

The Manager – Listings  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

21 November 2019

## **DESPATCH OF ENTITLEMENT OFFER BOOKLET AND OPENING OF ENTITLEMENT OFFER**

Consolidated Operations Group Limited (ASX: COG) (**Company** or **COG**) advises that, pursuant to the timetable in the Entitlement Offer Booklet, the Entitlement Offer Booklet and Entitlement and Acceptance Form in relation to the 1 for 6 (1 new share for every 6 existing shares held at the record date of 7.00pm (Sydney time) on 18 November 2019) non-underwritten pro rata non-renounceable rights issue announced on 13 November 2019 have been dispatched today to Eligible Shareholders via email or mail, as applicable. A copy of the Entitlement Offer Booklet is attached to this announcement.

### **Opening of Entitlement Offer and online applications**

The Entitlement Offer opens today and eligible shareholders who wish to participate in the Entitlement Offer are encouraged to take immediate action with respect to the Entitlement Offer. If an eligible shareholder does not wish to participate in the Entitlement Offer then they need not take any action and their entitlement to new shares will lapse.

Eligible shareholders who wish to participate in the Entitlement Offer are recommended to apply online by visiting the offer website at <https://events.miraqle.com/COG-OFFER>, completing their application and then making payment in accordance with the instructions on the offer website (which includes making payment by BPAY®). By applying on-line eligible shareholders who have elected to receive shareholder correspondence by post do not need to wait for receipt of the Entitlement Offer Booklet and Entitlement and Acceptance Form through the post. By applying on-line and paying by BPAY® eligible shareholders do not need to return a copy of the Entitlement and Acceptance Form that accompanies the Entitlement Offer Booklet.

Eligible shareholders who decide to participate in the Entitlement Offer and who take up their entitlement in full may also apply for additional shares in excess of their entitlement. Additional shares will only be available where there is a shortfall between applications received and the number of offer shares proposed to be issued under the Entitlement Offer. The allocation of additional shares is at the sole discretion of the directors and there is no guarantee that any eligible shareholder who applies for additional shares will receive all or any of the additional shares applied for.

The Entitlement Offer is scheduled to close at **5.00pm (Sydney time) on Monday, 2 December 2019**. To participate in the Entitlement Offer payment for any shares applied for under the Entitlement Offer (including any additional shares) must be received no later than this time.

Before applying, eligible shareholders should read the Entitlement Offer Booklet in full, including the risk factors involved with investing in COG set out in Section E of the Entitlement Offer Booklet. If any eligible shareholder is in any doubt as to what action they should take in connection with the Entitlement Offer they should seek advice from their stockbroker, accountant or other professional adviser.

If, after reading the Entitlement Offer Booklet, any shareholder has any questions in relation to how to participate in the Entitlement Offer they should contact the Company's share registry on 1300 554 474 (callers within Australia) or +61 1300 554 474 (callers outside Australia).

### **Purpose of Entitlement Offer and use of proceeds**

As previously announced, the Company has entered into a scheme implementation agreement with CML Group Limited (ASX:CGR) (**CML**) under which COG and CML have agreed to a proposed merger to establish a leading financial services group focusing on servicing SME businesses in Australia. The merger will be implemented by way of a court-approved scheme of arrangement with CML shareholders (**Scheme**).

If the Scheme is implemented, the proceeds from the Entitlement Offer will be used by COG to fund the cash component of the consideration agreed to be paid by COG under the Scheme.

If, however, the Scheme is not implemented for any reason, the proceeds from the Entitlement Offer will be used by COG as follows:

- to reduce existing debt;
- for working capital; and
- to pay the costs associated with the Entitlement Offer and the costs of the Scheme (including any break fee that may be payable).

### **Entitlement Offer timetable**

An indicative timetable for the Entitlement Offer is set out below:

<b>Event</b>	<b>Date</b>
Entitlement Offer Record Date	7.00pm (Sydney time), Monday, 18 November 2019
Entitlement Offer opens Entitlement Offer Booklet despatched	Thursday, 21 November 2019
<b>Entitlement Offer closes (Closing Date)</b>	<b>5.00pm (Sydney time), Monday, 2 December 2019</b>
Shares under the Entitlement Offer quoted on a deferred settlement basis	Wednesday, 4 December 2019
Announcement of shortfall (if any) under the Entitlement Offer	Thursday, 5 December 2019
Issue and allotment of COG shares under the Entitlement Offer	Friday, 6 December 2019
Despatch of holding statements	Friday, 6 December 2019
Commencement of trading of new COG shares issued under the Entitlement Offer	Monday, 9 December 2019

*Note: The above timetable is indicative only and subject to change. The quotation of offer shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the offer shares. All dates and times in the timetable above are in Sydney, Australia time.*

Andrew Bennett

CEO

0405 380 241

Cameron McCullagh

Executive Director

0439 998 818

#### **Who We Are**

Consolidated Operations Group (COG) has two complementary businesses:

1. **Asset Finance Broking.** Through our membership group serving independent brokers and COG's equity owned brokers (brokers in which we have invested), we are Australia's largest asset finance group, representing over \$4 billion per annum of Net Asset Finance (NAF). We will grow NAF through organic growth and further equity investment in brokers.
2. **Product.** Through broker distribution, TL Rentals provide equipment finance to SMEs. We have grown annual lease origination organically by 27% and 38% in the last two financial years.

In both businesses we are small parts of large markets, with growth opportunities through consolidation and organic growth.

# Entitlement offer booklet

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**Consolidated Operations Group Limited**  
ACN 100 854 788

A one (1) for six (6) non-renounceable pro rata entitlement offer of shares in Consolidated Operations Group Limited at A\$0.09 per Offer Share to raise up to approximately A\$20.2m (subject to rounding).

**This Booklet requires your immediate attention. You should read this Booklet in full.**

This Booklet contains important information. You should read this Booklet in full and seek advice from your stockbroker, accountant or other professional adviser if you have any questions about your investment in the Company or about the impact of the Entitlement Offer described in this Booklet. If you have any questions in relation to how to participate in the Entitlement Offer after reading this Booklet, please contact the Company's registry, Link Market Services Limited on 1300 554 474 (callers within Australia) or +61 1300 554 474 (callers outside Australia).

This Booklet does not provide financial advice and has been prepared without taking into account your particular objectives, financial situation or needs.

This Booklet may not be distributed outside of Australia or New Zealand except in such other countries, and to the extent contemplated, under this Booklet.

Not for release or distribution in the United States.

## Important information

### This Booklet

This Booklet has been prepared by Consolidated Operations Group Limited ACN 100 854 788 (**Company**).

This Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with ASIC. This Booklet is dated 21 November 2019 and a copy was lodged with ASX on that date.

This Booklet and the accompanying Entitlement and Acceptance Form relate to a 1 for 6 (1 new Offer Share for every 6 existing Shares held on the Record Date) non-renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price as announced by the Company to ASX on 13 November 2019 (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows pro rata entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

### No cooling off rights

Cooling off rights do not apply to an investment in Offer Shares. You cannot, in most circumstances, withdraw your Application once it has been accepted.

### No Entitlements trading

The Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

### Not financial product advice

The information contained in this Booklet is not financial product advice, does not purport to contain all the information that you may require in evaluating a possible acquisition of Offer Shares in the Company and has been prepared without taking into account the investment objectives, financial situation or needs of you or any particular investor.

You should conduct your own independent review, investigation and analysis of the Company and the Offer Shares which are the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

### Risks

Please refer to Section E of this Booklet, which includes a non-exhaustive summary of the risk factors associated with an investment in the Company.

### Foreign jurisdictions

This Booklet is being sent to all Shareholders on the share register as at 7.00 pm (Sydney time) on 18 November 2019 (**Record Date**) with a registered address in Australia or New Zealand (**Eligible Shareholders**).

The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register the Offer Shares or otherwise permit a public offering of the Offer Shares in any jurisdiction other than Australia and New Zealand. Return of the Entitlement and Acceptance Form shall be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed. The distribution of this document outside Australia may be restricted by law.

## United States

This Booklet must not be taken into, distributed or released in the United States or distributed to any person in the United States or to any person acting for the account or benefit of any person in the United States. Persons who come into possession of this Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The information in this Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any Offer Shares in the United States or to any person in the United States. Offer Shares may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The Offer Shares to be offered and sold in the Entitlement Offer have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Offer Shares in this Entitlement Offer may only be offered and sold outside the United States, to persons that are not in the United States or acting for the account or benefit of persons in the United States.

## New Zealand

This Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This Booklet is not an investment statement, prospectus or product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain.

The Offer Shares are not being offered or sold to the public in New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand, to whom the offer of Offer Shares is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

## Other jurisdictions

The Offer Shares may not be offered or sold in any jurisdiction except to persons to whom such offer or sale is permitted under applicable law.

## Nominees

Nominees and custodians may not distribute this Booklet or any other materials related to the Entitlement Offer, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia or New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Entitlement Offer.

## Governing law

This Booklet, the Entitlement Offer and the contracts formed on receipt of your Application are governed by the law applicable in New South Wales. Each Shareholder who applies for Offer Shares submits to the non-exclusive jurisdiction of the courts of New South Wales.

## Future performance

This Booklet may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "objective", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors (many of which are beyond the control of the Company) that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should also have regard to the "Risk Factors" in Section E of this Booklet.

## **Past performance**

Past performance information given in this Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

## **Financial data**

All dollar values are in Australian dollars (A\$) except where otherwise indicated.

## **Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Booklet.

Any information or representation that is not in this Booklet may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Booklet.

## **Taxation**

There will be tax implications associated with participating in the Entitlement Offer and receiving Offer Shares. This Booklet does not contain or constitute tax advice and does not take account of the individual circumstances of particular Eligible Shareholders. The Company recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

## **Privacy**

The Company collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of assessing and processing the Application and, if the Application is successful, to administer the applicant's shareholding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through the Registry). The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to the Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Registry.

## **Trading Offer Shares**

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Offer Shares they believe will be issued to them before they receive their holding statements following the close of the Entitlement Offer, whether on the basis of confirmation of the allocation provided by the Company or the Registry or otherwise, or who otherwise trade or purport to trade Offer Shares in error or which they do not hold or are not entitled to.

## **Defined terms**

Capitalised terms used in this Booklet have the meaning given to those terms in the glossary in Section G of this Booklet.



## Letter from the Chairman

21 November 2019



Dear Shareholder

On behalf of the Directors, I am pleased to offer you the opportunity to participate in a 1 for 6 (1 new Offer Share for every 6 existing Shares held on the Record Date) non-renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price, as announced by the Company to ASX on 13 November 2019, to raise up to approximately A\$20.2 million (before costs and expenses) (**Entitlement Offer**).

