

6 August 2021

ASIC registration of Scheme Booklet

Milton Corporation Limited (ASX: MLT) (**Milton**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the explanatory statement (**Scheme Booklet**) in relation to the proposed acquisition of Milton by Washington H. Soul Pattinson and Company Limited (ASX: SOL) (**WHSP**), by way of a scheme of arrangement (**Scheme**).

This follows an announcement made yesterday that the Federal Court of Australia has ordered the despatch of the Scheme Booklet to Milton shareholders and the convening of a meeting of Milton shareholders to vote on the Scheme (**Scheme Meeting**).

Scheme Booklet

The Scheme Booklet, which includes the notice convening the Scheme Meeting and an independent expert's report, is attached to this ASX announcement and sets out information Milton shareholders require to consider the Scheme.

An electronic version of the Scheme Booklet is also available for viewing and downloading at <https://milton.com.au/>.

Milton shareholders who have elected to receive communications electronically will receive an email containing a link to access the Scheme Booklet and instructions about how and when to lodge a proxy form online for the Scheme Meeting.

Milton shareholders who have not elected to receive communications electronically will be mailed a letter with instructions on how to view or download the Scheme Booklet and lodge a proxy form. The letter will be accompanied by a hard copy proxy form and reply-paid envelope.

Scheme Meeting

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation. The Scheme Meeting will be held at 10.00am (AEST) on Monday, 13 September 2021 at:

- The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000; and
- via Milton's online meeting platform at <https://agmlive.link/MLT21>.

Milton shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

All Milton shareholders are encouraged to vote either by attending the Scheme Meeting in person or via Milton's online meeting platform, or by appointing a proxy, attorney or body corporate representative to attend the Scheme Meeting and vote on their behalf.

For those Milton shareholders who intend to attend and vote at the Scheme Meeting via Milton's online meeting platform, the Virtual Scheme Meeting Online Guide provides details about how to ensure your internet browser is compatible with the Scheme Meeting online platform, as well as a step-by-step guide to successfully login and navigate the virtual Scheme Meeting.

Milton Corporation Limited

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Email: general@milton.com.au

Website: www.milton.com.au

Telephone: (02) 8006 5357

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Share Registry Enquiries: 1800 641 024

Milton

CORPORATION LIMITED

The Virtual Scheme Meeting Online Guide will be available for viewing and downloading from Milton's website at <https://milton.com.au/> and is attached at the end of this announcement.

Independent Expert's Report

The Scheme Booklet includes an independent expert's report (**Independent Expert's Report**) from Lonergan Edwards & Associates Limited (**Independent Expert**) which concludes that the Scheme is fair and reasonable and in the best interests of Milton shareholders, in the absence of a superior proposal.

The Independent Expert's conclusions should be read in context with the full Independent Expert's Report and the Scheme Booklet.

Directors' recommendation

The directors of Milton established a committee of independent directors (**Independent Milton Directors**) consisting of all Milton directors except Mr Robert Dobson Millner (due to his Chairmanship and relevant interest in WHSP), to evaluate the terms of the proposed Scheme, 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.

Each of the Independent Milton Directors considers the Scheme to be in the best interests of Milton shareholders and recommends that Milton shareholders vote in favour of the Scheme, in each case in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton shareholders. Subject to these same qualifications, each Independent Milton Director intends to vote, or procure the voting of, any Milton shares in which he or she has a relevant interest in favour of the Scheme.

The Chairman of Milton, Mr Robert Millner, also considers the Scheme to be in the best interests of Milton shareholders and recommends that Milton shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton shareholders. Subject to these same qualifications, Mr Robert Millner intends to vote, or procure the voting of, any Milton shares in which he has a relevant interest in favour of the Scheme.

Further information

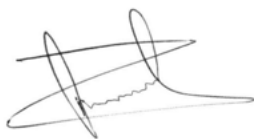
Once received, Milton encourages shareholders to read the Scheme Booklet in its entirety before making a decision whether or not to vote in favour of the Scheme at the Scheme Meeting. Milton also encourages shareholders to note key events and indicative dates as set out in the Scheme Booklet.

For further information in relation to the Scheme Booklet or the Scheme, please contact the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST).

This announcement has been authorised for release by the Independent Milton Directors.

Yours faithfully

MILTON CORPORATION LIMITED



Nishantha Seneviratne
Company Secretary

Milton Corporation Limited

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Milton Corporation Limited
ACN 000 041 421

Scheme Booklet

for a scheme of arrangement in relation to the proposed acquisition by Washington H. Soul Pattinson and Company Limited of the ordinary shares in Milton Corporation Limited not already owned by Washington H. Soul Pattinson and Company Limited.

VOTE IN FAVOUR

The Independent Milton Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders.

This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with this Scheme Booklet, please consult your legal, financial, taxation or other professional adviser. If you have any questions, please call the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST).

Please disregard this Scheme Booklet if you have recently sold all your Milton Shares or no longer hold any Milton Shares.

Legal adviser to Milton



Financial adviser to Milton

Greenhill

Important Notices

Milton Corporation Limited

Milton
CORPORATION LIMITED

NATURE OF THIS BOOKLET

This Scheme Booklet is important. Milton Shareholders should carefully read this Scheme Booklet in its entirety before making a decision on how to vote on the Scheme.

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if all of the conditions to the Scheme are satisfied or (if permitted) waived) and to provide such information as is prescribed or otherwise material for Milton Shareholders when deciding how to vote on the Scheme. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme.

This Scheme Booklet is not a disclosure document required by Chapter 6D or Part 7.9 of the Corporations Act. Section 708(17) of the Corporations Act provides that an offer of securities does not require disclosure to investors if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act and approved at a meeting held as a result of an order under section 411(1) or (1A) of the Corporations Act.

If you have sold all your Milton Shares, please disregard this Scheme Booklet.

RESPONSIBILITY FOR INFORMATION

Milton has been solely responsible for preparing the Milton Information. The information concerning Milton and the intentions, views and opinions of Milton and the Milton Directors contained in this Scheme Booklet has been prepared by Milton and is the responsibility of Milton. None of WHSP, its Related Bodies Corporate, or their respective directors, officers, employees or advisers have verified any of the Milton Information, and none of them assume any responsibility for the accuracy or completeness of any of the Milton Information.

WHSP has been solely responsible for preparing the WHSP Information. The information concerning WHSP and the intentions, views and opinions of WHSP contained in this Scheme Booklet, has been prepared by WHSP and is the responsibility of WHSP. None of Milton, its Related Bodies Corporate, or their respective directors, officers, employees or advisers have verified any of the WHSP Information, and none of them assume any responsibility for the accuracy or completeness of any of the WHSP Information.

The Independent Expert, Lonergan Edwards & Associates Limited, has prepared the Independent Expert's Report and takes responsibility for that report. None of Milton, WHSP or their respective Related Bodies Corporate, or any of their

respective directors, officers, employees or advisers takes any responsibility for the Independent Expert's Report. The Independent Expert's Report is set out in Annexure A.

The Investigating Accountant, Ernst & Young, has prepared the Independent Limited Assurance Report and takes responsibility for that report. None of Milton, WHSP or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers takes any responsibility for the Independent Limited Assurance Report. The Independent Limited Assurance Report is contained in Annexure B.

Milton's Australian tax adviser, KPMG Australia, has prepared section 11 of this Scheme Booklet (Australian taxation implications) and takes responsibility for that section. None of Milton, WHSP, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees and advisers take any responsibility for that section.

REGULATORY INFORMATION AND ROLE OF ASIC AND ASX

This document includes the explanatory statement for the Scheme between Milton and the Scheme Participants for the purposes of section 412(1) of the Corporations Act. A copy of the Scheme is included in this Scheme Booklet as Annexure D.

A draft of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act. It was then registered by ASIC under section 412(6) of the Corporations Act before being sent to Milton Shareholders.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire process of the Scheme.

If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

FORWARD LOOKING STATEMENTS

This Scheme Booklet contains both historical and forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements.

All forward looking statements in this Scheme Booklet reflect views only as at the date of this Scheme Booklet, and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe Milton, WHSP or the Combined Group's objectives, plans, goals or expectations are or may be forward looking statements. The statements contained in this Scheme Booklet about the impact that the Scheme may have on the results of Milton and/or WHSP's operations and the advantages and disadvantages anticipated to result from the Scheme are also forward looking statements.

Milton Shareholders should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Milton, WHSP or the Combined Group to be materially different from the future conduct, results, performance or achievements expressed or implied by such statements or that could cause the future conduct, results, performance or achievements to be materially different from historical conduct, results, performance or achievements. These risks, uncertainties, assumptions and other important factors include, among other things, the risks set out in section 10 of this Scheme Booklet.

None of Milton, WHSP, or any of their respective Related Bodies Corporate, directors, officers, employees or advisers, or any person named in this Scheme Booklet with their consent, or otherwise involved in the preparation of this Scheme Booklet, give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur.

Milton Shareholders are cautioned about relying on any such forward looking statements. The forward looking statements in this Scheme Booklet reflect views held only as at the date of this Scheme Booklet. Subject to any continuing obligations under applicable law or the Listing Rules, Milton, WHSP and their respective directors and officers disclaim any obligation to update any forward looking statements after the date of this Scheme Booklet, to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which a statement is based.

NOT INVESTMENT ADVICE

The information contained in this Scheme Booklet does not take into account the investment objectives, financial situation or particular needs of any individual Milton Shareholder or any other person. Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. No cooling-off period applies to the acquisition of WHSP Shares under the Scheme.

PAST PERFORMANCE

You should note that past performance metrics and figures (including any data about past share price and dividend performance of Milton and WHSP) in this Scheme Booklet are given for illustrative purposes only and cannot be relied upon as an indicator of (and provide no guidance as to) future performance, including future share price and dividend performance of the Combined Group. Any such historical information is not represented as being, and is not, indicative of Milton and WHSP's view on their future financial condition and/or performance, nor the future financial condition or performance of the Combined Group.

NOT AN OFFER

This Scheme Booklet does not constitute or contain an offer to Milton Shareholders, or a solicitation of an offer from Milton Shareholders, in any jurisdiction.

FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. Milton disclaims all liabilities to such persons.

Milton Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been

Important Notices

continued

prepared in accordance with the laws and regulations of jurisdictions other than Australia. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

If you are an Ineligible Overseas Shareholder, you will not be entitled to receive New WHSP Shares. New WHSP Shares that would otherwise be issued to you under the Scheme will be issued to a nominee of WHSP to be sold on ASX, with the sale proceeds, after deducting applicable costs and charges, to be paid to you.

New Zealand

This Scheme Booklet is not a New Zealand product disclosure statement or other disclosure document and has not been registered, filed with or approved by any New Zealand Governmental Agency under or in accordance with the Financial Markets Conduct Act 2013 (or any other relevant New Zealand law). In offering New WHSP Shares under the Scheme in New Zealand, WHSP is relying on an exemption contained in the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and accordingly, this Scheme Booklet may not contain all the information that a product disclosure statement or other disclosure document is required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Scheme.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Milton Shareholders should vote (on this matter, members must reach their own decision); or
- has prepared, or is responsible for the content of, the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

NOTICE OF SCHEME MEETING

The Notice of Scheme Meeting is set out in Annexure F.

NOTICE OF SECOND COURT HEARING

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Milton Shareholder may appear at the Second Court Hearing, which is expected to be held on 20 September 2021 at the Federal Court of Australia (Sydney Registry).

Any Milton Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Milton a notice of appearance in the prescribed form together with any affidavit that the Milton Shareholder proposes to rely on.

The notice of appearance and affidavit must be served on Milton at its address for service at least three days before the Second Court Hearing. The postal address for service is Level 5, 261 George Street, Sydney, NSW, 2000.

IMPLIED VALUE

Scheme Participants (other than Ineligible Overseas Shareholders) will receive their Scheme Consideration as New WHSP Shares. Any reference to the implied value of the Scheme Consideration should not be taken as an indication that the implied value is fixed. The implied value of the Scheme Consideration will vary with the market price of New WHSP Shares.

If you are an Ineligible Overseas Shareholder, this also applies to the New WHSP Shares which will be issued to a nominee of WHSP and sold on ASX by the nominee. The amount of cash remitted to you from the net sale proceeds will depend on the market price of New WHSP Shares at the time of sale by WHSP's nominee.

TAX IMPLICATIONS OF THE SCHEME

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Participants which may include tax being payable on any gain on disposal of Milton Shares unless potentially capital gains tax roll-over relief applies.

For further detail about the general Australian tax consequences of the Scheme, refer to section 11 of this Scheme Booklet. The tax treatment may vary depending on the nature and characteristics of each Milton Shareholder and their specific circumstances. Accordingly, Milton Shareholders should seek professional tax advice in relation to their particular circumstances.

PRIVACY

Milton and WHSP may need to collect personal information in connection with the Scheme.

The personal information may include the names, contact details and details of holdings of Milton Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Milton and WHSP to conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to Milton, WHSP, and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to promote and effect the Scheme.

Milton Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Milton Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, Milton and WHSP may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Milton Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above.

RIGHT TO INSPECT SHARE REGISTER

Milton Shareholders have the right to inspect the Share Register which contains the name and address of each Milton Shareholder and certain other prescribed details relating to Milton Shareholders, without charge.

Milton Shareholders also have the right to request a copy of the Share Register upon payment of a fee (if any) up to a prescribed amount.

Milton Shareholders have these rights by virtue of section 173 of the Corporations Act.

EXTERNAL WEBSITES

Unless expressly stated otherwise, the content of Milton's website and WHSP's website does not form part of this Scheme Booklet and Milton Shareholders should not rely on any such content.

DEFINED TERMS

Capitalised terms used in this Scheme Booklet (other than in the Annexures which accompany this Scheme Booklet) are defined in the Glossary in section 13 of this Scheme Booklet or otherwise in the sections in which they are used.

Section 13 of this Scheme Booklet also sets out rules of interpretation which apply to this Scheme Booklet.

FINANCIAL AMOUNTS

All financial amounts in this Scheme Booklet are expressed in Australian currency, unless otherwise stated.

CHARTS AND DIAGRAMS

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document.

ROUNDING

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

TIME

A reference to time in this Scheme Booklet is to Australian Eastern Time, unless otherwise indicated.

DATE OF THIS SCHEME BOOKLET

This Scheme Booklet is dated 5 August 2021.

Key dates and times

Event	Date
First Court Hearing at which the Court made orders convening the Scheme Meeting	5 August 2021
Date of this Scheme Booklet	5 August 2021
Ex-dividend date of Milton Final Dividend	31 August 2021
Record Date for Milton Final Dividend	7.00pm on 1 September 2021
Calculation Date	7.00pm on 2 September 2021
Announcement of the Scheme Consideration (being the Exchange Ratio for the New WHSP Shares)	3 September 2021
Deadline for receipt by the Share Registry of Proxy Forms, powers of attorney or appointments of corporate representatives for the Scheme Meeting (Proxy Cut-Off Date)	10.00am on 11 September 2021
Time and date for determining eligibility to vote at the Scheme Meeting (Voting Entitlement Time)	7.00pm on 11 September 2021
Scheme Meeting	10.00am on 13 September 2021
Payment date for Milton Final Dividend ¹	14 September 2021
Second Court Hearing for approval of the Scheme	10.15am on 20 September 2021
Effective Date <ul style="list-style-type: none"> The date on which the Scheme becomes Effective Lodgement by Milton with ASIC of the Court orders approving the Scheme and lodgement of announcement to ASX Last day of trading in Milton Shares on the ASX 	21 September 2021
Anticipated ex-dividend date of Special Dividend	21 September 2021
Suspension of trading of Milton Shares on ASX	4.00pm on 21 September 2021
Commencement of trading of New WHSP Shares on ASX on a deferred settlement basis	22 September 2021
Anticipated Special Dividend Record Date: Time and date for determining entitlements to the Special Dividend	7.00pm on 22 September 2021
Scheme Record Date: Time and date for determining entitlements to the Scheme Consideration	7.00pm on 27 September 2021
Implementation Date: Issue of Scheme Consideration to Scheme Participants Anticipated Special Dividend Payment Date ¹	5 October 2021
Commencement of trading of New WHSP Shares on the ASX on a normal settlement basis	6 October 2021
Anticipated WHSP Final Dividend Record Date	22 November 2021
Anticipated payment date for WHSP Final Dividend ¹	14 December 2021

All times and dates in the above timetable are references to the time and date in Sydney, Australia. All dates following the date of the Scheme Meeting are indicative only and, amongst other things, are subject to all necessary approvals from the Court, ASIC, ASX and any other relevant government agency, and any other conditions to the Scheme having been satisfied or, if applicable, waived. Any changes to the above timetable will be announced on the ASX website at www.asx.com.au and notified on Milton's website at www.milton.com.au.

¹ Payment of the Dividends is conditional on Milton and WHSP's continued satisfaction of the applicable Corporations Act requirements for payment of the relevant dividend and the availability of sufficient franking credits. See sections 6.7 and 6.8 for further information. In order to receive any WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

What you should do

STEP 1: READ THIS SCHEME BOOKLET

This is an important document and requires your immediate attention. It contains information that is material to Milton Shareholders in making a decision on whether or not to vote in favour of the Scheme.

You should read this Scheme Booklet in its entirety, including the Independent Expert's Report, before making a decision on how to vote in relation to the Scheme.

If you are in any doubt as to what you should do with this Scheme Booklet, please consult your legal, financial, tax or other professional adviser. If you have any additional questions about the Scheme or the Scheme Booklet, please contact the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST).

STEP 2: VOTE AT THE SCHEME MEETING

If you are registered as a Milton Shareholder by the Share Registry at the Voting Entitlement Time, which is 7.00pm on 11 September 2021, you will be entitled to vote at the Scheme Meeting.

If you are entitled to vote at the Scheme Meeting, it is very important that you vote. This is because the Scheme must be passed by a majority in number (more than 50%) of Milton Shareholders who are present and voting at the Scheme Meeting, by person or by proxy, and at least 75% of the votes cast at the Scheme Meeting.

The Scheme Meeting will be held at 10.00am on Monday, 13 September 2021 at:

- The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000; and
- via Milton's online meeting platform at <https://agmlive.link/MLT21>.

Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.

Milton Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

You should note that implementation of the Scheme is subject to a number of other Scheme Conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented. So the Scheme may not proceed even if the Scheme is approved by Milton Shareholders at the Scheme Meeting. The Scheme Conditions are summarised in detail in section 5.3 of this Scheme Booklet.

Please refer to section 3 of this Scheme Booklet for a summary of voting procedures for the Scheme Meeting.

Key reasons to vote for and against the Scheme

Reasons to vote in favour of the Scheme

- ✓ The Independent Milton Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the Milton Shareholders.
- ✓ The Independent Expert has concluded that the Scheme is in the best interests of Milton Shareholders, in the absence of a Superior Proposal.
- ✓ No Superior Proposal has emerged since the announcement of the Scheme.
- ✓ The Scheme Consideration and Dividends together represent an attractive intrinsic value for Milton Shareholders.
- ✓ Milton Shareholders will become shareholders in the Combined Group, a diversified investment house with approximately \$8.9 billion in net assets, with enhanced opportunities for growth driven by the combination of two complementary investment teams, the creation of a diversified and balanced portfolio and increased scale and liquidity.
- ✓ WHSP has a strong track record of consistently outperforming the market over the short, medium, and long term while paying consistent and increasing dividends over the past 20 years.
- ✓ The Scheme will result in a significant increase in market capitalisation of the Combined Group which may result in increased index participation.
- ✓ If the Scheme does not proceed, and no Superior Proposal emerges, the Milton share price may fall in the near-term.
- ✓ If the Scheme does not proceed, and no Superior Proposal emerges, the Milton share price may trade at a discount to NTA.
- ✓ No brokerage or stamp duty will be payable by you for the transfer of your Milton Shares under the Scheme.

Reasons why you might decide to vote in favour of the Scheme are set out in more detail in section 4 of this Scheme Booklet.

Potential reasons to vote against the Scheme

- ✗ The future value of the New WHSP Shares after the Scheme is implemented may shift with the market and investor sentiment and as such is considered uncertain.
- ✗ If the Scheme is approved, the dividend income received on New WHSP Shares may be lower than the dividend income received by Milton Shareholders historically.
- ✗ You may wish to maintain your current investment profile and exposure to a business with Milton's specific characteristics.
- ✗ You may have concerns around specific environmental, social or governance matters.
- ✗ You may believe there is potential for a Superior Proposal to be made in the foreseeable future.
- ✗ You may disagree with the Independent Milton Directors' unanimous recommendation or the Independent Expert's conclusion.
- ✗ The payment of the Dividends is subject to certain conditions and the value of the Dividends may differ from that estimated.
- ✗ The tax consequences of the Scheme may not suit your current financial situation.
- ✗ The Scheme may be subject to Scheme Conditions that you consider unacceptable.

Reasons why you might decide not to vote in favour of the Scheme are set out in more detail in section 4 of this Scheme Booklet.

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Letter from the Chairman of the Committee of Independent Milton Directors

Dear Milton Shareholder,

On behalf of the Independent Milton Directors, I am pleased to provide you with this Scheme Booklet that contains information that you will need to consider in relation to the proposed merger of Milton Corporation Limited (**Milton**) and Washington H. Soul Pattinson and Company Limited (**WHSP**).

On 22 June 2021, Milton and WHSP announced that they had entered into a Scheme Implementation Agreement under which WHSP agreed to acquire all Milton Shares not already held by WHSP by way of a scheme of arrangement between Milton and its shareholders (**Scheme**).

Overview of the Scheme

Under the Scheme, Milton Shareholders will be issued New WHSP Shares in exchange for their Milton Shares (**Scheme Consideration**). The number of New WHSP Shares to be issued to each Milton Shareholder will be calculated by reference to the Exchange Ratio. The Exchange Ratio reflects Milton's NTA per share adjusted for the Milton Final Dividend and a Special Dividend, plus a 10% premium, and the one month VWAP of WHSP Shares (capped at \$31.00). As at the Last Practicable Date (being 30 July 2021), the Exchange Ratio was 1:0.1803. It should be noted that the Independent Expert's Report is based on an Exchange Ratio of 1:0.179, which was calculated as at 30 June 2021. Please refer to section 6.1 of the Scheme Booklet which describes how the Scheme Consideration and Exchange Ratio will be calculated. The Exchange Ratio will be fixed 7 business days prior to the Scheme Meeting and Milton Shareholders will be notified of the Exchange Ratio via an announcement on the ASX on 3 September 2021.

In addition to the Scheme Consideration, Milton Shareholders are expected to receive a fully franked Special Dividend of approximately 37 cents per Milton Share, the fully franked Milton Final Dividend of 8 cents per Milton Share (as announced to ASX on 23 July 2021) and the fully franked WHSP Final Dividend, of which, based on the Exchange Ratio at share prices on the Last Practicable Date, Milton Shareholders are estimated to be eligible for 6 cents per Milton Share^{2,3}.

Any decrease in the Milton Final Dividend or the Special Dividend increases the NTA that is eligible for the premium

and any increase in the Milton Final Dividend or the Special Dividend decreases the NTA that is eligible for the premium.

Directors' recommendation

The directors of Milton established a committee of independent directors (**Independent Milton Directors**) consisting of all Milton directors except Mr Robert Dobson Millner (due to his Chairmanship and Relevant Interest in WHSP⁴), to evaluate the terms of the proposed Scheme, 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.

After carefully considering the expected advantages and potential disadvantages of the Scheme, each of the Independent Milton Directors considers the Scheme to be in the best interests of Milton Shareholders and recommends that Milton Shareholders vote in favour of the Scheme, in each case in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Subject to these same qualifications, each Independent Milton Director intends to vote, or procure the voting of, any Milton Shares in which he or she has a Relevant Interest in favour of the Scheme.

The Independent Milton Directors consider the Scheme to be in the best interests of Milton Shareholders having regard to the attractive premium to net tangible assets offered to Milton Shareholders, the allowance for payment of fully franked dividends, the retention of Milton's existing management team and the diversified investment proposition created by combining Milton and WHSP, two well established investment companies with similar investment approaches.

The Chairman of Milton, Mr R.D. Millner, also considers the Scheme to be in the best interests of Milton Shareholders and recommends that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Subject to these same qualifications, Mr R.D. Millner intends to vote, or procure the voting of, any Milton Shares in which he has a Relevant Interest in favour of the

2 Assuming an Exchange Ratio of 1:0.1803 (calculated as at the Last Practicable Date, being 30 July 2021) and a WHSP Final Dividend of 36 cents per WHSP Share.

3 Subject to availability of sufficient franking credits, Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the relevant dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances. In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

4 Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

Scheme. Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

Independent Expert

The Independent Milton Directors have also commissioned an Independent Expert, Lonergan Edwards & Associates Limited, to prepare the Independent Expert's Report in relation to the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Milton Shareholders, in the absence of a Superior Proposal. The Independent Expert has assessed the value of Milton Shares at between \$5.07 and \$5.69 per Milton Share. The Independent Expert has assessed the value of the total consideration (comprising the Scheme Consideration, the Milton Final Dividend and the Special Dividend) at between \$5.83 and \$6.36 per Milton Share. It should be noted that the total consideration assessed by the Independent Expert does not include the value of the WHSP Final Dividend, which is included in the total value per Milton Share presented elsewhere in this Scheme Booklet (being \$6.40), and which contributes an additional \$0.06 of value based on share prices and the Milton NTA as at the Last Practicable Date. The Independent Expert has excluded Scheme Participants' entitlement to the WHSP Final Dividend in determining the value of the total consideration on the basis that WHSP will not go ex-dividend until after implementation of the Scheme. Accordingly, the total consideration falls above the upper end of the Independent Expert's assessed valuation range for Milton Shares.

A copy of the Independent Expert's Report is contained in Annexure A of this Scheme Booklet.

Scheme Meeting

Your vote is important. The Scheme can only be implemented if it is approved by:

- a majority in number (more than 50%) of Milton Shareholders who are present and voting, in person or by proxy, at the Scheme Meeting; and
- at least 75% of the votes cast at the Scheme Meeting, and if it is subsequently approved by the Court.

The Scheme Meeting will be held at 10.00am on Monday, 13 September 2021 at:

- The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000; and
- via Milton's online meeting platform at <https://agmlive.link/MLT21>.

Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.

You should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

Should you wish to appoint a proxy to attend and vote on your behalf, please complete and sign the personalised Proxy Form accompanying this Scheme Booklet and return it to the Share Registry in one of the ways set out in the explanatory notes of the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet, **by no later than 10:00am on 11 September 2021.**

I strongly encourage you to carefully consider all the information set out in this Scheme Booklet when deciding whether to vote in favour of the Scheme.

If you require any further information in relation to the Scheme, please call the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia).

