TURNERS & GROWERS

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Notice of Meeting and Explanatory Memorandum regarding the proposed acquisition of ENZA Limited by Turners & Growers Limited

19 November 2002

This booklet and the Independent Adviser's Report which accompanies it contain important information which Turners & Growers Limited is required by law and its constitution to provide to shareholders. Please read these documents carefully.

NOTICE OF MEETING

Notice is given that a special meeting of the shareholders of Turners & Growers Limited will be held at the Company's head office at 2 Monahan Road, Mt Wellington, Auckland on Friday 6 December 2002 at 9.30 am.

Business to be transacted:

Acquisition of ENZA Limited

1. To consider and, if thought fit, pass the following resolution as a special resolution:

   "That, the Company approve the acquisition of all of the shares in ENZA Limited held by Ithaca (Custodians) Limited as bare trustee for Guinness Peat Group plc in consideration for a purchase price of $101,900,000 which purchase price is to be satisfied by the issue of 44,177,854 fully paid ordinary shares in the capital of the Company."

2. Subject to resolution 1 being passed, to consider, and if thought fit, pass the following resolution as an ordinary resolution:

   "That, the Company approve the issue of 44,177,854 fully paid ordinary shares in the capital of the Company to Guinness Peat Group plc (with these shares being registered in the name of Ithaca (Custodians) Limited as bare trustee for Guinness Peat Group plc) in consideration for the acquisition by the Company of all of the shares in ENZA Limited."

Explanation of resolutions:

1. The Company proposes to purchase ENZA for $101,900,000, which sum is to be satisfied by the issue to GPG (through Ithaca as bare trustee of GPG) of 44,177,854 fully paid ordinary shares in the capital of the Company. Further information on the proposed acquisition is set out in the Explanatory Memorandum and the Independent Adviser's Report. Please read the Explanatory Memorandum and the Independent Adviser's Report carefully so that you are fully informed of the proposed acquisition.

2. Resolution 1 is required because the proposed acquisition of ENZA will constitute a "major transaction" for the Company. A major transaction is defined by the Companies Act as including the acquisition of, or an agreement to acquire, assets the value of which is more than half the value of the Company's assets before the acquisition. The Companies Act and the Company's constitution provide that the Company may not enter into a major transaction unless the transaction is approved by special resolution (or contingent upon approval by special resolution). A special resolution is a resolution approved by 75% of the votes of those shareholders entitled to vote and voting on the resolution. The persons entitled to vote on this resolution are those persons recorded on the Turners & Growers share register as holders of shares in Turners & Growers at 5 pm on Wednesday 4 December 2002.

3. Resolution 2 is required to ensure that GPG does not breach the Takeovers Code. The Takeovers Code provides that no person who holds or controls 20% or more of the voting rights in a code company may become the holder or controller of an increased percentage of voting rights, except in compliance with the Takeovers Code. Ithaca holds, on trust as a bare trustee for GPG, 45.92% of the shares in the Company. Following the acquisition Ithaca will hold as bare trustee for GPG 80.04% of the shares in the Company. Under the Takeovers Code, a person which holds or controls more than 20% but less than 50% of the voting rights in a code company, can increase its control percentage through an issue of shares if, among other things, the allotment is approved by an ordinary resolution of shareholders of the code company (other than the person being allotted the shares and its associates). An ordinary resolution is a resolution approved by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution. The persons entitled to vote on this resolution are those persons recorded on the Turners & Growers share register as holders of shares in Turners & Growers at 5 pm on Wednesday 4 December 2002, except Ithaca and its associates (if any).

4. Shareholders entitled to vote may appoint another person(s) as his or her proxy (or representative in the case of corporate shareholders) to attend and vote on their behalf. A proxy need not be a shareholder of the Company. Instructions on how to vote are set out on the enclosed Attendance Card/Proxy Form. Please note that to be valid, Proxy Forms must be received by Computershare Investor Services Limited (the Company's Share Registrar), Private Bag 92 119, Auckland 1020, New Zealand, no later than 9.30 am on Wednesday 4 December 2002 or in the event that the date of the special meeting changes, no later than 48 hours before the commencement of the meeting on the new date.