### Merger with CML Group Limited

As announced by the Company to ASX on 13 November 2019, the Company has entered into a binding scheme implementation agreement under which the Company and CML Group Limited (**CML**) have agreed to work together to propose a court-approved scheme of arrangement to CML shareholders (**Scheme**) pursuant to which the Company will merge with CML via the acquisition of all of the issued share capital of CML for total aggregate consideration with an implied value of approximately A\$112 million, comprised of a mixture of up to A\$20 million cash and/or COG shares, subject to an election by CML shareholders (**Merger**). A copy of that announcement is at Section C of this Booklet and contains further details with respect to the Merger.

The gross proceeds of approximately A\$20.2 million (before costs and expenses) from the Entitlement Offer will be used by the Company to assist in the funding of the cash consideration required for the Merger.

A summary of the scheme implementation agreement entered into with CML is set out in paragraph 7 of Section F. A complete copy of the scheme implementation agreement can be obtained from the Company's announcements on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: COG) or from the Company's website at [www.coglimited.com.au/investor-relations/](http://www.coglimited.com.au/investor-relations/).

The Merger is expected to complete in February 2020, subject to the satisfaction of certain conditions precedent including the Company obtaining the necessary cash consideration amount for the Scheme, Court approval and CML shareholders voting in favour of the Scheme by the requisite majorities. If for any reason the Scheme does not proceed, the Company will use the proceeds of the Entitlement Offer to reduce existing debt and for future ongoing working capital purposes.

### About CML Group Limited

Operating under the name Cashflow Finance, CML provides the following services:

- (a) **Invoice Factoring:** CML provides an advance payment of up to 80% of a client's invoice as a flexible line of credit that is utilised in line with sales volume. This service typically includes a receivables management service and is targeted at smaller clients.
- (b) **Invoice Discounting:** Similar to Invoice Factoring, CML provides an advance of up to 80% of a client's receivable ledger. Under invoice discounting, the client typically manages their receivables function and this service is targeted at larger clients.



- (c) **Equipment Finance:** Consists of finance leases ranging from A\$20,000 to A\$500,000 focusing primarily on funding second-hand transport and yellow goods with a strong resale market. All equipment is independently valued and CML lends against the price expected if the equipment was to be sold via auction.

Through these services CML provides secured lending to a broad segment of SME's with facility sizes ranging from A\$100,000 to A\$14 million in its Invoice Finance product, up to A\$2 million in its Equipment Finance product and facilities up to A\$1.5 million in its Trade Finance product. CML's recent acquisition of Classic Funding Group saw CML's total available funding increase to A\$397 million with approximately A\$100 million in headroom, including 3 wholesale funding facilities.

### Offer details

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 Offer Share for every 6 existing Shares held on the record date of 7.00 pm (Sydney time), 18 November 2019 (**Record Date**) at the issue price of A\$0.09 per Offer Share.

The Entitlement Offer includes a Shortfall Facility under which Eligible Shareholders who take up their full Entitlement will be invited to apply for additional Offer Shares in the Entitlement Offer from a pool of those Entitlements not taken up by other Shareholders of the Company (**Shortfall Facility**). There is no guarantee that Applicants under this Shortfall Facility will receive all or any of the additional Offer Shares that they applied for under the Shortfall Facility. The Board of the Company reserves its right to alter the allocation policy and to place Offer Shares under the Shortfall Facility to new and existing investors at their discretion for three months following the close of the Entitlement Offer.

Participation in the Entitlement Offer is optional and open to Eligible Shareholders, being holders of fully paid ordinary shares in the Company at 7.00 pm (Sydney time) on 18 November 2019 whose address on the Company's share register is in Australia or New Zealand. As the Entitlement Offer is non-renounceable, your right to participate in the Entitlement Offer is not transferable. You may not trade your Entitlement on ASX or transfer it to another person.

Eligible Shareholders who do not take up their Entitlement will not receive any value for their Entitlement and their proportionate economic interest in the Company will be diluted. All Offer Shares will rank equally with existing Shares in the Company.

The terms and conditions of the Entitlement Offer and your personalised Entitlement and Acceptance Form are provided in this Booklet. I urge you to give this Entitlement Offer your immediate attention. Please read these materials in their entirety and seek your own financial, taxation and other professional advice in relation to the Entitlement Offer, before you decide whether to participate. If you are an Eligible Shareholder and you wish to apply for all or some of the Offer Shares making up your Entitlement, you must either apply on-line through the offer website at <https://events.miraql.com/COG-OFFER> or complete the accompanying Entitlement and Acceptance Form and in each case make payment by cheque or through BPAY®. If you apply on-line through the offer website you can do so immediately without waiting for receipt of your Entitlement and Acceptance Form through the post. If you make an application on-line through the offer website and pay through BPAY® you do not need to return the Entitlement and Acceptance Form.

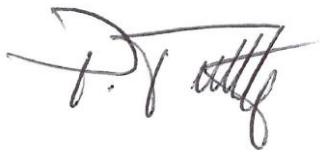
The Entitlement Offer opens on Thursday, 21 November 2019 and is expected to close at 5.00 pm (Sydney time) on 2 December 2019.

This Booklet should be read carefully and in its entirety before deciding whether or not to participate in the Entitlement Offer. In particular, you should have regard to the “Risk Factors” in Section E of this Booklet.

If you have any questions in relation to how to participate in the Entitlement Offer, please contact the Registry on 1300 554 474 (callers within Australia) or +61 1300 554 474 (callers outside Australia) or consult your financial or other professional adviser.

On behalf of the Directors, I invite you to consider participating in the Entitlement Offer and look forward to your ongoing support of the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Tuttle', with a stylized flourish at the end.

Mr Patrick Tuttle  
Chairman  
Consolidated Operations Group Limited

## A. Key dates for the Entitlement Offer\*

Event	Date*
Announcement of Entitlement Offer	13 November 2019
Ex-date for Entitlement Offer	15 November 2019
Record Date	7.00 pm (Sydney time), 18 November 2019
Entitlement Offer opens Dispatch of Booklet and Entitlement and Acceptance Form	21 November 2019
Entitlement Offer closes (Closing Date)	5.00 pm (Sydney time), 2 December 2019
Announcement of shortfall (if any) under the Entitlement Offer	5 December 2019
Issue and allotment of shares under the Entitlement Offer	6 December 2019
Dispatch of holding statements	6 December 2019
Commencement of trading of new shares	9 December 2019

*\*The above timetable is indicative only and is subject to change. The quotation of Offer Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.*

## **B. How to apply**

### **1 Please read the whole of this Booklet**

**This Booklet requires your immediate attention.**

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows pro rata entitlement offers to be offered without a disclosure document or prospectus, provided certain conditions are satisfied, including the lodgement of a “cleansing notice” with ASX, which the Company did on 13 November 2019.

As a result, in deciding whether or not to apply for Offer Shares (including any Additional Shares) it is important for Shareholders to rely on their own knowledge of the Company and to read and understand the publicly available information on the Company, the Entitlement Offer and the Merger, prior to accepting their Entitlement. In particular, in considering whether or not to accept their Entitlements, Shareholders should refer to the ASX announcement regarding the Merger and the Entitlement Offer set out in Section C of this Booklet and the Investor Presentation regarding the Merger in Section D of this Booklet, plus the Company’s other periodic and continuous disclosure announcements available at [www.asx.com.au](http://www.asx.com.au).

### **2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances**

Please consult with your stockbroker, accountant or other independent financial adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. In particular, please have regard to the “Risk Factors” in Section E of this Booklet which describe some of the key risks in relation to an investment in the Company.

### **3 Who is eligible to participate?**

The Entitlement Offer is being made only to Eligible Shareholders who are Shareholders that meet all of the following criteria:

- (a) they were registered as a holder of Shares on the Record Date;
- (b) they have a registered address in Australia or New Zealand;
- (c) they are not in the United States or a U.S. Person or acting for the account or benefit of such persons; and
- (d) they are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Entitlement Offer is not being extended to any Shareholder with a registered address outside Australia or New Zealand. By making an On-line Application, returning a completed Entitlement and Acceptance Form or by making a payment in accordance with the instructions on the offer website or in the Entitlement and Acceptance Form, you will be taken to have represented and warranted that you satisfy each of the above criteria.

Eligible Shareholders who hold Shares in the capacity of trustee, nominee or custodian (or in any other capacity) for a person that would not satisfy the criteria of an Eligible Shareholder cannot take up Entitlements on behalf of that person.

Shareholders should note that the Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Nominees may not distribute this Booklet, the Entitlement and Acceptance Form, or any other material relating to the Entitlement Offer to any person in the United States, anyone acting for the account or benefit of a person in the United States, or in any other jurisdiction in which it

would be unlawful. Any failure to adhere to these restrictions may result in violation of applicable securities laws.

The Company reserves the right to reject any Application that it believes comes from a person who is not an Eligible Shareholder.

#### **4 Ineligible Shareholders**

Having regard to the number of such Shareholders, their holdings and the compliance costs required to extend the Entitlement Offer to those Shareholders, the Company has determined that it is unreasonable to extend the Entitlement Offer to Shareholders of the Company who as of the Record Date are not an Eligible Shareholder (**Ineligible Shareholder**).

The shareholdings of Ineligible Shareholders will be diluted as a result of the Entitlement Offer.

#### **5 Use of funds**

The Entitlement Offer is seeking to raise up to approximately A\$20.2 million (before costs and expenses).

The Company has entered into a binding scheme implementation agreement under which the Company and CML have agreed to work together to propose a court-approved scheme of arrangement to CML shareholders pursuant to which the Company will acquire all of the issued share capital of CML for total aggregate consideration with an implied value of approximately A\$112 million, comprised of a mixture of up to A\$20 million cash and/or COG shares, subject to an election by CML shareholders. The A\$20.2 million to be raised under the Entitlement Offer will be used for the cash component of the consideration under the Scheme.

The Merger is expected to complete in February 2020, subject to the satisfaction of certain conditions precedent including the Company obtaining the necessary cash consideration amount for the Scheme, Court approval and CML shareholders voting in favour of the Scheme by the requisite majorities. A summary of the scheme implementation agreement entered into with CML is set out in paragraph 7 of Section F. A complete copy of the scheme implementation agreement can be obtained from the Company's announcements on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: COG) or from the Company's website at [www.coglimited.com.au/investor-relations/](http://www.coglimited.com.au/investor-relations/).

