

Beyond the Motor



Wellington[®]

Wellington Drive Technologies Limited

Notice of Annual Meeting of Shareholders and Explanatory Memorandum

**to be held on Thursday 11 June 2015 at the registered office of Wellington,
21 Arrenway Drive, North Harbour, Auckland commencing at 3:00 pm**

This is an important document and requires your immediate attention. It should be read in its entirety. It has been prepared to assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting. The Directors encourage you to read this Notice of Annual Meeting and Explanatory Memorandum and exercise your right to vote at the Meeting.

Important information

Documents provided to Shareholders

This Notice of Annual Meeting and Explanatory Memorandum is dated 18 May 2015.

It has been sent to you as a Shareholder in Wellington to assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting.

The Shareholder documentation consists of the following information:

- a letter from the chairman of Wellington;
- a Notice of Meeting setting out the text of the Resolutions to be considered;
- an Explanatory Memorandum, which provides detailed information regarding the Resolutions;
- an Independent Report prepared by Simmons Corporate Finance Limited; and
- a Voting and Proxy Form, to enable Shareholders to vote on the Resolutions either by attending the Meeting, by appointing a proxy to attend and vote at the Meeting or by postal vote.

Shareholders are urged to complete and return the Voting and Proxy Form as soon as possible if they do not plan to attend the Meeting.

Please call Wellington on (09) 477 4500 if you did not receive a Voting and Proxy Form or have lost it.

Important Dates

Record date for determination of voting entitlements for the Meeting	5:00 pm, 8 June 2015
Last time for receipt by Wellington of completed Voting and Proxy Forms	3:00 pm, 9 June 2015
Meeting date and time	11 June 2015, commencing at 3:00 pm

Important Notes

Defined terms

Capitalised terms used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary on pages 10 and 11.

All references to:

- “\$” or “dollars” are to New Zealand dollars; and
- dates and times are to New Zealand dates and times.

Investment decision

This Notice of Meeting and Explanatory Memorandum does not take into account the individual investment objectives, financial situation or particular needs of any Shareholder. You should consult your financial or other professional adviser before deciding how to vote on the Resolutions to be put to Shareholders at the Meeting.



Letter from the Chairman

18 May 2015

Dear Shareholder

Enclosed is the Notice of Meeting for Wellington's 2015 Annual Shareholders' Meeting.

At the Meeting, we will cover the following matters:

- we will provide an update in relation to Wellington's progress over the past year;
- Shareholders will be asked to consider the normal resolutions regarding the appointment of Directors and fixing of the auditor's remuneration; and
- Shareholders will be asked to consider a resolution to approve the allotment of shortfall Ordinary Shares to SuperLife pursuant to the Underwriting Agreement for Wellington's recent Rights Offer.

As Shareholders will be aware, SuperLife agreed to underwrite Wellington's recent Rights Offer of Ordinary Shares, providing important fundraising certainty for the Company. The need for such funding was fully discussed in the Offer Document previously circulated to shareholders and which is available on Wellington's website www.wdtl.com. Completion of such funding through the subscription by SuperLife of the Ordinary Shares not taken up under the Rights Offer is conditional upon receipt of all required shareholder approvals for the purposes of the Takeovers Code and the Listing Rules. These shareholder approvals are being sought at the Meeting.

I encourage you to read the Notice of Meeting and Explanatory Memorandum in full, including the Independent Report from Simmons Corporate Finance enclosed with it, before deciding how to cast your votes on the resolutions. Shareholders should note the Independent Report includes the following conclusion:

"In our opinion, after having regard to all relevant factors, the consideration and the terms and conditions of the Underwriting Arrangements and the proposed allotment of ordinary shares to the SuperLife Associates are fair to the Non- associated Shareholders."

The Directors of Wellington unanimously recommend that Shareholders vote to approve the above resolutions.

Yours faithfully

A handwritten signature in black ink, appearing to read "J. Howell".

Chairman

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Wellington Drive Technologies Ltd

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Notice of Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Wellington Drive Technologies Limited will be held at the registered office of Wellington, 21 Arrenway Drive, North Harbour, Auckland, on 11 June 2015 commencing at 3.00pm.

Business

Addresses and Shareholder Discussion

To hear the addresses from the Chairman and the Chief Executive Officer.

Resolutions

To consider, and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. Election of Directors

- (a) *To re-elect Tony Nowell who, in accordance with the constitution of Wellington, retires by rotation and, being eligible, offers himself for re-election as a director of Wellington in accordance with Listing Rule 3.3.11.*

- (b) *To elect John McMahon as a director of Wellington.*

See Explanatory Note 1 for a biography of each director offering himself for election. The election of each director will be voted on separately.

2. Auditor's Remuneration

To authorise the directors of Wellington to fix the remuneration of the auditor for the ensuing year.

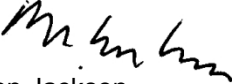
See Explanatory Note 2.

3. Issue to SuperLife of 24,161,259 Ordinary Shares

To authorise for all purposes including Rule 7(d) of the Takeovers Code, Listing Rule 7.3.1(a), Listing Rule 7.5.1 and Listing Rule 9.2.1 the allotment of 24,161,259 Ordinary Shares in Wellington Drive Technologies Limited to SuperLife Limited (or its nominee, SuperLife Trustee Nominees Limited) pursuant to the Underwriting Agreement at an issue price of 3 cents per Ordinary Share.

See Explanatory Note 3.

By Order of the Board of Wellington Drive Technologies Limited


Ron Jackson
Company Secretary
18 May 2015

Explanatory Memorandum to Resolutions

This Explanatory Memorandum is important and has been prepared to assist Shareholders in considering the Resolutions. The Directors of Wellington recommend that Shareholders read this Explanatory Memorandum in full and consult their financial or other professional adviser before deciding how to vote on the Resolutions.

Explanatory Note 1 – Election of Directors

Tony Nowell – Chairman

Mr Nowell retires by rotation and offers himself for re-election to the Board.



Mr Nowell was appointed a director of Wellington in March 2010 and Chairman in December 2010. He is an experienced company leader in major New Zealand and international businesses and also chairs Scion (the Forest Research Institute of New Zealand) and New Zealand Food Innovation (Auckland). He is Deputy Chair of Leadership New Zealand, a board member of Food Standards Australia New Zealand, a New Zealand representative on the APEC Business Advisory Council, a member of the Export Advisory Board of Business New Zealand and was formerly Chief Executive of Zespri International and Griffin's Foods Limited. Prior to returning to New Zealand business in 2000 from an extended period of international business experience, Mr Nowell was Regional Vice President of Sara Lee Asia, President Director of Sara Lee Indonesia and President Director of L'Oreal Indonesia.

Mr John McMahon

John McMahon was appointed as a director by the Board on 31 October 2014 and is required to offer himself for election as director of the Company.



Mr McMahon has over twenty years' experience in the Australasian equity markets, predominantly as an equity analyst covering a range of industries including telecommunications, media, gaming transport and industrials. He was a former Head of Research and Head of Equities for ABN AMRO NZ and was Managing Director of ASB Securities for three years. John now manages his own investment portfolio through Sydney-based Auro Investment Management and is Chairman of NZAX-listed Solution Dynamics Ltd (SDL). He has a Bachelor of Commerce (Honours), an MBA and is a CFA (Chartered Financial Analyst) charterholder.

Both Mr McMahon and Mr Nowell are considered by the Board to be independent directors for the purposes of Listing Rule 3.3.2.

Explanatory Note 2 – Auditor's remuneration

PricewaterhouseCoopers is the existing auditor of Wellington and is automatically re-appointed by virtue of section 207T of the Companies Act 1993.

The proposed ordinary resolution is required to authorise the Directors to fix the auditor's remuneration for the purposes of section 207S of the Companies Act 1993.

Explanatory Note 3 - Issue to SuperLife of 24,161,259 Ordinary Shares

Details of the share issues

SuperLife has agreed under the Underwriting Agreement to subscribe for the 24,161,259 Ordinary Shares which were not subscribed for by eligible Shareholders pursuant to the Rights Offer (the **Underwritten Ordinary Shares**) at the Rights Offer price of 3 cents per Ordinary Share. SuperLife and its Associates subscribed for 16,009,624 Ordinary Shares pursuant to its pro rata entitlement under the Rights Offer, restricted to a level that maintains their proportionate interests in Wellington prior to the Offer. SuperLife has nominated SuperLife Trustee Nominees Limited to subscribe for the Underwritten Ordinary Shares.

Payment of the subscription price for the Underwritten Ordinary Shares is due in cash on the allotment date of those shares, which is to be within three Trading Days of Resolution 3 being passed.

The Underwritten Ordinary Shares will, from the date they are issued, rank equally with existing Ordinary Shares.

Purpose of the issue

The funds raised from the issue of the Underwritten Ordinary Shares, together with the other funds raised under the Rights Offer, will be used by Wellington to complete the commercialisation of its new products, set up manufacturing capability for those products, position inventory to ensure customer delivery needs are met, develop marketing programmes and launch the products successfully.

Shareholder Approvals Required

The issue to SuperLife of the Underwritten Ordinary Shares will only proceed if Resolution 3 is passed. If the Underwritten Shares are issued, it will result in SuperLife and its Associates increasing their control of voting rights in Wellington from 19.76% to 28.11%.

Authorisation of the issue to SuperLife of the Underwritten Ordinary Shares pursuant to Resolution 3 is required by:

- i. Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code, because the issue of the Underwritten Ordinary Shares will result in a Shareholder holding or controlling more than 20% of the voting rights in Wellington;
- ii. Listing Rule 7.3.1(a), which requires issues of equity securities by Wellington to be approved by an ordinary resolution of Shareholders – this approval is sought for the issue of Underwritten Ordinary Shares to SuperLife;
- iii. Listing Rule 7.5.1, because the issue of the Underwritten Ordinary Shares will result in a Shareholder (with more than a 1% holding) materially increasing its ability to exercise, or direct the exercise of (either now or at any time in the future), effective control of Wellington;
- iv. Listing Rule 9.2.1, because the issue of the Underwritten Ordinary Shares is a Material Transaction with a Related Party – SuperLife; and

Note: SuperLife is a Related Party of Wellington as it has a relevant interest in 10% or more of Wellington's Ordinary Shares. The issue of the Underwritten Ordinary Shares is a Material Transaction as it may result in the issue of equity securities having a market value in excess of 10% of Wellington's Average Market Capitalisation.

- v. The terms of the Underwriting Agreement – under which the issue of the Underwritten Ordinary Shares is conditional on receipt of all of the shareholder approvals in (i) to (iv) above.

Independent Report

The Listing Rules require an independent appraisal report to be prepared in respect of the issue of Underwritten Ordinary Shares to SuperLife because the issue will result in:

- (a) SuperLife materially increasing its ability to exercise effective control over Wellington (as per Listing Rule 7.5.1); and
- (b) a Material Transaction with a Related Party (as per Listing Rule 9.2.1).

In addition, Rule 18 of the Takeovers Code requires an independent adviser's report to be prepared for the allotment of Underwritten Ordinary Shares to SuperLife, having regard to the interests of Shareholders who may vote on Resolution 3.

Simmons Corporate Finance Limited has prepared the Independent Report which has two distinct sections dealing with the specific requirements of the Listing Rules and the Takeovers Code.

A copy of the Independent Report is enclosed with this Notice of Meeting and Explanatory Memorandum.

