Dire situation for PGC

Now

- Paying dividend
- Proposed 'Heartland' merger
- Potential to gain an 'investment grade' credit rating
- Bank registration

The Future – Heartland

Strategic Rationale

- Creates true opportunity to build a strong, sustainable, locally controlled and operated, regional bank* in New Zealand
- Nationwide distribution platform
- Broader range of products and services for our customers
- Changing regulatory landscape
- Outlook for MARAC, CBS and SCBS on a standalone basis remains challenging

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Heartland

- MARAC to merge with CBS and SCBS
- Investment grade credit rating
- Solid asset base
- Greater diversity (sector, geography)
- Stable funding base and lower Cost of Funds
- Banking registration sought post integration
- Significant opportunity

The Heartland Proposition

Differentiating ‘Heartland’

- Focusing on small-to-medium sized businesses, rural businesses and ‘middle’ New Zealand individuals and families
- Adopting a ‘customer first’ delivery approach
- Exploit regional opportunities in the South Island

Customer Focus

- **Providing core customer groups with personalised banking products and services lies at the heart of the 'Heartland' strategy**

Core Proposition

Middle NZ
Individuals and families

- Residential mortgages
- Motor vehicle, and marine and leisure finance
- Consumer finance and other personal lending
- Investment products
- Transaction services
- Insurance and wealth management

SMEs
Commercial Finance

- Plant and equipment
- Working capital finance
- Commercial property loans
- Transaction services
- Investment products
- Insurance and wealth management

"BUILDING SOCIETY HOLDINGS LIMITED"