Due to the current conditionality of the scheme of arrangement and the requirement to obtain the approval of the Court to the Scheme the Directors cannot guarantee that the Scheme will ultimately be implemented and that COG will merge with CML. If for any reason the Scheme does not proceed, the Company will use the proceeds of the Entitlement Offer to reduce existing debt and for future working capital purposes.

#### **6 Your options**

Eligible Shareholders may take the following actions:

- (a) take up all of their Entitlement;
- (b) take up a proportion of their Entitlement;
- (c) allow all or part of their Entitlement to lapse; or
- (d) take up all of their Entitlement and apply for Additional Shares under the Shortfall Facility.

As your Entitlement is non-renounceable, you will not be able to trade your Entitlement on ASX or otherwise dispose of your Entitlement to any other party.

Shareholders who do not take up their Entitlements in full will not receive any payment or value from the Company for those Entitlements they do not take up. Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company reduced.

Fractions arising in the calculation of Entitlements have been rounded down to the next whole number of Offer Shares.

## **7 Making an Application**

If you decide to participate in the Entitlement Offer, you may do so by:

- (a) applying on-line through the offer website at <https://events.miraqle.com/COG-OFFER> and making your payment in accordance with the instructions on the offer website (which includes making payment by BPAY®) (this method is recommended and if you apply on-line through the offer website you can do so immediately without waiting for receipt of your Entitlement and Acceptance Form through the post);
- (b) completing and returning the Entitlement and Acceptance Form and attaching or making payment by following the instructions set out on the Entitlement and Acceptance Form (which includes making payment by BPAY®).

If your payment is being made by BPAY® you do not need to complete and return the Entitlement and Acceptance Form.

If you take no action you will not be allocated any Offer Shares.

## **8 Acceptance of the Entitlement Offer and payment**

If you make an On-line Application (this is recommended) you must then make payment in Australian currency either by BPAY® or by sending a cheque in Australian currency for the amount of your Application monies, payable to “Consolidated Operations Group Limited” and crossed “Not Negotiable”.

If you do not wish to make an On-line Application, you must complete and return the Entitlement and Acceptance Form which must be accompanied by a cheque in Australian currency for the amount of your Application monies, payable to “Consolidated Operations Group Limited” and crossed “Not Negotiable”.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application monies. If the amount of your cheque for Application monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of Offer Shares you have applied for in your On-line Application or in your Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole Offer Shares as your cleared Application monies will pay for (and be taken to have specified that number of Offer Shares in your On-line Application or on your Entitlement and Acceptance Form).

If your payment is being made by BPAY® (whether following an On-line Application or otherwise):

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations in that form;
- (b) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of Offer Shares which is covered in full by your Application monies; and
- (c) it is your responsibility to ensure that your payment is received by the Registry by no later than the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to payments being made by BPAY®, and you should therefore take this into consideration when making payment.

Any payment received for more than your final allocation of Offer Shares will be refunded after the Offer Shares are issued. No interest will be paid to applicants on any payment received or refunded.

## **9 Shortfall Facility**

Subject to the Corporations Act and the requirements of the ASX Listing Rules, Eligible Shareholders, may, in addition to taking up their Entitlements in full, apply for Additional Shares in excess of their Entitlements. Additional Shares will only be available where there is a shortfall between Applications received from Eligible Shareholders and the number of Offer Shares proposed to be issued under the Entitlement Offer. Additional Shares will be issued at the same Issue Price as the Offer Shares (A\$0.09). However, there is no guarantee that Eligible Shareholders who apply for Additional Shares under this Shortfall Facility will receive all or any of the Additional Shares.

The Directors reserve the right to alter the allocation policy and to allocate and issue Additional Shares under the Shortfall Facility at their discretion, including to new and existing investors within 3 months following the close of the Entitlement Offer. Subject to any changes at the Directors' discretion, the allocation policy for Additional Shares subscribed for pursuant to the Shortfall Facility will be as follows:

- (a) to any Eligible Shareholders who have applied for Additional Shares through the Shortfall Facility by the Closing Date;
- (b) if any shortfall remains, through a placement of Additional Shares to existing or new investors who are willing to subscribe for such shares within 3 months following the close of the Entitlement Offer.

Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for, or may be allocated no Additional Shares at all, in which case excess Application monies will be refunded without interest.

Refund amounts in excess of \$1.00, if any, will be paid in Australian dollars. You will be paid by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). Alternatively, you will be paid by direct deposit where the Registry holds bank account details in respect of your shareholding.

If you wish to subscribe for Additional Shares in addition to your Entitlement then you should nominate the maximum number of Additional Shares you wish to subscribe for in your On-line Application or on the Entitlement and Acceptance Form and make payment for your full Entitlement plus the Additional Shares (at A\$0.09 per Offer Share).

If your payment is being made by BPAY®:

- (a) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make each of the statements and representations in that form; and
- (b) if your payment exceeds the amount payable for your full Entitlement, you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your Application monies.

If you apply for Additional Shares in your On-line Application or in your Entitlement and Acceptance Form and your Application is successful (in whole or in part) your Additional Shares will be issued at the same time as other Offer Shares are issued under the Entitlement Offer.

In addition, no Shares under the Entitlement Offer will be issued to any Eligible Shareholder, if, in the view of the Directors, to do so would result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.



## 10 Mail or delivery of Entitlement and Acceptance Forms

It is important to note that the Entitlement Offer is scheduled to close at **5.00 pm (Sydney time) on 2 December 2019**. To participate in the Entitlement Offer, your payment must be received no later than this date.

If you are applying by way of the return of your Entitlement and Acceptance Form, your completed Entitlement and Acceptance Form, together with Application monies, should be posted or delivered as follows:

***Mailing address:***

Consolidated Operations Group Limited  
c/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

***Hand delivery address: (Please do not use this address for mailing purposes)***

Consolidated Operations Group Limited  
c/- Link Market Services Limited  
1A Homebush Bay Drive  
Rhodes NSW 2138

If your payment is being made by BPAY®, you do not need to mail or deliver the personalised Entitlement and Acceptance Form.

## 11 If you wish to do nothing and allow your Entitlements to lapse

If you do not wish to take up your Entitlement, you can simply do nothing.

If you have not completed an On-line Application your personalised Entitlement and Acceptance Form has not been received by the Registry at the address above by the Closing Date (or alternatively have not made a payment through BPAY® before that time), then your Entitlement will lapse.

## 12 Effect of making an Application

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application monies constitutes a binding offer to acquire Offer Shares on the terms and conditions set out in this Booklet and, once lodged or paid, cannot be withdrawn. If your On-line Application or the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for Offer Shares. The Company's decision whether to treat an acceptance as valid and how to construe, amend or complete the On-line Application or Entitlement and Acceptance Form is final and binding.

By making a payment by BPAY®, completing an On-line Application or by completing and returning your personalised Entitlement and Acceptance Form with the requisite Application monies, you will also be deemed to have given the following acknowledgements, representations and warranties on behalf of each person on whose account you are acting:

- (a) you acknowledge that you have read and understood this Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (b) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Booklet and the Company's constitution;
- (c) you authorise the Company to register you as the holder(s) of Offer Shares (including Additional Shares (where applicable)) allotted to you;
- (d) you declare that all details and statements in your On-line Application or on the personalised Entitlement and Acceptance Form are complete and accurate;

- (e) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- (f) you acknowledge that once the Company receives your On-line Application or your personalised Entitlement and Acceptance Form or any payment of Application monies via BPAY®, you may not withdraw your Application or funds provided except as allowed by law;
- (g) you agree to apply for and be issued up to the number of Offer Shares specified in your On-line Application or in the personalised Entitlement and Acceptance Form (including any Additional Shares (where applicable)), or for which you have submitted payment of any Application monies via BPAY®, at the Issue Price per Offer Share;
- (h) you authorise the Company, the Registry and their respective officers or agents to do anything on your behalf necessary for Offer Shares (including Additional Shares (where applicable)) to be issued to you, including to act on instructions of the Registry upon using the contact details set out in your On-line Application or personalised Entitlement and Acceptance Form;
- (i) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the On-line Application or the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) you acknowledge that the information contained in this Booklet and in your On-line Application and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that Offer Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) you acknowledge that this Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (l) you acknowledge the statement of risks in the "Risk Factors" in Section E of this Booklet and that investments in the Company are subject to risk;
- (m) you acknowledge that none of the Company, its related bodies corporate, affiliates and directors, or their respective officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (o) you authorise the Company to correct any errors in your On-line Application or in your personalised Entitlement and Acceptance Form or any other form provided by you;
- (p) you represent and warrant that the law of any place does not prohibit you from being given this Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an Application for Offer Shares (or where applicable, Additional Shares), including through the offer website, and that you are otherwise eligible to participate in the Entitlement Offer;
- (q) you are an Eligible Shareholder and you and each person on whose account you are acting are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are

not otherwise a person to whom it would be illegal to make an offer or issue Offer Shares under the Entitlement Offer;

- (r) you acknowledge that the Entitlements and the Offer Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction outside Australia or New Zealand, and may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable US state securities laws;
- (s) you and each person on whose account you are acting have not and will not send any materials, or copies thereof, relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States, or any other country outside Australia and New Zealand;
- (t) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Booklet, the Entitlement and Acceptance Form or any other information relating to the Entitlement Offer to any such person; and
- (u) you agree that if in the future you decide to sell or otherwise transfer the Offer Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.

### **13 Brokerage and stamp duty**

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for Offer Shares under the Entitlement Offer or for Additional Shares under the Shortfall Facility.

### **14 When will I receive my Offer Shares?**

It is currently expected that the Offer Shares will be issued, and that confirmation of the issue of the Offer Shares will be dispatched, on or around 6 December 2019.

The Company has applied to ASX for official quotation of the Offer Shares in accordance with ASX Listing Rule requirements. If ASX does not grant quotation of the Offer Shares, the Company will repay all Application monies (without interest).

It is the responsibility of each Eligible Shareholder applying for Offer Shares to confirm their holding before trading in those Offer Shares on a deferred settlement basis. Any person who sells Offer Shares before receiving confirmation of their holding in the form of their confirmation statement will do so at their own risk. The Company and the Registry disclaim all liability, whether in negligence or otherwise, to any person who trades in Offer Shares before receiving their confirmation statement, whether on the basis of a confirmation of allocation provided by the Company, the Registry, a broker or otherwise.

### **15 Enquiries**

If you have any questions about whether to accept the Entitlement Offer, please consult your financial adviser, accountant or other professional adviser.

If you have any questions in relation to how to participate in the Entitlement Offer, please contact the Registry on 1300 554 474 (callers within Australia) or +61 1300 554 474 (callers outside Australia) or consult your stockbroker, accountant or other professional adviser.

