

Milton

CORPORATION LIMITED

Proposed Merger of Milton Corporation and Washington H. Soul Pattinson to Create a Leading Diversified Investment Company

22 June 2021



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Summary of Proposed Transaction



Overview	<ul style="list-style-type: none"> Milton Corporation Limited (“Milton”) and Washington H. Soul Pattinson (“WHSP”) (together the “Combined Entity”) have entered into a Scheme Implementation Agreement (“SIA”) under which WHSP proposes to acquire 100% of the share capital in Milton it does not already own (the “Proposed Transaction”)
Milton Independent Directors Recommendation	<ul style="list-style-type: none"> The Committee of Independent Directors¹ of Milton unanimously recommend the Proposed Transaction and intend to vote their shares in favour of the Proposed Transaction in the absence of a superior proposal and subject to an Independent Expert concluding the Proposed Transaction is in the best interests of Milton shareholders
Price Mechanism and Consideration	<ul style="list-style-type: none"> Milton shareholders will receive scrip consideration reflecting a 10% premium to Milton’s pre-tax net tangible assets (“NTA”),² a fully franked Milton special dividend (“Special Dividend”) estimated to be up to 37cps, a fully franked final Milton dividend estimated to be 8cps (together the “Proposed Dividends”) and access to a fully franked FY21 final dividend from WHSP (which WHSP indicatively estimates to be 36cps, of which, based on the exchange ratio, and at current prices, Milton shareholders are estimated to be eligible for 7cps)³ Payment of the final dividends are subject to Milton’s and WHSP’s final results and usual governance procedures. Payment of the Special Dividend is subject to the Scheme proceeding, the availability of sufficient franking credits and usual governance procedures. A decrease in the dividend increases the NTA that is eligible for the premium The scrip consideration to be paid to Milton shareholders will be determined by an exchange ratio calculated with reference to Milton’s pre-tax NTA plus a 10% premium and WHSP’s one month VWAP (capped at \$31), and will be fixed seven days prior to the Scheme Meeting (refer to Appendix for further detail)
Offer Value	<ul style="list-style-type: none"> Based on current prices, the proposal implies a value of \$6.00⁴ per Milton share, equivalent to: <ul style="list-style-type: none"> – A 9.9% premium to pre-tax NTA, 28.5% premium to post-tax NTA, 20.0% premium to current share price and 20.2% premium to the one month VWAP⁵
The Scheme	<ul style="list-style-type: none"> Subject to limited conditionality including Milton shareholder approval, Court approval, an Independent Expert concluding the Scheme is in the best interests of shareholders and Bidder and Target Prescribed Event clauses Inclusion of Bidder Material Adverse Effect clause (if WHSP’s one month VWAP to the business day preceding the Scheme Meeting is less than \$25.71)⁶ Inclusion of Target Material Adverse Effect (if Milton’s pre-tax NTA as at the business day preceding the Scheme Meeting is less than \$4.488 per share before the deduction of any Proposed Dividends)⁷ Not subject to a financing condition or due diligence SIA contains customary terms for a transaction of this nature including “no-shop”, “no-talk” and “no-due diligence” (subject to the Milton Directors’ fiduciary obligations)
Post Implementation	<ul style="list-style-type: none"> Based on current prices, following completion of the Proposed Transaction, existing WHSP shareholders will own 66.2% of the Combined Entity with Milton shareholders owning the remaining 33.8%⁸ All of Milton’s team will be invited to remain with the Combined Entity

Notes:

- The Milton directors established a committee of independent directors consisting of all Milton directors except Mr R.D. Millner (due to his Chairmanship and relevant interest in WHSP) to evaluate the transaction; namely, Graeme L. Crampton, Kevin J. Eley, Justine E. Jarvinen, Brendan J. O’Dea, Ian A. Pollard
- Adjusted for estimated final and special dividends that Milton intends to pay
- Special Dividend to be paid on the day the Scheme is implemented. Milton final dividend expected to be paid in August in ordinary course. Final WHSP dividend expected to be paid in mid-December, and indicative value of 7cps is based on Milton pre-tax NTA of \$5.46 per share as at 18 June 2021 and WHSP’s share price of \$30.25 at 21 June 2021 and one month VWAP of \$30.41 per share to 21 June 2021
- Implied value based on: WHSP’s one month VWAP to 21 June 2021 of \$30.41; Milton’s pre-tax NTA of \$5.46 as at 18 June 2021; estimated Special Dividend of 37cps; Milton’s estimated final dividend of 8cps and WHSP’s estimated final dividend of which Milton shareholders are estimated to be eligible for 7cps
- Based on Milton’s pre-tax NTA of \$5.46 per share as at 18 June 2021; Milton’s post-tax NTA of \$4.67 per share as at 18 June 2021; Milton’s share price of \$5.00 as at 21 June 2021; Milton’s one month VWAP of \$4.99 as at 21 June 2021
- Represents 85% of the Closing Market Price of WHSP on the business day prior to this announcement
- Calculation Date is 7 Business Days before the Scheme Meeting
- Percentages are illustrative only and are based on Milton’s pre-tax NTA of \$5.46 per share as at 18 June 2021 and WHSP’s share price of \$30.25 at 21 June 2021 and VWAP of \$30.41 per share for one month to 21 June 2021. The actual share of the Combined Entity will change to the extent WHSP’s VWAP and Milton’s pre-tax NTA is different as at the Calculation Date

