



9 March 2017

TeamTalk Limited  
Level 3, 20 Kent Terrace  
Wellington  
New Zealand

**By email**

**DESPATCH NOTICE PURSUANT TO RULE 45 OF THE TAKEOVERS CODE**

On 7 February 2017, Spark New Zealand Trading Limited gave notice of its intention to make a full takeover offer to acquire all of the fully paid ordinary shares on issue in TeamTalk Limited ("Offer").

Spark New Zealand Trading Limited hereby gives notice pursuant to Rule 45(1)(a)(i) of the Takeovers Code that the offer document ("Offer Document") in respect of the Offer has been sent to TeamTalk Limited's shareholders in accordance with Rule 43(1) of the Takeovers Code.

Pursuant to Rule 45(1)(a)(ii) of the Takeovers Code, a copy of the Offer Document is attached to this notice.

Yours faithfully  
**Spark New Zealand Trading Limited**

A handwritten signature in black ink, appearing to read "David Chalmers", is written over a horizontal line.

**David Chalmers**  
Director  
Spark New Zealand Trading Limited

cc **The Takeovers Panel**  
Level 3, Solnet House  
70 The Terrace  
PO Box 1171  
Wellington 6011  
By email: [takeovers.panel@takeovers.govt.nz](mailto:takeovers.panel@takeovers.govt.nz)

cc **NZX Limited**  
Level 1, NZX Centre  
11 Cable Street  
Wellington  
By email: [announce@nzx.com](mailto:announce@nzx.com)

cc **Registrar of Companies**  
Level 18, ASB Centre  
135 Albert Street  
Auckland 1010  
By hand



# FULL TAKEOVER OFFER

UNDER THE TAKEOVERS CODE  
BY SPARK NEW ZEALAND TRADING  
LIMITED (A WHOLLY OWNED  
SUBSIDIARY OF SPARK  
NEW ZEALAND LIMITED)

TO PURCHASE ALL OF THE ORDINARY  
SHARES IN TEAMTALK LIMITED FOR

**\$0.80** PER SHARE

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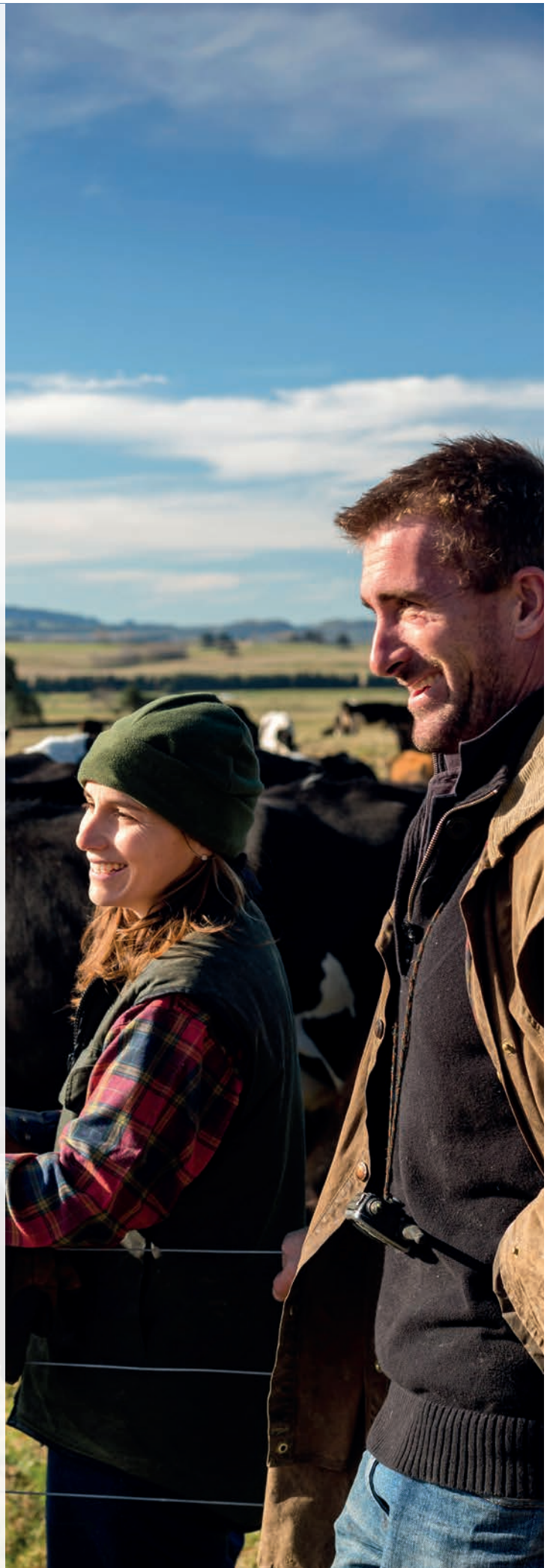
## IMPORTANT

If you are in doubt as to any aspect of this Offer, you should consult your financial or legal adviser.

If you have sold all your shares in TeamTalk Limited to which this Offer applies, you should immediately hand this Offer Document and the accompanying acceptance form to the purchaser or the agent (e.g., the broker) through whom the sale was made, to be passed to the purchaser.

TeamTalk's target company statement, together with an independent adviser's report on the merits of this Offer, either accompanies this Offer or will be sent to you within 14 days and should be read in conjunction with this Offer.

Dated 9 March 2017





# Chairman's letter

9 March 2017

Dear TeamTalk Shareholder,

I am pleased to confirm Spark's Offer to acquire 100% of your TeamTalk shares at an Offer price of NZ\$0.80 per share.<sup>1</sup> I strongly believe that Spark's Offer:

- ▶ Is in the best interests of TeamTalk shareholders, many of whom have seen the value of their investment in TeamTalk erode significantly over recent years;
- ▶ Is more than fair, offering a very attractive and exceptionally high premium;
- ▶ Provides greater certainty to TeamTalk shareholders than possible alternatives; and
- ▶ Is unlikely to be matched by any competing bidders or a turnaround in TeamTalk's performance as a standalone publicly listed company.

## Spark's Offer provides certainty and a fair outcome for TeamTalk shareholders

Over the past 9 months, Spark has made repeated and genuine good-faith efforts to engage with the TeamTalk Board. We have sought access to due diligence information, giving the Board the opportunity to provide information that demonstrates the value of the business. To date, Spark has been provided only limited information, which has not materially changed our view on the value of the business.

Despite what Spark considers to be a lack of meaningful engagement by TeamTalk's Board, we are confirming our Offer at the price of NZ\$0.80 per share. This Offer allows you as a TeamTalk shareholder to achieve a price for your shares that is 78% higher than the last closing price before Spark issued its Notice of Intention.

This 78% premium is one of the highest premiums over the pre-offer market price for any Code takeover on the NZX in at least the last decade. Furthermore, Spark has determined after further investigation to remove the condition related to Overseas Investment Office consent from Spark's Offer.

Spark's Offer therefore provides significantly greater and more immediate certainty than the alternatives advocated by the TeamTalk Board, such as holding your shares in the belief that performance will significantly improve, or a series of possible sales based on a break-up of TeamTalk assets. If a break-up happened, there is no certainty that a higher price would be achieved.

## The TeamTalk business faces strong headwinds, impacting its financial performance

While TeamTalk has a proud history as a challenger within the New Zealand telecommunications market, the market continues to change significantly and rapidly. In particular:

- ▶ The development of a government subsidised fibre network (UFB) has created pressure for the owners of competing fibre (including CityLink);
- ▶ At the same time, CityLink needs to invest significant sums to underground portions of its Wellington fibre due to the retirement of the trolley-bus network;
- ▶ For retailers such as Farmside, a common input price (for copper and fibre) has led to an intensely competitive broadband market;
- ▶ The extension of rural communication networks (delivered over high-speed copper and mobile networks) has reduced the market for niche satellite services of the type offered by Farmside; and
- ▶ The increasing coverage and performance of mobile networks has challenged the role of mobile radio networks, a core element of TeamTalk's business.



**Mark Verbiest**  
Chairman

<sup>1</sup> The entity making the offer is Spark New Zealand Trading Limited ('Spark'), a wholly owned subsidiary of Spark New Zealand Limited. The offer is made for 100% of the fully paid ordinary shares in TeamTalk Limited ('TeamTalk').

## Chairman's letter

For TeamTalk, these challenges have resulted in a series of earnings downgrades, as margins have come under increasing pressure. This was again highlighted in TeamTalk's first half result for FY17, released on 1 March 2017. Compared with the first half result for FY16:

- ▶ EBITDA declined 5.4%, reflecting revenue decline and cost increases;
- ▶ While TeamTalk highlighted growth in profit and earnings per share, these improvements were not driven by improved operating performance – underlying net profit before tax was down materially;<sup>2</sup>
- ▶ Farmside's revenue declined 7.9%, and its EBITDA declined 91.7%;
- ▶ Capital expenditure more than doubled from \$2.6m to \$5.5m, with the majority of this capital expenditure occurring in the poorly performing Farmside division.