### **C. ASX Announcement**

*The ASX announcement set out in this Section C does not include a copy of the scheme implementation agreement that was annexed to the announcement. The complete copy of the ASX announcement, including a complete copy of the scheme implementation agreement may be viewed at the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: COG) or from the Company's website at [www.coglimited.com.au/investor-relations/](http://www.coglimited.com.au/investor-relations/)*

13<sup>th</sup> November 2019

## **Merger to create a leading financial services group focusing on servicing SME businesses**

- Consolidated Operations Group Limited (ASX:COG) (**COG**) and CML Group Limited (ASX:CGR) (**CML**) are pleased to announce that the companies have entered into a Scheme Implementation Agreement (**SIA**) under which the companies have agreed to a proposed merger to establish a leading financial services group focusing on servicing SME businesses in Australia (**Merger**).
- The Merger will be implemented via a scheme of arrangement with CML shareholders (**Scheme**), with the new merged group listed on the Australian Securities Exchange (**ASX**), initially under COG, with a new name for the merged group to be agreed between the parties.
- The SIA contains customary reciprocal “no shop” and “no talk” provisions and a “notification” and “matching right” provision in favour of COG, with a reciprocal break fee payable by either party in certain circumstances
- Significant revenue synergies are anticipated to be achieved through cross-selling CML’s established SME finance products through COG’s extensive finance broking network
- Material cost synergies are anticipated to be realised post integration
- Both groups announce the launch of simultaneous equity raisings via pro rata non-renounceable entitlement offers of approximately A\$20.2m for COG and A\$14.5m for CML

## **Transaction summary**

The Merger will be implemented via a court-approved scheme of arrangement with CML shareholders pursuant to which COG will acquire all of the issued share capital of CML.

CML shareholders will have the option to elect to receive 100% of the Scheme consideration in COG shares or to receive a mixture of cash and COG shares. The Scheme consideration is as follows:

- scrip consideration of 5.4 COG shares for every 1 CML share held; or
- cash and scrip consideration of 2.7 COG shares plus A\$0.24 for every 1 CML share held (up to a total capped cash amount of A\$20 million)

Each of these alternatives implies Scheme consideration of approximately A\$0.48 per CML share, valuing the equity of CML at approximately A\$111.4 million.

In addition to the Scheme consideration, CML will pay a dividend of A\$0.03 per CML share immediately prior to the Scheme implementation date and subject to the Scheme becoming effective.

The Scheme will be subject to the conditions set out in the SIA, which include:

- approval being received from CML shareholders;
- court approval;
- an independent expert concluding that the Scheme is fair and reasonable and in the best interests of CML shareholders, and not changing that conclusion; and
- other conditions that are relatively customary for a transaction of this nature.

The SIA (a full copy of which is attached to this announcement) contains further details on the conditions and the consideration to be provided under the Scheme. Interested parties should read it carefully as it contains full details of the Scheme.

## **CML board recommendation and shareholder support**

The CML board has unanimously recommended that, in the absence of a superior proposal and subject to the independent expert to be appointed by CML opining that the Scheme is fair and reasonable and in the best interests of CML shareholders (**Standard Qualifications**), CML shareholders vote **in favour** of the Scheme.<sup>1</sup>

Major shareholders of CML, NAOS Asset Management, First Samuel and the CML board that together account for approximately 51% of CML's share register have advised CML that their current intention is to vote in favour of the Scheme, in the absence of a superior proposal.

## **Transaction rationale**

### **Strategic Objectives**

The proposed combination satisfies both groups' respective strategic objectives. Namely for COG, it expands its existing in-house product capability and broadens its funding sources. For CML, the combination delivers cross-selling opportunities with which to accelerate volume growth and achieve improved scale for all its finance products

### **Leverages key strengths of both groups (broking distribution & finance products) driving revenue synergies**

COG is Australia's largest equipment finance broking company with ~17% market share of the broker originated asset finance market. CML provides secured lending to a broad segment of SME's with facility sizes ranging from A\$100k to A\$14m in its Invoice Finance product, up to A\$2m for its Equipment Finance product and facilities up to A\$1.5m in its Trade Finance product. Combining these two companies provides a material cross-selling opportunity, in particular an ability to offer COG's SME's with an invoice financing product and the ability to better leverage debt inside its equipment financing business.

### **Delivers low cost of funding with significant headroom**

CML's recent acquisition of Classic Funding Group saw CML's total available funding increase to A\$397m with ~A\$100m in headroom, including 3 wholesale funding facilities.<sup>2</sup> With increased lending volumes the combined group will benefit from a lower cost of funding. Existing COG loans may also be able to be transitioned to cheaper wholesale funding structures.

### **Provides opportunity for operational cost synergies to be achieved**

Operational synergies are expected to be achieved through lower corporate overheads and lower ASX and compliance costs.

### **Combines highly experienced Board and Management teams**

Delivers a refreshed Board with complimentary skillsets and shared strategic vision.

Commenting on the Merger, Andrew Bennett, CEO of COG, said:

*"The merger with CML accelerates the execution of COG's strategic plan of delivering product to COG's distribution network. The combined entities increased market capitalization and liquidity should provide additional value to shareholders."*

*We see this transaction as a partnership, with compelling benefits for both sets of shareholders."*

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<sup>1</sup> Daniel Riley, an executive director of CML, provides his recommendation in the context of potentially having a personal interest in the outcome of the Scheme as a consequence of the agreement under the SIA that Mr Riley's options may be bought back in conjunction with the implementation of the Scheme.

<sup>2</sup> Subject to obtaining financier consents and waivers in connection with the Scheme.



Commenting on the Merger, Daniel Riley, Managing Director of CML said:

*“The CML Board considers the implementation of a Scheme with COG to reflect a compelling value proposition for CML shareholders, who will benefit from growth in lending volumes through leverage of COG’s substantial existing distribution network of asset lending brokers.”*

*We see this partnership as providing the opportunity to gain market share in secured business lending at a faster rate than could be achieved independently, driving earnings growth in the merged entity to maximise shareholder value.*

*The transaction will provide CML shareholders with a material interest in a substantially larger and diversified business.”*

### **Simultaneous Entitlement Offers**

Under the SIA, both companies agree to each undertake a pro rata non-renounceable entitlement offer at an issue price of A\$0.09 for COG and A\$0.48 for CML. COG will raise up to A\$20.2m and CML will raise up to A\$14.5m (**Entitlement Offers**). The Entitlement Offers will be undertaken contemporaneously following approximately the same timetable as set out below in this announcement and both completed before the first court date for the Scheme. ASX has granted a waiver to CML from Listing Rule 7.9 to permit the issue of any shortfall under the Entitlement Offer, without the need for prior shareholder approval.

Details on the CML Entitlement Offer are set out in the announcement made by CML today.

### **COG Entitlement Offer**

COG is undertaking a 1 for 6 (1 new Offer Share for every 6 existing Shares at the Record Date) pro rata non-renounceable entitlement offer (**COG Entitlement Offer**) to raise up to approximately A\$20.2 million (before expenses) via the issue of up to approximately 224,411,875 shares (subject to rounding) to existing eligible shareholders of COG (**COG Eligible Shareholders**) at an issue price of A\$0.09 per share.

COG Eligible Shareholders will only be those who are shareholders on the share register of COG as of the Entitlement Offer Record Date with a registered address in Australia and New Zealand.

If the Scheme is implemented, the proceeds from the COG Entitlement Offer will be used by COG to fund the cash component of the Scheme consideration.

If, however, the Scheme is not implemented for any reason, the proceeds from the COG Entitlement Offer will be used by COG as follows:

- reduce existing debt;
- working capital; and
- payment of the costs associated with the COG Entitlement Offer and costs of the Scheme (including the Break Fee if payable).

All shares issued under the COG Entitlement Offer will rank equally with existing fully paid ordinary shares in COG as of the date of this announcement.

The COG Entitlement Offer is non-renounceable and the rights will not be traded on the ASX or otherwise be transferable. COG Eligible Shareholders who do not take up their entitlement under the COG Entitlement Offer in full or in part will not receive any value in respect of those entitlements not taken up.

COG Eligible Shareholders wishing to participate in the COG Entitlement Offer should carefully read the COG Entitlement Offer Booklet and accompanying personalised COG Entitlement and Acceptance Form which are expected to be dispatched on or around 21 November 2019. Copies of the COG Offer Booklet will be available on COG’s ASX website from that date.



**Please note that this Entitlement Offer is not interconditional with the Scheme proceeding and if you choose to invest under the Entitlement Offer your additional shares will be added to your existing shareholding irrespective of whether or not the Scheme proceeds.**

### Timetable

A Scheme Booklet is expected to be finalised for dispatch to CML shareholders in late December 2019. The Scheme Booklet will include full details of the Scheme, including the recommendation of the CML Board and the rationale for it, information about CML, COG and the Merged Group, the Independent Expert's report, and other matters relevant to CML shareholders' vote on the Scheme.

An indicative timetable of the Merger and the COG Entitlement Offer is set out below:

Event	Date
<b>COG Entitlement Offer</b>	
Ex-date for the Rights Issue	Friday, 15 November 2019
Rights Issue Record Date	7.00pm (Sydney time), Monday, 18 November 2019
Entitlement Offer opens Entitlement Offer Booklet despatched to COG Shareholders	Thursday, 21 November 2019
Entitlement Offers close (Closing Date)	5.00pm (Sydney time), Monday, 2 December 2019
COG Shares under the Rights Issue quoted on a deferred settlement basis	Wednesday, 4 December 2019
Announcement of shortfall (if any) under the COG Entitlement Offer	Thursday, 5 December 2019
Issue and allotment of COG and CML shares under the Rights Issues	Friday, 6 December 2019
Dispatch of holding statements	Friday, 6 December 2019
Commencement of trading of new shares	Monday, 9 December 2019
<b>Scheme</b>	
First Court Hearing and Scheme Booklet dispatched to CML Shareholders	Friday, 20 December 2019
CML Scheme Meeting	Wednesday, 29 January 2020
Second Court Hearing	Monday, 3 February 2020
Scheme Effective Date	Tuesday, 4 February 2020
Scheme Record Date	Tuesday, 11 February 2020
Implementation Date	Tuesday, 18 February 2020
<p><i><b>Note: The above timetable is indicative only and subject to change. The quotation of Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Sydney, Australia time.</b></i></p>	

### About COG

More information can be found at <http://www.coglimited.com.au/>

### About CML

More information can be found at <http://www.cml-group.com.au/>

**Key contacts**

For further information on the Merger and the Entitlement Offers, please contact:

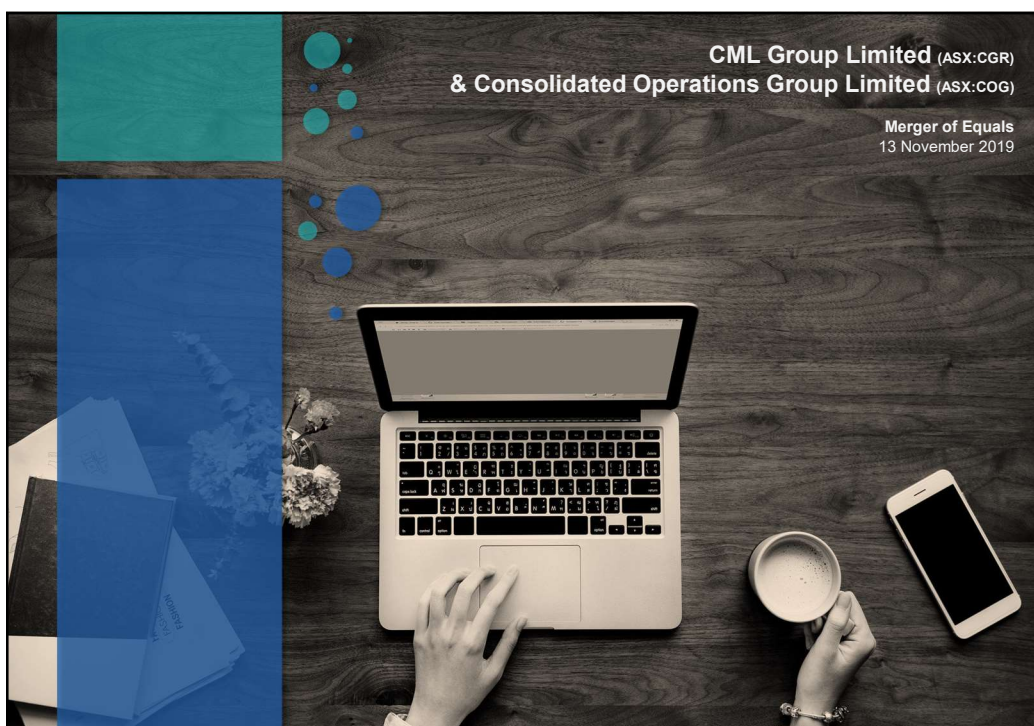
**COG**

Andrew Bennett – COG CEO  
Office: +61 405380241

**CML**

Daniel Riley – CML Managing Director  
Office: +61 02 8116 4710

## **D. Investor Presentation**




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## Executive Summary

**CML & COG have agreed to a merger of equals with the merged entity leveraged to the rapidly expanding SME finance market**

Transaction Details	<ul style="list-style-type: none"><li>Consolidated Operations Group (ASX:COG) ("COG") and CML Group (ASX:CGR) ("CML") have agreed to implement a merger of equals</li><li>The transaction, will be implemented via a scheme of arrangement whereby COG will acquire all the shares of CML ("Merged Group")</li><li>The Merged Group will be listed on the ASX and will be renamed and rebranded</li><li>Further details of the transaction are contained in the separate announcement of today and in the Scheme Implementation Agreement lodged with ASX</li></ul>	 <p>COG to acquire all shares in CML with the Merged Group to remain listed but be renamed and rebranded</p> <table><tr><td>Combined Revenue<sup>1</sup></td><td>\$264.9m</td></tr><tr><td>Combined EBITDA<sup>1</sup></td><td>\$50.3m</td></tr><tr><td>Combined NPATA<sup>1</sup></td><td>\$17.4m</td></tr></table> <p><sup>1</sup>Based only on combined historical FY19 audited financials, excluding any synergies post-acquisition and does not represent a forecast</p>	Combined Revenue <sup>1</sup>	\$264.9m	Combined EBITDA <sup>1</sup>	\$50.3m	Combined NPATA <sup>1</sup>	\$17.4m
Combined Revenue <sup>1</sup>	\$264.9m							
Combined EBITDA <sup>1</sup>	\$50.3m							
Combined NPATA <sup>1</sup>	\$17.4m							
Strategic Rationale	<ul style="list-style-type: none"><li>Provides considerable increase in scale with the Merged Group, leveraged to the rapidly expanding SME finance market</li><li>Revenue synergies achieved through cross-selling CML's established finance products through COG's extensive broking network</li><li>Synergies to be realised via opex reductions: Corporate overheads, lower ASX &amp; compliance costs</li></ul>							
Risk Mitigation	<ul style="list-style-type: none"><li>Both parties have undertaken due diligence and hold a strong level of comfort on:<ul style="list-style-type: none"><li>The quality of the COG platform and CML loan books</li><li>The newly structured management teams ability to integrate and extract synergies from combined operations</li></ul></li></ul>							
Financial Impacts	<ul style="list-style-type: none"><li>Expected to be immediately EPS accretive</li></ul>							

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## Summary of Key Merger Details

**CML & COG have entered into a Scheme Implementation Agreement ("SIA") to effect the merger**

- CML shareholders will have the option to elect to receive 100% of the Scheme consideration in COG shares or to receive a mixture of cash and COG shares. The Scheme consideration is as follows:
  - scrip consideration of 5.4 COG shares for every 1 CML share held; or
  - cash and scrip consideration of 2.7 COG shares plus A\$0.24 for every 1 CML share held (up to a total capped cash amount of A\$20 million)
- Each of these alternatives implies Scheme consideration of approximately A\$0.48 per CML share, valuing the equity of CML at approximately A\$111.4 million.
- In addition to the Scheme consideration, CML will pay a dividend of A\$0.03 per CML share immediately prior to the Scheme implementation date and subject to the Scheme becoming effective.



Merged Group Board & Management	CML & COG Board & Shareholder Support	Key Approvals
<ul style="list-style-type: none"> <li>Merged Group to be led by highly experienced Board &amp; senior management teams, drawing on the strengths of both groups <ul style="list-style-type: none"> <li>Current COG CEO Andrew Bennett to assume role of CEO of Merged Group</li> <li>Current CML CEO Daniel Riley to assume a new role as Executive-director</li> </ul> </li> <li>Merged Group's Board of Directors will consist of multiple existing directors from both COG and CML</li> </ul>	<ul style="list-style-type: none"> <li>CML's board has unanimously recommended that CML shareholders vote in favour of the merger in the absence of a superior proposal and subject to the Independent Expert concluding that the merger is in the best interests of CML shareholders</li> <li>Directors of both groups intend to vote consistently with their recommendation</li> <li>Major shareholders of CML and COG have signalled that they will support the Merged Group and remain committed to the long-term strategy and development of the Merged Group</li> </ul>	<ul style="list-style-type: none"> <li>The Scheme will be subject to the conditions set out in the SIA, which include: <ul style="list-style-type: none"> <li>Approval being received from CML shareholders;</li> <li>Court approval;</li> <li>The Independent Expert concluding that the Scheme is fair and reasonable and in the best interests of CML shareholders and not changing that conclusion; and</li> <li>Other conditions customary for a transaction of this nature.</li> </ul> </li> </ul>

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## Side-by-side Comparison

The merger will deliver a vertically integrated SME finance platform with both distribution (COG) & product (CML) underpinned by a low-cost funding structure

- Combined historical FY'19 audited revenue of \$264.9m, EBITDA of \$50.3m and NPATA of \$17.4m
- Significant opportunity to increase market share in SME finance space via cross-selling through existing customer networks

Merged Group <sup>1</sup>	COG	CML	Merged Group
Revenue <sup>2</sup>	\$217.2m	\$47.7m	\$264.9m
EBITDA (underlying) <sup>2</sup>	\$29.9m	\$20.4m	\$50.3m
NPATA (underlying) <sup>2</sup>	\$7.9m	\$9.5m	\$17.4m
Share Price (12 <sup>th</sup> November close)	\$0.092	\$0.46	
Shares on Issue (Fully Diluted)	1,348.1m	201.7m	
Maximum Shares on Issue (post rights issue) <sup>3</sup>	1,571.7m	232.0m	
Market Capitalisation (pre-rights issues)	\$124.0m	\$92.8m	

<sup>1</sup>The above figures exclude CML's acquisition of Classic Funding Group announced 10<sup>th</sup> September 2019 and are only based on the historical audited financials for each of COG and CML for FY'19

<sup>2</sup>Based on historical FY'19 audited financials, with combined figures excluding any synergies post-acquisition and does not represent a forecast

<sup>3</sup>Assumes all rights are taken up via both respective rights issues

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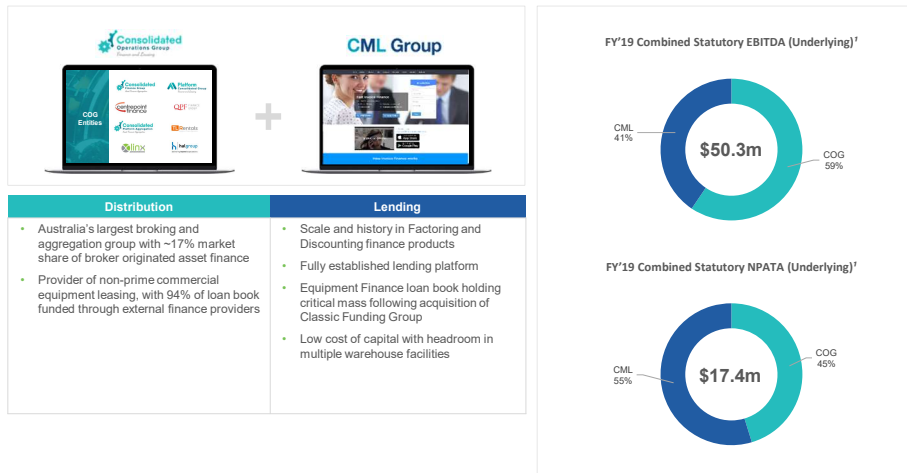
## Strategic Rationale

