



Takeovers Code (Rangatira Limited) Exemption Notice 2017

Pursuant to section 45 of the Takeovers Act 1993, the Takeovers Panel, being satisfied of the matters set out in section 45(6) of that Act, gives the following notice.

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Notice

1 Title

This notice is the Takeovers Code (Rangatira Limited) Exemption Notice 2017.

2 Application

This notice applies to acts or omissions occurring on or after 31 July 2017.

3 Expiry

This notice expires on the close of 31 July 2022.

4 Interpretation

- (1) In this notice, including the schedule, unless the context otherwise requires,—

Act means the Takeovers Act 1993

appointer, in relation to a family trust, means 1 or more persons with power to appoint or remove trustees

annual report includes any concise annual report

buyback means the acquisition—

- (a) by the Company of up to an aggregate of 600,000 of its own voting securities and 600,000 of its own non-voting securities (called A Shares and B Shares respectively in the Company's constitution) during the buyback period; and
- (b) which may be achieved by 1 or more acquisitions during the buyback period

buyback period means the period—

- (a) starting on 31 July 2017; and
- (b) ending on 31 July 2022

Code means the Takeovers Code under the Act

Company means Rangatira Limited

family trust means a trust that is established for, or mainly for, the benefit of 1 or more of the following persons:

- (a) the settlor or appointer of that trust;
- (b) relatives of the settlor or appointer;
- (c) persons for whom the settlor or appointer has natural love and affection

meeting means the meeting of the Company's shareholders held on or about 31 July 2017 to consider whether to approve the buyback

new trustee means a person to whom clause 5 applies

other-means increase means an increase in voting control in the Company that is effected by a means other than the buyback

person P has the same meaning as in clause 1 of Schedule 1

personal representative means administrator, executor, or trustee

recipient beneficiary means a person to whom clause 9 applies

Schedule 1 means Schedule 1 of the Takeovers Code (Class Exemptions) Notice (No 2) 2001

shareholder means a holder of voting securities in the Company

trustee means a person who is appointed as a trustee of a family trust under the trust deed establishing the family trust

upstream party, in relation to a person, means any other person who directly or indirectly has effective control over the person

voting security means a voting security in the Company.

- (2) In this notice, a reference to a person increasing voting control is a reference to the person becoming the holder or controller of an increased percentage of voting rights in the Company.
- (3) Any term or expression that is defined in the Act or the Code and used, but not defined, in this notice has the same meaning as in the Act or the Code.

5 Exemption for reorganisation of family trust

- (1) This clause applies to every person (**new trustee**) who, during the buyback period,—
 - (a) becomes a trustee of a family trust whose trustees are, at the meeting, approved for an increase in their voting control as a result of the buyback (**approval**); and
 - (b) increases their voting control as a result of the buyback.
- (2) If during the buyback period there is a reduction in the number of trustees of a family trust, whose trustees were, at the meeting, approved for an increase in their voting control as a result of the buyback, then this clause also applies to every person who is a remaining trustee of that family trust (**remaining trustee**).
- (3) The new trustee is, or the remaining trustees are, exempted from rule 6(1) of the Code in respect of their increased voting control as a result of the buyback, but only to the extent of the approval.

6 Conditions of exemption in clause 5

The exemption in clause 5 is subject to the conditions that—

Bona fide reorganisation without collateral purpose

- (a) the appointment of a new trustee, or the reduction in number of trustees, —
 - (i) reflects a bona fide reorganisation of the family trust or is the result of an event beyond the control of the trustees; and
 - (ii) does not have a collateral purpose of enabling a person to increase their voting control, or the extent to which that person shares in the voting control in the Company, otherwise than in compliance with the Code; and

Annual report disclosures

- (b) every annual report of the Company issued during the buyback period must include (in a prominent position) the matters specified in clause 7(b) of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a new trustee, or the remaining trustees as applicable); and

Internet site disclosures

- (c) if the Company has an Internet site, the disclosures that must be made on the Company's Internet site during the buyback period are made in accordance with clause 8(2) to (4) of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a new trustee, or the remaining trustees as applicable); and

Other-means increases

- (d) during the buyback period, any increase in a new trustee's voting control in the Company by way of an other-means increase is made in

accordance with clause 9 of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a new trustee, or the remaining trustees as applicable); and

Change of control in new trustee

- (e) during the buyback period, there must be no change of control in a new trustee that results in another person increasing their voting control unless the change of control in the new trustee is made in accordance with clause 10 of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a new trustee, or the remaining trustees as applicable).

