



Guidance Note

[Appraisal Reports](#)~~Approval of Appraisers~~

[\[XX\]17 June 2022](#)

[Consultation Version](#)



The purpose of this ~~g~~Guidance ~~n~~Note is to provide guidance to Issuers on their obligations when engaging an appraiser to prepare an Appraisal Report for the purposes of the NZX Listing Rules (Rules).

~~to candidates seeking approval from NZX Limited (NZX) to act as an appraiser, and to provide an appraisal report under the NZX Listing Rules (rules). It is intended to increase certainty and transparency by describing NZX's expectations as to:~~

- ~~• the content of an application to provide an appraisal report;~~
- ~~• the factors NZX will consider when exercising its discretion to provide approval for a candidate to act as an appraiser, in accordance with rule 7.10; and~~
- ~~• the ongoing obligations of an appraiser.~~

~~This guidance note replaces the previous guidance note issued in January 2019, 'Approval of Appraisers'.~~

Under ~~r~~Rule 9.15.1, NZX may act by and through NZX Regulation Limited (**NZ RegCo**) in performing any function or discharging any power set out in the rules. References in this Guidance Note to NZX therefore also include NZ RegCo in relation to any regulatory activity or discretion.

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Issuers should note that this [gGuidance #N](#)ote is not intended to be a definitive statement of the application of the [#R](#)ules in every situation and is only a guide to NZX's policy and practice. This [gGuidance #N](#)ote does not limit NZX's discretion under the [#R](#)ules. This [gGuidance #N](#)ote reflects the [#R](#)ules and law as at [\[XX\]17 June 2022](#), which is subject to change. NZX takes no responsibility for any error contained in this [G](#)uidance [#N](#)ote. NZX may replace [gGuidance #N](#)otes at any time and [i](#)ssuers should ensure that they have the most recent version of this [gGuidance #N](#)ote by checking NZX's website at [www.nzx.com](#)

1. When is an an Appraisal Report required?

The rules relevant to appraisal reports are set out in Appendix 1 to this guidance note.

In certain circumstances the Rules require an Issuer to prepare an Appraisal Reports to accompany documentation relating to a proposed transaction, including where a notice of meeting contains a resolution in relation to: ~~An Appraisal Report~~ are required in certain situations ensures that security holders have the benefit of an independent assessment of a transaction so as to make a fully informed decision.

The rules require an appraisal report to be prepared ~~:~~ in the following situations:

~~where an issuer's directors receive notice of a restricted transfer being made to an insider (Appendix 3: Takeover Provisions—rule 1.4.5). This only applies to issuers who are not code companies under the Takeovers Code;~~

~~where a notice of meeting contains a resolution:~~

- (a) an issue, acquisition, or redemption by a non-Code Company of Financial Products that is significantly likely to result in any person, or group of Associated Persons, immediately or in the future, either:
 - (i) increasing their percentage control over the total Votes attaching to financial products above one of the key control thresholds,¹ or
 - ²(ii) materially increasing their ability to exercise effective control of that Issuer;² or that requires approval under rule 4.13 (“issues and buybacks of securities affecting control”); or
- (b) to approve an issue where more than 50% of the Financial Products to be issued are intended or likely to be acquired by Directors or Associated Persons of Directors,³ or likely to result in more than 50% of the securities to be issued, acquired or redeemed, being acquired by directors or associated persons of directors of the issuer (rule 7.8.5); or
- (c) an acquisition or redemption where more than 50% of the Financial Products to be acquired or redeemed or the financial assistance to be given is intended or likely to go to Directors or Associated Persons of Directors;⁴ or to approve the provision of financial assistance where more than 50% of the financial assistance to be given is intended or likely to go to directors or associated persons of directors;
- (d) a Material Transaction if a Related Party is, or is likely to become: where a notice of meeting contains a resolution
 - (i) a direct party to the Material Transaction, or
 - ⁵a beneficiary of a guarantee or other transaction which is a Material Transaction to approve a transaction with a related party (rule 7.8.8);⁵ or
 - (ii)

¹ With control thresholds being 20%, 25%, 50%, 75% or 90%.

