Questions Frequently Asked by Shareholders

1. **I read in the newspaper that a takeover offer is going to be made for a company in which I own shares. I haven't received anything in the post yet. When will I be notified of the details?**

   The first step in a takeover occurs when an offeror sends to the target company a takeover notice. This document states the offeror's intention to make an offer and includes the terms of that proposed offer. If the target company is listed on the NZX, it will notify the exchange that it has received a takeover notice. You will be able to view the draft offer document that accompanied the takeover notice on the NZX website: www.nzx.com or you can request a copy from the target company. If the target company is not listed, the target company will write to you and let you know that an offer is pending. The letter from the target company will include the main terms of the proposed offer. The actual takeover offer must be made no sooner than 14 days after the notice, and no later than 30 days after the notice. When the takeover offer is made, all registered shareholders will be sent a full copy of the offer.

2. **I purchased shares in a company that is the subject of a takeover offer. How do I obtain details of the offer?**

   When a takeover offer is made, all registered shareholder as at the "record date" will be sent a copy of the offer document. The record date is a date nominated by the offeror, but cannot be more than 10 days before the date of an offer. If you became a shareholder after the record date you should contact the broker who bought the shares on your behalf.

3. **I received a takeover offer in the post today. What should I do now?**

   We recommend you wait and do nothing until you have received a Target Company Statement and an Independent Adviser's Report. These two documents will be sent to you by the target company within two weeks from the date of the offer. Together with the takeover offer, these two documents will give you the key information you need in order to decide whether to accept or reject the offer. You should also think about taking the opportunity to speak with your financial adviser about the offer, because they can tailor their advice to your personal circumstances. The Independent Adviser's Report will have generalised advice for all shareholders.

4. **I don't like the price offered for my shares. Is there anything I can do?**

   Your options are limited to accepting or rejecting the offer. The offeror is under no obligation to offer any particular price for your shares, and is not obliged to raise the price. On the other hand you are not obliged to accept an offer made at a price you don't like.

5. **If I accept the offer, can I change my mind later?**

Most offers include a condition that the offer, once accepted, cannot be withdrawn. This means that once you have accepted the offer you cannot change your mind and withdraw your acceptance. This is important to keep in mind if you think there is a possibility of a competing offer. Occasionally, offers include a conditional acceptance facility, in which case the offer would include detailed instructions about the circumstances where an acceptance can be withdrawn.

6. **What happens if I accept the offer?**

If the offer becomes unconditional, then within 7 days of the later of:

- the close of the offer;
- the last condition being satisfied; and
- your acceptance of the offer,

your shares will be transferred to the offeror and you will be paid for your shares. If the takeover offer includes the issue of shares in another company, those shares will be allotted to you as part of the payment for your shares.

7. **How do I reject the offer? What happens when I reject the offer?**

You reject an offer by simply not accepting it – in other words by doing nothing. There is no need to reply to the offer if you wish to reject it.

8. **Even if I don't accept the offer, is it possible that I will be required to sell my shares?**

Even if you reject the offer, in certain circumstances you may be required to sell your shares. If an offeror obtains acceptances so that the offeror holds or controls 90% or more of the shares in the target company, the Code's compulsory acquisition rules are triggered. The offeror becomes a "dominant owner" and must chose to either:

- compulsorily acquire all the remaining shares (which means that you have no choice about your shares being acquired); or
- acquire the shares from any of the remaining shareholders who now want to exit the company (which means that you could decide, if you wanted, to remain a shareholder in the company).

Either way, the Takeovers Code has rules about the price that has to be paid for the remaining shares.

9. **I'm a shareholder in a widely held company that is not traded on the NZX markets (NZSX or NZAX). Does the Takeovers Code apply to my company?**

The Code applies to all companies with 50 or more shareholders, even if the company is not listed on an NZX market. The way that the Code applies is a little complicated, but, broadly speaking, if a person who has less than 20% of the shares in the company wants to acquire more than 20% of the shares, he or she must do so in accordance with the Code. If a person already has more than 20%, then any increase would have to comply with the Code.