



NZX Regulation Decision

Goodman Property Trust (“GMT”)

Approval to List as an Issuer of Equity Securities under
NZX Listing Rule 1.1.2

Ruling on GMT’s Governing Document

Application for Waivers and Rulings from NZX Listing

Rules - 2.2, 2.3, 2.4, 2.7, 2.8, 2.10, 2.11, 2.12, 2.20(1)(a)(i)
and 4.2.2

6 May 2019



Background

1. The approval from NZX Regulation (**NZXR**) for the ruling and waivers set out in the decisions below:
 - a. will not apply if the information provided by GMT is not, or ceases to be, full and accurate in all material respects; and
 - b. takes effect after GMT's transition to the 1 January 2019 NZX Listing Rules (the **Rules**) has occurred.
2. Capitalised terms which have not been defined in these decisions have the meaning given to them in the Rules.
3. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
4. The Rules to which these decisions relate are set out in Appendix Two to this decision.

Approval to List as an Issuer of Equity Securities under NZX Listing Rule 1.1.2

Decision

5. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR:
 - a. approves the Listing of GMT as an Issuer of Equity Securities under the Rules; and
 - b. rules that Units are Equity Securities under the Rules.

Reasons

6. In coming to the decision to approve the listing and provide the ruling set out in paragraph 5, NZXR has considered that:
 - a. the reason why GMT is concerned to ensure that the Units be treated as Equity Securities is to enable GMT to continue to operate to the same standard of governance and to maintain the current level of investor protections that holders of GMT Units (the **Unitholders**) currently have under the 1 October 2017 NZX Main Board and Debt Market Listing Rules (the **old Rules**); and
 - b. Rule 1.1.2 was included as a pragmatic solution for Issuers where Listing as an Issuer of Equity Securities would be preferable to being automatically Listed as an Issuer of Fund Securities. Due to GMT's historical listing status under the old Rules, it is appropriate for NZXR to approve this listing to assist GMT in ensuring it maintains the same level of protection for Unitholders as is currently in place.



Ruling in relation to GMT's Governing Document

Decision

7. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR rules that GMT's Trust Deed (the **Trust Deed**) is GMT's sole Governing Document under the Rules.
8. This Ruling in paragraph 7 is conditional on the Trust Deed complying with the Rule requirements, as modified by any rulings and waivers granted by NZXR.

Reasons

9. In coming to the decision in paragraph 7, NZXR has considered that by confirming GMT as an Issuer of Equity Securities, both the Trust Deed and the Manager's constitution could be considered Governing Documents of GMT based on the definition of Governing Document in the Rules. Accordingly, NZXR considers it is appropriate to clarify that the Trust Deed is GMT's sole Governing Document.

Waivers from Listing Rules 2.2, 2.3, 2.4, 2.7 and 2.8

Decision

10. Subject to the condition in paragraph 11 below, and on the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants GMT a waiver from various governance requirements in Rules 2.2, 2.3, 2.4, 2.7 and 2.8 to the extent that these rules would apply to GMT's non-Independent Directors.
11. The waiver contained in paragraph 10 is conditional on:
 - a. GMT complying with Rules 2.2, 2.3, 2.4, 2.7 and 2.8 in respect of the Manager's Independent Directors; and
 - b. GMT having a Non Standard (**NS**) designation in accordance with Rule 1.18.1.

Reasons

12. In coming to the decision to provide the waivers set out in paragraph 10 above, NZXR has considered that:
 - a. Rules 2.2, 2.3, 2.4, 2.7, and 2.8 relate to, and set out, processes to be followed by Issuers of Equity Securities in receiving nominations and the appointment and duration of that appointment of a Director. As GMT is a managed investment scheme (**MIS**), these Rules are not readily applicable to GMT's governance structure;
 - b. the effect of the waivers are that, in respect of the Manager's Independent Directors, GMT would comply with Rules 2.2, 2.3, 2.4, 2.7 and 2.8, while, in respect of the Manager's non-Independent Directors, these Rules would not apply. This is consistent with how the Board of the Manager is currently governed;
 - c. it is appropriate to apply a NS designation to GMT because GMT would be a unique Issuer with Units quoted as Equity Securities under the Rules. Unitholders have a significant interest in the governance of GMT and GMT will be subject to different Rules



to other Issuers of Equity Securities and other Issuers of Fund Securities. Accordingly, an NS designation would flag these non-standard provisions to the market to ensure investors are aware of GMT's unique governance structure;