² Rule 7.8.5(a).

³ Rule 7.8.5(b).

⁴ Rule 7.8.5(c).

⁵ Rule 7.8.8(b).

~~(a)(e) a where a notice of meeting relates to a reverse or back door or reverse listing transaction.⁶ (refer to NZX's Guidance Note Backdoor and Reverse Listing Transactions).~~

Appendix 3 (Takeover Provisions) to the Rules also contains requirements for the Directors of an Issuer of Quoted Equity Securities that is not a Code Company to commission an Appraisal Report where the Directors receive notice of a Restricted Transfer being made to an insider.

An Appraisal Report ensures that Financial Product holders have the benefit of an independent assessment of the transaction to make a fully informed decision.

The Rules relevant to Appraisal Reports are set out in Appendix 1 to this Guidance Note.

2. Who can act as an appraiser?

2.1 Appraiser criteria

~~–An appraiser can may be either an individual or a firm that meets the criteria in the Rules to prepare an Appraisal Report. A reference in this guidance note to a “candidate” or “appraiser” is a reference to the individual person or persons seeking to provide the appraisal report and, where applicable, to the firm or organisation which employs that person.~~

The Rules require an Appraisal Report to be prepared by a person who, in relation to the transaction for which the Appraisal Report is required, is independent, appropriately qualified, and has sufficient expertise and resources (referred to as the **appraiser criteria**).

It is the responsibility of the Issuer to ensure that the appraiser it engages to prepare an Appraisal Report meets the appraiser criteria.

The Directors that are not themselves, and are not associated with, Relevant Associated Persons must certify to NZX the basis on which they have determined an appraiser meets the appraiser criteria.⁷ This certification should include the reasons for the Directors determining why the appraiser meets the appraiser criteria. The certification must be provided to NZX alongside other relevant documentation relating to the notice of meeting, and then distributed to Financial Product holders alongside the relevant notice of meeting and Appraisal Report.

2.1.2 Independence

An Issuer is required to ensure that an Appraisal Report is prepared by a person who, in relation to the transaction for which the Appraisal Report is required, is independent. NZX expects that the appraiser should be independent from both the Issuer and the transaction. ~~an appraiser is independent from the Issuer and any other Associated Persons to the transaction or series of transactions that give rise to the need for an Appraisal Report.~~

The requirement that an appraiser is independent provides confidence that the appraiser is not conflicted and is able to provide an unbiased report in relation to the fairness of the transaction

⁶ At page 8 of the NZX Backdoor and Reverse Listings Guidance Note NZX considers that an Appraisal Report must be prepared in relation to a backdoor or reverse listing transaction to satisfy Rule 7.8.2.

⁷ Rule 7.10.3.

to which the Appraisal Report relates.

Independence from the Board and management of an Issuer provides confidence for Financial Product holders that the appraiser is acting free of any actual or reasonably perceived conflicts of interest, and provides Financial Product holders with an independent opinion to support decision making in relation to the proposed transaction. A reasonable person should have no reason to question the appraiser's independence in- providing the Appraisal Report.

Where a firm is engaged as an appraiser, individuals representing the firm who do not meet the appraiser criteria on an individual basis should not take part in preparing the Appraisal Report.

Factors that may impact independence

(a) The Rules prohibit appraisers from receiving ~~will receive~~ remuneration that is contingent, either directly or indirectly, on the success or ~~implementation~~ failure of the relevant transaction.⁸; NZX considers that such remuneration structures inhibit the appraiser's ability to bring an independent view as to the fairness of a transaction.

Other factors that may impact an appraiser's independence from an Issuer in relation to a transaction include where the appraiser:

- (a) has had an ongoing ~~significant~~ professional advisory role with the Issuer in the past five years;
- (b) will, directly or indirectly, derive personal financial benefit from the success or otherwise of the relevant transaction;
- (c) has ~~recently~~ provided strategic corporate advisory services to the Issuer or its associates in the last 12 months;
- (d) has prepared an Appraisal Report for the Issuer at least once each year in the preceding three year period; and/or
- (e) has derived 5% or more of its total revenue in the five year period from business connected to the Issuer.

