

12 December 2025

ASX Limited
39 Martin Place
Sydney NSW 2000

Attention: Andrew Champion

By email: ListingsPolicy@asx.com.au

Dear Andrew

ASX public consultation on shareholder approval rights

Shareholder approval of dilutive acquisitions and changes in admission status

This submission is provided on behalf of the Maple-Brown Abbott Australian Value Equities team (~AUD4bn AUM) and the Maple-Brown Abbott Australian Small Companies team (~\$1bn AUM), reflecting our experiences as active investors in ASX-listed companies. We appreciate the opportunity to participate in this public consultation.

Established in 1984, Maple-Brown Abbott is now part of Antipodes Group, a Sydney-based investment firm which manages over AUD20bn in listed equities (as at 30 November 2025).

Our responses focus on Section 5 of the consultation paper ("Bidder shareholder approval of share issues for takeovers and mergers – Exceptions from Listing Rule 7.1").

Recognition of the potential damage that could be caused to a shareholder by a highly dilutive share issue has long been enshrined in the ASX's Listing Rules. In our view, the existing Listing Rules 7.1 and 7.2 place a sensible issuance limit of 15% in any 12-month period, unless approved by the entity's security holders.

Listing Rule 7.1A provides further flexibility for smaller companies (essentially an additional 10% placement capacity) and various exceptions. While Listing Rule 7.2 contains various exceptions to the 15% limit, including for pro-rata issues where all shareholders can participate proportionally (and thus avoid share dilution), as well as exceptions 6 and 7 for share issues under regulated takeovers and mergers.

Whilst beyond the scope of your consultation paper there are some further, somewhat technical exemptions (for example relating to the underwriting of a pro rata capital raising and dividend reinvestment plans).

The only other major exception is contained in exceptions 6 and 7, whereby an entity is not bound by the 15% limit in the case of consideration for a takeover or merger by way of a Scheme of Arrangement (either directly or via the issuing securities to fund the cash component of such deals). Whilst the exemption has been around for almost 30 years, it is not clear to us why it exists. There are numerous reasons why an entity may need to raise capital in excess of the 15% limit, for example for urgent balance sheet repair or introducing a new “cornerstone” investor. In such situations, unless it is a pro rata rights issue, existing shareholder approval is required.

Small M&A (“bolt-ons” in investment banking lexicon) can presumably be funded within the 15% existing annual placement limit under Listing Rule 7.1. The critical question is: *Why should big ticket M&A be exempt from shareholder approval?* Particularly when the historical verdict on such M&A is mixed at best. Some of the most value-destructive deals in Australian corporate history have occurred under the existing exemption. The Annexure to your consultation paper provides a useful list of recent deals and in addition to the James Hardie / Azek deal we would highlight the Perpetual / Pandal merger.

With respect to your specific consultation questions:

Question 7: Should the current limit on issues of securities without approval under exceptions 6 and 7 in Listing Rule 7.2 be reduced?

Our preference is to abolish the Exceptions so that the existing 15% limit applies.

If the exceptions are to remain, we agree with your 25% limit per transaction.

Question 8: If the limit is reduced, should this be to 75%, 50%, 25% or another amount?

We favour the 15% limit as currently contained in Listing Rule 7.1.

Question 9: Should the current limit (the reverse takeover limit) be kept for entities outside the S&P/ASX 300 and with no more than \$300m market capitalisation (the same group of entities as for Listing Rule 7.1A)?

We should say upfront that we rarely, if ever, invest in this part of the market.

However, we see no reason why the rules that we propose for “Big Caps” (i.e. the 15% limit) should not also apply to these companies. Why should shareholders of “Small Caps” get less protection than shareholders in “Big Caps”?

Question 10: Do you think reducing the limit on issues of securities without approval under exceptions 6 and 7 in Listing Rule 7.2 would make it more difficult for listed bidders to compete in and execute takeovers and mergers? If so, what problems would it create?

The data suggests that a significant proportion of M&A transactions result in the acquiring company underperforming the market for sometimes notable periods after such deals. We think it would be a positive if Boards were more circumspect before launching big ticket M&A involving highly dilutive equity raisings, particularly where they are required to “compete in” processes. We have seen first-hand the positive impact on Board behaviour of shareholders having a say in remuneration matters and expect that parallels can be drawn for M&A events if more deals required shareholder approval.

Question 11: What do you think may be the direct and indirect costs of the introduction of a lower limit on issues under exceptions 6 and 7? Would these costs be outweighed by the potential benefits?

In the scheme of large M&A transaction costs, the additional costs of a shareholder meeting are de minimis. The potential benefits of shareholders approving, or not approving as the case may be, far outweigh these costs.

Question 12: Do you think that exceptions 6 and 7 should be strictly limited to issues under takeovers and mergers conducted under Australian law, with no waivers provided to extend them to takeovers and mergers conducted under the laws of foreign jurisdictions?

As noted above, our preference is to abolish the exceptions so that the existing 15% limit continues to apply.

Question 13: Are there any other significant unintended consequences or other risks that this change raises that have not been considered in this consultation paper? If so, are there ways that these risks may be satisfactorily addressed while still proceeding with the proposed change?

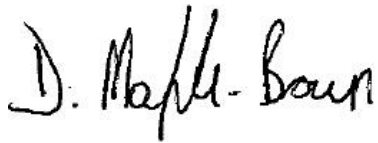
We acknowledge that removal of exceptions 6 and 7 will likely result in some unintended consequences. However, we have not identified any unintended consequences that would outweigh the investor protection benefits and equitable treatment of shareholders that would result from requiring shareholder approval for material dilutive transactions.

In relation to Section 6 of the consultation paper (Security holder approval for change to nature or scale of activities under listing rule 11.1.2) we note the complexities involved including the challenge of establishing workable definitions for key concepts such as "major asset." In our view, any consideration of potential amendments to Listing Rule 11 should be conducted as a separate consultation process, distinct from the current review of exceptions to Listing Rule 7. The policy considerations and practical implications of these two areas differ materially and would benefit from independent analysis.

Yours sincerely



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