J A Hambling
Company Secretary
19 November 2002

Letter from the Chairman of the Committee of Independent Directors

19 November 2002

Dear Shareholder,

As you are aware, in July this year a team of Turners & Growers and ENZA management representatives was formed to discuss and investigate the feasibility of merging the two companies. The team advised the Chairman of the Board of Turners & Growers that, in their view, the merger would release operational and strategic benefits for both organisations and could potentially save up to $5 million in overall running costs within the first two years of the merger. A Committee of Independent Directors of the Company was then established to investigate the proposal further and decide on how it should be implemented.

As a result of the Committee's investigations and the advice taken by the Committee on the proposed merger, it is proposed that Turners & Growers acquire all the shares in ENZA from GPG in return for the issue of 44,177,854 ordinary shares in the capital of the Company. It is expected that the transaction will be completed on or by 31 December 2002.

In summary, the Committee considers that benefits will potentially accrue from:

- combining the export operations of Turners & Growers and ENZA into a single marketing structure covering all products;
- property rationalisations;
- combining returnable container, transport and warehousing operations as well as support areas such as administration, finance, accounting and information systems; and
- both organisations having a single board of directors.

The advantages of the acquisition of ENZA by Turners & Growers are set out in more detail in the Explanatory Memorandum. The Explanatory Memorandum and the Independent Adviser's Report contain important information on the acquisition. Please read these carefully.

Having taken advice on the merits of the acquisition and considered the Independent Adviser's Report, the Independent Directors unanimously recommend that you vote in favour of the acquisition of the shares in ENZA and the allotment of 44,177,854 shares in the Company to satisfy the purchase price for the ENZA shares at the special meeting to be held on 6 December 2002.

Yours faithfully,

M R Dossor
Chairman of the Committee of Independent Directors

EXPLANATORY MEMORANDUM

1. INTRODUCTION

1.1 ENZA has 60,000,000 shares on issue and is a wholly owned subsidiary of GPG. Ithaca holds the shares in ENZA on trust as a bare trustee for GPG. It is proposed that the Company acquire the 60,000,000 shares in ENZA ("ENZA Shares") from GPG in consideration for the issue of 44,177,854 ordinary shares in the capital of the Company.

1.2 This Explanatory Memorandum sets out:

(a) the terms and conditions of the acquisition;

(b) the shareholder approvals required to effect the acquisition and information which the Company is required to provide to shareholders under the Takeovers Code;

(c) the potential benefits and disadvantages of the acquisition; and

(d) the recommendation of the Independent Directors.

2. PROPOSAL

2.1 The proposal is that, subject to shareholder approval and receipt of any regulatory approvals required, Turners & Growers purchase the ENZA Shares from GPG. It is anticipated that completion will occur on 31 December 2002. If all conditions are not satisfied or waived on or prior to 31 December 2002, the agreement for sale and purchase of the ENZA Shares may be terminated by either the Company or GPG.

2.2 As a result of the acquisition of the shares in ENZA, Turners & Growers will acquire ENZA's subsidiary companies. The main operating subsidiaries comprising the ENZA group are as follows:

	Activity	Percentage held
ENZAfruit Marketing Limited	Pipfuit Marketing	100%
ENZAfoods New Zealand Limited	Juice Concentrate Production	100%
ENZA Finance Limited	Procurement Finance	100%
ENZACool Services Limited	Pipfruit Export Services	100%
ENZACool Limited	Investment	100%

2.3 The Independent Directors, after taking expert valuation advice from PricewaterhouseCoopers, have agreed with GPG on a purchase price for all of the ENZA Shares of $101,900,000 (being approximately $1.70 per ENZA Share).

2.4 The Independent Directors have determined to fund the acquisition of the ENZA Shares through equity. This is desirable because:

(a) Turners & Growers has inadequate resources to settle such a large purchase in cash;

(b) the size of the consideration also precludes, for practical purposes, the option of borrowing at commercial interest rates; and

(c) if cash could be borrowed to fund the acquisition, the resulting group would be overgeared on an ongoing basis.

