

The Takeovers Code and Takeover Offers

The Offer Price



The Takeovers Code applies to **Code Companies** – these are New Zealand registered companies that have:

- listed shares trading on the NZX, or
- 50 or more Shareholders and 50 or more Parcels of shares

The price offered in a Takeover Offer

When a person makes a Takeover Offer for the shares of a Code Company (called a “target company” during a takeover) the Takeovers Code has to be complied with.

- The offer has to be made to all Shareholders in the target company.
- The offer has to be on exactly the same terms for all Shareholders.
- The offer price per share has to be the same for every Shareholder, regardless of the size of their shareholding.
- The Offeror is allowed to increase the offer price, but is not allowed to decrease it.
- If the offer price is increased, the additional amount has to be paid to everyone who accepts the Takeover Offer, even if they accepted before the price was increased.
- The Takeover Offer might not go unconditional until after the offer period ends. In that case, Shareholders who accepted the offer might have to wait for as long as 21 to 37 days after the offer closed until they get paid. Payment will be earlier if the offer goes unconditional earlier.

The offer price is usually cash. Sometimes the offer price is made up of shares in another company. Sometimes it is a mixture of shares and cash. Sometimes Shareholders are offered a range of alternatives to choose from for the offer price.

How does this affect you?

You will be offered the same price per share for your shares in the target company as every other Shareholder.

You do not have to accept a Takeover Offer.

If you do accept the offer, you will get paid and the Offeror will get your shares ONLY if the takeover succeeds. If the takeover fails, the Offeror cannot take up ANY shares and every Shareholder stays at the same shareholding level they had before the Takeover Offer was made.

How will you decide? Who will advise you?

You will receive advice to help you decide what to do:

- The directors of the target company will make a recommendation to Shareholders about whether to accept or reject the Takeover Offer.
- You will also receive advice from an independent adviser about the merits of the Takeover Offer. That adviser will have been approved by the Takeovers Panel as being independent from the company and independent from the person who wants to increase their shareholding.

This Fact-Sheet explains the Takeovers Code in a simplified way. It should not be relied upon as providing a legal explanation. It does not give financial advice. Investors should not rely on it for understanding all of their rights and obligations under the Takeovers Code. Investors should take their own legal and financial advice from a qualified professional.



TAKEOVERS PANEL