

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000. If you are outside the UK, you should immediately consult an appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Shares or CDIs, please send this document, but not the personalised Forms of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However this document should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction.

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GUINNESS PEAT GROUP PLC

**Proposed scheme of arrangement under Part 26 of the Companies Act 2006 to
implement a capital return and create distributable reserves**

and

Notices of Scheme Meeting and AGM

This document and the accompanying documents have been prepared pursuant to, and for the purposes of complying with, English law and the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Your attention is drawn to the letter from the Chairman of GPG set out in Part I of this document which contains the recommendation by the Directors to vote in favour of the resolution to be proposed at the Scheme Meeting and the resolutions to be proposed at the AGM. An explanatory statement describing the Scheme and action to be taken appears in Part II of this document.

Notices of the Scheme Meeting and the AGM, both of which will be held at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand on 8 June 2011, are set out at the end of this document. The Scheme Meeting will start at 2.00 p.m. and the AGM at 2.15 p.m. (or as soon thereafter as the Scheme Meeting is concluded or adjourned).

Goldman Sachs and Greenhill Caliburn are acting for GPG and no-one else in connection with the proposals described in this document and will not be responsible to anyone other than GPG for providing the protections afforded to clients of Goldman Sachs or Greenhill Caliburn nor for providing advice in relation to the proposals described in this document. Neither Goldman Sachs nor Greenhill Caliburn nor any of their subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) in connection with this document, any statement contained herein, any omission therefrom or otherwise.

This document may contain forward-looking statements. These forward-looking statements may include, among other things, the Company's plans or objectives based on assumptions and the like that are subject to risks and uncertainties. As such, actual results or outcomes may differ materially from those expressed or implied by the forward-looking statements. The forward-looking statements included in the document should not be regarded as a representation by the Company that its plans and objectives will be achieved. The Company undertakes no obligation to update the forward-looking statements to reflect actual results, or any change in events, conditions or assumptions or other factors, unless required to do so by applicable law and regulation.

SUMMARY OF THE PROPOSAL

This document explains the steps required to implement the Proposal, involving a Capital Return of £80 million to Shareholders and the creation of distributable reserves of £155 million. We have prepared this summary to help you understand what is involved in the Proposal. You should read the whole of this document and not rely solely on the summary below.

Where applicable, all figures relating to the Proposal set out in Parts I and II of this document, and in this summary, have been rounded to the nearest million.

What is being proposed?

In September 2010, GPG established an independent sub-committee of the Board to evaluate options to enhance Shareholder value. Following the evaluation, your Board considered the unanimous recommendation of the independent sub-committee and, consequently, determined that GPG will pursue a strategy of orderly value realisation over time. In the process of implementing this strategy GPG will generate cash proceeds that, combined with its existing cash balances, can be used for capital management initiatives. The proposed Capital Return to Shareholders of £80 million described in this document is the first step in these capital management initiatives. The Proposal will also involve the creation of distributable reserves to facilitate the payment of a 1.15p per Share dividend in 2011 and the payment of future dividends and/or other returns to Shareholders, as appropriate.

How will the Proposal be implemented?

The Proposal will be carried out by a formal procedure, known as a scheme of arrangement, under the UK Companies Act. The scheme of arrangement will involve a reduction of capital and will implement the Capital Return and create distributable reserves. The effect of the proposed Capital Return for Shareholders will be that eligible Shareholders will have 1 out of every 8 eligible Shares held by them cancelled (subject to rounding), in consideration for the payment of 35.07 pence per cancelled Share. The consideration reflects the volume weighted average price (converted to sterling)¹ of a Share on the NZX (the NZ Stock Market – the most liquid market for Shares) for the five trading days up to and including 11 February 2011, the date on which the Capital Return was first announced.

How will the Capital Return affect Shareholders?

As the Capital Return (if approved) is compulsory and *pro rata*, the percentage ownership (and proportionate right to GPG dividends and other distributions) of each Shareholder will (subject to rounding) remain unchanged after the cancellation has taken place. Accordingly, on a pre-tax basis and based on the assumptions used in the table below, Shareholders should be in the same overall financial position before and after the Capital Return. An example of the effect for a Shareholder holding 1,000 Shares is set out below:

	Before	After
Shares held	1,000	875
Share value before repayment (assumes £0.3823 per Share) ²	£382	-
Value of Shares after repayment (estimated at £0.3868 per Share) ³	-	£338
Plus cash received (proposed Capital Return of £0.3507 per cancelled Share)	-	£44
Value to Shareholder	£382 (Shares only)	£382 (Cash and Shares)

¹ The NZ\$ to sterling exchange rate is the middle market quotation as derived from Bloomberg on 11 February 2011 of 0.4752 NZ\$ to sterling.

² The Share value before repayment reflects the closing price (converted to sterling by reference to the middle market quotation as derived from Bloomberg at the close of business on 9 May 2011 of 0.4839 NZ\$ to sterling) for a Share as derived from the NZX as at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document).

What if the number of Shares I hold is not divisible by eight?

Where the number of Shares held by a Shareholder is not divisible by 8, in calculating the number of that Shareholder's Shares to be cancelled pursuant to the Capital Return, the Board will treat that Shareholder's holding as being rounded down to the nearest number divisible by 8. This will mean that Shareholders who hold fewer than 8 Shares as at the Scheme Record Time will have no Shares cancelled.

What are the tax consequences of the Proposal?

A description of the tax consequences for UK, New Zealand and Australian resident Shareholders and CDI Holders is provided in paragraph 9 of Part II of this document. You should read this document carefully and if you are in any doubt about your taxation position, or if you are tax resident in another jurisdiction, you should consult your own professional advisor.

How was the size of the Capital Return determined?

In determining the amount of capital to be returned to Shareholders pursuant to the Capital Return, your Board has sought to provide Shareholders a meaningful return whilst having regard to the actual and contingent liabilities of the GPG Group. As a result, your Board has determined that an initial return of £80 million is appropriate at this time. It is intended that cash proceeds from the orderly realisation of investments will be used to provide future returns of value to Shareholders, having regard to the actual and contingent liabilities of the GPG Group at the time.

Why is the Board proposing this method for returning capital?

In determining how to return capital to Shareholders, the Board considered various options including a special dividend, on-market and off-market *pro rata* share buybacks and non-*pro rata* share buybacks. The Board balanced a wide range of factors, including the impact on Shareholders across a range of jurisdictions and the importance of certainty, simplicity and timeliness for GPG and its Shareholders. The Proposal is considered the method of returning capital that achieves the best balance of these factors and ensures all Shareholders are treated equally and neutrally in all material respects.

Why is the Company proposing to create distributable reserves?

GPG currently has limited distributable reserves and is restricted under the Companies Act from making distributions to Shareholders in excess of those reserves, including by way of dividends. In order to facilitate the payment of a dividend in 2011 and any future payments of dividends and/or other returns to Shareholders, the Board is proposing that, as part of the Scheme, the Company create distributable reserves by capitalising the Company's Other Reserve in the amount of £155 million, through the issue of deferred shares and the cancellation of those deferred shares, so as to reduce that newly created share capital by the same amount. If approved by Shareholders and the Court, this amount would be applied in crediting GPG's distributable reserves. As a result, GPG would have the ability to pay a 1.15p per Share dividend in 2011 and the remainder of the distributable reserves created would be available to be utilised in subsequent years at the Board's discretion.

What action should I take?

A summary of the action recommended to be taken by you is set out on pages 1 and 2 of this document and on the Forms of Proxy accompanying this document.

³ The value of Shares after repayment has been estimated on the basis that the closing price (converted to sterling on the same basis as in footnote 2 above) for a Share as derived from the NZX as at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document) is assumed to be the market price immediately after the Operative Date. The estimated increase in the market price reflects the fact that the consideration payable for Cancellation Shares is less than the market price as at the close of business on 9 May 2011. The actual value to Shareholders at the time of the repayment will be impacted by the prevailing market price immediately following the Operative Date.

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Action to be taken

Voting at the Scheme Meeting and AGM

The Scheme will require approval at a meeting of Shareholders convened by order of the Court to be held at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand at 2.00 p.m. (Auckland time) on 8 June 2011. Implementation of the Scheme will also require the approval of the Scheme Special Resolution by Shareholders at GPG's AGM to be held at the same venue at 2.15 p.m. (Auckland time) on 8 June 2011 (or as soon thereafter as the Scheme Meeting is concluded or adjourned). Notices of the Meetings are set out at Parts VI and VII of this document.

All Shareholders will find enclosed with this document:

- a BLUE Form of Proxy for use in respect of the Scheme Meeting on 8 June 2011; and
- a WHITE Form of Proxy for use in respect of the AGM on 8 June 2011.

Whether or not Shareholders intend to attend these meetings, they are requested to complete and sign each Form of Proxy enclosed with this document and return them (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such power or authority) in accordance with the instructions printed thereon as follows:

- (i) **if you are a UK registered Shareholder, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY;**
- (ii) **if you are an Australian registered Shareholder, to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001; and**
- (iii) **if you are a New Zealand registered Shareholder, to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142,**

as soon as possible, but in any event so as to be received by Computershare no later than 2.00 p.m. Auckland time (3.00 a.m. London time) on 6 June 2011 in the case of the Scheme Meeting (BLUE form) and by no later than 2.15 p.m. Auckland time (3.15 a.m. London time) on 6 June 2011 in the case of the AGM (WHITE form).

This will enable your votes to be counted at the Meetings in the event of your absence. If the BLUE Form of Proxy for use at the Scheme Meeting is not lodged with Computershare by 2.00 p.m. Auckland time on 6 June 2011, it may be handed to Computershare or the Chairman of the Scheme Meeting at the Scheme Meeting before it commences.

The completion and return of the relevant Form of Proxy will not prevent you from attending and voting at the Scheme Meeting and/or the AGM or at any adjournment thereof, if you wish and are entitled to do so.

If you wish to appoint multiple proxies in connection with the Scheme Meeting and/or the AGM you may:

- (a) photocopy the relevant Form(s) of Proxy, fill in each copy in respect of different Shares and send the multiple forms together to Computershare at the relevant address above; or
- (b) call Computershare on the relevant Helpline number set out below who will then issue you with multiple Forms of Proxy.

In each case, please ensure that all of the multiple Forms of Proxy in respect of one registered holding are sent in the same envelope if possible.

Alternatively, UK registered Shareholders who hold their shares in uncertificated form (i.e. in CREST) may appoint a proxy or proxies through the CREST electronic proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to accompanying notes for the notices

of the Meetings set out at the end of this document). Proxies submitted via CREST for the Scheme Meeting must be transmitted so as to be received by Computershare (under CREST participant ID 3RA50) not later than 2.00 p.m. Auckland time (3.00 a.m. London time) on 6 June 2011. Proxies submitted via CREST for the AGM must be transmitted so as to be received by Computershare (under CREST participant ID 3RA50) by 2.15 p.m. Auckland time (3.15 a.m. London time) on 6 June 2011.

As an alternative to completing and returning the printed Forms of Proxy, you may submit your proxy electronically, as follows:

- (i) if you are a UK registered Shareholder by accessing www.eproxyappointment.com in respect of your proxies for both the Scheme Meeting and the AGM. For security purposes, you will need to provide the control number, shareholder reference number (SRN) and personal identification number (PIN) to validate the submission of the proxy online. Your individual SRN and PIN are shown on the printed Forms of Proxy, together with an identifying control number;
- (ii) if you are a New Zealand registered Shareholder by accessing www.investorvote.co.nz/gpgsm in respect of your proxy for the Scheme Meeting, and www.investorvote.co.nz/gpgagm in respect of your proxy for the AGM. For security purposes, you will need to provide your investor number (CSN) and FASTER identification number (FIN) to validate the submissions of the proxy online. Your individual investor number is shown on the printed Forms of Proxy; and
- (iii) if you are an Australian registered Shareholder or CDI Holder by accessing www.investorvote.co.nz/gpgsmau in respect of your proxy for the Scheme Meeting, and www.investorvote.co.nz/gpgagmau in respect of your proxy for the AGM. For security purposes, you will need to provide your shareholder reference number or holder identification number (SRN/HIN) and FASTER identification number (FIN) to validate the submissions of the proxy online. Your individual SRN/HIN is shown on the printed Forms of Proxy.

For further information on submitting your proxy electronically, see the instructions printed on the Forms of Proxy.

It is important that, for the Scheme Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. You are therefore strongly urged to sign and return your Forms of Proxy as soon as possible.

CDI Holders

If you are a CDI Holder, you may attend, but you are not entitled to vote at, the Scheme Meeting and the AGM. You may use:

- the BLUE Form of Proxy to direct CDN how it should vote, or to instruct CDN to appoint you or someone else as its proxy to act on your behalf and vote on the poll, at the Scheme Meeting; and
- the WHITE Form of Proxy to direct CDN how it should vote, or to instruct CDN to appoint you or someone else as its proxy to act on your behalf and vote on the polls at the AGM.

You are requested to complete and sign each Form of Proxy enclosed with this document and return them in accordance with the instructions printed thereon to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, so as to arrive as soon as possible and in any event at least 48 hours prior to the relevant Meeting.

If you would like to attend in person please refer to paragraph 11.3 in Part II of this document for more information.

Helplines

Shareholders and CDI Holders who have any questions about this document or the Scheme Meeting or are in any doubt as to how to complete the Forms of Proxy for the Meetings, should call the GPG Shareholder Information Helpline on the phone numbers set out below:

- (i) UK registered Shareholders should call 0800 923 1508;
- (ii) Shareholders in other European countries should call +44 117 378 8389;
- (iii) Australian CDI Holders should call 1300 575 834; and
- (iv) New Zealand registered Shareholders should call 0800 764 755.

Shareholders outside of these areas should call +61 3 9415 4635.

Applicable network rates may apply and calls may be recorded and monitored for security and training purposes.

Helpline operators cannot provide financial, taxation or legal advice or advice on the merits of the Proposal. Helplines are open Monday to Friday during normal business hours in each relevant jurisdiction.

Expected timetable of principal events

All references in this document to times are to Auckland, New Zealand time unless otherwise stated.

