

9 May 2014

NZX Limited
Wellington

PRE-BREAK ANNOUNCEMENT

The following is issued by Speirs Group Limited (SGL) as a “Pre-Break Announcement”, pursuant to NZAX Listing Rule 10.2.1. Clause 21 of SGL’s constitution permits it to adopt the Pre-Break Announcement Procedure.

Overview and rationale for the Proposed Transactions

- 1 In January 2014, the SGL group and Maui Capital group created a new finance business together (*Vantage Finance*) to fund motor vehicles and commercial plant to be acquired by small to medium sized New Zealand businesses and consumers, as more particularly described in the Pre-Break Announcement made by SGL on 11 December 2013 (*December Announcement*). This announcement is available for viewing at <https://www.nzx.com/companies/SGL/announcements/245041>. Vantage Finance has to date been operated through Speirs Finance (NZ) Limited Partnership (*Limited Partnership*).
- 2 Vantage Finance was established with the SGL group holding a 25% interest in the Limited Partnership and the Maui Capital group holding a 75% interest in the Limited Partnership, in each case through a holding entity, Vantage Finance LP (*Holdco LP*). The SGL group and Maui Capital group held similar interests in Vantage General Partner (NZ) Limited (previously Speirs General Partner (NZ) Limited) (*General Partner*), the general partner of the Limited Partnership and Holdco LP. Speirs Finance (NZ) Limited (*Manager*) provides loan servicing and management services to the Limited Partnership. The Manager is wholly owned by the General Partner.
- 3 The SGL group and Maui Capital group now wish to restructure Vantage Finance by moving it from a limited partnership to a corporate structure to better facilitate the growth and development of the finance business. This will not involve a substantive change to the SGL group’s economic interest in Vantage Finance as the SGL group will be exchanging its existing interest in Holdco LP (i.e. the current Vantage Finance business) for an interest in a new holding company, Vantage RPL Limited (*Newco*), which will sit above Holdco LP and will include the Rent Plus Limited business (as described further below).
- 4 The restructure is being undertaken in two steps. In the first stage of the restructure (which did not involve the SGL group) the Maui Capital group exchanged its interest in Holdco LP for an interest in Newco, and Newco has recently completed the acquisition of Rent Plus Limited, an Auckland-based equipment finance company which specialises in leasing equipment to the business, government and education sectors. The vendors of Rent Plus Limited have also reinvested in Newco through their own holding company, The Investment Holding Group Limited (*TIHG*).
- 5 The second stage of the restructure will involve the SGL group exchanging its interest in Holdco LP for an interest in Newco. This will complete the restructure and enable the SGL group to fully participate alongside the Maui Capital group and TIHG in the future growth of Vantage Finance.
- 6 The two stages of the restructure are further summarised below.

Summary of Proposed Transactions

- 7 The first stage of the restructure of Vantage Finance, which completed on 1 April 2014, involved the following:
- 7.1 the incorporation and capitalisation of Newco by MCAF Finance Nominees Limited (*MCAF*), the entity through which the Maui Capital group holds its interest in Vantage Finance;
 - 7.2 the exchange of MCAF's economic interest in Holdco LP for an equivalent economic interest in Newco;
 - 7.3 the acquisition by Newco of the shares in Rent Plus Limited; and
 - 7.4 the subscription for shares in Newco and the General Partner by TIHG,
- on completion of which:
- (a) MCAF holds an 80% interest in Newco and approximately a 70% interest in the General Partner;
 - (b) TIHG holds a 20% interest in Newco and approximately an 18% interest in the General Partner;
 - (c) Newco holds a 75% interest in Holdco LP (and, therefore, an indirect 75% interest in the Limited Partnership);
 - (d) Speirs Investments Limited Partnership (*SILP*) (the entity through which the SGL group holds its interest in Vantage Finance) holds a 25% interest in Holdco LP (and, therefore, an indirect 25% interest in the Limited Partnership) and SILP's interest in the General Partner has decreased to approximately 12%.
- 8 To complete the restructure of Vantage Finance, the SGL group proposes to enter into the following transactions (also referred to as "stage two transactions"), which will involve:
- 8.1 the exchange of SILP's economic interest in Holdco LP for an economic interest in Newco; and
 - 8.2 the internal transfer of shares in the Manager to Newco for a nominal consideration,
- on the completion of which:
- (a) SILP will hold an 11.76% interest in Newco and the General Partner (and, therefore, an indirect 11.76% interest in the Limited Partnership);
 - (b) MCAF will hold a 70.59% interest in Newco and the General Partner (and, therefore, an indirect 70.59% interest in the Limited Partnership);
 - (c) TIHG will hold a 17.65% interest in Newco and the General Partner (and, therefore, an indirect 17.65% interest in the Limited Partnership); and
 - (d) Newco will hold all of the partnership interests in Holdco LP and all of the shares in the Manager.