The Board has also indicated the need to fund significant capital requirements across TeamTalk in the coming years. Despite having recently agreed terms for a new banking facility, TeamTalk remains close to its banking limits (with total borrowings of \$33.9m<sup>3</sup> and a facility limit of \$35.0m<sup>4</sup>), and must meet an agreed debt repayment schedule. TeamTalk has indicated that it will consider a resumption of dividends in 2018, however its ability to do so appears to us to be limited given its 1H17 financial result, current debt levels, large reduction in debt targeted by June 2018, and future capital expenditure requirements per TeamTalk's own guidance.<sup>5</sup>

### We do not believe TeamTalk can deliver a better outcome for its shareholders than Spark's Offer

Combined, and in the absence of new information, these factors must create significant uncertainty for TeamTalk shareholders. We believe that without Spark's Offer to acquire the business, you could reasonably expect TeamTalk's share price to fall significantly. We do not believe that TeamTalk will be able to deliver the required turnaround in performance to generate a better outcome for shareholders than Spark's Offer.

The TeamTalk Board has suggested there is significant value in the business above Spark's Offer price, based on its new strategic business plan. At the time of preparing this document for you, we have yet to see any evidence of the new business plan, or receive a copy of it from the TeamTalk Board. TeamTalk's business plan could take many years to deliver value for your shares equivalent to Spark's Offer, with no certainty that it ever will. We also note that no other proposals for a partial or full sale of TeamTalk have been put to shareholders since Spark issued its Notice of Intention, and there is no certainty that any alternative offers to Spark's will eventuate.

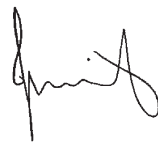
### We hope that you will choose to accept our Offer by 22nd April 2017

We hope that you will choose to accept our Offer, and we encourage you to read the Offer documentation carefully before you do so. Unless it is extended in accordance with the Takeovers Code, our Offer closes at 11:59pm on 22nd April 2017. We encourage you to accept as soon as possible.

Please note that the Offer is subject to a number of conditions, including a minimum acceptance condition and other conditions outlined in Section 4 of this Offer Document. Spark has reserved the right to waive any condition to the extent permitted by law, including the 90% minimum acceptance condition.

This document details the next steps and the actions we would like you to take. If you have any questions, or would like to discuss our Offer in more detail, please contact your financial advisor or Link Market Services. You can register for updates at [SparkOffer@linkmarketservices.co.nz](mailto:SparkOffer@linkmarketservices.co.nz).

Yours sincerely,



**Mark Verbiest**

Chairman

Spark New Zealand Limited

2. Reported profit and earnings per share includes realised and non-realised gains/ (losses) on the fair value of TeamTalk's finance derivatives. These movements are driven by changes in interest rates and not operating performance. Removal of these in both periods (a \$451k gain in 1H17 and a loss of \$75k in 1H16) meant Net Profit Before Tax was down 16.6% between 1H17 and 1H16.

3. As at 31 December 2016.

4. As announced by TTK at 3:01pm on 28 February 2017.

5. TeamTalk's 1H17 result presentation stated a 33% target reduction in debt for the June 2016 to June 2018 period, and provided guidance that capital expenditure for FY17 to FY20 would be 12-14% of revenue to enable transformation of the mobile radio and fibre networks.

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# Summary of Offer

On 7 February 2017 ("**Notice Date**"), Spark New Zealand Trading Limited ("**Spark**"), a wholly owned subsidiary of Spark New Zealand Limited, announced that it intended to make a full offer under the Takeovers Code for all of the fully paid ordinary shares ("**TeamTalk Shares**") in TeamTalk Limited ("**TeamTalk**"). As at the date of the Offer Document, Spark does not own any TeamTalk Shares.

The key terms of the Offer are:

<b>OFFER PRICE</b>	<b>\$0.80</b> in cash for each TeamTalk Share.
<b>FULL OFFER</b>	The Offer is for 100% of the TeamTalk Shares.
<b>HOW TO ACCEPT</b>	If you wish to <b>ACCEPT</b> the Offer, please refer to the section " <b>How to accept the Offer</b> " on pages 10 to 11 of this Offer Document and the Acceptance Form enclosed with this Offer Document.
<b>CONDITIONS</b>	<p>The Offer is conditional on the Conditions set out in clauses 4.1, 4.2 and 4.3 of the Terms and Conditions of the Offer on pages 12 to 18 of this Offer Document.</p> <p>These conditions include:</p> <ul style="list-style-type: none"> <li>▶ the receipt by Spark of acceptances which will result in Spark becoming the holder or controller of 90% or more of the voting rights in TeamTalk. Spark is able to waive this condition, and, if it does, the Offer will be conditional on the receipt by Spark of acceptances which will result in Spark becoming the holder or controller of more than 50% of the voting rights in TeamTalk; and</li> <li>▶ a clearance being given, or authorisation being granted, under the Commerce Act 1986 for Spark to complete the acquisition of the TeamTalk Shares in accordance with the Offer.</li> </ul> <p>These conditions can be waived in whole or in part by Spark at its absolute discretion in accordance with clause 4.5 of this Offer Document.</p>
<b>OFFER PERIOD</b>	The Offer is dated 9 March 2017 (" <b>Offer Date</b> ") and remains open for acceptance until 11.59 pm on 22 April 2017 (" <b>Closing Time</b> ") (unless extended in accordance with the Takeovers Code).

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**PAYMENT DATE**

If you accept the Offer you will be paid the consideration for your TeamTalk Shares in New Zealand dollars no later than seven days after the later of the date on which your acceptance is received by Spark, the date on which the Offer is declared unconditional or 22 April 2017.

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**NO BROKERAGE COSTS**

You will not pay any brokerage costs if you accept the Offer.

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**IMPORTANT CONTACTS**

If you have any questions about the Offer or you require further copies of this Offer Document and enclosures (including the Acceptance Form and the reply paid envelopes) you should contact the share registrar for the Offer, Link Market Services Limited.

Telephone: (09) 375 5998

Facsimile: (09) 375 5990

Email: **SparkOffer@linkmarketservices.co.nz**

Alternatively, you should contact your financial or legal adviser.

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**THIS IS ONLY A SUMMARY OF THE OFFER.**

**THE DETAILED TERMS AND CONDITIONS OF THE OFFER ARE SET OUT ON PAGES 12 TO 18 OF THIS OFFER DOCUMENT. YOU SHOULD READ THOSE TERMS AND CONDITIONS CAREFULLY.**



# Why you should accept this Offer

This section sets out Spark's views on the merits of the Offer. It is not the Independent Expert's Report on the merits of the Offer.

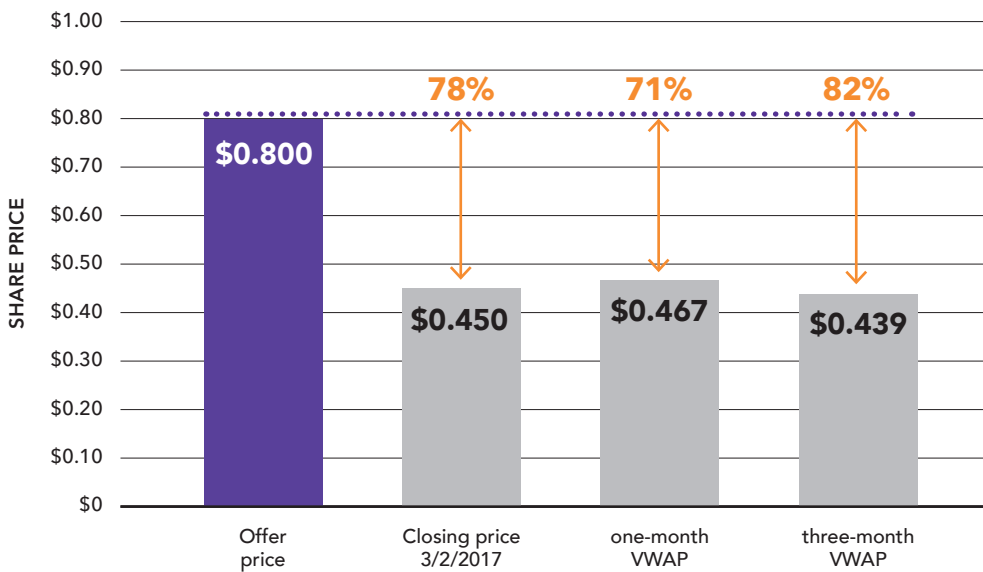
## 1.

