



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF MERCER GROUP LIMITED

Notice is hereby given that the 2019 Annual Meeting of Shareholders of Mercer Group Limited (the **Company**) will be held at Riccarton House, 16 Kahu Road in Christchurch on 23 October 2019, commencing at 11.00am (New Zealand time).

AGENDA

- A. CHAIR'S ADDRESS
- B. CHIEF EXECUTIVE'S REVIEW
- C. ORDINARY BUSINESS – Resolutions

To consider and, if thought fit, to pass the following resolutions:

ELECTION AND ROTATION OF DIRECTORS

Mr Paul Richard Smart retires by rotation and being eligible, offers himself for re-election. Paul was last re-appointed as director in September 2016. Please see the accompanying explanatory notes for biographical details.

Resolution 1 - That Paul Smart be re-elected as a director by way of ordinary resolution.

Mr George Humphry Davy Rolleston was appointed by the board as a director of the Company in February 2019 and accordingly, stands for election in accordance with clause 13.6 of the constitution.

Resolution 2 – That George Rolleston be elected as a director by way of ordinary resolution.

APPOINTMENT OF AUDITORS

The Company is proposing to change its auditor from Deloitte to BDO. Deloitte has been the Company's auditor for the last six years. A five year rotation is a typical benchmark.

Resolution 3 - To appoint BDO New Zealand as auditors of the Company and to authorise the directors to fix the auditors' remuneration by way of ordinary resolution.

ADOPTION OF A NEW CONSTITUTION

New Listing Rules came into force on 1 January 2019. As a result of the new Listing Rules, the Company is required to amend its constitution to comply.

Resolution 4 - The existing constitution of the Company is to be revoked and a new constitution, in the form referred to the accompanying explanatory notes, be adopted with effect from the closing of the 2019 Annual Meeting, by way of special resolution.

GENERAL BUSINESS - PROXIES

A Proxy Form is included with this Notice of Annual Meeting. Any shareholder of the Company, who is entitled to attend and vote at the Annual Meeting, is entitled to appoint a proxy to attend the Annual Meeting and vote on his or her behalf. A proxy does not need to be a shareholder of the Company.

To be valid, a completed Proxy Form must be produced to the Company by delivering, posting, faxing or emailing it to Link Market Services Limited (see Proxy Form for the address). Proxy Forms must be received no later than **11:00am on Monday, 21 October 2019**.

By order of the board:

Ian McGregor

Company Secretary



EXPLANATORY NOTES

Election and Rotation of Directors

1. The NZX Listing Rules require that directors must not hold office (without re-election) for more than three years and a director appointed by the board must not hold office (without re-election) past the next annual meeting following the director's appointment.
 - a. **Paul Richard Smart** was last re-appointed as a director in September 2016 and, accordingly, retires by rotation and offers himself for re-election (**resolution 1**). Paul is a non-executive director who has been a member of the Board since 31 July 2012. He is a Chartered Accountant and long standing member of the Institute of Directors with extensive financial and director experience. Paul was previously CFO of Sky Television and Meridian Energy and is currently a director of Intercity Holdings Limited and has other private directorships and shareholdings. He has had executive experience in start-ups, public companies, multi nationals and a state-owned enterprise.
 - b. **George Humphry Davy Rolleston** was appointed by the board in February 2019 and, accordingly, Mr Rolleston is required to retire and offers himself for election (**resolution 2**). He is the founder and Managing Director of Asset Growth Fund based in Melbourne. He is also the director of a number of private New Zealand and Australian companies that span range of industries. George has a Masters of Applied Finance and a Bachelor of Law degree. He represents the interests of the majority shareholder, Asset Management Limited.
2. The Company released a statement on 19 September 2019 advising that its chair, John Dennehy, intended to step down at the meeting. John has over seen significant change within MGL and leaves the Group well positioned to capitalise on the opportunities ahead. The Board thanks John for his commitment and wishes him well for his future endeavours.
3. The Listing Rules require that no person (except a director retiring at the meeting) may be elected as a director at a meeting of shareholders unless that person has been duly nominated in accordance with the procedure set out in the Listing Rules. Nominations were called by the Company on 23 September 2019. Nominations closed on 7 October 2019, at which time there were no nominations recorded.
4. It is the preference of the board to remain a board of four directors for the more efficient operation of the Company and it is therefore looking only to replace John Dennehy.

Appointment of Auditor

5. The Company is proposing to change its auditor from Deloitte to BDO. Deloitte has been the Company's auditor for the last six years. A five year rotation is a typical benchmark.
6. Shareholders will be asked to vote, by way of ordinary resolution, on the appointment of BDO as the Company's auditor (**resolution 3**).

