Pyne Gould Corporation

Notice to NZX
14 November 2013

PGC proposes London listing

Pyne Gould Corporation (**PGC**) today announced that it is proposing to shareholders that the company seek a listing with the London Stock Exchange in the first half of 2014.

PGC will send a Notice of Meeting to shareholders shortly to outline both the proposed London listing and the changes required to facilitate that. These changes include redomiciling the company to Guernsey which requires shareholder approval at the company's upcoming annual general meeting.

PGC Chairman Bryan Mogridge said that the plans are a natural path forward for PGC and would bring a number of benefits for shareholders and position the company for further investment and growth.

"PGC's performance has improved markedly as the focus has shifted away from New Zealand – where we have divested almost all our assets – to Australia and the United Kingdom where we already hold substantial existing investments and in the case of the United Kingdom and Europe, offer the most attractive growth prospects."

"We have signalled for the past few years that we intended to move PGC to a jurisdiction and stock market consistent with our current asset base and future strategy. This move will help to expand the company, grow shareholder value, and provide shareholders with opportunities for improved liquidity."

Mr Mogridge also announced details of PGC's on-market share buy back programme, as foreshadowed in previous company announcements.

1. Migration to Guernsey in preparation for a listing on the London market

The restructuring of PGC since 2009 involved raising $272.5 million and splitting of PGC into two businesses, creating as a separate company what is now the Heartland Bank, with the other assets and bank debt remaining in PGC, including the Torchlight Investment Group (**Torchlight**). Since then, the Board has continued to review its strategy to enhance shareholder value. PGC announced in July 2012 that non core assets would be sold with proceeds redeployed in the core business of Torchlight. The focus of growth is the acquisition of undervalued assets by targeting distressed debt situations. Due to the nature and location of the opportunities within this field, this has seen shift in geographical focus to Australia and the United Kingdom.

In implementing this strategy in the past year, PGC has sold Perpetual Group and its interest in van Eyk, plus continued to liquidate legacy real estate assets including Real Estate Credit Limited. Torchlight has continued to grow strongly through investments in Australia and the United Kingdom

PGC's annual financial statements for the year ended 30 June 2013, which reported a net profit after tax of $45.2 million (including capital gains of $25 million on the divestment of non-core assets) was amongst the highest in PGC's long history and is tangible evidence of its success to date. The result is a major turnaround from the $47.7m loss the previous year.

The success of PGC's strategy and its results have not been reflected in PGC's share price and trading in PGC's shares has been at a very low level. The volume weighted average share price over the 90 trading days ending on 31 October 2013 was $0.34 and the average trading volume over that same period was 21,545 shares per trading day. As at the close of trading on 13 November 2013, PGC's share price was $0.43.

The Board has taken appropriate external advice on the matter which included initial advice by global tax and legal specialists to determine the correct jurisdiction and market. Once jurisdiction and market were determined, PGC utilised London-based legal and corporate advisers to advise on the specific execution path. After this process the Board has decided that the time has come that PGC's incorporation should move to a jurisdiction that is consistent with PGCs investment strategy and listing plans. The Board expects this will provide enhanced growth opportunities and the opportunity for increased value and liquidity.

To this end, the Board is recommending to shareholders that PGC embark on a path which is intended to see PGC seek admission of its issued ordinary shares to trading on one of the markets operated by the London Stock Exchange (a **LSE Listing**) in the first half of 2014, after having migrated from New Zealand to Guernsey by the end of 2013.

The reasons for this decision include that a LSE Listing would:

- increase the profile of PGC with potential new investors (the London market has many more investors who understand and specialise in investing in quality assets with distressed debt obligations), thereby potentially broadening the shareholder base;

- have the potential to improve the liquidity of trading in PGC's shares, thereby increasing the likelihood that the Company's share price will trade closer to its net tangible asset value;

- increase the ability of the Company to raise capital at attractive prices and/or use its shares as consideration in future investments, if it wishes to do so;

- align PGC's asset holdings and forward investment plan with an appropriate market for its shares, both geographically and in terms of sophistication;

- assist in positioning the Company for its next stage of development (including simplification into a Real Estate Operating Company if the Board decides that is in the best interest of PGC); and

- geographically put PGC in an expert advisory community and subject to a listing framework that has a reputation for balanced and globally-respected standards of regulation and corporate governance.