7 Exemption for personal representatives

- (1) This clause applies to every person who, during the buyback period,—
 - (a) becomes, or becomes an upstream party of, a personal representative of the estate of a deceased person who is, at the meeting, approved for an increase in their voting control as a result of the buyback (**approval**); and
 - (b) increases their voting control as a result of the buyback.
- (2) The personal representative is exempted from rule 6(1) of the Code in respect of their increased voting control as a result of the buyback, but only to the extent of the approval.

8 Conditions of exemption in clause 7

The exemption in clause 7 is subject to the conditions that—

Bona fide transmission without collateral purpose

- (a) the transmission of voting securities to the personal representative—
 - (i) reflects a bona fide transmission of voting securities from the estate of a deceased person in accordance with the terms of the will or any applicable law relating to intestacy; and
 - (ii) does not have a collateral purpose of enabling a person to increase their voting control, or the extent to which that person shares in the voting control in the Company, otherwise than in compliance with the Code; and

Annual report disclosures

- (b) every annual report of the Company issued during the buyback period must include (in a prominent position) the matters specified in clause 7(b) of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a personal representative); and

Internet site disclosures

- (c) if the Company has an Internet site, the disclosures that must be made on the Company's Internet site during the buyback period are made in

accordance with clause 8(2) to (4) of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a personal representative); and

Other-means increases

- (d) during the buyback period, any increase in a personal representative's voting control in the Company by way of an other-means increase is made in accordance with clause 9 of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a personal representative); and

Change of control in personal representative

- (e) during the buyback period, there must be no change of control in a personal representative that results in another person increasing their voting control unless the change of control in the personal representative is made in accordance with clause 10 of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a personal representative).

9 Exemption for recipient beneficiaries

- (1) This clause applies to every person (**recipient beneficiary**)—
 - (a) to whom voting securities are transferred during the buyback period—
 - (i) in accordance with the terms of a will or any applicable law relating to intestacy; and
 - (ii) by a person who is, or is an upstream party of, a personal representative who is, at the meeting, approved for an increase in their voting control as a result of the buyback (**approval**); and
 - (b) who, during the buyback period, increases their voting control as a result of the buyback.
- (2) The recipient beneficiary is exempted from rule 6(1) of the Code in respect of their increased voting control as a result of the buyback, but only to the extent of the approval.

10 Conditions of exemption in clause 9

The exemption in clause 9 is subject to the conditions that—

Bona fide transfer without collateral purpose

- (a) the transfer of voting securities to the recipient beneficiary—
 - (i) reflects a bona fide transfer of voting securities in accordance with the terms of the will and the recipient beneficiary is named (either directly or by reference to a class of persons) as a beneficiary in the will, or any applicable law on intestacy; and
 - (ii) does not have a collateral purpose of enabling a person to increase their voting control, or the extent to which that person shares in the

voting control in the Company, otherwise than in compliance with the Code; and

Annual report disclosures

- (b) every annual report of the Company issued during the buyback period must include (in a prominent position) the matters specified in clause 7(b) of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a recipient beneficiary); and

Internet site disclosures

- (c) if the Company has an Internet site, the disclosures that must be made on the Company's Internet site during the buyback period are made in accordance with clause 8(2) to (4) of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a recipient beneficiary); and

Other-means increases

- (d) during the buyback period, any increase in a recipient beneficiary's voting control in the Company by way of an other-means increase is made in accordance with clause 9 of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a recipient beneficiary); and

Change of control in recipient beneficiary

- (e) during the buyback period, there must be no change of control in a recipient beneficiary that results in another person increasing their voting control unless the change of control in the recipient beneficiary is made in accordance with clause 10 of Schedule 1 (applied with all necessary modifications as if the reference to person P were a reference to a recipient beneficiary).