On behalf of the Independent Milton Directors, I would like to take this opportunity to thank you in advance for your ongoing support of Milton. The Independent Milton Directors believe that the proposed acquisition of Milton by WHSP through the Scheme makes strong commercial and strategic sense and is in the best interests of Milton Shareholders. We encourage you to vote in favour of the Scheme and look forward to your participation in the Scheme Meeting.

Yours sincerely,



Graeme Lindsay Crampton

Non-Executive Director and Chairman of the Committee of Independent Milton Directors

Milton Corporation Limited

Letter from the WHSP Managing Director



Dear Milton Shareholder,

On behalf of WHSP, I am pleased to provide you with the opportunity to participate in the merger of WHSP and Milton and the expected benefits of the Combined Group. If the Scheme is implemented, we expect that the combination of WHSP and Milton will create a larger, diversified Australian investment company.

The strategic rationale of the merger is compelling for Milton Shareholders who will gain access to a diversified investment offering including Australian equities, private markets, credit opportunities, real assets and international equities and access to a consistent dividend stream. The Combined Group is expected to have substantial scale and liquidity to fund further diversification and pursue investment opportunities arising across a broad range of asset classes.

The merger will bring together two great investment houses who share aligned value-focused, long term investment philosophies and two highly complementary, disciplined and capable management teams. This is expected to position the Combined Group well in executing on its diversification strategy and to continue preserving shareholder capital and generating sustainable dividends.

As a Milton Shareholder, you have the opportunity to vote on the Scheme and a vote in favour of the Scheme by the requisite majority of shareholders will secure the merger of the two businesses. This Scheme Booklet contains important information in relation to the Scheme. Further details of the benefits of the Scheme to Milton Shareholders and reasons why you may consider voting for or against the Scheme are set out in sections 4.1 and 4.2.

On behalf of WHSP, I encourage you to read this Booklet carefully and vote in favour of the scheme at the Scheme Meeting to be held at 10.00am (Sydney time) on Monday, 13 September 2021 at The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000.

We look forward to welcoming you as a WHSP Shareholder following implementation of the Scheme.

Yours sincerely,

Todd Barlow

Managing Director

Washington H. Soul Pattinson and Company Limited

1. Overview of the Scheme

1.1 Background

On 22 June 2021, Milton announced that it and WHSP had signed a Scheme Implementation Agreement under which it is proposed that WHSP will acquire all Milton Shares not already owned by WHSP by way of a scheme of arrangement between Milton and its shareholders.

If the Scheme is approved by the Requisite Majority of Milton Shareholders and the Court, and all other Scheme Conditions relevant to the Scheme are satisfied or waived (as applicable), Milton will become a wholly owned subsidiary of WHSP and will apply to be delisted from the ASX.

If the Scheme is not approved, then the Scheme will not proceed and Milton will continue as a standalone entity listed on the ASX.

1.2 What will you receive?

(a) Scheme Consideration

Under the Scheme, Milton Shareholders will be issued New WHSP Shares in exchange for their Milton Shares. The number of New WHSP Shares to be issued to each Milton Shareholder will be calculated in accordance with the Exchange Ratio outlined in section 6.1.

The Exchange Ratio will be fixed 7 business days prior to the Scheme Meeting and Milton Shareholders will be notified of the Exchange Ratio via an announcement on the ASX.

See section 6 of this Scheme Booklet for a more detailed explanation of the Scheme Consideration.

(b) Dividends

In addition to the receiving the Scheme Consideration, Milton Shareholders are expected to receive:

- the **Milton Final Dividend**, being a fully franked final dividend of 8 cents per Milton Share⁵;
- the **Special Dividend**, being a fully franked special dividend which Milton estimates will be approximately 37 cents per Milton Share; and
- a **WHSP Final Dividend**, being a fully franked final dividend which WHSP indicatively estimates to be 36 cents per WHSP Share (being equivalent to 6 cents per Milton Share⁶),

subject to the conditions in sections 6.7 and 6.8.

Under the Scheme Implementation Agreement, the Milton Final Dividend and the Special Dividend cannot exceed in aggregate a total amount of \$0.45 per Milton Share on issue.

Whether you will be able to realise the full benefit of the franking credits attached to each Dividend will depend on your tax status and specific circumstances. Milton Shareholders should seek independent taxation advice in respect of this matter and refer to section 11 of this Scheme Booklet.

See section 6 of this Scheme Booklet for a more detailed explanation of the Dividends.

⁵ As announced to ASX on 23 July 2021.

⁶ Assuming an Exchange Ratio of 1: 0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

1. Overview of the Scheme

continued

(c) Ineligible Overseas Shareholders

A Scheme Participant will be an Ineligible Overseas Shareholder if, as at the Scheme Record Date:

- they (or the person whom they are acting on behalf of) are a resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or
- their address, as shown in the Share Register, is located outside of Australia or New Zealand and their respective external territories,

unless Milton and WHSP jointly determine that it is lawful and not unduly onerous and not unduly impracticable to issue that Scheme Participant with New WHSP Shares when the Scheme becomes Effective and it is lawful for that Scheme Participant to participate in the Scheme by the law of the relevant place outside Australia and New Zealand.

Ineligible Overseas Shareholders will not receive New WHSP Shares under the Scheme. New WHSP Shares that would otherwise be issued to these Scheme Participants under the Scheme will be issued to a nominee of WHSP to be sold on ASX, with the sale proceeds (after deducting applicable costs and charges) to be paid to the Ineligible Overseas Shareholders.

More details on Ineligible Overseas Shareholders are set out in section 6.6 of this Scheme Booklet.

1.3 Scheme Conditions

Implementation of the Scheme is subject to a number of Scheme Conditions which must be satisfied or waived (where capable of waiver) before the Scheme can be implemented.

The Scheme Conditions are set out in full in clause 3.2 of the Scheme Implementation Agreement and clause 3.1 of the Scheme. They are summarised in detail in section 5.3 of this Scheme Booklet.

If a Scheme Condition in the Scheme Implementation Agreement is not satisfied or waived by its Relevant Date, or if a circumstance occurs that is reasonably likely to result in a Scheme Condition not being capable of being satisfied, or if the Scheme has not become Effective by the End Date, then Milton and WHSP must consult in good faith to determine whether:

- the Scheme may proceed by way of alternative means or methods;
- to extend the relevant time or date for satisfaction of the Scheme Condition; or
- to extend the End Date.

If Milton and WHSP are unable to reach agreement, and the relevant Scheme Condition has not been waived (as applicable), then the parties may terminate the Scheme Implementation Agreement in accordance with clause 3.10(a) (i) of the Scheme Implementation Agreement.

1.4 Independent Milton Directors

The directors of Milton established a committee of independent directors (referred to in this Scheme Booklet as the 'Independent Milton Directors') consisting of all Milton directors except Mr R.D. Millner (due to his Chairmanship and Relevant Interest in WHSP⁷), to evaluate the terms of the proposed Scheme, 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.

⁷ Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

1.5 What are the recommendations and intentions of the Independent Milton Directors?

The Independent Milton Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders.

Subject to these same qualifications, each Independent Milton Director intends to cause any Milton Shares in which they have a Relevant Interest to be voted in favour of the Scheme. Relevant Interests of Independent Milton Directors are disclosed in section 12.1 of this Scheme Booklet.

The Chairman of Milton, Mr R.D. Millner, also considers the Scheme to be in the best interests of Milton Shareholders and recommends that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Subject to these same qualifications, Mr R.D. Millner also intends to vote, or procure the voting of, any Milton Shares in which he has a Relevant Interest in favour of the Scheme. Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

1.6 What is the Independent Expert's conclusion?

The Independent Milton Directors engaged Lonergan Edwards & Associates Limited as the Independent Expert to consider, and prepare a report on, whether the Scheme is in the best interests of the Milton Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of the Milton Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is contained in Annexure A.

1.7 Effect of the Scheme

If the Scheme becomes Effective and is implemented:

- each Scheme Participant will receive the Scheme Consideration;
- each Scheme Participant is expected to receive the Dividends⁸;
- WHSP will acquire all of the Milton Shares it does not already own and Milton will become a wholly owned subsidiary of WHSP; and
- Milton will be delisted from the ASX.

If the Scheme becomes Effective, it will bind all Scheme Participants, regardless of whether they were present at the Scheme Meeting, voted at the Scheme Meeting or voted against the Scheme.

A copy of the Scheme is provided as Annexure D.

1.8 Steps for implementing the Scheme

There are various steps that need to be taken to implement the Scheme, which are described in section 5.2 of this Scheme Booklet.

⁸ Subject to availability of sufficient franking credits, Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the relevant dividend. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances. In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

1. Overview of the Scheme

continued

1.9 Entitlement to vote

Each Milton Shareholder who is registered on the Share Register as the holder of a Milton Share at the Voting Entitlement Time (other than WHSP and its Subsidiaries) may vote at the Scheme Meeting.

More details about voting are set out in section 3 of this Scheme Booklet.

1.10 When and where will the Scheme Meeting be held?

The Scheme Meeting to consider the Scheme will be held at 10.00am on Monday, 13 September 2021 at:

- The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000; and
- via Milton's online meeting platform at <https://agmlive.link/MLT21>.

Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.

Milton Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

1.11 Exclusivity arrangements

There are various exclusivity arrangements that have been agreed to by Milton in relation to the Scheme in favour of WHSP, which are summarised in section 5.6 of this Scheme Booklet.

1.12 Tax considerations

A summary of the general Australian taxation implications of the Scheme for Milton Shareholders who are Australian residents is set out in section 11 of this Scheme Booklet. The information is general in nature and not taxation advice.

Your decision regarding how to vote on the Scheme should be made only after consultation with your financial, legal or other professional adviser based on your own investment objectives, financial situation, taxation position and particular needs.

1.13 What is the current status of the Scheme and next steps?

As described elsewhere in this section, the Scheme must be approved by the Requisite Majority of Milton Shareholders and by the Court and the Scheme Conditions must be satisfied or waived.

As at the date of this Scheme Booklet, WHSP, Milton and the Independent Milton Directors are not aware of any reasons why the Scheme Conditions will not be satisfied or the Scheme Implementation Agreement would be terminated.

A statement about the status of Scheme Conditions will be made at the commencement of the Scheme Meeting.

1.14 How to obtain further information

For further information, please contact the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST). If you are in any doubt about what to do or anything in this Scheme Booklet, you should consult your legal, financial, taxation or other professional adviser immediately.

2. Frequently asked questions

This section answers some questions you may have about the Scheme. The information is a basic summary only and is elaborated on in specified areas of this Scheme Booklet. The information should be read in conjunction with those specified areas.

Question	Answer	More information
General		
Why has this Scheme Booklet been made available to you?	This Scheme Booklet has been made available to assist you in deciding how to vote (should you wish to) on the proposed scheme of arrangement (through which WHSP will acquire all Milton Shares not already held by WHSP) (Scheme).	This Scheme Booklet
What are you being asked to consider?	Milton Shareholders are being asked to consider whether the Scheme should be implemented or not.	Sections 1 and 4
What is a scheme of arrangement?	A scheme of arrangement is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire or merge with another.	Sections 1 and 5
What would be the effect of the Scheme?	If the Scheme is implemented, your Milton Shares will be transferred to WHSP and in return you will receive the Scheme Consideration. Milton will become a wholly owned subsidiary of WHSP and be delisted from the ASX.	Sections 1.7 and 6
Are there any conditions that need to be satisfied before the Scheme can proceed?	<p>Certain conditions need to be satisfied (or waived) before the Scheme can proceed, including:</p> <ul style="list-style-type: none"> ▪ (Voting) for the Scheme to proceed, the Requisite Majority of Milton Shareholders must vote in favour of the Scheme at the Scheme Meeting; ▪ (Approvals) approvals are required from regulatory authorities (such as ASX and ASIC) and the Court; and ▪ (Other conditions) various other conditions must be satisfied or waived for the Scheme to proceed, including there being no material adverse effect on either Milton or WHSP. These conditions are set out in full in section 5.3 of this Scheme Booklet. <p>If these conditions are not satisfied or waived by their Relevant Dates, the Scheme will not proceed.</p>	Sections 1.3 and 5.3
When will the Scheme become effective?	<p>The Scheme becomes effective when the Court orders it under section 411(4)(b) of the Corporations Act. This is called the 'Effective Date'. The Court will not consider granting the order for the Scheme unless the Scheme has been approved by the Requisite Majority of Milton Shareholders.</p> <p>If the Court does not grant the order for the Scheme by 17 December 2021, or such later date as Milton and WHSP mutually agree, the Scheme will not proceed.</p>	Section 5.2(f)
Can I sell my Milton Shares now?	<p>You can sell your Milton Shares on-market on the ASX at any time before 4.00pm on the Effective Date.</p> <p>However, note that the on-market price you receive at the time of sale may not be the same value as the consideration you would be entitled to receive if you sold your shares to WHSP under the Scheme (and you may also be required to pay brokerage).</p>	Section 6.3
Can I choose to keep my Milton Shares?	If the Scheme proceeds, you will not be able to keep your Milton Shares. All Milton Shares that are not already owned by WHSP will be transferred to WHSP so that Milton becomes a wholly owned subsidiary of WHSP.	Sections 1 and 5

2. Frequently asked questions

continued

Question	Answer	More information												
Independent Milton Directors' recommendations and Independent Expert's conclusion														
Who are the Independent Milton Directors?	<p>The directors of Milton established a committee of independent directors (referred to in this Scheme Booklet as the 'Independent Milton Directors') consisting of all Milton directors except Mr R.D. Millner (due to his Chairmanship and Relevant Interest in WHSP⁹), to evaluate the terms of the proposed Scheme, 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.</p> <p>Independent Milton Directors</p> <table><tr><td>Brendan John O'Dea</td><td>Managing Director</td></tr><tr><td>Graeme Lindsay Crampton</td><td>Non-Executive Director</td></tr><tr><td>Kevin John Eley</td><td>Non-Executive Director</td></tr><tr><td>Justine Elizabeth Jarvinen</td><td>Non-Executive Director</td></tr><tr><td>Ian Alfred Pollard</td><td>Non-Executive Director</td></tr></table>	Brendan John O'Dea	Managing Director	Graeme Lindsay Crampton	Non-Executive Director	Kevin John Eley	Non-Executive Director	Justine Elizabeth Jarvinen	Non-Executive Director	Ian Alfred Pollard	Non-Executive Director	Section 1.4		
Brendan John O'Dea	Managing Director													
Graeme Lindsay Crampton	Non-Executive Director													
Kevin John Eley	Non-Executive Director													
Justine Elizabeth Jarvinen	Non-Executive Director													
Ian Alfred Pollard	Non-Executive Director													
What do the Independent Milton Directors recommend?	<p>The Independent Milton Directors unanimously recommend that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders.</p> <p>The interests held by the Independent Milton Directors are disclosed in section 12.1 of this Scheme Booklet. The following Independent Milton Directors have a Relevant Interest in Milton Shares:</p> <table><tr><th>Independent Milton Directors</th><th>Number of Milton Shares held</th></tr><tr><td>Brendan John O'Dea</td><td>665,510 Milton Shares directly and indirectly held</td></tr><tr><td>Graeme Lindsay Crampton</td><td>169,172 Milton Shares indirectly held</td></tr><tr><td>Kevin John Eley</td><td>141,000 Milton Shares indirectly held</td></tr><tr><td>Justine Elizabeth Jarvinen</td><td>15,000 Milton Shares indirectly held</td></tr><tr><td>Ian Alfred Pollard</td><td>108,119 Milton Shares indirectly held</td></tr></table> <p>The Chairman of Milton, Mr R.D. Millner, also considers the Scheme to be in the best interests of Milton Shareholders and recommends that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.</p> <p>Milton Shareholders should have regard to these interests when considering how to vote on the Scheme.</p>	Independent Milton Directors	Number of Milton Shares held	Brendan John O'Dea	665,510 Milton Shares directly and indirectly held	Graeme Lindsay Crampton	169,172 Milton Shares indirectly held	Kevin John Eley	141,000 Milton Shares indirectly held	Justine Elizabeth Jarvinen	15,000 Milton Shares indirectly held	Ian Alfred Pollard	108,119 Milton Shares indirectly held	Sections 1.5, 4.1(a) and 12.1
Independent Milton Directors	Number of Milton Shares held													
Brendan John O'Dea	665,510 Milton Shares directly and indirectly held													
Graeme Lindsay Crampton	169,172 Milton Shares indirectly held													
Kevin John Eley	141,000 Milton Shares indirectly held													
Justine Elizabeth Jarvinen	15,000 Milton Shares indirectly held													
Ian Alfred Pollard	108,119 Milton Shares indirectly held													

9 Details of Mr Robert Dobson Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

Question	Answer	More information
Have any Competing Transactions or Superior Proposals emerged?	No Competing Transaction has emerged since the announcement of the Proposed Transaction on 22 June 2021. As at the date of this Scheme Booklet, neither Milton nor any of Milton's advisers are aware of any Competing Transaction.	Section 4.1(d)
What happens if a Competing Transaction or Superior Proposal emerges?	Milton has certain obligations (for WHSP's benefit) which prevent Milton from soliciting or entertaining Competing Transactions. However, if an unsolicited Competing Transaction emerges and the Independent Milton Directors consider it to be a Superior Proposal, then Milton may entertain that proposal (after making specified disclosures to WHSP).	Section 5.6
Is a break fee payable by Milton?	There is no break fee payable by Milton.	Section 4.3(e)
How do the Independent Milton Directors intend to vote in respect of their own Milton Shares?	Each Independent Milton Director intends to cause any Milton Shares in which they have a Relevant Interest to be voted in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Subject to those same qualifications, the Chairman of Milton, Mr R.D. Millner, also intends to vote, or procure the voting of, any Milton Shares in which he has a Relevant Interest in favour of the Scheme. Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.	Sections 1.5 and 12.1
What is the Independent Expert's opinion?	The Independent Expert has considered the Scheme and concluded that the Scheme is fair and reasonable and in the best interests of Milton Shareholders, in the absence of a Superior Proposal. The Independent Expert's Report is contained in Annexure A.	Sections 1.6 and 4.1(c)
Why you may consider voting in favour of the Scheme	There are various reasons why you may consider voting in favour of the Scheme, which are set out in detail in section 4. Some of the key reasons include: <ul style="list-style-type: none"> the Independent Milton Directors unanimously recommend that you vote in favour of the Scheme, unless a Superior Proposal emerges, or the Independent Expert changes its conclusion; the Independent Expert has concluded that the Scheme is in the best interests of Milton Shareholders, in the absence of a Superior Proposal; no Superior Proposal has emerged since the announcement of the Scheme; the Scheme Consideration and Dividends together represent an attractive intrinsic value for Milton Shareholders; Milton Shareholders will become shareholders in the Combined Group, a diversified investment house with approximately \$8.9 billion in assets, with enhanced opportunities for growth driven by the combination of two complementary investment teams, the creation of a diversified and balanced portfolio and increased scale and liquidity; 	Sections 4.1 and 4.3

2. Frequently asked questions

continued

Question	Answer	More information
Why you may consider voting in favour of the Scheme continued	<ul style="list-style-type: none"> ▪ WHSP has a strong track record of consistently outperforming the market over the short, medium, and long term while paying consistent and increasing dividends over the last 20 years; ▪ the Scheme will result in a significant increase in market capitalisation of the Combined Group which may result in increased index participation; ▪ if the Scheme does not proceed, and no Superior Proposal emerges, the price of your Milton Shares may fall in the near-term or trade at a discount to NTA; and ▪ no brokerage or stamp duty will be payable by you for the transfer of your Milton Shares under the Scheme. 	Sections 4.1 and 4.3
Why you may consider voting against the Scheme	<p>The potential reasons you may consider voting against the Scheme are set out in detail in sections 4.2 and 4.3 of this Scheme Booklet. Some of those reasons include:</p> <ul style="list-style-type: none"> ▪ the future value of the New WHSP Shares after the Scheme is implemented may shift with market and investor sentiment and as such is considered uncertain; ▪ if the Scheme is approved, the dividend income on New WHSP Shares may be lower than the dividend income received by Milton Shareholders historically; ▪ you may wish to maintain your current investment profile and exposure to a business with Milton's specific characteristics; ▪ you may have concerns around specific environmental, social or governance matters; ▪ you may believe that there is potential for a Superior Proposal to be made in the foreseeable future; ▪ you may disagree with the Independent Milton Directors' unanimous recommendation or the Independent Expert's conclusion; ▪ the payment of the Dividends is subject to certain conditions and the value of the Dividends under the Scheme may differ from that estimated; and ▪ the tax consequences to you of the Scheme may not suit your current financial situation. 	Sections 4.2 and 4.3

Question	Answer	More information
Scheme Consideration, Dividends and value		
What will Milton Shareholders receive?	<p>Scheme Consideration</p> <p>Milton Shareholders will be issued New WHSP Shares in exchange for their Milton Shares. The number of New WHSP Shares to be issued to each Milton Shareholder will be calculated by reference to the Exchange Ratio outlined in section 6.1.</p> <p>The Exchange Ratio will be fixed 7 business days prior to the Scheme Meeting (being the Calculation Date) and Milton Shareholders will be notified of the Exchange Ratio via an announcement on the ASX.</p> <p>Dividends</p> <p>In addition to receiving New WHSP Shares, Milton Shareholders are expected to receive the Dividends (outlined further down in this section). Your receipt of the Dividends is subject to various conditions outlined in sections 6.7 to 6.9.</p> <p>Note Ineligible Overseas Shareholders will be treated differently under the Scheme, as set out further down in this section.</p>	Section 6
What are the Dividends?	<p>Special Dividend</p> <p>Milton Shareholders as at the Special Dividend Record Date (7:00pm on 22 September 2021) will receive a fully franked special dividend (which Milton estimates will be approximately 37 cents per Milton Share) subject to the Scheme being approved and becoming Effective, the availability of sufficient franking credits and Milton's continued satisfaction of the applicable Corporations Act requirements for payment of the dividend.¹⁰</p> <p>The Special Dividend will be funded by a combination of cash reserves and the liquidation of some equity portfolio securities.</p> <p>The Milton Dividend Reinvestment Plan will not operate for the Special Dividend.</p> <p>Milton Final Dividend and WHSP Final Dividend</p> <p>In addition to the receiving the Special Dividend, Milton Shareholders are expected to receive:</p> <ul style="list-style-type: none"> the Milton Final Dividend, being a fully franked final dividend of 8 cents per Milton Share¹¹; and a WHSP Final Dividend, being a fully franked final dividend which WHSP indicatively estimates to be 36 cents per WHSP Share, (being equivalent to 6 cents per Milton Share¹²), <p>in each case subject to availability of sufficient franking credits and satisfaction of the applicable Corporations Act requirements for payment of the dividend (and in the case of the WHSP Final Dividend, the Scheme becoming Effective and the relevant Scheme Participant being on the WHSP Register at the WHSP Final Dividend Record Date, which WHSP expects to be 22 November 2021).</p>	Sections 6.7 to 6.9

10 The tax treatment may vary depending on the nature and characteristics of each Milton Shareholder and their specific circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

11 As announced to ASX on 23 July 2021.

12 Assuming an Exchange Ratio of 1:0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

2. Frequently asked questions

continued

Question	Answer	More information
What is the total implied value being offered to Milton Shareholders?	<p>Based on Milton's NTA and the share price of WHSP Shares on the Last Practicable Date, and the one month VWAP of WHSP Shares, Milton Shareholders are expected to receive a total value of \$6.40 per Milton Share comprising:</p> <ul style="list-style-type: none"> 0.1803 New WHSP Shares per Milton Share; a fully franked Special Dividend of approximately 37 cents per Milton Share; the fully franked Milton Final Dividend of 8 cents per Milton Share¹³; and the fully franked WHSP Final Dividend, of which Milton Shareholders are estimated to be entitled to 6 cents per Milton Share^{14, 15}. 	Section 6.2
Are Milton Shareholders being offered a premium?	<p>Yes – based on share prices and NTA on the Last Practicable Date, the Scheme implies a total value of \$6.40 per Milton Share, which represents:</p> <ul style="list-style-type: none"> 28.0% premium to the closing price of Milton Shares on the day prior to the Announcement Date, being \$5.00 per Milton Share; 28.3% premium to the VWAP of Milton Shares for the one month prior to the Announcement Date, being \$4.99 per Milton Share; 15.7% premium to Milton's NTA of \$5.53 per Milton Share; and 35.9% premium to Milton's NTA adjusted for tax of \$4.71 per Milton Share. 	Sections 4.1(e) and 6
How will NTA for Milton be calculated?	<p>The NTA for Milton refers to the aggregate net tangible asset backing before providing for tax on unrealised capital gains of Milton. It will be calculated as at the Calculation Date, in the same manner used for the purpose of Milton's market announcements to ASX at the end of each calendar month of its net tangible asset backing per share.</p> <p>For the purposes of the Exchange Ratio, the NTA of Milton will be adjusted by subtracting the aggregate amount in respect of all Milton Shares of the Milton Final Dividend or the Special Dividend which have been declared or are the subject of a decision to pay (whether or not all or part of the Milton Final Dividend or Special Dividend has been actually paid as at the Calculation Date). This adjusted figure is referred to in this Scheme Booklet as the 'Milton Adjusted NTA'.</p>	Sections 13 (definition of 'NTA') and 6.1.

¹³ As announced to ASX on 23 July 2021.

¹⁴ Subject to the relevant Scheme Participant being on the WHSP Register at the WHSP Final Dividend Record Date.