We note that factors impacting independence should be considered in light of the relevant circumstances. An Issuer will need to holistically consider the nature of its relationship (if any) with the appraiser as part of their independence assessment, as well as any connection the appraiser has with the transaction.

Where an Issuer is a Code Company under the Takeovers Code, NZX considers that a person that has been approved by the Takeovers Panel to act as an independent adviser for a transaction is independent for the purposes of the appraiser criteria.

Example

Issuer X is required to engage an appraiser to prepare an Appraisal Report in relation to a proposed transaction in accordance with the NZX Listing Rules. The proposed transaction involves Issuer X acquiring 100% of the shares in Company Y.

⁸ Rule 7.10.4(a).

Issuer X has determined that Firm A meets the appraiser criteria to prepare the Appraisal Report and has engaged their services.

Robin is an employee of Firm A. As an individual, Robin is appropriately qualified and has sufficient resources and expertise. However, Robin owns 50% of the shares in Company Y, and therefore Robin is not independent from the proposed transaction.

Issuer X must ensure that Firm A does not involve Robin in the preparation of the Appraisal Report as she does not meet the appraiser criteria as an individual.

Maintaining independence

Once an appraiser has been appointed to prepare an Appraisal Report, an Issuer should set clear conduct expectations for its Directors and employees to follow when engaging with the appraiser, to ensure that independence is maintained. Some actions Issuers can take to maintain independence include:

- ensuring the appraiser directs and leads all relevant meetings and discussions, and
- taking minutes for meetings and retaining files worked on in discussions with the appraiser.

If there is a change in circumstances that results in the appraiser no longer being independent, the Issuer should promptly appoint a new appraiser that meets the appraiser criteria.

We note additionally that NZX expects Issuers to ensure the appraiser does not provide material information (for example, the valuation range) to the Issuer prior to the final terms of the transaction being agreed.

2.3 Appropriate qualifications

~~NZX must be satisfied that a candidate wishing to act as an appraiser has appropriate qualifications and is sufficiently independent to provide an opinion as to the fairness of the transaction for the benefit of non-associated financial product holders.~~

In order to satisfy the appraiser criteria an Issuer is required to ensure that an appraiser is appropriately qualified to prepare an Appraisal Report. Examples of appropriate qualifications may include where the appraiser:

- (a) is a member of the Chartered Accountants Australia and New Zealand (CA ANZ); or
- (b) has successfully completed the Chartered Professional Accounting (CPA) programme; or
- (c) has successfully completed Level III of the Chartered Financial Analyst (CFA) programme.

There are a wide range of circumstances where an Appraisal Report is required under the Rules, and the engagement could relate to a wide range of transaction types and fact scenarios. A board may appoint an appraiser with alternative qualifications to the above, provided that the board is satisfied that the appraiser has appropriate qualifications relevant to the transaction so that an Appraisal Report will contain fair and accurate information.

2.4 Sufficient expertise and resources

An Issuer is required to ensure that an appraiser has sufficient expertise and resources to prepare an Appraisal Report. In assessing whether this requirement is met, a board should consider whether the appraiser:

- has adequate resources to undertake and complete the Appraisal Report;
- complies with any applicable professional or industry codes;
- has demonstrable expertise that related to the transaction and/or providing an opinion on the matters required by the Rules;
- has any relevant experience in preparing reports for comparable transactions;
- if the appraiser is a firm, whether its main business is relevant to the transaction, and
- can meet the required timeframe to publish the Appraisal Report.

After making a holistic assessment of the factors above, the board should be confident in the appraiser's ability to provide a well-informed and comprehensive opinion on the transaction.