### SPARK'S OFFER IS AT A SIGNIFICANT PREMIUM TO THE RECENT TEAMTALK SHARE PRICE ON A VARIETY OF MEASURES.

► The Offer price of NZ\$0.80 per share in cash represents a:

<b>78%</b>	<b>71%</b>	<b>82%</b>
Premium to the closing price of TeamTalk shares on 3/2/2017	Premium to the one-month VWAP <sup>6</sup> of TeamTalk shares	Premium to the three-month VWAP <sup>7</sup> of TeamTalk shares

Offer price premium to recent TeamTalk share price



6. VWAP means the volume weighted average price at which TeamTalk Shares have traded on the NZX Main Board for the relevant period. VWAP is calculated as the total dollar value of shares traded, divided by the total volume (or number) of shares traded during the period referred to. VWAPs have been calculated up to and including market close as of Friday, 3<sup>rd</sup> of February 2017.

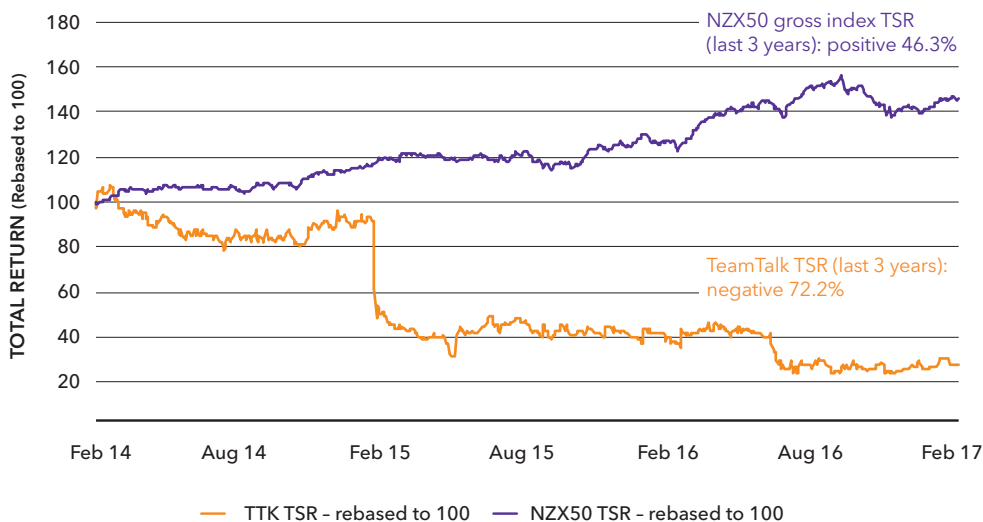
7. See footnote (6) above.

2.

## TEAMTALK SHARES HAVE SIGNIFICANTLY UNDERPERFORMED RELATIVE TO THE NEW ZEALAND MARKET OVER THE LAST THREE YEARS. TEAMTALK'S SHARE PRICE HAS BEEN IMPACTED BY OPERATIONAL ISSUES AND MULTIPLE EARNINGS DOWNGRADES.

- ▶ Over the last three years, TeamTalk shares have delivered significantly lower total returns for investors than the NZX50 gross return index on a Total Shareholder Return (TSR) basis.<sup>8</sup>
- ▶ On this measure, TeamTalk shares have returned negative 72.2% over the past three years, compared to positive 46.3% returned by the NZX50 gross return index during the same time period.
- ▶ TeamTalk's share price has also been impacted by a number of profit downgrades and other negative announcements over the last three years. Over the last three years TeamTalk's share price has declined 78.0%.
- ▶ In July and August 2016, the TeamTalk board commissioned a strategic review and appointed a new CEO and CFO, but to date that strategy has not delivered material value to TeamTalk's shareholders.
- ▶ This Offer allows TeamTalk Shareholders who have held shares over that period the opportunity to make up some of this underperformance.

Total shareholder return (TSR)<sup>9</sup> from investing in TeamTalk shares vs the NZX50 gross return index over the last three years



Examples of earnings downgrades and other negative announcements include:

**7TH JUNE 2013:**  
FY13 update - 2013 full year earnings expectations reduced.

**26TH FEBRUARY 2014:**  
1H14 results released - future dividend payments reduced.

**27TH AUGUST 2014**  
FY14 results released - Farmside write-down.

**23RD JANUARY 2015**  
Profit downgrade - profit expectations revised down on expectations and the prior period, cash generation weaker, debt higher.

**13TH APRIL 2016**  
Managing Director, David Ware, resigns.

**10TH JUNE 2016**  
Earnings downgrade - negative impact on financial results of several million dollars of additional capital expenditure, customer equipment write-downs, results below expectations with second half EBITDA down on first half, non-cash charges and write-offs mean that reported earnings for the second half will be negative, dividend suspended.

8. Total shareholder return (TSR) incorporates returns from both share price movements and reinvested cash dividends. Consistent with the NZX50 gross return index calculation methodology, cash dividends are assumed to be reinvested after market close on the ex-dividend date (dividend imputation credits are not included in the gross return calculation).

9. See footnote (8) above.

## Why you should accept this Offer

### 3.

## TEAMTALK FACES A NUMBER OF BUSINESS CHANGES AND CHALLENGES, WHICH REPRESENT SUBSTANTIAL NEAR-TERM UNCERTAINTY, AND ARE LIKELY TO HAVE A NEGATIVE IMPACT ON THE FINANCIAL PERFORMANCE OF THE BUSINESS.

- ▶ **Migration to RBI / upgraded satellite services:** TeamTalk has faced a significant challenge from the Government's "Rural Broadband Initiative" ("RBI") - a Government program to ensure rural New Zealanders have access to faster and more reliable internet access. This has created competition for TeamTalk's Farmside satellite broadband product, impacting Farmside's financial performance.
  - RBI solutions offer faster speeds and have a lower capital cost, and as such, TeamTalk has been forced to migrate customers to RBI solutions.
  - The effect of each customer migration is a decline in TeamTalk's revenue, capital expenditure incurred, and a write-off of any remaining value in its satellite installation.
  - For context, Farmside EBITDA decreased from NZ\$2.5m in FY15 to NZ\$1.4m in FY16, and TeamTalk recognised a NZ\$1.8m impairment of fixed assets and inventory and a NZ\$1.0m impairment of goodwill in FY16.
  - Further cost, capital expenditure and impairments are expected as TeamTalk continues to migrate customers to RBI and begins migration to a new alternative satellite supplier. The timing and magnitude of these costs are uncertain and have not been articulated by the company. This is likely to negatively impact TeamTalk's future value.
- ▶ **Migration of parts of TeamTalk's Wellington fibre network:** TeamTalk has stated that CityLink will need to migrate parts of its Wellington fibre network off the city's trolley bus infrastructure (as that part of Wellington's transport network will be replaced over the next few years).
  - TeamTalk has indicated this will be a "major, multi-million dollar undertaking", but, again, the timing and magnitude of the financial impact on TeamTalk has not been articulated. This is likely to negatively impact TeamTalk's future value.

## 4.

## THE OFFER CONSIDERATION IS ALL CASH FOR 100% OF YOUR SHARES AND REPRESENTS AN ATTRACTIVE OPPORTUNITY TO SELL.

- ▶ The consideration offered to TeamTalk shareholders is 100% cash, and Spark's Offer is for all of your TeamTalk shares.
- ▶ If you accept the Offer and the Offer becomes unconditional, you will be paid the consideration for your TeamTalk shares in New Zealand dollars no later than seven days after the latest of the date on which your acceptance is received, the closing date and the date on which the Offer is declared unconditional. The Offer provides you the ability to sell your shareholding in TeamTalk at an attractive price. TeamTalk's lack of liquidity means that, should you wish to sell your TeamTalk shares on-market at any point, you may struggle to find a buyer at the price you wish to sell.
  - For a number of years there has been limited liquidity in TeamTalk shares. In the 12 months up to and including 3/2/2017, there was an average of 21,630<sup>10</sup> shares traded per day (representing 0.10% of TeamTalk's current free float shares outstanding<sup>11</sup> and an average daily trading value of NZ\$11,882)<sup>12</sup>.
- ▶ You will not incur any brokerage costs in relation to the sale of your TeamTalk shares under the Offer.

<sup>10</sup>. Source: IRESS.

<sup>11</sup>. Source: IRESS, Thomson Reuters EIKON.

<sup>12</sup>. Source: IRESS.

## 5.

## SPARK'S OFFER IS CURRENTLY THE ONLY OFFER AVAILABLE TO SHAREHOLDERS, AND IN THE ABSENCE OF THIS OFFER, THE TEAMTALK SHARE PRICE IS LIKELY TO TRADE AT A MATERIAL DISCOUNT TO THE OFFER PRICE.