¹⁵ Assuming an Exchange Ratio of 1: 0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

Question	Answer	More information																																																
How will a change in the NTA of Milton impact the number of New WHSP Shares to which I will be entitled if the Scheme is implemented?	<p>The below table illustrates the impact of potential movements in the Milton Adjusted NTA on the Exchange Ratio (and on the implied value to be received by Milton Shareholders under the Scheme).</p> <table><tr><th>Milton Adjusted NTA movement</th><th>(15.0%)</th><th>(10.0%)</th><th>(5.0%)</th><th>0.0%</th><th>5.0%</th><th>10.0%</th><th>15.0%</th></tr><tr><td>Milton Adjusted NTA</td><td>\$4.32</td><td>\$4.57</td><td>\$4.83</td><td>\$5.08</td><td>\$5.33</td><td>\$5.59</td><td>\$5.84</td></tr><tr><td>WHSP Share Price</td><td>\$32.65</td><td>\$32.65</td><td>\$32.65</td><td>\$32.65</td><td>\$32.65</td><td>\$32.65</td><td>\$32.65</td></tr><tr><td>WHSP Reference Price</td><td>\$31.00</td><td>\$31.00</td><td>\$31.00</td><td>\$31.00</td><td>\$31.00</td><td>\$31.00</td><td>\$31.00</td></tr><tr><td>Exchange Ratio</td><td>0.1532</td><td>0.1622</td><td>0.1712</td><td>0.1803</td><td>0.1893</td><td>0.1983</td><td>0.2073</td></tr><tr><td>Implied value per Milton Share (including dividends)</td><td>\$5.51</td><td>\$5.81</td><td>\$6.10</td><td>\$6.40</td><td>\$6.70</td><td>\$7.00</td><td>\$7.29</td></tr></table>	Milton Adjusted NTA movement	(15.0%)	(10.0%)	(5.0%)	0.0%	5.0%	10.0%	15.0%	Milton Adjusted NTA	\$4.32	\$4.57	\$4.83	\$5.08	\$5.33	\$5.59	\$5.84	WHSP Share Price	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	WHSP Reference Price	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	Exchange Ratio	0.1532	0.1622	0.1712	0.1803	0.1893	0.1983	0.2073	Implied value per Milton Share (including dividends)	\$5.51	\$5.81	\$6.10	\$6.40	\$6.70	\$7.00	\$7.29	Section 6.1
Milton Adjusted NTA movement	(15.0%)	(10.0%)	(5.0%)	0.0%	5.0%	10.0%	15.0%																																											
Milton Adjusted NTA	\$4.32	\$4.57	\$4.83	\$5.08	\$5.33	\$5.59	\$5.84																																											
WHSP Share Price	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65																																											
WHSP Reference Price	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00																																											
Exchange Ratio	0.1532	0.1622	0.1712	0.1803	0.1893	0.1983	0.2073																																											
Implied value per Milton Share (including dividends)	\$5.51	\$5.81	\$6.10	\$6.40	\$6.70	\$7.00	\$7.29																																											
When and how will I receive my Scheme Consideration?	<p>You will receive your Scheme Consideration on the Implementation Date, which is expected to be 5 October 2021, provided you are a Milton Shareholder (and listed on the Share Register as such) as at the Scheme Record Date (which is 7.00pm on 27 September 2021).</p> <p>WHSP will issue any New WHSP Shares to you by entering your name in WHSP's register of members as the holder of those New WHSP Shares.</p>	Sections 6.3 and 6.4																																																
When can I expect to receive the Dividends?	<p>Milton expects to pay the Milton Final Dividend on 14 September 2021.</p> <p>Milton expects to pay the Special Dividend on the Special Dividend Payment Date (currently proposed to be 5 October 2021).</p> <p>WHSP expects to pay the WHSP Final Dividend on 14 December 2021.</p>	Section 6.8																																																
How will I receive the Dividends? ¹⁶	<p>The Milton Final Dividend and Special Dividend will be paid by:</p> <ul style="list-style-type: none">direct credit to the nominated bank account of the Milton Shareholder as noted on the Share Register on the record date for the relevant Dividend; orwhere an account has not been provided, by dispatching a cheque by mail to the Milton Shareholder's registered address as shown in the Share Register as at the record date for the relevant Dividend. <p>The WHSP Final Dividend will be paid by:</p> <ul style="list-style-type: none">direct credit to the nominated bank account of the Scheme Participant as noted on the WHSP Share Register on the WHSP Final Dividend Record Date; orwhere an account has not been provided, by dispatching a cheque by mail to the Scheme Participant's registered address as shown in the WHSP Share Register as at the WHSP Final Dividend Record Date.	-																																																

¹⁶ Subject to availability of sufficient franking credits, Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the relevant dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances. In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

2. Frequently asked questions

continued

Question	Answer	More information
When can I start trading my New WHSP Shares on the ASX?	Any New WHSP Shares issued to you under the Scheme are expected to commence trading on the ASX on a deferred settlement basis from 22 September 2021, and on a normal settlement basis from 6 October 2021 (being the first Business Day after the Implementation Date), unless ASX requires a later date.	Section 5.2(i)
How will fractional entitlements be treated?	Any entitlements to a fraction of a New WHSP Share arising under the calculation of Scheme Consideration will be rounded up or down to the nearest New WHSP Share (and if the fractional entitlement would include one-half of a New WHSP Shares, the entitlement will be rounded up).	Section 6.5
What is an Ineligible Overseas Shareholder and how are they treated under the Scheme?	<p>An Ineligible Overseas Shareholder is a Scheme Participant whose address (as shown in Milton's Share Register on the Scheme Record Date) is located outside of Australia (and its external territories), New Zealand and any other jurisdictions mutually agreed by Milton and WHSP.</p> <p>Under the Scheme, Ineligible Overseas Shareholders will not be entitled to receive New WHSP Shares. New WHSP Shares that would otherwise be issued to these shareholders under the Scheme will be issued to a nominee of WHSP to be sold on ASX, with the proceeds (after deducting applicable costs and charges) to be paid to the Ineligible Overseas Shareholder.</p>	Sections 1.2(c) and 6.6
Will I have to pay brokerage fees or stamp duty?	No brokerage fees or Australian stamp duty will be payable by Milton Shareholders in relation to the disposal of their Milton Shares to WHSP under the Scheme (unless you are an Ineligible Overseas Shareholder, in which case fees may apply).	Section 4.1(h)
WHSP and the Combined Group		
Who is WHSP?	<p>WHSP (ASX: SOL) is an ASX-listed investment house headquartered in Sydney, Australia. Founded in 1872, it is the second oldest publicly listed company on the ASX, having listed in 1903. WHSP has a broad investment portfolio across multiple industries including building materials, telecommunications, natural resources, pharmaceuticals, agriculture, property and financial services. The current chairman of WHSP is the fourth generation of the founding family to chair the business.</p> <p>Further details in relation to WHSP, including its investment portfolio and board composition, is set out in Section 8.</p>	Section 8
What is the Combined Group?	<p>The Combined Group will be the combination of two complementary businesses in WHSP and Milton to create a leading, diversified investment house.</p> <p>The asset classes of the Combined Group immediately following implementation of the Scheme are detailed in section 9.2 (which refers to numerous portfolios owned by WHSP set out in section 8.4).</p>	Sections 9 and 8.4

Question	Answer	More information
What are WHSP's intentions for Milton and the Combined Group?	<p>WHSP intends to remove Milton from the official list of the ASX.</p> <p>WHSP intends to continue the business of Milton in a similar manner as it is currently operating but final decisions on these matters will only be made by WHSP after it has conducted a detailed review of Milton's business and assets after implementation of the Scheme and WHSP's intentions may change as new information becomes available or as circumstances change.</p> <p>WHSP will actively review the combined portfolio following implementation of the Scheme which may result in a rebalancing of the portfolio across a number of investments. There is a stated intention for this review to consider greater portfolio diversification on a combined basis into other asset classes including private equity, direct credit, emerging companies, global equities and property. WHSP will maintain its investment discipline in the reallocation of capital and trading will only occur if and when market conditions are suitable and/or when appropriate opportunities to allocate cash into new asset classes arise. As a result, this process may occur over a number of years.</p> <p>WHSP considers Milton's employees to be a key part of the business' success, both historically and going forward. WHSP will evaluate the future employment requirements of the Combined Group following implementation of the Scheme as part of the post-implementation review. However, WHSP's current preliminary view (subject to the findings of the review referred to above) is to retain all employees of Milton on terms equal to or better than their current terms of employment with Milton.</p> <p>As part of the review, WHSP will assess the internal capabilities of the Combined Group's management team to diversify the portfolio across a range of asset classes and determine the need (if any) for additional staff, external service providers or other resources to execute on this investment strategy.</p> <p>The payment of future dividends to shareholders of the Combined Group will be at the discretion of the directors of the Combined Group and will be a function of various factors outlined in section 9.7. The WHSP Board will continue to determine dividends having regard to Net Cash Flows From Investments. WHSP intends to maintain its objective of providing superior returns to shareholders by creating capital growth along with steadily increasing dividends.</p>	Sections 9.5 to 9.8
Who will be the directors and senior management of the Combined Group?	<p>Directors</p> <p>It is intended that the composition of WHSP's Board will remain unchanged. If the Scheme is implemented, the Milton Board will be reconstituted by directors nominated by WHSP. WHSP has nominated Robert Dobson Millner, Todd Barlow and David Grbin to be the members of the reconstituted Milton Board.</p> <p>Senior Management</p> <p>The Combined Group will continue to be led by WHSP's current senior executive team consisting of the Managing Director & Chief Executive Officer, Chief Financial Officer and Group Executive Legal and Governance.</p>	Sections 8.5 and 9.4
Is a break fee payable by WHSP?	There is no break fee payable by WHSP.	Section 4.3(e)

2. Frequently asked questions

continued

Question	Answer	More information
Voting at the Scheme Meeting		
What is the Scheme Meeting?	The Scheme Meeting is the meeting of Milton Shareholders to vote on whether to approve the Scheme.	Section 3.2 and Annexure F
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting will be held at 10.00am on Monday, 13 September 2021 at:</p> <ul style="list-style-type: none"> ▪ The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000; and ▪ via Milton's online meeting platform at https://agmlive.link/MLT21. <p>Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet.</p> <p>In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.</p> <p>Milton Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.</p>	<p>Sections 1.10 and 3.2</p> <p>Annexure F</p>
What am I being asked to vote on?	<p>Milton Shareholders are being asked to vote in favour of, or against, the Scheme being implemented.</p> <p>Important details on the matters to be voted on at the Scheme Meeting are set out in the Notice of Scheme Meeting in Annexure F.</p>	Annexure F
What majority is required to approve the Scheme?	For the Scheme to be implemented, it is necessary that the Requisite Majority of Milton Shareholders vote in favour at the Scheme Meeting. This requires more than 50% in number of Milton Shareholders present and voting (by person or by proxy), and at least 75% of the total number of votes cast to vote in favour of the Scheme Resolution.	See definition of 'Requisite Majority' in section 13
Am I entitled to vote?	You can vote on the Scheme if you are a Milton Shareholder who is registered on the Share Register as the holder of a Milton Share at the Voting Entitlement Time (which is 7.00pm on 11 September 2021).	Sections 1.9 and 3.3
Is voting compulsory?	Voting is not compulsory. The voting approval threshold for the Scheme (the 'Requisite Majority') is determined on the basis of Milton Shareholders who are present and voting at the Scheme Meeting.	See definition of 'Requisite Majority' in section 13

Question	Answer	More information
How can I vote if I cannot physically attend the Scheme Meeting?	<p>The Scheme Meeting will facilitate online participation for those who cannot, or do not wish to, attend in person. To attend and vote online, you (or your proxy, attorney or corporate representative) must:</p> <ul style="list-style-type: none"> access the following link: https://agmlive.link/MLT21; and follow the additional instructions for online attendance and voting that are set out in the Notice of Scheme Meeting in Annexure F. <p>To appoint a proxy to vote on your behalf, please complete and lodge the Proxy Form accompanying this Scheme Booklet. Explanatory note 9 (Additional Voting Instructions) of the Notice of Scheme Meeting explains how you can complete and lodge your Proxy Form.</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney. Explanatory note 9 (Additional Voting Instructions) of the Notice of Scheme Meeting explains how to appoint an attorney or corporate representative.</p> <p>Proxy Forms, powers of attorney or appointments of corporate representatives for the Scheme Meeting are due by 10.00am on 11 September 2021.</p>	Section 3.4 and Annexure F
When will the result of the Scheme Meeting be known?	<p>The results of the Scheme Meeting will be announced during the Scheme Meeting and to ASX shortly after the conclusion of the Scheme Meeting.</p> <p>The Scheme will only proceed if the Court also provides its approval and all the other Scheme Conditions for the Scheme are satisfied or waived.</p>	Sections 5.2(c), 5.3 and 5.4
How do I oppose the approval of the Scheme?	<p>If you do not support the Scheme, your options are:</p> <ul style="list-style-type: none"> to attend the Scheme Meeting in person or online, or by proxy, and vote against the Scheme being implemented; and/or if the Scheme is approved by the other Milton Shareholders and you vote against the Scheme Resolution, then you may wish to oppose the approval by filing and serving a notice of opposition and any other supporting documents on Milton at least three days before the Second Court Date and attending the Second Court Hearing. 	Section 3
Tax implications		
What are the Australian tax implications of the Scheme for Milton Shareholders?	<p>A summary of the general Australian income tax, stamp duty and GST consequences for Milton Shareholders who participate in the Scheme is set out in section 11 of this Scheme Booklet.</p> <p>Your tax position will depend on your particular circumstances. You are urged to consult your own professional tax adviser as to the specific tax consequences to you of the Scheme, including the applicability and effect of income tax and other tax laws in your particular circumstances.</p>	Section 11
Am I entitled to scrip-for-scrip roll-over relief?	<p>Australian resident Milton Shareholders who would otherwise make a capital gain on the disposal of their Milton Shares under the Scheme should be eligible to choose scrip-for-scrip roll-over relief.</p> <p>The tax consequences of the Scheme will differ for each Milton Shareholder, who should consult their own professional tax advisers to seek advice that considers their individual circumstances.</p>	Section 11.3

2. Frequently asked questions

continued

Question	Answer	More information
Further questions		
Who can I contact if I have further questions in relation to this Scheme Booklet or the Scheme?	<p>If you have any further questions of a general nature in relation to this Scheme Booklet, the Scheme or any related matter, then you may:</p> <ul style="list-style-type: none"> ▪ email the Share Registry at milton@linkmarketservices.com.au; or ▪ call the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST). <p>For more specific advice relating to your own circumstances, please contact your legal, investment or other professional adviser.</p>	Section 1.14

3. How to vote

3.1 What you should do

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

Milton Shareholders should refer to section 4 of this Scheme Booklet for further guidance on the reasons to vote for and against the Scheme. However, as noted elsewhere in this document, this Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any individual Milton Shareholder.

If you have any questions about this Scheme Booklet or the Scheme, please contact the Milton Shareholder Information Line on 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST).

If you require further advice in relation to the Scheme, contact your financial or other professional adviser.

3.2 Scheme Meeting

The Scheme Meeting is scheduled to be held at 10.00am on Monday, 13 September 2021 at:

- The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000; and
- via Milton's online meeting platform at <https://agmlive.link/MLT21>.

Further details about the Scheme Meeting are set out in the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet.

In light of the ongoing COVID-19 pandemic, the Scheme Meeting will be a hybrid meeting facilitating in person and online participation.

Milton Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

For the Scheme to be implemented, it is necessary that the Requisite Majority of Milton Shareholders vote in favour of the resolution to approve the Scheme at the Scheme Meeting.

You should note that even if the Scheme is approved by the Requisite Majority of Milton Shareholders, it is possible that the Scheme may not proceed to be implemented. This may occur if the Scheme Conditions are not satisfied or waived.

3.3 Entitlement to vote

Each Milton Shareholder (other than WHSP and its Subsidiaries) who is registered on the Share Register as the holder of a Milton Share at the Voting Entitlement Time (which is 7.00pm on 11 September 2021) is entitled to attend and vote at the Scheme Meeting, either personally or by proxy, attorney or corporate representative.

Each Milton Shareholder will have one vote for each Milton Share they hold.

In the case of Milton Shares held by joint holders, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in relation to jointly held Milton Shares, only the vote of the shareholder whose name appears first on the Share Register will be counted.

Details about the permitted methods of voting are set out in section 3.4 and in the Notice of Scheme Meeting contained in Annexure F of this Scheme Booklet.

3. How to vote continued

3.4 How to vote

Voting on the Scheme Resolution will be conducted by way of a poll.

If you are a Milton Shareholder entitled to vote at the Scheme Meeting, you may vote:

- (a) in person or online:** by attending and voting in person or via Milton's online meeting platform;
- (b) by proxy:** by lodging your Proxy Form (in one of the ways set out in the explanatory notes in the Notice of Scheme Meeting) so that it is received by 10.00am on Saturday, 11 September 2021;
- (c) by attorney:** by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney so that it is received by 10.00am on Saturday, 11 September 2021; or
- (d) by corporate representative:** in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

Further information on how to vote using each of these methods is contained in the Notice of Scheme Meeting contained in Annexure F to this Scheme Booklet.

The Scheme will not be implemented unless the Scheme Resolution is approved at the Scheme Meeting by the Requisite Majorities.

4. Considerations relevant to your vote

The Independent Milton Directors unanimously recommend that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Milton Shareholders.

In making this recommendation, the Independent Milton Directors have considered the information contained in:

- section 4.1 (reasons to vote in favour of the Scheme);
- section 4.2 (potential disadvantages of the Scheme);
- section 4.3 (other key considerations relevant to voting on the Scheme); and
- sections 10 and 11 (risk factors and taxation implications).

The Chairman of Milton, Mr R.D. Millner, also considers the Scheme to be in the best interests of Milton Shareholders and recommends that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

Milton Shareholders should seek professional advice on their individual circumstances, as appropriate.

4.1 Reasons to vote in favour of the Scheme

This section summarises the reasons why the Independent Milton Directors have determined to unanimously recommend that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Milton Shareholders.

(a) Unanimous recommendation

The Independent Milton Directors believe that the Scheme is in the best interests of Milton Shareholders and unanimously recommend that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Subject to these same qualifications, each Independent Milton Director intends to cause any Milton Shares in which they have a Relevant Interest to be voted in favour of the Scheme.

In arriving at their recommendation, the Independent Milton Directors have considered the advantages and disadvantages of the Scheme, including information contained in the following sections:

- section 4.1 (reasons to vote in favour of the Scheme);
- section 4.2 (potential reasons to vote against the Scheme);
- section 4.3 (other key considerations relevant to voting on the Scheme); and
- sections 10 and 11 (risk factors and taxation implications).

The Chairman of Milton, Mr R.D. Millner, also considers the Scheme to be in the best interests of Milton Shareholders and recommends that Milton Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders. Subject to these same qualifications, Mr R.D. Millner intends to vote, or procure the voting of, any Milton Shares in which he has a Relevant Interest in favour of the Scheme. Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

4. Considerations relevant to your vote continued

(b) Considerations by the Independent Milton Directors in recommending the Scheme

In considering and recommending the Scheme, the Independent Milton Directors considered, among others:

- (i) the attractive upfront premium to Milton's NTA and share price;
- (ii) the fully franked dividends of approximately 43 cents per Milton Share, comprising a Special Dividend and access to the WHSP Final Dividend^{17,18};
- (iii) WHSP's 20 year history of paying increasing dividends and, should prevailing conditions allow, its intention to continue this policy into the future;
- (iv) WHSP's outperformance of the market over the short, medium and long term; and
- (v) the outlook, risks and opportunities available for Milton as a standalone entity and the outlook, risks and opportunities available to Milton as part of the Combined Group, including the opportunity for investors to diversify into a broad range of asset classes.

After considering all of the above, the Independent Milton Directors decided to recommend the Scheme and continue to be of the view that the Scheme is in the best interests of Milton Shareholders.

(c) The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is in the best interests of Milton Shareholders

The Independent Milton Directors appointed Lonergan Edwards & Associates Limited as the Independent Expert to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and in the best interests of Milton Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Milton Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the value of Milton Shares at between \$5.07 and \$5.69 per Milton Share. The Independent Expert has assessed the value of the total consideration (comprising the Scheme Consideration, the Milton Final Dividend and the Special Dividend) at between \$5.83 and \$6.36 per Milton Share.¹⁹ Accordingly, the total consideration falls above the upper end of the Independent Expert's assessed valuation range for Milton Shares.

A copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet. The Independent Milton Directors encourage you to read the Independent Expert's Report in its entirety before making a decision as to whether to vote in favour or to vote against the Scheme.

(d) Since the announcement of the Scheme, no Superior Proposal has emerged

The Scheme Implementation Agreement prohibits Milton from soliciting or, other than in certain circumstances, entertaining a Competing Transaction. Milton may respond to any bona fide approach by a prospective purchaser where the Milton Directors determine (acting in good faith and after taking advice from Milton's external advisers) that such approach would lead to a Superior Proposal and where failure to do so would be reasonably likely to involve a

17 Assuming an Exchange Ratio of 1:0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

18 Subject to availability of sufficient franking credits, Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the relevant dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances. In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

19 It should be noted that the total consideration assessed by the Independent Expert does not include the value of the WHSP Final Dividend, which is included in the total value per Milton Share presented elsewhere in this Scheme Booklet (being \$6.40), and which contributes an additional \$0.06 of value based on share prices and the Milton NTA as at the Last Practicable Date. The Independent Expert has excluded Scheme Participant's entitlement to the WHSP Final Dividend in determining the value of the total consideration on the basis that WHSP will not go ex-dividend until after implementation of the Scheme.

breach of the duties of the Milton Directors. Milton would be required to notify WHSP of its intention to respond to such approach and provide WHSP with any confidential information concerning Milton that it intended to provide to the prospective purchaser.

As at the date of this Scheme Booklet, no Competing Transaction has emerged, neither Milton nor any of Milton's advisors are aware of any Competing Transaction and there are no third-party discussions underway with Milton (or its advisors) in relation to a Competing Transaction. Milton will notify Milton Shareholders if a Superior Proposal is received before the Second Court Date.

(e) The Scheme Consideration and Dividends together represent an attractive intrinsic value for Milton Shareholders

Under the Scheme, Milton Shares will be valued at a 10% premium to NTA adjusted for the Milton Final Dividend and the Special Dividend.

In addition to the Scheme Consideration, Milton Shareholders are expected to receive a fully franked Special Dividend of approximately 37 cents per Milton Share, the fully franked Milton Final Dividend of 8 cents per Milton Share²⁰ and the fully franked WHSP Final Dividend, of which, based on the Exchange Ratio at share prices on the Last Practicable Date, Milton Shareholders are estimated to be eligible for 6 cents per Milton Share^{21,22}. Should the VWAP of WHSP Shares be above \$31.00 at the time of issue of the New WHSP Shares, Milton Shareholders will benefit directly from this increase through an increased implied premium.

Based on share prices and NTA on the Last Practicable Date, the Scheme implies a total value of \$6.40 per Milton Share, which represents:

- (i) an attractive premium to share price:
 - (a) 28.0% premium to the closing price of Milton Shares on the day prior to the Announcement Date, being \$5.00 per Milton Share.
 - (b) 28.3% premium to the VWAP of Milton Shares for the one month prior to the Announcement Date, being \$4.99 per Milton Share.
- (ii) an attractive premium to NTA, which is significantly higher than the premiums to NTA typically seen in acquisitions of listed investment companies:
 - (a) 15.7% premium to Milton's NTA of \$5.53 per Milton Share.
 - (b) 35.9% premium to Milton's NTA adjusted for tax of \$4.71 per Milton Share.
- (iii) an estimated 22 cents per Milton Share of franking credits which may have incremental value for certain shareholders.²³

The Dividends provide Milton Shareholders with certainty of value and the opportunity to realise a portion of their investment for cash.

20 As announced to ASX on 23 July 2021.

21 Assuming an Exchange Ratio of 1: 0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

22 Subject to availability of sufficient franking credits and Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the dividend. The tax treatment may vary depending on the nature and characteristics of each Milton Shareholder and their specific circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances. In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

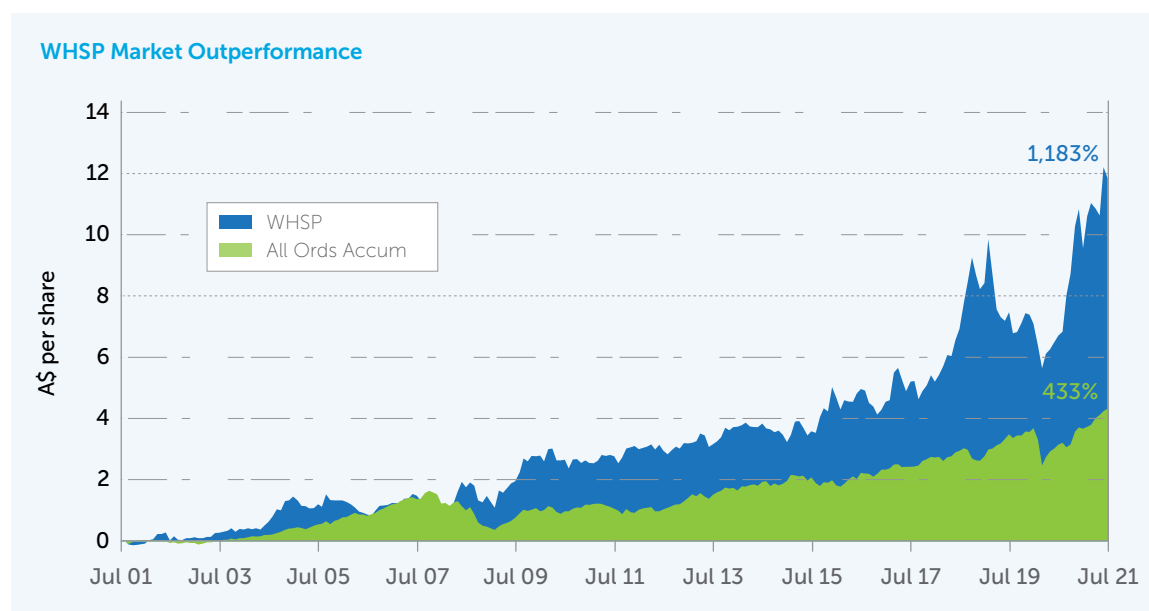
23 Subject to availability of sufficient franking credits and Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the dividend. In order to receive the benefit of franking credits in respect of the WHSP Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date. The tax treatment may vary depending on the nature and characteristics of each Milton Shareholder and their specific circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

4. Considerations relevant to your vote continued

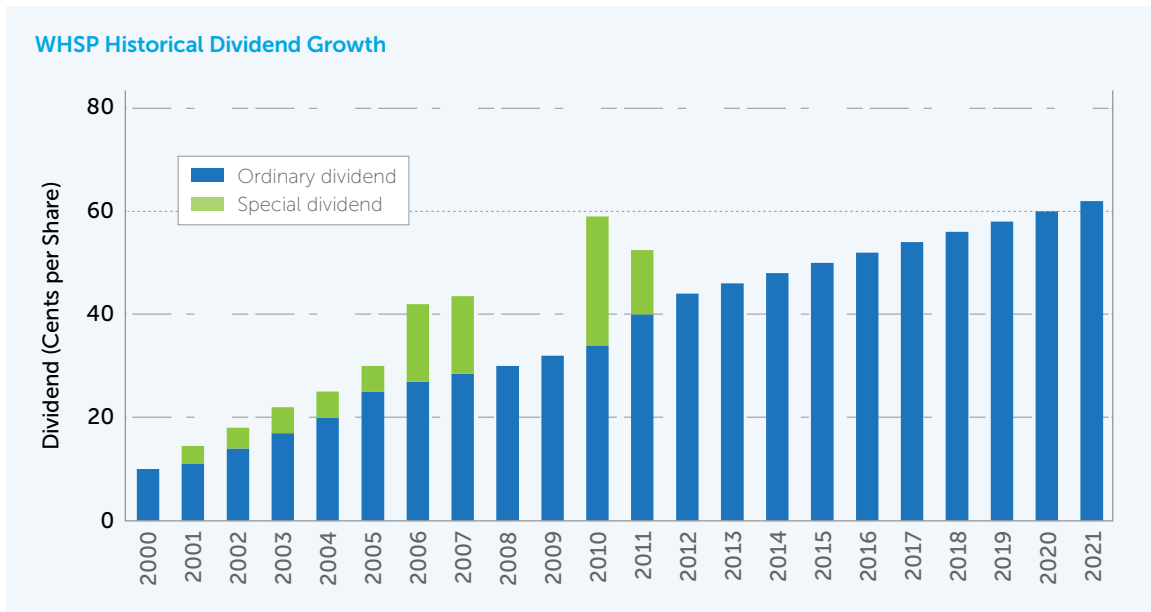
(f) Milton Shareholders will become shareholders in the Combined Group, a diversified investment house with approximately \$8.9 billion in net assets, with enhanced opportunities for growth

The Scheme would bring together two successful investment companies who share similar long-term value-focused investment philosophies and result in the creation of a leading, diversified Australian investment house. The Combined Group would continue its focus on delivering long-term market outperformance, capital preservation and dividend generation.