<i>Event</i>	<i>Time and/or date</i>
Latest time for lodging BLUE Forms of Proxy for the Scheme Meeting	2.00 p.m. on 6 June 2011 ⁴
Latest time for lodging WHITE Forms of Proxy for the AGM	2.15 p.m. on 6 June 2011 ⁵
Voting Record Time for Scheme Meeting and AGM	6.00 p.m. London time on 6 June 2011 ⁶
Scheme Meeting	2.00 p.m. on 8 June 2011
AGM	2.15 p.m. on 8 June 2011 ⁷
Court Hearing to sanction the Scheme	1 July 2011 ⁸
Scheme Record Time	6.00 p.m. London time on 1 July 2011 ⁸
Effective Time	4 July 2011 ⁸
Court Hearing to approve the Reduction of Capital	4 July 2011 ⁸
Operative Date of the Reduction of Capital	5 July 2011 ⁸
Latest date for despatch of consideration	within 14 days of the Operative Date

Due to settlement issues and other considerations regarding the orderly operation of the market for Shares and CDIs whilst the Scheme and the Reduction of Capital are being implemented, it is proposed that applications will be made for a temporary suspension of listing and trading of the Shares and the CDIs on the LSE, NZX and ASX, as appropriate, from 29 June 2011, being the date 3 trading days before the Scheme Record Time on 1 July 2011, until 5 July 2011 (both dates inclusive), being the Operative Date of the Reduction of Capital.

Where applicable, all figures relating to the Proposal set out in Parts I and II of this document, and in the summary of the Proposal, have been rounded to the nearest million.

⁴ The BLUE Form of Proxy for the Scheme Meeting may, alternatively, be handed to Computershare or the Chairman of the Scheme Meeting at the Scheme Meeting before it commences. However it is requested that, if possible, BLUE Forms of Proxy be lodged at least 48 hours before the time appointed for the Scheme Meeting.

⁵ Forms of Proxy for the AGM must be lodged at least 48 hours prior to the AGM. Forms of Proxy for the AGM not lodged by this time will be invalid.

⁶ If either of the Meetings is adjourned, then the Voting Record Time for the relevant reconvened Meeting will be 6.00pm London time on the date two days before the date set for the relevant reconvened Meeting.

⁷ If the Scheme Meeting has not been concluded or adjourned prior to the scheduled commencement of the AGM, the commencement of the AGM will be delayed until the Scheme Meeting has been concluded or adjourned.

⁸ These times and dates are indicative only and will depend, amongst other things, on the date on which the Court sanctions the Scheme and confirms the Reduction of Capital and the date on which the Court Orders are delivered to the Registrar of Companies. If there are any revisions to the timetable, the Board will make an appropriate announcement as soon as practicable.

PART I

Letter from the Chairman of Guinness Peat Group plc

(Registered in England and Wales with Registered Number 103548)

Registered office

First Floor, Times Place
45 Pall Mall
London
SW1Y 5GP

Directors

Robert Campbell (Chairman)
Michael Allen
Sir Ron Brierley
Blake Nixon
Gavin Walker

12 May 2011

Dear Shareholders,

Proposed scheme of arrangement under Part 26 of the Companies Act 2006 to implement a capital return and create distributable reserves

1. Introduction

As announced in February this year, your Board will be pursuing a strategy of orderly value realisation of GPG's investment portfolio over time, which will generate cash proceeds that, combined with its existing cash balances, can be used for capital management initiatives. The announced strategy also included an initial capital return to Shareholders of at least £75 million by way of a scheme of arrangement under which each Shareholder would receive a cash payment in return for a cancellation of a proportion of their Shares, subject to relevant approvals. Since February, your Board has been working to put in place the necessary arrangements so as to enable this initial capital return to Shareholders, together with the payment of a 1.15p per Share dividend in 2011.

The culmination of such arrangements is the Proposal set out in this document, which includes an initial return of capital of £80 million to be funded from the GPG Group's existing cash balances. Your approval is being sought to the various elements of the Proposal at a Scheme Meeting and AGM convened to take place on Wednesday 8 June 2011 in Auckland, New Zealand. Notices of the Meetings are set out at the end of this document.

2. Background to and reasons for the Proposal

As set out in the Company's announcement dated 11 February 2011, GPG established an independent sub-committee of the Board in September 2010 to evaluate options to enhance Shareholder value. Following the evaluation, your Board considered the unanimous recommendation of the independent sub-committee and, consequently, determined that GPG will pursue a strategy of orderly value realisation over time. In the process of implementing this strategy, GPG will generate cash proceeds that, combined with its existing cash balances, can be used for capital management initiatives. The Board announced that GPG would undertake an initial capital return to Shareholders of at least £75 million during the course of 2011, subject to relevant approvals.

The Proposal described in this document is the first step in these capital management initiatives and involves a Reduction of Capital with two principal elements, each of which is to be implemented by the Scheme:

- a Capital Return of £80 million to Shareholders; and
- the creation of distributable reserves to facilitate the payment of a 1.15p per Share dividend in 2011 and the payment of future dividends and/or other returns to Shareholders as appropriate.

The Proposal is conditional upon those matters set out in paragraph 4 of Part II of this document, including the approval of the Scheme by Shareholders at the Scheme Meeting, the passing of the Scheme Special Resolution by Shareholders at the AGM and the sanctioning of the Scheme, and confirmation of the Reduction of Capital, by the Court.

If the above conditions are not satisfied, the Capital Return will not occur and it may not be possible for GPG to make the proposed 1.15p per Share dividend in 2011.

3. Capital Return

In determining the amount of capital to be returned to Shareholders pursuant to the Capital Return, your Board has sought to provide Shareholders with a meaningful return whilst having regard to the actual and contingent liabilities of the GPG Group. As a result, your Board has determined that an initial return of capital of £80 million is appropriate at this time. The Capital Return will result in a reduction in the GPG Group's cash balances. Shareholders should be aware that this could reduce the GPG Group's ability to meet unexpected cash outflows. However, although the Capital Return will result in the GPG Group's cash and net assets being reduced by £80 million it should be noted that GPG's 2010 Annual Report showed that as at 31 December 2010 the GPG Parent Group had consolidated net assets of approximately £1 billion, including GPG Parent Group cash and cash equivalents of £203 million and GPG Group listed investments of £335 million. It is intended that cash proceeds from the orderly realisation of investments will be used to fund future returns of value to Shareholders, having regard to the actual and contingent liabilities of the GPG Group at the time.

The Capital Return will be carried out by a formal procedure, known as a scheme of arrangement, under the Companies Act. The scheme of arrangement will involve a reduction of capital and will implement the Capital Return. The effect of the proposed Capital Return for Shareholders will be that eligible Shareholders will have 1 out of every 8 eligible Shares held by them cancelled. Where the number of Shares held by a Shareholder is not divisible by 8, in calculating the number of that Shareholder's Shares to be cancelled pursuant to the Capital Return, the Board will treat that Shareholder's holding as being rounded down to the nearest number divisible by 8. This will mean that Scheme Shareholders who hold fewer than 8 Scheme Shares as at the Scheme Record Time will have no Scheme Shares cancelled pursuant to the Scheme. CDI Holders should refer to paragraph 2.1 of Part II of this document for information about rounding of CDIs.

In consideration for the cancellation, Shareholders will receive a payment of 35.07 pence per cancelled Share, which reflects the volume weighted average price (converted to sterling) ⁹ of a Share on the NZX (the most liquid market for Shares) for the five trading days up to and including 11 February 2011, the date on which the Capital Return was first announced. As the proposed Capital Return (if approved) will be compulsory and *pro rata*, the percentage ownership (and proportionate right to GPG dividends and other distributions) of each Shareholder in GPG will (subject to rounding) remain unchanged after the cancellation has taken place.

⁹ The NZ\$ to sterling exchange rate is the middle market quotation as derived from Bloomberg on 11 February 2011 of 0.4752 NZ\$ to sterling.

It is proposed that the Capital Return will involve the following steps (each of which will take place pursuant to the Scheme):

- the capitalisation of £6 million of GPG's Other Reserve through the issue of a deferred share and the cancellation of the deferred share so issued, so as to reduce that newly created share capital by £6 million;
- a reduction in GPG's share capital of £11 million through the cancellation of 1 out of every 8 eligible Shares (subject to rounding);
- a reduction in GPG's share premium account from £62 million to zero; and
- the payment of the aggregate of the above amounts (approximately £80 million) to holders of eligible Shares, with each holder of eligible Shares being paid 35.07 pence per cancelled Share in consideration for the cancellation of 1 out of every 8 eligible Shares held by each of them (subject to rounding).

Shareholders entered on GPG's register of members as at the Scheme Record Time, which is expected to be 6.00 p.m. London time on 1 July 2011, will be eligible to participate in the Capital Return in respect of 1 out of every 8 Shares held by them at that time (subject to rounding).

In determining how to return capital to Shareholders, the Board considered various options including a special dividend, on-market and off-market *pro rata* share buybacks and non-*pro rata* share buybacks. The Board balanced a wide range of factors, including the impact on Shareholders across a range of jurisdictions and the importance of certainty, simplicity and timeliness for GPG and its Shareholders. The Proposal ensures all Shareholders are treated equally and neutrally in all material respects and is considered the method of returning capital that achieves the best balance of these factors.

4. Creation of distributable reserves

GPG currently has limited distributable reserves and is restricted under the Companies Act from making distributions to Shareholders in excess of those reserves, including the payment of dividends.

As shown in GPG's 2010 Annual Report, the Company's accumulated profit was only £4 million. In order to facilitate the payment of a dividend in 2011 and any future payments of dividends and/or other returns to Shareholders, the Board is proposing that, as part of the Scheme, the Company create distributable reserves by capitalising the Company's Other Reserve in the amount of £155 million, through the issue of deferred shares and the cancellation of those deferred shares, so as to reduce that newly created share capital by £155 million. If approved by Shareholders and the Court, the £37 million created by the issue and cancellation of the Class A Share would be applied in crediting GPG's profit and loss account and the £118 million created by the issue and cancellation of the Class C Share would be applied in crediting a distributable reserve (expected to be referred to on GPG's balance sheet as the capital reduction reserve). As a result, GPG would have the ability to pay a 1.15p per Share dividend in 2011 and the remainder of the distributable reserves created would be available to be utilised in subsequent years at the Board's discretion.

If the Proposal is successful and the Scheme and the Reduction of Capital become effective, the Board proposes to consider a 1.15p per Share dividend at the time of the Company's half-yearly financial report for payment in October 2011. The proposed 2011 dividend of 1.15p per Share reflects a continuation of the Board's historic practice of paying a 1p per Share dividend annually, taking into account the reduction in the number of Shares as a result of the Capital Return.

5. Effects of the Proposal

The Proposal, if it becomes effective in full, will involve:

- a *pro rata* cancellation of 12.5 per cent. of GPG's issued share capital (228 million Shares, subject to rounding);
- a cash payment to Shareholders of £80 million;

- a reduction in GPG's existing share capital by £11 million;
- a reduction in GPG's share premium account by £62 million to zero;
- a reduction in GPG's Other Reserve by £161 million to zero; and
- an increase in GPG's distributable reserves by £155 million.

Due to settlement issues and other considerations regarding the orderly operation of the market for Shares and CDIs whilst the Scheme and the Reduction of Capital are being implemented, it is proposed that applications will be made for a temporary suspension of listing and trading of the Shares and the CDIs on the LSE, NZX and ASX, as appropriate, from 29 June 2011, being the date 3 trading days before the Scheme Record Time on 1 July 2011, until 5 July 2011 (both dates inclusive), being the Operative Date of the Reduction of Capital.

An Explanatory Statement setting out full details of the Proposal is contained in Part II of this document.

The purpose of this document is to explain the Proposal and why the Directors consider the Proposal to be in the best interests of GPG and its Shareholders as a whole. **The Directors are recommending that you vote in favour of the Proposal. A summary of the action recommended to be taken by you is set out on pages 1 and 2 of this document and on the Forms of Proxy accompanying this document.**

6. Resolutions in relation to the Proposal to be voted on at the Scheme Meeting and AGM

Shareholders are asked to vote on resolutions relating to the Proposal (which includes the Scheme, the Capital Return and the Reduction of Capital).

The Scheme requires the approval of Shareholders at the Scheme Meeting.

Shareholders will also be asked to approve the Scheme Special Resolution at the AGM, comprising resolutions to:

- authorise the Directors to give effect to the Scheme;
- approve the capitalisation of £161 million of GPG's Other Reserve by the issue of deferred shares and to authorise the Directors to allot the deferred shares;
- approve the reduction of GPG's share premium account by £62 million to zero;
- approve the reduction of GPG's share capital through cancelling and extinguishing 1 out of every 8 Scheme Shares (subject to rounding) and repaying to Scheme Shareholders 35.07 pence for each cancelled Share;
- approve the reduction of GPG's share capital by £161 million through cancelling and extinguishing the deferred shares; and
- approve an amendment to GPG's Articles of Association to ensure that if GPG allots and issues any ordinary shares after the amendment is made and before the Scheme Record Time, such shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares and the holders of such shares and any subsequent holder shall, upon the Scheme becoming effective, be bound by the terms of the Scheme.

As noted above, GPG is proposing to capitalise £161 million of its Other Reserve by the issue of three newly created deferred shares (the Class A Share, the Class B Share and the Class C Share), that will subsequently be cancelled and extinguished. Under the Companies Act, the Other Reserve is a reserve that cannot be directly distributed to Shareholders. However, the Other Reserve can be used to pay up shares in full at par. The deferred shares thereby allotted and paid up can then be cancelled pursuant to a reduction of capital confirmed by the Court. The par value of the cancelled shares can then be repaid to Shareholders directly or applied in crediting GPG's distributable reserves.

The Class A Share, the Class B Share and the Class C Share will have no voting rights, no rights to dividends, deferred rights to GPG's assets on a winding up and will be liable to be cancelled by the Company without the payment of any consideration. A full description of the rights and limitations of the Class A Share, the Class B Share and the Class C Share is set out in resolution 15.2 of the Notice of AGM at Part VII of this document. It is proposed that the Class A Share, the Class B Share and the Class C Share will be issued to Aqua Capital Limited, a company specifically incorporated for the purpose of holding the deferred shares, at the Effective Time, which is expected to be 4 July 2011. The Court will then be requested to approve the cancellation of the Class A Share, the Class B Share and the Class C Share at the Reduction Court Hearing, which is expected to take place shortly after the Effective Time on 4 July 2011. Subject to Court approval, it is proposed that the Class A Share, the Class B Share and the Class C Share will be cancelled and extinguished on the Operative Date, which is expected to be 5 July 2011.

If the Scheme is approved by the requisite majority at the Scheme Meeting and the Scheme Special Resolution is approved at the AGM, applications will be made to Court to sanction the Scheme and to confirm the Reduction of Capital.

7. Board changes

Robert Campbell, Mark Johnson, Michael Allen and Gavin Walker all joined the Board in September 2010. At the same time, Ron Langley ceased to be a Director.

In April 2011, Mark Johnson and Dr. Gary Weiss ceased to be Directors. As announced on 10 May 2011, Blake Nixon will become a non-executive Director from 1 July 2011, subject to his re-election at the AGM.

Subject to the approval of Shareholders at the AGM as explained in Part IV of this document, your Board will continue to comprise Robert Campbell as Chairman, Michael Allen, Sir Ron Brierley, Blake Nixon and Gavin Walker.

8. Other AGM resolutions

As noted in paragraph 6 above, Shareholders will be asked to vote on resolutions relating to the Proposal at the Scheme Meeting and the AGM. In addition, various other AGM resolutions will be proposed at the AGM which do not relate to the Proposal, including the election and re-election of Directors described in paragraph 7 above and those dealing with other ordinary business.

This document also contains the Notice of AGM, which is included at Part VII of this document. Explanatory notes in respect of the AGM resolutions are set out in Part IV of this document. The remainder of this document deals with the Proposal.

9. Taxation

Please refer to paragraph 9 of Part II of this document for a detailed description of the likely tax consequences of the Proposal for UK, New Zealand and Australian resident Shareholders and CDI Holders. **The likely tax consequences described in paragraph 9 of Part II are of a general nature and are not specific to individual Shareholders. If you are in any doubt about your taxation position, or if you are tax resident in another jurisdiction, you should consult your own professional adviser.**

10. Action to be taken

Implementation of the Scheme will require the approval of Shareholders at the Scheme Meeting which has been convened by order of the Court, and which is to be held at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand at 2.00 p.m. Auckland time on 8 June 2011. The Scheme will also require the approval of the Scheme Special Resolution by Shareholders at the AGM to be held at the same venue at 2.15 p.m. Auckland time on the same day (or as soon thereafter as the Scheme Meeting shall have concluded or been adjourned).

Enclosed with this document is a BLUE Form of Proxy for use in connection with the Scheme Meeting and a WHITE Form of Proxy for use in connection with the AGM.

Under the Companies Act, the Court may sanction the Scheme if approved by: (i) a majority in number of Shareholders present and voting (either in person or by proxy) at the Scheme Meeting and (ii) not less than 75 per cent. of the nominal value of the Shares voted by those Shareholders.

To be effective, the Scheme and the Reduction of Capital also require the passing of the Scheme Special Resolution at the AGM. This special resolution requires approval by not less than 75 per cent. of the votes cast by Shareholders present and voting in person or by proxy at the AGM.

Further particulars of the Scheme Meeting and the AGM are contained in the explanatory statement contained in Part II of this document.

In addition, the Scheme and the Reduction of Capital each require the Court's confirmation. The Scheme Court Hearing to approve the Scheme is expected to be held on 1 July 2011 and the Reduction Court Hearing to approve the Reduction of Capital is expected to be held on 4 July 2011.

In order that the Court can be satisfied that the votes cast at the Scheme Meeting fairly represent the views of Shareholders, it is important that as many votes as possible are cast at the Scheme Meeting. Separate Forms of Proxy for use at the Scheme Meeting and the AGM are enclosed. Whether or not you propose to attend these Meetings in person, you are requested to complete, sign and return the appropriate Forms of Proxy, as explained in paragraph 11 of Part II of this document.

CDI Holders should refer to paragraph 11.3 of Part II of this document for further information on the voting procedures applicable to CDI Holders.

11. Overseas Shareholders

If you are resident outside the UK, Australia and New Zealand, or a national or citizen of a jurisdiction outside the UK, Australia and New Zealand, you should read paragraph 10 of Part II of this document.

12. Recommendation

The Board, which has received financial advice from Goldman Sachs and Greenhill Caliburn, considers the terms of the Proposal (including the Scheme, the Capital Return and the Reduction of Capital) to be fair and reasonable. In providing their advice to the Board, Goldman Sachs and Greenhill Caliburn have relied upon the Board's commercial assessment of the Proposal. **The Board considers that the Proposal (including the passing of the resolution to be proposed at the Scheme Meeting and the Scheme Special Resolution to be proposed at the AGM) is in the best interests of Shareholders taken as a whole and unanimously recommends that you support the Proposal by voting in favour of the resolution to be proposed at the Scheme Meeting and the Scheme Special Resolution to be proposed at the AGM, as the Directors intend to do in respect of their own holdings of Shares.**

The Board also considers all other resolutions to be proposed at the AGM to be in the best interests of Shareholders taken as a whole. The Directors unanimously recommend that you vote in favour of these resolutions, as they intend to do in respect of their own holdings of Shares.

13. General

Please consider the matters set out in this letter and the accompanying Explanatory Statement. If you should have questions after reading this document, helplines have been established to address your questions. Information regarding the helplines is set out on page 3 of this document. Where applicable, all figures relating to the Proposal set out in this letter, the accompanying Explanatory Statement and in the summary of the Proposal, have been rounded to the nearest million.

Yours faithfully

Robert Campbell
Chairman
Guinness Peat Group plc

PART II

Explanatory Statement

(in compliance with Section 897 of the Companies Act)

12 May 2011

To Shareholders

Proposed scheme of arrangement under Part 26 of the Companies Act 2006 to implement a capital return and create distributable reserves

1. Introduction and background to the Proposal

As announced in February this year, your Board will be pursuing a strategy of orderly value realisation of GPG's investment portfolio over time, which will generate cash proceeds that, combined with its existing cash balances, can be used for capital management initiatives. The announced strategy also included an initial capital return to Shareholders of at least £75 million by way of a scheme of arrangement under which each Shareholder would receive a cash payment in return for a cancellation of a proportion of their Shares, subject to relevant approvals.

It is now proposed that GPG will implement a Proposal involving a Reduction of Capital with two principal elements, each of which is to be implemented by the Scheme:

- a Capital Return of £80 million to Shareholders; and
- the creation of distributable reserves to enable payment of a 1.15p per Share dividend in 2011 and the payment of future dividends and/or other returns to Shareholders if appropriate.

Your attention is drawn to the letter from the Chairman set out in Part I of this document which contains, amongst other things, information on the background to and reasons for the Proposal and the unanimous recommendation by the Board to Shareholders to vote in favour of the resolution to be proposed at the Scheme Meeting and the Scheme Special Resolution to be proposed at the AGM.

This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part III of this document. Your attention is also drawn to the other parts of this document, which are deemed to form part of this Explanatory Statement, including the letter from the Chairman of GPG in Part I of this document. The Notice of the Scheme Meeting at which approval for the Scheme will be sought, and the Notice of AGM at which, amongst other resolutions, the Scheme Special Resolution relating to the Scheme and the Reduction of Capital will be proposed, are set out at Parts VI and VII of this document respectively.

2. Summary of the Proposal

The purpose of the Scheme is to implement a Capital Return of £80 million to Shareholders and to create distributable reserves pursuant to the Reduction of Capital. The Scheme is set out in full in Part III of this document.

2.1 Capital Return

Under the Scheme, 1 out of every 8 Scheme Shares held by a Scheme Shareholder as at the Scheme Record Time will be cancelled and extinguished. Where the number of Scheme Shares held by a Scheme Shareholder is not divisible by 8, in calculating the number of that Scheme Shareholder's Scheme Shares to be cancelled pursuant to the Capital Return, the Board will treat that Scheme Shareholder's holding as being rounded down to the nearest number divisible by 8. This will mean that Scheme Shareholders who hold fewer than 8 Scheme Shares as at the Scheme Record Time will have no Scheme Shares cancelled pursuant to the Scheme. CDI Holders should refer to the end of this paragraph 2.1 for information about rounding of CDIs.

In consideration for the cancellation, Scheme Shareholders will, subject to rounding as described above, receive:

**For every 1 out of 8 Scheme Shares held
by Scheme Shareholders at the Scheme
Record Time**

35.07 pence in cash

This price reflects the volume weighted average price (converted to sterling)¹⁰ of a Share on the NZX (the most liquid market for Shares) for the five trading days up to and including 11 February 2011, the date on which the Capital Return was first announced. As the proposed Capital Return (if approved) will be compulsory and *pro rata*, the percentage ownership (and proportionate right to GPG dividends and other distributions) of each Shareholder will (subject to rounding) remain unchanged after the cancellation has taken place. Accordingly, on a pre-tax basis and based on the assumptions used in the table below, Shareholders should be in the same overall financial position before and after the Capital Return.

An example of the effect for a Shareholder holding 1,000 Scheme Shares is set out below:

	Before	After
Shares held	1,000	875
Share value before repayment (assumes £0.3823 per Share) ¹¹	£382	-
Value of Shares after repayment (estimated at £0.3868 per Share) ¹²	-	£338
Plus cash received (proposed Capital Return of £0.3507 per cancelled Share)	-	£44
Value to Shareholder	£382 (Shares only)	£382 (Cash and Shares)

The Capital Return element of the Scheme will involve the following:

- the capitalisation of £6 million of GPG's Other Reserve through the issue of a deferred share (the Class B Share) and the cancellation of that deferred share, so as to reduce that newly created share capital by £6 million;
- a reduction in GPG's share capital of £11 million through the cancellation of 1 out of every 8 Scheme Shares (subject to rounding);
- a reduction in GPG's share premium account from £62 million to zero; and
- the payment of the aggregate of the above amounts (approximately £80 million) to holders of Scheme Shares with each holder of Scheme Shares being paid 35.07 pence per cancelled Scheme Share in consideration for the cancellation of 1 out of every 8 Scheme Shares held by each of them at the Scheme Record Time (subject to rounding).

¹⁰ The NZ\$ to sterling exchange rate is the middle market quotation as derived from Bloomberg on 11 February 2011 of 0.4752 NZ\$ to sterling.

¹¹ The Share value before repayment reflects the closing price (converted to sterling by reference to the middle market quotation as derived from Bloomberg at the close of business on 9 May 2011 of 0.4839 NZ\$ to sterling) for a Share as derived from the NZX as at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document).

¹² The value of Shares after repayment has been estimated on the basis that the closing price (converted to sterling on the same basis as in footnote 11 above) for a Share as derived from the NZX as at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document) is assumed to be the market price immediately after the Operative Date. The estimated increase in the market price reflects the fact that the consideration payable for Cancellation Shares is less than the market price as at the close of business on 9 May 2011. The actual value to Shareholders at the time of the repayment will be impacted by the prevailing market price immediately following the Operative Date.

The Scheme Record Time is expected to be 6.00 p.m. London time on 1 July 2011.

When the Cancellation Shares registered on the Australian branch register and held by CHESS Depository Nominees Pty Limited (CDN) are cancelled in accordance with the Scheme and the Reduction of Capital, an equivalent number of CDIs relating to those Scheme Shares will be cancelled at the same time. Each CDI Holder will receive 35.07 pence for each underlying Cancellation Share held at the Scheme Record Time.

For the purposes of the Scheme, CDN will be treated as a single Shareholder and, consequently, the rules for rounding down Shareholdings not divisible by 8 cannot be directly applied to individual holdings of CDIs.

In accordance with the ASX Settlement Operating Rules, GPG will instead implement procedures to ensure that the impact of the Share cancellation on CDN's aggregate holding of Scheme Shares is apportioned across the individual CDI holdings in a way that will result in each CDI Holder receiving, as nearly as practicable, the same economic benefits as Scheme Shareholders. It is expected that this will potentially involve rounding some CDI Holders' fractional entitlements in a slightly different way. The effect of the adjustment to any particular CDI Holder will result in a minimal difference from the result that CDI Holders would have received if their fractional entitlements were rounded in accordance with the normal rules applicable to individual holdings of Scheme Shares.

CDI Holders should therefore confirm their adjusted holdings following the Scheme and the Reduction of Capital before selling their CDIs.

2.2 *Creation of distributable reserves*

GPG currently has limited distributable reserves and is restricted under the Companies Act from making distributions to Shareholders in excess of reserves, including the payment of dividends.

As shown in GPG's 2010 Annual Report, the Company's accumulated profit was only £4 million. In order to facilitate the payment of a dividend in 2011 and any future payments of dividends and/or other returns to Shareholders, the Board is proposing that, as part of the Scheme, the Company create distributable reserves by capitalising the Company's Other Reserve in the amount of £155 million, through the issue of deferred shares and the cancellation of those deferred shares, so as to reduce that newly created share capital by £155 million. If approved by Shareholders and the Court, the £37 million created by the issue and cancellation of the Class A Share would be applied in crediting GPG's profit and loss account and the £118 million created by the issue and cancellation of the Class C share would be applied in crediting a distributable reserve (expected to be referred to on GPG's balance sheet as the capital reduction reserve). As a result, GPG would have the ability to pay a 1.15p per Share dividend in 2011 and the remainder of the distributable reserves created would be available to be utilised in subsequent years at the Board's discretion.

2.3 *Issue and cancellation of deferred shares*

As part of the Capital Return and the creation of distributable reserves described in paragraphs 2.1 and 2.2 of this Part II respectively, GPG is proposing to capitalise a total of £161 million of its Other Reserve by the issue of three newly created deferred shares (the Class A Share, the Class B Share and the Class C Share) that will subsequently be cancelled and extinguished. Under the Companies Act, the Other Reserve is a reserve that cannot be directly distributed to Shareholders. However, the Other Reserve can be used to pay up shares in full at par. The deferred shares thereby allotted and paid up can then be cancelled pursuant to a reduction of capital confirmed by the Court. An amount equivalent to the par value of the cancelled shares can then be repaid to Shareholders directly or applied in crediting GPG's distributable reserves.

The Class A Share, the Class B Share and the Class C Share will have no voting rights, no rights to dividends, deferred rights to GPG's assets on a winding up and will be liable to be cancelled by the Company without the payment of any consideration. A full description of the rights and limitations of

the Class A Share, the Class B Share and the Class C Share is set out in resolution 15.2 of the Notice of AGM at Part VII of this document. It is proposed that the Class A Share, the Class B Share and the Class C Share will be issued to Aqua Capital Limited, a company specifically incorporated for the purpose of holding the deferred shares, at the Effective Time, which is expected to be 4 July 2011. The Court will then be requested to approve the cancellation of the Class A Share, the Class B Share and the Class C Share at the Reduction Court Hearing, which is expected to take place shortly after the Effective Time on 4 July 2011. Subject to Court approval, it is proposed that the Class A Share, the Class B Share and the Class C Share will be cancelled and extinguished on the Operative Date, which is expected to be 5 July 2011.