3. Content of Appraisal Report ~~What information should be included in an application?~~

The Rules contain requirements for the content of Appraisal Reports.⁹ Issuers need to ensure that their appraisers are aware of these requirements and should review the contents of an Appraisal Report before it is provided to NZ RegCo alongside the relevant notice of meeting.

As a general guide, an Appraisal Report should be drafted in a way that is clear, concise and effective to provide Financial Product holders with easy to understand information relating to a transaction.

The Appraisal Report should discuss the relative impact on Financial Product holders, including value transfer, dilution, and any distribution of benefits. The Appraisal Report should also discuss the transaction structure and terms.

3.1 General

An Appraisal Report must be addressed to Directors of the Issuer who are not themselves, and are not associated with, Relevant Associated Persons,¹⁰ and must be expressed to have been prepared for the benefit of Financial Product holders that are not associated with any Relevant Associated Persons.¹¹

3.2 Content requirements

⁹ Rule 7.10.54.

¹⁰ Rule 7.10.54(a).

¹¹ Rule 7.10.54(b).

Statement of compliance with appraiser criteria-Required statements and disclaimers

An Appraisal Report must include: An Appraisal Report must include:-

- a statement that the appraiser has no conflict of interest that could affect the appraiser's ability to provide an unbiased Appraisal Report;¹²
 - a statement of the relevant qualifications and expertise of the appraiser;¹³
 - a statement of whether or not the appraiser obtained all information needed to prepare the Appraisal Report;¹⁴ and
 - a disclaimer that NZX does not endorse or support any opinion expressed or information contained in the Appraisal Report.¹⁵
- An Appraisal Report must not contain a disclaimer of liability that purports to absolve the appraiser from liability for an opinion expressed recklessly or in bad faith.¹⁶

Assessments of fairness and valuation

The Appraisal Report must state the appraiser's opinion as to whether or not the terms and conditions of the proposed transaction are fair to the Financial Product holders not associated with Relevant Associated Persons.¹⁷ Discussion in the Appraisal Report should also cover information asymmetry and any process factors that may safeguard Financial Product holders (such as independent Board committee or external advice sought by the Board).

The Appraisal Report must also include the appraiser's opinion on whether the information provided by the Issuer in relation to the transaction is sufficient to enable Financial Product holders to make an informed decision on the transaction.¹⁸

An Appraisal Report should include a clear explanation as to what is meant by fairness in the context of the transaction, to ensure it is clear to Financial Product holders the criteria against which the appraiser has made their assessment. Fairness is an investor protection concept focused on relative economic treatment of affected Financial Product holders. The Rules do not define "fairness" due to the need for it to be considered by the appraiser in the context of the matter at hand.

It may be helpful for an appraiser's assessment of fairness to provide further context for their opinion, including (where relevant):

- market conditions,
- control premiums or minority discounts,
- liquidity, certainty of value, and form of consideration, or

¹² Rule 7.10.5(c)(i)

¹³ Rule 7.10.5(c)(ii)

¹⁴ Rule 7.10.5(f).

¹⁵ Rule 7.10.5(j).

¹⁶ Rule 7.10.5(k).

¹⁷ Rule 7.10.54(d).

¹⁸ Rule 7.10.54(e).

- any other transaction specific factors relevant to the appraiser's assessment.

An Appraisal Report should include a valuation analysis and an assessed valuation range of the transaction, along with the appraiser's assessment of whether the consideration in relation to the transaction falls within the assessed valuation range. Valuations should be accompanied by an explanation as to methodologies selected and used, sensitivity analysis, and any cross-checks undertaken. The valuation should also be accompanied by any material assumptions made by the appraiser.¹⁹

- Where an appraiser considers that the transaction has been structured wholly or partly to confer a benefit on Relevant Associated Persons, the appraiser may mention alternative courses of action available to the Issuer. Any indications by the Directors that those alternative courses are not acceptable to them or that they would not propose to pursue them must be disregarded by the appraiser if there is reason to suspect that these are motivated, in whole or in part, by concerns for the interests of Relevant Associated Persons in distinction to the interests of the other Financial Product holders.