WHSP has significantly outperformed the market over the short, medium and long term and has paid consistent dividends across its history while increasing dividends every year for the past 20 years. It should be noted that historical performance is not necessarily a guide to future performance.



Source: Capital IQ



Source: Capital IQ

Milton's highly experienced investment team and management will be retained for the benefit of the Combined Group, with Milton's demonstrated long-term capabilities in listed equities complementing WHSP's successful record of generating strong returns for shareholders across a range of actively managed public and private investments.

Milton Shareholders will gain access to a broader range of asset classes, including private equity, international equities, credit opportunities and real assets, in addition to ASX listed investments and trusts. The broader diversified portfolio of assets has the potential to generate a growing income stream for distribution to shareholders and to provide capital growth.

The Combined Group would benefit from additional scale and liquidity which will provide capacity to pursue investment opportunities across multiple asset classes. The Scheme will result in a significant increase in market capitalisation of the Combined Group, which may also result in increased index participation which could drive additional demand and liquidity.

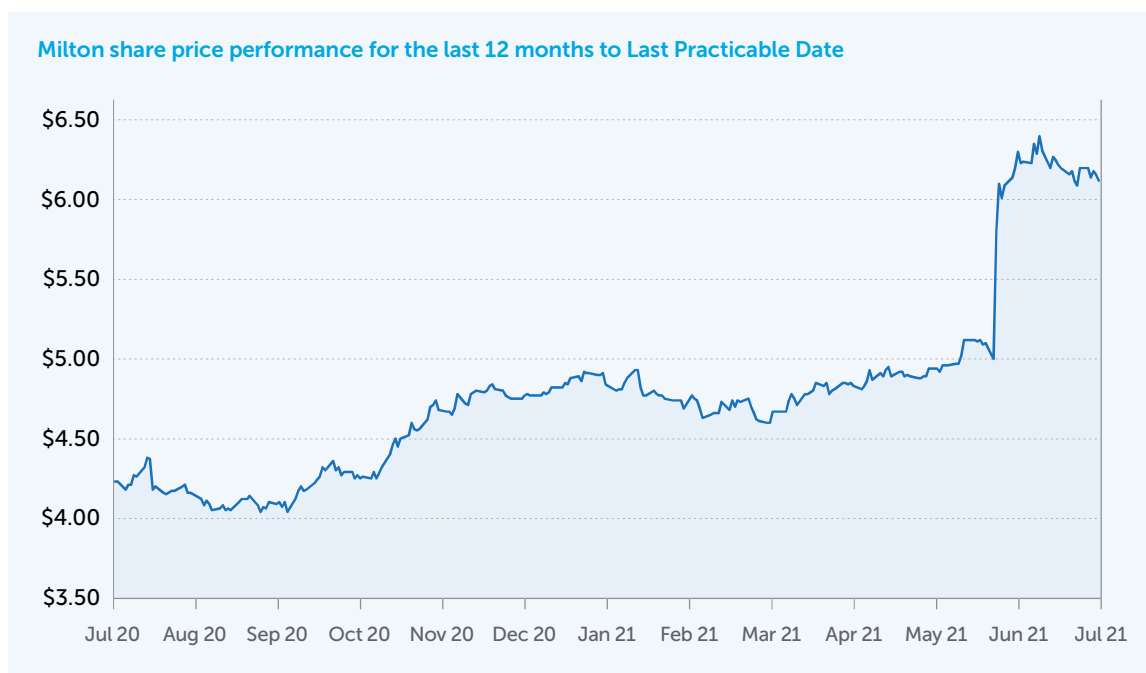
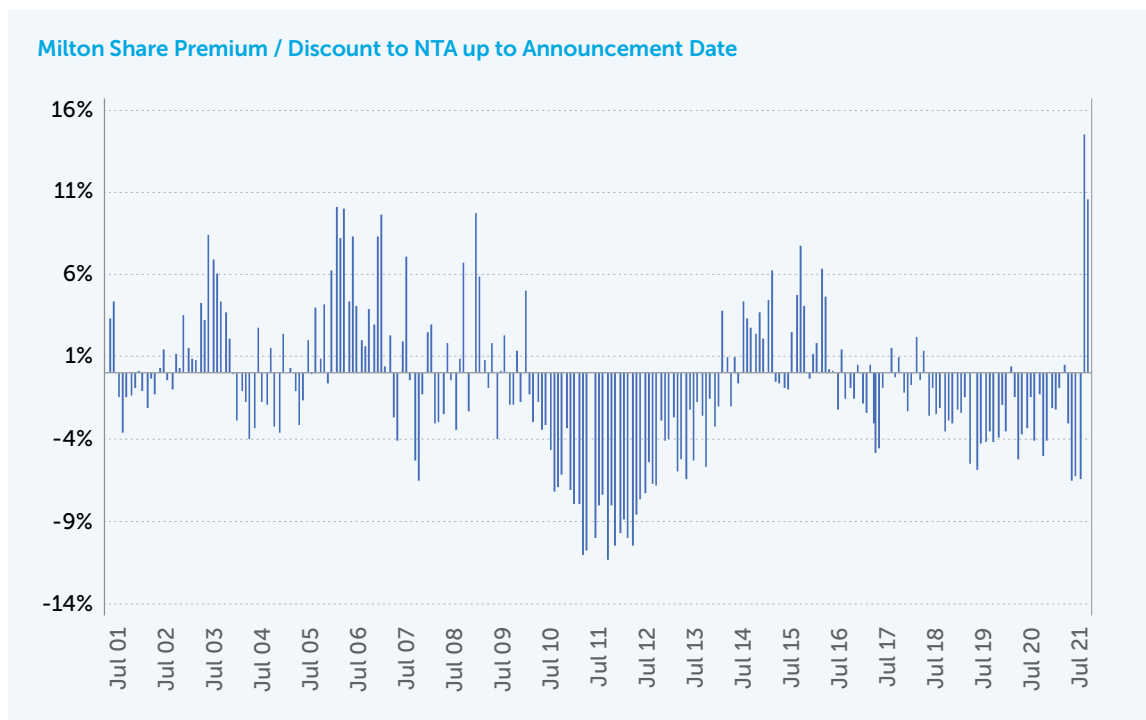
(g) If the Scheme does not proceed, and no Superior Proposal emerges, the Milton share price may fall in the near-term

Prior to the Announcement Date, the closing price of Milton Shares was \$5.00 per Milton Share.

If the Scheme is not implemented, and in the absence of a Superior Proposal, the price of Milton Shares on the ASX may fall, including to a price that is significantly below the implied value of \$6.40 per Milton Share (taking into account the Scheme Consideration and Dividends), below the price at which Milton Shares have traded since the Announcement Date, and below the value of Milton's underlying NTA.

If the Scheme does not proceed, and no Superior Proposal emerges, the Milton share price may trade at a discount to NTA.

4. Considerations relevant to your vote continued



Source: Factset

(h) No brokerage or stamp duty will be payable by you for the transfer of your Milton Shares under the Scheme

If the Scheme is implemented, Milton Shareholders will not incur any brokerage or stamp duty on the transfer of Milton Shares to WHSP under the Scheme (unless you are an Ineligible Overseas Shareholder, in which case fees may apply).

For Milton Shareholders, it is possible that such charges may be incurred if Milton Shares are transferred other than under the Scheme.

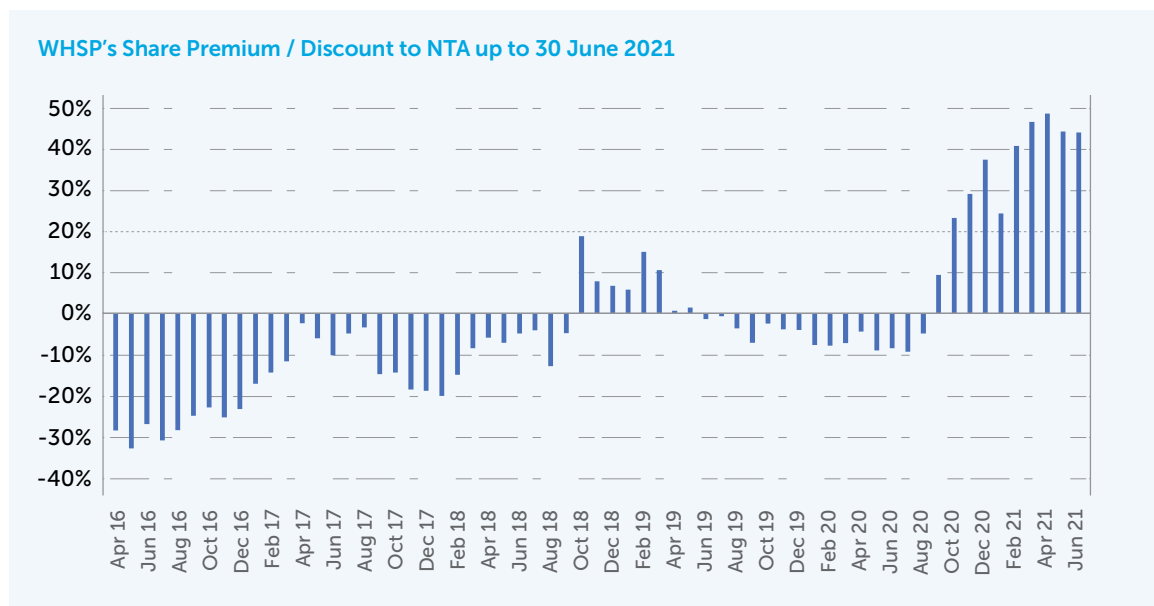
4.2 Potential disadvantages of the Scheme

In the absence of a Superior Proposal, the Independent Milton Directors unanimously recommend that Milton Shareholders vote in favour of the Scheme and the Independent Expert has concluded that the Scheme is in the best interests of Milton Shareholders. However, you may hold a different view from, and are not obliged to follow the recommendation of, the Independent Milton Directors and may not agree with the Independent Expert's conclusion.

(a) The future value of New WHSP Shares after the Scheme is implemented may shift with the market and investor sentiment and as such is considered uncertain

If the Scheme becomes Effective and is implemented, Scheme Participants (other than Ineligible Overseas Shareholders) will receive New WHSP Shares. At this point, the trading value of New WHSP Shares will depend on the price at which WHSP Shares are trading on ASX. This price may rise or fall depending on market conditions and the financial and operational performance of the Combined Group.

WHSP Shares are trading at a higher premium to NTA than has historically been the case, with the WHSP share price of \$33.73 as at 30 June 2021 representing a premium of 44% to its NTA of \$23.44 as at that date. WHSP traded at an average premium to NTA of 11% over the two years ending 30 June 2021, and at an average premium to NTA of 28% over the one year ending 30 June 2021.



There is a risk that WHSP's share price relative to its NTA could change materially.

4. Considerations relevant to your vote

continued

You should read section 8 of the Scheme Booklet which summarises the business operations and strategy of WHSP, to understand what additional businesses and assets you will be exposed to if you become a WHSP Shareholder on implementation of the Scheme.

Additionally, there are a number of risks specific to the Combined Group, which are described in further detail in section 10.3 of the Scheme Booklet and which may affect the value of New WHSP Shares.

Milton Shareholders should consider these risks before deciding whether to vote in favour of the Scheme. The Independent Milton Directors note that these risks are in part mitigated by the intended payment of the Special Dividend and the ability of Milton Shareholders to realise the full value of their Milton investment in cash via a sale on-market (although they may not receive the equivalent total implied offer value of \$6.40 per Milton Share and brokerage fees may apply).

(b) If the Scheme is approved, the dividend income received on New WHSP Shares may be lower than the dividend income received by Milton Shareholders historically

WHSP has a history of consistent dividend payment and growth, however at a lower dividend yield than Milton.

Based on the Exchange Ratio on the Last Practicable Date, and on the total FY20 WHSP dividend of 60 cents per WHSP Share, Milton Shareholders would have been eligible for an equivalent of 10.8 cents per Milton Share. Based on a total FY20 Milton dividend of 17.5 cents per Milton Share, Milton Shareholders would have received dividends of ~38% less in FY20 under the Scheme.

Assuming a total FY21 WHSP dividend of 62 cents per WHSP Share:

- (i) Milton Shareholders would be eligible for an equivalent of 11.2 cents per Milton Share; and
- (ii) based on a total FY21 Milton dividend of 13.7 cents per Milton Share, Milton Shareholders would receive dividends of ~18% less in FY21 under the Scheme.

It should be noted that this analysis does not take into account the additional estimated 37 cents per Milton Share Special Dividend and estimated 6 cents per Milton Share WHSP Final Dividend²⁴ which form part of the total value to be received by Milton Shareholders under the Scheme.

Whilst WHSP has indicated an expectation of increased future cash generation and an ambition to increase future dividends as cash generation grows, there is no guarantee that Milton Shareholders will receive a similar amount of dividend income if the Scheme proceeds as they do under Milton's current dividend policy.

(c) You may wish to maintain your current investment profile and exposure to a business with Milton's specific characteristics

Milton Shareholders may wish to keep their Milton Shares and preserve their investment in a publicly listed company with Milton's specific characteristics. The asset composition and exposure, earnings mix and risk profile of the two companies on a standalone basis are different and may differ further in the future given WHSP's stated intention to increase its exposure to wider asset classes.

The WHSP portfolio is more diversified and spread across a larger number of asset classes, including private equity investments, which by their nature are less liquid and have a higher risk profile. There are also a number of larger less liquid equity holdings in the WHSP portfolio.

There is less transparency and potentially higher risk in WHSP's underlying portfolio as compared to Milton's as it has exposure to a range of private asset classes which are, by their nature, more complex to value and for which there is less public information available.

²⁴ Assuming an Exchange Ratio of 1:0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

Implementation of the Scheme may represent a disadvantage if you do not want to change your investment profile. Conversely, maintaining the current Milton-only investment profile could bring with it a greater risk profile when compared with the larger and more diverse asset portfolio and business of WHSP. Milton Shareholders should read this Scheme Booklet carefully to understand the implications of the Scheme and should seek investment, legal or other professional advice in relation to their own circumstances. Further information about the Combined Group can be found at section 9 of the Scheme Booklet.

(d) You may have concerns around specific environmental, social or governance matters

Milton Shareholders may have concerns relating to governance considerations, including:

- (i) significant cross-shareholdings between WHSP and Brickworks;
- (ii) cross-shareholdings between Milton and WHSP; and
- (iii) the fact that Milton and WHSP have the same Chairman.

Milton Shareholders may also have concerns relating to environmental and social considerations, including in relation to WHSP's shareholdings in entities with operations in coal mining (such as New Hope Corporation Limited), hospitality and gaming businesses.

(e) You may believe that there is potential for a Superior Proposal to be made in the foreseeable future

Since Milton and WHSP entered into the Scheme Implementation Agreement on 22 June 2021 through to the date of this Scheme Booklet, no Competing Transaction has emerged. However, Milton Shareholders may consider that a Superior Proposal with better long-term prospects for the Milton businesses could emerge in the foreseeable future. The Scheme becoming Effective and being implemented will mean that existing Milton Shareholders will not receive the benefit of any such Superior Proposal.

The Scheme Implementation Agreement prohibits Milton from soliciting or, other than in certain circumstances, entertaining a Competing Transaction. Milton may respond to any bona fide approach by a prospective purchaser where the Milton Directors determine (acting in good faith and after taking advice from Milton's external advisers) that such approach would lead to a Superior Proposal and where failure to do so would be reasonably likely to involve a breach of the duties of the Milton Directors. Milton would be required to notify WHSP of its intention to respond to such approach and provide WHSP with any confidential information concerning Milton that it intended to provide to the prospective purchaser.

Milton will notify Milton Shareholders if a Superior Proposal is received before the Second Court Date.

(f) You may disagree with the Independent Milton Directors' unanimous recommendation or the Independent Expert's conclusion

You may disagree with the conclusion of the Independent Expert, who has determined that the Scheme is in the best interests of Milton Shareholders, in the absence of a Superior Proposal.

Similarly, you may disagree with the unanimous recommendation of the Independent Milton Directors to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders.

4. Considerations relevant to your vote

continued

(g) The payment of the Dividends is subject to certain conditions and the value of the Dividends may differ from that estimated

The payment of the Special Dividend will be subject to:

- (i) the Scheme becoming Effective (which will be conditional on, among other things, requisite shareholder approvals and the approval of the Court);
- (ii) the availability of sufficient franking credits; and
- (iii) Milton's satisfaction of the applicable Corporations Act requirements for payment of the dividend.

The Special Dividend is estimated to be approximately 37 cents per Milton Share however the actual amount will be determined with reference to the available franking credit balance and cash reserves of Milton at the time the dividend is declared or a decision to pay the dividend is made.

The Milton Final Dividend of 8 cents per Milton Share will be paid irrespective of whether the Scheme is implemented, subject to Milton's satisfaction of the applicable Corporations Act requirements for payment of the dividend.

The WHSP Final Dividend is estimated to be approximately 36 cents per WHSP Share (being equivalent to 6 cents per Milton Share²⁵) and is subject to the availability of sufficient franking credits, WHSP satisfying applicable Corporations Act requirements for payment of the dividend and each Scheme Participant being on the WHSP Register as at the WHSP Final Dividend Record Date.

Milton announced its decision to pay the Milton Final Dividend on 23 July 2021. The decision to pay the Special Dividend (and in what amount) will be made in September 2021. The decision on the actual amount of the WHSP Final Dividend is expected to be made in November 2021.

It should be noted that any decrease in the Milton Final Dividend or the Special Dividend increases the NTA that is eligible for the 10% premium, and, all else equal, would result in an increase in the Scheme Consideration.

The tax treatment may vary depending on the nature and characteristics of each Milton Shareholder and their specific circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

(h) The tax consequences of the Scheme may not suit your current financial situation

Implementation of the Scheme may trigger different or adverse tax consequences for certain Milton Shareholders. The tax treatment may vary depending on the nature and characteristics of each Milton Shareholder and their specific circumstances. The tax consequences of the Scheme may not suit an individual Milton Shareholder's financial position. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

Milton Shareholders should read the tax implications of the Scheme outlined in section 11 of the Scheme Booklet, which is general in nature and Milton Shareholders should consult with their professional tax adviser regarding their particular circumstances.

(i) The Scheme may be subject to Scheme Conditions that you consider unacceptable

In addition to Milton Shareholder approval and Court approval, the implementation of the Scheme is subject to a number of other Scheme Conditions. If these Scheme Conditions are not satisfied or waived (as applicable), the Scheme will not be implemented and Milton Shareholders will not receive the Scheme Consideration or Special Dividend.

²⁵ Assuming an Exchange Ratio of 1:0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

The Scheme Conditions are summarised in section 5 of the Scheme Booklet and are set out in full in clause 3.2 of the Scheme Implementation Agreement and clause 3.1 of the Scheme. You may consider those conditions to be unacceptable. However, you should note that the Scheme will not be implemented unless those conditions are satisfied or waived.

4.3 Other key considerations in relation to voting on the Scheme

Milton Shareholders should also consider the following additional considerations in determining how to exercise their vote at the Scheme Meeting:

(a) The NTA of Milton may fluctuate up to the Calculation Date, which may affect the number of New WHSP Shares to which Milton Shareholders will be entitled as Scheme Consideration

All other things being equal, an increase in the NTA of Milton will increase the Exchange Ratio and accordingly, the Scheme Consideration received by Milton Shareholders. An increase in the Exchange Ratio will also increase the proportion of the WHSP Final Dividend for which Milton Shareholders may be eligible.

Conversely, all other things being equal, a decrease in the NTA of Milton will reduce the Exchange Ratio and accordingly, the Scheme Consideration received by Milton Shareholders. A reduction in the Exchange Ratio will also decrease the proportion of the WHSP Final Dividend for which Milton Shareholders may be eligible.

(b) The value of the WHSP Shares may fluctuate up to the Calculation Date, which may affect the value of the Scheme Consideration to which Milton Shareholders are entitled

All other things being equal, an increase in the value of WHSP Shares will increase the total value of the consideration received by Milton Shareholders.

However, an increase in the value of WHSP Shares may also increase the VWAP of WHSP Shares used in the calculation of the Exchange Ratio, up to a cap of \$31.00, which may reduce the Exchange Ratio and accordingly, the Scheme Consideration received by Milton Shareholders. A reduction in the Exchange Ratio will also decrease the proportion of the WHSP Final Dividend for which Milton Shareholders are eligible.

Conversely, all other things being equal, a decrease in the value of WHSP Shares will decrease the total value of the consideration received by Milton Shareholders.

However, a decrease in the value of WHSP Shares may also decrease the VWAP of WHSP Shares used in the calculation of the Exchange Ratio, which may increase the Exchange Ratio and accordingly, the Scheme Consideration received by Milton Shareholders. An increase in the Exchange Ratio will also increase the proportion of the WHSP Final Dividend for which Milton Shareholders may be eligible.

(c) The value of the WHSP Shares may fluctuate after the Calculation Date

Some Scheme Participants may not wish to continue to hold their New WHSP Shares and may sell them on the ASX soon after the Implementation Date. The value that Scheme Participants may realise on the sale of their New WHSP Shares will depend on the price at which WHSP Shares trade on the ASX after the Implementation Date. Should the value of WHSP Shares fall after the Calculation Date, Scheme Participants may realise a lower value on the sale of their WHSP Shares.

(d) The Scheme may be implemented even if you vote against the Scheme or do not vote at all. It is an "all-or-nothing" proposal

Even if you vote against the Scheme or do not vote at all, the Scheme may still be implemented if it is approved by the Requisite Majority of Milton Shareholders and the Court and all of the other Scheme Conditions to the Scheme are either satisfied or waived. If this occurs:

4. Considerations relevant to your vote

continued

- (i) the Scheme will bind all Milton Shareholders, including those who did not vote on the Scheme Resolution and those who voted against it;
- (ii) on the Implementation Date, your Milton Shares will be transferred to WHSP and you will receive the Scheme Consideration and the Special Dividend²⁶;
- (iii) Milton will become a wholly owned subsidiary of WHSP; and
- (iv) Milton will be delisted from the ASX.

(e) Break fees

There are no break fees payable by either party.

(f) Transaction costs

As at the date of this Scheme Booklet, Milton has incurred (or expects to incur) costs of approximately \$2,400,000 (excluding GST and disbursements) in developing the Scheme so that it is capable of being submitted to Milton Shareholders for consideration.

(g) Conditionality of the Scheme

Implementation of the Scheme is subject to the satisfaction or waiver of a number of Scheme Conditions. If the Scheme Conditions are not satisfied or waived by their Relevant Dates, the Scheme will not proceed (in which case Milton Shareholders will not receive the Scheme Consideration or Special Dividend or be entitled to the benefit of the WHSP Final Dividend).

(h) Implications for Milton Shareholders if the Scheme is not implemented

- (i) **(No Scheme Consideration or Special Dividend):** If the Scheme is not implemented, each Milton Shareholder will retain their Milton Shares and will not receive any Scheme Consideration or the Special Dividend, and will also not be entitled to the benefit of the WHSP Final Dividend.
- (ii) **(Remain listed):** If the Scheme is not implemented, Milton will remain listed on the ASX. Milton Shareholders will continue to be exposed to the risks and benefits of owning Milton Shares.
- (iii) **(Share price drop):** The Independent Milton Directors expect that, if the Scheme is not implemented, the Milton Share price would be likely to trade below its recent trading price, although it is not possible to predict the Milton Share price movement with any degree of certainty.

(i) Deemed warranties by Scheme Participants

The effect of the Scheme is that all Scheme Participants, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to WHSP (and have authorised Milton to warrant to WHSP as agent and attorney for the Scheme Participant), that, as at the Implementation Date, their Milton Shares are fully paid and free from all encumbrances and that the Scheme Participant has the power to sell their Milton Shares to WHSP under the Scheme. The terms of the warranties are set out in clause 5.6 of the Scheme and are summarised in section 5.9 of this Scheme Booklet. The Scheme is set out in Annexure D.

You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.

²⁶ Subject to availability of sufficient franking credits, Milton satisfying applicable Corporations Act requirements for payment of the dividend. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

5. Implementation of the Scheme

5.1 Introduction

The Scheme is a scheme of arrangement under Part 5.1 of the Corporations Act. A scheme of arrangement is commonly used to give effect to the merger of two companies.

The key terms of the Scheme, if approved and implemented, will involve:

- (a) the acquisition by WHSP on the Implementation Date of all Milton Shares not already held by WHSP as at the Scheme Record Date;
- (b) the provision of the Scheme Consideration to Scheme Participants who hold Milton Shares at the Scheme Record Date; and
- (c) the payment of the Special Dividend to Scheme Participants who hold Milton Shares on the Special Dividend Record Date²⁷.

This section explains the steps involved in implementing the Scheme (a copy of which is contained in Annexure D).

5.2 Steps in implementing the Scheme

(a) Scheme Implementation Agreement

On 22 June 2021, Milton and WHSP entered into the Scheme Implementation Agreement which sets out each of Milton and WHSP's rights and obligations in connection with the implementation of the Scheme.

The Scheme Implementation Agreement (excluding annexures) is contained in Annexure C. Certain key aspects of the Scheme Implementation Agreement are summarised in section 5 of this Scheme Booklet.

(b) Deed Poll

On 2 August 2021, WHSP executed the Deed Poll in favour of each Scheme Participant, pursuant to which WHSP agreed to perform its obligations under the Scheme and to otherwise comply with the Scheme as if WHSP was a party to the Scheme.

The key obligation of WHSP under the Scheme is to provide the Scheme Consideration to each Scheme Participant subject to satisfaction or waiver of the Scheme Conditions.

A copy of the Deed Poll is set out in Annexure E.

