

### **Notice of special meeting of shareholders**

Notice is given that a special meeting of Motor Trade Finance Limited (**MTF Finance** or the **Company**) will be held at MTF Finance, Level 1 98 Great King Street, Dunedin on **Thursday 19 September 2019 commencing at 11:00 am.**

MTF Finance is proposing the appointment of an additional independent director to the Board. This proposal will require an amendment to the constitution to enable the Board to recruit and appoint a suitable candidate.

Any changes to the constitution require the support and approval of the ordinary shareholders of MTF Finance by a special resolution.

#### **Business - Amendment of the Company's Constitution**

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

“That the constitution of the Company be amended in the manner marked up in the constitution as presented to the shareholders at the meeting.”

Further information relating to this resolution is set out in the Explanatory Notes accompanying this Notice of Meeting. Please read and consider the resolution together with those notes.

By order of the Board

A handwritten signature in black ink, appearing to read 'Glen Todd', written in a cursive style.

**Glen Todd**  
Chief Executive Officer  
[glen.todd@mtf.co.nz](mailto:glen.todd@mtf.co.nz)  
26 August 2019



## **Procedural notes**

### **Entitlement to vote**

The persons entitled to vote on the special resolution at this shareholders' meeting will be those persons who were the ordinary shareholders of MTF Finance at 11.00am on Tuesday, 17 September 2019.

### **Proxies**

A shareholder may exercise the right to vote either by being present in person or by proxy.

Ordinary shareholders entitled to attend and vote at the shareholders' meeting may appoint a proxy or (in the case of a corporate shareholder) a representative to attend and vote on their or its behalf.

**To appoint a proxy, ordinary shareholders must complete the proxy form (enclosed with this Notice) and lodge it with the Company no later than 11:00am on Tuesday, 17 September 2019.** A proxy does not need to be a shareholder of the Company.

**Any proxy appointments received after this time, including those physically presented at the meeting, will be null and void. Any votes cast at the meeting by non-qualifying proxies will be excluded from the resolutions' vote count.**

Proxy forms can be lodged with the Company by:

- email: [kyle.cameron@mtf.co.nz](mailto:kyle.cameron@mtf.co.nz) (include 'proxy' in the subject line)
- fax: 03 471 7751
- post: PO Box 885, Dunedin 9054
- delivery: 98 Great King Street, Dunedin, 9016

### **Voting process**

The adoption of a new constitution is a special resolution which requires approval by a majority of 75% of the votes of those shareholders entitled to vote and voting on the resolution.

A marked up copy of the constitution showing the proposed changes is available on the MTF Finance website.

## **Explanatory Notes**

### **Special Resolution: Amendment of constitution**

MTF Finance is committed to a high standard of corporate governance.

At the March AGM the board signalled that it had undertaken a review, supported by independent advice from Sheffield, of its governance practices to determine opportunities for improvement.

An area of focus of the governance review was the structure of the board, ensuring that board composition caters for succession planning and the skills required to successfully guide MTF Finance into the future. One recommendation that came out of the independent review was to allow for the addition of an additional independent director to the board, while retaining a majority of directors as shareholder directors.

Increasing the permitted number of independent directors from two to three also requires the maximum total number of directors permitted under the Company's constitution (the **Constitution**) to be increased from six to seven. Accordingly, it is proposed that the Constitution be changed to permit these increases. The Constitution can only be changed if the relevant changes are approved by a special resolution of the Company's shareholders. A special resolution requires 75% shareholder approval of the votes of those shareholders entitled to vote and voting on the resolution. The proposed changes required to allow for the appointment of an additional independent director are summarised in Table 1.

MTF Finance was founded as a co-operative company and maintains many elements of the co-operative model, including a majority of directors being shareholder directors. The board considers this to be a key strength of MTF Finance and wishes to retain that integrity.

To ensure the board has the diverse range of skills and knowledge to support the Executive team, the board will be looking for candidates who possess skills in marketing, business optimisation and customer focused innovation through digital and technology channels. If the resolution is passed, MTF Finance will engage executive recruitment consultants Sheffield to assist the board in the candidate selection process with the appointment expected to be completed early in 2020.

In accordance with the Constitution, an additional independent director would be remunerated at the levels already approved by shareholders. Directors fees are currently \$53,000 p.a. and were last reviewed at the 2019 Annual General Meeting in March. Your board's view is that this additional cost is an appropriate investment in skills and capability that will add value to the company well beyond the cost.

To assist shareholders, we have attached a brief report from Sheffield outlining their views on this important matter for the future of MTF Finance.

The board has also taken the opportunity to amend the Constitution for various changes in relevant legislation and to align with recent changes to the NZX Listing Rules. The most significant of these proposed changes are summarised in Table 2 below.

A marked up copy of the existing Constitution showing all of the proposed changes and a clean copy of the proposed new Constitution can be viewed on the Company's website: [www.mtf.co.nz/investor/index.html](http://www.mtf.co.nz/investor/index.html).