Access to WHSP's Strategy and Portfolio



Objectives and Strategy

- WHSP (ASX:SOL) is a leading Australian investment house with a long history of investing in a diverse range of industries
- WHSP is the second oldest publicly listed company on the ASX, with a current market capitalisation of \$7.2 billion and is one of only a few listed companies that has been successfully managed by the same family from the outset
- WHSP holds a diversified portfolio of uncorrelated investments across listed equities, private equity, property and structured credit
- Its flexible mandate is a key advantage to generating returns by allowing WHSP to make long-term investment decisions and adjust the portfolio by changing the mix of investment classes over time
- WHSP's objective is to deliver superior returns to its shareholders by creating capital growth along with steadily increasing dividends
- WHSP has a strong track record of delivering outperformance over the long term with WHSP generating a total shareholder return of 13.4% p.a. over the last 20 years¹

Source: Capital IQ
Note:
1. Up to 21 June 2021

WHSP Key Investments



Financial Services Portfolio



Pharmaceutical Portfolio



Private Equity Portfolio



Agriculture Portfolio

Property Portfolio

Structured Credit Portfolio

Small Caps Portfolio

Rationale for Milton Shareholders

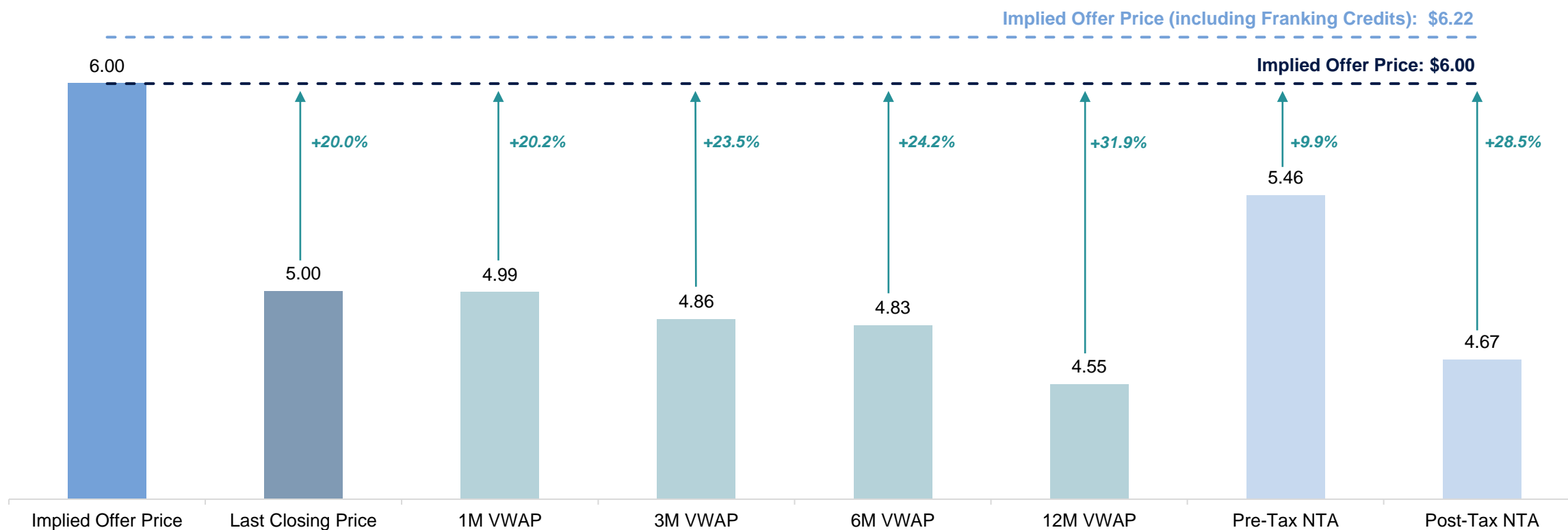


#1	Attractive Premium	<ul style="list-style-type: none">• Attractive premium to recent historical Milton share prices and VWAPs• Premium to NTA is uncommon in acquisitions of LICs• Fully franked Special Dividend may have incremental value for certain shareholders• Proposed Dividends provide Milton shareholders with certainty of value, the opportunity to realise a portion of their investment for cash and up to an estimated 22cps of additional franking credits
#2	Two Complementary Teams Together	<ul style="list-style-type: none">• Brings together two successful investment companies who share similar long-term focused investment philosophies• Milton's highly experienced investment team and management will be retained for the benefit of the Combined Entity• Milton's portfolio and management expertise will complement WHSP's existing capabilities• Creation of a unique investment company with a market capitalisation of approximately \$11¹ billion• Significant increase in market capitalisation may result in increased index participation
#3	Access to a Broader Range of Asset Classes	<ul style="list-style-type: none">• Milton's existing portfolio will transform from predominantly domestic equities becoming more diversified• Milton shareholders will gain exposure to private equity, international equities, credit opportunities and real assets, in addition to ASX listed investments and trusts