1	<b>Leverages key strengths of both groups (broking distribution &amp; finance products) driving revenue synergies</b>
	<ul style="list-style-type: none"> <li>• COG is Australia's largest asset finance broker and an aggregator with ~17% market share of the intermediated asset finance market</li> <li>• CML provides secured lending to a broad segment of SME's with facility sizes ranging from \$100k to \$14m in its invoice finance product, up to \$2m in its equipment finance product and facilities up to \$1.5m in its trade finance product</li> <li>• Combining these two companies provides: <ul style="list-style-type: none"> <li>a) A material cross-selling opportunity, in particular an ability to offer COG's SME's with an invoice financing product</li> <li>b) Ability to better leverage debt inside respective equipment financing businesses</li> </ul> </li> </ul>
2	<b>Combines highly experienced Board &amp; Management teams</b>
	<ul style="list-style-type: none"> <li>• Complimentary skillsets of both leadership teams</li> </ul>
3	<b>Delivers low cost of funding with significant headroom</b>
	<ul style="list-style-type: none"> <li>• CML's total available funding increased to \$397m with ~\$100m in headroom, including 3 wholesale funding facilities</li> <li>• With increased volumes the Merged Group will benefit from a lower cost of funding</li> <li>• Existing COG loans able to be transitioned to cheaper wholesale funding structures</li> </ul>
4	<b>Provides opportunity for operational cost synergies to be achieved</b>
	<ul style="list-style-type: none"> <li>• Expected operational synergies to be achieved through corporate overheads, ASX &amp; compliance costs</li> </ul>
5	<b>Strategic Objectives</b>
	<ul style="list-style-type: none"> <li>• The Merger satisfies both groups respective strategic objectives <ul style="list-style-type: none"> <li>– <b>COG</b> – accelerates the strategic plan to deliver product, including invoice financing to its distribution network</li> <li>– <b>CML</b> – cross-selling will accelerate volume growth and achieve improved scale for all finance products and promote product diversification</li> <li>– Expected increase in liquidity in the stock</li> </ul> </li> </ul>

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## Overview of Merged Group

A fully integrated broking and finance platform, targeted at the rapidly expanding Australian SME market

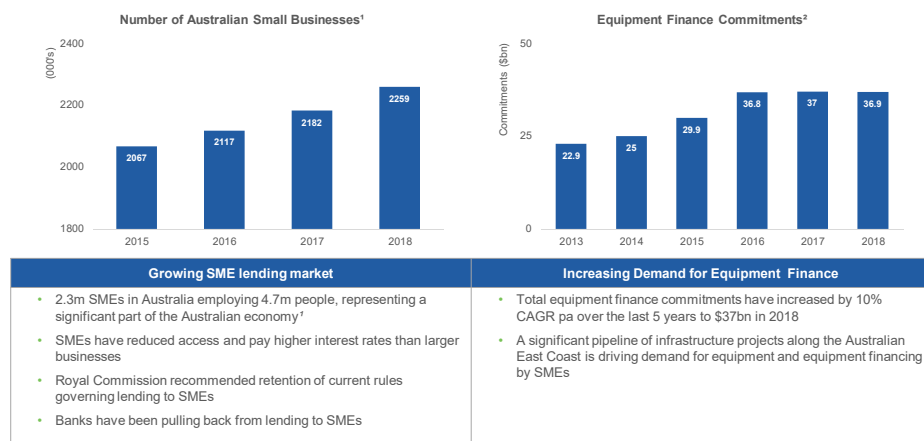


<sup>†</sup>Based only on combined historical FY'19 audited financials, excluding any synergies post-acquisition and does not represent a forecast

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## Landscape & Strategy

The Merged Group will benefit from a growing Australian SME market, with increased investment in infrastructure Australia-wide driving equipment finance volumes in the medium term

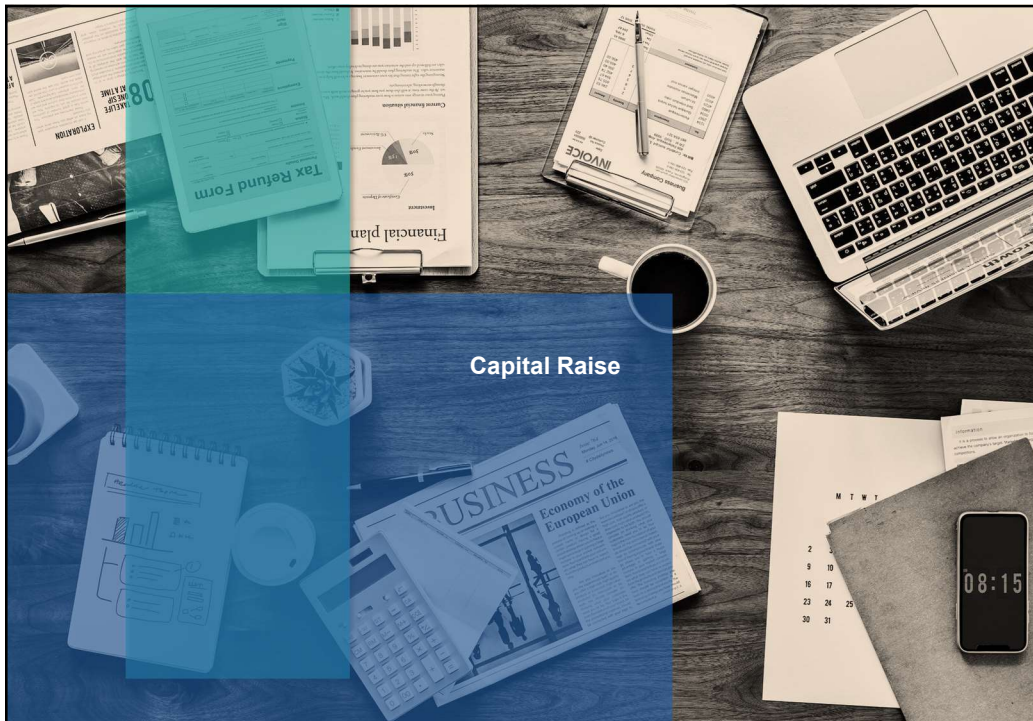


<sup>1</sup>SME's defined as businesses that have less than 20 employees, including non-employing businesses. Source: ABS 8165 (Counts of Australian Businesses, including Entries and Exits, June 2018), Financial Services Royal Commission, Background Paper 12, Financial Services and Small and Medium-Sized Enterprises (SME's)

<sup>2</sup>Includes both SME's and larger businesses. 12-months ending November 2018. Source: ABS 5671.0 – Lending Finance, Australia, November 2018.

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Capital Raise Terms & Overview		
Both COG and CML to undertake simultaneous equity raisings via respective non-renounceable rights issue offers		
	COG	CML
Offer Pricing	<ul style="list-style-type: none"> <li>Offer price of \$0.09 per share</li> <li>2.2% discount to the last close of \$0.092</li> </ul>	<ul style="list-style-type: none"> <li>Offer price of \$0.48 per share + \$0.03 special dividend</li> <li>4.3% premium to the last close of \$0.46</li> </ul>
Funding	<ul style="list-style-type: none"> <li>Equity raising of \$20.2 million at \$0.09 per share via a 1 for 6 pro rata non-renounceable entitlement offer</li> </ul>	<ul style="list-style-type: none"> <li>Equity raising of \$14.5 million at \$0.48 per share via a 3 for 20 pro rata non-renounceable entitlement offer</li> </ul>

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## COG Product Offering

COG holds an established network of SME finance customers

- COG is a specialist SME finance business with the largest equipment broking and aggregation network in the Australian market covering:
  - Equipment finance
  - Car finance
  - Operating leasing
  - Premium funding
  - Invoice discounting
  - Insurance broking

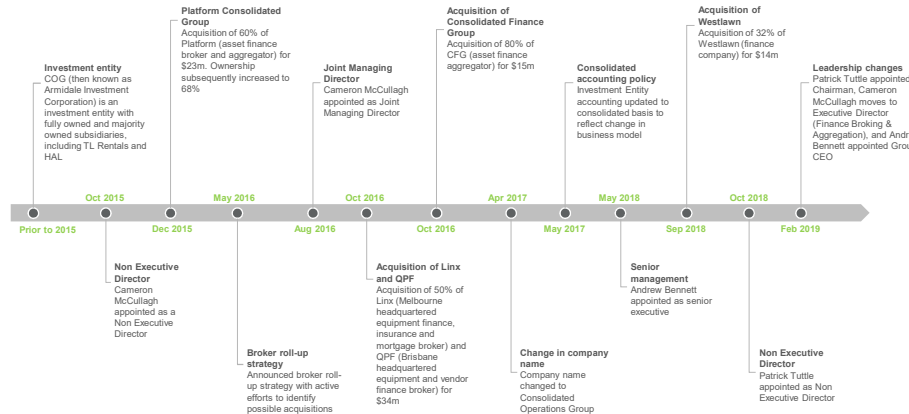
117	<ul style="list-style-type: none"> <li>Australia's largest equipment finance broking and aggregation group with ~17% market share of broker originated asset finance</li> </ul>
Owned Brokers <sup>1</sup>	
4,988	<ul style="list-style-type: none"> <li>Acquisition-led finance broker and aggregation platform strategy, with vendors maintaining equity in their business</li> </ul>
Aggregation Brokers <sup>1</sup>	
\$97m Receivables	<ul style="list-style-type: none"> <li>Provider of non-prime commercial equipment leasing, with 94% of loan book funded through external finance provider</li> </ul>
Commercial Equipment Leasing <sup>1</sup>	

<sup>1</sup>As at June 2019

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## COG – Company History

COG is a young, entrepreneurial and agile company that has moved quickly over the last 3.5 years to develop into a specialist SME finance business with the largest equipment broking and aggregation network in the market



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## Appendix B - CML

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## CML – Company Snapshot

CML provides an SME finance platform ready to be scaled



- CML employs an experienced team of ~110 people following the acquisition of Classic Funding Group and services clients nationally from offices in Brisbane, Sydney, Melbourne and Perth.
- Operating under the name Cashflow Finance, CML provides Equipment and Invoice Finance products to the Australian SME market

**\$125m**  
Funds Advanced

Equipment Finance<sup>1</sup>

- CML's loans currently range from \$20,000 to \$2.0m with material increase in scale delivered by the recent acquisition of Classic Funding Group

**\$500m**  
Invoice Turnover

Invoice Discounting<sup>1</sup>

- An advance payment of up to 80% of a client's receivables ledger with receivables managed by Client and targeted at larger businesses

**\$1.5bn**  
Invoice Turnover

Invoice Factoring<sup>1</sup>

- An advance payment of up to 80% of a client's invoice as a flexible line with receivables managed by CML

<sup>1</sup>As at September 10<sup>th</sup> 2019

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## CML – Company History

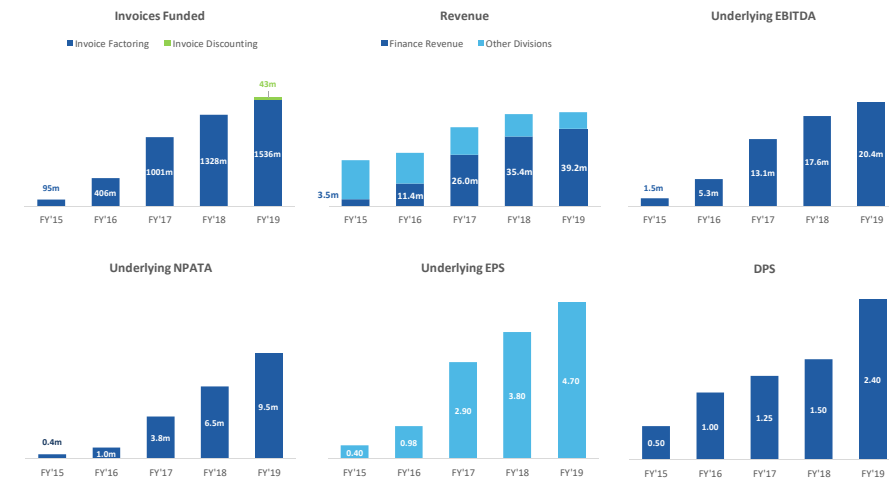
Following strong organic growth and the acquisition of key competitors, CML is the clear number two non-bank invoice factoring business in Australia



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## Historical Growth

CML has delivered consistent year-on-year growth, translating into consistent growth in shareholder returns



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## Disclaimer

This presentation ("this Presentation") has been prepared by CML Group Limited [ACN 098 952 277] ("CML") and Consolidated Operations Group Limited [ACN 100 854 788] ("COG") and is dated 13 November 2019.

