



NZX Regulation Decision

Asset Plus Limited (“APL”)

Application for a waiver from NZX Listing Rule 5.2.1

10 March 2020



Waiver from Listing Rule 5.2.1

Decision

1. Subject to the conditions set out in paragraph 2 below, and on the basis that the information provided by APL is complete and accurate in all material respects, NZX Regulation (**NZXR**) grants APL a waiver from NZX Listing Rule (**Rule**) 5.2.1, to the extent that this Rule would otherwise require APL to obtain the approval of shareholders to enter into a Material Transaction with Related Parties.
2. The waiver in paragraph 1 above is provided on the conditions that:
 - a. APL's Directors, excluding any Director who is a Relevant Party, or an Associated Person of any of the Relevant Parties or of any Related Parties (as defined in the Listing Rules), certify to NZX that:
 - i. APL was not unduly influenced in its decision to undertake the Rights Offer and subsequent Shortfall Bookbuild by the Relevant Parties;
 - ii. the Relevant Parties who participate in the Shortfall Bookbuild will not be involved in, or influence, any allocation decision in relation to the Shortfall Bookbuild; and
 - iii. the Relevant Parties will derive no benefit as a result of the Related Party relationship, other than solely through participation in the Rights Offer on the same terms and conditions as all other Equity Security holders or as participants in the Shortfall Bookbuild on commercial terms; and
 - b. the waiver, its conditions and its implications are disclosed in APL's next annual report.
3. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
4. The Rule to which this decision relates is set out in Appendix Two to this decision.
5. Capitalised terms which have not been defined in this decision have the meanings given to them in the Rules.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 1 above, NZXR has considered that:
 - a. The policy of Rule 5.2.1 is to ensure that a Related Party does not exercise undue influence or use personal connections to reach a favourable outcome for, or a transfer of value to, the Related Party in respect of a transaction and that shareholders are given an opportunity to review transactions where the board may have been subject to actual or perceived influence from a Related Party.
 - b. APL submits, and NZXR has no reason not to accept, that these circumstances do not offend the policy behind Rule 5.2.1 because:
 - i. the Relevant Parties have not influenced APL's choice of structure for the Rights Offer, which has been considered by the APL Board in light of structuring advice received from its advisers;



- ii. the pricing and allocation decisions for the Shortfall Bookbuild will be managed by the APL Board in conjunction with the lead arranger and underwriter for the Rights Offer. Accordingly, the Relevant Parties will have no influence over the pricing or allocation decisions in the Shortfall Bookbuild; and
 - iii. the Rules already contemplate that an issue of Financial Products is not a Material Transaction with a Related Party requiring approval of shareholders in accordance with Rule 5.2.1 if:
 - i. the Issuer gives each holder of Financial Products of the Class in question the opportunity to receive the same benefit in respect of each Financial Product held (except to the extent that an issue excludes holders outside New Zealand in accordance with Rule 4.4.3(e)); or
 - ii. the Equity Securities are issued by an Issuer under an Accelerated Offer.
 - iv. there is potentially a benefit to holders of APL Equity Securities who choose not to, or who are ineligible to, take up their rights under the Rights Offer. Providing a broader range of potential applicants under the Shortfall Bookbuild may assist in providing a better pricing outcome (and, therefore, a better return for those shareholders who choose not to, or who are ineligible to, take up their rights under the Rights Offer); and
 - v. the existing relationships between APL and the Relevant Parties are unlikely to influence the decision of the Board of APL in undertaking the Rights Offer and Shortfall Bookbuild; and
- c. there is precedent for this decision.

Confidentiality

7. APL has requested that this decision be kept confidential until APL releases an announcement relating to the Rights Offer.
8. In accordance with Rule 9.7.2, NZXR grants APL's request.



Appendix One

1. Asset Plus Limited (**APL**) is a Listed Issuer with ordinary shares quoted on the NZX Main Board.
2. APL is considering undertaking a potential equity capital raise, which will be undertaken by way of a pro-rata renounceable rights offer to existing eligible shareholders (the **Rights Offer**). The Rights Offer will be a pro-rata offer made under Rule 4.3.1. The rights under the Rights Offer will not be Quoted but will be transferrable by way of off-market private transfer.
3. The Rights Offer will not be an Accelerated Offer.
4. Ineligible shareholders and shareholders who did not take up their rights may obtain value through a bookbuild that would be run by the lead manager at completion of the Rights Offer (the **Shortfall Bookbuild**).
5. All eligible shareholders will be entitled to participate in the Shortfall Bookbuild through applying for additional shares as part of their application or through applying via a broker invited to participate in the Shortfall Bookbuild. Other institutional investors will also be invited to participate in the Shortfall Bookbuild.
6. Any premium raised in the Shortfall Bookbuild above the Rights Offer price would be returned to ineligible shareholders and those who did not take up their rights. The issue of shares offered in the Shortfall Bookbuild would be made under Rule 4.4.1(a).
7. Any allocations to applicants in the Shortfall Bookbuild would be entirely at APL's discretion, following consultation with the lead manager for the Rights Offer.

Material Transaction with Related Parties

8. APL has at least three major shareholders which may be "Related Parties" as holders of more than 10% of APL's shares (per limb (b) of the definition of "Related Party"), being:
 - a. Augusta Capital Limited (**Augusta**), which holds 18.854% of APL's shares;
 - b. Salt Funds Management Limited (**Salt**), which holds 15.838% of APL's shares; and
 - c. Accident Compensation Corporation (**ACC**), which holds 9.596% of APL's shares but which may have increased that holding to a 10% holding in the six-month period prior to the launch of the Rights Offer.
9. Relatives of APL Directors or Associated Persons of Augusta (collectively "Related Parties" under limb (c) of the definition of "Related Party") and each of Salt and ACC (if applicable) may participate in the Shortfall Bookbuild (together, the **Relevant Parties**).
10. No APL Director will participate in the Shortfall Bookbuild other than Paul Duffy who is a director of Augusta and therefore a Relevant Party. Augusta will not participate in the Shortfall Bookbuild. The pricing and allocation determinations under the Shortfall Bookbuild will be made between the lead arranger and APL, in accordance with the terms of an underwriting agreement to be entered into between those parties prior to the launch of the Rights Offer.
11. The size of the Shortfall Bookbuild (comprising shares not taken up by eligible shareholders and shares attributable to ineligible shareholders) will not be known until the completion of the Rights Offer period. Accordingly, the value of APL's shares offered in the Shortfall

Bookbuild may exceed 10% of its Average Market Capitalisation, which was \$95,973,421 as at 9 March 2020.



Appendix Two

Rule 5.2.1 Transactions with Related Parties

Rule 5.2.1 An Issuer must not enter into a Material Transaction if a Related Party is, or is likely to become:

(a) a direct party to the Material Transaction, or

(b) a beneficiary of a guarantee or other transaction which is Material Transaction,

unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or conditional on such approval.