2.5 Accordingly, the Independent Directors have also sought valuation advice from PricewaterhouseCoopers on the shares of Turners & Growers. This advice has taken into account not only the current market value of the Company's shares on the unlisted securities market, but also the future earnings potential of the Company in its present form, as well as the value of the Turners & Growers group's present net assets. It was established and agreed by the Independent Directors that the fair value of Turners & Growers as at the date of the advice from PricewaterhouseCoopers was $59,600,000 (being approximately $2.65 per share). It should be noted that the figure of $2.65 per Turners & Growers share is based on the total number of Turners & Growers shares on issue as at that date. Subsequent to that date the Company has issued 871,935 shares pursuant to the dividend reinvestment plan to those shareholders who have elected to participate in that plan in lieu of receiving the dividend paid on 12 November 2003. It is also proposed that the Company issue by way of a fully paid bonus issue to all shareholders on the register at 5.00pm on 23 December 2002, two fully paid ordinary shares for every 19 ordinary shares held. This will result in approximately, a further 2,460,863 fully paid ordinary shares being issued. The Independent Directors have determined that the effect of these share issues is to decrease the fair value of Turners & Growers shares so that each share would have a fair value of approximately $2.31.

2.6 Turners & Growers proposes to satisfy the $101,900,000 purchase price for the ENZA Shares by issuing to GPG 44,177,854 fully paid ordinary shares in the capital of the Company, such shares ranking equally in all respects with the existing shares of the Company on issue. This will represent 63.09 % of the total shares of the Company on issue following the completion of the acquisition of the ENZA Shares and the issue of the Turners & Growers shares to GPG.

2.7 As a result of the issue of the Turners & Growers shares:

(a) Turners & Growers will have 70,016,913 fully paid ordinary shares on issue;

(b) GPG will control 56,042,877 shares in Turners & Growers being approximately 80.04% of all Turners & Growers shares on issue. (The 56,042,877 shares are to be registered in the name of Ithaca as bare trustee for GPG); and

(c) the percentage shareholding of each other shareholder in Turners & Growers will decrease by approximately 63.09%.

3. SHAREHOLDER APPROVAL AND TAKEOVERS CODE REQUIREMENTS

3.1 Shareholder approval is sought because the acquisition of the ENZA shares:

(a) will be a "major transaction" under section 129 of the Companies Act; and

(b) will result in GPG increasing its holding and control of voting rights in the Company.

Major Transaction

3.2 A major transaction is defined by the Companies Act as including the acquisition of, or an agreement to acquire, assets the value of which is more than half the value of the company's assets before the acquisition as is the case in respect of the proposed acquisition of the ENZA Shares. The ENZA Shares are valued at, in aggregate, $101,900,000. The total assets of Turners & Growers was $124,392,000 for the year ended 30 June 2002 and has not significantly changed since 30 June 2002. Therefore, the ENZA Shares have a value which is more than half of the value of Turners & Growers' assets. The Companies Act and the Company's constitution provide that the Company may not enter into a major transaction unless the transaction is approved by special resolution (or contingent upon approval by special resolution). The Company's constitution also requires that an "Appraisal Report" accompany the notice of meeting to be sent to shareholders in respect of a major transaction.

3.3 An Appraisal Report is defined in the constitution as a report in relation to the Company made by an independent, appropriately qualified person, previously approved by the Directors. The Appraisal Report must consider whether the terms of the purchase of ENZA are fair to shareholders not associated with GPG. Accordingly, the Board has engaged Grant Samuel & Associates Limited to prepare an Appraisal Report stating whether in its opinion, the terms of the merger with ENZA are fair to the shareholders of the Company, other than those associated with GPG. The Independent Adviser's Report which accompanies this booklet has been prepared to address the requirements of both the constitution of the Company and the Takeovers Code (see paragraph 3.7 below).

3.4 The Companies Act provides that if the shareholders of the Company approve the passing of the special resolution authorising the major transaction, and a shareholder casts all the votes attached to shares registered in the shareholder's name and having the same beneficial owner, against that resolution, that shareholder is entitled to require the Company to purchase those shares in accordance with the Companies Act. In summary, the procedure to be followed is:

(a) the shareholder must, within 10 working days of the special resolution being passed, give a written notice to the Company requiring the Company to purchase those shares;

(b) within 20 working days of receiving the notice from the shareholder, the Board of the Company must:

(i) agree to the purchase of the shares by the Company; or

(ii) arrange for some other person to agree to purchase the shares; or

(iii) apply to the Court for an exemption to purchasing the shares; or

(iv) arrange, before taking the action concerned, for the resolution to be rescinded in accordance with the Companies Act or decide in the appropriate manner not to take the action concerned, as the case may be; and

(v) give written notice to the shareholder of the Board's decision;

(c) where the Board agrees to the purchase of the shares by the Company, it must nominate a fair and reasonable price for the shares to be acquired and give notice of that price to the relevant shareholder. If the shareholder considers the price nominated is not fair or reasonable, they must forthwith give notice of rejection to the Company. If no objections are received within 10 working days, the Company must, on such date as the Company and the shareholder agree, or, in the absence of agreement, as soon as is practical, purchase all of the shares at the nominated price. If an objection is received to the price then the question of what is fair and reasonable is to be referred to arbitration with a provisional price paid in respect of the shares.

3.5 The Company has no arrangements for any person to agree to purchase the shares of any shareholder who may elect to exercise their right under the Companies Act to require the Company to repurchase their shares, nor does the Company have the right under its agreement with GPG to not proceed with the sale and purchase if any particular number of shares are requested to be repurchased by the Company.

Takeovers Code

3.6 The Company is a "code company" under the Takeovers Code. The Takeovers Code provides that no person who holds or controls 20% or more of the voting rights in a code company may become the holder or controller of an increased percentage of voting rights, except in compliance with the Takeovers Code. Ithaca holds, on trust as a bare trustee for GPG, 45.92% of the shares in the Company. Following the acquisition and issue of shares, Ithaca will hold (as bare trustee for GPG and GPG will control) 80.04% of the shares in the Company.

3.7 Under the Takeovers Code, a person that holds or controls more than 20% but less than 50% of the voting rights in a code company, can increase its control percentage through an issue of shares if:

(a) the allotment is approved as an ordinary resolution by all shareholders in the company (other than the person being allotted the shares and its associates); and

(b) the notice of meeting to approve the allotment contains or is accompanied by:

(i) the identity of the allottee;

(ii) particulars of the voting shares to be allotted;

(iii) details of the issue price and when it is payable;

(iv) the reasons for the allotment;

(v) a statement to the effect that the allotment, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code;

(vi) a statement by GPG setting out particulars of any agreement or arrangement (whether legally enforceable or not) that has been, or is intended to be, entered into between GPG and any other person (other than between GPG and the Company in respect of the matters referred to in paragraphs (i) to (v) above) relating to the allotment, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the Company;

(vii) a report from an independent adviser on the merits of the allotment;

(viii) a statement from the Company's directors as to whether or not they recommend approval of the allotment.

3.8 The information referred to in paragraph 3.7(b) is accordingly set out below:

(a) *The identity of the allottee:* The shares are to be issued to Guinness Peat Group plc, a United Kingdom registered company. At the request of GPG, the shares are to be registered in the name of Ithaca (Custodians) Limited who will hold these shares as bare trustee for GPG. Ithaca currently holds 10,735,021 shares in the capital of the Company as bare trustee for GPG. After the date of this booklet but prior to the proposed issue to GPG, the Company proposes to issue 2 fully paid ordinary shares for every 19 ordinary shares held. Ithaca would be issued on behalf of GPG 1,130,002 shares, and would then hold 11,865,023 shares in the Company.

(b) *Particulars of the voting securities to be allotted:* The number of securities to be issued is 44,177,854 fully paid ordinary shares in the capital of the Company. These 44,177,854 shares represent approximately 63.09% of the total number of voting securities in the Company after the issue of those shares. The total percentage of all voting securities that will be held or controlled by GPG after the completion of the allotment is 80.04% (comprising 56,042,877 fully paid ordinary shares).

(i) *The issue price for the voting securities to be allotted:* The issue price is the transfer to the Company of 60,000,000 fully paid ordinary shares in the capital of ENZA. The Independent Directors have determined that this equates to an issue price of approximately $2.31 per Turners & Growers share issued to acquire the ENZA Shares.

(ii) *When the purchase price is payable:* The purchase price is payable contemporaneously with the transfer to the Company of the ENZA Shares. This is to occur on the later of the last day of the month in which the last condition in the agreement for sale and purchase of the ENZA Shares is satisfied or waived and 31 December 2002. If this does not occur on or prior to 31 December 2002 either the Company or GPG may terminate the agreement for sale and purchase.