#4	WHSP's Strong Track Record	<ul style="list-style-type: none">• WHSP's investment process has been refined over the past 118 years• WHSP has significantly outperformed the market over the short, medium and long term• WHSP has paid consistent dividends across its history and has paid an increasing dividend every year for the past 20 years
#5	New Combined Vision	<ul style="list-style-type: none">• Long-term, value-focused investment philosophy focusing on delivering outperformance over the long term• Continued focus on the preservation of shareholder capital and dividend generation• Additional scale and liquidity will provide capacity to pursue investment opportunities across multiple asset classes to further diversify the portfolio

#1 Attractive Premium



Implied Illustrative Offer Price Premiums




Source: IRESS, company filings

Notes: Implied offer price determined by an exchange ratio calculated with reference to Milton's pre-tax NTA as at 21 June 2021, WHSP's share price as at 21 June 2021 and WHSP's one month VWAP to 21 June 2021. See Illustrative Consideration slide in the Appendix for further detail. Last Milton closing price as at 21 June 2021; VWAPs for the period to 21 June 2021; pre-tax and post-tax NTA as at 18 June 2021

#2 Two Complementary Teams Together



Brings together two leading investment companies with aligned value-focused, long-term investment philosophies

			Combined Entity
Objective	<ul style="list-style-type: none"> Invest in a diversified portfolio of assets which are predominantly Australian listed companies and trusts Provide capital growth in the value of the shareholders' investments Increase fully franked dividends paid to shareholders over time 	<ul style="list-style-type: none"> Hold a diversified portfolio across multiple asset classes Deliver superior returns to shareholders by creating capital growth along with steadily increasing dividends 	<ul style="list-style-type: none"> Create a unique diversified investment company with a focus on long term wealth creation and capital preservation for shareholders Hold a broader diversified portfolio of assets which generates a growing income stream for distribution to shareholders and to provide capital growth
Skills of Each Organisation	<ul style="list-style-type: none"> Diverse team with a range of skills including CEO with international experience Large cap domestic equities 	<ul style="list-style-type: none"> Access to broad range of asset classes including private equity, pre-IPO investing, small cap equities, property, structured debt and M&A Loyal and long-serving staff with more than 40 employees with a diverse range of skills and experience 	<ul style="list-style-type: none"> Leverage the combined knowledge of the Milton and WHSP investment teams Highly complementary skills and experience between the Milton and WHSP teams
Market Capitalisation	 <p>~\$3.4b</p>	 <p>~\$7.2b</p>	 <p>~\$10.8b¹</p>