Takeovers Code information

The information required in accordance with Rule 16 of the Takeovers Code in connection with the issue of the 24,161,259 Underwritten Ordinary Shares to SuperLife, is set out in Schedule 1 to this Notice of Meeting and Explanatory Memorandum.

SuperLife Limited

SuperLife is a specialist provider for superannuation, KiwiSaver, investments and insurance benefits to employees of businesses and individuals. It provides superannuation, KiwiSaver, investment and insurance options to over 45,000 members and have over \$1,200 million of assets invested.

SuperLife is focused on providing flexible investment, savings and personal insurance protection plans designed for New Zealanders. Its goal is to provide the best solutions in terms of security, flexibility, convenience and value for its members.

SuperLife Limited was acquired by NZX Limited on 19 January 2015. It was previously part of the New Zealand-owned Aventine Group. Aventine also provides superannuation, investment and actuarial consulting services and record keeping services. NZX is a listed company which operates the NZX Main Board (NZSX) and other markets, a provider of data, and a provider of investment products including the Smartshares family of Exchange Traded Funds (ETFs), the Smartshares KiwiSaver Scheme, Smartkiwi, and SuperLife. SuperLife has been in the superannuation business for over 16 years and has over 35 staff, with its main office located in Auckland. Its directors and senior people are market leaders in the superannuation industry with an average experience of over 30 years. They have a reputation for quality and innovative thought and for applying that expertise to help its members save for their retirement and manage their money and investments.

SuperLife and its Associates were, prior to the Offer, Wellington's largest shareholder, together holding or controlling 19.76% of the voting rights in Wellington. In October 2012, SuperLife and its Associates were issued 13,400,000 ordinary shares at 15.5 cents each. They have supported all of Wellington's subsequent capital raisings including its convertible preference share issue in 2014. After the allotment to SuperLife and its Associates of 16,009,624 Ordinary Shares subscribed for pursuant to SuperLife and its Associates' pro rata entitlement under the Rights Offer, SuperLife and its Associates continued to hold or control about 19.75% of the voting rights in Wellington following the Rights Offer. If shareholders approve Resolution 3, once the Underwritten Ordinary Shares are allotted to SuperLife, SuperLife and its Associates will hold or control 28.11% of the voting rights in Wellington. This will have the potential effects on voting control of Wellington discussed in the section entitled "Summary of Independent Report" below.

Given the relatively small size of Wellington, the limited number of institutional investors on Wellington's shareholder register and the limited liquidity of Wellington's shares, the Board considered it unlikely that the opportunity to underwrite the Rights Offer would hold appeal to potential third party underwriters other than a party who was prepared to potentially hold a significant shareholding in Wellington. Given the level of investment already made in Wellington by SuperLife, the Board therefore sought to agree the Underwriting Arrangements with SuperLife rather than seeking alternative underwriters.

Summary of Independent Report

The Independent Report prepared in connection with the issue to SuperLife of the Underwritten Ordinary Shares concludes that following the allotment of the Underwritten Ordinary Shares to SuperLife under the Underwriting Arrangements, SuperLife and its Associates' ability to influence the outcome of shareholder voting will significantly increase. This is because SuperLife and its Associates' current level of voting rights of 19.75% does not enable them to singlehandedly block special resolutions (which require the approval of 75% of the votes cast by shareholders) or to control the passing of ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders). The Independent Report notes that SuperLife and its Associates will be able to control the passing of any special resolution and most likely control the outcome of any ordinary resolution that they were permitted to vote on (as not all shareholders in a listed company tend to vote on shareholder resolutions).

In addition, the completion of the conversion of the convertible preference shares in May 2017 will increase SuperLife and its Associates' level of voting rights and further strengthen their ability to influence the outcome of shareholder voting. See Schedule 1 for further details.

However, Wellington currently has five directors, none of whom are deemed to be associates of SuperLife or any of its Associates, and no agreements have been made with SuperLife and its Associates as to future Board representation following the allotment of the Underwritten Ordinary Shares under the Underwriting Arrangements. There are no "lock-up" arrangements in place between Wellington and SuperLife and its Associates following the allotment of the Underwritten Ordinary Shares.

Notwithstanding the increased ownership proportion for SuperLife and its Associates, the Independent Report concludes, in respect of the merits of the issue that "In our opinion, after having regard to all relevant factors, the positive aspects of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates outweigh the negative aspects from the perspective of the Non-associated Shareholders."

In addition, the Independent Report concludes, in respect of the fairness of the issues for the purposes of the Listing Rules, that "In our opinion, after having regard to all relevant factors, the consideration and the terms and conditions of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates are fair to the Non-associated Shareholders."

The Directors encourage Shareholders to read the Independent Report.

Effect of non-approval

Because the issue of the Underwritten Ordinary Shares is conditional on shareholder approval, if that approval is not received, the issue of the Underwritten Ordinary Shares will not proceed and Wellington may be required to seek alternative sources of funding to deliver on its corporate objectives. If Resolution 3 is not approved by Shareholders and the Underwritten Ordinary Shares are not issued, this could have an impact on Wellington's ability to execute its strategy in respect of the launch and commercialisation of the ECR2 and SCSCConnect products, and the development of further new EC Motor and Smart Controller products.

Important notes

Requisite Majority

Each of the Resolutions is an ordinary resolution. An ordinary resolution requires the approval of a simple majority of votes of those Shareholders entitled to vote and voting (in person, by proxy or by postal vote) in order for it to be passed.

Each Resolution is a separate resolution to be voted on separately by Shareholders. Accordingly, each Resolution may be approved regardless of the outcome of the vote on any other Resolution.

Determining entitlement to vote

Subject to the voting exclusions described below, the persons (or their proxies or representatives) who will be entitled to vote on the Resolutions at the Meeting are those persons who are Shareholders at 5.00pm on 8 June 2015.

Voting exclusion statement

In accordance with the Listing Rules and the Takeovers Code, SuperLife and its Associates and Associated Persons may not vote on Resolution 3 (**Excluded Persons**). The Excluded Persons are also precluded from acting as a discretionary proxy of another shareholder entitled to vote on Resolution 3, but may vote on Resolution 3 as a proxy if voting in accordance with the appointing shareholder's express instructions.

Proxies and corporate representatives

Shareholders entitled to attend and vote at the Meeting may appoint a proxy or representative (in the case of a corporate Shareholder) to attend and vote on their behalf. A proxy need not be a Shareholder. Shareholders may appoint "the Chairman of the meeting" as their proxy. It is intended that the Chairman of the Board be the Chairman of the Meeting except in relation to Resolution 1(a) where Mr Shawn Beck will act as Chairman of the Meeting. Mr Tony Nowell and Mr Shawn Beck intend to vote discretionary proxies held by the "Chairman of the meeting" and themselves personally in favour of all of the Resolutions.

Postal voting

Shareholders entitled to attend and vote at the Meeting may cast a postal vote instead of attending in person or appointing a proxy to attend. Wellington's Company Secretary has been authorised by the Board of Wellington to receive and count postal votes at the Meeting.

Return of Voting and Proxy Form

A Voting and Proxy Form accompanies this Notice of Meeting and Explanatory Memorandum.

If a Shareholder wishes to appoint a proxy or representative (in the case of a corporate Shareholder), or cast a postal vote, the Voting and Proxy Form must be received by Wellington no later than 3:00pm on 9 June 2015. The delivery, post, facsimile and email address of Wellington for this purpose is as follows:

Hand delivery : 21 Arrenway Drive, North Harbour, Auckland
Post : PO Box 302-533, North Harbour, Auckland 0751, New Zealand
Facsimile : (09) 479 5540
Email : Ron.Jackson@wdtl.com

If you plan to attend the Meeting, please call Wellington (Jane McMinn) on (09) 477-4500 and advise the numbers attending. Alternatively, you may email Wellington on info@wdtl.com

Glossary

Associated Persons	has the meaning given to that term in the Listing Rules.
Associates	has the meaning given to that term in the Takeovers Code.
Average Market Capitalisation	has the meaning given to that term in the Listing Rules.
Board	the board of Directors.
Directors	the directors of Wellington.
Explanatory Memorandum	the explanatory memorandum set out on pages 4 to 7 of this Notice of Meeting and Explanatory Memorandum.
Independent Expert	Simmons Corporate Finance Limited.
Independent Report	the independent report and appraisal report prepared by the Independent Expert in connection with the allotment of the Underwritten Ordinary Shares.
Issue Price	means 3 cents per Underwritten Ordinary Share.
Listing Rules	the NZX Main Board Listing Rules.
Material Transaction	has the meaning given to that term in the Listing Rules.
Meeting	the meeting of Shareholders to consider the Resolutions to be held on 11 June 2015, at the registered office of Wellington, 21 Arrenway Drive, North Harbour, Auckland commencing at 3:00pm, or at any adjournment, in accordance with the Notice of Meeting.
Notice of Meeting	the notice of meeting set out on page 3 of this Notice of Meeting and Explanatory Memorandum.
Notice of Meeting and Explanatory Memorandum	this notice of meeting and explanatory memorandum dated 18 May 2015.
NZX	NZX Limited.
NZX Main Board	the main board equity security market operated by NZX.
Ordinary Shares	fully paid, ordinary shares in Wellington.
Related Party	has the meaning given to that term in the Listing Rules.
Rights Offer	the pro rata, renounceable rights offer of Ordinary Shares made pursuant to an offer document dated 14 April 2015.
Resolution	a resolution outlined in the Notice of Meeting.
Shareholder	a holder of Ordinary Shares.
SuperLife	SuperLife Limited (or its nominee if applicable).
Takeovers Code	the Takeovers Code, recorded in the Takeovers Code Approval Order 2000 (SR 2000/210) and includes the amendments pursuant to the Takeovers Code Approval Amendments Regulations 2007 (SR 2007/122).
Trading Day	any day on which securities are able to be traded on the NZX Main Board.
Underwriting Agreement	the underwriting agreement entered into between SuperLife and Wellington dated 27 February 2015, as amended.
Voting and Proxy Form	the Admission Card and Appointment of Proxy/Voting Form in respect of the Meeting accompanying this Notice of Meeting and Explanatory Memorandum.
Wellington	Wellington Drive Technologies Limited.