3.3 Other disclosure requirements

The Rules require certain things to be disclosed in an Appraisal Report where they are relevant, including:

- (a) if any material change has been made to the Report at the suggestion of the Issuer, including an explanation as to why the change was made;²⁰ and
- (b) any term of reference that may have materially restricted the scope of the Appraisal Report.²¹

These requirements are intended to ensure that Financial Product holders can consider the content of the Appraisal Report in the context it was prepared, including where there were restrictions or Issuer-led changes.

In addition to the above disclosures, Issuers should ensure that the terms of engagement with an appraiser requires the appraiser to promptly notify the issuer of any material change occurring after an Appraisal Report has been distributed to Financial Product Holders, but before the meeting for which the Appraisal Report has been prepared, where that material change affects the information or opinions contained in that Appraisal Report.²² This ensures that the information and opinions contained in an Appraisal Report are current and valid at the point of Financial Product holders considering, and voting on, the relevant transaction.

4. Summary of Appraisal Report

~~The information provided to NZX in support of an application to provide an appraisal report will need to relate to both an individual and/or your firm (depending on who is seeking accreditation). Where the application is made by a firm it should include detail of the individuals who will be preparing the appraisal report. Accordingly, your application should include your specific qualifications and relationship with the issuer, as well as information about your firm or organisation.~~

¹⁹ Rule 7.10.54(g).

²⁰ Rule 7.10.5(i).

²¹ Rule 7.10.5(h).

²² Rule 7.10.4(b).

The Rules allow an Issuer to circulate a summary of the Appraisal Report to its Financial Product holders instead of providing the Appraisal Report in full. Where an Issuer chooses to circulate a summary, the summary must:

- (a) include all the information required by Rule 7.10.5;
- (b) be accompanied by a certificate from the appraiser attesting that the summary is accurate and not misleading; and
- (c) include a statement that the Appraisal Report in full will be provided to Financial Product holders on request.²³

The above requirements ensure that, where a summary report is circulated rather than a full report, Financial Product holders are being provided with all the material parts of the report.

Where an Issuer provides a summary of an Appraisal Report it must provide the Appraisal Report in full to Financial Product holders promptly on request.²⁴

• ~~ill; and~~

~~a statement that the full Appraisal Report can be obtained from the Issuer on request.~~

~~You will need to address the following matters in your application:~~

~~• Independence: Your application will need to explain your independence from the issuer, and should include:~~

~~(a) a description of your and your firm's proposed, current and past relationship (professional or otherwise) with each of the parties to the transaction;~~

~~(b) a description of any interest you or your firm hold in the Issuer;~~

~~(c) whether any fee or benefit is payable to you, that is contingent on the success or implementation of the relevant transaction or any transaction complementary to or dependent on it;~~

~~(d) the number and nature of appraisal reports in respect of the issuer that you and/or your firm has prepared in the five year period prior to the date of the application ("5 year period");~~

~~(e) a description of all business transacted between you and/or your firm and the issuer, over the 5 year period;~~

~~(f) if you have been engaged by the issuer within the 5 year period, you should include a description of the nature of the engagement including, as applicable:~~

~~— the date of the activity;~~

~~— the type of transaction; and~~

~~— the fees paid to you by the issuer and the percentage of your revenue that the business represented in each year (where revenue figures are calculated in relation to your individual total revenue in a given year, as well as the revenue of the firm or organisation for which you work).~~

~~(g) a description of your involvement in the transaction or series of transactions up to the date of~~

²³ Rule 7.10.65.

²⁴ Rule 7.10.7.