3. Amendment to GPG's Articles of Association

As part of the Scheme Special Resolution to be proposed at the AGM, it is proposed to amend GPG's Articles of Association to ensure that if GPG allots and issues any ordinary shares after the Articles of Association are amended, but before the Scheme Record Time, such shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares, and the holders of such shares and any subsequent holder shall, upon the Scheme becoming effective, be bound by the terms of the Scheme.

4. Conditions to the implementation of the Proposal

The implementation of the Proposal is conditional on the Scheme and the Reduction of Capital having become effective following:

- (a) the Scheme having been approved by a majority in number, representing not less than 75 per cent. in value, of those Shareholders present and voting, either in person or by proxy, at the Scheme Meeting;
- (b) the Scheme Special Resolution to approve the Reduction of Capital and certain matters to give effect to the Scheme having been duly passed by a majority of not less than 75 per cent. of the votes cast by Shareholders present and voting, either in person or by proxy, at the AGM;
- (c) the Scheme having been sanctioned by the Court, and the Reduction of Capital having been confirmed by the Court, (in both cases with or without modifications, on terms reasonably acceptable to GPG) at the Scheme Court Hearing and the Reduction Court Hearing respectively;
- (d) an office copy of the Scheme Court Order having been delivered to the Registrar of Companies; and
- (e) an office copy of the Reduction Court Order having been delivered to the Registrar of Companies for registration or, if the Court so orders, the registration of the Reduction Court Order by the Registrar of Companies.

To the extent permitted by law, GPG reserves the right to waive all or any of the conditions set out above, in whole or in part.

The Directors will not take the necessary steps to implement the Proposal unless the above conditions have been satisfied or waived and, at the relevant time, they consider that it continues to be in the best interests of GPG and its Shareholders as a whole that the Proposal should be implemented.

The Scheme Court Hearing is expected to be held on 1 July 2011 and the Reduction Court Hearing is expected to be held on 4 July 2011, each at the Royal Courts of Justice, Strand, London WC2A 2LL. Scheme Shareholders will have the right to attend the Court Hearings and to appear in person or be represented by counsel or other suitably qualified persons to support or oppose the sanction of the Scheme.

The Scheme contains a provision for GPG to consent on behalf of all concerned to any modification of, or addition to, the Scheme or to any condition that the Court may think fit to approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not the consent of Scheme Shareholders should be sought at a further meeting. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Directors, is of such a nature or importance as to require the approval of Scheme Shareholders at a further meeting, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such approval is obtained.

If the Scheme is sanctioned at the Scheme Court Hearing, the Reduction of Capital is confirmed at the Reduction Court Hearing and the other conditions to the Proposal have been satisfied or, to the extent permitted by law, waived, the Scheme and the Reduction of Capital are expected to become effective and the Proposal is expected to be implemented. If the Scheme has not become effective by 30 September 2011, or such later date, if any, as GPG may agree and the Court may allow, it will lapse, in which event the Scheme shall never become effective and the Proposal shall not be implemented.

5. Share certificates, cancellation and settlement

With effect from and including the Operative Date all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares certificated thereby. In relation to Scheme Shares held in certificated form, GPG shall within fourteen days after the Operative Date, send by post to holders of Scheme Shares held in certificated form definitive share certificates for the balance of their holdings remaining after implementation of the Scheme.

Further, Euroclear UK shall be instructed to make appropriate entries in the Company's CREST register of members to reflect the cancellation of Cancellation Shares held in uncertificated form in CREST. The ISIN of the Scheme Shares will be disabled within CREST and the balance of Shares not cancelled will be credited to CREST accounts under a new ISIN at the commencement of business on the Business Day following the Operative Date.

Computershare shall be instructed to make appropriate entries on the Company's Australian branch register to reflect the cancellation of Cancellation Shares held on the Company's Australian branch register by CDN on behalf of the CDI Holders (subject to rounding of CDN's holding). GPG shall then cause the cancellation of the entitlements to CDIs in respect of those Cancellation Shares held in CDI form. The entries made will include a reduction in the number of CDIs each CDI Holder is recorded as holding on the Australian CDI register in proportion to the number of CDN's Cancellation Shares cancelled under the Scheme, subject to rounding as described in paragraph 2.1 of this Part II.

In addition, Computershare shall be instructed to make appropriate entries on the Company's New Zealand branch register to reflect the cancellation of Cancellation Shares held on the Company's New Zealand branch register. The entries made will include a reduction in the number of Shares each Scheme Shareholder is recorded as holding on the New Zealand branch register by the number of Shares in their holding cancelled under the Scheme.

If the Proposal is successful and the Scheme and the Reduction of Capital become effective, cheques will be despatched, or where applicable electronic payment instructions processed, in respect of the cash consideration to which Scheme Shareholders are entitled as soon as reasonably practicable and in any event within 14 days of the Operative Date.

It is intended that payments will be made in the local currencies for holdings of Shares on the principal register and the New Zealand branch register and for holdings of CDIs on the Australian CDI register respectively. The exchange rate to convert the sterling amount into New Zealand dollars or Australian dollars, as appropriate, will be struck on the Operative Date by reference to the spot rates for exchanging sterling into the other two currencies as quoted by the principal London office of HSBC Bank plc at or around 4.30 p.m. (London time).

6. Directors and the effect of the Scheme on their interests

The interests of the Directors in the share capital of the Company are as set out below:

	Number of Shares held as at 9 May 2011	Number of Shares that will be held after the Scheme (subject to rounding)
M N Allen	-	-
Sir Ron Brierley	56,458,897	49,401,535
R J Campbell	105,000	91,875
B A Nixon	16,982,572	14,859,751
G R Walker	-	-

	Number of Options held as at 9 May 2011	Effective exercise price (pence per share)	Exercise period
Sir Ron Brierley			
Ordinary	1,178,969	17.1760	17.10.04 to 17.10.11
Ordinary	779,483	39.4618	23.04.07 to 23.04.14
Ordinary	708,620	47.4723	09.03.08 to 09.03.15
Ordinary	402,623	50.2946	24.10.08 to 24.10.15
Ordinary	241,572	55.7587	15.03.09 to 15.03.16
Ordinary	366,025	55.6656	09.03.10 to 09.03.17
Ordinary	199,650	49.2112	10.04.11 to 10.04.18
B A Nixon			
Ordinary	2,357,941	17.1760	17.10.04 to 17.10.11
Ordinary	2,338,452	39.4618	23.04.07 to 23.04.14
Ordinary	2,214,447	47.4723	09.03.08 to 09.03.15
Ordinary	2,013,133	50.2946	24.10.08 to 24.10.15
Ordinary	966,301	55.7587	15.03.09 to 15.03.16
Ordinary	1,464,100	55.6656	09.03.10 to 09.03.17
Ordinary	1,331,000	49.2112	10.04.11 to 10.04.18

Scheme Shares held by the Directors will be subject to the Scheme. No Director has any interest in any Capital Notes.

The effect of the Scheme on the interests of the Directors will not differ from its effect on the like interests of any other person.

7. Share Option Schemes

Following the Operative Date, the Board will consider whether or not, as a consequence of the Scheme and the Capital Return, adjustments are required to be made to Options granted under the Share Option Schemes.

Any Shares issued on exercise of Options under the Share Option Schemes prior to the Voting Record Time and, subject to the amendment to GPG's Articles of Association referred to in paragraph 3 of this Part II becoming effective, any Shares issued on exercise of Options under the Share Option Schemes after the date that amendment becomes effective and prior to the Scheme Record Time, will be issued on the basis that they are subject to the Scheme and will be treated as Scheme Shares.

As at the close of business on 9 May 2011 (being the last practicable date prior to the publication of this document), the total number of Options that are outstanding under the Share Option Schemes are 102,671,543. These Options equate to 5.64 per cent. of the issued ordinary share capital of the Company. If the Capital Return becomes effective, these Options would then represent approximately 6.45 per cent. of the issued ordinary share capital of the Company.

8. Capital Notes

The Proposal will not result in a breach of any covenants under the terms of the Capital Notes or any new rights arising for holders of Capital Notes which would be material for Shareholders.

9. Taxation

This paragraph 9 provides a general guide for Shareholders resident in the United Kingdom, New Zealand or Australia for taxation purposes and is not specific to individual Shareholders. This paragraph does not apply to persons resident outside these jurisdictions (Overseas Shareholders), who should refer to paragraph 10 of this Part II. **The summary does not represent a complete analysis of all the potential tax consequences that may arise for relevant Shareholders. Shareholders should seek their own professional advice as to the likely tax consequences that may arise for them.**

This paragraph 9 is based on current tax law and regulatory practice as at the date of this document. Current law and practice may change and Shareholders should be aware of the risk that any such change may affect their taxation liabilities in relation to the Proposal.

9.1 UK taxation of Shareholders

The comments set out in this section are based on existing law and current HM Revenue & Customs practice. They are intended as a general guide only and apply only to Shareholders who are resident in the United Kingdom for tax purposes, who hold their Shares as investments and who are the absolute beneficial owners of those Shares.

United Kingdom resident individuals

Where the return to Shareholders solely represents a repayment of capital on the Shares, there is a specific exemption which should apply to ensure that the return is not subject to income tax as a distribution but instead treated as capital resulting in no distribution for income tax purposes and a part disposal for capital gains tax purposes with an appropriate apportionment of the base cost of the Shares. However, as the arrangement involves a Scheme where Shares are also cancelled, should HM Revenue & Customs seek to analyse the transaction in a manner that is contrary to the better legal interpretation of the Scheme mechanics, there is a risk that a proportion of the cash returned to Shareholders could be deemed to be taxable as an income distribution with the balance treated as capital.

United Kingdom resident companies

The Capital Return would be a part disposal of the Shares for chargeable gains purposes which will generally be subject to corporation tax.

9.2 New Zealand taxation of Shareholders

The comments set out in this section are based on existing law and current Inland Revenue practice. They are intended as a general guide only and apply only to Shareholders who are resident in New Zealand for tax purposes, who hold their Shares as investments and who are the absolute beneficial owners of those Shares.

As GPG is not resident in New Zealand, portfolio interests (i.e. holdings of less than 10 per cent. of the issued shares) in GPG represent an interest in a foreign investment fund (FIF) for New Zealand tax purposes. However interests in GPG benefit from an exemption from attribution under the FIF rules for income years up to 2012. Shareholders may, however, elect to apply the FIF rules notwithstanding the exemption. Any such election is irrevocable for all subsequent years up to 2012.

Shareholders who either apply the exemption from the FIF rules, or are excluded from the FIF rules because their total cost of interests in FIFs does not exceed NZ\$50,000, are taxed in New Zealand on dividends received and any revenue account gains. A revenue account gain will arise where the shares are acquired for sale or disposal, the person carries on a business of dealing in shares, or the shares form part of a profit making scheme.

GPG has received advice that the proposed Capital Return should not be a dividend for New Zealand tax purposes. As required under the Income Tax Act 2007, the Commissioner of Inland Revenue has confirmed that the amount to be paid on the cancellation of the Shares is not a dividend for New Zealand income tax purposes.

If a Shareholder is taxed on the sale or disposal of Shares, the cancellation will be regarded as a disposal and a tax obligation may arise.

Shareholders who have elected not to apply the exemption from the FIF rules are required to attribute income from their interest in GPG under the FIF rules. These rules prescribe various methods for attributing income. The application of these rules can be very complex and it is recommended that affected Shareholders seek independent advice as to the implications for their circumstances.

9.3 Australia taxation of Shareholders and CDI Holders

The following is a summary of the Australian tax consequences of the Capital Return for Australian tax residents that hold either CDIs or Shares (collectively referred to as “Securities”) in GPG (“Australian Shareholders”). The summary below is based on current law and the published practice of the ATO as at the date of this document.

The summary only covers the Australian tax consequences for Australian Shareholders that hold Securities on capital account. It does not apply to Australian Shareholders that hold their Securities as trading stock or revenue assets. Nor does it apply to Australian Shareholders that hold 10 per cent. or more of the Securities on issue.

The question of whether or not the payment should be characterised as a Capital Return (rather than a dividend) depends upon complex areas of Australian income tax law and potentially depends on the Commissioner’s views on the matter. For this reason, GPG is seeking to obtain a class ruling from the ATO confirming the taxation treatment of the Capital Return. Any confirmation obtained in this regard will be published on GPG’s website (www.gpgplc.com) and an announcement will be made as soon as practicable following any such confirmation being obtained. Subject to the Commissioner’s determination on whether or not the Capital Return is to be treated as a dividend in whole or in part for Australian income tax purposes, GPG has received advice that the proceeds of the Capital Return should not be a dividend.

A capital gain or loss will be realised in respect of each Security cancelled as a result of the Capital Return. A capital gain should be realised upon the cancellation of a Security if the cash payment for the cancelled Security is greater than the cost base of the cancelled Security. A capital loss should arise where the reduced cost base of each cancelled Security exceeds the payment received in respect of the cancelled Security.

Australian Shareholders that are individuals, trusts or complying superannuation funds and that have held their Securities for more than 12 months prior to the Capital Return may be entitled to claim discount capital gains tax treatment in respect of those Securities on which they realise a capital gain.

10. Overseas Shareholders

The effect of the Proposal, including the Scheme, on Overseas Shareholders may be affected by the laws of a jurisdiction other than the United Kingdom, Australia or New Zealand. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of Overseas Shareholders to satisfy themselves that they fully comply with the laws of the relevant jurisdiction in connection therewith, including any requirement to obtain any necessary governmental, exchange control or other consents; compliance with other necessary formalities and the payment of any issue, transfer or other taxes due, in such jurisdiction.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Proposal.

11. Action to be taken

11.1 Shareholder meetings

Implementation of the Scheme will require the approval of Shareholders at the Scheme Meeting which has been convened by order of the Court and which is to be held at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand at 2.00 p.m. Auckland time on 8 June 2011. The Scheme Special Resolution to implement the Scheme and the Reduction of Capital will also require the approval of Shareholders at the AGM to be held at the same venue at 2.15 p.m. Auckland time on the same day (or as soon thereafter as the Scheme Meeting shall have concluded or been adjourned).

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme.

The approval required at the Scheme Meeting is: (i) a majority in number of those Shareholders present and voting, either in person or by proxy, at the Scheme Meeting (the “**numbers test**”); and (ii) not less than 75 per cent. of the nominal value of the Shares voted by such Shareholders (the “**nominal value test**”).

To be effective, the Scheme also requires the passing of the Scheme Special Resolution at the AGM. This Scheme Special Resolution requires approval by not less than 75 per cent. of votes cast by Shareholders voting in person or by proxy at the AGM.