- ▶ Spark believes that no other competing offer is likely to be forthcoming given the absence of any other offers during a prolonged period of underperformance by TeamTalk, as evidenced by the 78.0% decline in TeamTalk's share price over the past three years.
- ▶ Should the Offer not proceed, Spark believes that it is likely that the TeamTalk share price will trade materially below the Offer price. The last time the TeamTalk share price was at or above \$0.80 was 24/09/2015 and it has consistently been below \$0.80 since that date.

# How to accept the Offer

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<b>CLOSING TIME</b>	<p>The Offer is scheduled to close at 11.59 pm on 22 April 2017 (unless extended in accordance with the Takeovers Code).</p> <p>If you wish to <b>ACCEPT</b> the Offer you must ensure that your Acceptance Form is received by Spark before the Closing Time.</p>
<b>HOW TO ACCEPT</b>	<p>To <b>ACCEPT</b> the Offer by Spark, you should complete the Acceptance Form enclosed with this Offer Document in accordance with the instructions set out on that form and then return that form in the reply paid envelope provided or to the address set out below.</p>
<b>ADDRESS FOR ACCEPTANCE</b>	<p>You should <b>deliver or mail</b> the completed Acceptance Form in the enclosed reply paid envelope to Spark at the following address:</p>
<b>POST</b>	<p><b>Spark New Zealand Trading Limited</b> c/- Link Market Services Limited PO Box 91976 Auckland 1142 New Zealand</p>
<b>DELIVERY</b>	<p><b>Spark New Zealand Trading Limited</b> c/- Link Market Services Limited Level 11, Deloitte Centre 80 Queen Street Auckland 1010 New Zealand</p>
<b>FACSIMILE</b>	<p>You may also fax your completed Acceptance Form to Spark at:</p> <p><b>Spark New Zealand Trading Limited</b> c/- Link Market Services Limited (09) 375 5990</p>
<b>EMAIL</b>	<p>You may also scan and email your completed Acceptance Form to Spark at:</p> <p><b>Spark New Zealand Trading Limited</b> c/- Link Market Services Limited <b>SparkOffer@linkmarketservices.co.nz</b></p>

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**IMPORTANT**

**ACCEPTANCES MUST BE RECEIVED BY OR POST MARKED NOT LATER THAN 11.59 PM ON 22 APRIL 2017** (unless the Offer Period is extended in accordance with the Takeovers Code).

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**IF YOU HAVE SOLD ALL YOUR TEAMTALK SHARES**

If you have sold all of your TeamTalk Shares, please send this Offer Document and all enclosures (including the Acceptance Form) immediately to the new TeamTalk Shareholder or agent (e.g., the broker through whom the sale was made) requesting that they be forwarded to the new TeamTalk Shareholder.

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**IF YOU HAVE SOLD SOME OF YOUR TEAMTALK SHARES**

If you have sold some of your TeamTalk Shares and wish to **ACCEPT** the Offer in respect of the TeamTalk Shares you have retained, please alter the total holding printed on the Acceptance Form to the number of TeamTalk Shares which you have retained, initial the change and forward the amended Acceptance Form in the reply paid envelope supplied to Spark.

You may also fax or scan and email your amended Acceptance Form to Spark New Zealand Trading Limited, c/- Link Market Services Limited on +64 9 375 5990 or **SparkOffer@linkmarketservices.co.nz**.

Upon receipt of the amended Acceptance Form, Spark will re-calculate the amount of cash to which you are entitled to reflect the number of TeamTalk Shares for which you have accepted the Offer.

Please also advise the purchaser(s) of your TeamTalk Shares, or request the broker through whom you made the sale to advise the purchaser(s) of your TeamTalk Shares, of the Offer and that copies of this Offer Document are available from Link Market Services Limited.

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**IF YOU HAVE LOST YOUR ACCEPTANCE FORM OR IF YOU HAVE ANY OTHER QUESTIONS IN RELATION TO THE OFFER**

If you have lost your Acceptance Form or if you have any other questions in relation to the Offer, please contact Link Market Services Limited on (09) 375 5998 or email **SparkOffer@linkmarketservices.co.nz**

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# Terms and conditions of the Offer

Full offer by Spark New Zealand Trading Limited to purchase all of the ordinary shares in TeamTalk Limited.

Date of Offer: 9 March 2017

## 1. THE OFFER

### 1.1 TeamTalk Shares

Spark New Zealand Trading Limited ("**Spark**") offers to acquire, on the terms and conditions set out in this Offer Document, all of the fully paid ordinary shares in TeamTalk Limited ("**TeamTalk**") (all such shares are referred to in this Offer Document as the "**TeamTalk Shares**").

### 1.2 Offer Period

The Offer will remain open for acceptance for the period from the date of the Offer until and including the Closing Time of 11.59 pm on 22 April 2017 (the "**Offer Period**") unless the Offer is withdrawn in accordance with the Takeovers Code and every person is released from every obligation incurred under the terms of it, or it lapses in accordance with its terms. Spark may extend the Offer Period, subject to the provisions of the Takeovers Code. The date the Offer expires is referred to in this Offer Document as the "**Closing Time**".

### 1.3 Persons who may accept

The Offer is open for acceptance by any person who holds TeamTalk Shares, whether acquired before or on or after the date of the Offer, upon production of satisfactory evidence of such person's entitlement to those TeamTalk Shares.

### 1.4 Acceptance Form

The enclosed Acceptance Form comprises part of the terms of the Offer.

### 1.5 Terms and Conditions of Offer

The Offer is also made subject to the further terms and conditions set out in clauses 2 to 8 below and to the Takeovers Code.

## 2. CONSIDERATION

**2.1** The consideration offered for each TeamTalk Share is \$0.80 in cash (subject to any adjustment in accordance with clauses 5.1 to 5.4).

**2.2** The consideration for the Offer will be paid by Spark by cheque sent by ordinary mail or paid by electronic transfer to TeamTalk Shareholders whose TeamTalk Shares are taken up under the Offer not later than seven days after the later of:

- the date the Offer becomes unconditional;
- the date on which an acceptance is received by Spark; or
- 22 April 2017.

Accepting TeamTalk Shareholders may elect their preferred method of payment on the Acceptance Form.

**2.3** If the consideration for the Offer is not sent within the period specified in clause 2.2 to any TeamTalk Shareholder whose TeamTalk Shares are taken up under the Offer, that TeamTalk Shareholder may withdraw his or her acceptance of the Offer by giving notice in writing to Spark, provided that such TeamTalk Shareholder has first given Spark seven days' written notice of that person's intention to do so. This right to withdraw acceptance of the Offer will not apply if the TeamTalk Shareholder receives the consideration during the seven day notice period referred to in the previous sentence.

## 3. HOW TO ACCEPT THE OFFER

**3.1** If you wish to accept the Offer, you need only:

- complete the enclosed Acceptance Form in accordance with the instructions set out on that Acceptance Form; and
- return the completed Acceptance Form in the enclosed reply paid envelope as soon as possible, but in any event so as to be received by Spark by, or post-marked not later than, the Closing Time. If the reply paid envelope has been mislaid, please post your completed acceptance form to:

Spark New Zealand Trading Limited  
c/- Link Market Services Limited  
PO Box 91976  
Auckland 1142  
New Zealand

You may also fax your completed Acceptance Form to Spark, c/- Link Market Services Limited on (09) 375 5990 or email a scanned copy to [SparkOffer@linkmarketservices.co.nz](mailto:SparkOffer@linkmarketservices.co.nz)

No acknowledgement of the receipt of the acceptances of the Offer will be issued by, or on behalf of, Spark.

**3.2** Spark may, in its sole discretion, treat any Acceptance Form as valid notwithstanding that it does not comply with this clause 3, and may, in its sole discretion, rectify any errors in, or omissions from, any Acceptance Form to enable that form to constitute a valid acceptance of the Offer and to facilitate registration of the transfer of the relevant TeamTalk Shares. Spark may, in its discretion, allow for acceptance in any other manner it wishes.

**3.3** Acceptance of the Offer by a TeamTalk Shareholder (each such person an "**Acceptor**") constitutes a contract between that Acceptor and Spark on the terms and subject to the conditions of the Offer. Other than in the circumstances set out in clause 2.3 and clause 3.4, acceptances of the Offer are irrevocable and you may not withdraw your acceptance during the time the Offer is open for acceptance, whether or not there has been any variation of the Offer in accordance with the Takeovers Code.

3.4 Spark shall be released from its obligations under the Offer, and arising from acceptance of the Offer, if:

- (a) the Offer is withdrawn with the consent of the Takeovers Panel; or
- (b) the Offer lapses as a result of any condition contained in the Offer not being satisfied or waived by the date specified as the latest date for satisfaction of that Condition or in the circumstances referred to in clause 4.8.

