



TAKEOVERS PANEL EXEMPTION NOTICE



THE TAKEOVERS PANEL

GRANTED EXEMPTIONS FOR FBLLC AND BFW FROM RULES 7(C) AND 15(B) OF THE TAKEOVERS CODE

BACKGROUND TO THE EXEMPTION

Burger Fuel Worldwide Limited (**BFW**) is a Code company. Mason Roberts Holdings Limited (**MRHL**) is the majority shareholder in BFW.

MRHL entered into a Sale and Option Agreement with Franchise Brands LLC (FBLLC) under which FBLLC agreed to purchase, and MRHL agreed to sell—

- 1,606,057 voting securities in BFW, being fully paid ordinary shares in BFW; and
- up to 23,853,420 voting securities in BFW, being an option to subscribe for up to 23,853,420 fully paid ordinary shares in BFW (**the Call Options**).

BFW obtained shareholder approval on 26 February 2014, in accordance with the Code, to the allotment of voting securities to FBLLC under the Subscription Agreement and to the acquisition of voting securities by FBLLC under the Sale and Option Agreement. The disclosures under rule 15(b) of the Code in respect of the acquisition of voting securities under the Sale and Option Agreement could not be definitively determined in advance because the actual number of voting securities that will be acquired by FBLLC under the Sale and Option Agreement depends on whether FBLLC exercises the maximum number of Call Options. Accordingly, the Panel granted the Takeovers Code (Burger Fuel Worldwide Limited) Exemption Notice 2014 (**Exemption Notice**), which granted the following exemptions:

- (a) to FBLLC, from rule 7(c) of the Code in respect of any increase in FBLLC's voting control that results from the acquisition of voting securities by FBLLC under the call option to the extent that the notice of meeting does not comply with rule 15(b) of the Code; and
- (b) to BFW, from rule 15(b) of the Code in respect of the notice of meeting, to the extent that rule 15(b) requires the notice of meeting to contain, or be accompanied by, particulars of voting securities to be acquired under the call option.

DISCLOSURES REQUIRED BY THE EXEMPTION NOTICE

Clause 7 of the Exemption Notice requires that every annual report issued by BFW during the period commencing on the date of the meeting and ending on the final completion date, and in the first annual report after the final completion date, contains the following information:

A SUMMARY OF THE TERMS OF THE CALL OPTION, AS APPROVED AT THE MEETING:

The Call Options are exercisable in four tranches over eight years from the initial completion date. Each tranche can be exercised in full or in part. Call Options not exercised in one tranche will accumulate in the subsequent tranche.

If Franchise Brands does not issue an Exercise Notice during any of the Tranche Periods, Mason Roberts Holdings Limited may sell up to 1,000,000 of the Tranche Option Shares (on each Tranche period end date) on the public market.

If BFW reaches or exceeds its target of 1,000 open and operating Burger Fuel outlets by the eighth anniversary of the call option agreement, then the number of options will be limited to 35% of the total outstanding shares in the Company (if all options are exercised, which would take Franchise Brands to a 45% ownership). If the Company has not achieved a minimum of 1,000 outlets by the eighth anniversary of the call option agreement, then Franchise Brands could increase its ownership stake to 50% of the total issued shares of the Company (if all options are exercised).

As at balance date (31 March 2014) Franchise Brands LLC holds 10% of BFW's issued capital (5,963,355 shares) & no call options have been exercised in this period. Each call option (tranche) is for a maximum of 5,963,355 shares or 10% of the issued capital.



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A summary of the milestone dates for the call options is contained in the table below.

CALL OPTION SHARE - MILESTONE DATES		EGM 26 February 2014			Completion Date (2 Business Days post EGM) 28 February 2014	
	Tranche One Option Shares	Tranche Two Option Shares	Tranche Three Option Shares	Tranche Four Option Shares		
Tranche Commencement Date	28 February 2014	28 February 2016	27 February 2018	27 February 2020		
20 Day Exercise Period - Start Date	8 February 2016	7 February 2018	7 February 2020	6 February 2022		
Tranche End Date	28 February 2016 (2nd Anniversary)	27 February 2018 (4th Anniversary)	27 February 2020 (6th Anniversary)	26 February 2022 (8th Anniversary)		
If the Average Market Price of the BFW shares as at the commencement of the Tranche Period is Less than:	NZD 1.49	NZD 1.64	NZD 1.80	NZD 1.98		
The Tranche End Date will be either						
Tranche End Date (+ 12 month extension) OR	27 February 2017	27 February 2019	26 February 2021	26 February 2023		
Tranche End Date will be 20 Business Days after the Average Market Price becomes greater than:	> NZD 1.49	> NZD 1.64	> NZD 1.80	> NZD 1.98		
Shares held by FBLLC at initial completion date - 5,963,355	Up to 5,963,355	Up to 5,963,355	Up to 5,963,355	Up to 5,963,355		
FBLLC Percentage held of BFW issued capital at initial completion date - 10%	10%	10%	10%	10% (if less than 1,000 stores have been opened)		



