

NOTICE OF EXTRAORDINARY MEETING OF SHAREHOLDERS

11:00am, Thursday, 19th January 2023

General Capital Limited (the “Company”) gives you notice that an Extraordinary Meeting of shareholders of the Company will be held at the JW Marriott (formerly the Stamford Plaza), 22-26 Albert Street, Auckland CBD commencing at 11:00am on Thursday, 19th January 2023.

Contents of this Notice of Meeting	Page
1. Agenda	1
2. Extraordinary Business	2
3. Independent Advisers Report and Appraisal Report	2
4. Explanatory Notes	3
5. Directors’ Recommendation	10
6. Voting Details	12
7. Glossary	14
8. Proxy/Voting Form	Attached

The Explanatory Notes which accompany this Notice of Meeting set out the details of the transactions which are the subject of the resolutions and the approval required for the resolution by the shareholders of the Company pursuant to the constitution of the Company, the Companies Act 1993 (*Companies Act*) and the NZX Listing Rules and the Takeovers Regulations 2000 (*Takeovers Code or Code*).

All capitalised terms used in this Notice of Meeting are defined in the Glossary of definitions at the end of this Notice of Meeting.

If you have sold or otherwise transferred all of your shares in General Capital Limited, please pass this Notice of Meeting, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the broker or other person who arranged the sale or transfer of your shares.

I Agenda

The business of the meeting will be:

- I.1 Chairman's Introduction
- I.2 Apologies
- I.3 Chairman's Address
- I.4 Extraordinary Business
 - a) Resolution 1: – Issue of Shares to API No 1 Limited Partnership. See 2.1 below.
 - b) Resolution 2: – Issue of Shares to Borneo Capital Limited. See 2.2 below.
 - c) Resolution 3: – Election of Director to the Board of the Company: Megan Glen. See 2.3 below.
- I.5 Close

2 Extraordinary Business

2.1 Resolution 1: Issue of Shares to API No 1 Limited Partnership (“API Allotment”) – To consider and, if thought fit, to pass the following **ordinary** resolution:

That, the shareholders approve (for the purposes of NZX Listing Rule 4.2.1 (issue of equity securities) and Rule 7(d) of the Takeovers Code (allotment of voting securities)) the issue of 86,956,522 new ordinary shares in the Company to API No 1 Limited Partnership at an issue price of NZ\$0.0575 per share.

The information required by Rule 16 of the Takeovers Code and other relevant information is contained in the Explanatory Notes. See 4.2 below.

All shareholders are permitted to vote on Resolution 1.

2.2 Resolution 2: Issue of Shares to Borneo Capital Limited (“Borneo Allotment”) - To consider and, if thought fit, to pass the following **ordinary** resolution:

That, the shareholders approve (for the purposes of NZX Listing Rule 4.2.1 (issue of equity securities) and 5.2.1 (related party transaction) and Rule 7(d) of the Takeovers Code (allotment of voting securities)) the issue of 63,960,957 new ordinary shares in the Company to Borneo Capital Limited at an issue price of NZ\$0.0575 per share.

The information required by Rule 16 of the Takeovers Code and other relevant information is contained in the Explanatory Notes. See 4.3 below.

Rewi Hamid Bugo and Borneo Capital Limited are prohibited (by NZX Listing Rule 6.3 and Rule 17 of the Takeovers Code) from voting any shares they hold on Resolution 2.

All shareholders not associated with Borneo are permitted to vote on Resolution 2.

2.3 Resolution 3: Election of Director to the Board of the Company: Megan Glen - To consider and, if thought fit, to pass the following **ordinary** resolution:

That, subject to shareholder approval of the API Allotment, Megan Glen be elected as a director of the Company, with effect from the date of completion of the API Allotment.

The implementation of this resolution is conditional upon Resolution 1 being approved by the shareholders.

Biographical information about Megan Glen is contained in the Explanatory Notes. See 4.4 below.

All shareholders are permitted to vote on Resolution 3.

3 Independent Adviser’s Report and Appraisal Report

3.1 As the API Allotment (proposed in Resolution 1) will result in a person who holds no voting securities issued by the Company holding in excess of 20% of the voting securities issued by the Company (in accordance with resolutions under Rule 7(d) of the Takeovers Code), the Company is required by Rule 18 of the Takeovers Code to obtain an independent adviser’s report (“**Independent Adviser’s Report**”) and for that report to be contained in or to accompany this Notice of Meeting.

3.2 Similarly, as the Borneo Allotment (proposed in Resolution 2) will result in a person who already holds in excess of 20% of the voting securities issued by the Company acquiring additional securities issued by the Company (in accordance with resolutions under Rule 7(d) of the Takeovers Code), the Company is required by Rule 18 of the Takeovers Code to obtain an Independent Adviser’s Report and for that report to be contained in or to accompany this Notice of Meeting.