Schedule 1: Ordinary Shares to be allotted

In accordance with Rule 16 of the Takeovers Code it is noted that:

Identity of the Allottee	
<i>Allottee</i>	<p>SuperLife Trustee Nominees Limited is the proposed allottee of the Underwritten Ordinary Shares. In addition, the following persons will become the "controllers" of an increased percentage of Ordinary Shares as a result of the allotment:</p> <ul style="list-style-type: none"> • SuperLife Limited, which is the investment manager of the SuperLife schemes; • MCA NZ Limited, which is an investment advisory firm with delegated authority under an investment consulting agreement with SuperLife Limited to make investment decisions for SuperLife Limited; and • NZX Limited, which is the parent company of SuperLife Limited.
<i>SuperLife's current holding</i>	<p>SuperLife Trustee Nominees Limited (the proposed allottee) currently holds or controls 40,248,276 Ordinary Shares, representing 19.38% of the total voting securities of Wellington as at 18 May 2015.</p> <p>SuperLife and its Associates currently hold or control 41,026,318 Ordinary Shares, representing 19.75% of the total voting securities of Wellington as at 18 May 2015.</p> <p>SuperLife and its Associates also hold 18,625,559 non-voting convertible preference shares, which represent 73.88% of the total convertible preference shares on issue.</p>
Particulars of the Ordinary Shares to be allotted:	
<i>Number of Ordinary Shares</i>	<p>If Resolution 3 is approved, the number of voting securities that will be allotted to SuperLife Trustee Nominees Limited is 24,161,259 Ordinary Shares.</p> <p>Following completion of the allotment, the number of Ordinary Shares which will be held by SuperLife and its Associates is 65,187,577 Ordinary Shares, which consists of:</p> <ul style="list-style-type: none"> • SuperLife and its Associates' current holding of Ordinary Shares (which includes the Ordinary Shares allotted to SuperLife and its Associates under the Rights Offer dated 14 April 2015); and • the 24,161,259 Underwritten Ordinary Shares to be allotted to SuperLife or its Associates should shareholder approval be granted to Resolution 3.
<i>Ordinary Shares issued</i>	<p>If Resolution 3 is approved, the number of Underwritten Ordinary Shares that will be allotted to SuperLife represents 10.42% of the aggregate of all existing Wellington voting securities on issue on completion of the allotment of the Underwritten Ordinary Shares.</p>

<p><i>SuperLife's proportionate holding</i></p>	<p>The percentage of all Wellington voting securities on issue:</p> <ul style="list-style-type: none"> • that will be held or controlled by SuperLife on completion of the allotment of the Underwritten Ordinary Shares is 27.78%; and • that will be held or controlled by SuperLife, and SuperLife's Associates, on completion of the allotment of the Underwritten Ordinary Shares is 28.11%. <p><i>Key assumptions:</i></p> <p>The percentages and numbers of voting securities in Wellington referred to throughout this Notice of Meeting and Explanatory Memorandum have been calculated on the basis that:</p> <ul style="list-style-type: none"> • the number of voting securities on issue is the number of voting securities on issue on 18 May 2015, including partly paid shares; • there is no change in the total number of voting securities on issue between 18 May 2015 and the allotment of the Underwritten Ordinary Shares, other than as a result of the allotment of the Underwritten Ordinary Shares as contemplated by Resolution 3; and • SuperLife and SuperLife's Associates do not acquire or dispose of any additional Ordinary Shares prior to the allotment date of the Underwritten Ordinary Shares.
<p><i>Convertible preference shares</i></p>	<p>SuperLife and its Associates currently hold 18,625,559 convertible preference shares which may convert into a maximum of 465,638,975 Ordinary Shares. A summary of the terms of the allotment of Ordinary Shares on conversion of the convertible preference shares is set out in section 1.4 of the Independent Report. As at the date of this Notice of Meeting, no voting securities have been issued in respect of the conversion of these convertible preference shares, as the date for conversion has not yet occurred.</p> <p>The maximum aggregate percentage of all Wellington voting securities:</p> <ul style="list-style-type: none"> • that could be held or controlled by SuperLife Trustee Nominees Limited after the completion of both the conversion of the convertible preference shares and the allotment of the Underwritten Ordinary Shares is 61.23%; and • that could be held or controlled by SuperLife and its Associates after the completion of both the conversion of the convertible preference shares and the allotment of the Underwritten Ordinary Shares is 61.57%. <p>The number of Ordinary Shares which will be allotted to SuperLife on conversion of these convertible preference shares is dependent upon the operation of the conversion ratio. The theoretical maximum level of voting rights that SuperLife and its Associates will hold as set out above is based on a share price of \$0.01 as at the date of conversion. The conversion ratio and a number of possible conversion scenarios are set out in the Independent Report.</p>

	<p><i>Key assumptions:</i></p> <p>The percentages and numbers of voting securities in Wellington referred to above have been calculated on the basis that:</p> <ul style="list-style-type: none"> the number of voting securities on issue is the number of voting securities on issue on 18 May 2015, including partly paid shares together with the Underwritten Ordinary Shares; there is no change in the total number of voting securities on issue between 18 May 2015 and the conversion of the convertible preference shares, other than as a result of the allotment of the Ordinary Shares on conversion of the convertible preference shares; and SuperLife and its Associates do not acquire or dispose of any additional Ordinary Shares prior to the allotment date of the Ordinary Shares on conversion of the convertible preference shares.
<p>Issue price and date of payment for Ordinary Shares:</p>	
<p><i>Issue price and date for payment</i></p>	<p>The issue price for the Underwritten Ordinary Shares to be issued is \$0.03 per Underwritten Ordinary Share. SuperLife must pay the subscription amount for the relevant Underwritten Ordinary Shares within three Trading Days of Resolution 3 being passed at the Meeting.</p>
<p>The reasons for the allotment:</p>	
<p><i>Purpose of the issue of the Underwritten Ordinary Shares</i></p>	<p>The funds raised from the issue of the Underwritten Ordinary Shares, together with the other funds raised under the Rights Offer, will be used by Wellington to complete commercialisation of its new products, set up manufacturing capability for those products, position inventory to ensure customer delivery needs are met, develop marketing programmes and launch the products successfully.</p>
<p>Exception to Rule 6 of the Takeovers Code:</p>	
<p><i>Approval for purposes of the Takeovers Code</i></p>	<p>If Resolution 3 is approved, the allotment of the Underwritten Ordinary Shares to SuperLife will be permitted under Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.</p>
<p>Statement by Allottee:</p>	
<p><i>Statement by SuperLife</i></p>	<p>Wellington has been advised by SuperLife that no agreements or arrangements (whether legally enforceable or not) have been, or are intended to be, entered into between SuperLife and any other person relating to the allotment, holding or control of the Ordinary Shares to be allotted, or to the exercise of voting rights in Wellington apart from the Investment Consulting Agreement between SuperLife Limited and MCA NZ Limited (an investment consulting firm) dated 8 December 2014 under which SuperLife Limited has delegated to MCA NZ Limited authority to make investment decisions (including voting decisions) for SuperLife Limited in accordance with SuperLife's statement of investment policies and objectives.</p>

Independent adviser's report:

Independent adviser's report

The Independent Report prepared by the Independent Expert, which complies with Rule 18 of the Takeovers Code, is included in the shareholder documentation for the Meeting.

Directors' statement:

Directors' statement for the purposes of Rule 19 of the Takeovers Code

The Directors recommend the approval of the allotment of the Underwritten Ordinary Shares to SuperLife on the grounds that the funds raised from the allotment of those Ordinary Shares will provide the required financial resources to fund Wellington as sales expand, as outlined further above.

Wellington Drive Technologies Limited

Independent Adviser's Report and Appraisal Report

In Respect of the Proposed Underwriting Arrangements and Allotment of Fully Paid Ordinary Shares to SuperLife Limited and its Associates

May 2015

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this Independent Adviser's Report.

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1. Introduction

1.1 Background

Wellington Drive Technologies Limited (**Wellington Drive** or the **Company**) develops, manufactures, markets and sells energy efficient electronic motors, airflow solutions and refrigeration control solutions for the commercial refrigeration markets.

Wellington Drive is listed on the main equities security market (**NZX Main Board**) operated by NZX Limited (**NZX**). The Company's ordinary shares had a market capitalisation of \$4.3 million as at 12 May 2015 and its audited total equity as at 31 December 2014 amounted to \$5.0 million.

A profile of the Company is set out in section 4.

1.2 SuperLife Limited

SuperLife Limited (**SuperLife**) is a specialist financial service solution provider. It provides superannuation, KiwiSaver, investment and insurance solutions to over 45,000 members and has over \$1.2 billion of assets. SuperLife has been in the superannuation business for over 16 years and has over 35 staff. Its main office is located in Auckland.

NZX acquired SuperLife on 16 January 2015. SuperLife's directors are Michael Chamberlain and Owen Nash.

SuperLife was previously owned by Aventine Group Limited (**Aventine**). Aventine also provides superannuation, investment and actuarial consulting services and record keeping services.

Aventine is jointly owned by Ballynagarrick Investments Limited (**Ballynagarrick**) and Naawo Investments Limited (**Naawo**). Ballynagarrick's shareholders and directors are Marian Chamberlain and Michael Chamberlain. Naawo's shareholders and directors are Elizabeth Nash and Owen Nash.

Mr Chamberlain is a director of both SuperLife and Ballynagarrick and has delegated authority to approve transactions in respect of both companies' shareholdings in Wellington Drive.

SuperLife Trustee Nominees Limited (**SuperLife Trustee**) is a related company of SuperLife. On 8 May 2015, it held 24,592,307 ordinary shares in Wellington Drive, representing 19.46% of the Company's ordinary shares on issue. The shares are held in 3 parcels.

On 8 May 2015, Ballynagarrick held 424,387 ordinary shares in the Company, representing 0.34% of the Company's ordinary shares on issue.

We refer to SuperLife, SuperLife Trustee and Ballynagarrick collectively as the **SuperLife Associates**.

Collectively, the SuperLife Associates held 25,016,694 ordinary shares on 8 May 2015, representing:

- 19.80% of Wellington Drive's ordinary shares on issue
- 19.76% of the voting rights in the Company (taking into account the voting rights attached to the partly paid ordinary shares (**PPSs**) on issue).

1.3 Rights Issue and Underwriting Arrangements

Wellington Drive announced on 2 March 2015 that it would undertake a renounceable pro rata rights issue to raise up to \$3.16 million of additional capital (before estimated costs of \$0.16 million) (the **Rights Issue**).

The proceeds from the Rights Issue will be used to invest in the development and commercialisation of new products and working capital that will be needed as sales expand.

SuperLife agreed to underwrite any shortfall of subscriptions under the Rights Issue up to \$3.16 million, subject to shareholder approval (the **Underwriting Arrangements**).

Overview of the Rights Issue

The principal terms of the Rights Issue were:

- only shareholders who are residents of New Zealand were eligible to participate in the Rights Issue
- the rights to subscribe for 5 new ordinary shares for every 6 ordinary shares held as at 17 April 2015 (the **Record Date**), resulting in the issue of up to 105,310,930 new ordinary shares (subject to rounding)
- shareholders on the Record Date were entitled to the rights at no cost
- the rights were renounceable (meaning shareholders could sell or transfer some or all of their rights)
- there was an oversubscription facility for shareholders to apply for ordinary shares in excess of their pro rata entitlement
- the rights were quoted and tradable on the NZX Main Board from 15 April 2015 to 4 May 2015
- the closing date for applying for the new ordinary shares was 8 May 2015 and the new ordinary shares will be allotted on 15 May 2015
- the new ordinary shares were issued at \$0.03 each, payable in full in cash
- subject to shareholder approval, the Rights Issue was fully underwritten by SuperLife.

The full terms of the Rights Issue were set out in the Rights Issue Share Offer document dated 14 April 2015 (the **Offer Document**).

Overview of the Underwriting Arrangements

The principal terms of the Underwriting Arrangements, as documented in the Underwriting Agreement between Wellington Drive and SuperLife dated 27 February 2015 and the Deed of Amendment between Wellington Drive and SuperLife dated 5 May 2015 (collectively the **Underwriting Agreement**), are:

- SuperLife will take up its entitlements under the Rights Issue so as to maintain its current shareholding level
- SuperLife will fully underwrite the Rights Issue
- SuperLife will be paid an underwriting fee of \$100,000, representing 3.17% of the \$3.16 million of capital to be underwritten
- SuperLife may appoint sub-underwriters
- the Underwriting Arrangements are conditional on shareholder approval.

Any shares issued under the Underwriting Arrangements will be issued to SuperLife Trustee as SuperLife's nominee.

1.4 Issue of Mandatory Convertible Preference Shares in 2014

Wellington Drive undertook a pro rata issue of non-voting mandatory convertible preference shares (**MCPS**) in May 2014 to raise \$5.0 million of additional capital (before costs of approximately \$0.3 million) (the **MCPS Issue**).