~~the application;~~

~~(h) the names of all individuals who will be contributing to the preparation of the appraisal report; and~~

~~(i) a statement that you believe each contributor is independent of the issuer and the other parties associated with the transaction (including any related party of an issuer).~~

~~• Details of the transaction: Your application will need to describe the transaction, and should include:~~

~~(a) the name of the issuer seeking to commission the appraisal report and the relevant rule that requires an appraisal report to be prepared;~~

~~(b) a description of the transaction or series of transactions to which the appraisal report will relate, using diagrams where appropriate; and~~

~~(c) the names of the parties to the transaction, and whether any of the parties to the transaction or series of transactions is a related party of the issuer. Please note in~~

~~the application whether you would like NZX to keep this information confidential.~~

- ~~• **Information about you:** You will need to provide:
 - ~~(a) your contact details;~~
 - ~~(b) the qualifications that you consider are relevant to your ability to provide an appraisal report;~~
 - ~~(c) your experience in preparing appraisal reports (including references to any appraisal reports that you have prepared); and~~
 - ~~(d) if you work for a firm, a description of the main business of the firm, and details on the size and structure of the firm.~~~~
- ~~• **Your relationship with the issuer and the transaction:** You will need to provide a description of the work, including any ongoing advice, that you expect to provide to the issuer or other parties in connection with the transaction or series of transactions after the date of the application.~~
- ~~• **Confirmation:** You will need to include an acknowledgment in your application, in the form set out in Appendix 2, that:
 - ~~(a) you consider that you (and, if applicable, your firm) are independent of the issuer and the proposed transaction and are appropriately qualified to provide the appraisal report; and~~
 - ~~(b) you will reconfirm your acknowledgment of independence at the time you provide the appraisal report to NZX for review.~~~~
- ~~• **Issuer confirmation:** Your application should include information provided by the Issuer, including:
 - ~~(a) a written confirmation from the issuer that the issuer has requested that you seek approval to provide an appraisal report, and will pay the fees associated with NZX's review of your application; and~~
 - ~~(b) a description from the issuer of the transaction or series of transactions to which the appraisal report will relate.~~~~

~~4. Factors that NZX will take into account~~

~~NZX has complete discretion as to whether to approve an application to act as an appraiser under rule 7.10 and will assess each application on a case-by-case basis.~~

~~As to independence, NZX will determine whether, in the circumstances, there would be a reasonable apprehension or suspicion of bias on the part of a fair-minded and informed security holder of the issuer. The existence of a past or present relationship will not necessarily preclude NZX approving you to act as an appraiser. By way of example, NZX may approve you to provide an appraisal report, where you have been engaged in a single non-strategic consulting assignment unrelated to the matter to be reported. By comparison, NZX is unlikely to approve you to provide an appraisal report in the following circumstances:~~

- ~~• if you have had an ongoing significant professional advisory role with the issuer over the 5-year period (including in respect of auditing engagements);~~

- if you will receive remuneration that is contingent on the success or failure of the proposed transaction;
- if you recently provided strategic corporate advisory work to the issuer or its associates; or
- where a significant portion of your revenue in recent years has been connected to engagements with the issuer.

If approval of an independent adviser is required under the Takeovers Code, NZX will not consider an application until the independent adviser has first been approved by the Takeovers Panel.

5. Ongoing Obligations

If there is a change in circumstances that would change the nature of your engagement or independence between the time of your application and the final release of the appraisal report you must promptly notify NZX.

Example: You are expected to advise NZX if you have provided any advice or assistance in connection with the transaction which is not solely connected with the provision of the appraisal report.

If NZX becomes aware that you are no longer sufficiently independent, NZX may revoke its approval for you to act as an appraiser and provide the appraisal report.

At the time that the appraisal report is finalised, or provided to NZX in draft with the relevant notice of meeting, you should:

- provide NZX with detail as to the nature and scope of your involvement in the transaction (and in particular details of any change in the nature of the engagement described in your application under rule 7.10), to enable NZX to ascertain whether you remain independent; and
- re-confirm to NZX that your independence has not been compromised.

6. Form of Approval

If NZX approves you to act as an appraiser, NZ RegCo will provide you with a formal letter of approval.

5. Role of NZ RegCo

NZ RegCo will monitor situations where an Appraisal Report is required for the purposes of the Rules, however will not comment on the opinion of an appraiser. NZ RegCo (and NZX) do not express views on the fairness or otherwise of transactions.