- d. GMT has submitted, and NZXR has no reason not to accept that:
 - i. as GMT is a MIS, the appointment of Directors is not a matter for Unitholders, but rather the Manager's shareholders in accordance with the Manager's constitution. There is no direct right under the old Rules (or under the requirements that apply to Fund Securities in the Rules) for Unitholders to control the composition of the board of Directors of the Manager; and
 - ii. the rights of Unitholders, in the event that they are dissatisfied with the management of GMT, are documented in the Trust Deed, which includes provisions for the removal of the Manager in particular situations, including mismanagement of GMT by the Manager; and
- e. GMT has previously been granted waivers from some of the equivalent provisions in the old Rules in an NZXR decision dated 21 April 2005, and GMT's governance and operating structures have not materially changed.

Waiver from Listing Rule 2.10

Decision

13. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants GMT a waiver from Rule 2.10. The waiver applies to the extent that Directors of the Manager are "interested" (as defined by Rule 2.10.1) solely due to being a Director of the Manager, in transactions which the Manager is entering for the purposes of the day-to-day management of GMT.
14. The waiver granted in paragraph 13 is conditional upon any Director abstaining from voting on any transactions entered into by the Manager on behalf of GMT with another entity in respect of which the Director would be otherwise "interested".

Reasons

15. In coming to the decision to provide the waiver set out in paragraph 13 above, NZXR has considered:
 - a. the unique operating and management make-up of a MIS would potentially result in every director of a management company being deemed to be "interested" in virtually every decision relating to the investment of the MIS funds given the relationship between the management company, the MIS and unitholders, with such directors therefore unable to vote on these decisions;
 - b. Rule 2.10 does not apply to Issuers of Fund Securities (as per Rule 1.5.1); and
 - c. GMT has previously been granted a waiver from the equivalent provision in the old Rules in an NZXR decision dated 21 April 2005, and GMT's governance and operating structures have not materially changed.



Waivers from Listing Rules 2.11 and 2.12

Decision

16. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants GMT waivers from Rules 2.11 and 2.12.

17. The waivers in paragraph 16 are granted on the following conditions:

- a. All of the Manager's Directors' remuneration is paid directly from the income of the Manager;
- b. The income of GMT cannot directly be applied in satisfaction of Directors' remuneration; and
- c. The Manager discloses in its annual report the income it has earned in respect of its management of GMT for the prior financial year.

Reasons

18. In coming to the decision to provide the waivers set out in paragraph 16 above, NZXR has considered that it is appropriate to grant the waivers because:

- a. the remuneration of the Directors of the Manager is paid out of the fees the Manager is entitled to in relation to its role as manager of GMT under the Trust Deed, which has been approved by Unitholders;
- b. the level of remuneration paid to the Directors therefore does not have an impact on Unitholders the way it would for a listed company. Accordingly, it is inappropriate for Unitholders to approve this remuneration; and
- c. GMT has previously been granted waivers from the equivalent provision in the old Rules in an NZXR decision dated 21 April 2005, and GMT's governance and management structures have not materially changed.

Waiver from Listing Rule 2.20.1(a)(i)

Decision

19. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants GMT a waiver from Rule 2.20.1(a)(i) to the extent that this rule requires Rules 2.2.1 and 2.8.1 to be incorporated by reference into the Governing Document of GMT.

Reasons

20. In coming to the decision to provide the waivers set out in paragraph 19 above, NZXR has considered that:

- a. compliance with Rule 2.20.1(a)(i) in the manner described in the Rule is unnecessary in the circumstances as GMT has been granted a waiver from Rules 2.2.1 and 2.8.1;
- b. by omitting Rules 2.2.1 and 2.8.1 from the Trust Deed, for which GMT has been granted a waiver, GMT will be able to ensure there is consistency between the waivers granted and the required contents of the Trust Deed; and



- c. the policy behind Rule 2.20.1 will not be undermined by the granting of this waiver.