11.2 Proxy appointment by Shareholders

Shareholders will find enclosed different coloured Forms of Proxy to be used in connection with the Scheme Meeting and the AGM (as detailed on page 1 of this document under the heading “Action to be taken”).

Whether or not Shareholders intend to attend these Meetings, they are requested to complete and sign each Form of Proxy enclosed with this document and return them in accordance with the instructions printed thereon as follows:

- (i) if you are a UK registered Shareholder, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY;
- (ii) if you are an Australian registered Shareholder, to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001; and
- (iii) if you are a New Zealand registered Shareholder, to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142,

so as to arrive as soon as possible and in any event at least 48 hours prior to the relevant Meeting.

If the BLUE Forms of Proxy relating to the Scheme Meeting are not lodged by then, they may be handed to Computershare or to the Chairman of the Scheme Meeting at the Scheme Meeting before it commences. However, in the case of the AGM, unless the WHITE Form of Proxy is lodged so as to be received by the time mentioned in the instructions on that Form of Proxy, it will be invalid.

The completion and return of the BLUE Form of Proxy for the Scheme Meeting will not preclude Shareholders from attending the Scheme Meeting and voting in person, if they so wish and are eligible to do so. The completion and return of the WHITE Form of Proxy for the AGM will not preclude Shareholders from attending the AGM and voting in person, if they so wish and are eligible to do so.

11.3 CDI Holder voting procedures

CDI Holders will find enclosed different coloured Forms of Proxy to be used in connection with the Scheme Meeting and the AGM.

If you are a CDI Holder, you may attend, but you are not entitled to vote at, the Scheme Meeting and the AGM. You may use the BLUE Form of Proxy to direct CDN how it should vote, or to instruct CDN to appoint you or someone else as its proxy to act on your behalf and vote on the poll, at the Scheme Meeting and the WHITE Form of Proxy to direct CDN how it should vote, or to instruct CDN to appoint you or someone else as its proxy to act on your behalf and vote on the polls at the AGM.

You are requested to complete and sign each Form of Proxy enclosed with this document and return them in accordance with the instructions printed thereon to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, so as to arrive as soon as possible and in any event at least 48 hours prior to the relevant Meeting.

With respect to the approval required at the Scheme Meeting, CDN is counted as one Shareholder only for the purposes of the numbers test, but for the nominal value test CDN's votes will reflect all of the voting instructions it has been given by CDI Holders. Any CDI Holder who wishes to count for the purposes of the numbers test as well as for the purposes of the nominal value test must convert their CDIs into Shares before the Voting Record Time, i.e. 6.00 p.m. (London time) on 6 June 2011 and either attend the Scheme Meeting in person or lodge a BLUE Form of Proxy so that it is received by the Company's Australian registrar before 2.00 p.m. (Auckland time) on 6 June 2011.

Where a CDI Holder elects to convert their CDIs to Shares, this will result in the cancellation of the CDIs and the transfer of Shares from CDN to the former holder of the CDIs. However, any such Shares cannot be traded on ASX unless they are first converted back to CDIs by reversing the above procedure. CDI Holders should contact their sponsoring participant (this will usually be the stockbroker who bought the CDIs for them) or the share registrar for more information on the procedure. CDI Holders should also consult their own professional adviser on the tax consequences of converting their CDIs into Shares.

11.4 Why your vote is important

It is important that, for the Scheme Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. You are therefore strongly urged to sign and return both Forms of Proxy as soon as possible.

12. Further information

Where applicable, all figures relating to the Proposal set out in the letter in Part I of this document, this Explanatory Statement and in the summary of the Proposal, have been rounded to the nearest million.

If you are in any doubt as to the action to be taken, please contact one of the helplines set out on page 3 of this document.

Goldman Sachs and Greenhill Caliburn have given and not withdrawn their written consent to the inclusion of the references to their names in the form and context in which they are included in this document.

Yours faithfully,

The Board of Guinness Peat Group plc

PART III

SCHEME OF ARRANGEMENT

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 3494 of 2011

IN THE MATTER OF GUINNESS PEAT GROUP PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between

GUINNESS PEAT GROUP PLC

- and -

THE HOLDERS OF SCHEME SHARES

(as defined herein)

PRELIMINARY

- (A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

AGM	the annual general meeting of the Company to be held at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand on 8 June 2011 at 2.15 p.m. Auckland time (or as soon thereafter as the Scheme Meeting is concluded or adjourned), notice of which is set out at Part VII of the Scheme Circular
Aqua Capital Limited	Aqua Capital Limited, a company incorporated under the laws of Jersey to which the Class A Share, the Class B Share and the Class C Share will be issued pursuant to the Scheme
Articles	the articles of association of the Company in force from time to time
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as appropriate
ASX Listing Rules	the official listing rules of the ASX
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532)
ASX Settlement Operating Rules	the settlement and operating rules of ASX Settlement
Business Day	a day on which London Stock Exchange plc, ASX and NZX are open for the transaction of business
Cancellation Shares	the Scheme Shares which are to be cancelled pursuant to the Scheme, the particular shares to be cancelled to be identified in accordance with the provisions of clauses 4 and 5 of the Scheme

certificated or in certificated form	not in uncertificated form (that is, not in CREST, held on the Australian branch CDI register or held on the Company's New Zealand branch register)
CDI	CHESS Depositary Interest, being a unit of beneficial ownership of a Share registered in the name of CDN
CDN	CHESS Depositary Nominees Pty Limited (ACN 071 346 506), in its capacity as depositary of the CDIs, under the ASX Settlement Operating Rules
CHESS	Clearing House, Electronic Sub-register System, the clearing and settlement system operated by ASX Settlement in accordance with the CHESS Regulations
CHESS Regulations	ASX Settlement Operating Rules and (to the extent applicable) ASX Listing Rules
Class A Share	the A deferred share of £36,638,461 in the capital of the Company to be allotted and issued as a fully paid share, and cancelled, pursuant to the Scheme and the Reduction of Capital
Class B Share	the B deferred share of £6,136,528 in the capital of the Company to be allotted and issued as a fully paid share, and cancelled, pursuant to the Scheme and the Reduction of Capital
Class C Share	the C deferred share of £118,284,004 in the capital of the Company to be allotted and issued as a fully paid share, and cancelled, pursuant to the Scheme and the Reduction of Capital
Companies Act	the UK Companies Act 2006 (as amended and to the extent it is in force at the date of publication of the Scheme Circular)
Company or GPG	Guinness Peat Group plc, a public limited company incorporated in England and Wales with registered number 103548
Court	the High Court of Justice in England and Wales
Court Orders	the Scheme Court Order and the Reduction Court Order
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK in accordance with the CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time
Directors	the directors of the Company from time to time
Effective Time	the time at which an office copy of the Scheme Court Order shall have been delivered to the Registrar
Euroclear UK	Euroclear UK & Ireland Limited
holder	a registered holder, including any person(s) entitled by transmission
ISIN	an international securities identification number, which uniquely identifies securities

NZCDC	New Zealand Clearing and Depository Corporation Limited, a wholly owned subsidiary of NZX
NZCDCSS	the electronic trading and settlement system operated by or on behalf of NZCDC and declared to be a designated settlement system under the Reserve Bank of New Zealand (Designated Settlement System – NZCDC) Order 2010
NZX or NZ Stock Market	NZX Limited or the main board equity security market operated by NZX Limited, as appropriate
Operative Date	the date on which the Reduction of Capital becomes effective
Other Reserve	the other reserve, which forms part of GPG's capital and reserves in GPG's company balance sheet
Reduction Court Hearing	the hearing of the Court for the confirmation of the Reduction of Capital
Reduction Court Order	the order of the Court confirming the Reduction of Capital
Reduction of Capital	the reduction of the share capital and share premium account of the Company under section 641 of the Companies Act in accordance with the provisions of clauses 6 and 7 of the Scheme
Registrar	the Registrar of Companies in England and Wales
Scheme	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company
Scheme Circular	the circular to be sent by the Company to Shareholders containing, inter alia, details of the Scheme, the notice of the Scheme Meeting and the notice of the annual general meeting of the Company
Scheme Meeting	the meeting of the Shareholders to be convened by order of the Court under Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme including any adjournment of such meeting, notice of which is set out at Part VI of the Scheme Circular
Scheme Court Hearing	the hearing of the Court for the sanction of the Scheme
Scheme Court Order	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
Scheme Record Time	6.00 p.m. London time on the Business Day immediately preceding the date of the Reduction Court Hearing
Scheme Shares	<ul style="list-style-type: none"> (i) the Shares in issue at the date of the Scheme; (ii) any Shares issued after the date of the Scheme and before the Voting Record Time; and (iii) any Shares issued at or after the Voting Record Time and before the Scheme Record Time either on terms that the original or any subsequent holders of such Shares are

to be bound by the Scheme, or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time

Scheme Shareholders	holders of Scheme Shares
Scheme Special Resolution	Resolution 15 as set out in the AGM Notice at Part VII of the Scheme Circular
Shareholders	persons registered in the Company's register of members as holders of Shares
Shares	ordinary shares in the capital of the Company of 5 pence each
uncertificated or in uncertificated form	a share or other security recorded on the relevant register as being held in uncertificated form in CREST or held on the Australian branch CDI register or held on the Company's New Zealand branch register, title to which may be transferred by means of CREST, CHESS or NZCDCSS
Voting Record Time	6.00 p.m. London time on the day which is two days before the date of the Scheme Meeting or, if the Scheme Meeting is adjourned, 6.00 p.m. London time on the day which is two days before the date of such adjourned meeting

and references to clauses and sub-clauses are to clauses and sub-clauses of this Scheme.

- (B) As at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of the Scheme Circular), 1,820,544,630 ordinary shares of the Company of 5 pence each had been issued and were credited as fully paid.
- (C) The purpose of the Scheme is to provide for the capitalisation and issue of the Class A Share, the Class B Share and the Class C Share, the reduction of the Company's share premium account and the reduction of the Company's share capital by cancelling and extinguishing the Cancellation Shares, the Class A Share, the Class B Share and the Class C Share on the terms and for the consideration provided for in the Scheme.
- (D) Aqua Capital Limited has agreed to appear by Counsel at the Court Hearing to sanction this Scheme and to confirm the Reduction of Capital and to be bound by, and to undertake to the Court to be bound by, the provisions of the Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.
- (E) As at the date of the Scheme, Aqua Capital Limited does not own any Shares. It is proposed that Aqua Capital Limited will acquire one Share prior to the Effective Time.

THE SCHEME

Part A

1. Capitalisation and issue of fully paid Class A Share

Notwithstanding anything to the contrary in the Articles:

- 1.1 the Company shall apply and capitalise the sum of £36,638,461, being part of the amount standing to the credit of the Other Reserve of the Company, in paying up, in full at par, the Class A Share of £36,638,461, having the rights and limitations set out in the Scheme Special Resolution creating it; and
- 1.2 the issued share capital of the Company shall be increased by allotting and issuing the Class A Share credited as fully paid (free from all liens, equities, charges, encumbrances, rights of pre-emption and any third party rights or other interests whatsoever) to Aqua Capital Limited.

2. Capitalisation and issue of fully paid Class B Share

Notwithstanding anything to the contrary in the Articles:

- 2.1 the Company shall apply and capitalise the sum of £6,136,528, being part of the amount standing to the credit of the Other Reserve of the Company, in paying up, in full at par, the Class B Share of £6,136,528, having the rights and limitations set out in the Scheme Special Resolution creating it; and
- 2.2 the issued share capital of the Company shall be increased by allotting and issuing the Class B Share credited as fully paid (free from all liens, equities, charges, encumbrances, rights of pre-emption and any third party rights or other interests whatsoever) to Aqua Capital Limited.

3. Capitalisation and issue of fully paid Class C Share

Notwithstanding anything to the contrary in the Articles:

- 3.1 the Company shall apply and capitalise the sum of £118,284,004, being part of the amount standing to the credit of the Other Reserve of the Company, in paying up, in full at par, the Class C Share of £118,284,004, having the rights and limitations set out in the Scheme Special Resolution creating it; and
- 3.2 the issued share capital of the Company shall be increased by allotting and issuing the Class C Share credited as fully paid (free from all liens, equities, charges, encumbrances, rights of pre-emption and any third party rights or other interests whatsoever) to Aqua Capital Limited.

Part B

4. Cancellation Shares

Subject to clause 5, the Cancellation Shares shall consist of one out of every eight Scheme Shares held by each holder of Scheme Shares as appearing on the register of members of the Company at the Scheme Record Time and the provisions of clause 5 shall apply to such proportion of the Scheme Shares held by each such holder accordingly.

5. Rounding

No fraction of a Scheme Share shall be cancelled. In calculating the number of Scheme Shares held by any Scheme Shareholder which are to be Cancellation Shares, the Directors shall treat the number of Scheme Shares held by that Scheme Shareholder as being rounded down to the nearest number divisible by eight.

6. Return of capital

The capital of the Company shall be returned to Scheme Shareholders in the following manner:

- 6.1 the amount standing to the credit of the Company's share premium account shall be cancelled;
- 6.2 the share capital of the Company shall be reduced by cancelling and extinguishing the Cancellation Shares;
- 6.3 the share capital of the Company shall be reduced by cancelling and extinguishing the Class B Share; and
- 6.4 the sum of 35.07 pence shall be repaid to each Scheme Shareholder for every Cancellation Share held by such Scheme Shareholder at the Scheme Record Time.

7. Cancellation of the Class A Share and Class C Share

The share capital of the Company shall be reduced by cancelling and extinguishing the Class A Share and the Class C Share.

8. Certificates and amendments to the register of members

With effect from and including the Operative Date:

- 8.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares certificated thereby;
- 8.2 in relation to Scheme Shares which at the Scheme Record Time are held in certificated form, the Company shall, not later than 14 days after the Operative Date, send to holders of Scheme Shares held in certificated form definitive share certificates for the balance of holdings remaining after implementation of the Scheme in accordance with clause 9.2;
- 8.3 in relation to Scheme Shares which at the Scheme Record Time are held in uncertificated form:
 - 8.3.1 Euroclear UK shall be instructed to make appropriate entries in the Company's CREST register of members to reflect the cancellation of Cancellation Shares held in uncertificated form in CREST. The ISIN of the Scheme Shares will be disabled within CREST and the balance of Shares not cancelled will be credited to CREST accounts under a new ISIN at the commencement of business on the Business Day following the Operative Date;
 - 8.3.2 The Company's registrars shall be instructed to make appropriate entries on the Company's Australian branch register to reflect the cancellation of Cancellation Shares held on the Company's Australian branch register by CDN on behalf of the CDI Holders. The Company's registrars shall then be instructed to make appropriate entries on the Company's CDI register to reflect the cancellation of entitlements to CDIs in respect of those Cancellation Shares held in CDI form; and
 - 8.3.3 the Company's registrars shall be instructed to make appropriate entries on the Company's New Zealand branch register to reflect the cancellation of Cancellation Shares held on the Company's New Zealand branch register (including a reduction in the number of Shares each Scheme Shareholder is recorded as holding on the New Zealand branch register by the number of Shares in their holding cancelled under the Scheme).