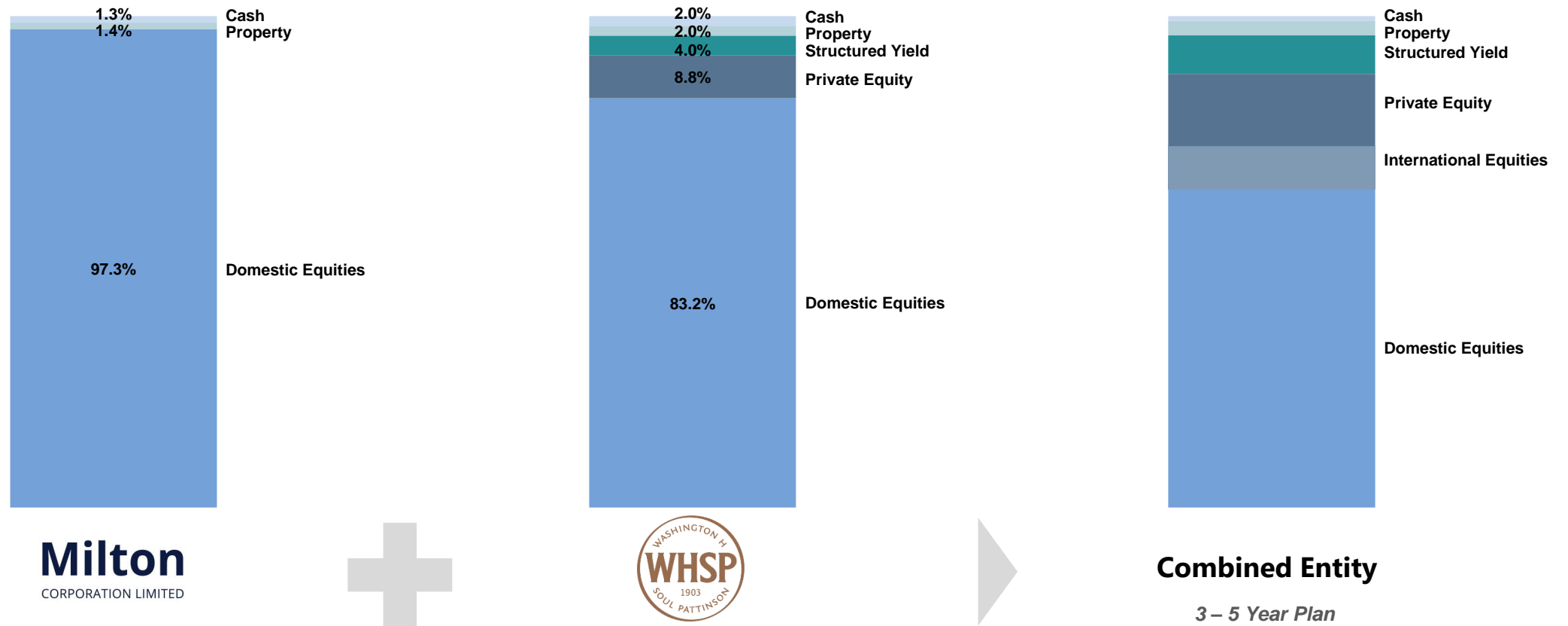
Notes: Market value of listed assets; otherwise valued at Cost or Directors valuation

1. Based on exchange ratio of 0.1812 as at 21 June 2021, excluding the value of the Proposed Dividends and excluding the value of the shares that WHSP holds in Milton

#3 Access to Private Opportunities

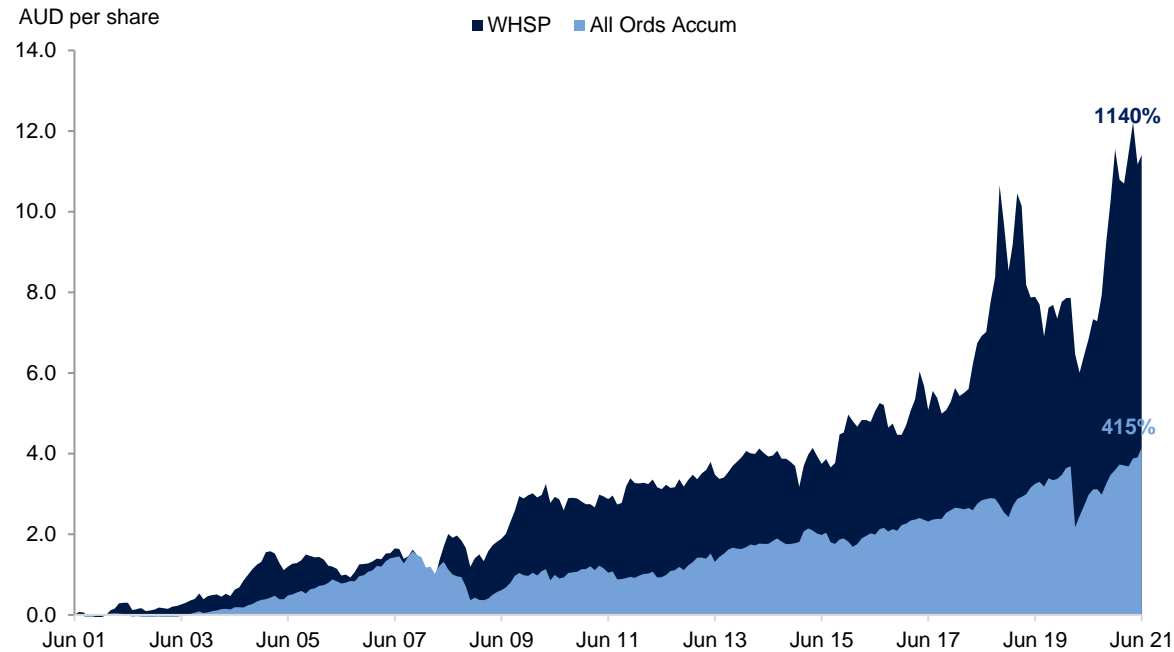


Access to Diversified Asset Classes and Enhanced Long-Term Diversification for the Combined Entity