Waiver from Listing Rule 4.2.2

Decision

21. Subject to the conditions in paragraph 22 below, and on the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants GMT a waiver from Rule 4.2.2 permitting the issue of Units (on a perpetual basis) to the Manager (or its nominee) as consideration for the Manager's performance fee (**Performance Fee Units**) under the terms of the Trust Deed, without the annual approval of Unitholders.
22. The waiver contained in paragraph 21 is granted on the following conditions:
- a. Any Performance Fee Units would be issued to the Manager in accordance with the terms of the Trust Deed, as approved by Unitholders at GMT's annual meeting on 2 August 2011;
 - b. The terms and effect of this waiver are disclosed in any Offering Document distributed or registered in respect of an offer of Units during the period in which this waiver is relied upon; and
 - c. The number and price of Performance Fee Units issued to the Manager is disclosed in each annual report during the period in which those Units are issued.

Reasons

23. In coming to the decision to provide the waiver set out in paragraph 21 above, NZXR has considered that:
- a. Rule 4.2.2 prevents an Issuer obtaining approval to issue Equity Securities too far in advance of the issue of those Financial Products. The policy considerations behind this restriction include:
 - i. ensuring that the holders of Equity Securities who are affected by the issue of new Equity Securities are the same security holders who voted on the resolution to authorise the issue; and
 - ii. seeking to ensure that the issue of Equity Securities occurs within such a timeframe as to, as far as possible, increase the likelihood that the circumstances of the Issuer have not materially changed from those which existed at the time approval was considered and obtained;
 - b. Unitholders have previously approved the Trust Deed, including the performance fee provisions, and the issue of Performance Fee Units under the terms of the Trust Deed;
 - c. GMT has submitted, and NZXR has no reason not to accept:
 - i. GMT's management fee arrangements, as contained in the Trust Deed and approved by Unitholders, are firmly established and should be understood by Unitholders;
 - ii. In an ordinary resolution at GMT's annual meeting on 2 August 2011, the Unitholders approved the issue of Performance Fee Units to the Manager, on a perpetual basis, under the management fee provisions of the Trust Deed;



- iii. As GMT is required to annually publish the performance fee paid to the Manager, and will be required to include the number and price of any Performance Fee Units issued in each annual report, potential investors in GMT will have an opportunity to consider, and should be familiar with, the terms and implications of GMT's management fee arrangements; and
 - iv. requiring separate approval on an annual basis would result in unnecessary compliance costs for GMT and would be of no additional benefit to Unitholders.
- d. GMT has previously been granted waivers from the equivalent provision in the old Rules in an NZXR decision dated 18 October 2010. One of these waivers was conditional on GMT seeking Unitholder approval, which Unitholders provided on 2 August 2011; and
- e. GMT's governance and management fee structures have not materially changed.



Appendix One

Background

1. Goodman Property Trust (**GMT**) is a Listed Issuer with ordinary units (**Units**) quoted on the NZX Main Board. GMT is a managed investment scheme (**MIS**) established under a trust deed dated 23 April 1999 (as amended) (the **Trust Deed**).
2. The manager of GMT is Goodman (NZ) Limited (the **Manager**) which is a wholly-owned subsidiary of the ASX-listed Goodman Group, which also holds a 21% cornerstone Unitholding in GMT. GMT's supervisor is Covenant Trustee Services Limited.
3. GMT is regulated under Part 4 of the Financial Markets Conduct Act 2013 (the **FMC Act**). In the 1 January 2019 Listing Rules (the **Rules**), as the Units issued by the Manager/GMT are a managed investment product for the purposes of the Financial Markets Conduct Act 2013 (the **FMC Act**), Units fall within the definition of Fund Security. Accordingly, absent a Ruling from NZX, GMT would be considered an Issuer of Fund Securities.

Application for ruling to deem Units as Equity Securities, and to List as an Issuer of Equity Securities

4. Due to the creation of a specific regime for MIS in the Rules, certain requirements that apply to Issuers of Equity Securities would no longer apply to GMT if it were to transition to the Rules as an Issuer of Fund Securities.
5. GMT wishes to continue to offer its investors the same level of protection currently afforded to them under the 1 October 2017 NZX Main Board and Debt Market Listing Rules (the **old Rules**).
6. Accordingly, GMT has sought a declaration from NZXR that Units be deemed as Equity Securities, and approval to List as an Issuer of Equity Securities under Rule 1.1.2.