Where an Appraisal Report is required to accompany a notice of meeting, a draft is expected to be submitted to NZ RegCo as part of the notice of meeting review. NZ RegCo will engage with the Issuer to ensure the Appraisal Report, and appointment of the relevant appraiser, meets the requirements of Rule 7.10.

7. Contact us

If you have any questions on the matters in this [Guidance Note](#) please direct all queries to issuer@nzregco.com.

Appendix 1 – Relevant Listing Rules

NZX Listing Rule 7.10

7.10 Appraisal reports

7.10.1 For the purposes of this Rule 7.10, "**Relevant Associated Person**" means a person who is:

- (a) an Associated Person whose association or connection with the Issuer or its Directors, or with parties to the transaction, or whose likelihood of acquiring Financial Products as a result of the transaction, is such that an Appraisal Report must be obtained; and
- (b) a holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes, where that holding is the reason that an Appraisal Report must be obtained under Rule 7.8.8.

~~7.10.17.~~7.10.2 An Appraisal Report for the purposes of the Rules must be ~~prepared~~made by an person who, in relation to the transaction for which an Appraisal Report is required, is independent, appropriately qualified, and has sufficient expertise and resources. ~~person previously approved by NZX. If the report relies on information provided, or an opinion expressed, by a party external to the Issuer, that other party must also be approved by NZX. NZX may refuse to approve, or revoke any prior approval, if not satisfied that the person is independent and appropriately qualified.~~

7.10.3 Directors of the Issuer who are not, and are not associated with, Relevant Associated Persons must provide a certification to NZX outlining the basis on which they have determined an appraiser meets the requirements of Rule 7.10.2. This certification must be distributed to Financial Product holders alongside the notice of meeting and Appraisal Report that are required under Rule 7.8.5 or Rule 7.8.8.

7.10.4 An Issuer who engages an appraiser to prepare an Appraisal Report must ensure that the terms of the engagement:

- (a) do not provide for the appraiser's remuneration to be contingent, directly or indirectly, on the success or implementation of the transaction to which the Appraisal Report relates; and
- (b) require the appraiser to promptly notify the Issuer of any change that materially affects the information required under Rule 7.10.5 to be included in the Appraisal Report, that occurs after the Appraisal Report has been distributed to Financial Product holders but prior to the meeting to consider the transaction to which the Appraisal Report relates.

~~7.10.27.~~7.10.5 An Appraisal Report must:

- (a) be addressed to those Directors of the Issuer who are not, and are not

associated with, a Relevant Associated Person and, where there are no such Directors, to NZX, which at the expense of the Issuer will oversee the distribution of the Appraisal Report. ~~“Relevant” in this context means persons whose association or connection with the Issuer or its Directors, or with parties to the transaction, or whose likelihood of acquiring Financial Products as a result of the transaction, is such that an Appraisal Report must be obtained,~~

~~(b)~~ (b) be expressed to be for the benefit of those Financial Product Equity Security holders who are not associated with any Relevant Associated Persons. ~~(as defined in (a)),~~

~~(b)~~ (c) include:

(i) a statement that the appraiser has no conflict of interest that could affect the appraiser's ability to provide an unbiased Appraisal Report, and

(ii) a statement outlining the relevant qualifications and expertise of the appraiser.

~~(c)~~ (d) state the appraiser's opinion, with supporting reasons, as to whether or not the terms and conditions of the proposed transaction are fair to ~~the~~ Financial Product holders of Equity Securities, other than those associated with the Relevant Associated Persons. ~~(as defined in (a)),~~

~~(d)~~ (e) state the appraiser's opinion, with supporting reasons, as to whether the information to be provided by the Issuer is sufficient to enable Financial Product Equity Security holders to make an informed decision, in respect of the question referred to in (d) and the grounds for that opinion,

~~(e)~~ (f) state whether the appraiser has obtained all the information needed to prepare the Appraisal Report,

~~(f)~~ (g) state any material assumptions on which the appraiser's opinion is based,

(h) state any term of reference which may have materially restricted the scope of the Appraisal Report, ~~and~~

(i) state where there has been a material change to the Appraisal Report at the suggestion of the Issuer, including the appraiser's supporting reasons for the material change.