(c) Scheme Meeting

On 5 August 2021, the Court ordered that Milton convene a meeting of Milton Shareholders to consider and vote on the Scheme. The Court ordered that the Scheme Meeting be held at 10.00am on 13 September 2021.

Instructions on how to attend and vote at the Scheme Meeting are set out in section 3 of this Scheme Booklet and in the Notice of Scheme Meeting in Annexure F.

²⁷ Subject to availability of sufficient franking credits, Milton satisfying applicable Corporations Act requirements for payment of the dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

5. Implementation of the Scheme continued

No endorsement by the Court

The fact that under section 411(1) of the Corporations Act the Court ordered on 5 August 2021 that a meeting of the Milton Shareholders be convened by Milton to consider and vote on the Scheme does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Milton Shareholders should vote (on this matter, Milton Shareholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Scheme Booklet.

Required majority to pass resolutions

For the Scheme to be implemented, it is necessary that the Requisite Majority of Milton Shareholders vote in favour of the resolution to approve the Scheme at the Scheme Meeting.

If the Requisite Majority of Milton Shareholders approve the Scheme at the Scheme Meeting, the result of the Scheme Meeting will be announced during the Scheme Meeting and to the ASX shortly after conclusion of the Scheme Meeting.

(d) Second Court Hearing

In order to become Effective, the Scheme (with or without modification) must be approved by an order of the Court at the Second Court Hearing in accordance with section 411(4)(b) of the Corporations Act.

Apply for approval

If the Scheme is approved at the Scheme Meeting by the Requisite Majority, Milton intends to apply to the Court for the necessary orders approving the Scheme.

The Court has an overriding discretion whether or not to approve the Scheme under section 411(4)(a)(ii)(A) of the Corporations Act and can, for example, disregard the Headcount Test. Milton reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

If the Scheme is approved at the Scheme Meeting by the Requisite Majority, but not subsequently approved by the Court at the Second Court Hearing, then the Scheme will not proceed.

Opposing the Scheme

Each Milton Shareholder has the right to seek leave to appear at Court at the Second Court Hearing and be heard in respect of the Scheme.

The Second Court Hearing is scheduled to be held at 10:15am on 20 September 2021 in the Federal Court of Australia (Sydney registry). Information on attending the Second Court Hearing will be released on ASX if the Scheme is approved by Milton Shareholders at the Scheme Meeting.

If you want to object to approval of the Scheme by the Court at the Second Court Hearing, you must file with the Court and serve on Milton a notice of appearance in the prescribed form together with any affidavit that you propose to rely on at the hearing.

The notice of appearance and affidavit must be served on Milton at its address for service at least three days before the Second Court Hearing. The postal address for service is Level 5, 261 George Street, Sydney, NSW, 2000.

(e) Record dates

Determination of entitlement to Scheme Consideration

Milton Shareholders (other than WHSP and its Subsidiaries) will be entitled to receive the Scheme Consideration under the Scheme if they are registered as holders of Milton Shares on the Scheme Record Date.

The Scheme Record Date is currently proposed to be 7.00pm on 27 September 2021.

In this Scheme Booklet, Milton Shareholders as at the Scheme Record Date (other than WHSP and its Subsidiaries) are referred to as 'Scheme Participants'.

From the Scheme Record Date (and other than for WHSP following the Implementation Date), the Share Register will close for transfers and all holding statements for Milton Shares (other than holding statements in favour of WHSP and its Subsidiaries) will cease to have effect as documents of title. Each entry on the Share Register on the Scheme Record Date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

Determination of entitlement to Special Dividend

Milton Shareholders will be entitled to receive the Special Dividend if they hold Milton Shares as at the Special Dividend Record Date²⁸.

The Special Dividend Record Date is currently proposed to be 7.00pm on 22 September 2021.

(f) Effective Date

If the Court approves the Scheme at the Second Court Hearing, Milton will (pursuant to section 411(10) of the Corporations Act) lodge with ASIC the office copy of the Court order approving the Scheme. Milton intends to lodge the office copy of the Court order with ASIC on the Effective Date, which is expected to be 21 September 2021.

If the Scheme Conditions are satisfied or waived, the Scheme will legally come into effect on the Effective Date.

If the Scheme has not become Effective or the relevant Scheme Conditions have not been satisfied or waived by 17 December 2021 or such later date as Milton and WHSP agree in writing (being the End Date), the Scheme will lapse and be of no further force or effect.

(g) Implementation Date

The Implementation Date of the Scheme is the date which is five Business Days after the Scheme Record Date or such other date as agreed by Milton and WHSP. The Implementation Date is currently proposed to be 5 October 2021.

If the Scheme becomes Effective, on the Implementation Date:

- all Milton Shares held by Scheme Participants will be transferred to WHSP without any further action required by Scheme Participants;
- all Scheme Participants (other than Ineligible Overseas Shareholders²⁹) will receive the Scheme Consideration and will have their names entered on the WHSP Register as the holder of their New WHSP Shares;
- all Scheme Participants are expected to be paid the Special Dividend³⁰;
- Milton will enter the name of WHSP in the Share Register in respect of the Milton Shares; and
- Milton will become a wholly owned subsidiary of WHSP.

More information about the provision of the Scheme Consideration on the Implementation Date and the payment of the Special Dividend on the Special Dividend Payment Date is set out in sections 6.4 and 6.7 of this Scheme Booklet respectively.

28 Subject to availability of sufficient franking credits, Milton satisfying applicable Corporations Act requirements for payment of the dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

29 Please refer to section 6.6 of the Scheme Booklet which describes how Ineligible Overseas Shareholders will be treated under the Scheme.

30 Subject to availability of sufficient franking credits, Milton satisfying applicable Corporations Act requirements for payment of the dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

5. Implementation of the Scheme continued

(h) Suspension and delisting

If the Scheme becomes Effective, Milton will apply to the ASX to suspend trading on the ASX in Milton Shares with effect from the close of trading on the Effective Date.

After the Implementation Date of the Scheme, Milton will apply to the ASX for termination of the official quotation of Milton Shares on the ASX and to have itself removed from the official list of the ASX.

(i) Trading in New WHSP Shares

WHSP will seek confirmation from the ASX that, from the Business Day after the Effective Date (or any later date as the ASX requires), the New WHSP Shares will be listed for quotation on the official list of the ASX.

The New WHSP Shares are expected to commence trading on the ASX, initially on a deferred settlement basis from 22 September 2021, and on a normal settlement basis from 6 October 2021.

The exact number of New WHSP Shares to be issued to each Scheme Participant (other than Ineligible Overseas Shareholders) will not be known until after the Scheme Record Date and will not be confirmed to each relevant Scheme Participant until they receive their holding statements following the Implementation Date. It is the responsibility of each relevant Scheme Participant to confirm their holdings of New WHSP Shares before they trade them, to avoid the risk of committing to sell more than will be issued to them.

5.3 Scheme Conditions

The Scheme will not proceed unless all the Scheme Conditions are satisfied or waived (if capable of being waived) in accordance with the Scheme Implementation Agreement or Scheme (as applicable).

The Scheme Conditions are set out in clause 3.2 of the Scheme Implementation Agreement and clause 3.1 of the Scheme.

The Scheme Conditions are summarised below:

No	Condition	Beneficiary
Scheme Conditions		
1	Independent Expert's Report The Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants before the date on which the Scheme Booklet is lodged with ASIC and the Independent Expert does not change its opinion or otherwise withdraw the report before 8:00am on the Second Court Date.	Milton/ WHSP
2	ASIC approval Before 8.00am on the Second Court Date, ASIC issues or provides any consents or approvals, or has done any other acts, which the parties agree are reasonably necessary or desirable to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time.	Milton/ WHSP
3	Shareholder approval The Scheme is approved by Milton Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act.	Milton/ WHSP
4	Court approval The Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme and, if applicable, Milton and WHSP have accepted in writing any modification or condition made or required by the Court.	Milton/ WHSP

No	Condition	Beneficiary
5	Court orders taking effect The orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme coming into effect under section 411(10) of the Corporations Act.	Milton/ WHSP
6	Other regulatory approvals Before 8.00 am on the Second Court Date, ASX has confirmed that WHSP is not required to obtain the approval of holders of WHSP Shares to issue the Scheme Consideration or re-comply with ASX's admission and quotation requirement (or if it does so require then that approval has been obtained or those requirements satisfied).	Milton/ WHSP
7	Deed Poll The Deed Poll has not been terminated as at 8.00am on the Second Court Date.	Milton/ WHSP
8	No restraint adversely affecting implementation No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the acquisition by WHSP of all the Milton Shares held by Scheme Participants or otherwise preventing implementation of the Scheme is in effect at 8.00am on the Second Court Date.	Milton/ WHSP
9	No Target Material Adverse Effect During the period commencing on 22 June 2021 and ending at the end of the Business Day immediately preceding the date of the Scheme Meeting, no one or more events, occurrences or matters individually or in aggregate that have or could reasonably be expected to have a Target Material Adverse Effect, occurs or becomes known to WHSP..	WHSP
10	No Target Prescribed Event During the period commencing on 22 June 2021 and ending at 8.00am on the Second Court Date, no Target Prescribed Event occurs.	WHSP
11	Target representations and warranties Each of the representations and warranties given or made by Milton under clause 11 of the Scheme Implementation Agreement is true and correct as at the time it is given or made.	WHSP
12	No Bidder Material Adverse Effect No Bidder Material Adverse Effect having occurred.	WHSP
13	Portfolio³¹ Before 8.00am on the Second Court Date, Milton has ensured that it does not have a relevant interest in any ordinary shares issued by Brickworks Limited.	WHSP
14	No Bidder Prescribed Event During the period commencing on 22 June 2021 and ending at 8.00am on the Second Court Date, no Bidder Prescribed Event occurs.	Milton

31 WHSP currently owns 43.3% of Brickworks. WHSP has required that Milton dispose of its 2.13% shareholding in Brickworks prior to the Second Court Date so as to ensure that there is not an impact on the control of Brickworks as a result of the acquisition of Milton. Such an impact on control might impose additional requirements on WHSP or Brickworks under the Corporations Act.

5. Implementation of the Scheme continued

No	Condition	Beneficiary
15	NTA fall The NTA of Milton as at 5.00pm on the Business Day immediately preceding the date of the Scheme Meeting is not less than \$4.488 per Milton Share (for the avoidance of the doubt the NTA of Milton 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).	Milton
16	New Bidder Shares The New WHSP Shares to be issued pursuant to the Scheme are approved for official quotation by ASX subject to customary conditions by, and such approval has not been withdrawn, suspended or revoked before, 8.00am on the Second Court Date.	Milton
17	Bidder representations and warranties Each of the representations and warranties given or made by WHSP under clause 11 of the Scheme Implementation Agreement are true and correct as at the time it is given or made.	Milton

5.4 Status of Scheme Conditions

As at the date of this Scheme Booklet, neither Milton nor WHSP is aware of any circumstances which would cause any Scheme Conditions not to be satisfied or any termination right to be enlivened.

A statement about the status of Scheme Conditions will be made at the commencement of the Scheme Meeting.

5.5 If the Scheme does not proceed

If the Scheme does not proceed, Milton Shareholders will continue to hold Milton Shares and will not receive the Scheme Consideration or the Special Dividend (and will not be entitled to the benefit of the WHSP Final Dividend). In the absence of any Superior Proposal to the Scheme, Milton will continue as a standalone ASX listed entity. Milton may, in addition to the normal risks it faces, be exposed to the additional risks as described in section 10.4 of the Scheme Booklet.

Milton will be liable to pay certain transaction costs relating to the Scheme regardless of whether the Scheme proceeds. If the Scheme is implemented, additional costs will be incurred.

5.6 Exclusivity arrangements and competing proposals

Under the Scheme Implementation Agreement, Milton has agreed to certain exclusivity restrictions that are summarised below. Milton agreed to these exclusivity restrictions with WHSP after engaging in arms-length negotiations during the course of the preparation of the Scheme Implementation Agreement.

Full details of these restrictions are contained in clause 9 of the Scheme Implementation Agreement.

These restrictions apply to Milton during the Exclusivity Period.

Restriction	Description
No shop	Milton must not directly or indirectly solicit, initiate, invite or encourage any inquiries, proposals or discussions with a view to obtaining, or that may be reasonably be expected to encourage or lead to, any Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme (whether from a party with whom Milton has previously been in discussions or not).

Restriction	Description
No talk	Milton must not directly or indirectly 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.
No due diligence	Milton must not directly or indirectly solicit, initiate, invite or encourage any third party to undertake due diligence investigations in respect of Milton, any of its related bodies corporate or any of their businesses and operations, in connection with or with a view to obtaining, or that may reasonably be expected to encourage or lead to, any Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme.
Other restrictions	<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. ■ Milton must not approve, recommend or implement a Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme or announce an intention to do so. ■ Milton must not disclose any non-public information about its business or affairs 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 to the extent those obligations have been disclosed to WHSP and cannot be terminated.

Provided the "no shop" restriction has been complied with, Milton may respond to any bona fide approach by a third party where the Milton Directors, acting in good faith and after taking advice from Milton's external advisers, determine that such approach would lead to a superior Competing Transaction and if failure to do so would, in the reasonable opinion of the Milton Directors, be likely to involve a breach of the duties of the Milton Directors.

Milton must immediately notify WHSP if Milton proposes to respond to any such approach by a third party, and provide WHSP with any confidential information concerning Milton that is intended to be provided to the third party in connection with the Competing Transaction.

5.7 Termination of the Scheme Implementation Agreement

The circumstances in which the Scheme Implementation Agreement can be terminated are set out in full in clause 10 of the Scheme Implementation Agreement.

Below is a summary of the termination rights of the parties under the Scheme Implementation Agreement:

Cause for termination	Description of termination right
Mutual agreement	Milton and WHSP may terminate by mutual agreement in writing.
Scheme Conditions not satisfied OR Scheme not Effective by End Date	<p>If any Scheme Condition is not satisfied, cannot be satisfied or is reasonably unlikely to be able to be satisfied, and has not been waived, by its Relevant Date, or if the Scheme has not become Effective by the End Date, and Milton and WHSP are unable to reach agreement on an extension to the Relevant Date or End Date or both (as applicable), then:</p> <ul style="list-style-type: none"> ■ either Milton or WHSP may terminate; or ■ if the Scheme Condition exists for the benefit of one party only, that party only may terminate.

5. Implementation of the Scheme

continued

Cause for termination	Description of termination right
Competing Transaction	Milton may terminate if the Milton Board determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of the 'no shop' restrictions ³² is a Superior Proposal.
Material breach by WHSP	<p>Milton may terminate at any time prior to 8.00am on the Second Court Date if:</p> <ul style="list-style-type: none"> WHSP is in material breach of its obligations under clause 3.3 relating to procuring the satisfaction of the Scheme Conditions; WHSP is in material breach of its obligations under clause 4 relating to production of the Scheme Booklet and implementation of the Scheme as soon as reasonably practicable and in accordance with the agreed timetable for the Scheme; or the representations and warranties given by WHSP under clauses 11.1 or 11.3 are not true and correct, <p>provided that WHSP has, if practicable, given notice to Milton setting out the relevant circumstances and those circumstances continue to exist ten Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given.</p>
Material breach by Milton	<p>WHSP may terminate at any time prior to 8.00am on the Second Court Date if:</p> <ul style="list-style-type: none"> Milton is in material breach of its obligations under clause 3.3 relating to procuring the satisfaction of the Scheme Conditions; Milton is in material breach of its obligations under clause 4 relating to production of the Scheme Booklet and implementation of the Scheme as soon as reasonably practicable and in accordance with the agreed timetable for the Scheme; or the representations and warranties given by Milton under clauses 11.1 or 11.2 are not true and correct, <p>provided that Milton has, if practicable, given notice to WHSP setting out the relevant circumstances and those circumstances continue to exist ten Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given.</p>
Lack of support from Milton	<p>WHSP may terminate at any time prior to 8.00am on the Second Court Date if any of the directors of the Milton board:</p> <ul style="list-style-type: none"> changes his or her recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to the recommendation (including by attaching any qualifications to), or otherwise makes a public statement indicating that it no longer supports the Scheme; or recommends a Competing Transaction.

³² The 'no shop' restrictions are summarised in section 5.6 of this Scheme Booklet and set out in full in clause 9.2(a) of the Scheme Implementation Agreement.

5.8 Warranties in Scheme Implementation Agreement

Under the Scheme Implementation Agreement, Milton and WHSP each provide a range of representations and warranties to the other in relation to their respective organisations and operations as well as their provision of information to the other in the context of the Proposed Transaction. Clause 11 of the Scheme Implementation Agreement contains these warranties and representations.

5.9 Warranties by Scheme Participants under the Scheme

The effect of the Scheme is that each Scheme Participant, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to WHSP (and to have authorised Milton to warrant to WHSP as agent and attorney for the Scheme Participant) that:

- all their Milton Shares which are transferred to WHSP under the Scheme are, as at the Implementation Date, fully paid and free from all encumbrances; and
- they have full power and capacity to sell and to transfer their Milton Shares (including any rights and entitlements attaching to those shares) to WHSP under the Scheme.

The terms of the warranties are set out in clause 5.6 of the Scheme. The Scheme is set out in Annexure D.

6. Scheme Consideration and Dividends

This section provides information regarding the Scheme Consideration and the Dividends which is relevant for Milton Shareholders.

6.1 Overview

Under the Scheme, Milton Shareholders will be issued New WHSP Shares in exchange for their Milton Shares. The number of New WHSP Shares to be issued to each Milton Shareholder will be calculated by reference to Milton's NTA per share adjusted for the Milton Final Dividend and a Special Dividend, plus a 10% premium, and WHSP's one month VWAP (capped at \$31.00). Any decrease in the Milton Final Dividend or the Special Dividend increases the NTA that is eligible for the premium and any increase in the Milton Final Dividend or the Special Dividend decreases the NTA that is eligible for the premium.

The calculation of the Exchange Ratio will be based on the following formula:

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

Where:

- **Milton Adjusted NTA** means the NTA of Milton as at the Calculation Date less the aggregate amount in respect of all Milton Shares of the Milton Final Dividend or the Special Dividend which have been declared or are the subject of a decision to pay (whether or not all or part of the Milton Final Dividend or Special Dividend has been actually paid as at the Calculation Date); and
- **WHSP Reference Price** means the lower of:
 - the VWAP of WHSP Shares for the one month ending on, and including, the Calculation Date; and
 - \$31.00.

The Exchange Ratio to determine the number of New WHSP Shares that will be issued for each Milton Share will be fixed 7 business days prior to the Scheme Meeting, and Milton Shareholders will be notified of the Exchange Ratio via an announcement on the ASX.

The below table sets out a range of illustrative scenarios based on share prices on the Last Practicable Date and illustrates the impact of potential movements in the Milton Adjusted NTA.

Milton Adjusted NTA movement	(15.0%)	(10.0%)	(5.0%)	0.0%	5.0%	10.0%	15.0%
Milton Adjusted NTA	\$4.32	\$4.57	\$4.83	\$5.08	\$5.33	\$5.59	\$5.84
WHSP Share Price	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65	\$32.65
WHSP Reference Price	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00	\$31.00
Exchange Ratio	0.1532	0.1622	0.1712	0.1803	0.1893	0.1983	0.2073
Implied value per Milton Share (including dividends)	\$5.51	\$5.81	\$6.10	\$6.40	\$6.70	\$7.00	\$7.29

6.2 Value and methodology

Based on Milton's NTA and the share price of WHSP Shares on the Last Practicable Date, and the one month VWAP of WHSP Shares, Milton Shareholders are expected to receive a total value of \$6.40 per Milton Share comprising:

- 0.1803 New WHSP Shares per Milton Share³³;
- a fully franked Special Dividend of approximately 37 cents per Milton Share;
- the fully franked Milton Final Dividend of 8 cents per Milton Share³⁴; and
- the fully franked WHSP Final Dividend, of which Milton Shareholders are estimated to be entitled to 6 cents per Milton Share³⁵.

If the Dividends are paid, 22 cents per Milton Share of franking credits will be distributed to Milton Shareholders.

Payment of the Dividends and whether you will be able to realise the full benefit of the franking credits is subject to sections 6.7 to 6.9.

Proposed Offer Value		Value	Franking credits
A	Milton NTA per share	\$5.53	
B	Less: Milton dividends (Special and final)	\$0.45	\$0.19
C	Milton dividend adjusted NTA (A-B)	\$5.08	
D	Add: 10% premium (C*10%)	\$0.51	
E	Milton premium adjusted NTA (C+D)	\$5.59	
F	WHSP Reference Price (lower of \$31 or one month VWAP)	\$31.00	
G	Exchange Ratio (E/F)	0.1803	
H	WHSP share price	\$32.65	
I	Market value per share of WHSP shares received (G*H)	\$5.89	
J	WHSP Final Dividend ¹	\$0.36	
K	Value of WHSP Final Dividend per Milton share (G*J) ²	\$0.06	\$0.03
Total value to Milton shareholders (B+I+K)		\$6.40	\$0.22
<p>1. Subject to availability of sufficient franking credits and WHSP satisfying applicable Corporations Act requirements for payment of the dividend, Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances. In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.</p> <p>2. Assuming an Exchange Ratio of 0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.</p>			

The implied value of \$6.40 per Milton Share is equivalent to an enterprise value of \$4.26 billion based on a \$4.32 billion equity value and \$59.7 million net cash balance.

33 Milton Shareholders should consider the findings contained in the Independent Expert's Report contained in Annexure A, which has assessed the value of Milton Shares as between \$5.07 and \$5.69 per Milton Share and has assessed the value of the total consideration (comprising the Scheme Consideration, the Milton Final Dividend and the Special Dividend) at between \$5.83 and \$6.36 per Milton Share. It should be noted that the total consideration assessed by the Independent Expert does not include the value of the WHSP Final Dividend, which is included in the total value per Milton Share presented elsewhere in this Scheme Booklet (being \$6.40), and which contributes an additional \$0.06 of value based on share prices and the Milton NTA as at the Last Practicable Date. The Independent Expert has excluded Scheme Participant's entitlement to the WHSP Final Dividend in determining the value of the total consideration on the basis that WHSP will not go ex-dividend until after implementation of the Scheme.

34 As announced to ASX on 23 July 2021.

35 Assuming an Exchange Ratio of 1: 0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

6. Scheme Consideration and Dividends continued

6.3 Entitlement to Scheme Consideration

Scheme Participants, being Milton Shareholders (other than WHSP and its Subsidiaries) whose names appear on the Share Register as at the Scheme Record Date (7.00pm on 27 September 2021), will be entitled to receive the Scheme Consideration under the Scheme.

Dealings on or prior to the Scheme Record Date

For the purpose of establishing the persons who are entitled to participate in the Scheme, dealings in Milton Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Milton Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm on 27 September 2021.

Milton will not accept for registration or recognise any transfer or transmission application received after such times or received before such times but not in registrable or actionable form.

Dealings after the Scheme Record Date

For the purpose of determining entitlements to Scheme Consideration, Milton will maintain the Share Register in accordance with the terms of the Scheme and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

As from the Scheme Record Date (other than for WHSP after the Implementation Date), each entry current on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Milton Shares relating to that entry.

All statements of holding in respect of Milton Shares will cease to have effect after the Scheme Record Date as documents of title in respect of those shares (other than statements of holdings in favour of WHSP).

6.4 Provision of the Scheme Consideration

WHSP has entered into the Deed Poll under which WHSP covenants in favour of Scheme Participants to provide the Scheme Consideration in accordance with the Scheme.

If the Scheme becomes Effective, WHSP must issue the New WHSP Shares to each Scheme Participant entitled to receive New WHSP Shares under the Scheme and enter their name in WHSP's register of members as the holder of those New WHSP Shares on the Implementation Date.

6.5 Fractional entitlements

Any entitlements to a fraction of a New WHSP Share arising under the calculation of Scheme Consideration will be rounded up or down to the nearest New WHSP Share (and if the fractional entitlement would include one-half of a New WHSP Shares, the entitlement will be rounded up).

6.6 Ineligible Overseas Shareholders

Ineligible Overseas Shareholders will participate in the Scheme on the same basis as all other Scheme Participants. However, Ineligible Overseas Shareholders will not receive the New WHSP Shares to which they would otherwise be entitled under the Scheme. Instead, the New WHSP Shares that Ineligible Overseas Shareholders would otherwise be entitled to will be issued to a nominee of WHSP who will sell them on the ASX as soon as reasonably practicable and in any event no more than 30 days after the Implementation Date, at such a price as the nominee determines in good faith.

WHSP's nominee will then remit the net proceeds of the sale received (after deducting any applicable brokerage, stamp duty and other costs, taxes and charges) to each Ineligible Overseas Shareholder an amount equal to the proportion of the net proceeds of sale received by WHSP to which that Ineligible Overseas Shareholder is entitled, in satisfaction of their entitlement to the Scheme Consideration.

Full details of this process are contained in clause 6.3 of the Scheme (which is set out in Annexure D).

6.7 Special Dividend

Milton Shareholders are expected to receive the Special Dividend (being a fully franked special dividend which Milton estimates will be approximately 37 cents per Milton Share), subject to:

- the Scheme being approved and becoming Effective³⁶;
- the availability of sufficient franking credits; and
- Milton's satisfaction of the applicable Corporations Act requirements for payment of the dividend.

The Special Dividend is expected to be paid on the Special Dividend Payment Date (5 October 2021) to Milton Shareholders who hold Milton Shares on the Special Dividend Record Date (7.00pm on 22 September 2021). Whether you will be able to realise the full benefit of the franking credits attached to the Special Dividend will depend on your tax status and specific circumstances. Milton Shareholders should seek independent taxation advice in respect of this matter and refer to section 11 of this Scheme Booklet.

The Special Dividend will be funded by a combination of cash reserves and the liquidation of some equity portfolio securities.

The Milton Dividend Reinvestment Plan will not operate for the Special Dividend.

6.8 Other dividends

In addition to receiving the Special Dividend, Milton Shareholders are expected to receive:

- the Milton Final Dividend, being a fully franked final dividend of 8 cents per Milton Share³⁷; and
- a WHSP Final Dividend, being a fully franked final dividend which WHSP indicatively estimates to be 36 cents per WHSP Share (being equivalent to 6 cents per Milton Share^{38,39}),

in each case subject to satisfaction of the applicable Corporations Act requirements for payment of the dividend (and in the case of the WHSP Final Dividend, availability of sufficient franking credits the Scheme being becoming Effective and the Milton Shareholder being on the WHSP Register at the WHSP Final Dividend Record Date). Whether you will be able to realise the full benefit of the franking credits attached to the Milton Final Dividend will depend on your tax status and specific circumstances. Milton Shareholders should seek independent taxation advice in respect of this matter and refer to section 11 of this Scheme Booklet.