The MCPS are listed on the NZX Main Board. Their principal terms are:

- the MCPS were issued at \$0.20 each, payable in full in cash
- the MCPS have a term of 3 years and will mandatorily convert into fully paid ordinary shares on 19 May 2017 (the **Conversion Date**)
- the MCPS carry a coupon of 5.0% per annum, payable on a 6 monthly basis, in arrears
- the MCPS rank in priority to ordinary shares in the event of the liquidation of the Company
- the MCPS carry no voting rights
- at the end of the 3 year term, the MCPS will convert to fully paid ordinary shares on the following basis (the **MCPS Conversion**):
 - if the Company's volume weighted average share price (**VWAP**) for the 20 business days immediately prior to the Conversion Date is greater than \$0.24, the conversion will be one for one
 - if the Company's 20 day VWAP immediately prior to the Conversion Date is less than or equal to \$0.24, then the conversion ratio for each MCPS will be $[\$0.20 / (0.80 \times \text{the then share price})]$ to one MCPS (the **Conversion Ratio**).

SuperLife agreed to take up its entitlements in full and also agreed to underwrite any shortfall of subscriptions under the MCPS Issue.

The MCPS Issue closed on 15 May 2014, raising \$2.2 million through the issue of 11,089,519 MCPS (including 5,003,338 issued to the SuperLife Associates).

The Company's shareholders approved an ordinary resolution on 16 June 2014 authorising the Company to:

- allot 13,622,221 MCPS to the SuperLife Associates under the underwriting arrangements
- allot up to 465,638,975 ordinary shares to the SuperLife Associates under the MCPS Conversion, thereby theoretically resulting in the SuperLife Associates holding up to 64.86% of the voting rights in the Company following the MCPS Conversion.

Following the shareholder approval, a further 14,122,221 MCPS were issued on 20 June 2014 (including 13,622,221 issued to the SuperLife Associates), raising a further \$2.8 million.

The SuperLife Associates collectively hold 18,625,559 MCPS, representing 73.88% of the 25,211,740 MCPS on issue.

1.5 Impact on Shareholding Levels and Voting Rights

Levels Prior to the Rights Issue

The Company's shareholders not associated with SuperLife (the **Non-associated Shareholders**) collectively held on 8 May 2015:

- 80.20% of the Company's ordinary shares on issue
- 80.24% of the voting rights in the Company.

Levels Following the Rights Issue

Following the close of the Rights Issue on 8 May 2015, 81,149,671 new ordinary shares were allotted:

- 16,009,624 were allotted to the SuperLife Associates
- 65,140,047 were allotted to the Non-associated Shareholders.

Accordingly, there is a shortfall of 24,161,259 new ordinary shares which SuperLife is required to subscribe for under the Underwriting Arrangements, at a total cost of \$0.7 million.

The allotment of 24,161,259 new ordinary shares to SuperLife under the Underwriting Arrangements will result in the SuperLife Associates holding:

- 28.14% of the Company's ordinary shares on issue (of which SuperLife Trustee will hold 27.80%)
- 28.11% of the voting rights in the Company (of which SuperLife Trustee will hold 27.78%).

Potential Levels After the MCPS Conversion

The minimum and maximum levels of voting rights held by the SuperLife Associates and the Non-associated Shareholders following the MCPS Conversion are set out below, depending upon the number of ordinary shares issued when the MCPS convert in May 2017.

Range of Potential Levels of Voting Rights					
	SuperLife Associates		Non-associated Shareholders		Total Voting Rights
	Voting Rights	%	Voting Rights ¹	%	
Minimum Scenario					
Pre the Rights Issue	25,016,694	19.76%	101,564,881	80.24%	126,581,575
Rights Issue	40,170,883	38.15%	65,140,047	61.85%	105,310,930
Post the Rights Issue	65,187,577	28.11%	166,704,928	71.89%	231,892,505
MCPS Conversion ²	18,625,559	73.88%	6,586,181	26.12%	25,211,740
Post the MCPS Conversion	83,813,136	32.60%	173,291,109	67.40%	257,104,245
Maximum Scenario					
Pre the Rights Issue	25,016,694	19.76%	101,564,881	80.24%	126,581,575
Rights Issue	40,170,883	38.15%	65,140,047	61.85%	105,310,930
Post the Rights Issue	65,187,577	28.11%	166,704,928	71.89%	231,892,505
MCPS Conversion ³	465,638,975	73.88%	164,654,525	26.12%	630,293,500
Post the MCPS Conversion	530,826,552	61.57%	331,359,453	38.43%	862,186,005

¹ Includes the equivalent voting rights of the PPSs
² Share price at Conversion Date > \$0.24 / MCPS converted 1:1
³ Share price at Conversion Date = \$0.01 / MCPS converted at Conversion Ratio

The table below sets out the minimum and maximum levels of voting rights held by the SuperLife Associates, split between SuperLife Trustee and Ballynagarrick.

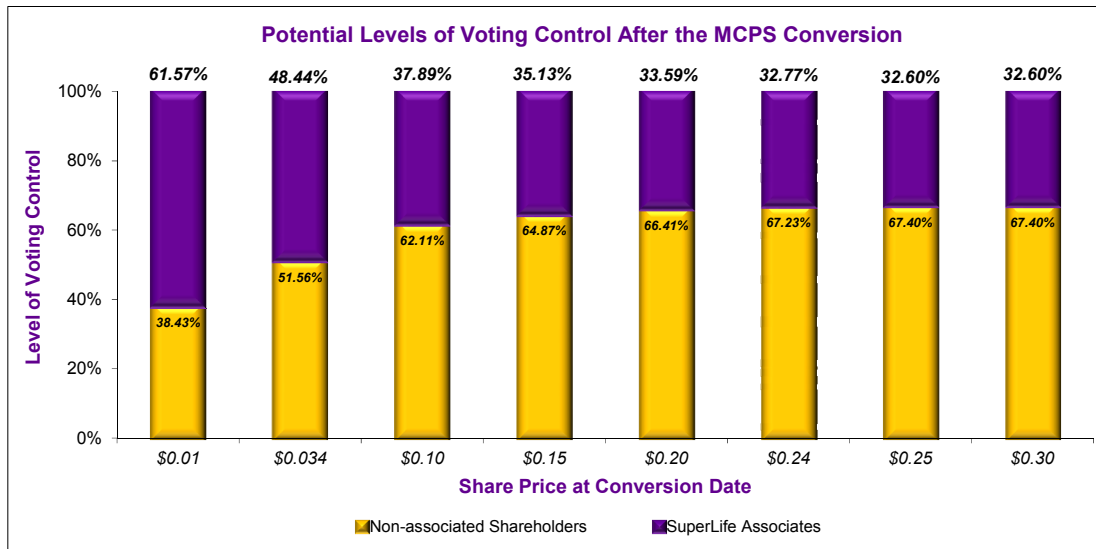
Range of Potential Levels of Voting Rights for the SuperLife Associates					
	SuperLife Trustee		Ballynagarrick		SuperLife Associates Voting Rights
	Voting Rights	%	Voting Rights	%	
Minimum Scenario					
Pre the Rights Issue	24,592,307	19.43%	424,387	0.34%	25,016,694
Rights Issue	39,817,228	37.81%	353,655	0.34%	40,170,883
Post the Rights Issue	64,409,535	27.78%	778,042	0.34%	65,187,577
MCPS Conversion ¹	18,540,682	73.54%	84,877	0.34%	18,625,559
Post the MCPS Conversion	82,950,217	32.26%	862,919	0.34%	83,813,136
Maximum Scenario					
Pre the Rights Issue	24,592,307	19.43%	424,387	0.34%	25,016,694
Rights Issue	39,817,228	37.81%	353,655	0.34%	40,170,883
Post the Rights Issue	64,409,535	27.78%	778,042	0.34%	65,187,577
MCPS Conversion ²	463,517,050	73.54%	2,121,925	0.34%	465,638,975
Post the MCPS Conversion	527,926,585	61.23%	2,899,967	0.34%	530,826,552

¹ Share price at Conversion Date > \$0.24 / MCPS converted 1:1
² Share price at Conversion Date = \$0.01 / MCPS converted at Conversion Ratio

The SuperLife Associates' level of voting rights will be 32.60% if the Company's 20 day VWAP immediately prior to the Conversion Date is above \$0.24 and therefore the MCPS are converted on a one-for-one basis (the **Minimum Scenario**).

The SuperLife Associates' level of voting rights will vary significantly if the Company's 20 day VWAP immediately prior to the Conversion Date is less than or equal to \$0.24 and therefore the MCPS are converted at the Conversion Ratio.

The graph below shows the potential levels of voting rights that the SuperLife Associates will hold, depending on the Company's share price at the Conversion Date.



The theoretical maximum level of voting rights that the SuperLife Associates will hold is 61.57%, based on a share price of \$0.01 as at the Conversion Date (the **Maximum Scenario**). The Company's shares have traded at a one month VWAP of \$0.037.

If the Company's 20 day VWAP immediately prior to the Conversion Date is \$0.034 (ie equivalent to the closing price on 12 May 2014), then the SuperLife Associates will hold 48.44% of the Company's voting rights.

1.6 Annual Meeting

The Non-associated Shareholders will vote on an ordinary resolution in respect of the allotment of ordinary shares to SuperLife's nominee SuperLife Trustee under the Underwriting Arrangements at the Company's annual meeting of shareholders on 11 June 2015 (resolution 3) (the **SuperLife Resolution**).

SuperLife and its associates / associated persons are not permitted to vote on the SuperLife Resolution.

Shareholders will also vote on resolutions in respect of:

- the re-election of Tony Nowell and election of John McMahon as directors (resolution 1)
- authorising the directors to fix the remuneration of the Company's auditor (resolution 2).

1.7 Regulatory Requirements

Takeovers Code

Rule 6 of the Takeovers Code (the **Code**) prohibits:

- a person who holds or controls less than 20% of the voting rights in a code company from increasing its holding or control of voting rights beyond 20%
- a person holding or controlling 20% or more of the voting rights in a code company from increasing its holding or control of voting rights

unless the person and that person's associates comply with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(d) of the Code, enables a person and its associates to increase their holding or control of voting rights by an allotment of shares if the allotment is approved by an ordinary resolution of the code company.

The Underwriting Arrangements will result in the SuperLife Associates increasing their control of the voting rights in Wellington Drive from 19.76% to 28.11%.

Accordingly, the Non-associated Shareholders will vote at the Company's annual meeting on an ordinary resolution in respect of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates in accordance with the Code.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an allotment under Rule 7(d).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 16(h).

NZX Main Board Listing Rules

Listing Rule 7.3.1 of the NZX Main Board Listing Rules (the **Listing Rules**) states that no Issuer shall issue any Equity Securities unless the precise terms and conditions of the specific proposal to issue those Equity Securities have been approved by separate resolutions (passed by a simple majority of votes) of holders of each Class of Quoted Equity Securities of the Issuer whose rights or entitlements could be affected by that issue.

Listing Rule 7.5 states that no issue of Securities shall be made by an Issuer if:

- there is a significant likelihood that the issue will result in any person or group of Associated Persons materially increasing their ability to exercise, or direct the exercise of effective control of that Issuer and
- that person or group of Associated Persons is entitled before the issue to exercise not less than 1% of the total votes attaching to the Securities of the Issuer

unless the precise terms and conditions of the issue have been approved by an ordinary resolution of the Issuer.

