

# The Takeovers Code and Takeover Offers

## Partial Takeover Offers



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

## What is different about a partial Takeover Offer?

When a person makes a Takeover Offer for the shares of a Code Company (which is called a “target company” during a takeover), the Takeovers Code must be complied with. The Takeover Offer must be made to all Shareholders and must be on exactly the same terms for all Shareholders.

A “full” Takeover Offer is an offer for all of the shares of a target company.

A “partial” Takeover Offer is an offer for less than all of the shares of a target company, i.e., an offer for a proportion only of the shares.

The Offeror specifies in the partial offer EITHER that it is offering to acquire a proportion of the target company’s shares which would get the Offeror to an ownership level of more than 50%, OR the Offeror specifies that it is offering to acquire a proportion of the target company’s shares which would get it to an ownership level of 50% or less. In either case, a partial Takeover Offer is for only a **specified percentage** of the shares of each Shareholder.

Where the Offeror makes an offer for a specified percentage that would get its ownership level to 50% or less of the shares of the target company, the Shareholders get to vote for or against the offer by using a voting document that they receive with the offer. The outcome of the vote will either allow the partial offer to proceed or will stop it from proceeding. In addition to voting on whether the partial offer should be allowed to proceed or not, Shareholders have to decide whether to accept the offer or not.

Although a partial offer is for only a specified percentage of each Shareholder’s shares, the Offeror usually encourages Shareholders to accept ALL of their shares into the offer.

If the Offeror receives more acceptances than are needed to get to the level of ownership that was specified in the partial offer, the acceptances will be scaled back proportionately. The rules of the Takeovers Code ensure that the scaling is done fairly. If the Offeror receives too few acceptances to reach the level of ownership that was specified in the partial offer, the offer fails.

## How does this affect you?

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 everyone 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