

**AWF MADISON GROUP LIMITED**  
**("Company")**

**DISCLOSURE DOCUMENT RELATING TO THE GIVING OF FINANCIAL ASSISTANCE AND THE  
ACQUISITION OF SHARES IN CONNECTION WITH THE COMPANY'S RESTRICTED SHARE SCHEME**  
*(Section 61(5) and 78(5) of the Companies Act 1993)*

**TO: ALL SHAREHOLDERS**

**INTRODUCTION**

This document is provided to all shareholders in accordance with the requirements of section 61(5) and 78(5) of the Companies Act 1993. It sets out details of the intention of the Company to give financial assistance in connection with the AWF Madison Group 2018 Restricted Share Scheme ("**2018 Scheme**") and the intention of the Company to acquire shares issued under the:

- (a) AWF Madison Group 2018 Restricted Share Scheme ("**2018 Scheme**"); and/or
  - (b) AWF Madison Group 2016 Restricted Share Scheme ("**2016 Scheme**"); and/or
  - (c) AWF Group 2014 Restricted Share Scheme ("**2014 Scheme**");
- (together, the "**Schemes**").

***This document is provided to you for your information. You are not required to take any action in relation to it.***

**THE SCHEMES**

The Schemes were established with the intention of incentivising and encouraging senior management to commit, to excel and to remain with the AWF Madison Group.

Under the Schemes, participants are entitled to receive restricted shares in the Company ("**Restricted Shares**"). The Company provides participants in the Schemes with an interest free loan to fund the subscription price for their Restricted Shares. Such loans are considered financial assistance for the purposes of the Companies Act 1993.

Such loans are to be secured by a mortgage in favour of the Company over the Restricted Shares issued to the relevant participant.

The loan must be repaid in full before the participant's Restricted Shares are reclassified as ordinary shares in the Company.

A participant in the Schemes cannot sell or otherwise dispose of his or her Restricted Shares unless such shares are reclassified as ordinary shares in the Company and all amounts outstanding under the participant's loan are repaid in full.

It is a condition of each of the Schemes that, in order for a holder's Restricted Shares to be reclassified as ordinary shares, the holder has to remain in continuous employment with the Company until a specified date (the "**Qualification Date**"). If this condition is not satisfied the Company has an option to redeem the Restricted Shares issued to the relevant participant for a redemption price equal to the issue price of those shares. The Company also has an option to redeem a participant's Restricted Shares for the same redemption price where this condition is satisfied but the relevant participant has not repaid his or her loan within a prescribed time period. The proceeds from any redemption must be applied in repayment in full of the relevant participant's loan.

## FINANCIAL ASSISTANCE

Restricted Shares may be issued under the 2018 Scheme in the next 12 months.

Accordingly, the Company is likely to provide financial assistance within the next 12 months to participants in the 2018 Scheme in the form of interest free loans equal to the aggregate subscription price of the Restricted Shares to be issued to the relevant participant.

At this time, the Company is unable to determine the precise amount of any additional loans to be made within the next 12 months as it is dependent upon, among other things, the level of participation by eligible employees, the number of Restricted Shares to be issued, and the price at which the Restricted Shares are issued. However, the total amount of the loans will not exceed \$700,000.

## ACQUISITION OF RESTRICTED SHARES

Inevitably, over the next 12 months some participants of the Schemes will cease to be employees within the Group before the Qualification Date for Restricted Shares held by them and in such circumstances the Company may wish to exercise its option to acquire Restricted Shares held by such participants.

The Company may elect to acquire such Restricted Shares by redeeming them or by buying them back. Each method of acquiring shares has the same effect.

The consideration for the Restricted Shares subject to any acquisition will be equal to the issue price of the Restricted Shares in question. The proceeds from the acquisition of any Restricted Shares will be applied by the Company in repayment in full of the loans made to the relevant participants of the Schemes in respect of the Restricted Shares acquired.

Any Restricted Shares acquired will be cancelled immediately upon acquisition.

At this time, the Company is unable to determine the precise number of Restricted Shares that may be acquired within the next 12 months as it is dependent on which (if any) participants of the Schemes cease to be employees within the Group before the Qualification Date for Restricted Shares held by them and the number of Restricted Shares held by any such participants. However, the maximum number of Restricted Shares that could be acquired is the number of Restricted Shares on issue at the date of this disclosure document together with the number of Restricted Shares that may be issued over the next 12 months. For information purposes, the number of Restricted Shares on Issue as at the date of this disclosure document and the price that would be paid by the Company for such Restricted Shares if they were acquired is set out in the table below. If any new Restricted Shares are issued by the Company, a notice of their issue would be made available from NZX Limited's website [www.nzx.com](http://www.nzx.com) under stock code AWF. It is highly unlikely that the maximum number of Restricted Shares that could be acquired by the Company would be acquired by the Company in the next 12 months.