**Table 1: Proposed changes to allow an increase in the number of independent directors from two to three:**

| Clause reference                  | Topic  | Summary of proposed change   |
|-----------------------------------|--|--|
| <b>66.1(a)</b>                    | Increase the number of directors             | Increase the maximum number of director from six to seven  |
| <b>66.2(a)(i)</b>                 | Increase the number of independent directors | Change to allow MTF Finance to have a minimum of two and up to three independent directors   |
| <b>Fourth schedule – clause 8</b> | Quorum for board meeting                     | To provide a balance between shareholder directors and independent directors when the board is conducting business. The change ensures that independent directors alone cannot pass resolutions. |

**Table 2: Proposed changes to capture updates to relevant legislation and for alignment with recent changes made to the NZX Listing Rules:**

| Clause reference      | Topic   | Summary of proposed change  |
|-----------------------|---|---|
| <b>1.1</b>            | New defined terms   | Amend definition of “Associated Person” to align with the new definition of that term under the updated NZX Listing Rules. For consistency with the terminology under the Financial Markets Conduct Act 2013, references to “substantial security holder” have been changed to “substantial product holder”.  |
| <b>23.1</b>           | Issue of shares by the board                                  | Change made to reflect changes to the Companies Act 1993 in 2014 that permit schemes of arrangement to be used to implement a takeover (as an alternative to a takeover offer under the Takeovers Code). This amendment would allow shares to be issued a consideration in an offer made by the Company under a scheme of arrangement under Part 15 of the Companies Act 1993   |
| <b>66.4 and 66.6</b>  | Director rotation   | Simplify the rotation of independent directors to align with the new approach under the NZX Listing Rules (although those rules do not apply to the Company). Under that new approach a director must not hold office (without re-election) past the third annual meeting following that director’s appointment or three years, whichever is longer. The previous position was that one third of directors must retire from office at the annual meeting each year, and were eligible for re-election. This rotation requirement only applies to shareholder elected directors. |
| <b>Third schedule</b> | Electronic meetings, electronic voting and proxy appointments | Changes to address various amendments to the Companies Act 1993 relating to the contents required in a notice of meeting and allowing the Company to conduct voting via electronic means (i.e., “hybrid meetings” or “virtual meetings”). The Company is not required to hold either “hybrid meetings” or “virtual meetings”, but this change provides flexibility for using technology as part of shareholder meetings.  |

Certain other minor changes have been made to the Third Schedule to update for changes to the Companies Act and for consistency with certain technical changes made to Companies Act. These changes relate to notice of meeting content requirements and postal voting.

**Fifth  
schedule**

Various updates

For consistency with the terminology under the Financial Markets Conduct Act 2013, references to “security” have been changed to “financial product” or, in relation to the definition of “relevant interest” under clause 2.1 of the schedule, “voting product”.

As mentioned above, the definition of “Associated Person” in clause 3 has been amended to align with the new definition of that term under the updated NZX Listings Rules



**Proxy** (For use if you are unable to attend the special meeting)

**Section 1: Shareholder details**

---

Shareholder:

Address:

Shareholder number:

No. of ordinary shares:

**Section 2: Appointment of proxy**

---

**Explanatory notes:**

1. A shareholder may appoint a proxy to attend and vote on its behalf. To do this, enter the name of your proxy in the space allocated below. Direct your proxy how to vote by marking one of the boxes opposite each item of business.
2. All proxies, including those who will attend the meeting, must have lodged a duly executed version of this form with the Company by **11.00am on Tuesday 17 September 2019**.
3. A proxy need not be a shareholder of Motor Trade Finance Limited.
4. Shareholders who are joint holders of shares must each sign the proxy form.
5. A company representative must be appointed by a duly authorised officer or attorney.
6. If this form is executed under power of attorney, a certificate of non-revocation of power of attorney should be completed. Copies of the power of attorney (unless it has already been noted by the Company) and the signed certificate of non-revocation of power of attorney should be forwarded with this form to the Company.

**Proxy: I/we hereby appoint as my/our proxy (tick the box that applies)**

The meeting chairman; **or**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

**or**; if the person I/we have appointed is unable to be my/our proxy then I/we appoint as an alternate:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

to attend and exercise my/our vote at the special meeting of the Company to be held at **MTF Finance, Level 1 98 Great King Street, Dunedin on Thursday 19 September 2019 commencing at 11.00am** and at any adjournment of that meeting.

**Section 3: Voting instructions**

---

Unless otherwise directed, the proxy will vote as he or she thinks fit (even if he or she has an interest in that resolution) or may abstain from voting and may vote at their discretion on any other matters put before the annual meeting

**I/we direct my/our proxy (as appointed in Section 2 above) to vote as follows:**

| <b>Business</b>   | <b>For</b>                         | <b>Against</b>           |
|---|------------------------------------|--------------------------|
|   | <b>(Tick the box that applies)</b> |                          |
| 1. Special resolution to approve amendments to the company constitution | <input type="checkbox"/>           | <input type="checkbox"/> |

Signature(s) of shareholder named in Section 1

→ \_\_\_\_\_ → \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

**For your vote to be counted, the proxy form must be lodged with the Company not later than 11.00am on Tuesday, 17 September 2019.** You can lodge it with the Company by:

- email – kyle.cameron@mtf.co.nz (include 'proxy' as subject)
- fax - 03 471 7751
- post - PO Box 885, Dunedin 9054
- delivery - 98 Great King St, Dunedin, 9016