Application for ruling in relation to GMT's Governing Document

7. Subject to GMT receiving NZXR's approval to list as an Issuer of Equity Securities, there is potential for both GMT's Trust Deed and the Manager's constitution to be considered Governing Documents based on limbs (a) and (d) of the definition of Governing Document in the Rules.
8. As such, there may be unintended consequences such as the requirement for the Manager's constitution to incorporate certain provisions from the Rules that are inappropriate given GMT's structure.
9. GMT has therefore sought clarification that, for the purposes of the Rules, GMT's Governing Document means only the Trust Deed.



Application for waivers from various governance requirements in NZX Listing Rules

10. Due to the structure of GMT, certain governance requirements in the Rules that apply to Issuers of Equity Securities either cannot apply to GMT, or would create adverse effects.

Listing Rules 2.2, 2.3, 2.4, 2.7 and 2.8 – Appointment, Nomination, Rotation and Removal of Directors

11. Rules 2.2, 2.3, 2.4, 2.7, and 2.8 relate to the appointment of an Issuer's Directors and set out processes to be followed by Issuers in receiving nominations and the appointment, and duration of that appointment of a Director.
12. As GMT is a MIS, the Directors of the Manager are not appointed by holders of Units (**Unitholders**), but rather the Manager's shareholder in accordance with the Manager's constitution. There is no direct right under the Rules (for Issuers of Fund Securities) for Unitholders to appoint Directors.
13. Notwithstanding this, the Trust Deed currently places certain governance requirements (mirroring the old Rules) on the Manager that relate to, among other things, the appointment, nomination and removal of Independent Directors, and Board composition.
14. In order to simplify the contents of the Trust Deed, while maintaining similar governance requirements relating to its Independent Directors, GMT has applied for waivers from the following Rules that apply to Equity Security Issuers, to the extent these rules would apply to GMT's non-Independent Directors:
 - a. 2.2 – Appointment of Directors;
 - b. 2.3 – Director Nominations and Appointment;
 - c. 2.4 – Equity Holder appointment rights;
 - d. 2.7 – Rotation of Directors; and
 - e. 2.8 – Removal of Directors.
15. While these waivers apply to GMT's non-Independent Directors, these Rules will apply to GMT's Independent Directors.
16. GMT's Trust Deed requires the Manager to ensure it has no less than three Directors and no more than seven Directors. The Trust Deed provides that the Manager must ensure that the majority of its Directors are Independent Directors. However, if there is no longer a majority of Independent Directors as a result of an Independent Director ceasing to be a Director of the Manager, this is not a breach of the Trust Deed so long as non-compliance continues for no more than six months and the minimum number of Independent Directors is two.
17. Rule 2.1.1 requires that at least two Directors must be Independent.

Listing Rule 2.10 – Interested Directors

18. Rule 2.10 provides that a Director must not vote on a Board resolution for, or be counted in a quorum for the consideration of, any matter in which that Director is interested. The term "interested" bears the meaning assigned in section 139 of the Companies Act 1993.
19. As GMT's structure as a MIS means that, if the reference to the "company" in section 139 of the Companies Act 1993 is read as being a reference to GMT, the Directors of the Manager will be "interested" (for the purposes of Rule 2.10) in all transactions that are



entered into in relation to the day to day operations of GMT, such Directors would therefore be unable to vote on these transactions.

20. The prior NZXR decision dated 21 April 2005 granted GMT a waiver from the equivalent provision (old Rule 3.4.3).
21. NZXR considered that it was appropriate to grant the waiver from old Rule 3.4.3 as it recognised the unique operating and management make-up of unit trusts which would potentially result in every director of a management company being deemed to be “interested” in virtually every decision relating to the investment of the unit trust funds given the relationship between the management company, the unit trust and Unitholders.
22. This understanding is reflected in the fact that Rule 2.10 does not apply to issuers of Fund Securities (as per Rule 1.5.1).
23. There has been no substantive policy change between Rule 2.10 and old Rule 3.4.3.
24. This waiver decision re-documents the prior waiver decision to reflect the updated Rule references and language.