3.5 Legal and beneficial ownership, and title, to the TeamTalk Shares which are the subject of an acceptance of the Offer shall pass to Spark, and the registration of the transfer of those TeamTalk Shares shall take place, contemporaneously with the consideration for such TeamTalk Shares being sent in accordance with clause 2.2.

3.6 Spark may choose to engage the services of one or more Primary Market Participants (in terms of the NZX Participant Rules) or other financial advisory firms ("**Brokers**") to contact holders of TeamTalk Shares and receive acceptance forms for TeamTalk Shares. If Spark chooses to do this, the key terms of engagement will be as follows:

- (a) for each completed and valid Acceptance Form procured by a Broker, Spark may pay to that Broker a handling or procurement fee in respect of the TeamTalk Shares the subject of the Acceptance Form ("**Procurement Fee**"). The amount of the Procurement Fee will be 2.00% of the consideration payable by Spark under this Offer to the relevant Acceptor in respect of the Acceptance Form received. The Procurement Fee will be subject to a minimum amount of \$50 and a maximum amount of \$750 for a single Acceptance Form inclusive of GST, if any;
- (b) the Broker will be paid, and receive, the Procurement Fee solely in connection with its services to Spark and must not, directly or indirectly, pass any or all of the Procurement Fee on to any Acceptor, or share the Procurement Fee with any Acceptor;
- (c) the payment of a Procurement Fee to a Broker in respect of an Acceptance Form procured by that Broker is in all respects conditional on the TeamTalk Shares, which are the subject of that Acceptance Form, being validly transferred to Spark. No Procurement Fees will be payable if this Offer is not declared unconditional by Spark. In addition, the Acceptance Form must be delivered to Spark in accordance with clause 7 and, unless Spark in its sole discretion determines otherwise, must be stamped by the Broker (and only that Broker). A Procurement Fee will not be paid in respect of TeamTalk Shares acquired by Spark through the compulsory acquisition provisions set out in Part 7 of the Takeovers Code;

- (d) Brokers are precluded from receipt of any Procurement Fee in respect of TeamTalk Shares in which they or their associates have a relevant interest (as defined in Part 5 of the Financial Markets Conduct Act 2013);
- (e) Spark may, in determining the Procurement Fee payable to a Broker, aggregate and/or disregard any acceptance of this Offer procured by that Broker if Spark believes that a party has structured holdings of TeamTalk Shares for the purpose or with the effect of enabling parties to take advantage of the arrangements summarised in this clause 3.6; and
- (f) Spark will determine, in its sole discretion, any disputes relating to the payment of a Procurement Fee. The determination of Spark will be final and binding on all parties.

#### 4. CONDITIONS OF THE OFFER

4.1 The Offer, and any contract arising from it, are subject to the conditions that, during the period from and including the Notice Date until the time that the Offer is declared unconditional by Spark:

- (a) no dividends, bonus issues or other payments or distributions (within the meaning of the Companies Act 1993) of any nature whatsoever (including, without limitation, any share buyback, redemption or cancellation or any other form of capital reduction) have been or are declared, paid, or made upon or in respect of any of the TeamTalk Shares or any other securities in TeamTalk or in respect of any shares or other securities in any of TeamTalk's subsidiaries (such subsidiaries, together with TeamTalk, the "**TeamTalk Group**");
- (b)
  - (i) no further shares, convertible shares or options or any other securities of any description of any member of the TeamTalk Group have been or will be issued except pursuant to a transaction between TeamTalk and wholly-owned subsidiaries of TeamTalk, or between wholly owned subsidiaries of TeamTalk (an "**Intra-Group Transaction**"); and
  - (ii) no TeamTalk Shares nor any securities of any member of the TeamTalk Group have been or are reclassified, subdivided, consolidated or bought back; and
  - (iii) no rights, privileges, entitlements or restrictions attaching to the TeamTalk Shares or any securities of any member of the TeamTalk Group have been or are altered;



## Terms and conditions of the Offer

- (c) the business of each member of the TeamTalk Group is carried on in the normal and ordinary course, consistent with past practices, including, without limitation:
- (i) neither TeamTalk nor any other member of the TeamTalk Group:
    - (A) disposes of, purchases, offers, announces a bid or tender for, transfers, leases, grants a security interest or other security over, grants an option or legal or equitable interest in respect of, or otherwise deals with a legal or equitable interest in, any share, asset, business, interest in a joint venture, property, entity or undertaking; or
    - (B) agrees, including varying any agreement, to do any of the actions referred to in clause 4.1(c)(i)(A) for, or in respect of, a share, asset, business, interest in a joint venture, property, entity or undertaking,

in each case, having a value of an amount of more than \$500,000 (either by a single act or series of related acts), except in the ordinary course of business or pursuant to any transaction which has been publicly announced to NZX by TeamTalk before the Notice Date;
  - (ii) neither TeamTalk nor any other member of the TeamTalk Group makes or agrees to make any unusual or abnormal payment or enters into, or agrees to enter into, any new contract, commitment, liability, arrangement or agreement, or alters, or agrees to alter, the terms of any existing contract, commitment, liability, arrangement or agreement providing for any payments by the TeamTalk Group over its term, of more than \$500,000 otherwise than in the ordinary course of business;
  - (iii) no member of the TeamTalk Group, or any third party, terminates (or becomes capable of terminating), varies (in any material respect), breaches or otherwise does not perform (in any material respect), any agreement or arrangement which termination, variation, breach or non-performance will have, or could reasonably be expected to have, a Material Adverse Effect; and
  - (iv) no member of the TeamTalk Group enters into any major transaction (as defined in section 129(2) of the Companies Act 1993) or undertakes or commits to any capital expenditure over \$100,000 (in aggregate), other than in the ordinary course of business or pursuant to an Intra-Group Transaction;
  - (d) neither TeamTalk nor any other member of the TeamTalk Group, changes, or agrees to change, the remuneration or any other material terms of employment of any director, officer, employee or consultant (except for ordinary wage or salary increases in accordance with any established review policy) or commences the employment of any person (except where such commencement is for the purposes of filling a vacant position), at a rate of remuneration in excess of \$200,000 per annum;
  - (e) there being no alteration to the constitutional documents of any TeamTalk Group member other than amendments of a formal or technical (but not substantive) nature or amendments required to comply with the NZX Listing Rules;
  - (f) no liquidator, receiver, receiver and manager, administrator (voluntary or otherwise), statutory manager or similar official is appointed to TeamTalk, or any other member of the TeamTalk Group, or is appointed in relation to any of their respective assets, and no proceedings or other action to appoint any such party is commenced or taken;
  - (g) no resolution is passed for any amalgamation or liquidation of TeamTalk or any other member of the TeamTalk Group, and neither TeamTalk nor any other member of the TeamTalk Group is involved in any merger, share buyback or scheme of arrangement, or any agreement or proposal relating to any merger, share buyback or scheme of arrangement is announced in respect of any of them;
  - (h) neither TeamTalk nor any other member of the TeamTalk Group enters into or contracts to enter into, or completes any transaction or arrangement to which NZX Listing Rule 9.1 and/or NZX Listing Rule 9.2 applies (or would apply but for the granting of a waiver or exemption);
  - (i) there being no event, change, circumstance or condition that has occurred or is publicly announced to NZX on or after the Notice Date that has had, or could reasonably be expected to have, a Material Adverse Effect as compared with the position absent the event, change, circumstance or condition;
  - (j) no proceedings, other than any which have been publicly announced to NZX by TeamTalk prior to the Notice Date (or which relate to the same or similar subject matter to any proceedings which have been publicly disclosed by TeamTalk before the Notice Date), being notified, threatened or commenced against any member of the TeamTalk Group, involving a claim or claims together totalling in excess of \$500,000;