The Milton Dividend Reinvestment Plan will not operate for the Milton Final Dividend.

36 Under the Scheme Implementation Agreement, Milton is permitted to pay the Agreed Dividends (which comprises the Special Dividend and Milton Final Dividend). This is an exception to the general prohibition under the Scheme Implementation Agreement on Milton declaring or paying any dividend or other distribution prior to 8.00am on the Second Court Date.

37 As announced to ASX on 23 July 2021.

38 Assuming an Exchange Ratio of 1: 0.1803 (calculated as at the Last Practicable Date) and a WHSP Final Dividend of 36 cents per WHSP Share.

39 The final amount and payment of the WHSP Final Dividend will be determined by the WHSP Board subject to no material events occurring, WHSP Board discretion having regard to financial and market conditions and maintenance of financial strength and flexibility consistent with WHSP's capital management framework.

6. Scheme Consideration and Dividends continued

Payment of the Dividends is estimated to occur on the following dates:

- Milton Final Dividend: 14 September 2021
- Special Dividend: 5 October 2021
- WHSP Final Dividend: 14 December 2021

These dates are indicative and subject to change.

6.9 Maximum amount of dividends

Under the Scheme Implementation Agreement, Milton is permitted to pay the Agreed Dividends (comprising the Special Dividend and Milton Final Dividend). Any decision or declaration to pay the Agreed Dividends must be made by Milton no later than two Business Days prior to the Calculation Date.

The Agreed Dividends must not exceed in aggregate a total amount of \$0.45 per Milton Share on issue.

6.10 Tax consequences

A general guide to the Australian consequences for Scheme Participants who are Australian tax residents is set out in section 11 of this Scheme Booklet. This guide is not intended to provide specific tax advice in respect of the individual circumstances of any Scheme Participants, who should obtain their own independent professional tax advice.

7. Information about Milton

7.1 Responsibility for information

The information set out in this section was prepared by Milton. Milton is responsible for the information contained in this section.

7.2 Background

Milton is a listed investment company that invests its own funds in a diversified portfolio which is managed internally by its directors and executives. Milton predominantly invests in ASX listed companies and trusts. Milton also has investments in property development joint ventures which, as at the Last Practicable Date, represent less than 1.0% of Milton's total equity investments.

7.3 Corporate history

Milton (ASX: MLT) was established as a private investment company for four shareholders on the 11th of November 1938 and listed on the Sydney Stock Exchange in 1958 (and is now listed on the ASX). Milton's capital has increased through a combination of share issues, acquisitions and retained profits. Milton now has approximately 30,000 shareholders and net assets of \$3,162,572,000 (as at 30 June 2021).

7.4 Investment strategy

Milton aims to:

- increase fully franked dividends paid to shareholders over time;
- provide capital growth of shareholders' investments; and
- invest in a diversified portfolio of assets which are predominantly Australian listed companies and trusts.

Milton aims to achieve this whilst maintaining a low cost base. Administration costs currently represent 0.14% of assets annually.

7.5 Investment portfolio

As at the Last Practicable Date, the top 20 holdings in the investment portfolio of Milton were:

	Market Value \$m	Share of Total Assets %
Top 20 Investments		
Commonwealth Bank	312.9	8.4
W H Soul Pattinson & Company Limited	299.6	8.0
B H P Group Limited	259.7	7.0
Macquarie Bank Limited	255.1	6.8
Westpac Banking Corporation	245.1	6.6
Wesfarmers Limited	175.9	4.7
CSL Limited	173.7	4.7
National Australia Bank	126.5	3.4
Woolworths Limited	113.8	3.0
Eagers Automotive Limited	107.5	2.9
Rio Tinto Limited	89.3	2.4
Transurban Group	83.2	2.2
Brickworks Limited	78.4	2.1
ALS Limited	77.5	2.1
Telstra Corporation Ltd	57.6	1.5
Coles Group Limited	52.4	1.4
Johns Lyng Group	51.9	1.4
Arcor Plc	50.7	1.4
Perpetual Limited	46.2	1.2
ARB Corporation Limited	42.5	1.1
Total Top 20 Investments	2,699.5	72.3

7. Information about Milton continued

7.6 Directors, company secretary and senior management

This section provides details of the Milton Directors and key management personnel of Milton as at the date of this Scheme Booklet.

(a) Directors

Robert Dobson Millner FAICD
Chairman, Non-Executive Director

Director of Milton since 1998 and appointed Chairman in 2002. Chairman of the Investment and Remuneration Committees. Extensive experience in the investment industry.

Brendan John O'Dea B.Ec, M.Bus, CA, MAICD
Managing Director

Managing Director of Milton with effect from 1 August 2018. Member of the Investment Committee. A Chartered Accountant with extensive investing and business management experience and over 22 years at a global investment bank as a Managing Director.

Graeme Lindsay Crampton B.Ec, FCA, FAICD
Non-Executive Director

Director of Milton since 2009. Chairman of the Audit & Risk Committee and a member of the Remuneration Committee. A Chartered Accountant and former partner of a major firm of Chartered Accountants for over 28 years with extensive experience in the investment industry.

Kevin John Eley CA, F Fin, FAICD
Non-Executive Director

Director of Milton since 2011. Member of the Investment and Audit & Risk Committees. A Chartered Accountant with extensive experience in the investment industry.

Justine Elizabeth Jarvinen BE(Chem), F Fin, GAICD
Non-Executive Director

Director of Milton since 2017. Member of the Investment Committee. An Engineer with experience in equity markets and strategy development.

Ian Alfred Pollard BA (Macq), MA (Oxon), D Phil (IMC), FIAA, FAICD
Non-Executive Director

Director of Milton since 1998. Member of the Audit & Risk and Remuneration Committees. An Actuary with over 44 years of experience in the investment industry.

(b) Company secretary

Nishantha Seneviratne

Joined Milton in March 2010 and appointed the Company Secretary and Chief Financial Officer in December 2012. Prior to joining Milton, he was a Financial Controller for a group of private companies. A Chartered Accountant and an associate member of the Governance Institute of Australia (GIA) and Institute of Chartered Secretaries and Administrators (ICSA).

7.7 Capital structure

As at the Last Practicable Date, the capital structure of Milton is as set out below:

Milton security	Number on issue
Shares	674,230,364

The top 20 Milton Shareholders in the Share Register held approximately 21.00% of all issued Milton Shares as at the Last Practicable Date. Milton does not have any other type of securities on issue.⁴⁰

7.8 Substantial shareholders

Based on substantial holding notices lodged with the ASX or otherwise known to Milton as at the Last Practicable Date, Milton has no substantial shareholders who have Relevant Interests in a parcel of 5% or more of the total issued Milton Shares.

7.9 Employee incentive plans

Milton currently operates the Milton Senior Staff Share Plan (**SSSP**) and the Employee Share Plan (**ESP**).

(a) Senior Staff Share Plan

Under the SSSP, Milton Shares are acquired by selected employees of Milton who occupy senior positions as determined by Milton from time to time, using a loan made to them by Milton. Loans are repaid via dividends paid by Milton over time. Shares are restricted from being transferred for a period of three years and the loans provided are limited recourse interest free.

As at 30 June 2021, loans associated with the SSSP are \$5,870,932.

The Independent Milton Directors intend to amend the terms of the SSSP to enable SSSP participants (or their nominee) to participate in the Scheme. Following implementation of the Scheme:

- SSSP participants (or their nominee) will hold New WHSP Shares;
- the limited recourse interest free loans made to the SSSP participants by Milton will be repaid via dividends paid by WHSP over time; and
- the New WHSP Shares will continue to be restricted from being transferred based on the terms of the SSSP.

Australian resident SSSP participants (or their nominee) who would otherwise make a capital gain on the disposal of their Milton Shares under the Scheme should be eligible to choose scrip-for-scrip roll-over relief along with other Australian resident shareholders in the ordinary way.

Following implementation of the Scheme, no further shares (whether Milton Shares or WHSP Shares) will be acquired under the SSSP.

⁴⁰ As at the Last Practicable Date, Brickworks is not on the Share Register.

7. Information about Milton continued

(b) Employee Share Plan

Milton intends to terminate the ESP prior to implementation of the Scheme. Participants in the ESP will be entitled to retain their Milton Shares and participate in the Scheme in the same manner as other Milton Shareholders.

As part of the termination of the ESP, the Milton Independent Directors intend to waive any remaining restriction periods in respect of Milton Shares granted under the ESP. Milton intends to apply to the Commissioner of Taxation for relief from any adverse income tax consequences which may result from the waiver of the restriction periods. There can be no guarantee that the Commissioner will grant the relief.

7.10 Historical financial information

This section 7.10 sets out a summary of the following historical financial information in relation to Milton for the purposes of this Scheme Booklet:

- historical consolidated income statements for the financial years ended 30 June 2019 and 30 June 2020 and for the half-year ended 31 December 2020 (**Milton Historical Income Statements**);
- historical consolidated statements of financial position for the financial years ended 30 June 2019 and 30 June 2020 and for the half-year ended 31 December 2020 (**Milton Historical Statements of Financial Position**); and
- historical consolidated statements of cash flows for the years ended 30 June 2019 and 30 June 2020 and for the half-year ended 31 December 2020 (**Milton Historical Statements of Cash Flows**),

(together the **Milton Historical Financial Information**).

The Milton Historical Financial Information has been extracted from the Annual Financial Reports of Milton for the financial years ended 30 June 2019 and 30 June 2020 and from the reviewed financial report for the half-year ended 31 December 2020. Pitcher Partners issued an unmodified audit opinion in relation to Milton's FY19 and FY20 Annual Financial Reports. The financial information has not been subject to further review by an independent accountant.

A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

(a) Basis of preparation

The Milton Historical Financial Information presented is in an abbreviated form and does not contain all the disclosures, presentation, statements, notes or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, AAS and other mandatory professional reporting requirements.

Milton considers that for the purposes of this Scheme Booklet the Milton Historical Financial Information presented in an abbreviated form is more meaningful to Milton Shareholders. Milton's full financial accounts, including all notes to those accounts and a full description of the accounting policies can be found in Milton's financial statements for the respective periods (copies of which are available on the ASX website at www.asx.com.au and Milton's website at www.milton.com.au).

Milton's Annual Financial Reports for FY19 and FY20 were audited and its half-year financial report for the six-month period ended 31 December 2020 was reviewed by Pitcher Partners and prepared in accordance with the Corporations Act and the AAS. Pitcher Partners issued unqualified audit opinions and review conclusion in respect of 31 December 2020 on these financial statements.

(b) Consolidated Milton Historical Income Statements

For the period ended	2021 Half year 31/12/2020 \$'000	2020 Full year 30/6/2020 \$'000	2019 Full year 30/6/2019 \$'000
Ordinary dividends and distributions	39,393	117,210	138,070
Interest	272	1,478	2,629
Net gains on trading portfolio	1,016	789	169
Other revenue	174	661	551
Operating Revenue	40,855	120,138	141,419
Share of net profits of joint ventures – equity accounted	1,341	888	1,504
Special dividends and distributions	1,069	5,761	14,115
Income from operating activities	43,265	126,787	157,038
Administration expenses	(2,347)	(4,528)	(4,220)
Acquisition related costs of subsidiaries	–	–	(124)
Profit before income tax expense	40,918	122,259	152,694
Income tax expense thereon	(2,567)	(5,302)	(5,042)
Profit attributable to shareholders of Milton	38,351	116,957	147,652

For the period ended	2021 Half year 31/12/2020 Cents	2020 Full year 30/6/2020 Cents	2019 Full year 30/6/2019 Cents
Basic and diluted earnings per share	5.71	17.45	22.19

7. Information about Milton

continued

(c) Consolidated Milton Historical Statements of Financial Position

For the period ended	2021 Half year 31/12/2020 \$'000	2020 Full year 30/6/2020 \$'000	2019 Full year 30/6/2019 \$'000
Current assets			
Cash	59,718	114,069	110,306
Receivables	2,954	10,938	15,187
Prepayments	204	410	275
Total current assets	62,876	125,417	125,768
Non-current assets			
Investments	3,142,804	2,706,159	3,141,236
Joint ventures – equity accounted	23,517	24,709	23,125
Receivables	5,068	4,117	3,431
Property, plant and equipment	5,930	5,376	37
Deferred tax assets	312	292	294
Total non-current assets	3,177,631	2,740,653	3,168,123
Total assets	3,240,507	2,866,070	3,293,891
Current liabilities			
Payables	1,063	1,456	1,182
Current tax liabilities	257	782	280
Provisions	108	66	68
Total current liabilities	1,428	2,304	1,530
Non-current liabilities			
Deferred tax liabilities	406,930	289,725	416,657
Provisions	305	274	258
Total non-current liabilities	407,235	289,999	416,915
Total liabilities	408,663	292,303	418,445
Net assets	2,831,844	2,573,767	2,875,446
Shareholders' equity			
Issued capital	1,649,317	1,644,321	1,633,055
Capital profits reserve	71,617	74,263	66,148
Asset revaluation reserve	935,473	661,034	969,156
Retained profits	175,437	194,149	207,087
Total equity attributable to shareholders of Milton	2,831,844	2,573,767	2,875,446

(d) Consolidated Milton Historical Statements of Cash Flows

For the period ended	2021 Half year 31/12/2020 \$'000	2020 Full year 30/6/2020 \$'000	2019 Full year 30/6/2019 \$'000
Cash flows from operating activities			
Dividends and distributions received	48,167	126,106	162,171
Interest received	501	1,564	2,818
Distributions received from joint venture entities	2,533	967	2,500
Other receipts in the course of operations	174	959	465
Proceeds from sales of trading securities	14,638	7,317	169
Payments for trading securities	(13,622)	(6,528)	–
Other payments in the course of operations	(1,852)	(4,740)	(4,557)
Income taxes paid	(2,224)	(4,549)	(4,637)
Net cash provided by operating activities	48,315	121,096	158,929
Cash flows from investing activities			
Proceeds from disposal of investments	12,073	276,270	44,168
Proceeds from redemption of other financial assets	–	1,465	1,153
Payments for investments in equities and trusts	(60,698)	(268,670)	(96,674)
Payments for investments in joint ventures	–	(1,663)	(2,731)
Payments for acquisition related costs of subsidiaries	–	–	(124)
Cash on acquisition of subsidiaries	–	–	5,016
Payments for property, plant and equipment	(975)	(5,377)	(2)
Loans repaid by other entities	105	324	3,177
Loans advanced to other entities	(1,099)	(1,043)	(1,258)
Net cash provided by (used in) investing activities	(50,594)	1,306	(47,275)
Cash flows from financing activities			
Payments for share issue costs	(15)	(32)	(90)
Ordinary dividends paid	(52,057)	(118,607)	(133,073)
Net cash used in financing activities	(52,072)	(118,639)	(133,163)
Net (decrease) increase in cash assets held	(54,351)	3,763	(21,509)
Cash assets at the beginning of the year	114,069	110,306	131,815
Cash assets at the end of the year	59,718	114,069	110,306

7. Information about Milton continued

7.11 Material changes in Milton's financial position

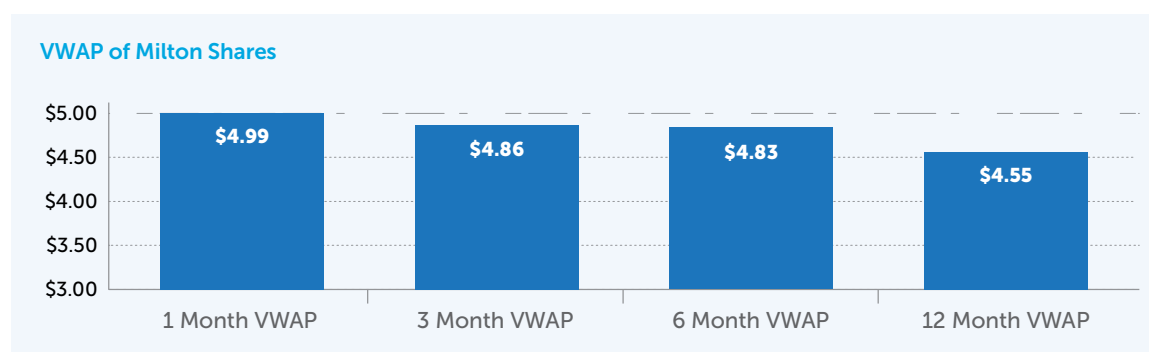
To the knowledge of the Independent Milton Directors, the financial position of Milton as at the Last Practicable Date has not materially changed since the financial year ended 30 June 2020, other than:

- (a) in the ordinary course of trading;
- (b) as a result of generally known market conditions;
- (c) as disclosed in the Appendix 4E released to the ASX by Milton on 23 July 2021; and
- (d) as disclosed elsewhere in this Scheme Booklet or otherwise disclosed to the ASX by Milton.

7.12 Recent Milton share price performance

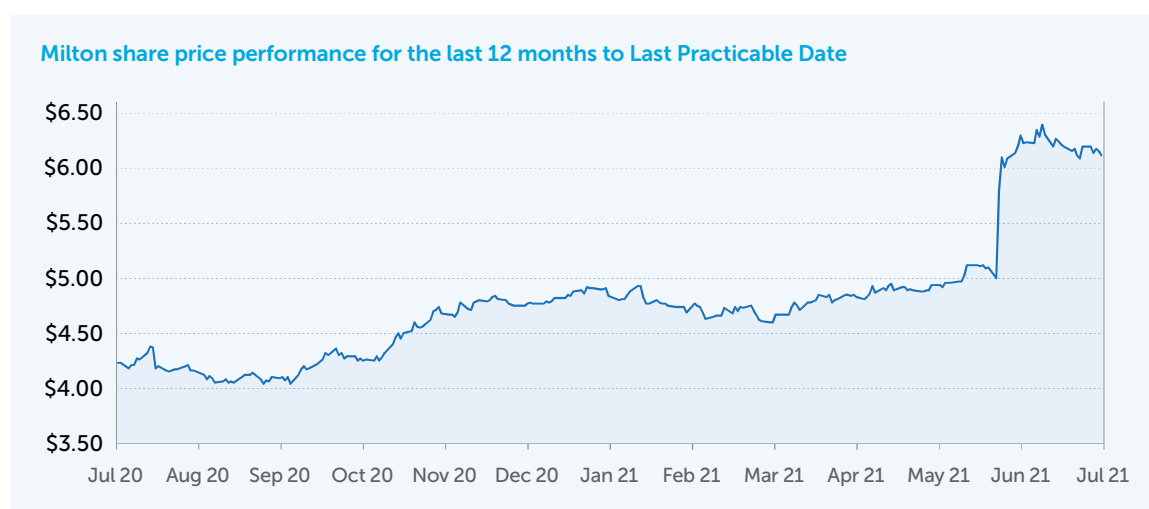
Milton Shares are listed on the ASX under the ticker 'MLT'. The last closing price of Milton Shares on the ASX before the Announcement Date was \$5.00.

The VWAP of Milton Shares on the ASX before the Announcement Date are set out below:



The closing price for Milton Shares on ASX on the Last Practicable Date was \$6.12.

The graph below shows Milton's share price performance during the 12 months up to the Last Practicable Date:



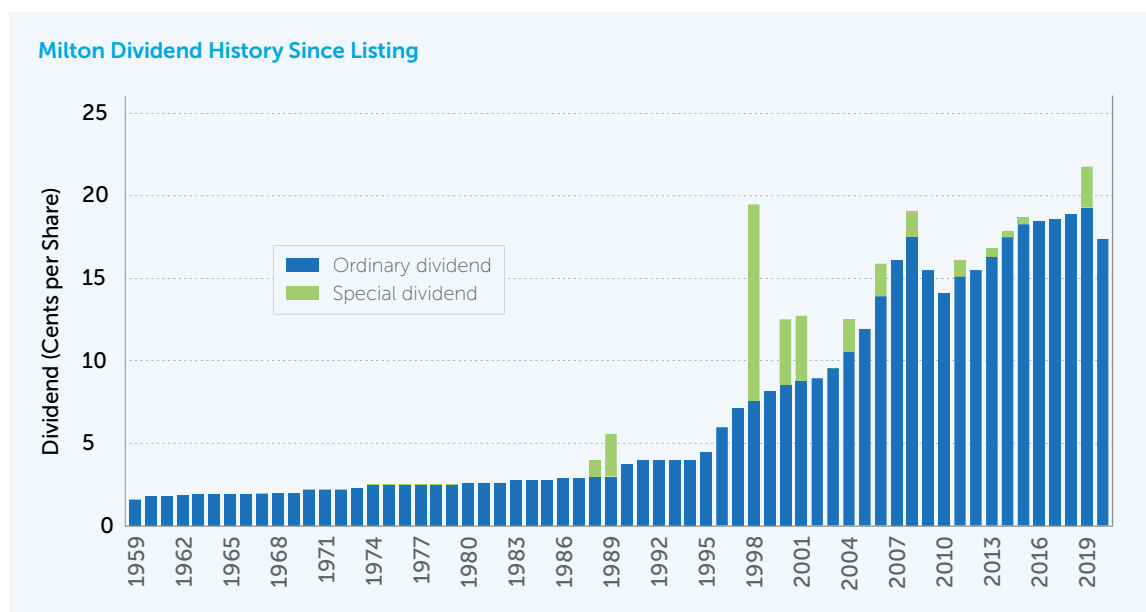
7.13 Profit reserve and franking credits

Milton's Retained Profits Reserve as at 30 June 2021 was \$190,795,455 (estimated before the Milton Final Dividend).

Milton's Realised Capital Profits Reserve as at 30 June 2021 was \$84,506,680 (estimated).

7.14 Milton's dividend policy and history

Milton aims to pay out between 85% and 95% of underlying operating profit as ordinary dividends annually and to pass on to Milton Shareholders fully franked special dividends as they accumulate. Milton paid dividends equalling 105.5% of underlying profits for the financial year ended 30 June 2020.



7.15 Milton's tax losses

Milton had capital gains tax losses as at 31 May 2021 of \$51,704,671 and a related deferred tax asset of \$15,511,402.

7.16 Milton Directors' intentions for the business of Milton

The Corporations Regulations require a statement by the Milton Directors of their intentions regarding Milton's business and employees. If the Scheme is implemented, the existing Milton Directors (other than Mr Robert Dobson Millner) will resign on the Implementation Date, and the Milton Board will be reconstituted in accordance with the instructions of WHSP after the Implementation Date. For further information about the reconstitution of the Milton Board see section 9.4(a) of this Scheme Booklet.

It is for the reconstituted Milton Board to determine its intentions as to:

- (a) the continuation of the business of Milton or how Milton's existing business will be conducted;
 - (b) any major changes, if any, to be made to the business of Milton, including any redeployment of fixed assets of Milton; or
 - (c) the future employment of the present employees of Milton,
- and, accordingly, it is not possible for the Independent Milton Directors to provide such a statement.

7. Information about Milton

continued

WHSP's intentions regarding Milton's business, assets and employees if the Scheme is implemented are set out in section 9.6 of this Scheme Booklet.

If the Scheme is not implemented, the Milton Directors intend to continue to operate Milton in the ordinary course of business.

7.17 Litigation

Milton is not aware of any litigation, either in progress or proposed, to which it is a party.

7.18 Further information

Milton is a "disclosing entity" for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Milton to notify the ASX of information about specified matters and events as they arise for the purpose of the ASX making that information available to participants in the market. As a company listed on the ASX, Milton is subject to Listing Rules, which require (subject to some exceptions) continuous disclosure of any information that Milton has that a reasonable person would expect to have a material effect on the price or value of Milton Shares. Milton is also required to lodge various documents with ASIC and the ASX.

Copies of documents lodged with the ASX are available on ASX's website at www.asx.com.au.

Copies of documents lodged with ASIC by Milton may be obtained from ASIC.

Milton's Shareholders may obtain a copy of Milton's FY 2020 Annual Report (including its audited financial statements in respect of the year ended 30 June 2020) from ASX's website at www.asx.com.au or from Milton's website at www.milton.com.au.

Milton's announcements to ASX since the Announcement Date are:

Date	Announcement
22 June 2021	Net Tangible Asset Backing as at 18 June 2021
28 June 2021	Change of Directors Interest Notice – B.J.O'Dea
6 July 2021	NTA and Portfolio Report as at 30 June 2021
23 July 2021	Preliminary Final Report
23 July 2021	Dividend/Distribution - MLT
23 July 2021	Annual Review - 30 June 2021
23 July 2021	Milton announces record NTA and 8cps final dividend
2 August 2021	NTA and Portfolio Report as at 30 July 2021

8. Information about WHSP

8.1 Responsibility for information

The information set out in this section was prepared by WHSP and WHSP is responsible for the information contained in this section.

8.2 Background

WHSP (ASX: SOL) is an ASX-listed investment house headquartered in Sydney, Australia. Founded in 1872, it is the second oldest publicly listed company on the ASX, having listed in 1903. Originally an owner and operator of Australian pharmacies, WHSP has expanded beyond pharmaceuticals and currently has a broader investment portfolio across multiple industries including building materials, telecommunications, natural resources, pharmaceuticals, agriculture, property and financial services. The current Chairman of WHSP is the fourth generation of the founding family to chair the business.

As a holding company, WHSP receives investment income, typically in the form of dividends, interest and rental income from its investment portfolio. In addition, WHSP benefits from operating cashflows of its wholly owned subsidiaries.

WHSP has a track record of dividend growth and is the only company in the All Ordinaries Index to have increased its dividend every year since 2000. Over the last 20 years, total annual ordinary dividends per share have grown at a CAGR of 9.1%. Dividends are paid from the net cash flow generation of its investment portfolio, including cash flows from dividends and distributions, interest income and property assets.

WHSP has also maintained above market returns with annualised total shareholder returns of 14.0% over the past 20 years, outperforming the All Ordinaries Accumulation Index by 5.6% per annum to 30 June 2021.

8.3 Investment strategy

WHSP has a diversified portfolio of investments across listed equities, private equity / venture capital, property, structured credit and cash. The diversified portfolio delivers cash returns in the form of dividends and distributions, interest income and realised returns on the sale of assets.

WHSP has a counter cyclical and value focused approach, with a flexible mandate that permits investment in multiple asset classes. This flexible mandate and nimble decision-making enables WHSP to take advantage of market opportunities as and when they arise. WHSP also actively assists portfolio companies in accessing growth capital and undertaking strategic corporate transactions. WHSP reviews investment opportunities on a regular basis and takes an opportunistic approach to new investments.

WHSP's permanent capital structure as an investment holding company provides WHSP with flexibility in dealing with its investments and capital. One of the advantages of this flexibility is that WHSP does not face the constraints imposed on mutual funds such as the requirement to fund unitholder redemptions in bear markets.