### Summary information

This Presentation contains summary information about the current activities of CML and COG and the proposed Scheme of Arrangement announced by both COG and CML today ("Scheme"). The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all the information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a disclosure document or prospectus prepared in accordance with the requirements of the Corporations Act.

This Presentation does not include all the information pertaining to the proposed Scheme and shareholders of both CML and COG should carefully consider the Scheme Implementation Arrangement (SIA) as lodged with ASX today and all information which will be sent to them at the relevant time. Furthermore, the Scheme is subject to a number of conditions which may or may not be satisfied. Certain information in this Presentation has been sourced from COG or CML and its associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither COG or CML nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

### Not financial product advice

This Presentation has been prepared without taking into account the objectives, financial situation or needs of any particular investor.

Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction.

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## E. Risk Factors

This section identifies the areas the Directors regard as the main risks associated with an investment in the Company.

Eligible Shareholders should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Eligible Shareholders should read the whole of this Booklet and consult with their professional advisers for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Offer Shares.

The following is a non-exhaustive summary of the key risks associated with an investment in the Company:

### General Risks

- (a) ***Nature of investment:*** Any potential investor should be aware that subscribing for Offer Shares involves risks. The Offer Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those Offer Shares. An Applicant may not be able to recoup their initial investment. Specifically, the risks include:
  - (i) the price at which the Applicant is able to sell the Offer Shares is less than the price paid due to changes in market conditions;
  - (ii) the Applicant is unable to sell the Offer Shares; and
  - (iii) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment.
- (b) ***Economic factors:*** The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance.
- (c) ***Management actions:*** The Directors will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of reducing, avoiding and mitigating the impact of risks on the performance of the Company and its securities.
- (d) ***Insurance arrangements:*** The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.
- (e) ***Operational risks and costs:*** The Company will be exposed to operational risks and costs present in the current business. Operational risk has the potential to have a material adverse effect on the Company's financial performance and position as well as reputation. The Company will endeavour to take appropriate action or obtain



appropriate insurance to mitigate these risks, however certain residual risk will remain with the Company.

- (f) **Currency fluctuations:** Currency fluctuations may affect the Company's capital costs that the Company incurs in its operations.
- (g) **Business risks:** There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of the Company's operations.
- (h) **Future capital needs:** Further funding may be required to advance the business objectives of the Company or for working capital purposes. There is a risk that despite efforts from the Company and its management, expansion efforts will fail, which will adversely affect the Company's growth and profitability. Moreover, there can be no assurance that additional funding will be available on satisfactory terms or at all. Any inability to obtain funding may adversely affect the financial condition of the Company and consequently, the value of its Shares.
- (i) **Regulatory risk and government policy:** Changes in relevant taxation, interest rates and other legal, legislative and administrative regimes and government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.
- (j) **Share market conditions:** The price of the Company's Shares will be influenced by international and domestic factors which may cause the market price of the securities to fall and may be subject to varied and unpredictable influences on the market for equities. Shareholders should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### Specific Risks

- (a) **Merger risk:** The Company has undertaken financial, operational, legal, tax and other analyses in respect of CML in order to determine its attractiveness and whether to pursue the Merger. It is possible that such analysis, best estimate assumptions made by the Company and its advisers, resulting forecasts and conclusions are inaccurate, or are not realised, within the period of time that that has been assumed, or are not realised at all (because of flawed methodology, misinterpretation of economic or other circumstances, or other factors). To the extent that the actual results achieved by CML are weaker than those indicated by the Company's analysis, there is a risk that there may be an adverse impact on the financial position and performance of the Company.
- (b) **Due Diligence risk:** The Company performed a due diligence process in respect of the Merger, which relied, in part, on the review of financial and other information provided by CML. While the Company considers the due diligence processes undertaken to be appropriate, it is not able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to and relied upon by the Company in its due diligence process proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Company may be materially different to the financial position and performance expected by the Company.
- (c) **Merger financing risk:** The Company has entered into a binding scheme implementation agreement under which the Company and CML have agreed to work

together to propose a court-approved scheme of arrangement to CML shareholders pursuant to which the Company will acquire all of the issued share capital of CML for total aggregate consideration with an implied value of approximately A\$112 million, comprised of a mixture of up to A\$20 million cash and/or COG shares, subject to an election by CML shareholders. The A\$20.2 million sought to be raised under the Entitlement Offer will be used for the cash component of the consideration under the Scheme. If the Company fails to raise A\$20.2 million under the Entitlement Offer, or fails to raise sufficient debt finance to fund the shortfall between the amount raised under the Entitlement Offer and the A\$20m required for consideration under the Scheme, then unless the terms of the Scheme can be amended the Scheme will not proceed and COG will not merge with CML. If this occurs the Company will retain any proceeds raised under the Entitlement Offer and will use those funds to reduce existing debt and for ongoing working capital purposes.

- (d) **Change of control:** The Merger will result in a change of control of CML. There are several contractual arrangements with counterparties which are the subject of review, consent or termination rights on change of control. There is no guarantee that counterparties will not exercise their rights or negotiate reasonably with COG in relation to these change of control events. This could have materially adverse consequences for COG as the acquirer. If such rights are exercised by counterparties, COG may incur costs, or experience a decrease in revenues, which could be material.
- (e) **Debt financing:** The Company utilises debt to partially fund its business operations and may need to access additional debt financing to grow its operations, including any new debt for the acquisition of CML which is detailed in the investor presentation set out in Section D of this Booklet. If the Company is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, it may not meet its growth targets, which may adversely impact its financial performance.
- (f) **Commercial equipment leasing:**
  - (i) **Access to funding:** The leasing business of the Company is highly dependent on third party funding to operate its business. If the leasing business was unable to maintain its existing funding lines or secure new lines, it may limit the ability to remain competitive. If existing funders did terminate their agreements, it does not affect any existing leases;
  - (ii) **Credit risk:** The leasing business of the Company is exposed to its customers' paying their obligations during the contract term. Any rises in the level of default from the level at which the business model is set may have an adverse impact on financial performance;
  - (iii) **Changes in borrowing costs:** Changes in interest rates can affect the volume of new customers wanting to enter into new lease commitments. The leasing business borrows primarily on a fixed rate basis and, as such, margins on lease contracts already on foot are not impacted. However, to the extent that interest rate rises on future transactions cannot be passed on to the lease counterparty, it may lead to a detrimental outcome in performance;
  - (iv) **Dependence on Key Personnel:** The future success of the leasing business relies on retaining and attracting new staff. Performance is reliant on the talents and motivation of key managers. The loss of key staff could cause material disruption to this business; and

- (v) **Competition:** The industry segment is competitive. Actions by new or existing competitors could result in a reduction in business volume.
- (g) ***Finance Broking & Aggregation:***
  - (i) **Access to financial product (Finance):** The broking business is highly dependent on access to product provided by financial institutions. If access to product becomes limited, for example, due to reputational issues, alternative distribution or a global financial crisis type event, it may adversely impact the competitiveness of the broker distribution;
  - (ii) **Commission and Volume Based Incentives (VBI):** Asset finance brokers are paid commissions and VBIs by the financial institutions that provide the finance. Any decrease in the level of commissions and VBIs may adversely impact on financial performance of the Company;
  - (iii) **Competition:** Brokers act as advisers to businesses and individuals. Actions by new or existing competitors that impact existing clients or growth prospects could result in a reduction in business volume;
  - (iv) **Dependence on Key Personnel:** The broking business relies on retaining existing staff and attracting new staff. Performance of the business relies on the talents and motivation of key managers and the brokers' key client relationships. The loss of key staff could cause material disruption to its business model and performance;
  - (v) **Regulatory risk:** The asset finance broking industry is governed by the Australian Securities and Investments Commission (ASIC) through the Corporations Act and the National Credit Act. Changes to legislation or the manner in which legislation is applied would be likely to impact distribution of financial products, including the time to complete transactions and the cost of compliance which may adversely impact on financial performance;
  - (vi) **Changes in borrowing costs:** Changes in interest rates can affect the volume of new customers wanting to enter into finance (rather than purchasing the asset without borrowing or not purchasing the asset). While the Company holds no credit risk, for a short period the commission may be required to be refunded; and
  - (vii) **Reliance on aggregation provider:** The level of commissions and VBIs is based on the benefit of the distribution (for example, the volume of finance value and service provision) to the financial institutions. A decrease in membership or service provision may adversely impact on financial performance of the business through a decrease in VBIs due to lower overall aggregation volumes.
- (h) ***Dilution of existing Shareholdings in the Company:*** Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company reduced. The exact amount of dilution will depend on the level of shareholder participation. Given the structure of the Entitlement Offer (1 new Offer Share for every 6 existing Shares held at the Record Date) this will mean that the dilution to existing Shareholders who do not take up their Entitlements in full may be significant.

At completion of the Entitlement Offer, if the full Entitlement is taken up, it is anticipated that the Company's share capital will increase from 1,347,324,581 Shares

to approximately 1,571,736,456 Shares. For Shareholders who do not take up their full Entitlement, the Shareholder will have their percentage interest in the Company reduced by up to approximately 14.28% as compared to their percentage interest in the Company as at the Record Date (excluding any dilution factor from conversion of options on issue).