- (k) no assets of any member of the TeamTalk Group and no shares, securities or interests held, controlled or owned by any member of the TeamTalk Group, in any company or other entity or any other unincorporated body (which assets, shares, or other securities or interests are or could reasonably be expected to be material to the TeamTalk Group taken as a whole) are, or could reasonably be, subject to any option, forfeiture or termination, transfer, any right of pre-emption, or any other right that could be adverse to TeamTalk Group or Spark in the event of any member of the TeamTalk Group becoming a subsidiary or under the control of Spark;
- (l) no event of default, potential event of default, repayment event, prepayment event or event of review (however described) under any agreement or instrument to which TeamTalk or any TeamTalk Group member is subject occurring, or will occur, as a consequence of TeamTalk or any of its subsidiaries becoming a subsidiary or under the control of Spark;
- (m) neither TeamTalk nor any other member of the TeamTalk Group establishing, nor entering into any agreement or arrangement to establish, any new business operations or facilities (whether in New Zealand or elsewhere), other than in the ordinary course of business consistent with the nature, type and value of previous establishments;
- (n) no member of the TeamTalk Group is, or will be, under any obligation to make any payment or provide any consideration exceeding in aggregate \$250,000 to any of its employees or directors solely as a result of any member of the TeamTalk Group becoming a subsidiary or under the control of any other company;
- (o) no board resolution or shareholders' resolution of TeamTalk or any other member of the TeamTalk Group being passed:
- (i) to do, or to authorise the doing of, any act, matter or circumstance referred to in clauses 4.1(a) to (n); or
- (ii) which could reasonably be expected to give rise to any act, matter or circumstance referred to in clauses 4.1(a) to (n);
- (p) there has not occurred any event, change, circumstance or condition of the nature referred to in clauses 4.1(a) to (n) (ignoring, for this purpose, any materiality or similar qualifications in those clauses) which while not causing a failure of any of the conditions set out in any of those clauses, when aggregated with all other events, changes, circumstances or conditions of any of the natures referred to in those clauses (ignoring, for this purpose, any materiality or similar qualifications in those clauses) that have occurred, have an overall impact which taken as a whole has, or could reasonably be expected to have, a Material Adverse Effect;
- (q) TeamTalk not making any announcement or issuing any profit or earnings guidance or warning to the effect that EBITDA or net profit after tax of the TeamTalk Group for either the 12 month period ending 30 June 2017 or the six month period ending 31 December 2017 will or may reasonably be less, by 10% or more, than EBITDA or net profit after tax of the TeamTalk Group for the corresponding 12 month period ended 30 June 2016 or the six month period ended 31 December 2016, as the case may be; and
- (r) there is no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction in New Zealand or elsewhere or other legal restraint or prohibition making implementation of this Offer, or any aspect of it, void, unenforceable or illegal.
- 4.2** The Offer, and any contract arising from it, is further conditional on:
- (a) Spark receiving acceptances by no later than the Closing Time in respect of TeamTalk Shares which would upon the Offer being declared unconditional and the relevant TeamTalk Shares being transferred, result in Spark holding 90% or more of the voting rights in TeamTalk; and
- (b) if the condition in clause 4.2(a) is waived by Spark, then (in accordance with Rule 23 of the Takeovers Code) acceptances being received in respect of that number of TeamTalk Shares which, when taken together with the TeamTalk Shares already held or controlled by Spark, confer on Spark more than 50% of the voting rights in TeamTalk.
- 4.3** The Offer and any contract arising from it, is further conditional on a clearance being given, or authorisation being granted, under the Commerce Act 1986 for Spark to complete the acquisition of the TeamTalk Shares in accordance with the Offer.
- 4.4** Each of the Conditions set out in clauses 4.1(a) to 4.1(r), 4.2(a), 4.2(b) and 4.3 is a separate condition subsequent, and acceptance of the Offer by each Acceptor shall constitute a contract between that Acceptor and Spark, subject to the Conditions. The Offer will only proceed if all Conditions in clauses 4.1(a) to 4.1(r), 4.2(a), 4.2(b) and 4.3 are satisfied or, if capable of waiver, waived.

## Terms and conditions of the Offer

**4.5** The Conditions set out in clauses 4.1(a) to 4.1(r), 4.2(a), 4.2(b) and 4.3 have been inserted for the benefit of Spark and may, to the extent they are capable of being waived and to the extent permitted under the Takeovers Code or other relevant law, be waived in whole or in part by Spark at its absolute discretion. Any waiver or consent given by Spark in respect of any matter or thing shall apply only in accordance with its terms and shall not constitute a consent or waiver in respect of any similar matter or thing.

**4.6** To the extent required by the Takeovers Code, where any Condition set out in clause 4.1 and 4.3 requires a determination as to whether a matter is or could reasonably be expected to be material or not, is usual or not, is unusual or not, is adverse or not, is normal or not, is in the ordinary course of business or not, is consistent or not, is of a formal or technical nature or not, is significant or not, or any similar determination required in relation to any such condition, before the condition may be invoked, such determination must be made by a suitably qualified expert appointed by Spark who is independent of, and not an associate of, Spark.

**4.7** Immediately following all Conditions being satisfied or waived (to the extent capable of being waived) in accordance with the terms of the Offer, Spark will:

- (a) declare the Offer unconditional; and
- (b) provide written notice that the Offer is unconditional to TeamTalk, the Takeovers Panel and NZX.

**4.8** In accordance with the Takeovers Code, the date by which the Offer is to become unconditional must not be later than 30 days after the Closing Time. The latest date by which the Offer is to become unconditional is 11.59 pm on 22 May 2017 (the "**Condition Date**"), but this date may change if the Closing Time is extended as permitted by the Takeovers Code. If the Offer does not become unconditional, it will lapse and all Acceptance Forms received by Spark will be destroyed.

**4.9** Notwithstanding any other term of the Offer, Spark may not allow the Offer to lapse:

- (a) in unreasonable reliance on a condition of the Offer; or
- (b) in reliance on a condition that restricts TeamTalk Group's activities in the ordinary course of TeamTalk's business during the period that begins on the Notice Date and ends on the Condition Date.

### 5. CHANGE OF CIRCUMSTANCES

**5.1** If, on or after the Notice Date, TeamTalk declares or pays any dividend or makes any other distribution of whatever nature whatsoever to the TeamTalk Shareholders (and the condition contained in clause 4.1(a) is waived by Spark), Acceptors will be bound to pay to Spark an amount

equivalent to such dividend or the value of such other distribution or, at the option of Spark, the price which would otherwise have been paid to each Acceptor will be reduced by an amount equivalent to such dividend or the value of such other distribution.

**5.2** If, on or after the Notice Date, TeamTalk makes any issue of shares or convertible shares or other securities or grants any other rights or interests to the TeamTalk Shareholders by way of bonus issue (and the condition contained in clause 4.1(b)(i) or (iii) is waived by Spark), TeamTalk Shareholders accepting the Offer will be bound to transfer such shares or convertible shares, other securities or other rights and interests to Spark and the consideration per TeamTalk Share provided for under clause 2 will be reduced to take account of such issue.

**5.3** If all or any of the TeamTalk Shares are consolidated or subdivided on or after the Notice Date (and the condition contained in clause 4.1(b)(ii) is waived by Spark), then the Offer will be interpreted to take into account such consolidation or subdivision and will be deemed to be for the shares resulting from such consolidation or subdivision and the consideration per TeamTalk Share provided for under clause 2 will be increased or reduced, as the case may require, in proportion to such consolidation or subdivision, and TeamTalk Shareholders will be bound to transfer such consolidated or subdivided TeamTalk Shares to Spark on the basis of the consideration per share so increased or reduced.

**5.4** If TeamTalk makes any issue of shares to any person on or after the Notice Date other than by way of bonus issue (and the condition contained in clause 4.1(b)(i) is waived by Spark), then the Offer will be deemed to extend to and include such shares and the consideration payable for them will be as provided in clause 2.

### 6. NOTICES

**6.1** Notice to TeamTalk, the Takeovers Panel and NZX:

- (a) declaring the Offer unconditional; or
- (b) advising that the Offer is withdrawn in accordance with the Takeovers Code or has lapsed in accordance with its terms,

in each case, will be deemed to be notice to all TeamTalk Shareholders and will be deemed to be given on the day of notification to NZX.

**6.2** Notice of any variation of the Offer will be sent to each TeamTalk Shareholder, TeamTalk, the Takeovers Panel and NZX in accordance with the Takeovers Code unless (and to the extent that) such notice is not required to be given under the Takeovers Code.

## 7. METHOD OF SETTLEMENT

- 7.1 No acknowledgement of the receipt of acceptances of the Offer will be issued.
- 7.2 If you accept the Offer and:
- the Offer is declared unconditional by Spark; and
  - your Acceptance Form is in order (or in Spark's discretion, is treated as valid or is rectified in accordance with clause 3.2),
- depending on your election as to the method of payment, either a cheque for the cash amount payable to you will be posted to you by ordinary mail to the address contained in your Acceptance Form or the cash amount will be electronically transferred to your bank account identified in your Acceptance Form, by the date specified in clause 2.2.
- 7.3 If the Offer does not become unconditional, the Offer will lapse.
- 7.4 By completing the Acceptance Form and accepting the Offer you will be deemed to:
- represent and warrant to Spark that title to each of your TeamTalk Shares (and to all other shares referred to in clauses 5.2 to 5.4) will be transferred to Spark free of all security interests, charges, liens, mortgages, encumbrances and adverse interests and claims of any kind, but together with all rights attaching to them, including the right to all dividends and other distributions arising after or by reference to a date occurring on or after the Notice Date;
  - represent and warrant to Spark that you will have full power and capacity to sell and transfer the TeamTalk Shares (and all other shares referred to in clauses 5.2 to 5.4 on the date of settlement of the Offer);
  - authorise Spark to effect any rectification of any Acceptance Form in the manner contemplated in clause 3.2; and
  - authorise Spark to advise TeamTalk and/or its share registrar of the details of your acceptance of the Offer and to note that acceptance in the TeamTalk share register.
- 7.5 Each Acceptor:
- will not, and will not attempt to, sell, transfer, dispose of (or agree to do any of those things), any or all of the TeamTalk Shares in respect of which the Acceptor has accepted this Offer (other than for acceptance of the Offer itself); and
  - irrevocably authorises Spark to instruct TeamTalk and its share registrar to refuse, during the Offer Period, to register any transfer of any or all of the TeamTalk Shares in respect of which the Acceptor has accepted this Offer, except for transfers pursuant to this Offer.

