

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

4 March 2020

UPDATE ON ACQUISITION OF CML GROUP LIMITED

Consolidated Operations Group Limited (ASX: COG) (**COG**) notes that CML Group Limited (**CML**) advised the ASX on 2 March that it had entered into a binding Scheme Implementation Deed (**SID**) with Scottish Pacific Group Limited (**Scotpac**) and that it had terminated the Scheme Implementation Agreement (**SIA**) with COG. COG disputes CML's entitlement to terminate the SIA in the circumstances in which CML has purported to terminate and it will be writing to CML separately on this.

Yesterday, the Federal Court of Australia made orders that the CML Scheme Meeting that was to be convened under the COG/CML SIA no longer be held.

As submitted to the Federal Court yesterday, following various discussions and negotiations with CML, COG had put to CML a revised proposal under which it indicated it was willing to increase its initial offer to an implied value of \$0.57 per CML share plus a three cent special dividend. The proposal matched the value of the original non-binding offer made by Scotpac, with consideration under the COG offer being all scrip or a mix of cash and COG scrip (similar to COG's original offer, but with an increased cash component), enabling CML shareholders to become COG shareholders and benefit from the inherent synergies of the COG/CML merger. As late as last week, COG was negotiating details of the COG proposal (including cash funding) with CML in good faith and had expected, on the strength of representations made by CML, to come to an agreement shortly. Instead, CML purported to terminate the SIA with COG and entered into the SID with Scotpac, which contains an all cash offer with the same value as the implied value of COG's revised proposal, but which is conditional on, amongst other conditions, FIRB approval and the ACCC not intervening or seeking to prevent the transaction.

COG believes the merits of its increased proposal remain compelling, and in its view comprises a superior proposal, particularly since shareholders would have been given an opportunity to receive a proportion of cash consideration while continuing to derive benefits in a merged COG/CML in the future through a COG shareholding.

Under the CML/Scotpac proposal, CML shareholders will be denied this opportunity. All future benefits will be solely to Scotpac's shareholders.

The CML board has allowed Scotpac almost three months to produce a binding offer that is no greater in value than the implied value of the revised offer proposed by COG, and the Scotpac offer remains highly conditional and not certain of being completed. COG queries whether such delays and the final structure of the Scotpac offer are in the best interests of all CML shareholders. In COG's view, the CML board has failed to properly investigate the COG increased offer and the value of a merged COG/CML Group that would be delivered.

COG confirms that it has no current intention to vote its 17.4% interest in CML in favour of the scheme with Scotpac and that it intends to be an active substantial shareholder in CML.

Announcement authorised by:

Andrew Bennett, Chief Executive Officer

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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.