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A SUMMARY OF THE TERMS AND CONDITIONS OF THE EXEMPTIONS GRANTED UNDER THE EXEMPTION.

In addition to disclosures made in the Notice of Meeting dated 11 February 2014, every annual report issued by BFW during the period in which the Exemption Notice is in force must contain the following in a prominent position:

- (i) a summary of the terms of the Call Options, as approved at the meeting at which shareholder approval of the Call Options was given;
- (ii) a summary of the terms and conditions of the exemptions granted under the exemption notice;
- (iii) Particulars, as at the end of the financial year to which the report relates, of—
 - (a) the number of voting securities acquired by FBLLC under the Call Options; and
 - (b) the number of voting securities then on issue that are held or controlled by FBLLC, and the percentage of all voting securities on issue that that number represents; and
 - (c) the percentage of all voting securities then on issue that are held or controlled, in aggregate, by FBLLC and FBLLC's associates; and
 - (d) the maximum percentage of all voting securities that could be held or controlled by FBLLC if it acquires the approved maximum number of voting securities under the Sale and Option Agreement; and
 - (e) the maximum percentage of all voting securities that could be held or controlled, in aggregate, by FBLLC and FBLLC's associates if it acquires the approved maximum number of voting securities under the Sale and Option Agreement; and
 - (f) a statement of the assumptions on which these particulars are based.

From the date of the meeting, 26 February 2014, until the final completion date, BFW must show the following information in a prominent position on its website:

- (a) the information required to be disclosed in BFW's annual reports (set out above); and
- (b) as soon as BFW is aware of it, or ought reasonably to be aware of it, any aggregate increase of 1% or more in the voting securities held or controlled by FBLLC.

The exemptions are also subject to the additional conditions that during the period in which the notice is in force

- FBLLC must not increase its voting control except in accordance with;
 - (a) the approved transactions; or
 - (b) an exemption from the Panel under section 45 of the Act; or
 - (c) rule 7(c) or (d) of the code.
- There must be no change of control of FBLLC that results in another person becoming the holder or controller of an increased percentage of voting rights in BFW except in accordance with;
 - (a) An exemption from the Panel under section 45 of the Act; or
 - (b) rule 7(c) or (d) of the code.



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PARTICULARS, AS AT THE 31ST MARCH 2014

the number of voting securities acquired by FBLLC under the call option; and	0
the number of voting securities then on issue that are held or controlled by FBLLC, and the percentage of all voting securities on issue that that number represents; and	5,963,355 / 10%
the percentage of all voting securities then on issue that are held or controlled, in aggregate, by FBLLC and FBLLC's associates; and	10%
the maximum percentage of all voting securities that could be held or controlled by FBLLC if it acquires the approved maximum number of voting securities under the call option; and	50%
the maximum percentage of all voting securities that could be held or controlled, in aggregate, by FBLLC and FBLLC's associates if it acquires the approved maximum number of voting securities under the call option; and	50%
a statement of the assumptions on which the particulars are calculated	<ul style="list-style-type: none"> the number of voting securities on issue, was the number of voting securities on issue as at the date of the notice of meeting; 1,606,057 fully paid ordinary shares in BFW were acquired by FBLLC from MRHL under the Sale and Option Agreement on the initial completion date; 23,853,420 fully paid ordinary shares in BFW will be acquired by FBLLC from MRHL under the call options. 4,357,298 fully paid ordinary shares in BFW were allotted to FBLLC under the Subscription Agreement, on the initial completion date; and 600,000 fully paid ordinary shares in BFW are acquired by MRHL from T.E.A Custodians Limited on the initial completion date and; There is no change in the total number of voting securities on issue from the date of the notice of meeting until the final completion date (other the acquisition above).