



**TeamTalk Limited**

# **RENOUNCEABLE RIGHTS OFFER**

**30 October 2018**

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This is an important document. You should read the whole document before deciding whether to subscribe for shares. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional advisor.





*"...our focus is now on  
growing the business,  
both through our  
traditional channels  
and through new  
opportunities"*

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# IMPORTANT INFORMATION

## General Information

This Offer Document has been prepared by TeamTalk Limited (TeamTalk or TTK) in connection with a pro rata 1 for 3 renounceable rights offer of ordinary shares (Offer). The Offer is made under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). This Offer Document is not a product disclosure statement for the purposes of the FMCA and does not contain all of the information that an investor would find in such a document or which may be required in order to make an informed investment decision about the Offer or TTK.

## Additional information available under continuous disclosure obligations

TTK is subject to continuous disclosure obligations under the Listing Rules. Market releases by TTK are available at [www.nzx.com](http://www.nzx.com) under the code TTK.

## Offering Restrictions

This Offer Document is intended for use only in connection with the Offer to Eligible Shareholders, being Shareholders with a registered address in New Zealand (who are not in the United States and that are not acting for the account or benefit of a person in the United States). This Offer Document does not constitute an offer, advertisement or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer, advertisement or invitation.

This Offer Document may not be sent or given to any person outside New Zealand in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this Offer Document (including an electronic copy) outside New Zealand may be restricted by law. In particular, this Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside New Zealand except as TTK may otherwise determine in compliance with applicable laws. Further details on the offering restrictions that apply are set out in the section of this Offer Document headed "Details of the Offer".

If you come into possession of this Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. TTK disclaims all liability to such persons.

## No Guarantee

No guarantee is provided by any person in relation to the New Shares to be issued under the Offer. Likewise, no warranty is provided with regard to the future performance of TTK or any return on any investments made pursuant to this Offer Document.

## Decision to participate in the Offer

The information in this Offer Document does not constitute a recommendation to acquire New Shares nor does it amount to financial product advice. This Offer Document has been prepared without taking into account the particular needs or circumstances of any Applicant or investor, including their investment objectives, financial and/or tax position.

## Privacy

Any personal information provided by Eligible Shareholders online or on the Entitlement and Acceptance Form will be held by TTK and/or the Registrar at the addresses set out in the Directory. This information will be used for the purposes of administering your investment in TTK. This information will only be disclosed to third parties with your consent or if otherwise required by law. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

## Enquiries

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant or other professional adviser. If you have any questions about the number of New Shares shown on the Entitlement and Acceptance Form that accompanies this document, or how to apply online or complete the Entitlement and Acceptance Form, please contact the Registrar.

## Defined terms

Capitalised terms used in this renounceable rights offer document (Offer Document) have the specific meaning given to them in the Glossary at the back of this Offer Document or in the relevant section of this Offer Document.

# CHAIRMAN'S LETTER

Dear TeamTalk shareholder

On behalf of the Board, I am pleased to invite you to participate in an offer for new Shares in TeamTalk to raise approximately \$6.7m of new equity for the company.

This Offer provides an opportunity for you to increase the number of Shares you hold in TeamTalk and to take advantage of the discount at which New Shares will be issued under the Offer.

Two years ago the company undertook a strategic review with a change in the senior management, refresh of the board and the completion of a 5 year plan to grow the business.

I am happy to report we have reached a number of milestones in this plan already having divested underperforming assets and reduced debt. As previously identified, rather than focusing on sweating the assets of the business, our focus is now on growing the business, both through our traditional channels and through new opportunities.

Consistent with this strategy, we are now embarking on a period of investment in our business that looks to shore up our existing operations and revenue streams and provide the platform to offer new and improved services across both the fibre (CityLink) and radio (TeamTalk) businesses from which to grow. In particular capital raised under the Offer will help fund the following:

- The roll-out of a new digital radio network across New Zealand. This roll-out is already underway and by the end of the 2018 calendar year we envisage that approximately 50% of the roll-out will be complete with the balance scheduled to be completed by June 2019. This new digital radio network will improve coverage and enable integration with other communications networks as well as offering new services. This will not only secure our existing radio business but enable TeamTalk to grow its revenues and improve our margins by reaching into the conventional radio market, an area that TeamTalk has traditionally not competed in.
- Transformation of our fibre network in Wellington to modernise and upgrade the electronics to provide a modern robust solution to solidify our position as a leading provider of broadband services in the CBD and enable us to grow our revenue and achieve higher margins through the delivery of new services to our customers.
- Reduce bank debt and provide the flexibility to accelerate new products and services as they arise.

TeamTalk reported profit before tax of \$6.3m for the year to 30 June 2018 up on last years \$5.8m and reduced

our debt by 19.1% to \$17.7m. We anticipate net surplus after tax for FY19 to be broadly in line with last years result of \$4.4m. This is despite an increase in operating costs associated with the investment in capability to complete the company's transformation and to position the business to grow in future years. Further, the Board intends to resume the payment of dividend in relation to Financial Year 2019 subject to successful completion of the underwritten Offer.

The Board is excited about the investments we are embarking on and the opportunities ahead. Reflecting their confidence in the strategic direction of the company, Directors holding Shares intend to take up their Rights under this Offer.

## Participating in the Offer

The capital raising is in the form of an underwritten pro rata renounceable rights offer to existing shareholders. Under the Offer, Eligible Shareholders may subscribe for 1 New Share for every 3 existing Shares held as at 5.00pm 31 October 2018. The Offer is fully underwritten by Forsyth Barr Group Limited.

The Issue Price of \$0.65 per New Share represents a ~21% discount to the closing price on the NZX on 29 October 2018 and a ~17% discount to the theoretical ex-rights price (TERP)<sup>1</sup> of \$0.78 per Share (based on the 29 October 2018 closing price).

The Offer follows the successful placement of \$2m of new Shares to institutional investors and high net worth individuals at \$0.75 per Share, a higher price than under this Offer. This placement broadened our share register and should improve liquidity for all shareholders.

Your rights are of value and are renounceable. This means that if you are an Eligible Shareholder you may take the following actions:

- take up all or some of your Rights; OR
- sell all or some of your Rights; OR
- take up some of your Rights and sell all or some of the balance; OR
- do nothing with all or some of your Rights.

This document sets out important information about the Offer. Before making your investment decision, I encourage you to read this document in full in addition to all of our recent announcements (in particular the Investor Presentation released on 23 October 2018) which are available at [www.nzx.com](http://www.nzx.com) under the ticker "TTK".

Thank you for considering this opportunity and for your continued support.

Yours sincerely,  
Roger Sowry

<sup>1</sup> TERP is the price at which TTK's shares should theoretically trade at, immediately after the ex-date of the Offer. It is a theoretical calculation only and the actual price at which shares will trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to the theoretical ex-right price.

## PART 1: IMPORTANT ELEMENTS OF THE OFFER

Issuer	TeamTalk Limited
The Offer	An underwritten pro rata renounceable rights issue of 1 New Share for every 3 Existing Shares held on the Record Date (with fractional entitlements being rounded down to the nearest share).
Eligible Shareholder	A Shareholder, as at 5.00pm on the Record Date, with a registered address in New Zealand, who is not in the United States and not acting for the account or benefit of a person in the United States.
Rights	<p>The right to subscribe for New Shares under the Offer. Eligible Shareholders have an entitlement to subscribe for 1 New Share for every 3 Existing Shares held on the Record Date (5.00pm, 31 October 2018).</p> <p>Eligible Shareholders may take up some or all or none of their Rights. Alternatively, Eligible Shareholders may sell some or all of their Rights on the NZX Main Board between 30 October and 14 November 2018.</p>
Issue Price	\$0.65 per New Share.
Offer size	The amount to be raised under the Offer is approximately \$6.7 million.
Oversubscriptions	There is no oversubscription facility for this Offer.
New Shares	Shares of the same class as, and that rank equally with, Existing Shares on the Issue Date.
Existing Shares currently on issue	31,035,660 Existing Shares quoted on the NZX Main Board.
Maximum number of New Shares being offered	10,345,220 New Shares.
Maximum number of Shares on completion of the Offer	41,380,880 Shares.
How to apply	<p>Applications must be made online at <a href="http://www.teamtalkshareoffer.com">www.teamtalkshareoffer.com</a> or by completing the enclosed Entitlement and Acceptance Form and returning it to the Registrar together with payment in New Zealand dollars. If a postal application is made please allow plenty of time for it to be received by us.</p> <p>If, before the Closing Date of the Offer, TTK receives both a renunciation and an acceptance in respect of the same Rights, the renunciation shall be given priority to the acceptance.</p>
Offer underwritten	The Offer is fully underwritten by Forsyth Barr Group Limited.

## PART 2: **IMPORTANT DATES**

Announcement of the Offer	23 October 2018
Rights trading commences on the NZX Main Board	30 October 2018
Record Date for determining Entitlements	5.00pm, 31 October 2018
Offer Document, Entitlement and Acceptance Forms sent to Eligible Shareholders	1 November 2018
Rights trading ends on the NZX Main Board	5.00pm, 14 November 2018
Closing Date for the Offer (last day for receipt of the completed Entitlement and Acceptance Form with payment)	5.00pm, 20 November 2018
Allotment of New Shares under the Offer (Issue Date)	27 November 2018
Expected date for quotation of New Shares issued under the Offer	27 November 2018
Mailing of holding statements	No later than 4 December 2018

These dates are subject to change and are indicative only. TTK reserves the right to amend this timetable (including by extending the Closing Date of the Offer) subject to applicable laws and the Listing Rules. TTK reserves the right to withdraw the Offer and the issue of New Shares at any time before the Issue Date at its absolute discretion.



*"The Board is excited about the investment we are embarking on and the opportunities ahead."*





## PART 3: DETAILS OF THE OFFER

### The Offer

The Offer is an offer of New Shares in TTK to Eligible Shareholders under a pro rata renounceable rights issue. Under the Offer, Eligible Shareholders are entitled to subscribe for 1 New Share for every 3 Existing Shares held on the Record Date. Any fractional Entitlements will be rounded down to the nearest whole number.

The New Shares will be of the same class as, and will rank equally with, the Existing Shares quoted on the NZX Main Board. It is a term of the Offer that TTK will take any necessary steps to ensure that the New Shares are, immediately after the issue, quoted on the NZX Main Board.

The maximum number of New Shares under the Offer is 10,345,220.

If you are an Eligible Shareholder you may take up all or some of your Rights, transfer all or some of your Rights or do nothing with all or some of your Rights. If you are an Eligible Shareholder and you do not take up all of your Rights, or you transfer some or all of your Rights, your current shareholding will be diluted as a result of the issue of New Shares.

The Rights will be quoted on the NZX Main Board and can be traded.

### Issue Price and Applications

The Issue Price is \$0.65 per New Share. Payment for the New Shares must be paid in full on application online ([www.teamtalkshareoffer.com](http://www.teamtalkshareoffer.com)) or with a completed Entitlement and Acceptance Form, which must be delivered to the Registrar in accordance with the instructions set out in the Entitlement and Acceptance Form.

TTK may choose to accept late applications and Application Monies, but has no obligation to do so. TTK may accept or reject any online application or Entitlement and Acceptance Form which it considers is not completed correctly, and may correct any errors or omissions on any online application or Entitlement and Acceptance Form.

Application monies received will be held in a trust account with the Registrar until the corresponding New Shares are allotted or the Application Monies are refunded. Interest earned on the Application Monies will be retained by TTK whether or not the issue and allotment of New Shares takes place.

Any refunds of application monies will be made within five Business Days of allotment, or any decision not to proceed with the Offer.

### Eligibility

The Offer is only open to Eligible Shareholders and persons that TTK is satisfied can otherwise participate in compliance with all applicable laws.

TTK considers that the legal requirements of jurisdictions other than New Zealand are such that it would be unduly onerous for TTK to make the Offer in those jurisdictions. This decision was made having regard to the small number of Shareholders in overseas jurisdictions, the financial resources of TTK and the costs of complying with overseas legal requirements.

This Offer Document is restricted to Eligible Shareholders, being Shareholders with a registered address in New Zealand, as at 5.00pm (NZ time) on the Record Date, who are not in the United States and are not acting for the account or benefit of a person in the United States.

The distribution of this Offer Document (including an electronic copy) outside New Zealand may be restricted by law. Any failure to comply with such restrictions may contravene applicable securities law. TTK disclaims all liability to such persons.

The Rights of all Ineligible Shareholders will be transferred to a nominee who will endeavour to sell those Rights. Any proceeds (less transaction costs of 0.5%) will be paid to those Ineligible Shareholders on a pro rata basis.

### Opening and Closing Dates

The Offer will open for receipt of acceptances from 30 October 2018. The last day for receipt of completed online applications and Acceptance and Entitlement Forms with payment is 5.00pm on 20 November 2018, subject to TTK varying those dates in accordance with the Listing Rules.

### Oversubscription Facility

There is no oversubscription facility. Shareholders who wish to acquire more New Shares than their Entitlement may do so by acquiring Rights from Shareholders who have renounced such Rights.

### Underwriting Agreement

The Underwriter has fully underwritten the Offer. This means that the Underwriter will subscribe at the Issue Price for that number of New Shares which are not taken up by Eligible Shareholders (together with those attributable to Rights of Ineligible Shareholders which are not sold by a nominee on their behalf) in accordance with the terms of the Underwriting Agreement.

A summary of the principal terms of the Underwriting Agreement are set out as follows:

- The Underwriter has the power to appoint sub-underwriters.
- The Underwriter will be paid an underwriting fee of 2% of the underwritten amount.
- The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of a number of events which are usual for an offer of renounceable rights.
- TTK has agreed to indemnify the Underwriter in connection with the underwrite against certain losses.
- TTK is restricted from offering further Shares or securities (subject to usual exclusions) for three months after the Issue Date, or otherwise enter into any agreement whereby any person may be entitled

to the allotment and issue of any Shares or other equity securities by TTK, or make any announcement of an intention to do any of the foregoing, other than pursuant to the Offer.

### Allotment and Issue of New Shares

New Shares issued pursuant to the exercise of Rights are expected to be allotted and issued by 27 November 2018. Holding statements confirming the allotment of your New Shares will be issued and mailed in accordance with the Listing Rules.

### Terms and Ranking of New Shares

New Shares will be the same class as, and rank equally in all respects with, Existing Shares quoted on the NZX Main Board on the Issue Date. They will give the holder the right to one vote on a resolution at a meeting of Shareholders (subject to any restrictions in TTK's constitution or the Listing Rules), the rights to dividends authorised by the Board and the right to a proportionate share in any distribution of surplus assets of TTK on any liquidation.

### Dividend Policy

TTK's dividend policy is to distribute 50-70% of underlying profit per annum following the completion of the company's current capital projects and subject to the approval of the Board. Following a period of suspending the payment of dividend, the Board intends to resume the payment of dividend in relation to Financial Year 2019 subject to successful completion of the underwritten Offer. The payment and amount of any future dividends will be at the discretion of the Board after taking into account the factors the Board deems relevant at the time. Those factors may include TTK financial conditions, operating results, current and anticipated cash needs and debt covenants.

### Rights

If you are an Eligible Shareholder you may subscribe for all or some of your New Shares, sell your Entitlement or allow your Entitlement to lapse.

### Minimum Amount to be Raised

There is no minimum amount that must be raised for the Offer to proceed.

### NZX Main Board Quotation

Application has been made for permission to quote the Rights on the NZX Main Board and all the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document.

The New Shares have been accepted for quotation by NZX and will be quoted upon completion of allotment procedures. NZX Main Board is a financial product market operated by NZX, a licensed market operator, under the FMCA.

*Team Talk reported profit before tax of \$6.3m for the year to 30 June 2018 up on last years \$5.8m and reduced our debt by 19.1% to \$17.7m*



## GLOSSARY

Applicant	means an investor whose application for New Shares has been received by the Registrar prior to the Closing Date of the Offer.
Application Monies	means money received by TTK from Eligible Shareholders who have applied for New Shares under the Offer.
Board	means the board of directors of TTK.
Business Day	has the meaning given to that term in the Listing Rules.
Closing Date of the Offer	means 20 November 2018.
Eligible Shareholder	means a Shareholder, as at 5.00pm (NZ time) on the Record Date, with a registered address in New Zealand, who is not acting for the account or benefit of a person in the United States.
Entitlement and Acceptance Form	means the personalised entitlement and acceptance form enclosed in this Offer Document for Eligible Shareholders.
Entitlement	means the number of Rights to which Eligible Shareholders are entitled.
Existing Shares	means Shares on issue on the Record Date.
FMCA	means the Financial Markets Conduct Act 2013.
Ineligible Shareholders	means Shareholders of TTK who are not Eligible Shareholders.
Issue Date	means the date of allotment of the New Shares pursuant to the exercise of Rights, which is expected to be 27 November 2018.
Issue Price	means \$0.65 per New Share.
Lead Manager	Forsyth Barr Limited.
Listing Rules	means the listing rules of the NZX Main Board, as amended from time to time and for so long as TTK is listed by NZX.
New Share	means one Share in TTK offered under the Offer of the same class as, and ranking equally in all respects with, TTK's quoted Existing Shares at the Issue Date.
NZX	means NZX Limited.
NZX Main Board	means the main board equity security market operated by NZX.

NZX Primary Market Participant	means any company, firm, organisation, or corporation designated or approved as a primary market participant from time to time by NZX.
Offer	means the offer to subscribe for New Shares to Eligible Shareholders as at the Record Date, under the renounceable rights offer set out in this Offer Document.
Offer Document	means this document.
TTK	means TeamTalk Limited.
Record Date	means 5.00 pm on 31 October 2018.
Registrar	means Link Market Services Limited.
Right	means the renounceable right to subscribe for 1 New Share for every 3 Existing Shares held on the Record Date at the Issue Price, issued pursuant to the Offer.
Share	means one ordinary fully paid share in TTK.
Shareholder	means a registered holder of Shares on the Record Date.
Underwriter	means Forsyth Barr Group Limited.
Underwriting Agreement	means the agreement entered into between TTK and the Underwriter dated 23 October 2018.

**NOTE:**

- All references to time are to New Zealand time unless stated or defined otherwise.
- All references to currency are to New Zealand dollars unless stated or defined otherwise.
- All references to legislation are references to New Zealand legislation unless stated or defined otherwise.

## DIRECTORY

### Directors of TeamTalk Limited

Roger Sowry (Chairperson)  
Reg Barrett  
Susan Freeman-Greene  
James Sclater  
Nathan York

### ISSUER

#### TeamTalk Limited

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### LEGAL ADVISORS

#### Chapman Tripp

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Wellington Central  
Wellington 6011

Phone +64 4 499 5999  
Facsimile +64 4 472 7111

### ORGANISING PARTICIPANT, LEAD MANAGER AND UNDERWRITER

#### Forsyth Barr Limited (as Lead Manager)

#### Forsyth Barr Group Limited (as Underwriter)

Level 21  
Dimension Data House  
157 Lambton Quay  
Wellington 6011

Phone +64 4 499 7464  
Fax +64 4 495 8193



If you have any queries about the number of Rights shown on the Entitlement and Acceptance Form which accompanies this Offer Document, or how to apply online or complete the Entitlement and Acceptance Form, please contact the Registrar at:

## **SHARE REGISTRAR**

### **Link Market Services Limited**

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