WHSP is a reliable capital partner who supports and relies on the management teams and boards of its portfolio companies to formulate and execute on their growth strategies. WHSP's primary role is to consider whether to buy, hold or sell assets and whether to advocate for changes to management or the board of companies in which WHSP invests. WHSP advocates through its holding to the extent that it has that capacity.

WHSP's key investment principles are:

- 1) Make sensible decisions:** WHSP brings an in-depth understanding of the sector in which capital is being deployed. This understanding includes environment, social and governance factors, demand and supply dynamics, the competitive environment and regulation. Opportunities are evaluated based on facts and information. As an active owner, WHSP focuses on the downside risks to any investment, but also looks at avenues for mitigating these risks.

8. Information about WHSP

continued

- 2) **Think outside the box:** WHSP's unconstrained mandate means that WHSP can invest in anything and often looks for value in sectors and/or asset classes which are not on the radar of other investors.
- 3) **Have the courage to act:** WHSP executes its strategy with conviction and believes it has the ability to make the right investments at the right time, therefore WHSP does not always conform to the market's views.
- 4) **Think long-term and have patience for the right opportunity:** WHSP can afford to take a long-term view as the company does not need to deploy capital within a specified timeframe.
- 5) **Be different:** WHSP's reputation as an investor of choice and flexible source of capital differentiates the company from other investors. WHSP looks for opportunities where these characteristics add value in any transaction.

8.4 Investment portfolio

WHSP holds a diversified portfolio of investments across listed equities, private markets, real assets and structured credit as set out in the table below:

As at 30 June 2021	Value of Holding ^{1,2} \$m	Portfolio Weighting %
Telecommunications Portfolio	1,543	27.5%
Brickworks	1,646	29.3%
New Hope Corporation	633	11.3%
Financial Services Portfolio	398	7.1%
Pharmaceutical Portfolio	260	4.6%
Round Oak Minerals	106	1.9%
Equities Portfolios	780	13.9%
Private Equity Portfolio	334	6.0%
Property Portfolio	110	2.0%
Cash and other net assets (excluding Debt) ³	413	7.7%
Less: Debt	(580)	(10.3%)
Less: other net liabilities	(32)	(0.6%)
Net asset value (pre-tax)	5,612	100.0%
Notes:		
1 Listed investments valued at market value. Unlisted investments valued at cost or at WHSP Directors' valuation as at 31 July 2020.		
2 Portfolio valuations as at 30 June 2021 are unaudited.		
3 Includes fixed interest investments and corporate loans.		

Telecommunications Portfolio

The telecommunications portfolio is made up of TPG Telecom Limited (**TPG**) (ASX:TPG) and Tuas Limited (**Tuas**) (ASX:TUA). TPG is an ASX-listed full-service telecommunications provider headquartered in Sydney, Australia. TPG provides consumer, wholesale and corporate telecommunications services and offers voice, internet and data solutions. TPG's customers include retail consumers, SMEs, large corporations and government bodies. Tuas is an ASX-listed company which is currently rolling out a mobile infrastructure network in Singapore. WHSP owns 12.6% of TPG and 25.3% of Tuas (as at 30 June 2021). WHSP has one representative on each of the TPG and Tuas board of directors.

Brickworks

Brickworks Limited (**Brickworks**) (ASX:BKW) is an ASX-listed manufacturer, supplier and distributor of building products for the residential and commercial markets in Australia and internationally. Brickworks also engages in the development and sale of industrial property, primarily on the east coast of Australia. WHSP owns 43.3% of Brickworks and has one representative on the Brickworks board of directors (as at 30 June 2021). Brickworks also holds a 39.4% interest in WHSP (as at 30 June 2021).

New Hope Corporation

New Hope Corporation Limited (**New Hope Corporation**) (ASX:NHC) is an ASX-listed, Australian energy company with operations in coal mining, exploration, port operation, oil and agriculture. New Hope Corporation's producing assets are currently 100% thermal coal and oil, with a metallurgical coal exploration project in the pipeline. More than 90% of its total coal production is sold directly to export markets, predominantly in the Asia Pacific region. The remaining coal production is sold domestically to general industry processors and manufacturers.

As part of the convertible bond issued by New Hope Corporation, WHSP has undertaken to make at least 75 million New Hope Corporation shares available to the market for stock borrowing purposes. On 2 July 2021, WHSP announced that pursuant to this undertaking it had sold 34,000,000 fully paid ordinary shares and concurrently entered into a cash settled equity swap referencing 34,000,000 fully paid ordinary shares in New Hope Corporation. Through these actions WHSP maintains its economic exposure to the 34,000,000 New Hope Corporation shares. WHSP has a 39.9% shareholding in New Hope Corporation and has three directors on New Hope Corporation's board of directors.

Equities Portfolio

WHSP manages a diverse portfolio of Australian equities, split into a Large Caps portfolio and a Small Caps portfolio. The WHSP Large Caps portfolio is externally managed by Contact Asset Management Pty Limited with the aim of providing long-term capital preservation and an income stream from dividends through investment in a diversified Australian equities portfolio. WHSP's Small Caps portfolio is internally managed and is an actively traded portfolio that aims to capitalise on short term opportunities as well as invest in earlier stage, higher growth companies which have the capacity to grow into a larger part of WHSP's portfolio over time.

8. Information about WHSP

continued

Financial Services Portfolio

The assets in the Financial Services Portfolio include investments in funds management, corporate advisory and listed investment companies. This portfolio provides WHSP with exposure to both Australian and international equities. The table below sets out WHSP's shareholdings in the companies under its financial services portfolio:

As at 30 June 2021	WHSP's Holding %
BKI Investment Company Limited (ASX:BKI)	8.4%
Contact Asset Management Pty Limited	20.0%
Ironbark Asset Management	30.5%
Milton Corporation Limited (ASX: MLT) ⁴¹	3.3%
Pengana Capital Group Limited (ASX:PCG)	38.6%
Pengana International Equities Limited (ASX:PIA)	9.6%
Pitt Capital Partners	100%
360 Capital Total Return Fund (ASX:TOT)	6.5%

Pharmaceuticals Portfolio

The Pharmaceuticals Portfolio is made up of Australian Pharmaceutical Industries Limited (**API**), Palla Pharma Limited (**Palla Pharma**) and Apex Healthcare Berhad (**Apex Healthcare**). API and Palla Pharma are listed on the ASX and Apex Healthcare is listed on the Main Board of Bursa Malaysia.

WHSP has a 19.3% shareholding in API. API is an ASX-listed vertically integrated wholesaler and retailer of pharmaceuticals and over the counter medicines with operations across four main segments, being Pharmacy Distribution, Priceline, Consumer Brands and Clear Skincare. Palla Pharma is an ASX-listed manufacturer of Narcotic Raw Material, Active Pharmaceutical Ingredients and Finished Dosage Form Products. Apex Healthcare is a Bursa Malaysia-listed company that focuses on the development, manufacturing, sales and marketing, distribution and wholesaling of pharmaceuticals and consumer healthcare products. On 12 July 2021, Wesfarmers Limited (**Wesfarmers**), an ASX-listed diversified conglomerate (ASX:WES), submitted a non-binding, indicative offer to acquire 100% of API's issued share capital at \$1.38 per share. WHSP has agreed to vote its 19.3% shareholding in API in favour of the proposal and against any competing proposal (subject to there being no superior proposal and after giving effect to any matching rights available to Wesfarmers). WHSP has also granted a call option to Wesfarmers over the shares held by WHSP in API. Should Wesfarmers complete its proposed acquisition of API, or otherwise exercise the call option, WHSP would no longer hold an interest in API.

As at 30 June 2021	WHSP's Holding %
Australian Pharmaceutical Industries Limited (ASX:API)	19.3%
Apex Healthcare Berhad (APEX MK)	29.9%
Palla Pharma Limited (ASX:PAL)	19.9%

⁴¹ WHSP intends to abstain from voting its 3.3% shareholding in Milton at the Scheme Meeting.

Round Oak Minerals

WHSP owns 100% of Round Oak Minerals Pty Limited (Round Oak Minerals), a mining and exploration company focused primarily on the production of copper, zinc and gold. Round Oak Minerals has several operating assets throughout Australia as well as projects under development.

Private Equity Portfolio

WHSP manages a portfolio of private market assets diversified across a broad range of industries including agriculture, electrical engineering and equipment, technology, swim schools, retirement living and cleaning services.

As at 30 June 2021	WHSP's Holding %
Ampcontrol Pty Limited	42.9%
Aquatic Achievers Group	100.0%
Dimeo Group Slate 4 Trust	16.1%
Seven Miles Coffee Roasters Pty Limited	40.0%
WHSP Agricultural Holding Trust	various

Property Portfolio

WHSP's property portfolio comprises office and industrial properties. These assets are managed through a combination of capital improvements and leasing initiatives.

8.5 Directors, company secretary and senior management

This section provides details of the WHSP Directors and key management personnel of WHSP as at the date of this Scheme Booklet.

(a) Directors

Robert Dobson Millner

Chairman, Non-Executive Director

Mr Millner was appointed as a non-executive director of WHSP in 1984 and was appointed the chairman of the Board in 1998. Mr Millner has extensive experience in the investment industry. Mr Millner is a Fellow of the Australian Institute of Company Directors.

Mr Millner's other current listed company directorships include:

- Apex Healthcare Berhad – Appointed 2000
- Brickworks Limited – Appointed 1997, Chairman since 1999
- BKI Investment Company Limited – Appointed, Chairman 2003
- Milton Corporation Limited – Appointed 1998, Chairman since 2002
- New Hope Corporation Limited – Appointed 1995, Chairman since 1998
- TPG Telecom Limited – Appointed July 2020
- Tuas Limited (listed on ASX on 30 June 2020) – Appointed 14 May 2020

8. Information about WHSP continued

Todd Barlow

Managing Director

Mr Barlow was appointed Chief Executive Officer of WHSP in April 2014 having previously been the Managing Director of Pitt Capital Partners Limited for five years.

Mr Barlow has extensive experience in mergers and acquisitions, equity capital markets and investing and has been responsible for a number of WHSP's investments since joining the WHSP Group in 2004. His career has spanned positions in law and investment banking in Sydney and Hong Kong.

Mr Barlow has a Bachelor of Business and Bachelor of Laws (Honours) from the University of Technology, Sydney.

Mr Barlow is also a director of New Hope Corporation Limited, having been appointed to the board of directors in 2015.

Tiffany Fuller

Non-Executive Director

Mrs Fuller is an experienced public company director with a background in chartered accounting, private equity and investment banking. Her experience includes financial advisory, investment management, mergers and acquisitions and management consulting.

Mrs Fuller holds a Bachelor of Commerce Degree from the University of Melbourne and is a member of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

Mrs Fuller is also a director of Computershare Limited, having been appointed to the board of directors in 2014.

Michael Hawker

Non-Executive Director

Mr Hawker is a professional company director with over 30 years' experience in financial markets and investment. He was Chief Executive Officer and Managing Director of Insurance Australia Group from 2001 to 2008. From 1995 to 2001, Mr Hawker held a range of positions at Westpac, including Group Executive of Business and Consumer Banking and General Manager of Financial Markets. Prior to this, he held a number of positions at Citibank, including Deputy Managing Director for Australia and subsequently Executive Director, Head of Derivatives, Europe.

Mr Hawker has a Bachelor of Science from the University of Sydney, is a Fellow of the Australian Institute of Company Directors and is a Senior Fellow of the Financial Services Institute of Australasia.

Mr Hawker is also a director of:

- Westpac Banking Corporation (Appointed 2020)
- BUPA (Appointed 2019)

Thomas Millner

Non-Executive Director

Mr Millner is a director, co-portfolio manager and part-owner (40% shareholding) of Contact Asset Management Pty Limited which is the manager of listed investment company BKI Investment Company Limited (ASX: BKI).

Mr Millner's experience includes 18 years within the financial services industry, including 16 years in active portfolio management of Australian equities; 9 years as a CEO of Australian listed company, BKI; and 9 years as a director of Australian listed companies.

Mr Millner has a Bachelor of Industrial Design and a Graduate Diploma in Applied Finance. He is a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.

Mr Millner is also a director of New Hope Corporation Limited, having been appointed to the board of directors in 2015.

Warwick Negus

Non-Executive Director

Mr Negus has over 30 years' experience in the banking and finance sectors including both senior management and director roles. He has extensive experience in managing equity and property portfolios.

Mr Negus has a Bachelor of Business Degree from the University of Technology Sydney and a Master of Commerce from the University of New South Wales. He is a Senior Fellow of the Financial Services Institute of Australasia.

Mr Negus is a director of Virgin Australia Holdings Limited and Terrace Tower Group Pty Limited and a Member of the Council of UNSW.

Mr Negus' other current listed company directorships:

- Bank of Queensland Limited – Appointed 2016
- Pengana Capital Group Limited – Chairman Appointed 2017
- Dexus Funds Management – Appointed 2021

Josephine Sukkar

Non-Executive Director

Mrs Sukkar is co-founder and principal of Australian construction company Buildcorp. She is an experienced business owner and public company director, serving on a number of public, government and honorary boards, including Opera Australia, the Property Council of Australia, Australian Sports Commission and the Green Building Council of Australia. Mrs Sukkar has a Bachelor of Science (Hons), is a Fellow of the University of Sydney and is a member of the Order of Australia.

Mrs Sukkar is also a director of Growthpoint Properties Australia Limited, having been appointed to the board of directors in 2017.

Robert Westphal

Non-Executive Director

Mr Westphal is a Chartered Accountant and was a partner of EY for 25 years, retiring in 2005. Mr Westphal has many years of experience in corporate transactions with particular emphasis on mergers and acquisitions, due diligence and valuation across a variety of industry sectors.

Mr Westphal has a Bachelor of Commerce from the University of NSW. He is a Fellow of the Institute of Chartered Accountants in Australia and the Financial Services Institute of Australasia, and a member of the Australian Institute of Company Directors.

Mr Westphal was formerly a director and the Chairman of the Board of Governors of Queenwood School for Girls Limited for 10 years.

(b) Company Secretary

Ida Lawrance

Mrs Lawrance is a legal and governance professional with over 20 years' experience. Her experience includes 14 years within the financial services industry, including as a Company Secretary and Division Director of an ASX-listed global financial services company. Prior to this Mrs Lawrance practiced as a lawyer in both the private and public sectors.

Mrs Lawrance has a Bachelor of Commerce (Honours) and a Master of Laws. She is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

8. Information about WHSP continued

(c) Executive Management Team

WHSP's executive management team comprises:

Todd Barlow

Managing Director

Refer to section 8.5(a) above for a summary of Mr Barlow's qualifications and experience.

David Grbin

Chief Financial Officer

Mr Grbin is a chartered accountant with over 20 years' experience as an ASX-listed company chief financial officer, operating in high growth or turnaround situations, across industries as diverse as e-commerce, financial services as well as transport and logistics. Mr Grbin has also been a divisional chief executive, leading a corporate trust business operating in Australia, New Zealand and Singapore. Mr Grbin is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Economics (Honours) from the University of Adelaide. He has attended the Insead Advanced Management Program.

Ida Lawrance

Group Executive Legal and Governance

Refer to section 8.5(b) above for a summary of Mrs Lawrance's qualifications and experience.

8.6 Capital structure

The capital structure of WHSP at the Last Practicable Date is set out below:

WHSP security	Number on issue
WHSP Shares	239,395,320
Performance Rights ¹	342,626
Convertible Notes ²	1,125

Notes:

- 1 Refer to section 8.12(b) for details of the vesting conditions.
- 2 The Convertible Notes are convertible into a maximum of 6,430,409 WHSP Shares as at the date of this Scheme Booklet, subject to ordinary course adjustment provisions. Refer to section 8.18 for further details.

8.7 Recent WHSP share price performance

WHSP Shares are listed on the ASX under the code 'SOL'.

The closing price of WHSP Shares on the ASX on 21 June 2021, being the last Trading Day prior to the announcement of the Scheme, was \$30.25.

The closing price of WHSP Shares on the ASX on the Last Practicable Date was \$32.65.

During the twelve months ending on the Last Practicable Date:

- the highest recorded daily closing price for WHSP Shares on the ASX was \$34.04 on 8 July 2021; and
- the lowest recorded daily closing price for WHSP Shares on the ASX was \$19.55 on 31 July 2020.

The diagram below shows the WHSP share price performance over the 12 months to the Last Practicable Date.



8.8 Profit reserves and franking credits

WHSP's profit reserves as per WHSP's consolidated financial statements are set out below:

	2019	2020	1H 2021
	\$'000	\$'000	\$'000
Franking Credits	554,977	645,193	628,201
Profit Reserves	1,636,589	3,003,842	3,044,158

8.9 WHSP's dividend policy and history

WHSP's objective is to provide superior returns to shareholders by creating capital growth along with steadily increasing dividends. The WHSP Board determines dividends having regard to Net Cash Flows From Investments.

WHSP has paid an increasing dividend (determined on a cents per share basis) every year for the past 20 years. Total annual ordinary dividends per share have grown at 9.1% CAGR over those 20 years (from July 2000 to July 2020).

8. Information about WHSP continued

8.10 Substantial shareholders

The substantial shareholders (5% or more) of WHSP Shares as at the Last Practicable Date are as follows:

Substantial WHSP Shareholder	Number of WHSP Shares Held	Voting Power
Brickworks Limited	94,314,855	39.4%
Robert Millner ¹	20,055,093	8.4%
Thomas Millner ¹	19,347,977	8.1%

Notes:

1 Mr Robert Dobson Millner and Mr Thomas Charles Dobson Millner each have a relevant interest in 19,332,592 WHSP Shares which relate to holdings by the same entities.

8.11 WHSP Directors' interests in WHSP Shares and Milton Shares

(a) Interests in WHSP Shares (at the date of the Scheme Booklet)

Director	WHSP Shares
Mr Robert Dobson Millner ¹	20,055,093
Mr Todd James Barlow ²	146,446
Mrs Tiffany Lee Fuller	1,800
Mr Michael John Hawker	35,300
Mr Thomas Charles Dobson Millner ¹	19,347,977
Mr Warwick Martin Negus	33,000
Mr Robert Gordon Westphal	23,739
Mrs Josephine Louise Sukkar	1,573

Notes:

1 Mr Robert Dobson Millner and Mr Thomas Charles Dobson Millner each have a relevant interest in 19,332,592 WHSP Shares which relate to holdings by the same entities.

2 Mr Todd James Barlow also holds 258,621 unlisted performance rights in WHSP.

(b) Interests in Milton Shares

Director	Milton Shares
Mr Robert Dobson Millner ¹	13,047,096
Mr Thomas Charles Dobson Millner ¹	12,248,478

Notes:

1 Mr Robert Dobson Millner and Mr Thomas Charles Dobson Millner each have a relevant interest in 12,235,427 Milton Shares which relate to holdings by the same entities.

(c) Disclosure of interests

Except as otherwise provided in this Scheme Booklet, no:

- (i) WHSP Director or proposed director of WHSP;
- (ii) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of WHSP;
- (iii) promoter, stockbroker or underwriter of WHSP or the Combined Group,

(together the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- (iv) the formation or promotion of WHSP or the Combined Group;
- (v) property acquired or proposed to be acquired by WHSP in connection with the formation or promotion of WHSP or the Combined Group or the offer of New WHSP Shares under the Scheme; or
- (vi) the offer of New WHSP Shares under the Scheme.

(d) Disclosure of fees and other benefits

Except as otherwise disclosed in this Scheme Booklet, WHSP has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- (i) to a director or proposed director of WHSP to induce them to become or qualify as a director of WHSP;
- (ii) for services provided by any Interested Persons in connection with:
 - (A) the formation or promotion of WHSP or the Combined Group; or
 - (B) the offer of New WHSP Shares under the Scheme.

8.12 WHSP's employee incentive plans

The WHSP Board assesses remuneration each year and periodically reviews WHSP's remuneration structure. While remuneration is set using financial measures, when making remuneration recommendations the WHSP Board also considers a range of non-financial risks and outcomes.

(a) WHSP short term incentive plan

The WHSP short term incentive plan is designed to drive performance without encouraging undue risk taking. Awards are made annually and are aligned to WHSP's strategic goals to maximise shareholder returns, including regular cash to the parent company net of regular expenses and net asset value per share. The size of the short term incentive pool is determined by these performance metrics and the full amount of the WHSP Board approved pool is paid in cash following release of the year end results.

(b) WHSP long term incentive plan

The WHSP long term incentive plan involves the annual granting of performance rights to participants to align long term remuneration outcomes with stakeholder interests and is designed to promote long term stability in shareholder returns.

WHSP performance rights are allocated based on the participant's fixed remuneration and the volume weighted average share price over the 14 days prior to the fifteenth day following the announcement of the previous financial year results of WHSP.

Upon the satisfaction of the vesting conditions, each WHSP performance right will be evaluated and will be paid in shares, cash or a combination of cash and shares based on the then share price.

8. Information about WHSP

continued

WHSP performance rights which have been granted to date will vest:

- 50% subject to WHSP's total shareholder return performance against the All Ordinaries Accumulation Index; and
- 50% subject to the CAGR in the value of WHSP's net assets per share.

8.13 Funding of the Scheme Consideration

The Scheme Consideration is the New WHSP Shares to be issued to each Scheme Participant in accordance with section 6.

In addition to the Scheme Consideration, Scheme Participants are expected to be entitled to the benefit of the Milton Final Dividend, the Special Dividend and the WHSP Final Dividend (provided the Scheme Participant is on the WHSP Register at the WHSP Final Dividend Record Date)⁴².

The WHSP Final Dividend is expected to be 36 cents per WHSP Share and its payment will be funded by existing cash reserves of WHSP. Any dividend (including the amount of such dividend) is subject to no material events occurring, WHSP Board discretion having regard to financial and market conditions and maintenance of financial strength and flexibility consistent with WHSP's capital management framework.

The Scheme is not subject to any financing conditions.

8.14 Rights and liabilities attaching to New WHSP Shares

The rights and liabilities attaching to New WHSP Shares which will be issued to participants in the Scheme as Scheme Consideration will be the same as those attaching to existing WHSP Shares and will rank equally with all issued fully paid ordinary shares of WHSP from the date of their allotment. These rights and liabilities are detailed in the WHSP Constitution and are subject to the Corporations Act and the Listing Rules. The table below summarises some of the key rules in the WHSP Constitution in relation to the rights and liabilities currently attaching to WHSP Shares. This summary does not purport to be exhaustive and must be read subject to the full text of the WHSP Constitution. A copy of the WHSP Constitution is available from the ASX website (www.asx.com.au) or the WHSP website (www.whsp.com.au/policies/).

Milton Shareholders should seek their own independent advice in relation to their rights and liabilities as potential holders of WHSP Shares in specific circumstances.

Item	Description
Issue of further WHSP Shares	The WHSP Board may from time-to-time issue or otherwise dispose of shares in WHSP as they see fit.
WHSP Share transfers	<p>Subject to the WHSP Constitution, WHSP Shares may be transferred by:</p> <ul style="list-style-type: none">■ a proper ASTC transfer which is effected in accordance with the Listing Rules and Clearing and Settlement Facility Rules; or■ a proper instrument of transfer lodged with WHSP in accordance with the WHSP Constitution. <p>The WHSP Directors may refuse to register a transfer of shares if permitted to do so under the Listing Rules (subject to the Corporations Act).</p> <p>The Directors must refuse to acknowledge or register a transfer or disposal of Restricted Securities during the escrow period (except as permitted by the Listing Rules or the ASX) and of any securities where the Company is, or the Directors are, required to do so by the Listing Rules.</p>

⁴² Subject to availability of sufficient franking credits, Milton and WHSP each satisfying applicable Corporations Act requirements for payment of the relevant dividend, and each Scheme Participant's individual tax circumstances. Milton Shareholders should seek financial, tax and other professional advice as necessary for their specific circumstances.

Item	Description
Meetings of members	Each WHSP Shareholder is entitled to receive notice of and to attend general meetings of WHSP.
Voting	<p>At a meeting of WHSP Shareholders, each WHSP Shareholder is entitled to attend and vote in person or by proxy or representative subject to voting exclusions under the Listing Rules and Corporations Act. Each WHSP Shareholder has one vote for each WHSP Share held.</p> <p>On a poll, each member (or the member's proxy or representative) has:</p> <ul style="list-style-type: none"> for each fully paid share held by the member, one vote; and for each partly-paid share held by the member, a fraction of a vote equivalent to the proportion which the amount paid (not credited nor paid in advance of a call) is of the total amounts paid and payable (excluding amounts credited) for the share.
Dividends	Holders of New WHSP Shares will have the right to participate fully in all dividends, other distributions and entitlements declared by WHSP in respect of ordinary shares on or after the Implementation Date.
Rights on winding up	<p>Subject to the rights of holders of WHSP shares issued on special terms, if WHSP is wound up, the liquidator may with the sanction of a special resolution of WHSP:</p> <ul style="list-style-type: none"> divide among the members in kind all or any of WHSP's assets and for that purpose determine how the liquidator will carry out the division between the members or between different classes of members, but may not require a member to accept any shares or other securities in respect of which there is any liability; and/or vest all or any of WHSP's assets in a trustee on trusts determined by the liquidator for the benefit of the contributories.
Variation of class rights	<p>The rights attached to securities in a class of securities may, unless their terms of issue state otherwise, be varied or cancelled:</p> <ul style="list-style-type: none"> with the written consent of holders of such securities with at least 75% of the votes in the class; or with the sanction of a special resolution passed at a meeting of the class of holders holding securities in the class.
Amendments to the WHSP Constitution	The WHSP Constitution may only be amended by special resolution passed by 75% of the votes cast by shareholders present (in person or by proxy or representative) and entitled to vote on the resolution at a general meeting of WHSP.

8.15 Interests in Milton Shares and Benefits

WHSP is the registered holder of 22,216,178 Milton Shares as at the date of this Scheme Booklet.

8. Information about WHSP

continued

8.16 Historical financial information

This section 8.16 contains the following historical financial information of WHSP:

- historical consolidated income statements for the years ended 31 July 2019, 31 July 2020 and for the half year ended 31 January 2021 (**WHSP Historical Income Statements**);
- historical consolidated statements of financial position as at 31 July 2019, 31 July 2020 and 31 January 2021 (**WHSP Historical Statements of Financial Position**); and
- historical consolidated statements of cash flows for the years ended at 31 July 2019, 31 July 2020 and for the half year ended 31 January 2021 (**WHSP Historical Statements of Cash Flows**),

(together the **WHSP Historical Financial Information**).

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

(a) Basis of preparation

The WHSP Historical Financial Information presented in this Scheme Booklet is in an abbreviated form and does not contain all presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act and should therefore be read in conjunction with the financial statements of WHSP for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements.