(c) *The reasons for the allotment:* The reason for the allotment is that the allotment is made to satisfy the purchase price for the ENZA Shares. The reasons for the acquisition of ENZA are set out in paragraph 4 below.

(d) *Exception to rule 6 of the Takeovers Code:* The allotment, if approved, will be permitted under rule 7(d) of the Takeovers Code as an exception to rule 6 of the Takeovers Code.

(e) *Arrangements with third parties:* GPG and Ithaca have confirmed to the Independent Directors that there are no agreements or arrangements (whether legally enforceable or not) that have been, or are intended to be, entered into between GPG or Ithaca and any other person (other than between GPG and the Company in respect of the sale of the ENZA Shares to the Company in consideration for the allotment of the 44,177,854 fully paid ordinary shares in the capital of the Company) relating to the allotment, holding, or control of the voting securities to be allotted, or to the exercise of voting rights in the Company, other than Ithaca declaring to GPG that Ithaca holds the shares allotted in consideration for the ENZA Shares as bare trustee for GPG.

(f) *Independent Report:* A report from an independent adviser approved by the Takeovers Panel accompanies this Explanatory Memorandum.

(g) *Recommendation of Board:* The recommendation of the Board is set out in paragraph 5 below.

4. ADVANTAGES AND DISADVANTAGES OF THE ACQUISITION OF ENZA

4.1 The benefits of Turners & Growers acquiring ENZA can be summarised under three main headings:

- → Synergy Benefits
- → Rationalisation Benefits
- → Growth Benefits

Synergy Benefits

4.2 Turners & Growers and ENZA do not compete with each other but are both significant players in the generic fruit and produce distribution business. Turners & Growers is primarily focussed on servicing the requirements of the New Zealand domestic market, in both locally grown and imported produce. It also has a significant export business in key products other than kiwifruit, and, from 2002, apples. Turners & Growers business includes all aspects of domestic supply including prepacking, returnable containers and transport and distribution.

4.3 ENZA on the other hand is the country's largest pipfruit exporter and a significant producer of juices and other associated products.

4.4 Common ownership of these two companies would enable Turners & Growers export operations in general products as well as pipfruit to be channelled through the significant worldwide sales infrastructure which ENZA is obliged to maintain to service its large crop share.

4.5 Presently the two companies have complimentary earnings cycles. Turners & Growers earns a significant percentage of its domestic earnings during the late spring and summer months but has difficulty covering infrastructure costs in the quieter winter months. ENZA's pipfruit programme on the other hand peaks in the autumn and winter months producing strong cashflows at that time, but is quiet in the spring and summer.

4.6 Likewise ENZA's export support infrastructure is busiest through the New Zealand autumn and winter period but would have capacity to support the export of other New Zealand products which substantially span the New Zealand summer and early autumn period. So in both respects the two businesses are largely complementary. The only significant area of overlap is in apple exports; however Turners & Growers has only been active in this business over the last twelve months since deregulation.

Rationalisation Benefits

4.7 The companies have common areas where operations overlap that will be capable of post-acquisition streamlining. These financial benefits of merging are estimated to produce a positive impact of at least $5 million pre-tax over the first two years' operations.

- *Hire Container operations including orchard bins:* These operations would be placed under the control of the Fruit Case Company which has systems appropriate to management, control and accounting for this sizeable group asset. This should produce improvements in turnaround and more appropriate targeting of operating stock.

- *Properties and facilities:* Both companies presently occupy independent premises throughout the country. Some rationalisation of this will be possible as leases expire or properties are sold.

- *Transport:* There are some opportunities to coordinate on-shore operations, although the seasonality of the pipfruit export programme may limit the synergies available from existing operations.

- *Procurement processes:* The possibility exists for streamlining grower procurement processes and servicing across the full product range.

- *Financing and export funding and treasury:* Facilities could be extended where appropriate to other export commodities.

- *General purchasing benefits:* The size of the combined organisation should make it possible to negotiate more favourable terms from suppliers of goods and services to the organisation.