The Underwriting Arrangements involve the issue of equity securities which may materially increase the SuperLife Associates' ability to exercise, or direct the exercise of effective control of the Company.

Accordingly, the Non-associated Shareholders will vote at the Company's annual meeting on an ordinary resolution in respect of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates in accordance with the Listing Rules.

Listing Rule 6.2.2 (a) requires an Appraisal Report to be prepared where a meeting will consider a resolution required by Listing Rule 7.5.

Listing Rule 9.2.1 stipulates that an Issuer shall not enter into a Material Transaction if a Related Party is a party to the Material Transaction or to one of a related series of transactions of which the Material Transaction forms part without first obtaining approval of the transaction by way of an ordinary resolution from shareholders not associated with the Related Party.

The issue of ordinary shares to the SuperLife Associates under the Underwriting Arrangements is a Material Transaction and the SuperLife Associates are Related Parties of the Company.

NZX Regulation granted Wellington Drive a waiver from Listing Rule 9.2.1, enabling the Rights Issue to proceed without the requirement to seek shareholder approval prior to the commencement of the Rights Issue.

1.8 Purpose of the Report

The Company's board of directors (the **Board**) has engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 27 January 2015 to prepare the Independent Adviser's Report.

The Board has engaged Simmons Corporate Finance to prepare an Appraisal Report on the fairness of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates in accordance with Listing Rules 6.2.2 (a).

Simmons Corporate Finance was approved by NZX Regulation on 3 March 2015 to prepare the Appraisal Report.

Simmons Corporate Finance issues this Independent Adviser's Report and Appraisal Report to the Board for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the SuperLife Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits and fairness of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates in relation to each shareholder. This report on the merits and fairness of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates is therefore necessarily general in nature.

This Independent Adviser's Report and Appraisal Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the Underwriting Arrangements and the Allotment of Ordinary Shares to the SuperLife Associates

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the allotment of ordinary shares to SuperLife Trustee under the Underwriting Arrangements having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in New Zealand in either the Code or in any statute dealing with securities or commercial law.

In the absence of an explicit definition of *merits*, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers and the Takeovers Code* dated March 2015
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the Underwriting Arrangements should focus on:

- the requirement for the Rights Issue
- the prospects for Wellington Drive without the Rights Issue
- the structure of the Rights Issue
- the terms and conditions of the Underwriting Arrangements
- the alternatives to the Underwriting Arrangements
- the impact of the Underwriting Arrangements on Wellington Drive's financial position
- the impact of the Underwriting Arrangements on the control of the Company
- the impact of the Underwriting Arrangements on Wellington Drive's share price
- other benefits and disadvantages for SuperLife of the Underwriting Arrangements
- the benefits and disadvantages for the Non-associated Shareholders of the Underwriting Arrangements
- the implications if the SuperLife Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Underwriting Arrangements and the Allotment of Ordinary Shares to the SuperLife Associates

Our evaluation of the merits of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates is set out in detail in sections 2.3 to 2.14.

In summary, the positive aspects of the Underwriting Arrangements are:

- the rationale for the Rights Issue and the Underwriting Arrangements is sound
- the structure of the Rights Issue was reasonable:
 - the size was sufficient to fund the launch and commercialisation of the Company's new products
 - all New Zealand resident shareholders were able to participate on a pro rata basis and, if they chose, apply for additional shares
 - the issue price of \$0.03 was at a deep discount to the then current market price
 - the rights were renounceable, meaning that they could be transferred or sold. The rights were quoted on the NZX Main Board
- the terms of the Underwriting Arrangements are reasonable. The underwriting fee of 3.17% of the underwritten amount of \$3.16 million is broadly in line with the average fees paid for similar underwriting arrangements in New Zealand
- the Underwriting Arrangements provide Wellington Drive with the certainty that the Rights Issue will raise \$3.0 million (after costs)
- the Underwriting Arrangements will have a positive impact on the Company's financial position
- the Underwriting Arrangements are unlikely to have any material impact on the liquidity of Wellington Drive's ordinary shares
- the implications of the SuperLife Resolution not being approved by the Non-associated Shareholders are significant. The Company's ability to fund the development and commercialisation of new products will be seriously impacted.

In summary, the negative aspects of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates are:

- the SuperLife Associates' level of voting rights will be 28.11% after the allotment of ordinary shares under the Underwriting Arrangements and will range from 32.60% to up to 61.57% following the MCPS Conversion, depending on the Company's share price at the Conversion Date
- the Underwriting Arrangements will result in the SuperLife Associates significantly increasing their ability to influence the outcome of shareholder voting and exert shareholder control over the Board and the Company's operations

- the dilutionary impact of the Underwriting Arrangements on the Non-associated Shareholders will result in their current collective interests in the Company reducing by 10% following the allotment of ordinary shares under the Underwriting Arrangements
- the Rights Issue was priced at a deep discount to the current share price. Non-associated Shareholders who did not take up their entitlements and did not sell their rights will potentially see a dilution in the value of their investment in the Company
- the attraction of Wellington Drive as a takeover target may reduce.

There are a number of positive and negative features associated with the Underwriting Arrangements. In our view, when the Non-associated Shareholders are evaluating the merits of the transaction, they need to carefully consider whether the negative aspects of the Underwriting Arrangements, including the level of control that the SuperLife Associates will hold over Wellington Drive and the dilutionary impact, could justify voting against the SuperLife Resolution with the outcome that the Company will be undercapitalised and therefore may not be able to fully execute its growth initiatives.

In our opinion, after having regard to all relevant factors, the positive aspects of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates outweigh the negative aspects from the perspective of the Non-associated Shareholders.

2.3 The Requirement for the Rights Issue

The purpose of the Rights Issue is to raise funds to enable Wellington Drive to launch and commercialise new products.

If it is fully subscribed, the Rights Issue will raise \$3.16 million of capital for Wellington Drive (before \$0.16 million of costs). The capital will be used to:

- fund the commercialisation of the Company's new products – particularly the ECR2 motor and the SCSCConnect controller
- set up manufacturing capability for those products
- position inventory to ensure customer delivery needs are met
- develop marketing programs
- launch the products successfully.

2.4 The Prospects for Wellington Drive Without the Underwriting Arrangements

The carrying value of Wellington Drive's equity was \$5.0 million as at 31 December 2014. It had \$1.2 million of cash and cash equivalents and \$4.5 million of borrowings in the form of MCPS at that date.

At the close of the Rights Issue on 8 May 2015, 81,149,671 new ordinary shares were issued, raising \$2.4 million (before costs):

- the SuperLife Associates subscribed for 16,009,624 new ordinary shares, raising \$0.5 million
- the Non-associated Shareholders subscribed for 65,140,047 new ordinary shares (77.1% of their entitlements), raising \$1.9 million.

Accordingly, SuperLife is required to subscribe for a further 24,161,259 new ordinary shares under the Underwriting Arrangements, at a total cost of \$0.7 million.

Without the additional \$0.7 million of funding from the Underwriting Arrangements, the Company will be able to operate but it will not have as much equity capital as the Board considers prudent in order to execute the Company's strategy to develop and commercialise its new products.

2.5 Structure of the Rights Issue

Overview

The Rights Issue was structured as an issue of up to 105,310,930 new ordinary shares to eligible shareholders on 5 for 6 basis at \$0.03 per new share and fully underwritten by SuperLife.

Size of the Rights Issue

The \$3.0 million of capital to be raised under the Rights Issue (after costs) was based on the Board's estimate of the level of capital required to fund the launch and commercialisation of the Company's new products.

Pricing

The Rights Issue was priced at a deep discount to the prevailing share price. The Board set the subscription price at \$0.03 on the basis that it was a 45% discount to the closing share price of \$0.055 as at 8 April 2015.

This level of discount is towards the upper end of the range of discounts observed for rights issues in New Zealand.

Renounceable

The rights were renounceable, meaning that they could be transferred or sold.

The rights were quoted on the NZX Main Board between 15 April 2015 and 4 May 2015. A total of 14,219 rights were traded at a VWAP of \$0.001.

2.6 Underwriting Options

Wellington Drive had the following options regarding the underwriting of the Rights Issue:

- the Underwriting Arrangements as proposed
- it could have sought an alternative underwriter
- it could have undertaken a non-underwritten issue.

Underwriting Arrangements

SuperLife will be paid an underwriting fee of \$100,000, representing 3.17% of the \$3.16 million underwritten by SuperLife.

The payment of underwriting fees to an underwriter is a normal part of a rights issue. The actual fee percentage varies and generally is a function of the discount of the rights price, the size of the issue and the assessment of the risk that the underwriter is assuming (ie the probability that the underwriter will be called upon to purchase any shortfall in subscriptions). Underwriting fees in New Zealand tend to be in the range of 1.5% to 5.0%. The 3.17% underwriting fee is slightly below the midpoint of the range.

SuperLife has the right to sub-underwrite all or part of its underwriting obligations. In such circumstances, SuperLife will be required to meet the costs of any sub-underwrite fees.

We consider the Underwriting Arrangements to be reasonable.

Alternative Underwriter

Given the relatively small size of the Company, the limited number of institutional investors on its shareholder register and the limited liquidity of the Company's shares, we consider it unlikely that the underwriting opportunity would hold appeal to potential underwriters other than a party who was prepared to possibly hold a significant shareholding in Wellington Drive.

We are advised that the Board sought to agree the Underwriting Arrangements with SuperLife rather than seeking alternative underwriters on this basis.

No Underwriter

An alternative option to seeking a different underwriter would be for Wellington Drive to have undertaken the Rights Issue without it being underwritten. In general terms, the greater the discount of the subscription price for the new shares under a rights issue to the current share price, the lower the risk of the rights issue being under subscribed.

A discounted subscription price does not necessarily guarantee the full take-up of a rights issue. Other factors that impact on the likely level of subscription under a rights issue include the demand for the shares (i.e. liquidity and spread of shareholders), the quantum of the required investments (in this case the average required investment was approximately \$390 per Non-associated Shareholder (excluding the 10 largest shareholders)) and the general state of the equity markets.

Given that the demand for Wellington Drive shares is relatively low (based on volumes traded), we are of the view that Wellington Drive would bear considerable risk of not raising the underwritten level of capital of \$3.16 million (before costs) if it did not arrange for the Rights Issue to be underwritten. This has proven to be the case with the Non-associated Shareholders only taking up 77.1% of their entitlements.

2.7 Impact on Financial Position

A summary of Wellington Drive's recent financial position is set out in section 4.8.

Wellington Drive's audited total equity as at 31 December 2014 was \$5.0 million. This equated to \$0.039 per share.

The Underwriting Arrangements ensure that the Rights Issue will raise \$3.0 million (after costs).

For illustrative purposes, if the full proceeds from the Rights Issue were to have been received on 31 December 2014, Wellington Drive's total equity would increase to \$8.0 million and equity per share would decrease marginally to \$0.034 per share.

Illustrative Effect of the Rights Issue on Wellington Drive's Financial Position			
	Equity (\$000)	No. of Shares (000)	Equity / Share (\$)
31 December 2014	4,978	126,373	\$0.039
Rights Issue	3,000 ¹	105,311	\$0.028
Post the Rights Issue	<u>7,978</u>	<u>231,684</u>	<u>\$0.034</u>

¹ After costs

2.8 Impact on Control

Share Capital and Shareholders

Wellington Drive currently has 126,373,117 fully paid ordinary shares on issue held by 2,476 shareholders. The names, number of shares and percentage holding of the Company's 10 largest shareholders as at 8 May 2015 are set out in section 4.4.