## **F. Additional information**

### **1 Quotation and trading**

The Company has applied to ASX for the official quotation of the Offer Shares in accordance with the ASX Listing Rules. Subject to approval being granted by ASX, it is expected that normal trading of Offer Shares issued under the Entitlement Offer will commence on or about 9 December 2019.

### **2 Ranking of Offer Shares**

Offer Shares (including any Additional Shares) issued under the Entitlement Offer will rank equally with existing Shares on issue.

### **3 Withdrawal**

The Company reserves the right to withdraw all or part of the Entitlement Offer at any time, subject to applicable laws. If the Company exercises this right it will refund Application monies in relation to Offer Shares not already issued in accordance with the Corporations Act without the payment of interest.

### **4 Effect on capital structure**

Assuming that the Entitlement Offer is fully subscribed and all Offer Shares (including any Additional Shares) are issued and allotted, the Company's issued share capital will increase from 1,347,324,581 Shares to approximately 1,571,736,456 Shares (subject to rounding).

### **5 Potential effect on control**

The potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Entitlement Offer, the Entitlement Offer may have a material effect on the dilution and/or control of the Company. The risks associated with dilution and/or control are also set out in Section E of this Booklet.

The potential effect on control from the Entitlement Offer is summarised below:

- (a) if all Eligible Shareholders take up their Entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company;
- (b) if some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, then the interests of those Eligible Shareholders in the Company will be diluted;
- (c) the proportional interests of shareholders of the Company who are not Eligible Shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer;
- (d) Eligible Shareholders that apply for Additional Shares under the Shortfall Facility may increase their interests beyond their Entitlement. This could result in the dilution of holdings of those who failed to accept their Entitlements in full and those who failed to apply for Additional Shares under the Shortfall Facility;
- (e) there are currently three substantial shareholders on the Company's register. Following completion of the Entitlement Offer, their projected voting power (assuming they each take up their full Entitlement and based on the maximum number of Shares under the Entitlement Offer being issued), is as follows:

<b>Substantial Shareholder</b>	<b>Shareholding as of Record Date*</b>	<b>Voting power as of Record Date</b>	<b>Entitlement</b>	<b>Resultant shareholding based on 100% Entitlement</b>	<b>Resultant voting power based on 100% Entitlement</b>
NAOS Asset Management Limited	330,783,529 Shares	24.55%	55,130,588 Shares	385,914,117 Shares	24.55%
GEGM Investments Pty Ltd and C-Flag Pty Ltd (associated entities of Cameron McCullagh)	254,129,539 Shares	18.86%	42,354,923 Shares	296,484,462 Shares	18.86%
Sandon Capital	95,917,445 Shares	7.12%	15,986,241 Shares	111,903,686 Shares	7.12%

\*based on last announced Form 604 or Appendix 3Y

<b>Substantial Shareholder</b>	<b>Resultant shareholding based on 100% Entitlement</b>	<b>Voting power as of Record Date</b>	<b>Voting power if 50% overall take up of Entitlements or Shortfall Facility</b>	<b>Voting power if 75% overall take up of Entitlements or Shortfall Facility</b>	<b>Voting power if 100% overall take up of Entitlements or Shortfall Facility</b>
NAOS Asset Management Limited	385,914,117 Shares	24.55%	26.44%	25.46%	24.55%
GEGM Investments Pty Ltd and C-Flag Pty Ltd (associated entities of Cameron McCullagh)	296,484,462 Shares	18.86%	20.31%	19.56%	18.86%
Sandon Capital	111,903,686 Shares	7.12%	7.67%	7.38%	7.12%

\*based on last announced Form 604 or Appendix 3Y

## 6 Related Parties

Related Parties	Shareholding as of Record Date*	Voting power as of Record Date	Entitlement	Resultant shareholding based on 100% Entitlement	Resultant voting power based on 100% Entitlement
Mr Patrick Tuttle (Chairman)	2,271,468 Shares	0.17%	378,578 Shares	2,650,046 Shares	0.17%
Mr Cameron McCullagh (Executive Director)	254,129,539 Shares	18.86%	42,354,923 Shares	296,484,462 Shares	18.86%
Mr Bruce Hatchman (Non-Executive Director)	625,000 Shares	0.05%	104,167 Shares	729,167 Shares	0.05%
Mr Steve White (Non-Executive Director)	3,643,750 Shares	0.27%	607,292 Shares	4,251,042 Shares	0.27%

\*based on last announced Appendix 3Y

## 7 Summary of scheme implementation agreement

The Company has entered into a scheme implementation agreement (**SIA**) with CML under which both the Company and CML agree to work together to implement the Scheme pursuant to which the Company will acquire all of the issued share capital of CML from each CML shareholder. The SIA includes the following terms:

- (a) The consideration to be provided under the Scheme for each CML share is either:
  - (i) \$0.24 in cash plus 2.7 Shares; or
  - (ii) 5.4 Shares.
- (b) All ineligible foreign shareholders will receive cash of A\$0.48 per Share. The cash consideration to be paid under the Scheme is capped at A\$20 million.
- (c) In addition to the Scheme consideration, CML proposes to pay each CML shareholder a fully franked dividend of 3 cents per share immediately prior to implementation of the Scheme, subject to the Scheme becoming effective in accordance with its terms.
- (d) The implementation of the Scheme remains subject to various conditions precedent including:



- (i) CML shareholders approve the Scheme by the requisite majorities;
  - (ii) the Court approves the Scheme;
  - (iii) an independent expert finds that the Scheme is fair and reasonable for CML shareholders;
  - (iv) there is no breach of representations and warranties by the Company or CML;
  - (v) Westpac provides all necessary consents, approvals or waivers in connection with its financing of CML's subsidiary Classic Funding Group such that Westpac will not take any adverse action under the finance documents as a result of the implementation of the Merger; and
  - (vi) all other regulatory and third party consents in connection with the Scheme and the acquisition are obtained.
- (e) The SIA contains a \$1m break fee payable by the Company to CML in certain circumstances including where the Company announces or enters into a transaction involving the change of control of the Company and the Scheme does not proceed, or a \$500,000 break fee payable where the Company breaches a representation and warranty set out in the SIA and the Scheme does not proceed.
  - (f) There are reciprocal break fees (including in amount) payable to the Company in similar reciprocal circumstances, including where the CML directors change their recommendation of the Scheme.
  - (g) Neither party may try to solicit, encourage or invite another third party to make a competing acquisition proposal.
  - (h) The SIA may be terminated in certain circumstances including where either party is in material breach or either party ends up recommending an alternative transaction.
  - (i) The sunset date for implementing the Scheme is 30 April 2020 although, based on the current timetable, it is expected that the Scheme will be implemented in February 2020.

A complete copy of the scheme implementation agreement can be obtained from the Company's announcements on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: COG) or from the Company's website at [www.coglimited.com.au/investor-relations/](http://www.coglimited.com.au/investor-relations/).

## 8 Taxation

The Directors do not consider it appropriate to give Eligible Shareholders advice regarding the taxation consequences of applying for Offer Shares (including any Additional Shares) under this Booklet.

Taxation implications will vary depending upon the individual circumstances of individual Eligible Shareholders. Eligible Shareholders are strongly recommended to obtain their own professional advice (including taxation advice) before deciding whether to accept the Entitlement Offer or apply for Additional Shares under the Shortfall Facility.

Neither the Company, nor any of its officers or employees or advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences, of the Entitlement Offer or the acquisition or disposal of securities in connection with the Entitlement Offer.

## **G. Glossary**

In this Booklet, the following capitalised terms have the following meanings (unless the context requires otherwise).

<b>Additional Shares</b>	Offer Shares which comprise the shortfall and are available under the Shortfall Facility, which may be applied for by Eligible Shareholders in excess of their Entitlement or if any shortfall remains which may be placed by the Directors to new or existing investors within 3 months of the close of the Entitlement Offer.
<b>Announcement</b>	the ASX announcement relating to the Merger and the Entitlement Offer, lodged by the Company with ASX on 13 November 2019, and included in Section C of this Booklet (without the Annexure).
<b>Applicant</b>	an Eligible Shareholder who submits an Entitlement and Acceptance Form.
<b>Application</b>	an application for Offer Shares lodged in accordance with the instructions in this Booklet and the On-line Application or the Entitlement and Acceptance Form.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691, or the market operated by it as the context requires.
<b>Booklet</b>	this entitlement offer booklet.
<b>Closing Date</b>	5.00 pm (Sydney time) on 2 December 2019, or such other date as the Company determines.
<b>CML</b>	CML Group Limited ACN 098 952 277.
<b>Company or Consolidated Operations Group Limited or COG</b>	Consolidated Operations Group Limited ACN 100 854 788.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	a director of the Company.
<b>Eligible Shareholder</b>	a Shareholder who meets the requirements set out in paragraph 3 of Section B.
<b>Entitlement</b>	the number of Offer Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer (ignoring the Shortfall Facility).
<b>Entitlement and Acceptance Form</b>	your personalised application form enclosed with this Booklet.
<b>Entitlement Offer</b>	a 1 for 6 (1 new Share for 6 existing Shares held on the Record Date) non-renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price set out in this Booklet and the Entitlement and Acceptance Form, as announced by the Company

to ASX on 13 November 2019.

<b>Ineligible Shareholder</b>	a Shareholder who is not an Eligible Shareholder.
<b>Issue Date</b>	6 December 2019, or such other date as the Company determines.
<b>Issue Price</b>	A\$0.09, being the price per Offer Share.
<b>Merger</b>	The proposed acquisition of all of the issued share capital of CML by the Company pursuant to the Scheme.
<b>Offer Period</b>	the period commencing on the Opening Date and ending on the Closing Date.
<b>Offer Shares</b>	the new Shares offered under the Offer (including any Additional Shares).
<b>On-line Application</b>	An application for Offer Shares made through the offer website at <a href="https://events.miraqle.com/COG-OFFER">https://events.miraqle.com/COG-OFFER</a> .
<b>Opening Date</b>	21 November 2019.
<b>Record Date</b>	7.00 pm (Sydney time) on 18 November 2019.
<b>Register</b>	the register of Shareholders.
<b>Registry</b>	Link Market Services Limited.
<b>Scheme</b>	The proposed scheme of arrangement between CML and its shareholders in accordance with Part 5.1 of the Corporations Act pursuant to which the Company will acquire all of the issued capital of CML.
<b>Section</b>	a section in this Booklet.
<b>Securities Act</b>	The <i>U.S. Securities Act of 1933</i> , as amended.
<b>Share</b>	a fully paid ordinary share in the Company.
<b>Shareholder</b>	a registered holder of a Share.
<b>Shortfall Facility</b>	the mechanism by which the Company may allocate or place Additional Shares as described in paragraph 9 of Section B.