Achieving a LSE Listing, which is to a large extent a regulatory process, can be subject to uncertainties such as extended timeframes and eligibility. The fact that PGC and its Board already operate in a listed company environment, and will continue to do so at the time of the LSE Listing, should assist this process.

The migration of PGC to Guernsey requires various approvals from shareholders. Those approvals will be sought at PGC's annual meeting to be held before 31 December 2013. Australasian Equity Partners (GP) No. 1 Limited, the general partner of Australasian Equity Partners Fund No. 1 LP which currently holds 76.3% of the shares on issue in PGC, has advised PGC that it intends to vote its shares in favour of the migration.

The Board has obtained external advice on Guernsey as an appropriate jurisdiction from which PGC can seek a LSE Listing. The reasons for PGC to migrate to Guernsey include that:

- many Guernsey incorporated companies are listed in London and, as a result, potential investors are very familiar with companies of that domicile. In contrast, of the some 2,400 issuers listed on the London Stock Exchange as at 31 October 2013, none are New Zealand incorporated companies;

- it is legally not possible for a New Zealand company to become a company registered in the United Kingdom through a migration process;

- Guernsey is an attractive place to do business given, among other things, it shares the currency of the United Kingdom, the jurisdiction of some of PGC's key underlying assets, it will be administratively easier to operate PGC's business in a location nearer to many of its assets, and it offers an attractive tax regime for PGC;

- a Guernsey domicile would give PGC better access to the broader pool of relevant board and management expertise in Europe, if required;

- there are market opportunities for PGC in Europe given its current business strategy to invest in quality assets with distressed debt loads, which PGC would be able to access more easily from a Guernsey platform; and

- PGC does not have any material investments or assets remaining within New Zealand. PGC's current significant investments (through Torchlight) are in businesses that operate in Australia and the United Kingdom. This includes Equity Partners Infrastructure Company No. 1 Limited (**EPIC**), whose shareholders have recently voted strongly in favour of migrating to Bermuda as a precursor to seeking admission of its shares to trading on the AIM market of the London Stock Exchange. The principal underlying assets of EPIC are located in the United Kingdom. Within Australia, Torchlight has significant investments in the Lantern Hotel Group and the RCL Group. PGC's present New Zealand assets primarily consist of a mixture of residential and commercial investment properties, which amounted to approximately $4.8 million out of a total of $151.8 million of assets (as reported in PGC's annual financial statements for the year ended 30 June 2013), and those New Zealand assets are in the process of being sold.

PGC has today given notice in the New Zealand Gazette and the New Zealand Herald that it intends, after 12 December 2013, to apply under section 351 of the Companies Act 1993 to be removed from the New Zealand Register of Companies in connection with becoming incorporated in Guernsey.

Further details about the migration and the Board's plan to achieve a London market listing will be included in the notice of meeting for the annual meeting (the **Notice of Meeting**).

2. Buy back to be undertaken by PGC

Consistent with the Board's view that PGC's successful execution of its strategy has not been reflected in the market price of PGC's shares to date, PGC intends to establish an on-market share buy back programme on the NZX Main Board to acquire up to 5% of its ordinary shares (being 10,831,480 ordinary shares). The share buy back may commence from 20 November 2013 and may continue until 19 November 2014, but the Board's intention is that the Notice of Meeting will be released to the market before the Company acquires any of its shares.

As required by the NZX Main Board Listing Rules, PGC will make daily announcements to NZX of any shares bought back under the share buy back.

The PGC Board will continue to consider whether it is in the best interests of shareholders to increase the size of the buy back to be undertaken beyond the 5% threshold referred to above. If it determines to increase the size of the buy back programme beyond 5%, PGC will make a further announcement to the market and comply with any relevant disclosure requirements at that time.

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