- 7.6 All cheques, electronic funds transfers, Acceptance Forms and other documents to be delivered, sent by or transferred to a holder of TeamTalk Shares will be delivered, sent by or transferred to that holder at that holder's own risk.

## 8. MISCELLANEOUS

- 8.1 The following terms have the following meanings when used in this Offer Document (including the Appendix) unless the context otherwise requires:

**Acceptance Form** means the acceptance and transfer form relating to TeamTalk Shares that is enclosed with and forms part of this Offer Document;

**Acceptor** has the meaning given to that term in clause 3.3 of this Offer Document;

**Business Day** means a day on which registered banks are open for business in Auckland, New Zealand;

**Closing Time** means 11.59 pm on 22 April 2017 or such date to which the Offer Period is extended in accordance with the Takeovers Code;

**Companies Act** means the Companies Act 1993;

**Condition Date** means 11.59 pm on 22 May 2017, but this date may change (as permitted by the Takeovers Code) if the Closing Time is extended as permitted by the Takeovers Code;

**Conditions** means the conditions to the Offer set out in clauses 4.1, 4.2 and 4.3 of this Offer Document;

**EBITDA** means earnings before income, tax, depreciation and amortisation of the TeamTalk Group;

**TeamTalk Board** means the board of directors of TeamTalk;

**TeamTalk Group** has the meaning given to that term in clause 4.1(a);

**TeamTalk Shareholder** means a holder of TeamTalk Shares;

**TeamTalk Shares** means all of the fully paid ordinary shares in TeamTalk;

**Independent Adviser's Report** means an independent adviser's report prepared in relation to the merits of the Offer pursuant to Rule 21 of the Takeovers Code;

**Material Adverse Effect** means a material adverse effect on the financial position, trading operations or prospects or assets of the TeamTalk Group;

**Notice Date** means 7 February 2017, being the date on which Spark served or caused to be served on TeamTalk a notice in writing pursuant to Rule 41 of the Takeovers Code;

**NZX Listing Rules** means the Main Board and Debt Market Listing Rules made by NZX from time to time;

**NZX** means NZX Limited;

**Offer** means the offer for the TeamTalk Shares, set out in this Offer Document;

## Terms and conditions of the Offer

**Offer Document** means this offer document dated 9 March 2017;

**Offer Period** has the meaning set out in clause 1.2 of this Offer Document;

**Registrar** means the Registrar of Companies under the Companies Act;

**Takeovers Code** means the takeovers code recorded in the Takeovers Code Approval Order 2000 (SR 2000/210) as consolidated, amended, re-enacted or replaced from time to time and as varied by any applicable exemption granted by the Takeovers Panel; and

**Takeovers Panel** means the takeovers panel established by the Takeovers Act 1993.

### 8.2 In this Offer Document:

- (a) Except if expressly defined in this document, or except where the context requires otherwise, terms defined in the Takeovers Code shall have the same meaning in this Offer Document.
  - (b) All sums of money referred to in the Offer are in New Zealand currency.
  - (c) The Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand.
  - (d) All references to statutes are references to New Zealand legislation unless otherwise stated.
  - (e) All times referred to in the Offer are New Zealand times unless otherwise stated.
  - (f) The singular includes the plural and vice versa unless the context otherwise requires.
  - (g) The provisions set out in the Acceptance Form form part of the Offer.
  - (h) Where the consideration payable to an Acceptor results in a fractional number of cents, the consideration shall be rounded down to the nearest whole number.
  - (i) All references to "subsidiaries" have the meaning given to that term in section 5 of the Companies Act wherever they are incorporated.
  - (j) Headings are for convenience only and do not affect the interpretation of the Offer or any Acceptance Form.
- 8.3** If there is an inconsistency between the terms and conditions of the Offer and the provisions of (or the application of the provisions of) the Takeovers Act 1993 or the Takeovers Code, the provisions of (or the application of the provisions of) the Takeovers Act 1993 or the Takeovers Code (as the case may be) will prevail.

# Appendix 1:

## Information required by Schedule 1 to the Takeovers Code

The information required by Schedule 1 to the Takeovers Code, to the extent not stated elsewhere in this Offer Document, is set out below:

### 1. DATE

The Offer is dated 9 March 2017.

### 2. OFFEROR AND ITS DIRECTORS

The name of the offeror is Spark New Zealand Trading Limited ("**Spark**"). Its registered office is:

Level 2  
Spark City  
167 Victoria Street West  
Auckland  
New Zealand

Directors of Spark:  
Claire Barber  
Harry Beder  
David Chalmers  
David Havercroft  
Jolie Hodson  
Edward Hyde  
Jason Paris

### 3. NAME OF TARGET COMPANY

The target company is TeamTalk Limited.

### 4. ADVICE STATEMENT

The advice statement required under clause 4 of Schedule 1 to the Takeovers Code is set out on the cover page of this Offer Document.

### 5. OFFER TERMS

The terms and conditions of the Offer are set out on pages 12 to 18 of this Offer Document.

### 6. OWNERSHIP OF EQUITY SHARES OF TEAMTALK

None of the persons referred to in (a) to (e) below holds or controls equity securities in TeamTalk:

- (a) Spark;
- (b) any related company of Spark;
- (c) any person acting jointly or in concert with Spark;
- (d) any director of any of the persons described in paragraphs (a) to (c) above; and
- (e) any other person holding or controlling 5% or more of the class, to the knowledge of Spark.

### 7. TRADING IN TEAMTALK EQUITY SECURITIES

None of the persons referred to in sub-paragraphs (a) to (e) of paragraph 6 above have acquired or disposed of any equity securities in TeamTalk during the six-month period before the Notice Date.

### 8. AGREEMENTS TO ACCEPT OFFER

No person has agreed conditionally or unconditionally to accept the Offer as at the date of this Offer Document.

### 9. ARRANGEMENTS TO PAY CONSIDERATION

Spark confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including debts arising under Rule 49 of the Takeovers Code).

A statement setting out the rights of each offeree under Rule 34 of the Takeovers Code, to withdraw acceptances for non-payment by Spark of the consideration, is set out in clause 2.3 of the Terms and Conditions of the Offer.

### 10. ARRANGEMENTS BETWEEN SPARK AND TEAMTALK

As at the Notice Date, no agreement, arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Spark (or any associate of Spark) and TeamTalk or any related company of TeamTalk in connection with, in anticipation of, or in response to the Offer.

### 11. ARRANGEMENTS BETWEEN SPARK, AND DIRECTORS AND OFFICERS OF TEAMTALK

As at the Notice Date no agreements or arrangements (whether legally enforceable or not) have been made, or are proposed to be made, between Spark or any of its associates and any of the directors or senior officers of TeamTalk or of any related company of TeamTalk (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Offer.

### 12. FINANCIAL ASSISTANCE

TeamTalk will not be required to give any financial assistance for the purposes of, or in connection with, the Offer unless Spark acquires all of the TeamTalk Shares and TeamTalk becomes a wholly-owned subsidiary of Spark. If Spark acquires all of the TeamTalk Shares and TeamTalk becomes a wholly-owned subsidiary of Spark, TeamTalk (and some or all of its subsidiaries) will give a guarantee for the purposes of guaranteeing indebtedness of Spark and certain of its subsidiaries, including Spark Finance Limited. No other agreement or arrangement has been made, or is proposed to be made, under which TeamTalk or any related company of TeamTalk will give (directly or indirectly) financial assistance for the purposes of, or in connection with, the Offer.