MARAC

CBS Canterbury

SOUTHERN CROSS BUILDING SOCIETY

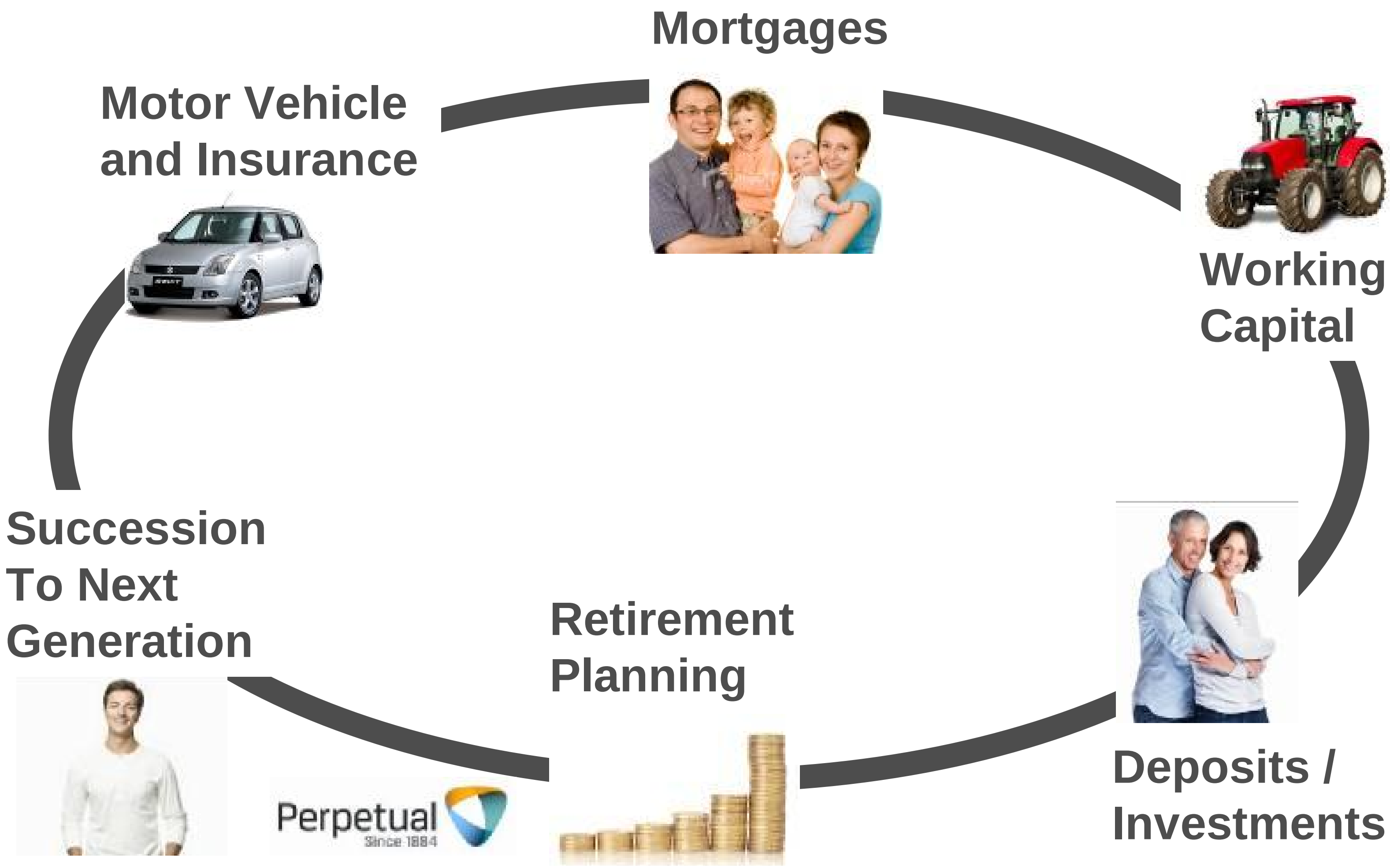
Rural

- Plant and equipment
- Working capital finance
- Livestock and crop financing
- Commercial mortgages
- Investment products

Other Transactional Services

- Transactional banking – cheque, savings account and internet banking
- Foreign exchange

Financial Life-Cycle

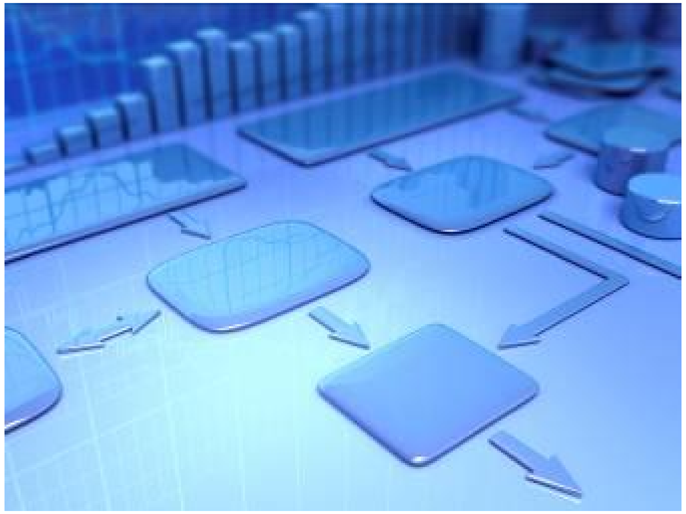


PGC Strategic Review

Reviewing all options including

- **Continue as a holding company**
- **Potential to distribute any of the assets in specie**
- **Sell any assets and distribute or invest elsewhere**
- **Combinations of the above**

Clarify roles of PGC management team



Heartland

PGC shares in Building Society Holdings Limited or 'Heartland' form part of the strategic review

Key objectives for Heartland

- Achieving NZX50 listing*
- Diverse and supportive shareholder base
- Maintaining local control

* An application has been made to NZX Limited for permission to list the shares in Building Society Holdings Limited, and all requirements of NZX Limited that can be complied with on or before the date of this announcement have been duly complied with. However, NZX Limited accepts no responsibility for any statement in this announcement. NZX Limited is a registered exchange regulated under the Securities Markets Act 1988.

Questions

Business of the Meeting

- To receive the 2010 Annual Report
- To re-elect Bryan Mogridge as a director
- To re-elect George Kerr as a director
- To authorise the directors' to fix the remuneration of the auditors

General Business

Pyne Gould Corporation
Annual Meeting
29 October 2010

Bruce Irvine **Jeff Greenslade** **Sean Kam**