We note that SILP had the opportunity under the current Holdco LP Limited Partnership Agreement to contribute additional capital, on a pro rata basis with MCAF, to complete the

acquisition of the Rent Plus business. If SILP had contributed this additional capital, its proportional interest in Newco and the General Partner in relation to MCAF would have remained the same. However, SILP did not wish to make this additional contribution, causing its interest in Newco and the General Partner to be diluted.

We attach as a Schedule structure diagrams for assisting in the understanding of the Proposed Transactions.

- 8.3 As part of the exchange of SILP's economic interest in Holdco LP for an economic interest in Newco, SILP will also grant options over up to a total of 300,000 of shares in Newco to selected employees and agents of the Manager (the *Options*) to replace the equivalent options granted by SILP over its interest in Holdco LP, which were more particularly described in the December Announcement and which will be cancelled as part of this transaction. Each Option will give the holder of it the right to purchase one share in Newco for \$1 (i.e. a total exercise price of up to \$300,000) and will generally be exercisable by those employees and agents from 15 January 2017 over a 180 day exercise period (which shall end at the conclusion of that exercise period or, if agreed, no later than 15 January 2019). Based on the SGL group's interest in Newco on completion of the steps described above, if all the Options were granted and exercised, it is expected that the SGL group's interest in Newco would be reduced to approximately 9.6%. In return, the SGL group would have received \$300,000 if all the options are exercised.
- 8.4 The Manager will continue to provide loan servicing and management services to the Limited Partnership and will use the partnership assets and its employees to provide those services (and will receive fees for doing so).
- 8.5 Each Newco shareholder will have a right to appoint a director if it holds a minimum of \$2,500,000 capital contribution or a 15% shareholding in Newco. The SGL group has an additional right to a director providing it does not sell down any Newco shares, other than those relating to the Options described in paragraph 8.3 above. On completion of the stage two transactions, Keith Taylor (the current SGL chairman) is the proposed appointee. Keith Taylor is also currently appointed as director of the General Partner and the Manager as SILP's representative. The consent of MCAF and TIHG is expected to be required to any transfer by the SGL group of its shares in Newco and the General Partner.

(the *Proposed Transactions*).

- 9 The Proposed Transactions are subject to the approval of SGL's shareholders (whether by way of this Pre-Break Announcement or, if required, at a meeting of shareholders) and any waiver(s) from NZX being obtained. These conditions precedent are currently expected to be satisfied in May 2014.

Why is this Pre-Break Announcement being made?

- 10 NZAX Listing Rule 9.1.1 provides that an Issuer shall not enter into any transaction or series of linked or related transactions to acquire, sell, lease, exchange, or otherwise dispose of (otherwise than by way of charge) assets of the Issuer, or assets to be held by the Issuer in respect of which the value is in excess of 50% of the Issuer's Average Market Capitalisation (NZAX Listing Rule 9.1.1(b)), in the absence of:
- 10.1 the prior approval of the Issuer's shareholders; or
- 10.2 following a Pre-Break Announcement and satisfaction of the other requirements of NZAX Listing Rule 10.2.

- 11 NZAX Listing Rule 9.1.1(b) applies to the Proposed Transactions due to the extended definition of “Issuer” in NZAX Listing Rule 1.6.6, which includes Speirs Investments Limited Partnership (which will carry out the Proposed Transactions).
- 12 SGL’s Market Capitalisation as at the date of this Pre-Break Announcement is approximately \$1,144,000. SGL’s Average Market Capitalisation as at the date of this Pre-Break Announcement is approximately \$781,000. It is expected that the value of the assets involved in the Proposed Transactions will exceed 50% of SGL’s Average Market Capitalisation, as:
 - 12.1 SILP will transfer partnership interests to Newco in exchange for shares in Newco with the same value being issued to SILP. The directors have assessed that the exchange of partnership interests for shares (the final values of which are yet to be precisely determined) are valued at an amount which is expected to be in excess of 50% of SGL’s Average Market Capitalisation;
 - 12.2 SILP may grant the Options, having an exercise price of up to a total of \$300,000.

As a result, the directors of SGL are of the opinion that SGL must comply with NZAX Listing Rule 9.1.1(b).

- 13 The Board of SGL has elected to comply with this rule by following the “pre-break announcement” procedure, rather than by calling a special meeting of shareholders and obtaining the approval of the shareholders to the Proposed Transactions at that meeting. Provided that no shareholders’ meeting is called by shareholders holding more than 5% of the shares in SGL within 10 business days of the date of this announcement, the SGL group will be entitled to enter into the Proposed Transactions.