9. Settlement and deliveries

9.1 Settlement of the consideration shall be effected as follows:

- 9.1.1 in the case of Cancellation Shares which at the Scheme Record Time are:
(i) in certificated form, or (ii) held by Scheme Shareholders in respect of whom the Company's registrars do not hold relevant bank details, the cash consideration payable in accordance with clause 6.4 shall be paid by way of a cheque. Cheques shall be despatched as soon as practicable and, in any event, not later than 14 days after the Operative Date;
- 9.1.2 subject to clause 9.1.1 in the case of Cancellation Shares which at the Scheme Record Time are in uncertificated form in CREST, the cash consideration payable in accordance with clause 6.4 shall be credited to the relevant Scheme Shareholder's CREST account as soon as practicable and, in any event, not later than 14 days after the Operative Date, provided that the Company reserves the right to make payment of such sums by cheque if, for any reason, it wishes to do so;
- 9.1.3 subject to clause 9.1.1 in the case of Cancellation Shares which are registered on the Company's New Zealand branch register, the Company's registrars shall be instructed to make an electronic payment to the relevant Scheme Shareholder to the account notified by the Scheme Shareholder to the Company's registrars as soon as practicable and, in any event, not later than 14 days after the Operative Date, provided that the Company reserves the right to make payment of such sums by cheque if, for any reason, it wishes to do so; and
- 9.1.4 subject to clause 9.1.1 in the case of Cancellation Shares which are registered on the Company's Australian branch register, the Company's registrars shall be instructed to make electronic payments to the holders of CDIs representing such Cancellation Shares to the accounts notified by such persons to the Company's registrars as soon as practicable and, in any event, not later than 14 days after the Operative Date, provided that the Company reserves the right to make payment of such sums by cheque if, for any reason, it wishes to do so.

9.2 All deliveries of notifications, statements, certificates or cheques shall be effected by sending the same by standard or first class post (for holders within the country in which the relevant document is printed) or by airmail (for holders with addresses outside of the UK, Channel Islands, Isle of Man, Australia and New Zealand) in prepaid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time or, in the case of joint holders, at the address of that joint holder whose name stands first in such register at the Scheme Record Time (except, in either case, as otherwise directed in writing) or in accordance with any special instructions regarding communications, and the Company shall not be responsible for any loss or delay in the transmission of any notifications, statements, certificates or cheques sent in accordance with this sub-clause 9.2, which shall be sent at the risk of the persons entitled thereto.

9.3 In respect of clauses 9.1 and 9.2, any cheques shall be made payable to the persons respectively entitled to the moneys represented thereby (or, in the case of joint holders, to all joint holders whose names stand in the register of members of the Company in respect of such joint holding at the Scheme Record Time) and the encashment of any such cheque shall be a good and complete discharge to the Company and its attorney and/or agent for the moneys represented thereby.

- 9.4 In respect of payments made through CREST, the Company shall procure that a payment obligation is created in favour of the holder's payment bank. The creation of such payment obligation shall be a complete discharge of the Company's obligation to pay such money.
- 9.5 The Company may discharge its obligations under clause 9.1 by making payments in the local currencies for holdings of Shares on the principal register and the New Zealand branch register and for holdings of CDIs on the Australian CDI register respectively. The exchange rate to convert the sterling amount into New Zealand dollars or Australian dollars, as appropriate, will be struck on the Operative Date by reference to the spot rates for exchanging sterling into the other two currencies as quoted by the principal London office of HSBC Bank plc at or around 4.30 p.m. (London time).
- 9.6 The provisions of this clause 9 shall be subject to any prohibition or condition imposed by law.

10. Effective Time and Operative Date

- 10.1 The Scheme shall become effective as soon as an office copy of the Scheme Court Order shall have been delivered to the Registrar, save that the Reduction of Capital in Part B of the Scheme shall not become effective unless and until an office copy of the Reduction Court Order is delivered to the Registrar for registration or, if the Court so orders, the registration of the Reduction Court Order by the Registrar.
- 10.2 Unless the Scheme shall become effective on or before 30 September 2011, or such later date, if any, as the Company may agree and the Court may allow, this Scheme shall never become effective.

11. Modification

The Company may consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

Dated 12 May 2011

PART IV

Explanatory notes to Annual General Meeting Resolutions

This Part IV sets out explanatory notes in respect of resolutions 1 to 15 as set out in the Notice of AGM at Part VII of this document.

a) Resolution 1

The Directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the Directors and auditor, and the audited financial statements of the Company, for the year ended 31 December 2010. The report of the Directors and the audited financial statements have been approved by the Directors, and the report of the auditor has been approved by the auditor, and a copy of each of these documents may be found in the 2010 Annual Report, starting at page 9.

b) Resolution 2

The Companies Act 2006 requires the Company to seek shareholder approval for the Directors' remuneration report at the general meeting before which the Company's annual accounts are laid. The Directors' remuneration report is included in the 2010 Annual Report, starting at page 70. If shareholders vote against the report the Directors will still be paid, but the Remuneration Committee will consider any matters raised for future years.

c) Resolutions 3, 4, 5 and 6

The Company's Articles of Association require that any Director who was not appointed or reappointed at either of the last two annual general meetings before this meeting must retire, although they may offer themselves for reappointment.

Accordingly, Blake Nixon is retiring and seeking reappointment. As announced on 10 May 2011, Blake Nixon will be resigning from his role as an executive director with effect from 30 June 2011. Subject to his re-election at the AGM, he will become a non-executive director of the Company from 1 July 2011. He will also continue as a director of Coats.

In addition, the Company's Articles of Association require that any person appointed as a Director by the Directors must retire and seek reappointment at the next annual general meeting. Accordingly, Michael Allen, Robert Campbell and Gavin Walker are retiring and seeking reappointment.

Profiles of each of the Directors seeking election or re-election can be found on page 49 of this document. The board confirms that all Directors standing for election or re-election continue to perform effectively and demonstrate commitment to their roles. Accordingly, the Board recommends the election or re-election of each Director.

Mark Johnson ceased to be a director on 5 April 2011 and Dr. Gary Weiss ceased to be a director on 30 April 2011.

d) Resolution 7

The Companies Act 2006 requires that the auditor be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. This resolution seeks shareholder approval for the reappointment of Deloitte LLP. The Audit Committee keeps under review the independence and objectivity of the external auditor, further information on which can be found in the 2010 Annual Report on page 66. After considering relevant information, the Audit Committee recommended to the Board that Deloitte LLP be reappointed.

e) Resolution 8

This resolution gives the Directors the authority to determine the remuneration of the auditor for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditor for the next financial year will be disclosed in the next audited accounts of the Company.

f) Resolution 9

The Companies Act 2006 provides that the Directors are not permitted to allot shares (or other relevant securities such as rights to subscribe for, or convert securities into, ordinary shares) unless they are authorised to do so by the Company's shareholders in general meeting. This resolution will, if passed, renew the Directors' authority (given by shareholders at the 2010 AGM) to allot shares and other relevant securities up to the maximum amount set out in the resolution, and is consistent with the level commonly proposed by other UK listed companies. The figure of £26,549,609 is equivalent to one-third of the issued share capital (excluding treasury shares) of the Company on the basis the share cancellation forming part of the Scheme has become effective. In the event that the share cancellation forming part of the Scheme does not become effective, the figure is equivalent to approximately 29 per cent. of the issued share capital (excluding treasury shares) of the Company. The authority will expire on the fifth anniversary of the passing of the resolution. Passing this resolution will ensure that the Directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. The Directors have no present intention to issue new shares under this authority.

g) Resolution 10

In accordance with the provisions of the Company's Articles of Association, this resolution, if passed, enables the Directors to offer a Scrip Dividend Alternative ("SDA") without the need to seek shareholders' approval on each occasion an SDA is proposed. It extends by just over one year the 5 year authority granted by shareholders in 2010.

h) Resolution 11

This resolution is to enable the Directors to allot shares either for a rights issue or other offer of securities to existing shareholders or (up to the specified amount) for cash without first offering them to existing shareholders exactly in proportion to their existing shareholdings (which would otherwise be required under UK statutory pre-emption rights contained in section 561 of the Companies Act 2006). This resolution, if passed, renews the Directors' authority (given by shareholders at the 2010 AGM) to allot shares and other equity securities for cash, in appropriate circumstances, subject to the maximum amount set out in the resolution, and is consistent with the level commonly proposed by other UK listed companies. The maximum amount is 5 per cent. of the Company's issued share capital on the basis that the share cancellation forming part of the Scheme has become effective. In the event that the share cancellation forming part of the Scheme does not become effective, the figure is equivalent to approximately 4.4 per cent. of the issued share capital (excluding treasury shares) of the Company. If passed, this authority will expire at the same time as the authority to allot shares given pursuant to Resolution 9.

i) Resolution 12

Resolution 12 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 238,787,185 (representing approximately 14.99 per cent. of the Company's issued ordinary share capital on the basis that the share cancellation forming part of the Scheme has become effective. In the event that the share cancellation forming part of the Scheme does not become effective, the figure is equivalent to approximately 13.12 per cent. of the issued share capital (excluding treasury shares) of the Company. The authority also sets minimum and maximum prices. This authority will expire on 7 December 2012 or at the conclusion of the AGM of the Company in 2012, whichever is the earlier.

The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares although the Board has agreed on a strategy which will involve capital management initiatives as the Group's cashflows and liabilities permit.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. If Resolution 12 is passed at the AGM, and the Company buys back its own ordinary shares, it is the Company's current intention to cancel all of the shares it may purchase pursuant to the authority granted to it. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to reassess at the time of any and each actual purchase whether to hold the shares in treasury or cancel them, provided it is permitted to do so.

The total number of options that are outstanding under the GPG Group share option schemes are 102,671,543 as at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document). These options equate to 5.64 per cent. of the issued share capital of the Company. If the full authority to purchase on market 14.99 per cent. of the Company's issued ordinary shares were to be exercised by the Company, these options would then represent 7.58 per cent. of the issued share capital of the Company on the basis that the share cancellation forming part of the Scheme has also become effective. In the event that the share cancellation forming part of the Scheme does not become effective, the figure is equivalent to approximately 6.49 per cent. of the issued share capital (excluding treasury shares) of the Company.

j) Resolution 13

This resolution approves 14 clear days as the minimum period of notice for all general meetings of the Company other than AGMs. It is identical to the authority given at last year's AGM, and the approval will be effective until the Company's next AGM, when it is proposed that the approval be renewed.

k) Resolution 14

Under the Companies Act 2006 all provisions of the Company's memorandum of association, but most significantly the objects clause, were deemed to form part of the Company's Articles of Association from 1 October 2009. It is possible for the objects clause to be removed or amended by amending the articles by special resolution. It is not necessary under the 2006 Act for a company to set out its objects. The 2006 Act provides that, unless the articles state otherwise, a company's objects will be unrestricted.

One of the other key provisions of the memorandum which is deemed to form part of the Company's Articles of Association from 1 October 2009 is the restriction created by the existing authorised share capital. The Companies Act 2006 removes the requirement for a company to place limits on its authorised share capital.

By amending the Articles of Association so they do not contain the objects clause or the authorised share capital statement, the Company will remove these provisions, which would otherwise be deemed to form part of the Company's Articles of Association under section 28 of the Companies Act 2006, from its Articles of Association.

This resolution also removes the corresponding reference to the Company's authorised share capital in its Articles of Association.

A copy of the current Articles of Association and the proposed new Articles of Association that reflect these amendments and those described in paragraph 3 of Part II of this document will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of the Company, First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP up until the close of the meeting. Copies will also be available at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand on the morning of the meeting for 15 minutes before the start of the meeting until its conclusion.

l) Resolution 15

This resolution is the Scheme Special Resolution proposed to implement the Proposal. Full details of the matters covered by the Scheme Special Resolution, the Scheme and the Proposal are set out in the Explanatory Statement included in Part II of this document.