~~(g)~~ (j) include a disclaimer that NZX does not endorse or support any opinion expressed or information contained in the Appraisal Report, and

~~(h)~~ (k) not contain a disclaimer of liability that purports to absolve the appraiser from liability for an opinion expressed recklessly or in bad faith.

~~If the appraiser considers that the transaction has been structured wholly or partly to confer a benefit on the relevant Associated Persons (as defined in (a)), the appraiser may mention alternative courses of action available to the Issuer. Any indications by the Directors that these alternative courses are not acceptable to them or that they would not propose to pursue them must be disregarded by the Appraiser if there is any reason to suspect that these are motivated, in whole or in part, by concern for the interests of the relevant Associated Persons in distinction to the interests of the other Equity Security holders.~~

~~7.10.37.10.6~~ An Issuer may circulate to Financial Product holders a summary of an Appraisal Report rather than the Appraisal Report in full. The summary must ~~be accompanied by a certificate from the appraiser attesting that the summary is accurate and not misleading.~~

~~(a) include all the information required by Rule 7.10.5,~~

~~(b) be accompanied by a certificate from the appraiser attesting that the summary is accurate and not misleading, and~~

~~(c) include a statement that the full Appraisal Report will be provided to Financial Product holders on request.~~

7.10.7 Where an Issuer has circulated a summary of an Appraisal Report in accordance with Rule 7.10.6, it must provide the Appraisal Report in full to Financial Product holders promptly on request.

NZX Listing Rules - Appendix 3 - 1.4.5

1.4.5 The Directors must, promptly and without delay upon a notice being given under paragraph 1.4.1 in respect of that Restricted Transfer or notice being given paragraph 1.4.2 in respect of that Restricted Transfer where the change relates to a change in the nature of the consideration offered, commission an Appraisal Report in respect of that Restricted Transfer. That report may contain such reasonable qualifications and limitations as are needed to recognise the deadlines within which it is required to be produced. That report must be:

(a) delivered to NZX for release to the market at least two Business Days before expiration of the relevant notice, accompanied by a summary (approved by the appraiser) suitable for release to the market; and

(b) copied to the Issuer and to any holder of Quoted Equity Securities of the Issuer upon request; and

(c) dispatched to all holders of Equity Securities to whom the offer may be made at least three Business Days before the expiration of the relevant notice.

NZX Listing Rule 7.8.5

7.8.5 A notice of meeting to consider a resolution of the nature referred to in Rule 7.8.4 (other than a resolution to permit an issue under Rule 4.7.1) must be accompanied by an Appraisal Report if:

- (a) the resolution is required by Rule 4.13,
- (b) more than 50% of the Financial Products to be issued are intended or likely to be acquired by Directors or Associated Persons of Directors, or
- (c) more than 50% of the Financial Products to be acquired or redeemed or the financial assistance to be given is intended or likely to go to Directors or Associated Persons of Directors.

NZX Listing Rule 7.8.8

7.8.8 A notice of meeting for the purposes of Rule 5.2.1 must:

- (a) be reviewed by NZX in accordance with Rule 7.1,
- (b) be accompanied by an Appraisal Report, and
- (c) contain such other material as is necessary to enable the holders of Financial Products entitled to Vote to decide whether the transaction price and terms are fair.

~~Appendix 2—Confirmation of Independence and Qualifications~~

~~i. I consider that I am independent of [Issuer] and the proposed transaction.~~

~~ii. I am appropriately qualified to provide an appraisal report in respect of the proposed transaction.~~

~~iii. I acknowledge that I will reconfirm my representation as to independence from [Issuer] at the time of providing the appraisal report to NZX for review.~~