Wellington Drive currently has 4 substantial security holders:

- the SuperLife Associates – 19.80% of the fully paid ordinary shares
- various entities associated with Hunter Hall Investment Management Limited (**Hunter Hall**) – 13.53%
- East West Manufacturing LLC (**East West**) – 8.39%
- Harbour Asset Management Limited (**Harbour**) – 5.86%.

The 4 shareholders collectively hold 47.58% of the fully paid ordinary shares in the Company at present and 47.50% of the voting rights.

SuperLife's Potential Shareholding Levels

The allotment of 24,161,259 ordinary shares to SuperLife under the Underwriting Arrangements will result in the SuperLife Associates increasing their control of voting rights in Wellington Drive from 19.76% to 28.11%. The MCPS Conversion in May 2017 will further increase the SuperLife Associates' level of voting rights to between 32.60% and 61.57%.

The SuperLife Associates will increase their control of voting rights in the Company without having to make a formal offer to all shareholders in accordance with Rules 7(a) or 7(b) of the Code. To do this under the Code requires the Non-associated Shareholders to have the opportunity to vote for or against the SuperLife Resolution.

Shareholding Voting

The SuperLife Associates' current level of voting rights of 19.76% does not enable them to pass or block special resolutions (which require the approval of 75% of the votes cast by shareholders) or to pass or block ordinary resolutions (which require the approval of more than 50% of the votes cast by shareholders).

Following the allotment of shares under the Underwriting Arrangements, the SuperLife Associates' ability to influence the outcome of shareholder voting will increase. They will be able to singlehandedly block any special resolution but will still not be able to control the outcome of any ordinary resolution that they were permitted to vote on.

The MCPS Conversion in May 2017 will significantly increase the SuperLife Associates' level of voting rights and significantly strengthen their ability to influence the outcome of shareholder voting. Following the MCPS Conversion, the SuperLife Associates will control up to 61.57% of the Company's voting rights and will likely be able to control the outcome of any ordinary resolution that they were permitted to vote on.

As previously stated, the Non-associated Shareholders approved the increase in the SuperLife Associates' level of voting rights arising from the MCPS Conversion on 16 June 2014. Even if the Non-associated Shareholders voted against the SuperLife Resolution, the MCPS Conversion will still proceed in May 2017.

The ability for any shareholder to influence the outcome of voting on the Company's ordinary resolutions or special resolutions may be reduced by external factors such as the Company's constitution, the Code, the Listing Rules and the Companies Act 1993.

Given the above, we are of the view that the Underwriting Arrangements will significantly increase the SuperLife Associates' ability to exert shareholder control over Wellington Drive.

Ability to Creep

If SuperLife controls more than 50% of the voting rights in the Company, then it will be able to utilise the *creep* provisions of Rule 7(e) of the Code. The *creep* provisions enable entities that hold more than 50% and less than 90% of the voting securities in a code company to buy up to a further 5% of the code company's shares per annum without the need for shareholder approval.

When a shareholder holds 90% or more of the voting rights in a Code company, it can compulsorily acquire the remaining shares in the company in accordance with Part 7 of the Code.

Board Control

As set out in section 4.3, the Company currently has 5 directors, none of whom are deemed to be associates of the SuperLife Associates.

We are advised by the Company that at this point in time, no agreements have been made with SuperLife as to future Board representation following the allotment of ordinary shares under the Underwriting Arrangements.

Operations

We are advised by the Company that the SuperLife Associates currently do not have any influence over the operations of the Company and this is not expected to change following the allotment of ordinary shares under the Underwriting Arrangements.

2.9 Dilutionary Impact

The dilutionary impact of the Underwriting Arrangements on the Non-associated Shareholders will be in the vicinity of 10% if 24,161,259 new ordinary shares are issued to SuperLife under the Underwriting Arrangements.

2.10 Impact on Share Price and Liquidity

Share Price

A summary of Wellington Drive's daily closing share price and daily volume of shares traded from 4 January 2012 is set out in section 4.10.

During the period, Wellington Drive's shares have traded between \$0.034 and \$0.28 at a VWAP of \$0.16.

Given that the Rights Issue subscription price of \$0.03 is at a 12% discount to the current market price, the Company's share price could possibly drop following the approval of the Underwriting Arrangements.

Liquidity

Trading in the Company's shares is relatively thin, reflecting that the SuperLife Associates, Hunter Hall, East West and Harbour collectively hold 47.58% of the fully paid ordinary shares. Only 3.0% of the Company's shares have traded in the past year.

The size of the pool of ordinary shares held by the Non-associated Shareholders will not change under the Underwriting Arrangements.

In our view, the Underwriting Arrangements on their own are unlikely to have a positive or negative effect on the liquidity of Wellington Drive's shares in the near term.

2.11 Key Benefit to the SuperLife Associates

The Underwriting Arrangements provide SuperLife with the opportunity to increase its shareholding (and level of control) in Wellington Drive to a significant level. However, this opportunity only arose because some Non-associated Shareholders chose not to take up their entitlements under the Rights Issue.

2.12 Disadvantages to the SuperLife Associates

Increased Exposure to the Risks of Wellington Drive

The key issues and risks that are likely to impact upon the business operations of Wellington Drive are summarised in section 4.6.

As the SuperLife Associates' ownership in Wellington Drive increases, so does their exposure to these risks. Following the allotment of ordinary shares under the Underwriting Arrangements, the SuperLife Associates' level of voting rights will be 28.11% and will be between 32.60% and 61.57% following the MCPS Conversion. The SuperLife Associates have little control over their ultimate level of shareholding in Wellington Drive as it will be a function of the Company's share price at the Conversion Date.

Further Financial Commitments

The current market value of the SuperLife Associates' holding of ordinary shares was \$0.9 million as at 12 May 2015. SuperLife has also subscribed for \$3.7 million of MCPS.

SuperLife is required to subscribe for 24,161,259 additional ordinary shares under the Underwriting Arrangements at a cost of \$0.7 million. This will increase SuperLife's level of investment in Wellington Drive by 16%.

2.13 Other Issues

All Shareholders Had the Opportunity to Participate in the Rights Issue

The Rights Issue was a pro rata issue to all shareholders. All Non-associated Shareholders who are resident in New Zealand had the opportunity to take up their entitlements to acquire new shares. If all Non-associated Shareholders had taken up their entitlements, then the SuperLife Associates would not increase their level of voting rights in the Company as a result of the Underwriting Arrangements.

Benefits to Wellington Drive of SuperLife as a Cornerstone Shareholder

The major benefit to Wellington Drive of the Underwriting Arrangements is that the Company is certain to obtain the \$3.0 million of funds (after costs) from the Rights Issue.

The Underwriting Arrangements will enhance the SuperLife Associates' position as an important cornerstone investor in the Company and further signals their confidence in the future prospects of Wellington Drive.

Non-associated Shareholder Approval is Required

Pursuant to Rule 7(d) of the Code and Listing Rule 7.5, the Non-associated Shareholders must approve by ordinary resolution the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates.

The allotment of ordinary shares under the Underwriting Arrangements will not proceed unless the Non-associated Shareholders approve the SuperLife Resolution.

May Reduce the Likelihood of a Takeover Offer

The allotment of ordinary shares to the SuperLife Associates under the Underwriting Arrangements will result in the SuperLife Associates' level of voting rights in the Company increasing from 19.76% to 28.11%. This will increase to between 32.60% and 61.57% following the MCPS Conversion.

The SuperLife Associates will not be able to increase the level of their shareholding unless they comply with the provisions of the Code and the Listing Rules. The SuperLife Associates will only be able to acquire more shares in the Company if:

- they make a full or partial takeover offer
- the acquisition is approved by way of an ordinary resolution of the Non-associated Shareholders
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of the Non-associated Shareholders
- the Company undertakes a share buyback that is approved by the Company's shareholders and the SuperLife Associates do not accept the offer of the buyback
- they comply with the *creep* provisions of Rule 7(e) of the Code.

An increase in the SuperLife Associates' control of voting rights to between 28.11% and 61.57% may reduce the likelihood of a takeover offer for the Company from SuperLife as it may consider that it has sufficient control over the Company.

It is possible that if SuperLife did make a takeover offer for further shares in the Company, it may offer a control premium that is lower than would otherwise be expected as it may value its offer on the basis that it already has significant control of the Company and hence does not need to pay a control premium of any significance.

The increase in the SuperLife Associates' shareholding may reduce the attraction of Wellington Drive as a takeover target to other parties, as any bidder looking to fully or partially take over the Company would need to ensure that the SuperLife Associates would accept its offer.

2.14 Implications of the SuperLife Resolution not Being Approved

If the SuperLife Resolution is not approved, then SuperLife will not be able to underwrite the Rights Issue.

The Rights Issue closed on 8 May 2015 with 24,161,259 ordinary shares not subscribed for. If SuperLife cannot subscribe for those ordinary shares under the Underwriting Arrangements then the Company will not receive \$0.7 million of capital.

Unless the Company can raise this capital from alternative sources, this will have a serious adverse impact on Wellington Drive's ability to fund the launch and commercialisation of the ECR2 and SCSCConnect products and the development of further new EC Motor and Smart Controller products.

2.15 Voting For or Against the SuperLife Resolution

Voting for or against the SuperLife Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Evaluation of the Fairness of the Underwriting Arrangements and the Allotment of Ordinary Shares to the SuperLife Associates

3.1 Basis of Evaluation

Listing Rule 1.7.2 requires an Appraisal Report to consider whether the consideration and the terms and conditions of the proposed issue are *fair* to the Non-associated Shareholders.

There is no legal definition of the term *fair* in New Zealand in either the Listing Rules or in any statute dealing with securities or commercial law.

We are of the view that an assessment of the merits of a transaction is a broader test than the fairness of the transaction and encompasses a wider range of issues associated with the transaction. Our assessment of the merits of the allotment of ordinary shares under the Underwriting Arrangements is set out in section 2 and considers the fairness of the likely increase in effective control by the SuperLife Associates in Wellington Drive as well as the fairness of the terms and conditions of the Underwriting Arrangements.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

3.2 Evaluation of the Fairness of the Underwriting Arrangements and the Allotment of Ordinary Shares to the SuperLife Associates for the Purposes of Listing Rule 1.7.2

In our opinion, after having regard to all relevant factors, the consideration and the terms and conditions of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates are fair to the Non-associated Shareholders.

The basis for our opinion is set out in detail in sections 2.3 to 2.14. In summary, the key factors leading to our opinion are:

- the rationale for the Rights Issue and the Underwriting Arrangements is sound
- the terms of the Rights Issue and the Underwriting Arrangements are reasonable
- the Underwriting Arrangements provide Wellington Drive with the certainty that the Rights Issue will raise \$3.0 million (after costs)
- the Underwriting Arrangements will have a positive impact on the Company's financial position
- the SuperLife Associates' level of voting rights will be 28.11% after the allotment of ordinary shares under the Underwriting Arrangements and will range from 32.60% to up to 61.57% following the MCPS Conversion, depending on the Company's share price at the Conversion Date. This will result in the SuperLife Associates significantly increasing their ability to influence the outcome of shareholder voting and exert shareholder control over the Board and the Company's operations

- the dilutionary impact of the Underwriting Arrangements on the Non-associated Shareholders will result in their current collective interests in the Company reducing by 10% following the allotment of ordinary shares under the Underwriting Arrangements
- the Rights Issue was priced at a deep discount to the current share price. Non-associated Shareholders who did not take up their entitlements and did not sell their rights will potentially see a dilution in the value of their investment in the Company
- the Underwriting Arrangements are unlikely to have any material impact on the liquidity of Wellington Drive's ordinary shares
- the attraction of Wellington Drive as a takeover target may reduce
- the implications of the SuperLife Resolution not being approved by the Non-associated Shareholders are significant. The Company's ability to fund the development and commercialisation of new products will be seriously impacted.