PART V

Definitions

AGM	the annual general meeting of the Company to be held at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand on 8 June 2011 at 2.15 p.m. Auckland time (or as soon thereafter as the Scheme Meeting is concluded or adjourned), notice of which is set out at Part VII of this document
Aqua Capital Limited	Aqua Capital Limited, a company incorporated under the laws of Jersey to which the Class A Share, the Class B Share and the Class C Share will be issued pursuant to the Scheme
Australia	the Commonwealth of Australia, its states, territories and possessions
Australian Securities Exchange or ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as appropriate
ASIC	Australian Securities and Investments Commission
ASX Listing Rules	the official listing rules of the ASX
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532)
ASX Settlement Operating Rules	the settlement and operating rules of ASX Settlement
ATO	the Australian Tax Office
Board or Directors	the directors of the Company from time to time
Business Day	a day on which lending banks in the London inter-banking sterling-markets are open for general non-automated business in London
Cancellation Shares	the Scheme Shares which are to be cancelled pursuant to the Scheme, the particular shares to be cancelled to be identified in accordance with the provisions of clauses 4 and 5 of the Scheme
Capital Notes	the unsecured, subordinated capital notes constituted and issued by GPG Finance plc, and guaranteed on an unsecured, subordinated basis by GPG, pursuant to trust deeds between GPG Finance plc, GPG and The New Zealand Guardian Trust Company Limited dated 25 July 2003 and 31 July 2006 (as amended from time to time)
Capital Return	the proposed return of approximately £80 million to Scheme Shareholders, to be undertaken pursuant to the Scheme
CDI	CHESS Depositary Interest, being a unit of beneficial ownership of a Share registered in the name of CDN
CDI Holders	persons registered in GPG's CDI register as holders of GPG's CDIs
CDN	CHESS Depositary Nominees Pty Limited (ACN 071 346 506), in its capacity as depositary of the CDIs under the ASX Settlement Operating Rules

certificated form	a share or other security recorded on the relevant register as being held in certificated form
CHESS	Clearing House, Electronic Sub-register System, the clearing and settlement system operated by ASX Settlement in accordance with the CHESS Regulations
CHESS Regulations	ASX Settlement Operating Rules and (to the extent applicable) ASX Listing Rules
Class A Share	the A deferred share of £36,638,461 in the capital of the Company to be allotted and issued as a fully paid share, and cancelled, pursuant to the Scheme and the Reduction of Capital
Class B Share	the B deferred share of £6,136,528 in the capital of the Company to be allotted and issued as a fully paid share, and cancelled, pursuant to the Scheme and the Reduction of Capital
Class C Share	the C deferred share of £118,284,004 in the capital of the Company to be allotted and issued as a fully paid share, and cancelled, pursuant to the Scheme and the Reduction of Capital
Companies Act	the UK Companies Act 2006 (as amended)
Computershare	each of Computershare Investor Services PLC, Computershare Investor Services Pty Limited and Computershare Investor Services Limited, as the context requires
Court	the High Court of Justice of England and Wales
Court Hearings	the Scheme Court Hearing and the Reduction Court Hearing
Court Orders	the Scheme Court Order and the Reduction Court Order
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK in accordance with the CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (S.I. No. 2001/3755) as amended from time to time
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
Daily Official List	the daily official list of the London Stock Exchange
Effective Time	the time at which an office copy of the Scheme Court Order shall have been delivered to the Registrar of Companies
Explanatory Statement	the explanatory statement relating to the Scheme, as set out in Part II of this document, which together with the documents incorporated therein, constitute the explanatory statement relating to the Scheme as required by section 897 of the Companies Act
Euroclear UK	Euroclear UK & Ireland Limited

Form(s) of Proxy	either or both, as the context requires, of the blue form of proxy for use at the Scheme Meeting and the white form of proxy for use at the AGM, or as the context requires, the blue form of voting instruction for use by CDI Holders at the Scheme Meeting and the white form of voting instruction for use by CDI Holders at the AGM, which accompany this document
FSA	the UK Financial Services Authority
FSMA	the UK Financial Services and Markets Act 2000 as amended
Goldman Sachs	Goldman Sachs & Partners Australia Pty Ltd (ABN 21 006 797 897)
GPG or Company	Guinness Peat Group plc, a public limited company incorporated in England and Wales with registered number 103548
GPG Group	GPG, its subsidiaries and subsidiary undertakings
GPG Parent Group	GPG and its investment subsidiaries
GPG's 2010 Annual Report	GPG's audited annual report and financial statements, for the year ended 31 December 2010, published on 30 March 2011
Greenhill Caliburn	Greenhill Caliburn Pty Limited (ABN 89 086 678 346)
holder	a registered holder, including any person(s) entitled by transmission
ISIN	an international securities identification number, which uniquely identifies securities
London Stock Exchange	London Stock Exchange plc
LSE	the London Stock Exchange's Main Market for listed securities
Meetings	the Scheme Meeting and the AGM, or either of them as the context may require
NZCDC	New Zealand Clearing and Depository Corporation Limited, a wholly owned subsidiary of NZX
NZCDCSS	the electronic trading and settlement system operated by or on behalf of NZCDC and declared to be a designated settlement system under the Reserve Bank of New Zealand (Designated Settlement System – NZCDC) Order 2010
NZX or NZ Stock Market	NZX Limited or the main board equity security market operated by NZX Limited, as appropriate
Official List	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
Operative Date	the date on which the Reduction of Capital becomes effective
Options	Options held under the GPG Group's Share Option Schemes
Other Reserve	the other reserve, which form part of GPG's capital and reserves in GPG's company balance sheet

Overseas Shareholders	holders of shares resident in (for tax purposes or otherwise), or citizens or nationals of, jurisdictions outside the UK, Australia or New Zealand
Proposal	the proposal to effect the Scheme, the Capital Return and the Reduction of Capital, as more fully described in this document
Reduction Court Hearing	the hearing of the Court for the confirmation of the Reduction of Capital
Reduction Court Order	the order of the Court confirming the Reduction of Capital
Reduction of Capital	the proposed reductions of share capital and share premium account of the Company pursuant to the Scheme, as more fully described in this document
Registrar of Companies	the Registrar of Companies in England and Wales
Scheme or Scheme of Arrangement	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between the Company and the holders of the Scheme Shares as set out in Part III of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company
Scheme Court Hearing	the hearing of the Court to sanction the Scheme
Scheme Court Order	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
Scheme Meeting	the meeting of Shareholders convened by an order of the Court under Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment of such meeting, notice of which is set out at Part VI of this document
Scheme Record Time	6.00 p.m. London time on a day (being a day on which the LSE, ASX and NZX are open for the transaction of business) immediately preceding the date of the Reduction Court Hearing
Scheme Shareholders	holders of Scheme Shares
Scheme Shares	<ul style="list-style-type: none"> (i) the Shares in issue at the date of the Scheme; (ii) any Shares issued after the date of the Scheme and before the Voting Record Time; and (iii) any Shares issued at or after the Voting Record Time and before the Scheme Record Time either on terms that the original or any subsequent holders of such Shares are to be bound by the Scheme, or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time
Scheme Special Resolution	Resolution 15 as set out in the Notice of AGM at Part VII of this document
Shareholders	persons registered in the Company's register of members as holders of Shares
Share Option Schemes	the Guinness Peat Group plc 2001 Share Option Scheme and the Guinness Peat Group plc 2002 Share Option Scheme

Shares	ordinary shares in the capital of the Company of 5 pence each
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or UKLA	the Financial Services Authority as the competent authority under Part VI of FSMA
UK Listing Rules	the listing rules issued by the UK Listing Authority pursuant to Part VI of FSMA
uncertificated or in uncertificated form	a share or other security recorded on the relevant register as being held in uncertificated form in CREST or held on the Australian branch CDI register or held on the Company's New Zealand branch register, title to which may be transferred by means of CREST, CHESS or NZCDCSS
Voting Record Time	6.00 p.m. London time on 6 June 2011 or, if the Scheme Meeting is adjourned, 6.00 p.m. London time on the day which is two days before such adjourned meeting
£ or sterling or pounds	pounds sterling, the lawful currency for the time being of the UK and references to "pence" and "p" shall be construed accordingly

PART VI

Notice of Scheme Meeting

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 3494 of 2011

MR DEPUTY REGISTRAR JONES

IN THE MATTER OF

GUINNESS PEAT GROUP PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 10 May 2011 made in the above matters, the Court has directed a meeting of the holders of Scheme Shares (as defined in the scheme of arrangement referred to below) (the “**Scheme Meeting**”) to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 dated 12 May 2011 (the “**Scheme of Arrangement**”) proposed to be made between Guinness Peat Group plc (the “**Company**”) and the holders of Scheme Shares (as so defined) and that such meeting will be held at 2.00 p.m. (Auckland time) on 8 June 2011 at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand at which place and time all holders of the Company’s shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 in relation to the Scheme of Arrangement are incorporated in the document of which this notice forms part.

Scheme Shareholders (as defined in the Scheme of Arrangement) may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote on their behalf. A BLUE form of proxy for use in connection with the Scheme Meeting is enclosed with this notice. Completion and return of the BLUE form of proxy will not prevent a holder of Scheme Shares who is otherwise entitled to attend and vote at the Scheme Meeting from attending and voting in person at the Scheme Meeting, or at any adjournment thereof.

Scheme Shareholders who hold their shares through CREST (as defined in the document of which this Notice forms part) may appoint a proxy electronically by making a CREST electronic proxy appointment.

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their shares. A space has been included in the BLUE form of proxy to allow Scheme Shareholders to specify the number of shares in respect of which that proxy is appointed. Shareholders who return the BLUE form of proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their shares.

Scheme Shareholders are also entitled to appoint more than one proxy. Scheme Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact Computershare (see below for details) in the UK, Australia or New Zealand for further BLUE forms of proxy or photocopy the BLUE form of proxy as required. Such Scheme Shareholders should also read the notes in respect of the appointment of multiple proxies set out in the Notice of AGM included as Part VII of the document of which this notice forms part.

If you are a CDI Holder (as defined in the document of which this Notice forms part), you may use the BLUE form of proxy to direct CHESS Depositary Nominees Pty Limited how it should vote on the

poll at the Scheme Meeting, or to instruct CHESS Depositary Nominees Pty Limited to appoint you or someone else as its proxy to act on your behalf and vote on the poll at the Scheme Meeting.

It is requested that the BLUE form of proxy (together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power or authority) be lodged with Computershare, as follows:

- (i) if you are a UK registered Shareholder, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY;
- (ii) if you are an Australian registered Shareholder or CDI Holder, to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria; and
- (iii) if you are a New Zealand registered Shareholder, to Computershare Investor Services Limited, Private Bag 92119, Auckland 1142,

not less than 48 hours before the time appointed for the Scheme Meeting but, if forms are not so lodged they may be handed to Computershare or to the Chairman of the meeting before the start of the meeting.

Entitlement to attend and vote at the Scheme Meeting and the number of votes which may be cast at that meeting will be determined by reference to the register of members of the Company at 6.00 p.m. (London time) on 6 June 2011.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names appear in the register of members of the Company in respect of the joint holding.

If the Scheme Meeting is adjourned, entitlement to attend and vote will be determined by reference to the register of members of the Company at 6.00 p.m. (London time) on the day before the day immediately preceding the day of the adjourned meeting.

Voting at the Scheme Meeting will be conducted on a poll rather than a show of hands.

By the said order, the Court has appointed Robert Campbell or, failing him, either of Gavin Walker or Michael Allen to act as Chairman of the Scheme Meeting and has directed the Chairman to report the result of the Scheme Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 12 May 2011

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS
Solicitors for the Company

PART VII

Notice of Annual General Meeting

Guinness Peat Group plc

(Registered in England and Wales No. 103548)

(the “Company”)

NOTICE IS HEREBY GIVEN that the 2011 Annual General Meeting of the Company will be held on Wednesday 8 June 2011 at Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand at 2.15 p.m. Auckland time (or, if later, as soon thereafter as the meeting of the holders of ordinary shares in the Company convened by the direction of the High Court of Justice in England and Wales (the “**Court**”) for 2.00 p.m. Auckland time on the same day and at the same place (the “**Scheme Meeting**”) shall have concluded or been adjourned) to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 15 will be proposed as special resolutions.

1. To receive the directors’ report, auditor’s report and the financial statements as set out in the annual report and accounts for the year ended 31 December 2010 (“**2010 Annual Report**”).
2. To receive and approve the directors’ remuneration report, as set out in the 2010 Annual Report.
3. To re-elect Blake Nixon as a director of the Company.
4. To elect Michael Allen as a director of the Company.
5. To elect Robert Campbell as a director of the Company.
6. To elect Gavin Walker as a director of the Company.
7. To re-appoint Deloitte LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the directors to fix the remuneration of the auditor.
9. That the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £26,549,609, provided that this authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) on the fifth anniversary of the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights, save for the authorities conferred by resolution 8 granted at the 2010 AGM and to be conferred by resolution 15.2.4 below, be and are hereby revoked.
10. That:
 - (i) pursuant to Article 123 of the Articles of Association of the Company, the directors be and they are hereby authorised to offer those shareholders entitled to any dividend declared or payable prior to the beginning of the fifth annual general meeting next following the date on which this Resolution is passed, the right to elect in lieu of the cash dividend to receive additional ordinary shares, credited as fully paid on the terms

and subject to any conditions that the directors consider to be in the best interests of the Company and provided that any earlier power of the directors to offer shares in lieu of a cash dividend as aforesaid be and is hereby revoked; and

(ii) pursuant to Article 123(f) of the Articles of Association of the Company, the directors be and are hereby authorised to capitalise out of the amount for the time being standing to the credit of any reserve or fund whether or not the same is available for distribution, or any profits which could otherwise have been applied in paying dividends in cash, as the directors may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted pursuant to elections made as aforesaid, and to apply such sum in paying up in full the appropriate number of unissued ordinary shares in the Company and to allot such ordinary shares to the members of the Company who have validly so elected; and

(iii) in the event that the middle market quotation of an ordinary share of the Company on the London Stock Exchange Daily Official List as at the latest reasonably practicable date prior to the issue of the shares described in (i) above as determined by the directors in their absolute discretion is below the middle market quotation of an ordinary share on the date on which the proposed scrip dividend issue is publicly announced, the directors be and they are hereby entitled to withdraw the offer to shareholders who have elected in lieu of the relevant cash dividend to receive additional ordinary shares, and they will receive the relevant cash dividend instead.

11. That the directors be and they are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (as defined in Section 560 of that Act) for cash pursuant to the authority conferred by Resolution 9 above, and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(i) the allotment and/or sale of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the directors of the Company may determine and other persons entitled to participate therein, in any or all jurisdictions where equity securities are listed on any recognised stock exchange, where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on the record date of such allotment but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or the legal or practical matters in respect of overseas holders or of any regulatory body or stock exchange or otherwise; and

(ii) the allotment and/or sale (otherwise than pursuant to sub-paragraph (i) above) to any person or persons of equity securities for cash up to an aggregate nominal value not exceeding £3,982,441,

and such power, unless renewed or otherwise varied by the Company in general meeting, shall expire upon the expiry of the general authority conferred by Resolution 9 above, save that the Company may make an offer or agreement before this power has expired, which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares pursuant to any such offer or agreement as if the authority conferred hereby had not expired. Any earlier power of the directors to allot equity securities as aforesaid be and is hereby revoked.