#4 WHSP's Strong Track Record

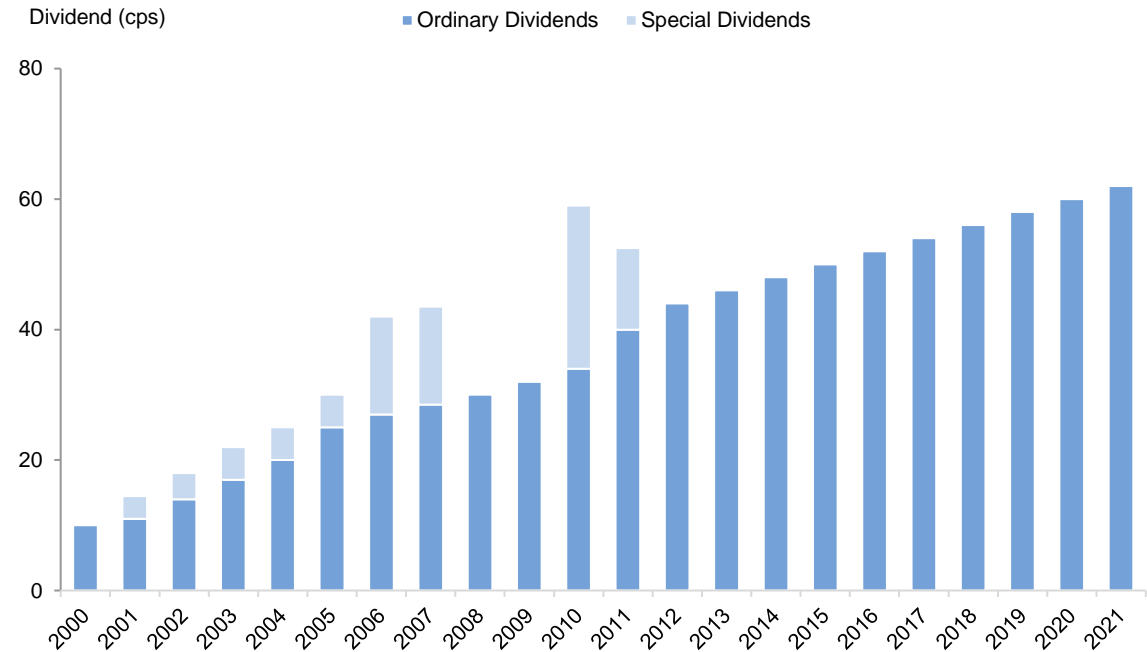
WHSP Market Outperformance



Total shareholder return if invested in the last:

	1Y	3Y	5Y	10Y	15Y	20Y
WHSP	58.3%	16.1%	15.4%	12.4%	13.0%	13.4%
ASX All Ords	29.6%	10.3%	11.5%	9.7%	7.4%	8.5%
WHSP's Outperformance	28.6%	5.9%	3.9%	2.7%	5.7%	4.9%

WHSP Dividend Growth



#5 Vision



Continued Focus
on capital and dividend
growth

Increase Diversification
by seeking further private
market opportunities and
international equities
exposure