Listing Rules 2.11 and 2.12 – Directors’ Remuneration

25. Rules 2.11 and 2.12 provide that Issuers must recommend Directors’ remuneration to shareholders for approval.
26. The remuneration of GMT’s Directors is paid out of the fees the Manager is entitled to in relation to its role as manager of GMT pursuant to the Trust Deed, which has already been approved by Unitholders. The level of remuneration paid to the Directors therefore does not have an impact on Unitholders the way it would for a listed company. It is therefore inappropriate for Unitholders to approve this remuneration
27. The prior NZXR decision dated 21 April 2005 granted GMT a waiver from the equivalent provision (old Rule 3.5). NZXR considered it was appropriate to grant the waiver because the remuneration of the Manager’s Directors is paid out of the income from the Manager and not directly from the income of GMT or the GMT fund. Therefore, how much of this income is applied in Directors’ fees is a matter for the Manager.
28. There has been no substantive policy change between Rules 2.11 and 2.12 and old Rule 3.5.
29. This waiver decision re-documents the prior waiver decision to reflect the updated Rule references and language.

Listing Rule 2.20.1 (a)(i)

30. Rule 2.20.1(a)(i) requires an Issuer to incorporate various Rules in Part 2 by reference into its Governing Document.
31. On the basis of NZXR granting the waivers sought in paragraph 16, Rules 2.2.1 and 2.8.1 would not apply to GMT. Accordingly, compliance with Rule 2.20.1(a)(i) would be unnecessary in the circumstances.
32. GMT has therefore sought a waiver from Rule 2.20.1(a)(i) to the extent this rule requires Rules 2.2.1 and 2.8.1 to be incorporated by reference into the Trust Deed.



Application for waiver from Listing Rule 4.2.2

33. Rule 4.2.1 prevents an Issuer, except in certain qualified situations, from issuing Equity Securities unless the precise terms and conditions of the proposed issue have first been approved by each Class of Quoted Equity Securities of the Issuer whose rights and or entitlements could be affected by that issue, and that issue is completed within the time frame specified in Rule 4.2.2.
34. Rule 4.2.2 requires that any issue authorised by resolutions passed under Rule 4.2.1 must be completed within 12 months after the passing of those resolutions.
35. On 18 October 2010, NZXR granted GMT a waiver from old Rule 7.3.2 (the equivalent provision of updated Rule 4.2.2), permitting the issue of Units (on a perpetual basis) to the Manager as consideration for the Manager's performance fee (**Performance Fee Units**), without the annual approval of Unitholders. This waiver was granted on the basis that any Performance Fee Units would be issued to the Manager in accordance with the terms of the Trust Deed and the approval of Unitholders.
36. This waiver was granted on the conditions that:
 - a. the terms and effect of the waiver are disclosed in each Offer Document distributed or registered in respect of an offer of Units during the period in which the waiver is relied upon; and
 - b. the number and price of Units issued as consideration for the Manager's performance fee is disclosed in each annual report during the period in which those Units are issued.
37. GMT sought unitholder approval to issue the Performance Fee Units on a perpetual basis at a general meeting held on 2 August 2011. The notice of meeting for this meeting was sent on 15 July 2011.
38. There has been no substantive policy change between Rule 4.2.2 and old Rule 7.3.2.
39. This waiver decision re-documents the prior waiver decision to reflect the updated Rule references and language.



Appendix Two

Definitions **Equity Security**

has the meaning given in sections 8(2) and 8(5) of the FMC Act and also includes a Right, subject to NZX's sole discretion to declare, by way of a Ruling, a Financial Product to be, or not to be, an Equity Security (and includes any Fund Security deemed to be an Equity Security under Rule 1.1.2)

Fund Security

means a “managed investment product” as defined in sections 8(3) and 8(5) of the FMC Act in relation to a Managed Investment Scheme, subject to NZX's sole discretion to declare, by way of a Ruling, a Financial Product to be, or not to be, a Fund Security.