Dated at Auckland this 19th day of May 2017.

[Signed]

R A Coupe,
Chairperson

Statement of Reasons

This notice applies to acts or omissions occurring on or after 31 July 2017 and expires on 31 July 2022.

Rangatira Limited (the **Company**) proposes to acquire some of its own shares (**buyback**) over a 5-year period starting on the date of the meeting that approves the buyback (and any increased voting control arising out of the buyback).

Various members of the McKenzie family and of the Gibson family are Company shareholders (**McKenzie/Gibson shareholders**). The McKenzie family and the Gibson family have a close relationship with each other. On that basis, the McKenzie family and the Gibson family have agreed for the purposes of the buyback that each member of the McKenzie family will be treated as an associate of the Gibson family, and that each member of the Gibson family will be treated as an associate of the McKenzie family. Together, the McKenzie/Gibson Shareholders hold more than 20% of the voting rights in the Company.

The Takeovers Code (Class Exemptions) Notice (No 2) 2001 (**2001 Notice**) contains an exemption from rule 6 of the Code for every person who increases voting control as a result of the acquisition by a Code company of its own voting securities, subject to conditions in Schedule 1 of the 2001 Notice.

Some of those conditions depend on the naming (in the notice of the meeting that will consider whether to approve the buyback) of persons who are Company shareholders (called person P in Schedule 1 of the 2001 Notice).

The **McKenzie/Gibson shareholders** will seek shareholder approval for any increase in voting control of the Company as a result of the buyback in accordance with the 2001 Notice.

However, during the buyback period, a number of transfers of voting securities amongst McKenzie/Gibson shareholders may occur—

- a number of McKenzie/Gibson shareholders hold Company shares in their capacity as trustees of various family trusts whose trustees hold voting securities in the Company. During the buyback period, a new trustee may be appointed, or there may be a reduction in the number of trustees, as a result of a bona fide reorganisation of such a family trust; and
- it is also possible that a McKenzie/Gibson shareholder could pass away during the buyback period, and there would be a transmission of the deceased person's voting securities to executors, trustees or administrators (**personal representatives**), and there would subsequently be a transfer of those voting securities from the personal representatives to the beneficiary of the estate, which could include a McKenzie/Gibson shareholder (**recipient beneficiary**).

Although each of the transfers would be individually exempted from the Code under the 2001 notice, any increased voting control of the new trustee, recipient beneficiary, or personal representatives as a result of the buyback will not be covered by any shareholder approval previously obtained because the 2001 Notice requires the persons relying on the exemption to be named in the notice of meeting.

The conditions of the exemption enable a new trustee, recipient beneficiary, and personal representatives to effectively rely on the shareholder approval as if they were a person P at the date of shareholder approval of the buyback.

The Panel considers that it is appropriate and consistent with the objectives of the Code to grant the exemptions because—

- the exemptions allow, during the buyback period,—
 - a new trustee, or the remaining trustees, of a family trust related to a McKenzie or Gibson shareholder to rely on shareholder approval of an increase in voting control in the Company. This is an extension of the class exemption in the Takeovers Code (Trustees of Family Trusts) Exemption Notice 2012 granted because the Code is not intended to inhibit the governance arrangements of such family trusts if those arrangements have no effect on the other Company shareholders; and
 - a personal representative to rely on shareholder approval of an increase in voting control in the Company. This is an extension of the class exemption in clauses 20 and 21 of the 2001 Notice granted to allow persons to hold shares in place of a deceased person; and
 - a recipient beneficiary to rely on shareholder approval of an increase in voting control in the Company. This is an extension of the class exemption in clause 22 of the 2001 Notice granted because the Code is not intended to inhibit the inheriting of property under a will or intestacy; and
- the exemption would avoid unnecessary compliance costs that would otherwise be incurred by the Company each time there is a new trustee of a family trust, reduction in the number of trustees of a family trust, the transmission of voting securities to personal representatives, or the transfer of voting securities to a recipient beneficiary.