3.3 In addition, as the Borneo Allotment (proposed in Resolution 2) is intended to be subscribed for by an Associate of a Director of the Company, NZX Listing Rule 7.8.5(b) also requires the

Company to obtain an appraisal report (**Appraisal Report**) for the purposes of NZX Listing Rules 7.8.5(b) and for that report to be contained in or to accompany this Notice of Meeting.

- 3.4 Further, as the Borneo Allotment is or may be a Material Transaction with a Related Party who is a direct party to the Material Transaction (i.e. Borneo), it must be approved by an ordinary resolution pursuant to NZX Listing Rule 5.2.1. As a related matter, this Notice of Meeting for the purposes of NZX Listing Rule 5.2.1 must be accompanied by an Appraisal Report for the purposes of NZX Listing Rule 7.8.8.
- 3.5 The purpose of the Independent Adviser's Report is to assess the merits of the proposed allotment of ordinary shares under Resolutions 1 and 2. The purpose of the Appraisal Report is to confirm whether the terms of the Borneo Allotment are fair to the shareholders of the Company (other than Borneo and its associated parties in relation to the Borneo Allotment). Simmons Corporate Finance Limited (**Independent Adviser**) has prepared the Independent Adviser's Report and Appraisal Report (together, the **Report**) and a copy of the Report accompanies this Notice of Meeting.
- 3.6 The Independent Adviser's conclusions in relation to the API Allotment and the Borneo Allotment are set out on page 3 of the Report. The Independent Adviser provides:
- a) a summary of its evaluation and conclusions relating to the merits of the API Allotment and the Borneo Allotment in section 2 of its report; and
 - b) a summary of its evaluation and conclusions relating to the fairness of the Borneo Allotment in section 3 of its report.

Shareholders of the Company should consider the Report as a whole in order to have a full understanding of the Independent Adviser's opinion.

4 Explanatory Notes

- 4.1 **Introduction:** In the 4 years since the 2018 reverse listing of the Company its total assets have increased from approximately NZ\$16.4m to approximately NZ\$124m as at 30 September 2022. That represents an overall compounded growth of over 65% p.a. over the 4-year period. This mostly reflects the growth of the General Finance Limited ("**GFL**") existing borrowing and lending businesses. The Board believes that we are past minimum scale for sustained profits. To reach critical or optimal scale the Group needs to continue growing at this rate for the coming 2 years and achieve total assets of between NZ\$190m and NZ\$250m.

The Board acknowledges that this represents an increase in the previously advised range of total asset value to reach critical or optimal scale. The Directors believe it is a time to be prudent and take into account a number of factors:

- Increasingly challenging economic conditions at both a corporate and household level.
- Sustained inflationary pressure which is expected to remain for the near to immediate term, with estimated inflation rates being between 5% and 12% depending on the indices used (e.g. consumer price index, fuel price index or food price index).
- The statement that the Reserve Bank of New Zealand has recently made forecasting that New Zealand will tip into recession in 2023, stretching into 2024.
- The Reserve Bank of New Zealand has also recently lifted the official cash rate by an unprecedented 75 basis points, to 4.25%.
- The Government has introduced the Deposit Takers Bill, which is currently at Select Committee stage. This is anticipated to result in increased and ongoing compliance costs to the Company's business relating to the set-up and implementation of anticipated changes, some of which are to be gradually introduced over the coming 5 years.

- A specific example of this from the Deposit Takers Bill is the new Depositor Compensation Scheme which as proposed creates depositor compensation up to \$100,000 per depositor. This is a new cost and it will almost certainly increase the costs payable by the Company by way of an insurance premium or levy.
- Net interest margins will reduce as borrowers will simply be unable to pay the interest rates they have paid previously. This of course requires a larger asset base to earn the same revenues and profits.

The above matters will each have an impact on the Company. It is clear that macroeconomic factors will have an influence on all businesses in New Zealand. We cannot be certain of the exact effect of these factors but it is clear that it is time to be prudent. We are not saying that these factors will be exclusively negative for the Company's business as events may occur that give the Company strong benefits and opportunities as happened around COVID. Nevertheless, it is clear that New Zealand is expecting a more challenging economic landscape, hence the Directors propose taking steps to be prepared and able to take advantage of potential future opportunities.

As a related point associated with increasing the Company's total asset value, as additional assets are acquired by GFL through additional deposit funding, the Company is required to contribute additional capital to GFL in order to satisfy the prudent capital ratio determined by the independent board of GFL or otherwise required under the Non-bank Deposit Takers Act 2013. The independent board of GFL currently maintain a capital ratio (as defined by the Non-bank Deposit Takers Act 2013) of 15%. The minimum capital it can hold is 8% so the Board is taking a very conservative approach.

The capital raisings proposed by Resolutions 1 and 2 aim to raise NZ\$8.67m of additional share capital. The bulk of these funds raised will be invested in our main business of GFL. We will continue our focus on organic growth. We have grown 60% per annum compounded and we aim to maintain that growth rate. As such, we anticipate investing \$5.0m in GFL through the issue of new shares in that business. We are currently considering some of the opportunities that are appearing in the market. We will hold the balance of the funds at the Company level while we consider the opportunities available to us and also while we consider the impact that the final Deposit Takers Bill may have on GFL's capital requirements. This may be as simple as increased capital or it may make bonds or deposits with the Reserve Bank of New Zealand a requirement. The Directors want to be flexible so the Company can move quickly when matters are crystallised.

As the Company's ordinary shares are listed on the NZX Main Board operated by NZX it is a code company for the purposes of the Takeovers Code. Rule 6 of the Takeovers Code provides that a person who holds or controls:

- no voting rights in the Company (i.e. API) may not become the holder or controller of an increased percentage of the voting rights in the Company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the Company; or
- 20% or more of the voting rights in the Company (i.e. Borneo) may not become the holder or controller of an increased percentage of the voting rights the Company,

unless that person becomes the holder or controller of an increased percentage of the voting rights in the Company by an allotment of voting securities in the Company if the allotment has been approved by an ordinary resolution of Company as required by Rule 7(d) of the Takeovers Code.

Accordingly, as API currently holds or controls no voting securities in the Company, and Borneo already holds or controls in excess of 20% of the voting securities in the Company, each of the API Allotment and the Borneo Allotment is required to be approved by the resolutions proposed in Resolutions 1 and 2, respectively, before they can proceed.

A detailed explanation of these proposed resolutions are set out in 4.2 to 4.3 below.

4.2 Resolution 1: Issue of Shares to API No 1 Limited Partnership – API is a limited partnership managed and controlled by its general partner, API No 1 GP Limited, which is in turn controlled by Samuel Giufre, Michael Johns and Grant O’Neil of Ascentro Capital Partners, who are directors of API No 1 GP Limited and each have (or will prior to the issue of shares in the Company to API have) interests, via trusts, as limited partners of API. API has agreed (subject to approval of this resolution) to contribute NZ\$5,000,000 of capital to the Company. API will do this by subscription for ordinary shares in the Company ranking equally with the existing ordinary shares issued by the Company. The allotment of the capital will be completed within 5 Trading Days of Resolution 1 being passed pursuant to the terms of the API Allotment as agreed between the Company and API.

For the shareholders’ further information, API is interested in investing in the Company to support the continued growth of the Group. Other benefits to the Group of having API as an investor is the fact that the API Allotment is conditional on Megan Glen being appointed as a director of the Company (pursuant to Resolution 3) and Anton Douglas being appointed by the Company as a director of GFL. Both are experienced and talented individuals who will add to the experience base of the Group.

As API does not currently hold or control any voting securities issued by the Company and will (subject to approval of this resolution and completion of the API Allotment), become the holder or controller of more than 20% of the voting rights in the Company, API is prohibited from subscribing for the proposed number of securities without approval of an ordinary resolution of the shareholders of the Company in accordance with Rule 7(d) of the Takeovers Code.

In addition, NZX Listing Rule 4.1.1 requires that (except in limited circumstances which are inapplicable or on which the Company does not wish to rely) the Company may only issue ordinary shares and other Equity Securities with approval of an ordinary resolution of the shareholders of the Company.

The API Allotment proposed by Resolution 1 and the Borneo Allotment proposed by Resolution 2, will, if approved and completed, have a material dilution effect in relation to each shareholder’s shareholding in the Company. The number of shares each shareholder has in the Company will remain unchanged, but the percentage of shares that the shareholder holds in the Company will be reduced because of the dilutionary effect.

The potential dilution effects of the API Allotment proposed in Resolution 1 and the Borneo Allotment proposed in Resolution 2 (referred to in 4.3 below) are set out in the following table:

Total ordinary shares prior to any allotments	212,657,496
Maximum number of shares that may be issued under the proposed API Allotment	86,956,522
Maximum number of shares that may be issued under the proposed Borneo Allotment	63,960,957
Total ordinary shares after API Allotment and Borneo Allotment	363,574,975
Example Shareholder: Pre Borneo Allotment and API Allotment percentage based on a holding of 21,265,750 shares	10%
Example Shareholder: Post Borneo Allotment and API Allotment	5.85%

Example Shareholder: Post Borneo Allotment but the API Allotment does not proceed	7.69%
Example Shareholder: Post API Allotment but the Borneo Allotment does not proceed	7.10%

A further analysis of the dilutionary impact of both transactions proceeding is set out in section 2.7 of the Report. The Report also sets out the implications and dilutionary effect of one or other of Resolution 1 or Resolution 2 not being passed at sections 2.13 and 2.16.

If Resolution 1 is not passed and the API Allotment does not proceed, the consequences of the Company not being able to raise additional capital through the API Allotment are that it may preclude the ability of the Company and its subsidiaries to continue to grow their businesses and may limit returns to shareholders in the future.

To note, the Company has considered alternative capital raise structures which could have less of a dilutionary impact on shareholders. In fact, the Company, through its subsidiary Investment Research Group Limited, advises on capital structures. As such, the Company is constantly reviewing different structures to implement for itself. Considering the current economic conditions, the Board believes that increasing the Company's capital base is prudent at this stage and that adding further debt (or debt derivatives) is a riskier option.

For clarity, neither the API Allotment nor the Borneo Allotment is utilising the NZ\$5.0m wholesale capital raising capacity (for the purposes of Listing Rule 4.2.1) that was approved by shareholders pursuant to Resolution 1 of the Annual Meeting of Shareholders on 28 September 2022. This allotment capacity remains live, and as the Board has consistently stated over the last 3 years, it will continue to look for investment opportunities that will add value to the Group, and this approved allotment capacity remains available to be used to finance such an investment. Shareholders will note the Board has been, and will continue to be, discerning in its review of opportunities and this allotment capacity may not be used at all over the approved period.

Shareholders should also note that NZX Listing Rule 4.5 permits the Company to issue ordinary shares over a 12-month period that do not exceed 15% of the existing ordinary shares on issue plus ordinary shares approved for issue. The Board has not utilised this provision as it is insufficient to permit the full amount of the proposed issue pursuant to the API Allotment and the Board believes that obtaining approval for the full amount of the proposed API Allotment (rather than a portion of it up to the 15% threshold) is more open and transparent for shareholders. In addition, it enables the 15% placement entitlement to be retained for emergency or unforeseen capital needs that may arise. The Directors do not currently have a plan or intention to utilise that entitlement in the coming 12 months but may do so if they believe it is in the interests of the Company to do so.

For the purposes of Rule 16 of the Takeovers Code, the Company and API advise:

- a) The recipient of the proposed allotment is API No 1 Limited Partnership, a limited partnership managed by and controlled by its general partner, API No 1 GP Limited, which is in turn controlled by Samuel Giufre, Michael Johns and Grant O'Neil, of Ascentro Capital Partners Limited, who are directors of API No 1 GP Limited and each have (or will prior to the issue of shares in the Company to API have) interests, via trusts, as limited partners of API. API currently holds or controls no voting securities in the Company. If only the API Allotment referred to in Resolution 1 is approved and completed, API will hold or control 29.02% of all voting securities in the Company.

- b) The maximum number of voting securities in the Company that could be allotted to API pursuant to the API Allotment is 86,956,522 ordinary shares. This represents 40.90% of the aggregate of all currently existing voting securities in the Company or 29.02% of all voting securities in the Company issued after the API Allotment alone.
- c) The maximum percentage of all voting securities in the Company that could be held or controlled by API after completion of only the API Allotment is 29.02%.
- d) If the Borneo Allotment referred to in Resolution 2 is approved and completed, the maximum percentage of all voting securities in the Company that could be held or controlled by API after completion of the API Allotment will decrease to 23.92% of all voting securities in the Company.
- e) The maximum aggregate of the percentages of all voting securities that could be held or controlled by API and its associates after completion of both the API Allotment and the Borneo Allotment is also 23.92%
- f) The information contained in paragraphs a) to e) is calculated as at 16 December 2022 and on the assumption that:
 - i) the number of voting securities is the number of voting securities on issue on 16 December 2022; and
 - ii) there is otherwise no change in the total number of voting securities on issue between 16 December 2022 and the completion of the API Allotment. If voting securities are issued as a result of the Borneo Allotment proposed in Resolution 2 (see 4.3 below) certain of the percentages disclosed will reduce; and
 - iii) that all 86,956,522 ordinary shares, being the maximum allotment for which approval is sought for the API Allotment are subscribed for by API.
- g) The issue price for the voting securities to be allotted to API is NZ\$0.0575 per share payable on allotment.
- h) The allotment is being undertaken to fund the continued growth of the Company, in particular to enable GFL to continue to grow its borrowing and lending businesses while maintaining a prudent capital ratio. If Resolution 1 is not passed and the Company is not able to make the allotment to API, the Company will need to seek capital elsewhere. That capital may not be available at an advantageous price, increasing the relative cost to the Company and if the capital is not available at all it may preclude the ability of the Company and its subsidiaries to continue to grow their businesses.
- i) If approved, the allotment will be permitted under Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.
- j) No agreement or arrangement (whether or not legally enforceable) has been, or is intended to be, entered into between API and any other person (other than between API and the Company in respect of the matters referred to in paragraphs (a) to (i)) relating to the API Allotment, holding, or control of the ordinary shares in the Company to be allotted, or to the exercise of voting rights in the Company.
- k) The Report referred to in 3 above accompanies this Notice of Meeting.
- l) A statement by the Directors of the Company unanimously recommending that you vote in favour of Resolution 1 and setting out the reasons for that recommendation appears in 5 below.

All shareholders are permitted to vote on Resolution 1.

- 4.3 Resolution 2 Issue of Shares to Borneo Capital Limited –** Borneo, a company controlled by Rewi Bugo, a Director of the Company and Chairman of the Board, has agreed (subject to approval of this resolution) to support the API Allotment and contribute NZ\$3,677,755.03 of additional capital to the Company. Borneo will do this by subscription for ordinary shares in the Company ranking equally with the existing ordinary shares issued by the

Company. The allotment of the additional capital will be completed on a date advised by the Company after the subscription price is received by the Company, but not later than 23 February 2023 unless a later date is agreed by the Company and Borneo pursuant to the terms of the Borneo Allotment as agreed between the Company and Borneo.

As Borneo already holds in excess of 20% of the voting securities issued by the Company, Borneo is prohibited from subscribing for the additional securities without approval of an ordinary resolution of the shareholders of the Company in accordance with Rule 7(d) of the Takeovers Code.

In addition, NZX Listing Rule 4.1.1 requires that (except in limited circumstances which are inapplicable or on which the Company does not wish to rely) the Company may only issue ordinary shares and other Equity Securities with approval of an ordinary resolution of the shareholders of the Company.

Further, NZX Listing Rule 5.2.1 requires that, except with the prior approval of an ordinary resolution, the Company may not enter into a Material Transaction with a Related Party. A Material Transaction is a transaction or related series of transactions that involves issuing its own Financial Products, or acquiring its own Equity Securities, having a market value above 10% of the Company's Average Market Capitalisation. The Borneo Allotment proposed by Resolution 2 constitutes a Material Transaction because it involves issuing the Company's own Financial Products, having a market value of NZ\$3,677,755.03, which is above 10% of the Company's Average Market Capitalisation. As at 2 November 2022 (being the date that shareholders were publicly notified of the Borneo Allotment through the NZX market), the Company had a market capitalisation of approximately NZ\$11.5m.

Borneo is a Related Party of the Company as it is the holder of a Relevant Interest in more than 10% of the Equity securities in the Company (maintaining a shareholding in the Company of 63,049,467 ordinary shares, being 29.65%) and it is an Associated Person of a Director of the Company and Chairman of the Board, Rewi Bugo.

The Report accompanying this Notice of Meeting is partly required due to the Transactions constituting a Related Party transaction. The Report evaluates the fairness of the Borneo Allotment in section 3.

The Borneo Allotment proposed by Resolution 2 will, if approved and completed, have a material dilution effect in relation to each shareholder's shareholding in the Company. The potential dilution effects of the API Allotment proposed in Resolution 1 and the Borneo Allotment proposed in Resolution 2 is described in 4.2 above.

A further analysis of the dilutionary impact is set out in section 2.7 of the Report.

If Resolution 2 is not passed and the API Allotment does not proceed, the consequences the Company not being able to raise additional capital through the Borneo Allotment are that it may preclude the ability of the Company and its subsidiaries to continue to grow their businesses and may limit returns to shareholders in the future.

For the purposes of Rule 16 of the Takeovers Code, the Company and Borneo advise:

- a) The recipient of the proposed allotment is Borneo Capital Limited, a company controlled by Rewi Bugo, a Director of the Company and Chairman of the Board. Borneo currently holds or controls 29.65% of all voting securities in the Company. If only the Borneo Allotment referred to in Resolution 2 is approved and completed, Borneo will hold or control 45.92% of all voting securities in the Company.
- b) The maximum number of voting securities in the Company that could be allotted to Borneo pursuant to the Borneo Allotment is 63,960,957 ordinary shares. This represents 30.08% of the aggregate of all currently existing voting securities in the

Company or 23.12% of all voting securities in the Company issued after the Borneo Allotment alone.

- c) The maximum percentage of all voting securities in the Company that could be held or controlled by Borneo after completion of only the Borneo Allotment is 45.92%.
- d) If the API Allotment referred to in Resolution 1 is approved and completed, the maximum percentage of all voting securities in the Company that could be held or controlled by Borneo after completion of the Borneo Allotment will decrease to 34.93% of all voting securities in the Company.
- e) The maximum aggregate of the percentages of all voting securities that could be held or controlled by Borneo and its associates after completion of both the API Allotment and the Borneo Allotment is also 34.93%.
- f) The information contained in paragraphs a) to e) is calculated as at 16 December 2022 and on the assumption that:
 - i) the number of voting securities is the number of voting securities on issue on 16 December 2022; and
 - ii) there is otherwise no change in the total number of voting securities on issue between 16 December 2022 and the completion of the Borneo Allotment. If voting securities are issued as a result of the API Allotment proposed in Resolution 1 (see 4.2 above) certain of the percentages disclosed will reduce; and
 - iii) that all 63,960,957 ordinary shares, being the maximum allotment for which approval is sought for the Borneo Allotment are subscribed for by Borneo.
- g) The issue price for the voting securities to be allotted to Borneo is NZ\$0.0575 per share payable on allotment.
- h) The allotment is being undertaken to fund the continued growth of the Company, in particular to enable GFL to continue to grow its borrowing and lending businesses while maintaining a prudent capital ratio. If Resolution 2 is not passed and the Company is not able to make the allotment to Borneo, the Company will need to seek capital elsewhere. That capital may not be available at an advantageous price, increasing the relative cost to the Company and if the capital is not available at all it may preclude the ability of the Company and its subsidiaries to continue to grow their businesses.
- i) If approved, the allotment will be permitted under rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.
- j) No agreement or arrangement (whether or not legally enforceable) has been, or is intended to be, entered into between Borneo and any other person (other than between Borneo and the Company in respect of the matters referred to in paragraphs (a) to (i)) relating to the Borneo Allotment, holding, or control of the ordinary shares in the Company to be allotted, or to the exercise of voting rights in the Company.
- k) The Report referred to in 3 above accompanies this Notice of Meeting.
- l) A statement by the Directors of the Company unanimously recommending that you vote in favour of Resolution 2 and setting out the reasons for that recommendation appears in 5 below.

Rewi Bugo, Borneo and their associated parties are prohibited (by NZX Listing Rule 6.3 and Rule 17 of the Takeovers Code) from voting any shares they hold on Resolution 2.

All shareholders not associated with Borneo are permitted to vote on Resolution 2.

- 4.4 Resolution 3: Election of Director to the Board of the Company: Megan Glen –**
The Constitution of the Company and Rule 2.2.1(b) of the NZX Listing Rules provide that an ordinary resolution of the shareholders of the Company is required to appoint a Director.

Accordingly, Resolution 3 approving the appointment of Megan Glen is sought. If approved, the appointment will be effective from the date of completion of the API Allotment.

The implementation of this resolution is conditional upon Resolution 1 being approved by the shareholders.

All shareholders are permitted to vote on Resolution 3.

The Board considers that Ms Glen does not qualify as an Independent Director (as that term is defined in the NZX Listing Rules).

Biography of Megan Glen – A brief biography of Megan Glen is provided below.

Megan Glen

Megan is currently a Director of Ascentro Capital Partners and was previously a manager of the NZ Super Fund's Direct Investments team. During her prior investment banking career, Megan worked with Credit Suisse in New York advising on acquisitions, divestments and refinancings. Megan started her career at First NZ Capital, now Jarden, advising some of New Zealand's largest corporates. Megan is currently a member of the New Zealand Takeovers Panel and has previously been a director of Kaingaroa Timberlands Limited, and an observer to the boards of Kiwibank Limited and ConnectEast Pty Limited.

- 4.7 **NZX Accepts No Responsibility:** NZ RegCo has confirmed that it does not object to this Notice of Meeting. However, NZ RegCo accepts no responsibility for any statement made in this Notice of Meeting.

5 Directors' Recommendation

- 5.1 The Directors unanimously recommend that you vote in favour of all the Resolutions.

- 5.2 **Resolution 1: Issue of Shares to API No 1 Limited Partnership** – For the purposes of Rule 19 of the Takeovers Code the Director's reasons for recommending that you vote in favour of Resolution 1 are:

- a) The Directors believe that the Company requires additional capital to fund its continued growth, in particular to enable GFL to continue to grow its borrowing and lending businesses while maintaining a prudent capital ratio.
- b) If Resolution 1 is not passed and the Company is not able to make the allotment to API, the Company will need to seek additional capital elsewhere. That capital may not be available at an advantageous price, increasing the relative cost to the Company and the capital may not be available at all, which will preclude the ability of the Company and its subsidiaries to continue to grow their businesses.
- c) On completion of the Borneo Allotment and the API Allotment, API will hold or control 23.92% of the voting rights in the Company. The Directors note that in such case, API will not hold or control in excess of 25% of the voting rights in the Company. The effect of this is that API's 23.92% shareholding will not enable it to singlehandedly determine the outcome of ordinary resolutions (which require the approval of more than 50% of votes cast by shareholders) or special resolutions (which require the approval of 75% of votes cast by shareholders). However, it is noted by the Directors that, in reality, API's 23.92% shareholding in the Company probably will be able to singlehandedly block special resolutions as the number of shareholders in widely-held companies (such as the Company) tend not to vote on resolutions and hence the relative weight of API's 23.92% shareholding would increase.
- d) The Directors note that the placements that have occurred over the last 12 months have been conducted at a share price of NZ\$0.058252 per share. As at 16 November

2022 the Average Market Price of the Company's ordinary shares was NZ\$0.0540 per share.

In addition:

- Other than short-lived price spikes to above NZ\$0.0575 over the past 12 months, none of which have exceeded NZ\$5,000 in sales volume at that price, there have been no sustained periods of either price or share sales above the subscription price of NZ\$0.0575 per share for the API Allotment over the past 12 months.
- There is normally a control premium for a share parcel in circumstances where the purchaser will gain a level of control/influence. In this case, and assuming completion of both the API Allotment and the Borneo Allotment, each of API and Borneo will be represented by 1 Director out of 6, so no control premium applies in the present circumstances.
- Both API and Borneo will hold a level of shareholding interest in the Company such that any increase in shareholding interest or control by API and Borneo must be in compliance with the Code.
- We have previously sought large investors, i.e. those between 10% and 20% shareholding interest in the Company and we have only received responses with big discounts on the prevailing share price.
- On the NZX Main Board, the Company appears to be a good stock for retail investors, but larger investors can find the stock illiquid based on market observation and feedback received by the Board.

Accordingly the Directors believe (and will resolve and certify as required by section 47 of the Companies Act) that the issue price is in their opinion fair and reasonable to the company and to all existing shareholders.

5.3 Resolution 2: Issue of Shares to Borneo Capital Limited – For the purposes of Rule 19 of the Takeovers Code the Directors' reasons for recommending that you vote in favour of Resolution 2 are:

- a) The Directors believe that the Company requires additional capital to fund its continued growth, in particular to enable GFL to continue to grow its borrowing and lending businesses while maintaining a prudent capital ratio.
- b) If Resolution 2 is not passed and the Company is not able to make the allotment to Borneo, the Company will need to seek additional capital elsewhere. That capital may not be available at an advantageous price, increasing the relative cost to the Company and the capital may not be available at all, which will preclude the ability of the Company and its subsidiaries to continue to grow their businesses.
- c) On completion of the API Allotment and the Borneo Allotment, Borneo will hold or control 34.93% of the voting rights in the Company. The Directors do not believe that allotment of the shares to Borneo will materially affect or alter the degree of effective control exercised by Borneo. Borneo already holds 29.65% of the voting rights in the Company, being in excess of 25% of the voting rights in the Company, and will not on completion of the API Allotment and the Borneo Allotment hold or control in excess of 50% of the voting rights in the Company. That is, Borneo's current 29.65% shareholding in the Company and proposed 34.93% shareholding in the Company (subject to completion of both the API Allotment and the Borneo Allotment) both enable it to block special resolutions (which require the approval of 75% of votes cast by shareholders). However, Borneo cannot singlehandedly block or pass ordinary resolutions in either scenario (which require the approval of more than 50% of votes cast by shareholders). Accordingly, if both the API Allotment and the Borneo Allotment are approved, this will not increase Borneo's ability to influence the outcome of shareholder voting to any significant degree; Borneo will still not be able to singlehandedly block or pass ordinary resolutions. However, it is noted by the

Directors that, if the Borneo Allotment is approved and the API Allotment is not approved, this will result in Borneo holding or controlling 45.92% of the voting rights in the Company. In such circumstances, Borneo will most likely be able to singlehandedly block or pass ordinary resolutions. This is because, as above, the number of shareholders in widely-held companies (such as the Company) tend not to vote on resolutions and hence the relative weight of Borneo's 45.92% shareholding would increase.

- d) The Directors note that the placements that have occurred over the last 12 months have been conducted at a share price of NZ\$0.058252 per share. As at 16 November 2022 the Average Market Price of the Company's ordinary shares was NZ\$0.0540 per share.

In addition:

- Other than short-lived price spikes to above NZ\$0.0575 over the past 12 months, none of which have exceeded NZ\$5,000 in sales volume at that price, there have been no sustained periods of either price or share sales above the subscription price of NZ\$0.0575 per share for the Borneo Allotment over the past 12 months.
- There is normally a control premium for a share parcel in circumstances where the purchaser will gain a level of control/influence. In this case, and assuming completion of both the API Allotment and the Borneo Allotment, each of API and Borneo will be represented by 1 Director out of 6, so no control premium applies in the present circumstances.
- Both API and Borneo will hold a level of shareholding interest in the Company such that any increase in shareholding interest or control by API and Borneo must be in compliance with the Code.
- We have previously sought large investors, i.e. those between 10% and 20% shareholding interest in the Company and we have only received responses with big discounts on the prevailing share price.
- On the NZX Main Board, the Company appears to be a good stock for retail investors, but larger investors can find the stock illiquid based on market observation and feedback received by the Board.

Accordingly the Directors believe (and will resolve and certify as required by section 47 of the Companies Act) that the issue price is in their opinion fair and reasonable to the company and to all existing shareholders.

- 5.4 **Resolution 3: Election of Director to the Board of the Company: Megan Glen –** The Directors unanimously recommend that the shareholders vote in favour of Resolution 3. If Resolution 3 is not passed, the API Allotment will lapse, even if Resolution 1 is approved by shareholders at the Extraordinary Meeting (assuming there is no waiver of this condition by API or any amendment to the agreement between the Company and API in relation to the API Allotment).

6 Voting Details

- 6.1 **Voting Entitlements:** The persons who will be entitled to vote on the Resolutions at the Extraordinary Meeting are those persons who are shareholders of the Company at 5:00pm on Tuesday, 17th January 2023.

- 6.2 **Casting Your Vote:** You may cast your vote by either:

- a) **Personal attendance:** If you wish, you can attend the Extraordinary Meeting and vote. Voting will be by way of poll. You must bring the Proxy/Voting Form with you to vote.