Governing Document

means:

- (a) in the case of an Issuer of Equity Securities, its constitution, articles of association or other constituent documents,
- (b) in the case of an Issuer of Debt Securities, a trust deed or the one or more deeds, agreements, or instruments that constitute those Debt Securities,
- (c) in the case of a Managed Investment Scheme constituted as a trust, the one or more trust deeds that constitutes the scheme, or
- (d) in the case of any other Managed Investment Scheme where (c) does not apply, the one or more deeds, agreements, or instruments that constitute or govern the scheme,

and including (in each case) any amendments to a document referred to in paragraph (a) to (d).

Rule 1.1.2 Eligibility for Listing as an Issuer of Equity Securities and Quotation of Equity Securities

The Manager of a Managed Investment Scheme may apply to List as an Issuer of Equity Securities, and to have the Financial Products of the Managed Investment Scheme Quoted as Equity Securities, rather than as Fund Securities. If NZX accepts such an application, the Financial Products will be deemed to be Equity Securities and not Fund Securities, and the Rules (including Appendix 3) will apply accordingly.



Rule 1.18 Non-standard Listings

An Issuer, or applicant for Listing, which does not comply fully with all applicable Rules may be Listed, at NZX's sole discretion, with the designation "Non-Standard" or "NS". Such an Issuer must ensure that any advertisement (as that term is defined in section 6(1) of the FMC Act), Offer Document, Profile or statement for distribution which refers in any way to the Listing or to the Quotation of the Financial Products, and all annual reports of that Issuer, state prominently:

- (a) that the Issuer has a Non-Standard designation, and
- (b) where it is desirable, taking into account the context and the relevance of the information to the recipients, the reasons for the Non-Standard designation.

Rule 2.2 Appointment of Directors

A person may be appointed as a Director of the Issuer by:

- (a) appointment by the Board, if permitted by the Governing Document of the Issuer,
- (b) nomination and appointment at an Issuer's annual or special meeting of Equity Security holders in accordance with Rule 2.3,
- (c) appointment by an Equity Security holder, as contemplated in Rule 2.4, or
- (d) appointment as an alternate Director under Rule 2.5.

In the Rules, a person is an Associated Person of another person if the first person is associated with the other in terms of Rule 1.8.2 to Rule 1.8.7.

Rule 2.3 Director Nominations and Appointment

2.3.1 No person (other than a Director retiring at the meeting) may be elected as a Director at a meeting of an Issuer's Equity Security holders unless that person has been nominated by an Equity Security holder who will be entitled to attend and Vote at the meeting if he, she or it continues to hold Equity Securities on the date on which the entitlement to attend and Vote at the meeting is determined.

2.3.2 An Issuer must comply with the following Director nomination process:

- (a) the closing date for nominations must be no more than two months before the date of the relevant meeting at which the election is to take place,
- (b) the closing date for nominations must be announced to the market at least 10 Business Days prior to such closing date,
- (c) there must be no restriction on who may be nominated as a Director, unless:



- (i) the Governing Document requires Directors to hold certain Financial Products to qualify as a Director, or
- (ii) applicable legislation restricts who may be a Director of the Issuer,
- (d) subject to (c) above, there must be no precondition to the nomination of a Director other than compliance with the time limits in this Rule, and
- (e) details of all nominations received prior to the closing date (and not later withdrawn) must be included in the notice of the relevant meeting.

2.3.3 Each resolution of the holders of Equity Securities to appoint, elect or re-elect a Director must be for the appointment, election or re-election of one Director only

Rule 2.4 Equity Holder appointment rights

2.4.1 The Governing Document may give an Equity Security holder the right to appoint one or more Directors (and to remove any Director so appointed), provided:

- (a) the appointment does not result in the proportion of such Directors to the total number of Directors (excluding alternate Directors) exceeding the proportion of total Votes attaching to the Equity Securities in the Issuer held by the appointer, and
- (b) if the appointer exercises its right to appoint one or more Directors with such Director remaining in office at the time of the election of other Directors, the appointer must not also Vote upon the election of other Directors.

Rule 2.7 Rotation of Directors

2.7.1 A Director of an Issuer must not hold office (without re-election) past the third annual meeting following the Director's appointment or 3 years, whichever is longer. However, a Director appointed by the Board must not hold office (without re-election) past the next annual meeting following the Director's appointment.

