TAKEOVER POLICY

The Takeovers Code ("Code") regulates the process by which an offer is made to shareholders to acquire their shares. It is described as a "pause and publicity" regime ensuring that takeovers occur in a fair, informed and transparent manner.

In addition to complying with the procedural rules of the Code, the Board's principal role, when shareholders are presented with a takeover offer, is to provide information to shareholders, in a timely and fulsome manner, to enable shareholders to make an informed decision as to whether or not to accept the offer.

Commencement of the Offer Process

An offer is always preceded by a notice from a bidder expressing an intention to make an offer. The Takeover Notice is a mandatory requirement imposed on a bidder by the Takeovers Code. The Takeover Notice will have attached to it a draft of the offer which the bidder intends to make to shareholders.

Immediate Code response obligations

On receipt of the takeover notice, the Company must immediately, by email or other electronic means:

- notify the NZX of receipt of the notice;
- provide a copy of the notice and documents accompanying the notice to NZX.

Additional Code response obligations

The Company must also:

- send a copy of the takeovers notice by email (if possible) to any person who requests it within 1 day of the request;
- provide to the bidder, not later than 2 days after receipt of a takeover notice, a "class notice" describing each class of its equity securities, as required by the Code; and
- not later than 2 days after the record date specified by the bidder, a copy of the share register in electronic form.

Board Process

On receipt of a Takeover Notice, the members of the Board who are independent of the bidder must form a committee to oversee the proposed takeover, to provide information and recommendations to shareholders and to ensure compliance with the obligations of the Company under the Takeovers Code.

Preliminary steps to be taken by the independent directors committee include to:

- retain lawyers experienced and expert in takeovers and the application of the Takeovers Code;
- appoint an independent adviser (approved by the Takeovers Panel) to prepare a report on the merits of the proposed offer for the shareholders;
- consider whether it is necessary or appropriate to obtain financial and strategic advice on the offer in order to assist the independent directors in assessing the takeover offer and preparing their report to shareholders (called the "Target Company Statement") and their recommendations on the takeover offer;
- once the takeover bid is made public disclose via the NZX announcement platform the members of the takeover committee and confirm that the members are independent of the bidders;
- establish a communications plan for shareholders commencing with advice to shareholders to wait to receive the target company statement and independent advisers report prior to responding to the takeover offer, once received.

The independent directors must provide information to the independent adviser on request, otherwise assist the independent adviser during the preparation of their report, and satisfy themselves that the report is sufficiently comprehensive and is factually accurate.

Within the Target Company Statement, the directors must either:

- make a recommendation to shareholders to accept or reject the offer, and the reasons for such a recommendation; or
- give a statement that the directors are unable to make, or are not making, a recommendation and the reasons for not making a recommendation.

If any of the directors dissent from a recommendation or from the statement made by the directors that they are unable to make or are not making a recommendation, or abstain from making a recommendation or any such statement, their name and reasons for dissenting or abstaining must be included in the information provided to shareholders.

The Target Company Statement, as required by the Code, must include a certificate signed by the Chief Executive, the Chief Financial Officer and two directors certifying that in all material respects the Target Company Statement is true and correct and not misleading.

The Target Company Statement must be sent to shareholders, the NZX and the bidder within the time specified in the Takeovers Code, and a copy filed with the Registrar of Companies immediately.

Policy Review

This policy will be reviewed by the Board at least bi-annually or as required due to legislation changes.

The general timeline which must be followed subsequent to the receipt of a takeover notice, is as follows:

