NZX Regulation Decision
The Warehouse Group Limited
Application for Waiver from NZDX Listing Rule 11.1.1.

Background

1. The Warehouse Group Limited ("WHS") is a listed issuer with Securities quoted on the NZSX market.

2. WHS intends to offer ("Offer") up to NZ$100 million five year, fixed rate, unsecured and unsubordinated bonds ("Bonds"), to be quoted on the NZDX market.

3. The minimum application for Bonds under the Offer is for Bonds of an aggregate principal amount of $5,000 and multiples of $1,000 thereafter.

4. It is proposed that WHS be allowed to refuse a transfer if it is not a multiple of $1,000, or would result in the transferor or transferee holding less than a minimum amount of $5,000.

Application

5. WHS has approached NZX Regulation ("NZXR") seeking a waiver from the prohibition on the restrictions on transfer contained in Rule 11.1.1, so it may restrict transfers if the transfer is not of a multiple of NZ$1,000 or the transfer would result in a transferor holding Bonds with an aggregate principal amount of less than a Minimum Holding being NZ$5,000.

6. WHS submits that:

    (a) it is unduly burdensome on WHS to allow a holder of Bonds to hold less than a minimum holding of $5,000 and to permit transfers of multiples less than $1,000, as to do so would increase the compliance costs relating to the Bonds significantly;

    (b) a minimum transfer amount of $1,000 is a commonly used threshold across all debt securities; and

    (c) NZXR has granted similar waivers in respect of previous issues of debt securities by other Issuers, including the Auckland International Airport decision dated 8 October 2008, the Works Finance (NZ) Limited decision dated 27 May 2009, and the Goodman Property Trust and GMT Bond Issuer Limited decision dated 6 November 2009.

Rule 11.1.1

7. Rule 11.1.1 provides:

    Subject to the provisions of any legislation, and to Rules 11.1.4 and 11.1.5, no Issuer shall impose, in its Constitution or otherwise, any restriction on the right of a holder of a Quoted Security to transfer that Security, or any restriction upon registration of a properly completed transfer of Quoted Securities.

8. Rule 11.1.4 provides:

    An Issuer may decline to accept or register:

    (b)   a transfer of Securities if such registration, together with the registration of any further transfer or transfers then held by the Issuer and awaiting registration, would result in the proposed transferee holding Securities of less than the Minimum Holding;

Decision

9. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants WHS a waiver from Rule 11.1.1 to enable WHS to prohibit a transfer of Bonds if that transfer:

    (a)   is of amount which is not a multiple of $1,000; or

    (b)   would result in the transferor holding an aggregate principal amount of Bonds of less than $5,000.

10. This waiver is granted on the condition that the restrictions on transfer and their implications are clearly and prominently disclosed in the simplified disclosure prospectus relating to the Bonds.

Reasons

11. In granting a waiver from Rule 11.1.1, NZXR has considered:

    (a)   NZXR will review and approve the simplified disclosure prospectus to ensure that the level of disclosure to prospective holders is sufficient to that they will be aware of the terms of the Bonds and can, therefore, make informed investment decisions.

    (b)   Debt securities are generally not subject to the same degree of trading activity as equity securities.

    (c)   The restriction will alleviate the cost and administrative burden incurred in situations where there are many holdings of a smaller size.

    (d)   There is precedent for this decision.

Confidentiality

12. WHS has requested that this waiver be kept confidential until the simplified disclosure prospectus in respect of the Bonds has been registered with the Registrar of Companies.

13. In accordance with Footnote 1 to Rule 1.11.2, NZXR grants WHS's application in regards to confidentiality.

ENDS.