- *Accounting and information technology:* Benefits will accrue from adopting common accounting processes, platforms and computer systems with benefits available in areas such as software licensing. Cost reductions through the elimination of duplicated services should be possible.

- *Common board of directors:* The combined organisation will only need to support a single board structure rather than the present two. This will result in one set of meetings, one annual report, one audit, one share register etc.

Growth benefits and opportunities

4.8 As a single organisation with complementary earnings patterns it will be better placed to seek a sharemarket listing at the appropriate time and thereby access a greater pool of capital from which to fund future growth opportunities.

4.9 The larger company will have a higher standing in the business community and with a large asset base and strong balance sheet will be better placed to negotiate with banks and other counter-parties to best advantage. It is the intention to maintain the future group on a low gearing ratio by the introduction of further equity capital at the time of the share float.

4.10 A number of opportunities have been identified by the management acquisition evaluation committee which should provide substantial earnings growth prospects for the new group in the future.

Financial Implications

4.11 If the acquisition had become effective on 1 August 2002 the Statement of Financial Position of the merged entity would have approximated the following:

STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 July 2002

ALL FIGURES IN ,000	T&G Group 31 July 2002 (unaudited)	ENZA 31 July 2002 (unaudited)	CONSOLIDATED POST-ACQUISITION 31 July 2002 (unaudited)
ISSUED SHARES (Quantity)			
Fully paid shares	22,506	60,000	60,959
EQUITY			
Share capital	24,338	83,000	126,238
Reserves	4,632	6,201	4,632
Retained earnings	31,696	18,199	37,196
Shareholders' equity	60,666	107,400	168,066
Minority interest	1,083	–	1,083
Total equity	61,749	107,400	169,149
LIABILITIES			
Non-current liabilities			
Payables and accruals	532	–	532
Borrowings	17,638	34,988	52,626
Total non-current liabilities	18,170	34,988	53,158
Current liabilities			
Bank overdraft and current facilities	3,219	–	3,219
Payables and accruals	39,556	93,606	133,162
Borrowings	1,330	68,000	69,330
Total current liabilities	44,105	161,606	205,711
Total liabilities	62,275	196,594	258,869
TOTAL EQUITY AND LIABILITIES	124,024	303,994	428,018
ASSETS			
Non-current assets			
Investments in subsidiaries	–	–	–
Investments in associates	491	4,421	4,912
Other investments	1,853	5,588	7,441
Property, plant & equipment	81,131	93,529	174,660
Property held for sale	2,182	–	2,182
Deferred tax	1,327	1,212	2,539
Intangible assets	1,566	–	1,566
Total non-current assets	88,550	104,750	193,300
Current assets			
Cash, bank and short term deposits	8	44,888	44,896
Accounts receivable	32,018	101,905	133,923
Property held for sale	765	–	765
Inventories	2,683	52,451	55,134
Total current assets	35,474	199,244	234,718
TOTAL ASSETS	124,024	303,994	428,018

Please note that:

- This is an indicative pro-forma statement only based on the unaudited accounts of both companies as at 31 July 2002. In the event that an actual consolidation had taken place at that date the figures may have varied according to values ascribed to various assets including goodwill (if any).
- A number of other factors will influence the final balance sheet of the merged entity as at 31 December 2002, in addition to the above factors, including the financial performance and accounting policies of the two companies in the intervening months.
- The equity value of the two companies is based on the calculations of the values of the respective companies set out above.

Earnings

In respect of Turner's & Grower's financial year to 30 June 2002 and ENZA's financial year to 30 September 2002 the two companies achieved the following earnings:

ALL FIGURES IN ,000	**T&G 30 June 2002 (unaudited)**	**ENZA 30 September 2002 (unaudited)**	**TOTAL (unaudited)**
Earnings before Interest, Tax, Depreciation and Amortisation	13,994	27,977	41,971
Earnings before Interest & Tax	4,310	10,984	15,294
Operating Profit before Income Tax	3,579	7,161	10,740

Please note that:

- The total figures represent a simple addition of both companies' actual results and are provided as an indication only of possible future earnings.
- The Turners & Growers figures exclude the part year earnings of Turners Auctions Limited which left the group on 1 May 2002. The figures do not include the financial impact of the threefold expansion of production by Status Produce Limited. The impact of "The Way Ahead" should be to reduce operating costs in 2003.
- The ENZA figures remain subject to final audit and exclude any adjustments associated with brand or property revaluations. They may be subject to change or final adjustment before sign-off.
- This is the first season ENZA has operated in a deregulated export market.
- No attempt is made to reflect any potential merger benefits, these figures are historical only.
- The Independent Directors believe that important financial benefits will accrue from the merger but they are also aware that both companies operate in an industry environment which can significantly vary from year to year owing to production factors, weather conditions, prices, competitive market share, and consumer demand.