3.3 Voting For or Against the SuperLife Resolution

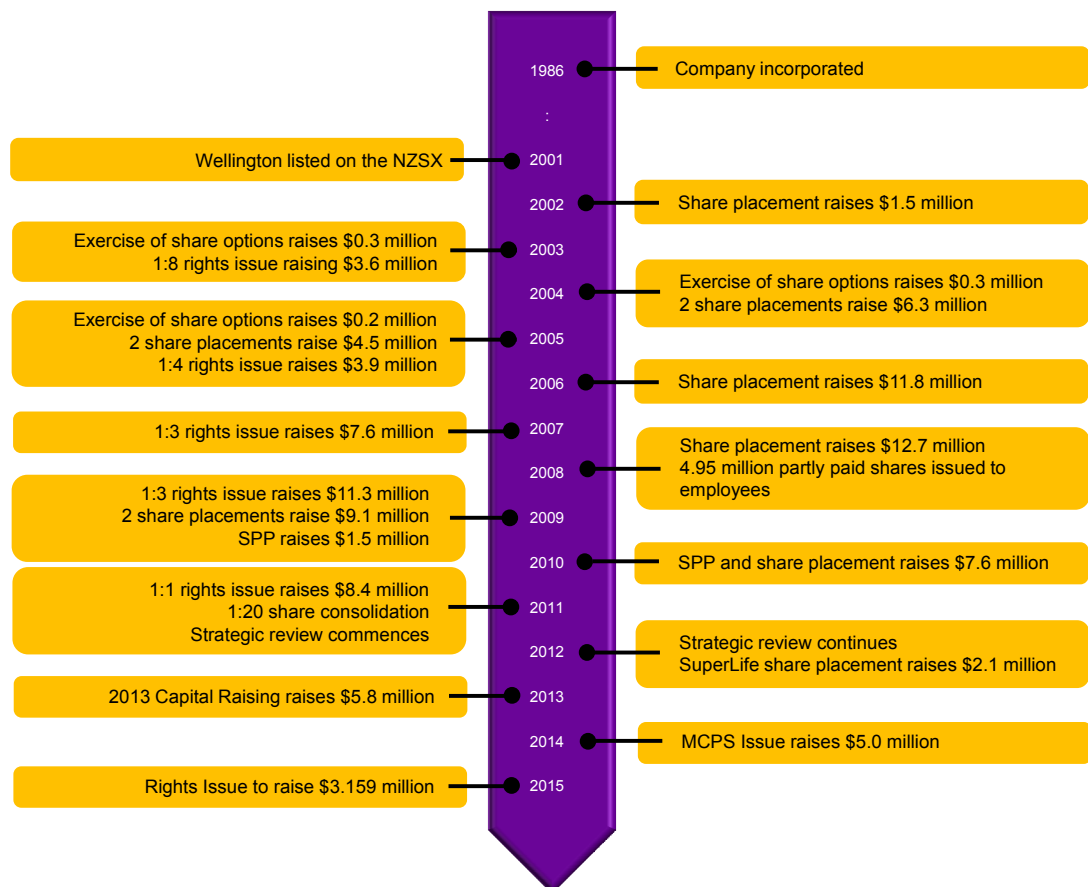
Voting for or against the SuperLife Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

4. Profile of Wellington Drive

4.1 Background

The Company was incorporated on 24 October 1986 as Clark Automotive Development Limited. It changed its name to Cadac Holdings Limited on 28 February 1989, to Cadac Limited on 23 June 1994 and to Wellington Drive Technologies Limited on 30 September 1996.


The Company's key capital market events are set out below.




4.2 Nature of Operations

Wellington Drive focuses on energy saving electronically commutated motors, fans and electronic controllers for refrigerated display cases. The Company's products and solutions use Wellington Drive's proprietary and patented designs which have been developed and refined over the past 20 years to meet the needs of major food and beverage brands and refrigeration manufacturers worldwide.

Wellington Drive is a global organisation with offices in New Zealand, the Americas, Europe and Asia. Since 2004, the Company has delivered over 5 million motors to customers across 26 countries. The Company has a highly skilled engineering team specialising in electronically commutated motors and electronic controls and refrigeration solutions in its Technology Support Centre in Auckland.

The Company displays its  logo on many coolers that contain its products and promotes 3 main product lines:

-  - ECR Series of energy efficient condenser and evaporator motors and fans for commercial refrigerators, beverage merchandisers and vending machines
- *AirMoVent* – Shaded Pole Motors industry standard fans and accessories
- *Intelligent Control Solutions* – electronic control solutions for improving the efficiency and functionality of commercial refrigerators.

4.3 Directors and Senior Management

The directors of Wellington Drive are:

- Shawn Beck
- Lisbeth Jacobs
- John McMahon
- Tony Nowell - Chair
- Gottfried Pausch.

Wellington Drive's senior management team consists of:

- Greg Allen – Chief Executive Officer (**CEO**)
- Steve Hodgson – Senior Vice President Commercial
- David Howell – Chief Technical Officer
- Howard Milliner – Chief Financial Officer
- Ali Karahasanoglu – Sales Director, Europe, Middle East and Africa
- Erick Layseca – Business Development Director, Latin America
- Clayton Thomas – Sales and Marketing Director, Asia Pacific
- Gerardo Gonzalez – Vice President and General Manager, Intelligent Systems Business Unit
- Ron Jackson – Company Secretary.

4.4 Capital Structure and Shareholders

Fully Paid Ordinary Shares

Wellington Drive currently has 126,373,117 fully paid ordinary shares on issue held by 2,476 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 8 May 2015 are set out below.

Wellington Drive's 10 Largest Shareholders		
Shareholder	No. of Shares Held	%
New Zealand Central Securities Depository Limited (NZCSD)	37,889,271	29.98%
SuperLife Trustee	22,272,307	17.62%
East West	10,600,000	8.39%
Investment Custodial Services Limited	5,376,378	4.25%
Michael Daniel, Nigel Burton and Michael Benjamin	2,400,000	1.90%
Raymond Thomson, Tracey Thomson and Alan Fortune	2,378,302	1.88%
SuperLife Trustee	2,085,000	1.65%
ASB Nominees Limited	2,055,285	1.63%
Raymond Thomson, Graeme Thomson and Ronald Sasse	1,644,889	1.30%
FNZ Custodians Limited	1,461,692	1.16%
Subtotal	88,163,124	69.76%
Others (2,466 shareholders)	38,209,993	30.24%
Total	126,373,117	100.00%

Source: NZX Company Research

NZCSD holds the shares on behalf of a number of shareholders, including Hunter Hall and Harbour.

MCPS

Wellington Drive currently has 25,211,740 MCPS held by 233 shareholders.

The names, number of shares and percentage holding of the 10 largest MCPS holders as at 8 May 2015 are set out below.

Wellington Drive's 10 Largest MCPS Holders		
Shareholder	No. of MCPS Held	%
SuperLife Trustee	13,411,580	53.20%
SuperLife Trustee	4,609,559	18.28%
NZCSD	3,211,383	12.74%
ASB Nominees Limited	911,057	3.61%
SuperLife Trustee	519,543	2.06%
Graham Trustees Limited	244,911	0.97%
Ian Douglas and Basil Cook	219,145	0.87%
Kevin Bennett	150,000	0.59%
FNZ Custodians Limited	140,815	0.56%
Brian Paradine	95,182	0.38%
Subtotal	23,513,175	93.26%
Others (223 MCPS holders)	1,698,565	6.74%
Total	25,211,740	100.00%

Source: NZX Company Research

The MCPS are treated as debt instruments for accounting purposes.

Partly Paid Ordinary Shares

Wellington Drive currently has 6,941,462 PPSs on issue.

The Partly Paid Share Scheme was established in June 2008 to enable certain employees to acquire shares in the Company. The key terms of the scheme are:

- the issue price is the VWAP over the 10 trading days prior to the issue date plus a margin (generally 20% to 30%)
- the earliest exercise date is either 2 or 3 years after issue
- \$0.005 per PPS is required to be paid on issue
- after the earliest exercise date, provided the market price for the Company's shares is at that date equal to or greater than the hurdle price (and on or before 2 years after the earliest exercise date), employees can settle the unpaid balance of their PPSs and transfer the shares to their name or the name of their nominated trustee
- Wellington Drive Technologies Share Scheme Trustee Limited acts as trustee holding the PPSs on behalf of employees
- the PPSs are not quoted on the NZX Main Board
- the PPSs are not tradable.

Greg Allen, the Company's CEO, was issued 1,347,329 PPSs in December 2011, 807,665 PPSs in April 2013 and 1,260,587 PPSs in June 2014. 7 executives were issued a total of 1,635,665 PPSs in June 2013 and 15 executives were issued a total of 1,890,216 PPSs in July 2014. The PPSs issued to Mr Allen have a 2 year vesting period and the PPSs issued to the other executives have a 3 year vesting period.

Partly Paid Ordinary Shares						
Issue Date	Earliest Exercise Date	Expiry Exercise Date	Share Hurdle Price	PPS Price	Balance Paid on Exercise	No. of PPSs Outstanding
6 Dec 2011	6 Dec 2013	6 Dec 2015	\$0.2556	\$0.2556	\$0.2506	1,347,329
15 Apr 2013	15 Apr 2015	15 Apr 2017	\$0.1725	\$0.1725	\$0.1675	807,665
24 Jun 2013	24 Jun 2016	24 Jun 2018	\$0.1629	\$0.1629	\$0.1579	1,635,665
18 Jun 2014	18 Jun 2016	18 Jun 2018	\$0.1422	\$0.1422	\$0.1372	1,260,587
23 Jul 2014	23 Jul 2017	23 Jul 2019	\$0.1473	\$0.1473	\$0.1423	1,890,216
			<u>\$0.1740¹</u>	<u>\$0.1740¹</u>	<u>\$0.1690¹</u>	<u>6,941,462</u>

¹ Weighted average price

The PPSs carry voting entitlements proportionate to the amount paid up on each share. In total, the PPSs carry voting rights equivalent to 208,458 fully paid ordinary shares.

US Employee Share Options

Wellington Drive currently has 673,510 options on issue, held by Gerardo Gonzalez (Vice President and General Manager, Intelligent Systems Business Unit) and Clayton Thomas (Sales and Marketing Director, Asia Pacific).

The United States Share Option Plan was established in June 2010 and the Board was authorised to grant up to 3,000,000 options. All options must be exercised within 12 months after the period of 3 years in which the options are granted. The exercise price for the options is the closing sales price on the date of the grant plus a 30% premium.

US Employee Share Options			
Grant Date	Expiry Date	Exercise Price	Options Outstanding
24 Jun 2013	24 Jun 2017	\$0.169	288,647
23 Jul 2014	23 Jul 2018	\$0.143	288,647
21 Aug 2014	21 Aug 2018	\$0.122	96,216
		<u>\$0.151¹</u>	<u>673,510</u>

¹ Weighted average exercise price

Share Warrants

In September 2013, Wellington Drive issued 5,300,000 share warrants to East West. The terms of the warrants allow East West to acquire additional ordinary shares at \$0.20 per share by September 2015.