Terms of the Proposed Transactions

- 14 The key components of the Proposed Transactions are outlined below. In summary:
 - 14.1 SILP will transfer all of its interests in Holdco LP to Newco in exchange for the issue of 1,666,666 shares in Newco, by which SILP will acquire an 11.76% interest in Newco;
 - 14.2 the General Partner will transfer all of the shares in the Manager to Newco for consideration of \$1;
 - 14.3 on completion of the steps described above:
 - (a) SILP will have a 11.76% interest in Newco and the General Partner (and, therefore, an indirect 11.76% interest in the Limited Partnership);
 - (b) MCAF will have a 70.59% interest in Newco and the General Partner (and, therefore, an indirect 70.59% interest in the Limited Partnership);
 - (c) TIHG will have a 17.65% interest in Newco and the General Partner (and, therefore, an indirect 17.65% interest in the Limited Partnership); and
 - (d) Newco will hold all of the partnership interests in Holdco LP and all of the shares in the Manager;

- 14.4 as part of the Proposed Transactions, the SGL group proposes to grant the Options to selected employees and agents of the Manager;
- 14.5 subject to satisfaction of the conditions precedent (as discussed above in paragraph 9 above), the Proposed Transactions are expected to be completed in May 2014;
- 14.6 each Newco shareholder will have a right to appoint a director if it holds a minimum of \$2,500,000 capital contribution or a 15% shareholding in Newco. The SGL group has an additional right to a director providing it does not sell down any Newco shares, other than those relating to the Options. On completion of the stage two transactions, Keith Taylor (the current SGL chairman) is the proposed appointee. The consent of MCAF and TIHG is expected to be required to any transfer by the SGL group of its shares in Newco and the General Partner.

Effect of Proposed Transactions

- 15 It is currently expected that the Proposed Transactions will provide the SGL group with future income from the 11.76% share of the profits of the restructured Vantage Finance business (i.e. profits from the funding of motor vehicles, general and commercial plant, machinery and other equipment through the Limited Partnership, the Rent Plus business (which also involves (but is not limited to) the rental and leasing of IT, office, communications and healthcare equipment) and any other finance businesses acquired or established by Newco). This will be in substitution for the income that the SGL group currently receives from the Holdco LP.
- 16 If the finance business is not profitable, the SGL group will not receive any profits from the business.

Directors' Interests in the Proposed Transactions

- 17 Keith Taylor is or may be interested in the Proposed Transactions as he is a director of SGL and of the General Partner given that both companies are participating in the Proposed Transactions.

Shareholder right to call a shareholders' meeting

- 18 As required by NZAX Listing Rule 10.2.2, the Proposed Transactions are conditional (in addition to the expiry of the 10 business day period from the date of this announcement) upon no special meeting of SGL's shareholders being called pursuant to section 121 of the Companies Act 1993, within that 10 business day period.
- 19 Under section 121 of the Companies Act 1993, the Board of SGL must call a special meeting of shareholders where shareholders (who together, hold shares together carrying not less than 5% of the voting rights entitled to be exercised at a meeting of shareholders) submit a written request to the Board of SGL for a meeting.
- 20 The contact details for SGL for the delivery and acceptance of such a written request under section 121 of the Companies Act 1993 are:

Speirs Group Limited
Unit 4, 251 Broadway Avenue
PO Box 318
Palmerston North
New Zealand
Attention: Lee Simpson, Company Secretary

Directors' Certificate

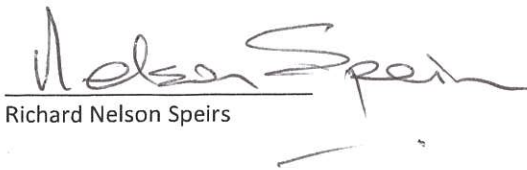
We, the undersigned directors of SGL, certify that the terms of the Proposed Transactions to be undertaken by SGL as described above:

- (a) are fair and reasonable to all security holders of SGL; and
- (b) are in the best interests of, all security holders of SGL.

Dated this 9th day of May 2014, and signed by all directors of Speirs Group Limited (that are not interested in the Proposed Transactions):