Class of Restricted Shares	Current Number on Issue	Acquisition Price Per Share
Restricted D Shares	141,000	\$2.57
Restricted E Shares*	28,000	\$2.57
Restricted F Shares*	42,000	\$2.57
Restricted E Shares**	28,000	\$2.64
Restricted F Shares**	42,000	\$2.64

Class of Restricted Shares	Current Number on Issue	Acquisition Price Per Share
Restricted E Shares***	26,000	\$1.93
Restricted F Shares***	39,000	\$1.93
Restricted G Shares†	151,200	\$1.90
Restricted H Shares†	246,800	\$1.90
Restricted G Shares††	20,800	\$1.85
Restricted H Shares††	31,200	\$1.85

\* Issued in 11/2016; \*\* Issued in 8/2017; \*\*\* Issued in 6/2018; †Issued in 11/2018; ††Issued in 6/2019

## SHAREHOLDER RIGHTS

Section 78(7) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the court to restrain the proposed financial assistance being given.

Section 61(8) of the Companies Act 1993 confers on shareholders and the Company certain rights to apply to the court to restrain the acquisition of the Restricted Shares.

## OTHER INFORMATION

The Board will suspend the giving of any financial assistance in connection with the issue of Restricted Shares and/or the acquisition of any Restricted Shares if:

- (a) it is no longer satisfied that the Company will satisfy the solvency test set out in the Companies Act after the giving of any financial assistance or the acquisition of any Restricted Shares; or
- (b) the Board ceases to be satisfied that:
  - (i) the giving of the financial assistance is of benefit to the shareholders not receiving the assistance;
  - (ii) the terms and conditions under which the assistance is given are fair and reasonable to those shareholders not receiving the assistance;
  - (iii) the acquisition is of benefit to the remaining shareholders; or
  - (iv) the terms of the acquisition and the consideration offered for the Restricted Shares are fair and reasonable to the remaining shareholders.

The text of the board resolutions authorising the Company to provide the financial assistance and the reasons for the directors' conclusions as required by section 79 of the Companies Act 1993 is set out in Schedule 1 to this disclosure document.

The financial assistance may be given by the Company not less than 10 working days and not more than 12 months after this disclosure document has been sent to all shareholders.

The text of the board resolutions authorising the Company to acquire Restricted Shares, the reasons for the directors' conclusions in relation to these resolutions and the nature and the extent of any relevant interest the directors of the Company have in the Restricted Shares subject to the acquisition as required by section 62 of the Companies Act 1993 are set out in Schedule 2 to this disclosure document.

The acquisition of any Restricted Shares may take place not less than 10 working days and not more than 12 months after this disclosure document has been sent to all shareholders.  
If you have any questions regarding this disclosure document, please contact the Company's Company Secretary David Lazarus on (09) 526 8775 or david.lazarus@awfmadison.co.nz.

**DATED:** 26 June, 2019

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**SIGNED:**

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For and on behalf of the board of directors

**SCHEDULE 1****TEXT OF BOARD RESOLUTIONS PASSED ON 25 June 2018**

The text of the board resolution authorising the Company to provide the financial assistance pursuant to section 78(1) of the Companies Act 1993 is as follows:

*That the giving of the financial assistance is of benefit to those shareholders not receiving the assistance.*

*That the terms and conditions under which the financial assistance is given are fair and reasonable to those shareholders not receiving the assistance.*

The reasons for the directors' conclusions in relation to the above resolutions were as follows:

- (a) *the issue of the Restricted Shares will align management incentives to the benefit of all shareholders;*
- (b) *the Restricted Shares will be issued for a fair market value;*
- (c) *the financial assistance to be given is temporary and the amounts loaned are secured and are required to be repaid.*

**SCHEDULE 2****TEXT OF BOARD RESOLUTIONS PASSED ON 25 June 2018**

The text of the board resolution authorising the Company to acquire the Restricted Shares pursuant to section 61 of the Companies Act 1993 is as follows:

*That the acquisition of the Restricted Shares is of benefit to the Company's remaining shareholders.*

*That the terms of the acquisition and the consideration offered for the Restricted Shares are fair and reasonable to the Company's remaining shareholders.*

The reasons for the directors' conclusions in relation to the above resolutions were as follows:

- (a) *The acquisition of any Restricted Shares will be undertaken in accordance with the terms of the relevant scheme.*
- (b) *The ability of the Company to acquire or redeem shares from participants who have ceased to be employed by the Company on the relevant date is a key aspect of the Schemes which increases the alignment of interests between participating senior staff and shareholders.*
- (c) *The consideration for the acquisition of any Restricted Shares is equal to the issue price of the relevant Restricted Shares as is specified in the terms of issue of those Restricted Shares and will be used to repay the loans made by the Company in respect of those Restricted Shares as is provided for in the terms of the relevant scheme.*

**RELEVANT INTEREST OF DIRECTORS IN THE RESTRICTED SHARES**

Under the Companies Act 1993, this disclosure document is required to set out the nature and extent of any relevant interest any director of the Company has in any Restricted Shares proposed to be acquired. It is not expected that any Restricted Shares will be acquired from directors over the next 12 months. However, the directors of the Company have the following relevant interests in the Restricted Shares which could be acquired if the relevant director ceased to be a director of the Company before the Qualification Date for the relevant Restricted Shares held by that director:

<b>Director</b>	<b>Number of Restricted Shares</b>	<b>Nature of Relevant Interest</b>
NIL	NIL	NIL