Adoption of a New Constitution

7. The former NZX Main Board/Debt Market Listing Rules (dated 1 October 2017) have been replaced by updated NZX Listing Rules (1 January 2019) referred to in these explanatory notes as the NZX Listing Rules. A number of amendments are required to the existing constitution of the Company to ensure it meets the requirements of, and is consistent with, the NZX Listing Rules (as required by NZX Listing Rule 2.18.1).
8. The Company proposes to revoke its existing constitution and adopt a replacement constitution (New Constitution) which is compliant with the NZX Listing Rules. If approved by Shareholders, the existing constitution will be revoked and the New Constitution adopted, with effect from the close of the 2019 Annual Meeting of Shareholders.
9. In addition to amendments made to simplify the form of the constitution, the New Constitution reflects the following changes in the Listing Rules:
 - a. **Meetings of Shareholders:** amendments to:
 - i. reflect that voting at Shareholder meetings must be by poll as required under the NZX Listing Rules (rather than on a show of hands); and
 - ii. make it clear that meetings of Shareholders may be conducted through a combination of a physical meeting and electronic means, and that Shareholders and their proxies may participate through electronic means.
 - b. **Director rotation:** including an express statement that the Company shall comply with the updated director rotation requirements of the NZX Listing Rules, which require directors to retire (with an ability to stand for re-election) after three years or the third annual meeting following their appointment, whichever is longer.
 - c. **Director appointment:** including an express statement that the Company shall comply with the board composition requirements of the NZX Listing Rules. The NZX Listing Rules require the Company to have, at minimum, three directors, two directors ordinarily resident in New Zealand and two independent directors. The Company complies with all these requirements.
 - d. **Sale of less than minimum holding:** amending the procedure allowing for the sale of share parcels of less than a minimum holding so as to provide for those shares to be sold on

market (including through a broker on behalf of the Company), rather than through NZX or in some other manner approved by NZX.

10. A copy of the New Constitution may be viewed on the Company's website at <https://merciers.co.nz/investors/> (under market announcements). The New Constitution is also available for inspection at the registered office of the Company at 53 Lunns Road, Middleton, Christchurch, 8024.
11. Pursuant to the Companies Act 1993, the proposed amendments must be approved by a special resolution of the Shareholders (explained below). As the amendments do not impose or remove a restriction on the activities of the Company or affect the rights attaching to shares, the Shareholder minority buy-out rights under the Companies Act do not apply.
12. Buddle Findlay has provided an opinion to NZX that it considers that the proposed New Constitution complies with the NZX Listing Rules. The Board fully supports the resolution and unanimously recommends that Shareholders vote in favour of revoking the existing constitution and adopting the New Constitution.
13. The Shareholders will be asked to consider, and if thought fit, approve the revocation of the existing constitution and the adoption of the New Constitution (**resolution 4**).

General

Ordinary Resolutions

14. Each of resolutions 1 to 3 set out above is to be considered as a separate ordinary resolution, requiring approval by a simple majority of the votes of Shareholders entitled to vote and voting on each resolution.

Special Resolution

15. Resolution 4 set out above is to be considered a special resolution, requiring approval by 75% of the votes of the Shareholders entitled to vote and voting on each resolution.

NZX Approval

16. This notice of meeting has been approved by NZX. However, NZX takes no responsibility for any statement contained in this notice of meeting or any of the explanatory notes.

Voting and Proxies

17. You can exercise your right to vote at the meeting in two ways. Namely, by being present and voting in person or by appointing a proxy to attend and vote in your place. A voting/proxy form is enclosed with this notice of meeting and explanatory notes.

18. If you are entitled to vote and wish to do so in person, you should attend the Annual Meeting. Please bring your voting/proxy form with you to the meeting, as the barcode will assist with your registration.
19. If you wish to vote by proxy you must complete the voting/proxy form and ensure it is received by Link Market Services Limited (by delivering, posting, faxing or emailing - see Proxy Form for the address) by no later than 11:00am on **Monday, 21 October 2019**. You can also lodge your proxy online, see the voting/proxy form for more details.
20. If you wish to appoint a proxy:
 - a. The proxy does not need to be a Shareholder.
 - b. You may direct your proxy how to vote, or give your proxy discretion to vote as they see fit. If you wish to give your proxy that discretion, you should mark the appropriate box on the voting/proxy form. If you do not mark any appropriate box on the voting/proxy form then your proxy may vote or abstain from voting as they see fit.
 - c. The Chair of the meeting is willing to act as proxy. If you appoint the Chair of the meeting as proxy but do not direct the Chair how to vote on a particular resolution then the Chair of the meeting will vote your shares in favour of each of the resolutions.
 - d. If, in appointing your proxy, you do not name a person as your proxy, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy and may vote only in accordance with your express direction.