Long-Term
value-focused investment
philosophy

New Combined Vision

Leverage Knowledge
of Milton and WHSP
investment teams

Leverage Scale
when competing for
opportunities where it makes
sense

Strong Reputation
as a capital partner

Key Transaction Terms



Conditions	<ul style="list-style-type: none"> The obligations with respect to implementation of the Scheme will not become binding unless and until the specified Conditions in Section 3 of the SIA are satisfied or waived. Conditions include the Bidder Material Adverse Effect and Target Material Adverse Effect clauses (refer to Appendix)
Consideration Share Formula	<ul style="list-style-type: none"> The formula to determine the exchange ratio of WHSP Shares for Milton Shares is set out on page 15 in the Appendix and in Schedule 3 of the SIA
No-Due Diligence¹	<ul style="list-style-type: none"> Milton must not directly or indirectly solicit, initiate, invite or encourage any third party to undertake due diligence investigations in respect of Milton in connection with any Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme Milton must not disclose any non-public information about the businesses or affairs of Milton to a third party (other than a Representative, Government Agency or auditors) other than in the ordinary course of business or as required under Milton's existing contractual obligations
No Ongoing Discussions	<ul style="list-style-type: none"> Milton represents and warrants to WHSP that, as at the date of the SIA, neither Milton nor any of its Representatives are in discussions or negotiations with any third party regarding any actual, proposed or potential Competing Transaction, and no confidential information has been provided to any third party regarding any actual, proposed or potential Competing Transaction
No-Shop¹	<ul style="list-style-type: none"> Milton must not accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme or could reasonably be expected to encourage or lead to a Competing Transaction or reduce the likelihood of success of the Scheme
No-Talk¹	<ul style="list-style-type: none"> Milton must not directly or indirectly solicit, initiate, invite, encourage any inquiries or proposals or participate in any discussions or negotiations regarding a Competing Transaction, or that may reasonably be expected to encourage or lead to a Competing Transaction, or any other transaction that may reduce the likelihood of success of the Scheme
Scheme Consideration	<ul style="list-style-type: none"> Number of WHSP Shares for each Milton Share held by a Scheme Participant as at the Record Date, calculated by reference to the Consideration Share Formula

Note:
1. Obligations subject to fiduciary duties of the Independent Directors

Indicative Implementation Timetable



Expected Date	Event
Tuesday, 22 June 2021	Execute SIA
Early August 2021	First Court Hearing
Early August 2021	Scheme Booklet including Notice of Scheme Meeting and IER sent to Milton shareholders
Mid September 2021	Scheme Meeting to approve the Proposed Transaction
Late September 2021	Second Court Hearing
Late September 2021	Scheme Effective Date
Late September 2021	Trading in Milton shares on ASX is suspended (close of trade on Effective Date)
Late September 2021	Scheme Record Date
Early October 2021	Implementation Date
Early October 2021	Expected payment of Special Dividend to Milton shareholders
Mid December 2021	Expected payment of WHSP final dividend

Implementation Process



Scheme Documents	<p>Milton shareholders will receive detailed Scheme documents prepared by Milton and approved by the Court, including:</p> <ul style="list-style-type: none">• Information about the Scheme• Milton directors' recommendation and other disclosures• Independent Expert's report which states whether the Scheme is in the best interests of Milton shareholders
Shareholder Vote	<p>A shareholder meeting will be convened by Milton to allow Milton shareholders to vote on the Scheme. The meeting is usually held at least 28 clear days after the despatch of the Scheme documents.</p> <p>For a Scheme to be approved, a resolution in favour must be passed at the Scheme Meeting by each class of Milton shareholders by both:</p> <ul style="list-style-type: none">• 75% of the votes cast on the resolution; and• More than 50% in number of the Milton shareholders voting on the resolution (in person or by proxy) <p>Note, WHSP is not eligible to vote (as a Milton shareholder) in favour of the Scheme</p>
Court Approval	<p>The Court must approve the result and the implementation of the Scheme at the Second Court Hearing</p>
Effective Date and Implementation	<p>If the Scheme is approved by the Court, it takes effect upon lodgement of the court order with ASIC. There is normally a period of 2 weeks between the day the Scheme becomes effective and the date it is implemented</p>
De-listing	<p>Following Scheme implementation, Milton is then delisted on a date determined by the ASX upon application by WHSP</p>

APPENDIX



Transaction Structure and Calculation of Exchange Ratio



Calculation of Exchange Ratio

- The calculation of the exchange ratio will be based on the following formula:

$$\text{Exchange ratio} = \frac{\text{MLT Adjusted NTA} \times 1.10}{\text{WHSP Reference Price} \times \text{Milton Shares on Issue at Calculation Date}}$$

- NTA** means the aggregate net tangible asset backing before providing for tax on unrealised capital gains of Milton calculated in the same manner used for the purpose of Milton's market announcements to ASX of its net tangible asset backing per share as at each calendar month end
- MLT Adjusted NTA** means the NTA of Milton as at the Calculation Date less the aggregate amount in respect of all Milton Shares of the Proposed Dividends which have been declared or are the subject of a decision to pay
- WHSP Reference Price** means the lower of:
 - The VWAP price of WHSP Shares for the one month ending on, and including, the Calculation Date; and
 - \$31.00
- Calculation Date** means 7.00pm on the Business Day that is seven Business Days before the date of the Scheme Meeting or such other date as WHSP and Milton agree in writing

Termination Rights for the Benefit of WHSP

Bidder Material Adverse Effect

Occurs if the VWAP Price for Bidder Shares for the one month period ending on, and including, the Business Day immediately preceding the date of the Scheme Meeting is less than the amount that is 85% of the Closing Market Price for Bidder Shares on the Business Day prior to the date of this document (i.e. \$25.71).

