



**August 18, 2009**

NZX Regulation Decision  
Cavalier Corporation Limited  
Application for waiver from NZSX Listing Rule 7.11.1

**Background**

1. Cavalier Corporation Limited (“CAV”) is listed on the NZSX market.
2. CAV intends to adopt a dividend re-investment plan (“the Plan”).
3. Under the terms of the Plan, applications to participate are required to be submitted by the Record Date for the respective dividend.
4. The price at which shares are issued under the Plan is the volume weighted average sale price calculated on all price setting trades which take place through the NZSX over a period of 5 trading days immediately following the Record Date. If no trade occurs during that period, then the price will be based on the first trade on the NZSX which takes place after the expiry of that period.
5. NZSX Listing Rule 7.11.1 (“Rule”) requires CAV to proceed to allotment within 5 Business Days after the latest date on which applications for Securities close, i.e. the Record Date. However, in respect of the Plan, this leaves insufficient time for allotment as the price of shares to be issued under the Plan cannot be determined until the expiry of those 5 days.
6. Clause 5.1 of the Plan provides that CAV will issue Shares under the Plan on the day that a participant would otherwise have been paid or credited a dividend. CAV proposes to pay cash dividends up to 10 Business Days after the relevant Record Date, so that a shareholder participating in the Plan will not be prejudiced by the delay in issue of the Shares. The participant could not receive its entitlement to the distribution any earlier if it had not elected to participate in the Plan.

**Application**

7. CAV has applied for a waiver from the requirement in Rule 7.11.1 to proceed with an allotment of Securities within 5 Business Days after the latest date on which applications for Securities close, with respect to shares issued under the Plan.
8. In support of the application CAV submits that:
  - (a) unlike an IPO, allotment is not linked to the closing of the offer but is instead limited to the way in which CAV will determine the price at which shares will be offered;
  - (b) the waiver will not result in CAV’s shareholders having an inappropriate delay in receiving the return on their investment;

- (c) all shareholders in CAV will receive distributions at the same time, irrespective of whether they participate in the Plan or not. Accordingly, no shareholder will be prejudiced by the granting of this waiver; and
- (d) there is precedent for the waiver sought: similar waivers were granted by NZXR to ING Property Trust on 14 September 2006, Macquarie Goodman Property Trust on 17 August 2006 and to ING Medical Properties Trust on 15 August 2008.

### **Rule**

9. Rule 7.11.1 provides that:

*An Issuer making an issue shall proceed to allotment within five Business Days after the latest date on which applications for Securities close.*

### **Decision**

10. On the basis that the information provided to NZXR is full and accurate in all material respects, NZXR grants CAV a waiver from Rule 7.11.1 with respect to shares allotted under the Plan on the following conditions:
- (a) CAV allots shares pursuant to the Plan on the same day that dividends are paid to shareholders who do not elect to participate in the Plan.

### **Reasons**

11. In coming to the decision to grant CAV waiver from Rule 7.11.1 NZXR has considered the following matters:
- (a) Unlike an IPO, allotment is not linked to the closing of the offer.
  - (b) The conditions in paragraph 10 are to give effect to NZX's policy of ensuring that subscribers have the benefit of their investment without inappropriate delays. The condition in paragraph 10(a) will ensure that all CAV shareholders will receive distributions at the same time, irrespective of whether they participate in the Plan or not. Accordingly, no shareholders will be prejudiced by the granting of this waiver.
  - (c) There is precedent for this decision in the waivers granted by NZXR to ING Property Trust on 14 September 2006, Macquarie Goodman Property Trust Limited on 17 August 2006 and to ING Medical Properties Trust on 15 August 2008.

**ENDS**