4.5 Strategic Plan

The Company's current growth strategy is based on 2 key themes:

- *improve core electronic motor and airflow solutions business* – continuous improvement in the core electronic motor and airflow solutions business through customer led product development, executing core *bottle cooler* market growth plans, diversifying motor revenue streams into new market streams, deploying lean business process improvements and delivering continual cost reduction programs
- *develop new Intelligent Solutions business* – innovating for its customers by developing intelligent electronic control solutions that solve their refrigeration systems maintenance problems, provide connectivity solutions that support their market needs and reduce the total cost of ownership for the refrigeration systems.

The 5 main priorities for the Company in 2015 are:

- expanding geographical reach and customer diversification through sales distribution partnerships
- developing new customer relationships and growing revenues in the supermarket sector
- launching the new ECR2 motor (a motor targeted at supporting supermarket display case customers)
- launching the SCSCoconnect fleet management solution (the Company's first Smart Controller product)
- delivering a lower cost, higher capability supply chain with partner East West and other strategic suppliers.

4.6 Key Issues Affecting the Company

The main industry and specific business factors and risks that the Company faces include:

- the development and commercialisation of new products and technology
- a reduction in overall market demand
- the concentration of the Company's customer base amongst a few large customers
- the Company's ability to finance its activities
- circumvention of the Company's intellectual property protection (via legal or illegal means)
- the inadvertent breach of another company's intellectual property
- regulatory or legislative changes including those in respect of energy efficiency
- foreign currency fluctuations that may adversely affect earnings.

4.7 Financial Performance

A summary of Wellington Drive's recent financial performance is set out below.

Summary of Wellington Drive Financial Performance				
	Year to 31 Dec 11 (Audited) \$000	Year to 31 Dec 12 (Audited) \$000	Year to 31 Dec 13 (Audited) \$000	Year to 31 Dec 14 (Audited) \$000
Revenue	34,985	35,562	27,437	17,805
Gross profit	1,719	4,972	5,131	3,196
Loss before interest and taxation	(14,460)	(6,280)	(3,748)	(4,509)
Loss before income tax	(14,472)	(6,319)	(3,763)	(4,474)
Loss for the year	(14,472)	(6,333)	(3,768)	(4,474)
<i>Source: Wellington Drive audited financial statements</i>				

Wellington Drive's revenue increased by 25% in the 2011 financial year due to strengthening of the customer value proposition and acceptance of the product range by key international customers. Geographic areas of growth included America and Europe. The Company launched a restructuring program in 2011, which had the objectives of reducing costs and improving cash. The 2011 result included non-recurring costs of \$5.2 million, reflecting inventory provisioning and restructuring items related to the wind down of the ventilation business, rationalisation of the refrigeration product range and changes to Wellington Drive's organisation structure.

The Company's financial performance improved markedly in the 2012 financial year due to an improvement in gross margins due to the release of stock and warranty provisions no longer required (\$0.7 million) and operational improvements including targeting higher margin sales activities, reductions in operating costs and cost reduction initiatives with major suppliers. Operating expenses decreased as a result of a significant reduction in headcount as a result of ceasing internal manufacturing in Singapore and the benefits of a lean business improvement program focused on eliminating wasteful business processes and reducing associated costs.

Revenue decreased by 23% in the 2013 financial year, due mainly to the exit from the ventilation business. 70% of the Company's revenue was earned in Latin America. Gross margin continued to improve due to supply chain operating cost reduction and execution efficiency. Operating expenses continued to decrease as a result of a continued focus on managing sales, general and administrative expenses, reducing impairment charges and the simplification of business processes.

Revenue decreased by 35% in the 2014 financial year, due mainly to a 46% decrease in Latin America revenue. This was largely due to declining carbonated soft drink volumes in the region, the Mexico sugar tax, competitive pressures in Columbia and Mexico and Argentina foreign currency restrictions stopping the import of motors. Gross margin of 18% was similar to the previous year. Operating expenses decreased by \$1.0 million as a result of the closure of the Singapore office, improvements in operating process efficiencies, reducing / removing overhead costs not directly associated with new product development or adding value for customers and constraining discretionary spend.

4.8 Financial Position

A summary of Wellington Drive's recent financial position is set out below.

Summary of Wellington Drive Financial Position				
	As at 31 Dec 11 (Audited) \$000	As at 31 Dec 12 (Audited) \$000	As at 31 Dec 13 (Audited) \$000	As at 31 Dec 14 (Audited) \$000
Current assets	22,732	14,914	14,882	11,180
Non current assets	3,797	1,773	1,991	3,911
Total assets	<u>26,529</u>	<u>16,687</u>	<u>16,873</u>	<u>15,091</u>
Current liabilities	(14,040)	(9,201)	(7,513)	(5,596)
Non current liabilities	(9)	-	-	(4,517)
Total liabilities	<u>(14,049)</u>	<u>(9,201)</u>	<u>(7,513)</u>	<u>(10,113)</u>
Total equity	<u>12,480</u>	<u>7,486</u>	<u>9,360</u>	<u>4,978</u>

Source: Wellington Drive audited financial statements

Wellington Drive's main current assets are trade receivables and inventories. The Company has significantly reduced its inventory holding from a peak of \$14.2 million as at 31 December 2010 to \$4.7 million as at 31 December 2014.

Wellington Drive's main non current assets are intangible assets, mainly in the form of development costs and patents.

Current liabilities consist mainly of trade and other payables and provisions.

Non current liabilities consist of \$4.5 million of MCPS.

Wellington Drive had cash on hand amounting to \$1.2 million as at 31 December 2014 and \$4.5 million of interest bearing debt at that date in the form of the MCPS.

4.9 Cash Flows

A summary of Wellington Drive’s recent cash flows is set out below.

Summary of Wellington Drive Cash Flows				
	Year to 31 Dec 11 (Audited) \$000	Year to 31 Dec 12 (Audited) \$000	Year to 31 Dec 13 (Audited) \$000	Year to 31 Dec 14 (Audited) \$000
Net cash outflow from operating activities	(6,518)	(3,453)	(2,436)	(4,426)
Net cash used in investing activities	(1,452)	(241)	(1,052)	(2,182)
Net cash from financing activities	8,870	2,001	4,550	4,696
Net increase / (decrease) in cash held	900	(1,693)	1,062	(1,912)
Opening cash balance	2,900	3,628	1,869	2,984
Effect of exchange rate movements	(172)	(66)	53	124
Closing cash balance	3,628	1,869	2,984	1,196

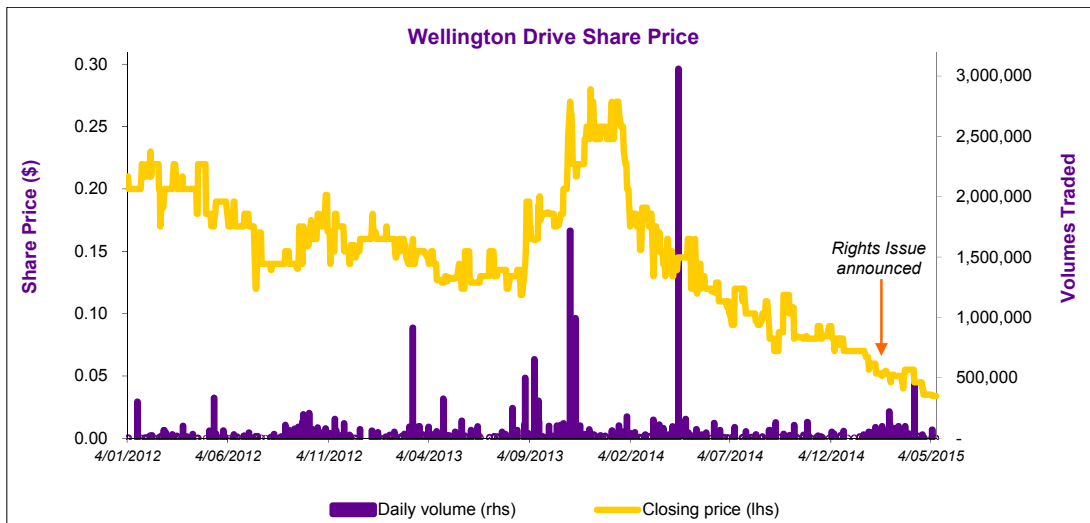
Source: Wellington Drive audited financial statements

Net cash used in investing activities mainly represents expenditure on intangible assets.

Net cash from financing activities includes \$20.8 million of net proceeds from share issues over the 4 years, including \$4.7 million from the MCPS Issue in the 2014 financial year.

4.10 Share Price History

Set out below is a summary of Wellington Drive’s daily closing share price and daily volumes of shares traded from 4 January 2012 to 12 May 2015.



Source: NZX Company Research

During the period, Wellington Drive’s shares have traded between \$0.034 and \$0.28 at a VWAP of \$0.16.

Trading in the Company's shares is extremely thin, reflecting that 47.58% of the shares are currently held by SuperLife, Hunter Hall, East West and Harbour and the top 10 shareholders collectively hold 69.76% of the shares. 3.0% of the Company's shares have traded in the past year on 121 days.

A parcel of 3,059,686 shares traded at \$0.145 on 17 April 2014. The trade appears to have been between funds within one of the major shareholders rather than an arms-length on-market transaction between 2 non-associated parties.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) is set out below.

Share Trading					
Period	Low ¹ (\$)	High ¹ (\$)	VWAP ¹ (\$)	Volume Traded ¹ (000)	Liquidity
1 month	0.034	0.045	0.037	142	0.1%
3 months	0.034	0.060	0.048	1,644	1.3%
6 months	0.034	0.080	0.051	2,019	1.6%
12 months	0.034	0.140	0.073	3,783	3.0%
¹ To 12 May 2015					
Source: NZX Company Research					

A total of 16,263 MCPS have traded on 2 days at a VWAP of \$0.10 since the MCPS commenced trading on the NZX Main Board on 20 May 2014.

5. Sources of Information, Reliance on Information, Disclaimer and Indemnity

5.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of annual meeting
- the Wellington Drive annual reports for the years ended 31 March, 2012 to 2014
- the Offer Document
- the Underwriting Agreement
- data in respect of Wellington Drive from NZX Company Research and Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from the Board and executive management of Wellington Drive and Wellington Drive's legal advisers.

The Board has confirmed that we have been provided for the purpose of this Independent Adviser's Report and Appraisal Report with all information relevant to the Rights Issue and the Underwriting Arrangements that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report and Appraisal Report.

In our opinion, the information to be provided by Wellington Drive to the Non-associated Shareholders is sufficient to enable the Board and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the Underwriting Arrangements and the allotment of ordinary shares to the SuperLife Associates.

5.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Wellington Drive and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Wellington Drive. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

5.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Wellington Drive will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Wellington Drive and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update our report.

We have had no involvement in the preparation of the notice of annual meeting issued by Wellington Drive and have not verified or approved the contents of the notice of annual meeting. We do not accept any responsibility for the contents of the notice of annual meeting except for this report.

5.4 Indemnity

Wellington Drive has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Wellington Drive has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

6. Qualifications and Expertise, Independence, Declarations and Consents

6.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFINZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

6.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Wellington Drive or the SuperLife Associates or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to these transactions.

Simmons Corporate Finance has not had any part in the formulation of the Rights Issue or the Underwriting Arrangements or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the SuperLife Resolution. We will receive no other benefit from the preparation of this report.

6.3 Declarations

An advance draft of this report was provided to the Board for its comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

6.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of annual meeting to be sent to Wellington Drive's shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited
13 May 2015