Termination Rights for the Benefit of Milton and WHSP

Target Material Adverse Effect

Occurs if the NTA of the Target as at the business day immediately preceding the date of the Scheme Meeting is less than \$4.488 per Milton share (before the deduction of any amount of Proposed Dividend at that time unpaid)

Illustrative Consideration



Implied Value

The consideration under the Proposed Transaction equates to a total value of \$6.00 per Milton share (before franking credits) based on today's prices and assuming a WHSP Reference Price of \$30.41

WHSP reference price set to WHSP's one month VWAP (noting this will be capped at \$31), as at 21 June 2021

A WHSP share price over \$31.00 will increase the implied premium to NTA above 10%

WHSP dividend attributable to Milton will vary depending on the exchange ratio on the Calculation Date

Milton shareholders to receive a total implied value of \$6.22 per Milton share including franking credits

Proposed Offer Value		Value ¹	Franking credits
A	Milton pre-tax NTA per share	\$5.46	
B	Less: Milton dividend (Special and final)	\$0.45	\$0.19
C	Milton dividend adjusted NTA (A-B)	\$5.01	
D	Add: 10% premium (C*10%)	\$0.50	
E	Milton premium adjusted NTA (C+D)	\$5.51	
F	WHSP reference price (lower of \$31 or one month VWAP)	\$30.41	
G	Exchange ratio (E/F)	0.1812	
H	WHSP share price	\$30.25	
I	Market value per share of WHSP shares received (G*H)	\$5.48	
J	WHSP final dividend per share	\$0.36	
K	Value of WHSP final dividend per Milton share (G*J)	\$0.07	\$0.03
Total value to Milton shareholders (B+I+K)		\$6.00	\$0.22
Milton share in merged group		33.8%	

Note:

1. Milton pre-tax NTA per share as at 18 June 2021. Milton dividend of 45cps comprises a fully franked 37cps Special Dividend and 8cps final dividend. These dividend amounts are indicative only and have been used for illustrative purposes only. WHSP one month VWAP per share and WHSP share price as at 21 June 2021

Key Risks



Investment Strategy Risk	<ul style="list-style-type: none">• The success and profitability of WHSP will depend on WHSP's continued ability to manage the portfolio in a manner that complies with WHSP's objectives, strategies, policies, guidelines and permitted investments
Investment Manager's Performance Risk	<ul style="list-style-type: none">• The past performance of portfolios managed by WHSP and persons associated with WHSP are not necessarily a guide to future performance of WHSP. Future performance is subject to investment strategy risk, market risk, equity risk and other risks
Market Risk	<ul style="list-style-type: none">• Broad market risks include movements in domestic and international securities markets, movements in foreign exchange rates and interest rates, changes in taxation laws and other laws affecting investments and their value
Equity Risk	<ul style="list-style-type: none">• There is a risk that shares will fall in value over short or extended periods of time. Shareholders in WHSP are exposed to this risk both through their holding in shares in WHSP as well as through WHSP's portfolio. There is a risk that WHSP's share price relative to NTA will change. Note that WHSP's share price has not historically traded at a premium to NTA like it has over the past 9 months
Default Risk	<ul style="list-style-type: none">• Investment in securities and financial instruments generally involves third parties as custodians and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody that could adversely affect the value of the company
Regulatory Risk	<ul style="list-style-type: none">• Includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which WHSP holds investments
Portfolio Concentration Risk	<ul style="list-style-type: none">• There may be more volatility in WHSP's portfolio as compared to the ASX All Ordinaries Index because the Portfolio will be comprised of a smaller number of securities than the broader market index
Listed Equity Concentration Risk	<ul style="list-style-type: none">• WHSP holds substantial shareholdings in a number of listed equities, increasing the impact of equity and other risks on the WHSP portfolio
Dividend	<ul style="list-style-type: none">• The value of the dividends forming part of the Proposed Transaction may differ from that estimated. If the Proposed Transaction is approved, the dividend yield on WHSP shares may be lower than the dividend yield seen by Milton shareholders historically

