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Capital note issue for GPG.

DURING 2006 SIMPSON GRIERSON WORKED WITH GUINNESS PEAT GROUP TO EFFECT THE EXCHANGE OF \$182 MILLION OF ITS 2001 CAPITAL NOTES FOR NEW 2006 CAPITAL NOTES AND, AT THE SAME TIME, ISSUE FURTHER 2006 NOTES RESULTING IN A TOTAL DEBT RAISING OF \$350 MILLION.

Guinness Peat Group plc (GPG), Sir Ron Brierley's investment company, has a successful track record that spans investments in a range of sectors, including financial services, thread manufacture, foodstuff manufacture and building products. Its investment portfolio is widely diversified both geographically and by sector. GPG is run by a small but experienced group of executives, which has proven to be a successful formula. The company is listed on the London, Australian and New Zealand Stock Exchanges.

The overwhelming majority of GPG's shareholders are New Zealanders, and traditionally the company comes to New Zealand to raise public debt. Simpson Grierson has acted for GPG since 1991.

GPG (through its finance subsidiary, GPG Finance plc) had issued \$250 million of unsecured subordinated capital notes in 2001. At the conclusion of the initial five-year term, noteholders were entitled to elect to either roll-over the notes for a further period on terms offered by GPG Finance or convert their notes into shares. GPG also had the option to pay out the noteholders.

The election date for 2001 notes fell in November 2006. GPG had made the decision that it would purchase the notes of any noteholders who did not elect to roll over their investment. However, until such noteholder

elections were made, which was not to be until October 2006, it was not clear what level of funds GPG would require in order to purchase such notes.

In order to achieve certainty, and to take advantage of a window in the capital markets, GPG chose to offer 2001 noteholders an opportunity to exchange their 2001 notes for 2006 notes in September (the "Exchange Offer").

The Exchange Offer was popular with investors and GPG Finance issued (in exchange for the early redemption of 2001 notes) \$182 million worth of 2006 notes. At the same time the process enabled GPG to establish that \$68 million would be required in November to pay out the 2001 noteholders who did not elect to exchange. This amount, together with a further \$100 million in oversubscriptions, was raised by additional 2006 notes being issued to the public under the same investment statement and prospectus used for the Exchange Offer.

In total, GPG bought back or exchanged \$250 million worth of 2001 notes and issued \$350 million worth of new 2006 notes.

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