

# MERCANTILE NZ LIMITED

16 September 2016

To: NZX Limited and all Primary Market Participants

## **Payment of Procurement Fees in relation to Wellington Merchants Limited Takeover Offer**

Mercantile NZ Limited (**Mercantile**) refers to its offer (**Offer**) to purchase all of the ordinary shares in Wellington Merchants Limited (**WML**) set out in the offer document dated 23 August 2016 (**Offer Document**).

Under paragraph 3.6 of the terms and conditions of the Offer Document, Mercantile has the right to engage the services of one or more Primary Market Participants (in terms of the NZX Participant Rules) or other financial advisory firms to contact holders of WML Shares and receive Acceptance Forms for WML Shares.

Mercantile gives notice that it agrees to pay Procurement Fees to any Primary Market Participant as defined in the NZX Participant Rules (**Brokers**) on the following terms and conditions:

- (i) for each completed and valid Acceptance Form procured by a Broker, Mercantile will pay to that Broker a procurement fee in respect of the WML Shares the subject of the Acceptance Form (**Procurement Fee**). The amount of the Procurement Fee will be 0.75% of the consideration payable by Mercantile 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;
- (ii) the Broker will be paid, and receive, the Procurement Fee solely in connection with its services to Mercantile 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;
- (iii) 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 WML Shares, which are the subject of that Acceptance Form, being validly transferred to Mercantile. No Procurement Fees will be payable if the Offer is not declared unconditional by Mercantile. In addition, the Acceptance Form must be delivered to Mercantile in accordance with paragraph 6 of the terms and conditions of the Offer Document and, unless Mercantile 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 WML Shares acquired by Mercantile through the compulsory acquisition provisions set out in Part 7 of the Takeovers Code;
- (iv) Brokers are precluded from receipt of any Procurement Fee in respect of WML Shares in which they or their associates have relevant interests (as defined in Part 5 of the Financial Markets Conduct Act 2013);
- (v) Mercantile may, in determining the Procurement Fee payable to a Broker, aggregate and/or disregard any acceptance of this Offer procured by that Broker if Mercantile believes that a party has structured holdings of WML Shares for the purpose or with the effect of enabling parties to take advantage of the arrangements summarised in this notice;

- 
- (vi) Mercantile will determine, in its sole discretion, any disputes relating to the payment of a Procurement Fee. The determination of Mercantile will be final and binding on all parties.
  - (vii) Brokers must disclose, to any clients from whom they procure Acceptance Forms, the fact that a Procurement Fee may be paid.

Capitalised terms used but not defined in this notice have the meanings given to them in the Offer Document. This notice will be governed by and construed in accordance with the laws of New Zealand.

If you have any queries in relation to this notice, please contact Gabriel Radzynski by email at [gabriel@sandoncapital.com.au](mailto:gabriel@sandoncapital.com.au).

Gabriel Radzynski  
Director  
Mercantile NZ Limited