Definitions



- Unless otherwise defined below, capitalised terms used in this presentation have the meaning given to those terms in the Scheme Implementation Agreement.
- **Bidder Material Adverse Effect** occurs if the VWAP Price for Bidder Shares for the one month period ending on, and including, the Business Day immediately preceding the date of the Scheme Meeting is less than the amount that is 85% of the Closing Market Price for Bidder Shares on the Business Day prior to the date of the Scheme Implementation Agreement.
- **Bidder Prescribed Event** means the occurrence of any of the following (a) Bidder converts all or any of its shares into a larger or smaller number of shares; (b) Bidder or another member of the Bidder Group resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares; (c) Bidder or another member of the Bidder Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement; (d) Bidder makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) except a distribution for which the record date for participation is after the Implementation Date; (e) any member of the Bidder Group issues shares; grants an option over its shares; or agrees to make such an issue or grant such an option, in each case to a person outside the Bidder Group but in each case excluding (iv) any issue, grant or agreement that does not require the approval of shareholders of Bidder; and (v) any issue, grant or agreement made in connection with executive or board remuneration or any employee or officer incentive plan or award; (f) any member of the Bidder Group adopts a new constitution or modifies or repeals its constitution or a provision of it; and (g) an Insolvency Event occurring in relation to a member of the Bidder Group excluding any Bidder Excluded Transaction.
- **Calculation Date** means 7.00pm on the Business Day that is seven Business Days before the date of the Scheme Meeting or such other date as Bidder and Target agree in writing.
- **Closing Market Price** means what it means in the ASX Listing Rules.
- **Committee of Independent Directors** means the committee of independent directors of Milton, consisting of all Milton directors except Mr R.D. Millner (due to his Chairmanship and relevant interest in WHSP); namely, Graeme L. Crampton, Kevin J. Eley, Justine E. Jarvinen, Brendan J. O'Dea, Ian A. Pollard; established to evaluate the terms of the Proposed Transaction, reach an independent conclusion on whether the Scheme is in the best interests of Milton shareholders, and make an independent recommendation to Milton shareholders on how to vote on the Scheme.
- **Consideration Share Formula** means the formula set out in Schedule 3 of the Shareholder Implementation Agreement.
- **Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Target Shareholders in the form as is agreed in writing between Target and Bidder, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by each party.
- **Scheme Meeting** means the meeting of Target Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Scheme.
- **Second Court Date** means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.
- **Scheme Implementation Agreement** means the Scheme Implementation Agreement entered into on 22 June 2021 between Milton Corporation Limited and Washington H. Soul Pattinson and Company Limited.
- **Target Material Adverse Effect** means:
 - NTA of the Target as at 5.00 pm on the Business Day immediately preceding the date of the Scheme Meeting is less than \$4.488 per Target Share (for the avoidance of the doubt the NTA of the Target for the purposes of this defined term is determined: (i) before the deduction of any amount of Agreed Dividend at that time unpaid; (ii) on the basis that any amount of Agreed Dividend at that time paid should be added to NTA as it would be otherwise determined; and (iii) without the addition of the premium contemplated in Schedule 3 of the Scheme Implementation Agreement; or
 - any regulatory action is taken, commenced or threatened by a Government Agency or litigation arises or is threatened in respect of the Target Group, in each case that would materially adversely affect the prospects of the Target Group.
- **Target Prescribed Event** means the occurrence of any of the following (a) Target converts all or any of its shares into a larger or smaller number of shares; (b) Target or another member of the Target Group resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares; (c) Target or another member of the Target Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement; (d) Target makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) other than the Agreed Dividends; (e) any member of the Target Group issues shares; grants an option over its shares; or agrees to make such an issue or grant such an option, in each case to a person outside the Target Group; (f) any member of the Target Group issues or agrees to issue securities or other instruments convertible into shares or debt securities in each case to a person outside the Target Group; (g) any member of the Target Group adopts a new constitution or modifies or repeals its constitution or a provision of it; (h) other than in the ordinary course of business and consistent with past practice any member of the Target Group creates, or agrees to create, any new Encumbrance over or declares itself the trustee of the whole or a substantial part of its business or property; (i) other than in the ordinary course of business and consistent with past practice any member of the Target Group increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; (j) any member of the Target Group entering into or resolving to enter into a transaction with a related party (as defined in section 228 of the Corporations Act) that requires shareholder approval; (k) other than in the ordinary course of business and consistent with past practice any member of the Target Group: (i) enters into any contract or commitment; (ii) terminates or amends in a material manner any contract material to the conduct of the Target Group's business; (iii) waiving any material third party default; or (iv) accepting as a settlement or compromise of a material matter less than the full compensation due to Target or Subsidiary of Target; and (l) an Insolvency Event occurring in relation to a member of the Target Group, excluding any Target Excluded Transaction.