

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

19 December 2019

## **UPDATE ON SCHEME OF ARRANGEMENT WITH CML GROUP LIMITED**

Consolidated Operations Group Limited (ASX: COG) (**Company** or **COG**) notes the announcement made today by CML Group Limited that it has received a conditional non-binding indicative offer from Scottish Pacific Group Limited (**Scotpac**) to acquire 100% of CML's ordinary shares by way of a scheme of arrangement at a cash consideration of \$0.57 per CML share, while permitting the same fully franked special dividend of \$0.03 per share that is to be paid under the existing scheme with COG ("**Indicative Scotpac Proposal**").

### ***Indicative Scotpac Proposal***

The Indicative Scotpac Proposal is non-binding and remains subject to a number of conditions precedent including completion of commercial, operational, financial and legal due diligence by Scotpac. COG is also of the view that should the Indicative Scotpac Proposal become a binding offer it will raise serious competition issues that may lead to investigation of the proposed merger of CML and Scotpac by the Australian competition regulator that has the potential to delay any transaction between CML and Scotpac for a number of months.

**In its announcement CML acknowledges that there is no certainty that the Indicative Scotpac Proposal will result in a binding offer being received from Scotpac that is capable of acceptance by CML Shareholders, or that any binding offer that is received will be a superior proposal to the current offer from COG. The board of CML has also recommended that shareholders take no action in relation to the Indicative Scotpac Proposal at this time.**

### ***CML scheme of arrangement to continue***

As such, COG remains committed to pursuing its merger with CML. COG confirms that it has given notice to CML that it has no current intention to increase the consideration being offered under the scheme of arrangement with CML. COG continues to believe that the merger with CML has the potential to unlock greater shareholder value than currently exists.

Under the binding COG offer, CML shareholders have the opportunity to continue as shareholders in a significant new group in the financial services marketplace, whereas under the Indicative Scotpac Proposal, should it become a binding offer capable of acceptance, CML shareholders will be paid cash only and will not be given the opportunity to participate in any upside as a result of the merger. COG also believes that there is substantial uncertainty that any merger of CML and Scotpac could occur without significant regulatory scrutiny, which could jeopardise execution of any proposed transaction.

**COG notes that the COG merger with CML is the only binding proposal that can be accepted by CML shareholders and the CML directors currently retain their recommendation in favour of the scheme of arrangement with COG, in the absence of a superior proposal capable of acceptance by CML shareholders.**

CML and COG are seeking to proceed with the First Court Hearing for the scheme of arrangement (**Scheme**) tomorrow, Friday 20 December, subject to ASIC finalising its review of the Scheme Booklet.

Assuming the ASIC review is completed in time, then COG and CML will seek for the First Court Hearing to proceed and anticipates dispatching the Scheme Booklet immediately following this. The intended date of the CML Scheme Meeting is 29 January 2020. If the ASIC review is not completed in time, the First Court Hearing will be adjourned to a later date to be advised.

Andrew Bennett, COG Chief Executive Officer said:

*“The notification of this non-binding and indicative proposal from Scottish Pacific does not change anything. It is not a proposal that is capable of being accepted by CML shareholders. If a binding offer was to be received there is no guarantee that it would be a superior proposal to the COG proposal since COG believes that there is the potential for execution risk due to regulatory hurdles that would need to be navigated.*

*COG remains committed to its merger with CML to create a significant new group in the financial services marketplace focusing on the needs of the SME sector. The ability for COG and CML to leverage each other’s platforms following the merger remains compelling and, we believe, is in the best interests of CML shareholders who will continue to be involved in the merged group through COG’s scrip consideration offered under the scheme.”*

*Announcement authorised by:*

*Andrew Bennett, Chief Executive Officer*

For further information please contact:

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#### **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.