## Appendix 1: Information required by Schedule 1 to the Takeovers Code

### 13. INTENTIONS ABOUT MATERIAL CHANGES TO TEAMTALK

- (a) If Spark becomes entitled to invoke the compulsory acquisition provisions of the Takeovers Code, it intends to compulsorily acquire all the outstanding TeamTalk Shares and apply for TeamTalk to be de-listed from the NZX Main Board.
- (b) If Spark does not receive sufficient acceptances under the Offer to enable the compulsory acquisition provisions of the Takeovers Code to be invoked, but nevertheless declares the Offer unconditional, Spark will seek appropriate representation on the TeamTalk Board and will participate in decisions relating to TeamTalk, and its future, through the TeamTalk Board.
- (c) Spark's intentions about material changes to the business activities or material assets of TeamTalk are:
  - (i) to conduct a strategic integration review and assessment of the TeamTalk business with the likely intention of implementing synergy and cost out initiatives; and
  - (ii) to focus on growing TeamTalk's business, leveraging Spark's unique capabilities and sector expertise.
- (d) Based on the strategic review of the business, Spark may consider divestments and/or changes to the structure of or capital structure of TeamTalk (including changes to TeamTalk's dividend policy, raising additional capital and/or taking on debt).
- (e) If Spark does not receive sufficient acceptances under the Offer to enable the compulsory acquisition provisions of the Takeovers Code to be invoked, but nevertheless declares the Offer unconditional, the extent to which Spark will be able to implement its intentions as described above in relation to the TeamTalk Group will be subject to:
  - (i) the outcome of the Offer and the size of Spark's shareholding at that time;
  - (ii) limitations or restrictions contained in the Companies Act and the NZX Listing Rules, in particular in relation to related party transactions and conflicts of interests; and
  - (iii) the legal obligations and duties of the directors and officers of TeamTalk.
- (f) The foregoing statements of intention represent Spark's current intentions in relation to TeamTalk's business are based on information that has been publicly released by TeamTalk and is known to Spark at the time of preparation of this Offer Document.

Spark reserves the right to take any other action or pursue any other strategy in relation to TeamTalk's business depending on the business and economic environment and any other relevant circumstances applicable post acquisition.

- (g) Spark has not had the opportunity to conduct a standard due diligence process in relation to the TeamTalk Group and does not, at this time, have access to the detailed information concerning the TeamTalk Group that would be required to make a final determination regarding its intentions for the TeamTalk Group. Spark requests that TeamTalk permit Spark to undertake sufficient due diligence of selected TeamTalk information. Spark expects that this information would be provided under confidentiality arrangements with TeamTalk. Only upon completion of the Offer and a detailed review of the TeamTalk Group, and in light of all material facts and circumstances, will Spark finally determine its intentions for the TeamTalk Group and will take the action it considers desirable to achieve appropriate integration and synergies.
- (h) The statements made by Spark in this paragraph 13 are consistent with information that has been given by Spark to any regulatory body (in New Zealand or in an overseas jurisdiction) in relation to the Offer.

### 14. PRE-EMPTION CLAUSES IN THE CONSTITUTION OF TEAMTALK

As at the Notice Date there is no restriction on the right to transfer equity securities to which the Offer relates contained in the constitution of TeamTalk which has the effect of requiring the holders of the securities to offer the securities for purchase to shareholders of TeamTalk or to any other person before transferring the securities.

### 15. NO ESCALATION CLAUSE

As at the Notice Date there is no agreement or arrangement (whether legally enforceable or not) under which:

- (a) any existing holder of equity securities in TeamTalk will or may receive in relation to, or as a consequence of, the Offer any additional consideration or other benefit over and above the consideration set out in the Offer; or
- (b) any prior holder of equity securities in TeamTalk will or may receive any consideration or other benefit as a consequence of the Offer.

## 16. CLASSES OF SECURITIES

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No report is required under Rule 22 of the Takeovers Code (which, if the offer is for more than one class of financial products, requires a report by an independent adviser on the fairness and reasonableness of the consideration and terms of the offer as between different classes of financial products).

## 17. CERTIFICATE

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To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying the Offer Document is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Spark under the Takeovers Code.

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Signed by the persons named below or their respective agents authorised in writing.



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**Simon Moutter**  
Chief Executive Officer  
Spark New Zealand Trading Limited



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**David Chalmers**  
Director and Chief Financial Officer  
Spark New Zealand Trading Limited



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**Jolie Hodson**  
Director  
Spark New Zealand Trading Limited



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**David Havercroft**  
Director  
Spark New Zealand Trading Limited





**Spark**<sup>nz</sup>

ARBN 050 611 277



## NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS ACCEPTANCE FORM

### 1 TO ACCEPT THE OFFER:

- 1.1 Insert the date of signing in the space provided. Please ensure that all details on this form are correct. Please alter this form if required.
- 1.2 Sign this form where marked "Your Signature(s)". Companies must sign where marked "For A Company" in accordance with the Companies Act 1993 or other applicable law.

**2 JOINT HOLDERS:** If the TeamTalk Shares are registered in the names of joint holders, all holders must sign the form.

**3 SHARES HELD BY NOMINEES:** If your TeamTalk Shares are held through a nominee, advise your nominee that you wish to sell all your TeamTalk Shares and instruct it to complete, sign and return this form to Spark in accordance with the instructions contained in it.

**4 POWER OF ATTORNEY:** If the form is signed under a power of attorney, both a copy of the relevant power of attorney must be submitted with the form and the certificate of non-revocation printed above must be completed by the party holding the power of attorney and signing the form.

**5 ON COMPLETION:** Either mail, deliver, fax or email this form as provided for below as soon as possible, but in any event so as to be received by Spark or post-marked not later than 11.59 pm on 22 April 2017, or, if the Offer Period is extended, by the extended Closing Time.

#### TeamTalk Takeover offer c/- Link Market Services Limited

**Mail:** PO Box 91976, Auckland 1142

**Delivery:** Level 11, Deloitte Centre, 80 Queen Street, Auckland, 1010

**Fax:** +64 9 375 5990

**Scan & Email:** SparkOffer@linkmarketservices.co.nz

**NOTE:** These offices are only open on weekdays during normal business hours.

TeamTalk Shareholders resident outside New Zealand are encouraged to return the Acceptance and Transfer Form by fax or email. If the Acceptance and Transfer form is returned by fax or email, the Seller must then either:

- (i) post the original signed Acceptance and Transfer Form (together with a copy of any relevant power of attorney) to Spark at the address set out above; or
- (ii) deliver it (together with a copy of any relevant power of attorney) to Spark at the address set out above,

as soon as possible after faxing or emailing the Acceptance and Transfer Form. However, as long as the scanned Acceptance and Transfer Form has been received by

Spark by the Closing Time of the Offer, that acceptance will remain valid notwithstanding that the original is never received.

**6 PREVIOUS SALE:** If you have sold all your TeamTalk Shares, you should immediately hand this form, together with the Offer Document, to the purchaser or agent through whom the sale was made, to be passed on to the purchaser.

**7 INTERPRETATION:** In this form references to the singular include the plural.

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**IF YOU ARE IN ANY DOUBT ABOUT THE PROCEDURE FOR ACCEPTANCE, PLEASE CALL LINK MARKET SERVICES LIMITED ON +64 9 375 5998**

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## POWER OF ATTORNEY

By signing the front of this form, the Seller hereby enters into a power of attorney in favour of Spark as follows:

As from the time of beneficial ownership, and title, to my/our TeamTalk Shares passing to Spark in accordance with the terms of the offer, I/we irrevocably authorise and appoint Spark (with power of substitution by Spark in favour of such person(s) as Spark may appoint to act on its behalf) as my/our attorney and agent to act for me/us and to do all matters of any kind or nature whatsoever in respect of or pertaining to the TeamTalk Shares referred to above and all rights and benefits attaching to them as Spark may think proper and expedient and which I/we could lawfully do or cause to be done if personally acting, including the transfer of shares to any person or persons whatsoever, the appointment of a proxy or proxies for any meeting of the shareholders of TeamTalk, attendance in person at, and voting at, such meeting, application to any court whatsoever and execution of all documents in my/our name(s) which Spark may consider necessary for all or any of the foregoing purposes.

### IF THIS ACCEPTANCE FORM IS SIGNED UNDER POWER OF ATTORNEY, THE ATTORNEY(S) SIGNING MUST SIGN THE FOLLOWING CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I/WE,

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*(Insert name of Attorney(s) signing)*

of

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*(Address and Occupation)*

#### HEREBY CERTIFY:

1. THAT by a Power of Attorney dated the \_\_\_\_\_ day of \_\_\_\_\_ the Transferor named and described on the attached Acceptance Form ("**Donor**") appointed me his/her/its/their attorney on the terms and conditions set out in that Power of Attorney.
2. THAT I/we have executed the attached Acceptance Form as attorney under that Power of Attorney and pursuant to the powers thereby conferred upon me/us.
3. THAT at the date hereof I/we have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Donor or otherwise.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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Signature of Attorney(s)



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