- b) **Appoint a proxy to vote:** You may appoint a proxy or corporate representative (if the shareholder is a body corporate) to attend the Extraordinary Meeting to act generally at the meeting and to vote on your behalf. Your proxy does not need to be a General Capital shareholder. To do this, you should complete the Proxy/Voting Form. It must be returned to the share registrar by 11:00am on Tuesday, 17th January 2023 (being 48 hours before the meeting). You may return your Proxy/Voting Form by:
- Completing the Proxy/Voting Form and either posting it or faxing it to the share registrar; or
 - Completing the Proxy/Voting Form online at www.investorvote.co.nz
- c) **Voting Restrictions:** Rule 17 of the Takeovers Code prohibits, in the case of a resolution to approve allotment of voting securities (such as Resolutions 1 and 2), the person receiving the allotment and its associated persons from voting on that resolution. In addition, NZX Listing Rule 6.3 prohibits the person receiving an allotment and its associated persons from voting on a resolution required to approve that allotment. The identity of the persons (if any) restricted from voting in relation to each resolution are identified in the explanatory note relating to each resolution in 4 above and on the Proxy/Voting Form itself.
- d) **Proxy/Voting Forms:** The Proxy/Voting Form allows you to vote (or direct your proxy to vote) either for or against, or abstain from, each resolution notified in the Notice of Meeting. You may also allow your proxy to vote at their discretion (i.e. “undirected”). However, an undirected proxy cannot exercise discretion and vote on a resolution if they are restricted from voting on that resolution. They can only cast a vote if an express direction is expressed in the proxy.
- e) The Chairman of the meeting or any other Director is willing to act as proxy for any shareholder who wishes to appoint them for that purpose. If you appoint the Chairman of the meeting or any other General Capital Director as your proxy to vote on your behalf, then any undirected proxies granted to them will be voted in favour of the relevant resolution, unless the Chairman or that Director is restricted from voting on the resolution, in which case your vote will not be cast. If, in appointing a proxy, you have inadvertently not named someone to be your proxy, or your named proxy does not attend the Extraordinary Meeting, the Chairman of the meeting will be your proxy and will vote in accordance with your express direction. Again, if the Chairman is restricted from voting on a resolution and you have not directed how to cast your vote, your vote will not be cast. Directors of the Company are not prepared to speak at the Extraordinary Meeting on behalf of a shareholder who appoints them as their proxy. If you wish to be heard at the meeting you should either attend in person or appoint a proxy other than a Director of the Company.
- f) To assist shareholders wishing to exercise their voting rights at the Extraordinary Meeting (whether in person or by proxy), the Proxy/ Voting Form accompanying this Notice of Meeting has been personalised with individual shareholder details. The Proxy/Voting Form shows your current shareholding. If, at 5:00pm on Tuesday, 17th January 2023, your shareholding is different from that shown on the Proxy/Voting Form, you can update the entitlement on arrival at the meeting.
- g) **Method of Voting:** Voting on the Resolution put before the Extraordinary Meeting will be by poll. Results of the voting will be available after the conclusion of the meeting and will be notified on the NZX.
- h) **Voting Thresholds:** All Resolutions are ordinary resolutions. An ordinary resolution means a resolution passed by a simple majority of votes of shareholders of the Company entitled to vote and voting.

7 GLOSSARY

Terms defined in the Takeovers Code and the NZX Listing Rules have the same meaning when used in this notice and:

Appraisal Report means the appraisal report prepared by the Independent Adviser for the purposes of the NZX Listing Rules.

Average Market Price means the amount calculated in the manner described in the definition of that term in the NZX Listing Rules on the date stated in this notice.

API means API No 1 Limited Partnership, a limited partnership managed and controlled by its general partner, API No 1 GP Limited, which is in turn controlled by Samuel Giufre, Michael Johns and Grant O'Neil of Ascentro Capital Partners Limited, who are directors of API No 1 GP Limited and each have (or will prior to the issue of shares in the Company to API have) interests, via trusts, as limited partners of API.

API Allotment means the allotment of ordinary shares to API proposed by Resolution 1 (see 4.2 above).

Board means the Directors, acting as a board.

Borneo means Borneo Capital Limited, a company controlled by Rewi Bugo a Director of the Company and Chairman of the Board.

Borneo Allotment means the allotment of ordinary shares to Borneo proposed by Resolution 2 (see 4.3 above)

Companies Act means the Companies Act 1993.

Company or General Capital means General Capital Limited.

Directors means the directors of the Company.

GFL means General Finance Limited

Independent Adviser means Simmons Corporate Finance Limited.

Independent Adviser's Report means the independent adviser's report prepared by the Independent Adviser for the purposes of the Takeovers Code.

NZ RegCo means NZX Regulation Limited.

NZX Listing Rules means NZX's listing rules for the NZX Main Board.

NZX means NZX Limited.

NZX Listing Rules means the listing rules for listing on the NZX markets.

NZX Main Board means the NZX's Main Board.

ordinary resolution means a resolution passed by a simple majority of votes of shareholders of the Company entitled to vote and voting.

Report means the Independent Adviser's Report and Appraisal Report.

Resolutions means Resolutions 1 to 3 and Resolution means any of them.

shareholders means the shareholders of the Company.

Takeovers Code means the takeovers code approved by the Takeovers Regulations 2000.

8 PROXY/VOTING FORM

See overleaf.

By order of the Board

Rewi H Bugo

Chairman