12. That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company on such terms and in such manner as the directors may from time to time determine provided that:
- (i) the maximum number of ordinary shares hereby authorised to be acquired is 238,787,185; and
 - (ii) the minimum price which may be paid for any such share is 5p; and
 - (iii) the maximum price which may be paid for any such share is the amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased (exclusive of associated expenses); and
 - (iv) the authority hereby conferred shall expire on 7 December 2012 or the date of the next annual general meeting of the Company whichever shall be the earlier unless previously renewed, varied or revoked by the Company in general meeting; and
 - (v) the Company may enter into a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or might be executed wholly or partly after the expiration of such authority, and may purchase its ordinary shares in pursuance of any such contract.
13. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.
14. That with effect from the passing of this resolution, the Articles of Association of the Company be amended by:
- 14.1 the deletion of the existing article 3 in its entirety; and
 - 14.2 the deletion of all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are treated as provisions of the Company's Articles of Association, save for paragraph 5 (Limitation of Liability) which is hereby renumbered as article 3 of the Articles of Association of the Company.
15. That, conditional on the scheme of arrangement dated 12 May 2011 (the "**Scheme**") between the Company and the holders of Scheme Shares (as defined in the Scheme) having been approved by the requisite majority at the Scheme Meeting or any adjournment of that meeting:
- 15.1 the directors of the Company be and are hereby authorised to take all such actions on behalf of the Company as they consider necessary or desirable for effecting the Scheme, in its original form in the circular sent to shareholders of the Company dated 12 May 2011 (the "**Circular**") (a print of which has been produced to this Meeting and signed by the Chairman of this Meeting for the purpose of identification) or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company;
 - 15.2 for the purpose of giving effect to the Scheme in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company:
 - 15.2.1 one A deferred share of £36,638,461 (the "**Class A Share**") shall be created having the following rights and limitations:
 - (A) the Class A Share shall not confer the right to vote on any resolution at any general meeting of the Company;

- (B) the Class A Share shall have no right to receive any dividend or any other distribution of profits made by the Company;
- (C) subject to paragraph (F) below, on a return of capital on liquidation or otherwise, the assets of the Company available for distribution among members, after payment to holders of all other classes of shares in the capital of the Company (other than the holder of the Class B Share and the Class C Share) of a sum equal to the nominal value of all such shares plus a sum of £100,000,000 per share, shall be applied in paying to the holder of the Class A Share a sum equal to the nominal value of the Class A Share;
- (D) the Company shall not be obliged to issue any share certificates for the Class A Share;
- (E) a reduction by the Company of the capital paid up or credited as paid up on the Class A Share and the cancellation of such Class A Share will be treated as being in accordance with the rights attaching to the Class A Share and will not involve a variation of such rights for any purpose; and
- (F) the Company will be authorised at any time without obtaining the consent of the holder of the Class A Share to reduce its capital in accordance with the Companies Act 2006 and, subject to the foregoing, shall have an irrevocable authority at any time after the creation and issue of the Class A Share to cancel the Class A Share without making any payment to, or obtaining the sanction of, the holder of the Class A Share;

15.2.2 one B deferred share of £6,136,528 (the “**Class B Share**”) shall be created having the following rights and limitations:

- (A) the Class B Share shall not confer the right to vote on any resolution at any general meeting of the Company;
- (B) the Class B Share shall have no right to receive any dividend or any other distribution of profits made by the Company;
- (C) subject to paragraph (F) below, on a return of capital on liquidation or otherwise, the assets of the Company available for distribution among members, after payment to holders of all other classes of shares in the capital of the Company (other than the holder of the Class A Share and the Class C Share) of a sum equal to the nominal value of all such shares plus a sum of £100,000,000 per share, shall be applied in paying to the holder of the Class B Share a sum equal to the nominal value of the Class B Share;
- (D) the Company shall not be obliged to issue any share certificates for the Class B Share;
- (E) a reduction by the Company of the capital paid up or credited as paid up on the Class B Share and the cancellation of such Class B Share will be treated as being in accordance with the rights attaching to the Class B Share and will not involve a variation of such rights for any purpose; and
- (F) the Company will be authorised at any time without obtaining the consent of the holder of the Class B Share to reduce its capital in accordance with the Companies Act 2006 and, subject to the foregoing, shall have an irrevocable authority at any time after the creation and issue of the Class B Share to cancel the Class B Share without making any payment to, or obtaining the sanction of, the holder of the Class B Share;

- 15.2.3 one C deferred share of £118,284,004 (the “**Class C Share**”) shall be created having the following rights and limitations:
- (A) the Class C Share shall not confer the right to vote on any resolution at any general meeting of the Company;
 - (B) the Class C Share shall have no right to receive any dividend or any other distribution of profits made by the Company;
 - (C) subject to paragraph (F) below, on a return of capital on liquidation or otherwise, the assets of the Company available for distribution among members, after payment to holders of all other classes of shares in the capital of the Company (other than the holder of the Class A Share and the Class B Share) of a sum equal to the nominal value of all such shares plus a sum of £100,000,000 per share, shall be applied in paying to the holder of the Class C Share a sum equal to the nominal value of the Class C Share;
 - (D) the Company shall not be obliged to issue any share certificates for the Class C Share;
 - (E) a reduction by the Company of the capital paid up or credited as paid up on the Class C Share and the cancellation of such Class C Share will be treated as being in accordance with the rights attaching to the Class C Share and will not involve a variation of such rights for any purpose; and
 - (F) the Company will be authorised at any time without obtaining the consent of the holder of the Class C Share to reduce its capital in accordance with the Companies Act 2006 and, subject to the foregoing, shall have an irrevocable authority at any time after the creation and issue of the Class C Share to cancel the Class C Share without making any payment to, or obtaining the sanction of, the holder of the Class C Share;
- 15.2.4 to effect the allotment of the Class A Share, the Class B Share and the Class C Share referred to in paragraph 15.2.5 below, in addition and without prejudice to all existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised, for the purposes of section 551 of the Companies Act 2006, at any time up to 30 September 2011 to exercise the powers of the Company to allot:
- (A) the one new Class A Share referred to in paragraph 15.2.1 above, provided that the maximum aggregate nominal amount of the Class A Share that may be so allotted is £36,638,461;
 - (B) the one new Class B Share referred to in paragraph 15.2.2 above, provided that the maximum aggregate nominal amount of the Class B Share that may be so allotted is £6,136,528; and
 - (C) the one new Class C Share referred to in paragraph 15.2.3 above, provided that the maximum aggregate nominal amount of the Class C Share that may be so allotted is £118,284,004;
- 15.2.5 out of the sum standing to the credit of the Other Reserve of the Company:
- (A) a sum equal to the nominal amount of the Class A Share created pursuant to paragraph 15.2.1 above be applied in paying up in full at par the Class A Share to be allotted and issued credited as fully paid to Aqua Capital Limited pursuant to the Scheme;
 - (B) a sum equal to the nominal amount of the Class B Share created pursuant to paragraph 15.2.2 above be applied in paying up in full at par the Class B Share to be allotted and issued credited as fully paid to Aqua Capital Limited pursuant to the Scheme; and

- (C) a sum equal to the nominal amount of the Class C Share created pursuant to paragraph 15.2.3 above be applied in paying up in full at par the Class C Share to be allotted and issued credited as fully paid to Aqua Capital Limited pursuant to the Scheme;
- 15.2.6 the capital of the Company shall be returned to Scheme Shareholders (as defined in the Scheme) in the following manner:
 - (A) the amount standing to the credit of the share premium account of the Company shall be cancelled;
 - (B) the share capital of the Company shall be reduced by cancelling and extinguishing the Cancellation Shares (as defined in the Scheme);
 - (C) the share capital of the Company shall be reduced by cancelling and extinguishing the Class B Share; and
 - (D) the sum of 35.07 pence shall be repaid to each Scheme Shareholder for every Cancellation Share held by such Shareholder at the Scheme Record Time (as defined in the Scheme); and
- 15.2.7 the share capital of the Company shall be reduced by cancelling and extinguishing the Class A Share and the Class C Share; and
- 15.3 with effect from the passing of this resolution, the Articles of Association of the Company be amended by inclusion of the following new article 140:

“140 Scheme of Arrangement

- (1) In this article 140, the “**Scheme**” means the scheme of arrangement dated 12 May 2011 between the Company and the holders of Scheme Shares (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court of Justice in England and Wales and (save as defined in this article) expressions defined in the Scheme shall have the same meanings in this article.
- (2) Notwithstanding any other provision of these articles, if the Company allots and issues any ordinary shares after the adoption of this article and before the Scheme Record Time, such shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the holders of such shares and any subsequent holder shall, upon the Scheme becoming effective, be bound by the terms of the Scheme”.

BY ORDER OF THE BOARD

Chris Healy
Company Secretary

12 May 2011

Registered Office:

First Floor
Times Place
45 Pall Mall
London SW1Y 5GP

Registered in England and Wales No. 103548

For further information, see the Explanatory Notes to the Notice of AGM in Part IV of the document of which this Notice forms part.

Notes to Notice of Annual General Meeting

- 1 The venue for the 2011 AGM is Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland, New Zealand.
- 2 A member who is an individual is entitled to attend, speak and vote at the meeting or to appoint another person (who need not be a member of the Company) as his/her proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A member that is a company can appoint one or more corporate representatives (such as a director or employee of the company) whose attendance at the meeting is treated as if the company were attending in person. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the company) the same powers as the company could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative. A member that is a company may also appoint one or more persons as its proxy to exercise all or any of its rights on its behalf. In each case, a person attending the meeting will need to provide the Company or its registrars, Computershare Investor Services PLC (for UK registered members), Computershare Investor Services Limited (for New Zealand registered members) and Computershare Investor Services Pty Limited (for Australian registered members) with evidence of their identity and, if applicable, their appointment as a proxy or corporate representative with authority to vote on behalf of a member.
- 3 A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Your proxy could be the Chairman, another director of the Company or another person who has agreed to represent you. Your proxy must vote as you instruct and must attend the meeting for your vote to be counted. To appoint a proxy or proxies shareholders must complete: (a) a form of proxy, sign it and return it, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY (for UK registered members), Computershare Investor Services Limited, Private Bag 92119, Auckland 1142 (for New Zealand registered members) and Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001 (for Australian registered members); or (b) a CREST Proxy Instruction (for UK registered members) (as set out in paragraph 19 below), in each case so that it is received no later than 2.15 p.m. Auckland time (3.15 a.m. London time) on 6 June 2011. To appoint more than one proxy, you will need to complete a separate form of proxy in relation to each appointment. Forms of proxy for use in connection with the Annual General Meeting are enclosed with this document. If you do not have a form of proxy and believe that you should, please contact the Company's registrars, Computershare Investor Services PLC on 0870 707 1022 (for UK registered members), Computershare Investor Services Limited on 09 488 8777 (for New Zealand registered members) and Computershare Investor Services Pty Limited on 03 9415 4083 (for Australian registered members) or at any of the registrar addresses stated above.
- 4 The Chairman intends to vote any undirected proxies given to him in favour of all the resolutions set out in this Notice and will vote such undirected proxies as he thinks fit on any other matter or motion before the meeting.
- 5 You will need to state clearly on each form of proxy the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member will result in the proxy appointment being invalid.

- 6 The return of a completed form of proxy or any CREST Proxy Instruction (for UK registered members) (as described in paragraph 20 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 8 Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 9 The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2, 3 and 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- 10 Copies of the service contracts and directors' indemnities in favour of Blake Nixon and Sir Ron Brierley and an engagement letter and directors' indemnity in favour of Michael Allen, Robert Campbell and Gavin Walker will be available for inspection at the offices of the Company at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until 8 June 2011 being the date of the Annual General Meeting and at the venue of the 2011 AGM from 15 minutes before the start of the meeting until the end of the meeting.
- 11 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and the Companies Act 2006, the Company gives notice that only those shareholders included in the register of members of the Company at 6.00 p.m. (London time) on 6 June 2011 or, if the meeting is adjourned, in the register of members at 6.00 p.m. (London time) on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 6.00 p.m. (London time) on 6 June 2011, or, if the meeting is adjourned, in the register of members at 6.00 p.m. (London time) on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
- 12 As at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document), the Company had 1,820,544,630 ordinary shares in issue, carrying one vote each. Therefore the total voting rights in the Company are 1,820,544,630. The Company does not hold any shares as treasury shares as at the close of business on 9 May 2011 (being the latest practicable date prior to the publication of this document).
13. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the

website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

- 14 Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 15 Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- 16 You may not use any electronic address provided in this Notice, or any related documents including the proxy form to communicate with the Company for any purposes other than those expressly stated.
- 17 The contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting, details of the totals of the voting rights that members are entitled to exercise at the meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website: www.gpgplc.com.
- 18 Voting on all resolutions will be conducted by way of a poll using an electronic voting system rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the Annual General Meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: www.gpgplc.com.

For UK registered members only

- 19 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 20 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message,

regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50), by the latest time for receipt of proxy appointments set out in paragraph 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- 21 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Profiles of Directors seeking election or re-election

R. J. Campbell, Chairman

Rob Campbell has over 20 years' experience in investment management and corporate governance. He is a director and investment committee chair of Accident Compensation Corporation and director and audit and risk committee member of Aquasure Pty Ltd. Rob is a director of Ports of Auckland Ltd and CallPlus Ltd, and is also a board or advisory board member of several private equity and hedge funds globally. He has previously directed the investments of a large family office and held board appointments in numerous private sector and public sector organisations in New Zealand. In April 2011 he was appointed Chairman of Turners & Growers Ltd.

Appointed to the Board 22 September 2010 and appointed as Chairman 5 April 2011.

M. N. Allen, Non-Executive Director

Mike Allen has over 25 years' experience in investment banking and general management, both in New Zealand and the UK. He is a director of Coats plc and of Breakwater Consulting Ltd, Godfrey Hirst NZ Ltd, Retirement Villages Group NZ, Tainui Group Holdings Ltd and NZ Windfarms Ltd. Mike is also the current Chairman of PGG Wrightson Finance Ltd.

Appointed to the Board 22 September 2010. Member of the Audit, Finance & Risk Committee, Chairman of the Remuneration & Nominations Committee and Chairman of the General Purposes Committee.

B. A. Nixon, Executive Director*

Blake Nixon has wide corporate experience in the UK and overseas. He is a director of Coats plc and acts as a trustee on each of the Group's UK pension schemes. He is also a member of the General Purposes Committee.

Blake Nixon was originally appointed to the Board of Guinness Peat Group plc in March 1990. On 13 December 2002 that company undertook a reverse takeover of Brunel Holdings plc, which then adopted the name of Guinness Peat Group plc.

G. R. Walker, Non-Executive Director

Gavin Walker has over 30 years' experience in the financial services industry both at executive and board level. He is currently a director of the Guardians of New Zealand Superannuation Fund, ASB Bank, Lion Nathan National Foods Pty Limited, Commonwealth Securities Limited and Australian Investment Exchange Limited. Previously Gavin has been a director of ASB Life, BT Investment Management, Goodman Fielder, Veda Advantage, AMP New Zealand Advisory Board and Chairman of the Foreign Direct Investment Advisory Board. His previous executive experience includes being Chief Executive Officer of Bankers Trust New Zealand and BT Australia Investment Bank.

Appointed to the Board 22 September 2010. Chairman of the Audit, Finance & Risk Committee and a member of the Remuneration & Nominations Committee and the General Purposes Committee.

* As explained on page 29, if re-elected at the AGM, Blake Nixon will become a Non-Executive Director on 1 July 2011.