Dividend prospects

4.12 In recent years shareholders of Turners & Growers have received a dividend totalling 24 cents per share – an interim dividend in April of 10 cents and a final in November of 14 cents. However, to give effect to the disposal of Turners Auctions Limited on 1 May 2002, a share buy back by Turners & Growers was required, reducing each shareholder's number of shares in the Company to 80% of their previous shareholding.

4.13 With the loss by the group of Turners Auctions Limited's earnings, a continuation of the 24 cents per share dividend by Turners & Growers is not currently sustainable. The 24 cents could be reduced to a range of around 6 to 12 cents on a comparable basis. After the proposed bonus issue and the issue of shares in consideration for the purchase of ENZA, the earnings of the combined group could enable an annualised dividend of around 8 to 14 cents on the increased volume of shares on issue.

4.14 The Independent Directors believe that, while no guarantees can be given, the acquisition should deliver a future dividend stream in the upper half of this range, or better, if the anticipated savings and benefits projected in the first two years can be realised or exceeded.

The potential downsides and risks

4.15 From the perspective of the current Turners & Growers shareholders, the issue of further shares (firstly to GPG for the purchase of ENZA, and subsequently if the Company decides to proceed to a public float), will result in the dilution of each existing shareholder's percentage share of the Company.

4.16 However, as each of these transactions will be executed at full and fair value the inherent net worth of each share in the new organisation should not be less than the current value per share. GPG will, at least initially, become the single dominant shareholder in the merged company at approximately 80.04% of the issued capital. The Company will, therefore, become a subsidiary of GPG. However, if the Company should decide to proceed to a public float, GPG's holding percentage will decrease at the time of the subsequent public issue by an amount which will depend on the size of the issue and a decision by GPG not to subscribe for a proportionate part of the issue.

4.17 While there will be a loss of individual corporate identity, this loss is likely to be countered by a strong emphasis on core brands, most notably ENZA.

4.18 There are certain incidental costs associated with the acquisition, including that of changing the corporate identity, and in aligning/standardising staff terms and conditions across the organisation, although these are not expected to be material in the context of the transaction.

4.19 There is also the risk of being seen by suppliers and buyers as the dominant player – the so called "tall poppy" syndrome – however this should be mitigated by the organisation's ability to perform more responsively and competitively to market conditions.

4.20 From a Turners & Growers shareholder's perspective there are a number of possible specific risks inherent in merging the two businesses such as:

(a) exposure to ENZA's business risks including possible loss of grower contracts or access to varieties as a result of factors such as changing market preferences;

(b) increased exposure to the horticulture primary production industry and in particular the impact of any loss of market share as a result of a global decline in per capita apple consumption;

(c) risk that a low harvest or loss of supply contracts will provide insufficient income to cover standing costs;

(d) impact of adverse exchange rate movements on grower and corporate revenues;

(e) loss of key staff in either company through cultural misalignment; and

(f) a lowering of brand profile and brand value through merging ENZA into Turners & Growers.

5. RECOMMENDATION OF THE BOARD

5.1 Given the potential benefits of the acquisition of ENZA and the Independent Adviser's conclusion on the merits of the proposed issue of shares to GPG (refer page 37 of the Independent Adviser's Report), all the directors of the Company, other than Mr Anthony I Gibbs, recommend that shareholders approve the acquisition of the ENZA Shares and the allotment of the 44,177,854 fully paid ordinary shares in the capital of the Company to satisfy the purchase price for the ENZA Shares.

5.2 Mr Anthony I Gibbs abstains from making any recommendation on the proposed acquisition as he is a director of GPG and Ithaca, and has authorised this statement to be made on his behalf.