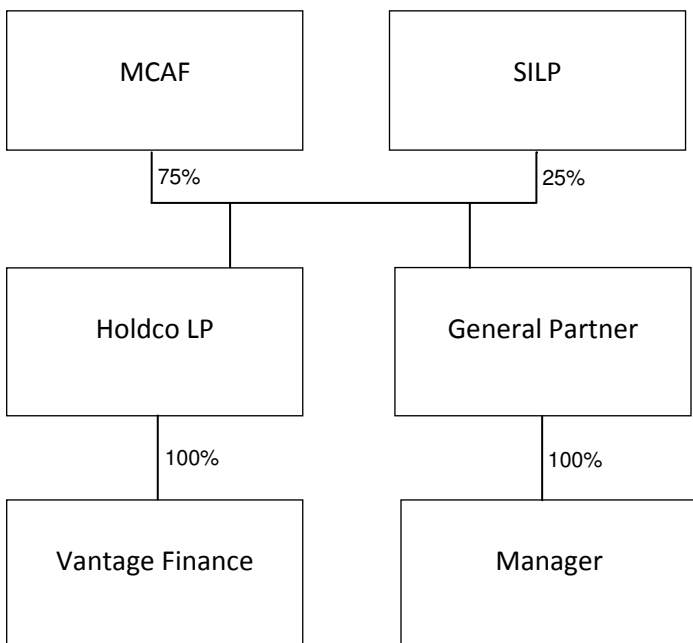
Derek Neil Walker



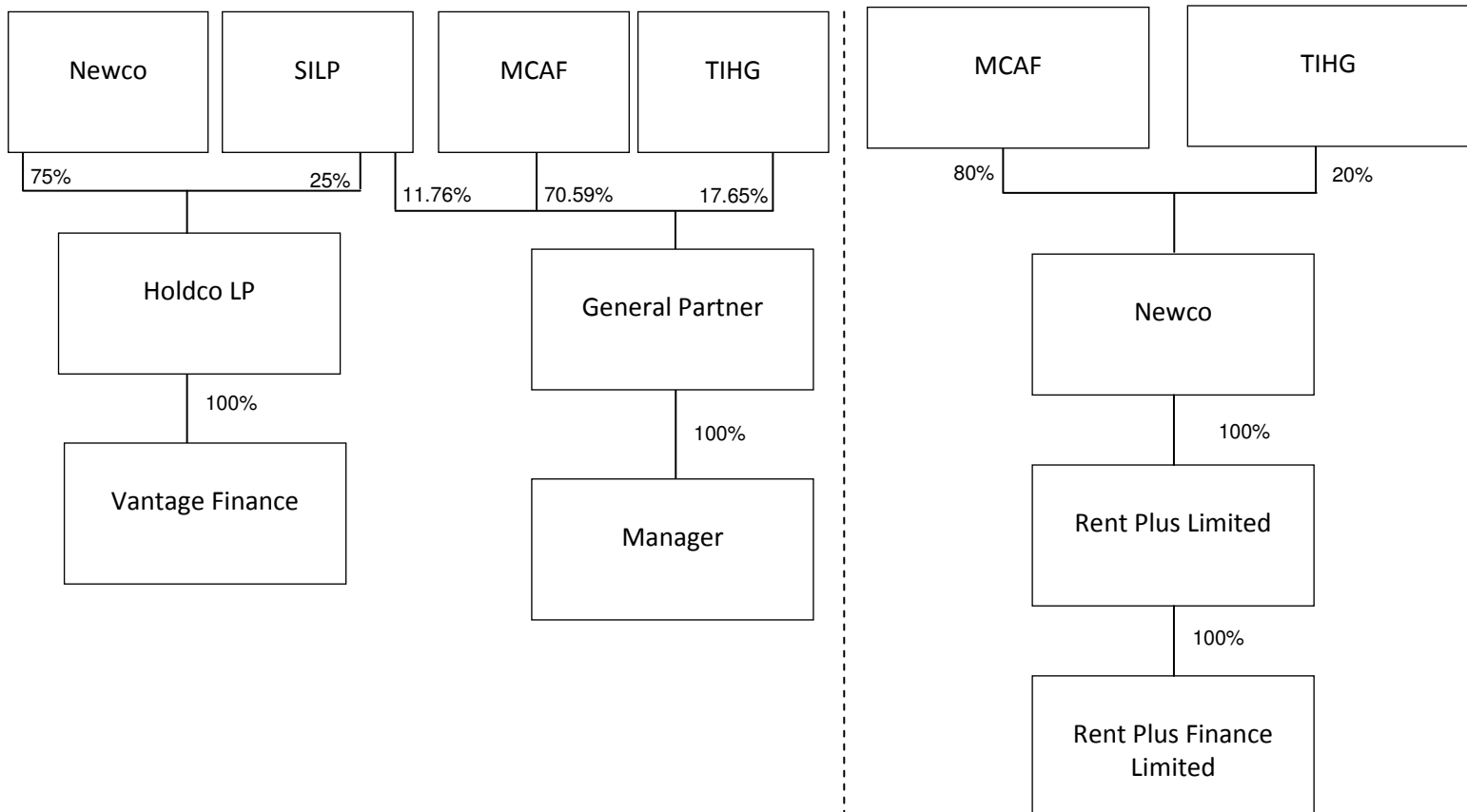
Richard Nelson Speirs

SCHEDULE: STRUCTURE OF PROPOSED TRANSACTIONS

STRUCTURE: BEFORE PROPOSED TRANSACTIONS – 1 APRIL 2014



STRUCTURE: STAGE ONE TRANSACTIONS – APRIL 2014



STRUCTURE: STAGE TWO TRANSACTIONS – MAY 2014