2.7.2 Rule 2.7.1 does not apply to Directors appointed by an Equity Security holder under Rule 2.4.

Rule 2.8 Removal of Directors

2.8.1 All Directors (other than a Director appointed by an Equity Security holder under Rule 2.4) must be subject to removal from office by Ordinary Resolution.

Rule 2.10 Interested Directors

2.10.1 A Director must not vote on a Board resolution for, or be counted in a quorum for the consideration of, any matter in which that Director is interested. For this purpose, the term "interested" bears the meaning assigned in section 139 of the Companies Act 1993. If the Issuer is not a company registered under that Act,



the reference to the “company” in that section will be read as a reference to the Issuer.

2.10.2 Notwithstanding Rule 2.10.1, a Director of an Issuer incorporated under the Companies Act 1993 may vote on a Board resolution for, and be counted in a quorum for the consideration of, a matter in which that Director has an interest, if the matter:

- (a) is one in respect of which Directors are expressly required under that Act to sign a certificate, or
- (b) relates to the grant of indemnity under section 162 of that Act.

Rule 2.11 Directors' Remuneration

2.11.1 No remuneration may be paid by an Issuer, or its Subsidiaries (unless such Subsidiary is Listed), to a Director in his or her capacity as a Director without prior authorisation by an Ordinary Resolution. Such resolution must express Directors' remuneration as either a monetary sum per annum payable to:

- (a) all Directors of the Issuer in aggregate, or
- (b) any person who from time to time holds office as a Director of the Issuer.

2.11.2 A resolution for the purposes of Rule 2.11.1:

- (a) must only be approved if notice of the amount of any increase in remuneration has been given in the notice of meeting, and
- (b) may provide that the remuneration may, in whole or in part, be through an issue of Equity Securities, provided the issue is in compliance with Rule 4.7.

2.11.3 If remuneration is expressed in accordance with Rule 2.11.1(a) and there is an increase in the number of Directors from the number when the remuneration was approved by an Ordinary Resolution, the Board may, without an Ordinary Resolution, increase the remuneration payable to all Directors of the Issuer in aggregate. The amount of the increase per additional Director may not exceed the amount necessary to enable the additional Director or Directors to be paid the average amount then being paid to each non-Executive Director (other than the chairperson) of the Issuer.

2.11.4 A lump sum payment or pension may be made to a Director or former Director, or to his or her dependents, on retirement or cessation of office provided that the amount of the payment, or the method of calculation, has been authorised by an Ordinary Resolution.

2.11.5 The resolutions referred to in this Rule 2.11 are subject to the voting restrictions in Rule 6.3.

Rule 2.12 Directors' Remuneration as Employees or in another capacity

2.12.1 Nothing in Rule 2.11 affects:



- (a) the remuneration of Executive Directors in their capacity as Employees,
or
- (b) the amount paid to an Executive Director upon or in connection with the termination of his or her employment with the Issuer, or any payments relating to the contribution (or any normal subsidy related thereto) made by a Director to a superannuation scheme.

2.12.2 A Director's remuneration for work outside his or her capacity as a Director of the Issuer or a Subsidiary may be approved by the Directors without Shareholder approval, subject to Rule 5.2 (if applicable).

2.20 Content of Governing Document for Issuers of Equity Securities

2.20.1 The Governing Document of each Issuer of Quoted Equity Securities must:

- (a) incorporate by reference provisions consistent with, and having the same effect as, the following provisions, as modified by any Ruling relevant to the Issuer:
 - (i) Rule 2.1.1, Rule 2.2.1, Rule 2.5.1, Rule 2.8.1, Rule 2.9.1, Rule 2.10.1 and Rule 2.10.2,

Rule 4.2 Shareholder approval for Issues by Ordinary Resolution

4.2.2 An issue of Equity Securities authorised under Rule 4.2.1 must be completed within:

- (a) 36 months after the passing of those resolutions, if the issue is restricted to Employees, and
- (b) 12 months after the passing of those resolutions in all other circumstances,

otherwise the issue cannot occur until further approval is obtained under Rule 4.2.1.