M R Dossor
Chairman and on behalf of the Committee of Independent Directors

Glossary

In this document:

"Board" means the board of directors of the Company;

"Company" or **"Turners & Growers"** means Turners & Growers Limited;

"Companies Act" means the Companies Act 1993, as amended from time to time;

"Explanatory Memorandum" means the explanation of the proposed acquisition of ENZA by the Company set out on pages 4 to 13 of this booklet;

"ENZA" means ENZA Limited;

"GPG" means Guinness Peat Group plc;

"Ithaca" means Ithaca (Custodians) Limited, a wholly-owned subsidiary of GPG;

"Independent Adviser's Report" means the report on the proposed issue of shares in the Company to GPG prepared by Grant Samuel & Associates Limited pursuant to:

(a) rule 18 of the Takeovers Code; and

(b) clause 5.8 of the Company's constitution requiring the preparation of an Appraisal Report,

which accompanies this booklet;

"Independent Directors" means the committee of independent directors established by the Board to consider the proposed acquisition of ENZA, being all the Board except Mr Anthony I Gibbs;

"Takeovers Code" means the Takeovers Code approved by the Takeovers Code Approval Order 2000 (SR 2000/210).

TURNERS & GROWERS LIMITED

Admission Card to Special Meeting

If you wish to attend the Special Meeting please bring this admission card and ballot paper. Venue: Head Office Building, Mt Wellington Market Complex, 2 Monahan Road, Mt Wellington, Auckland Friday 6th December 2002 at 9.30am

If you are not attending and would like to nominate another person to act as your proxy please complete the lower two sections. Refer to the reserve of this form for notes and lodgement instructions.

HOLDER NO:

TEAR HER

PROXY FORM

I/We,

being a shareholder(s) of Turners & Growers Limited

Hereby appoint ______________________ of ______________________

Or failing him/her ______________________ of ______________________

As my/our proxy to vote for me/us and on my/our behalf at the Special Meeting of the Company to be held on the 6th day of December 2002 and at any adjournment thereof.

VOTING INSTRUCTIONS/BALLOT PAPER

This form is to be used to vote on the following resolutions:

Please tick the appropriate box

RESOLUTION	FOR	AGAINST
1. Acquisition of all of the shares in ENZA Limited by the Company	☐	☐
2. Issue of fully paid ordinary shares in the Company to Guinness Peat Group plc in consideration for the acquisition of all of the shares in ENZA Limited	☐	☐

FOLD HER

Signed this day of 2002

Signature(s) of Shareholder(s) ______________________

____

(If joint shareholders, all must sign)

Shareholder No: **Holding:**

NOTES AND LODGEMENT INSTRUCTIONS

1. The persons entitled to vote on Resolution 1 are those persons recorded on the Company's share register as holders of shares in the Company at 5pm on Wednesday 4th December 2002.
2. The persons entitled to vote on Resolution 2 are those persons recorded on the Company's share register as holders of shares in the Company at 5pm on Wednesday 4th December 2002, except Ithaca (Custodians) Limited and its associates (if any).
3. Shareholders entitled to vote on a resolution may appoint another person(s) as his or her proxy (or representative in the case of corporate shareholders) to attend and vote on their behalf. A proxy need not be a shareholder of the Company.
4. Please note that to be valid, Proxy Forms must be received at the registered office of Computershare Investor Services Limited at Level 2, 159 Hurstmere Road, Takapuna, Auckland (Private Bag 92119, Auckland) no later than 9.30am on Wednesday, 4th December 2002 or in the event that the date of the special meeting changes, no later than 48 hours before the commencement of the meeting on the new date.
5. A proxy granted by a company must be signed by a duly authorised officer or attorney.
6. Joint holders must all sign this form.
7. Where the Poxy Form is signed by an attorney, the Power of Attorney under which it is signed, if not previously produced to the Company, must accompany the Proxy Form.
8. The following persons are willing to act as a proxy if a shareholder wishes to appoint them:

   John Anthony Hambling (Company Secretary)

   Donald Harvey Turner (Director)

FreePost Authority Number 2888

Free

SHARE REGISTRAR
Computershare Investor Services Limited
Private Bag 92 119
Auckland 1020
New Zealand

TO MAIL, FOLD AND SEAL WITH TAPE