The WHSP Historical Income Statements, WHSP Historical Statements of Financial Position and WHSP Historical Statements of Cash Flows are disclosed in the financial statements for the periods ended 31 July 2019, 31 July 2020 and for the half year ended 31 January 2021, which have been lodged with ASIC and are available from WHSP's website (www.whsp.com.au) or the ASX website (www.asx.com.au).

The WHSP Historical Financial Information as at the end of and for the respective periods has been derived from WHSP's financial statements for the years ended 31 July 2019 and 31 July 2020 and for the half year ended 31 January 2021. These statements were audited by Pitcher Partners for the periods ending 31 July 2019 and 31 July 2020 and reviewed by Ernst & Young for the period ending 31 January 2021, in accordance with the Australian Auditing Standards. Pitcher Partners issued unqualified audit opinions on these financial statements. Ernst & Young issued an unqualified review conclusion on the 31 January 2021 financial statements.

The significant accounting policies used in the preparation of the WHSP Historical Financial Information are consistent with those set out in WHSP's annual report for the years ended 31 July 2019 and 31 July 2020 and the financial report for the half year ended 31 January 2021.

The WHSP Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS, issued by the AASB which are consistent with the International Financial Reporting Standards (**IFRS**).

As at 30 June 2021, WHSP had a 12.6% (previously 25.3%) investment in TPG. On 29 June 2020, WHSP's share of ownership in TPG was diluted from 25.3% to 12.6% as a result of the TPG and Vodafone Hutchison Australia Pty Limited merger. As of the merger date (29 June 2020), WHSP lost significant influence over TPG and discontinued equity accounting for its investment in TPG.

During the 2021 financial year, WHSP reassessed the classification of API as an equity accounted associate as a result of Robert Millner resigning as a director of API in July 2020. WHSP has classified API as a Fair Value through Profit and Loss (**FVTPL**) asset in the current year and has restated the prior year comparative. The carrying value restated was \$105,051,000 from equity accounted associate to FVTPL.

Changes to accounting standards

WHSP adopted AASB 16 Leases from 1 August 2019 which replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise lease assets (also known as right-of-use assets) and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

WHSP adopted AASB 15, Revenue from Contracts with Customers, from 1 August 2018 which resulted in minor changes in accounting policies and adjustments to amounts previously recognised in the financial statements. The standard established new principles and models for revenue to be allocated in accordance with the satisfaction of the performance obligation of a contract. Revenue is recognised when the control of goods or services are transferred to customers and for the amount to which WHSP expects to be entitled, either over time or at a point in time.

WHSP adopted AASB 9 Financial Instruments, from 1 August 2018. This standard included new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting of financial instruments.

WHSP performed a comprehensive assessment of its financial instruments based on its business model for managing financial assets. The following important changes were implemented:

- The introduction of the forward looking Expected Credit Loss (**ECL**) method for impairment testing of debt or derivative financial assets, measured at amortised cost or fair value. Debt based financial assets include loans, intercompany loans and receivables.
- WHSP financial assets held for trading were classified as financial assets FVTPL. An "investment held for trading" is one where the investment was primarily made for the purpose of providing returns from short term capital appreciation with an intention to sell the investment at an appropriate time.
- WHSP financial assets held for the long term were classified as financial assets at Fair Value through Other Comprehensive Income (**FVOCI**). For WHSP, a "long term equity investment" is one that has the following characteristics:
 - the intention to hold the investment for the long-term with prospects for value appreciation (both capital and a sustainable, fully franked dividend income stream) that is consistent with WHSP investment principles; and
 - provides diversification benefits to the WHSP investment portfolio.

On disposal of investments held at FVOCI any related balance within the FVOCI reserve is reclassified to retained earnings.

8. Information about WHSP continued

(b) Consolidated WHSP Historical Income Statements

	2019 \$m	2020 \$m	1H 2021 \$m
Revenue from continuing operations	1,615.9	1,368.5	589.3
Other income	117.4	9.9	67.1
Expenses			
Cost of sales	(978.2)	(1,021.2)	(409.2)
Selling and distribution expenses	(194.4)	(193.7)	(125.5)
Administration expenses	(64.5)	(67.5)	(38.1)
Acquisition costs expensed	(46.0)	(2.4)	(0.1)
Impairment expense	(60.5)	(483.9)	(16.4)
Other expenses	(21.6)	14.1	(22.7)
Finance costs	(27.9)	(35.5)	(18.4)
Total contribution from equity accounted associates ¹	134.3	1,534.9	24.5
Profit before income tax expense from continuing operations	474.5	1,123.2	50.5
Income tax expense	(115.2)	(248.7)	(10.6)
Profit after income tax expense for the period from continuing operations	359.3	874.5	39.9
Profit/(loss) after income tax from discontinued operations	0.2	–	–
Profit after income tax expense for the period	359.5	874.5	39.9
Other comprehensive income/(loss), net of income tax	17.8	(94.4)	(92.1)
Total comprehensive income	377.3	780.1	(52.2)
Profit/(loss) is attributable to:			
Owners of WHSP	248.0	953.0	68.9
Non-controlling interest	111.5	(78.5)	(29.0)
Profit after income tax	359.5	874.5	39.9

Note:

- 1 Total contribution from equity accounted associates in the financial year ended 31 July 2020 includes the fair value gain on derecognition of TPG as associate when as a result of the TPG and Vodafone Hutchison Australia Pty Limited merger on 29 June 2020 WHSP's share of ownership in TPG was diluted from 25.3% to 12.6% and lost significant influence over TPG. WHSP discontinued equity accounting of its investment in TPG at the merger date which contributed A\$1.122 billion (after tax) to profit during the year. This contribution reflects WHSP's share of TPG's equity accounted results and reserves up until the merger date and a gain from initial recognition of this investment as a financial asset held at Fair Value Through Other Comprehensive Income.

(c) Consolidated WHSP Historical Statements of Financial Position

	2019	2020	1H 2021
	\$m	\$m	\$m
Current assets			
Cash and cash equivalents	125.4	344.8	342.2
Term deposits	1.5	–	–
Trade and other receivables	162.3	148.8	132.8
Inventories	120.5	114.1	139.2
Biological assets	–	2.1	4.8
Assets classified as held for sale	0.1	26.9	7.5
Financial assets held for trading	77.1	291.2	385.0
Derivative financial instruments	–	45.9	46.4
Current tax assets	–	16.3	40.9
Total current assets	486.9	990.1	1,098.8
Non-current assets			
Trade and other receivables	38.5	30.1	97.7
Equity accounted associates	1,603.6	810.4	859.3
Long term equity investments	785.1	2,616.1	2,492.7
Derivative financial instruments	0.2	8.9	–
Investment properties	106.3	75.7	80.3
Property, plant and equipment	2,351.8	2,239.6	2,189.0
Exploration and evaluation assets	333.6	109.4	113.4
Right-of-use assets	–	117.5	140.5
Deferred tax assets	56.7	95.9	53.5
Intangible assets	114.5	117.2	117.1
Total non-current assets	5,390.3	6,220.8	6,143.5
Total assets	5,877.2	7,210.9	7,242.3
Current liabilities			
Trade and other payables	158.9	135.0	142.8
Contract liabilities	0.6	0.8	0.9
Interest bearing liabilities	32.5	248.2	239.4
Lease liabilities	–	22.2	20.6
Derivative financial instruments	10.8	–	–
Current tax liabilities	9.2	1.4	0.2
Provisions	93.0	58.9	74.4
Total current liabilities	305.0	466.5	478.3

8. Information about WHSP continued

(c) Consolidated WHSP Historical Statements of Financial Position continued

	2019 \$m	2020 \$m	1H 2021 \$m
Non-current liabilities			
Trade and other payables	16.0	0.8	0.3
Interest bearing liabilities	370.2	575.4	624.9
Lease liabilities	–	99.2	124.1
Deferred tax liabilities	422.4	672.8	649.3
Provisions	252.1	284.2	325.9
Total non-current liabilities	1,060.7	1,632.4	1,724.5
Total liabilities	1,365.7	2,098.9	2,202.8
Net assets	4,511.5	5,112.0	5,039.5
Equity			
Issued capital	43.2	43.2	48.9
Reserves	176.7	63.3	(24.4)
Retained profits	3,301.8	4,133.3	4,079.5
Non-controlling interests	989.8	872.2	935.5
Total equity	4,511.5	5,112.0	5,039.5

(d) Consolidated Historical Cash Flow

	2019 \$m	2020 \$m	1H 2021 \$m
Cash flows from operating activities			
Receipts from customers inclusive of GST	1,563.9	1,418.1	592.2
Payments to suppliers and employees inclusive of GST	(1,078.0)	(1,147.5)	(473.4)
	485.9	270.6	118.8
Dividends received	89.7	211.7	49.1
Interest received	14.6	4.4	3.8
Interest on lease liabilities	–	(6.7)	(2.8)
Payments for financial assets held for trading	–	–	(86.9)
Proceeds from sale of financial assets held for trading	–	–	37.6
Acquisition costs expensed	(46.0)	(2.4)	(0.1)
Transactions costs relating to issuance of convertible notes	–	–	(2.8)
Finance costs paid	(12.6)	(16.9)	(9.2)
Income taxes paid	(165.6)	(27.7)	(0.1)
Net cash inflow from operating activities	366.0	433.0	107.4

(d) Consolidated Historical Cash Flow continued

	2019 \$m	2020 \$m	1H 2021 \$m
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles	(165.3)	(205.6)	(74.4)
Proceeds from sale of property, plant and equipment	96.3	7.5	2.5
Payments for capitalised exploration and evaluation activities	(29.6)	(17.6)	(4.4)
Net proceeds from/(payments to) term deposits	204.6	(50.1)	–
Payments for acquisition and development of investment properties	(32.6)	(0.4)	(0.1)
Proceeds from sale of investment properties	100.1	3.8	25.9
Payments for equity investments	(95.0)	(252.2)	(11.0)
Proceeds from sale of equity investments	94.9	129.4	14.2
Proceeds from part sale of a controlled entity	–	–	–
Payments to acquire equity accounted associates	(11.2)	(18.0)	(0.4)
Payments for acquisition of business, net of cash acquired	(839.1)	(52.7)	–
Payments for deferred consideration	–	–	(1.0)
Proceeds from sale of business, net of cash received	–	–	0.1
Payments for security and bond guarantee	–	–	(2.6)
Return of capital from equity investments	–	–	–
Proceeds from sale of debt to third party	8.0	–	–
Loan repayments from external parties	29.1	28.0	10.8
Loans advanced to external parties	(56.9)	(18.1)	(75.4)
Net cash outflow from investing activities	(696.7)	(446.0)	(115.8)
Cash flows from financing activities			
Dividends paid to WHSP shareholders	(136.5)	(141.2)	(83.8)
Dividends paid by subsidiaries to non-controlling interests	(75.0)	(64.9)	(0.6)
Proceeds from external borrowings	790.0	583.3	57.5
Repayments of external borrowings	(425.3)	(168.2)	(234.5)
Return of capital to non-controlling interest	–	–	(6.6)
Payment for establishment costs of debt/guarantee facilities	(12.8)	–	–
Principal repayments of lease liabilities	–	(30.0)	(15.9)
Proceeds from part sale of shares in a subsidiary	–	–	70.0
Proceeds from issue of equity	–	–	–
Proceeds from issue of convertible notes	–	–	225.0
Payments for return of capital	(22.9)	(0.6)	–
Payment of shares acquired for the employee long term incentive plan	(0.6)	(0.6)	(4.1)
Transactions with subsidiaries non-controlling interest	–	2.3	1.0
Net cash inflow/(outflow) from financing activities	116.9	180.1	8.0
Net increase/(decrease) in cash and cash equivalents	(213.8)	167.1	(0.5)
Cash and cash equivalents at the beginning of the period	337.9	125.4	344.8
Effects of exchange rate changes on cash and cash equivalents	1.3	0.7	(2.2)
Cash and cash equivalents at the end of the period	125.4	293.2	342.2

8. Information about WHSP

continued

8.17 Material changes in WHSP's financial position

To the knowledge of the WHSP Directors, there have been no material changes to the financial position of WHSP since the financial report for the half year ended 31 January 2021 other than:

- as publicly disclosed on WHSP's ASX profile located on the ASX website at www.asx.com.au or in this Scheme Booklet;
- as a result of the accumulation of retained profits in the ordinary course of trading since 31 January 2021;
- as a result of the settlement of \$225 million in unsecured senior convertible notes; and
- as a result of generally known market conditions.

8.18 Convertible Note Offering

As announced on ASX on 21 January 2021, WHSP conducted a convertible note offering pursuant to which \$225 million in unsecured senior convertible notes were issued in February 2021. The key terms of the convertible notes include a five year maturity date, to 29 January 2026, a coupon rate of 0.625% per annum paid semi-annually and an initial conversion price of \$34.99 per WHSP Share (which is subject to customary adjustment provisions). Based on the initial conversion price of \$34.99 per WHSP Share, the maximum number of WHSP Shares that the convertible notes may convert into is 6,430,409 WHSP Shares.

The full terms of the convertible notes can be obtained free of charge from the ASX website (www.asx.com.au) as well as the WHSP website (www.whsp.com.au).

8.19 Further information

WHSP is a disclosing entity for the purposes of the Corporations Act and as such it is subject to regular reporting and disclosure obligations. As a company listed on ASX, WHSP is also subject to the Listing Rules which require continuous disclosure (with some exceptions) of any information which a reasonable person would expect to have a material effect on the price or value of WHSP Shares. In addition, WHSP is required to maintain periodic disclosure (including yearly and half-yearly financial statements) with ASIC in accordance with the Corporations Act and the ASX in accordance with the Listing Rules.

The information disclosed to the ASX is available free of charge from the ASX website (www.asx.com.au) as well as WHSP website (www.whsp.com.au). Copies of the documents lodged with ASIC by WHSP may be obtained from or inspected at any ASIC office.

On request to WHSP and free of charge, Milton Shareholders may obtain a copy of:

- the annual financial report of WHSP for the year ended 31 July 2020 (being the annual financial report most recently lodged with ASIC before lodgement of this Scheme Booklet with ASIC);
- the half year financial report of WHSP for the period ended 31 January 2021; and
- any continuous disclosure notice given to ASX by WHSP since the lodgement with ASIC of the 31 July 2020 annual report for WHSP referred to above and before lodgement of this Scheme Booklet with ASIC.

A list of announcements made by WHSP to ASX from the date of the 2020 annual report on 27 October 2020 to the Last Practicable Date is included below.

Date	Announcement
30 October 2020	Change of Director's Interest Notice
30 October 2020	Change of Director's Interest Notice
2 November 2020	Notice of 2020 Annual General Meeting and Proxy Form
10 November 2020	Change in Substantial Holding for EQT
10 November 2020	Becoming a substantial holder for RFG
19 November 2020	Non-binding indicative proposal to acquire Regis Healthcare
19 November 2020	Becoming a substantial holder for REG
20 November 2020	REG: Regis Rejects Non-binding Indicative Offer
24 November 2020	Change of Director's Interest Notice
8 December 2020	Sale of New Hope shares
9 December 2020	WHSP 2020 AGM Presentation
9 December 2020	WHSP 2020 Chairman's Address
9 December 2020	Results of Annual General Meeting
18 December 2020	Change of Director's Interest Notice
20 January 2021	Withdrawal of Non-binding Indicative Proposal to acquire REG
20 January 2021	Ceasing to be a substantial holder for REG
21 January 2021	Launch of WHSP Convertible Notes Offering
22 January 2021	WHSP Successfully Prices A\$225m Convertible Note
22 January 2021	Appendix 3B – Proposed issue of securities
27 January 2021	Cleansing Notice & Offering Circular A\$225m Convertible Note
1 February 2021	Settlement of A\$225m Convertible Notes
3 February 2021	WHSP Change of Auditor
12 February 2021	Appendix 3G
12 February 2021	Change of Director's Interest Notice
8 March 2021	Change in Substantial Holding for CLV
16 March 2021	Half Year Results Presentation Webcast
25 March 2021	ASX Appendix 4D and Half Year Financial Report
25 March 2021	Financial Results Half Year 2021 Presentation
25 March 2021	Media Release
25 March 2021	Dividend/Distribution – SOL
8 April 2021	Change of Director's Interest Notice
8 April 2021	Change of Director's Interest Notice
27 April 2021	Change of Director's Interest Notice
29 April 2021	Change of Director's Interest Notice
5 May 2021	Change in Substantial Holding for BKW
10 May 2021	Becoming a substantial holder for AIM
28 May 2021	Change in substantial holding for BTI
22 June 2021	WHSP Announces Merger with Milton
22 June 2021	MLT: Milton and WHSP Agree on Terms of a Proposed Merger
22 June 2021	MLT: Proposed Merger of Milton Corporation and WHSP
22 June 2021	Merger with Milton Presentation
22 June 2021	Change in Substantial Holding for BKW
2 July 2021	Sale of New Hope Shares & Entry into Long Equity Derivative
8 July 2021	Ceasing to be a substantial holder for AIM
13 July 2021	Ceasing to be a substantial holder for UWL
22 July 2021	Becoming a substantial holder for AIM

8. Information about WHSP

continued

8.20 No other material information known to WHSP

Except as disclosed elsewhere in this Scheme Booklet, so far as WHSP is aware, as at the date of the Scheme Booklet, there is no other information that is:

- material to the making of a decision by a Milton Shareholder whether or not to vote in favour of the Scheme; and
- known to WHSP, at the date of lodging this Scheme Booklet with ASIC for registration, which has not previously been disclosed to Milton Shareholders.

9. Overview of the Combined Group

9.1 Responsibility for information

The information set out in this section was prepared by WHSP and WHSP is responsible for the information contained in this section (except to the extent that Milton has provided WHSP with information for the purpose of WHSP preparing this section, for which Milton takes responsibility).

9.2 Overview of the Combined Group

The Scheme combines two complementary businesses in WHSP and Milton to create a leading, diversified investment house.

Immediately following implementation of the Scheme, Scheme Participants will gain exposure to new asset classes not previously held by Milton. The table below shows the exposure of Scheme Participants by asset class as at 30 June 2021. As noted above in section 8.4, on 12 July 2021, Wesfarmers submitted a non-binding, indicative offer to acquire all of the issued shares in API. In connection with this, WHSP has agreed to vote its 19.3% shareholding in API in favour of the proposal and against any competing proposal (subject to there being no superior proposal and after giving effect to any matching rights available to Wesfarmers). WHSP has also granted a call option to Wesfarmers over the shares held by WHSP in API. Should Wesfarmers complete its proposed acquisition of API, or otherwise exercise the call option, WHSP would no longer hold an interest in API.

As at 30 June 2021	WHSP Holding ^{1,2} \$m	Milton Holding \$m	Combined Group Portfolio ³ \$m	Portfolio Weighting %
Telecommunications Portfolio	1,543		1,543	16.6%
Brickworks	1,646		1,646	17.7%
New Hope Corporation	633		633	6.8%
Financial Services Portfolio	398		398	4.3%
Pharmaceutical Portfolio	260		260	2.8%
Round Oak Minerals	106		106	1.1%
Equities Portfolios ⁴	780	3,581	4,361	46.7%
Private Equity Portfolio	334		334	3.6%
Property Portfolio	110	24	134	1.4%
Cash and other net assets (excluding Debt) ⁵	413	103	516	5.5%
Less: Debt ⁶	(580)		(580)	(6.2%)
Less: other net liabilities	(32)		(32)	(0.3%)
Net asset value (pre-tax)	5,612	3,708	9,319	100.0%

Notes:

- 1 Listed investments valued at market value. Unlisted investments valued at cost or at WHSP Directors' valuation as at 31 July 2020.
- 2 Portfolio valuations as at 30 June 2021 are unaudited.
- 3 Does not account for payment of dividends.
- 4 Includes Milton's holding in Brickworks and WHSP.
- 5 Includes fixed interest investments and corporate loans.
- 6 Only includes debt related to WHSP or wholly owned subsidiaries.

9. Overview of the Combined Group continued

9.3 Capital structure and ownership

Set out below is an indicative outline of WHSP's capital structure and the substantial holders on implementation of the Scheme.

WHSP Shareholder	Number of shares	% of Combined Group ¹
Brickworks	94,314,855	26.4%
Robert Millner and associated entities	20,055,093	5.6%
Other existing WHSP Shareholders	125,025,372	35.0%
New WHSP Shares issued to Milton Shareholders ¹	117,530,814	32.9%
Total WHSP Shares	356,926,134	100.0%

Notes:

1 Percentages and shares issued are illustrative only and is based on an Exchange Ratio of 1 : 0.1803. The actual share of the Combined Entity will change to the extent WHSP's VWAP and Milton's NTA is different as at the Calculation Date

9.4 Board and management of the Combined Group

(a) Directors

It is intended that the composition of WHSP's Board will remain unchanged. If the Scheme is implemented, the Milton Board will be reconstituted by directors nominated by WHSP. WHSP has nominated Robert Dobson Millner, Todd Barlow and David Grbin to be the members of the reconstituted Milton Board.

A summary of the qualifications and experience of each incoming director is set out in section 8.5.

(b) Senior management

The Combined Group will continue to be led by WHSP's current senior executive team consisting of the Managing Director & Chief Executive Officer, Chief Financial Officer and Group Executive Legal and Governance.

9.5 Strategic rationale for the Scheme

The acquisition of Milton by WHSP is expected to enhance the Combined Group and provide a number of benefits. In particular, it is expected that the Scheme will:

- create a more diversified company by providing additional cash and liquidity to fund further diversification across multiple asset classes that are seeing strong deal flow;
- significantly increase WHSP's market capitalisation, number of shareholders and position in market indices, which is expected to increase WHSP's scale and shareholder liquidity;
- bring together the combined capabilities of two investment houses with aligned long-term, value-focused investment philosophies;
- provide Milton Shareholders access to a broader range of asset classes including exposure to private equity, international equities, credit opportunities and real assets, in addition to ASX listed investments and trusts; and
- combine management teams with highly complementary skills and experience.

9.6 WHSP's intentions for the business, assets and employees of Milton

This section sets out the current intentions of WHSP in relation to the Combined Group if the Scheme is implemented. These intentions are based on facts and information known to WHSP at the time of preparing this Scheme Booklet that concern WHSP and Milton as well as the general economic and business environment and are statements of current intention only and, accordingly, may vary as new information becomes available or circumstances change.

(a) Business

If the Scheme is implemented, WHSP intends to continue the business of Milton in a similar manner as it is currently operating. Notwithstanding this, WHSP has and will continue to undertake a review of the Combined Group's operations to fully assess all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implications of its current intentions.

Final decisions on these matters will only be made by WHSP after it has conducted a detailed review of Milton's business and assets after implementation of the Scheme and WHSP's intentions may change as new information becomes available or as circumstances change.

This review would validate WHSP's understanding of the business, assist in integrating the Milton business and identify areas in which the Combined Group's business may be enhanced.

(b) Assets

As part of the general review above, WHSP will actively review the combined portfolio following the Scheme which may result in a rebalancing of the portfolio across a number of investments. There is a stated intention for this review to consider greater portfolio diversification on a combined basis into other asset classes including private equity, direct credit, emerging companies, global equities and property.

WHSP will maintain its investment discipline in the reallocation of capital and trading will only occur if, and when, market conditions are suitable and/or when appropriate opportunities to allocate cash into the new asset classes arise.

As a result, this process may occur over a number of years.

In addition to any matters implemented in accordance with the general review noted above, as a condition of the Scheme, Milton will be required to ensure that it does not have a relevant interest in any ordinary shares in Brickworks and as such, the Combined Group's holdings in Brickworks following implementation of the Scheme will not change from WHSP's existing holding in Brickworks.

WHSP will also acquire a relevant interest in 9,174,640 WHSP Shares held by Milton as a consequence of the implementation of the Scheme. In accordance with the requirements of the Corporations Act, WHSP intends that Milton will dispose these shares within 12 months of implementation of the Scheme.

(c) Employees

WHSP considers Milton's employees to be a key part of the business' success, both historically and going forward. WHSP will evaluate the future employment requirements of the Combined Group following implementation of the Scheme as part of the post-implementation review.

However, WHSP's current preliminary view (subject to the findings of the review referred to above) is to retain all employees of Milton on terms equal to or better than their current terms of employment with Milton.

If any current Milton employees are made redundant as part of this general review, where appropriate having regard to the positions held by any relevant employees, WHSP will attempt to identify opportunities for alternative employment within WHSP or within WHSP's investee companies. If any employee is made redundant, they will receive all entitlements in compliance with applicable legislative awards or contractual requirements and they will be paid any redundancy amounts in accordance with their legal entitlements.

9. Overview of the Combined Group continued

(d) Investment Management

As part of the review, WHSP will assess the internal capabilities of the Combined Group's management team to diversify the portfolio across a range of asset classes and determine the need (if any) for additional staff, external service providers or other resources to execute on this investment strategy.

(e) Milton to be delisted

If the Scheme is implemented, Milton will be removed from the official list of the ASX. Following implementation of the Scheme, and as part of the review noted above, WHSP will consider whether Milton should be converted to a proprietary company. Should WHSP determine to convert Milton to a proprietary company, WHSP will cause Milton to adopt a constitution in a customary form for a proprietary company in replacement of Milton's existing constitution.

9.7 Dividend policy

If the Scheme is implemented, the payment of future dividends to shareholders of the Combined Group will be at the discretion of the directors of the Combined Group and will be a function of a number of factors including general business conditions, the operating results and financial condition of the Combined Group, its strategy, future funding requirements including an assessment of the capital required for new investments, compliance with debt facilities, capital management initiatives, taxation considerations including the availability of franking credits, any contractual, legal or regulatory restrictions on the payment of dividends by the Combined Group and any other factors the directors of the Combined Group may consider relevant. The WHSP Board will continue to determine dividends having regard to Net Cash Flows From Investments.

WHSP intends to maintain its objective of providing superior returns to shareholders by creating capital growth along with steadily increasing dividends. WHSP has a 20 year history of paying increasing ordinary dividends and should prevailing conditions allow, and subject to the financial position and performance of WHSP (which cannot be guaranteed) and satisfaction of relevant legislative requirements, WHSP intends to continue this policy into the future.

9.8 Prospects of the Combined Group

If the Scheme is implemented, the Combined Group will become a leading, diversified investment house with sufficient scale and liquidity to capitalise on opportunities arising across a broad range of asset classes.

The significant step change in scale and shareholder liquidity is expected to improve the Combined Group's position in market indices.

9.9 Pro forma financial information

In this Scheme Booklet (including in this section 9), references to "Combined Group Pro Forma Historical Information" are references to the pro forma historical consolidated statement of financial position as at 31 January 2021 and other pro forma historical information of the Combined Group during the relevant period or at the relevant time, being the corporate group that will be formed as it will exist immediately following implementation of the Scheme.

This section contains the pro forma historical consolidated statement of financial position as at 31 January 2021 of the Combined Group (the **Combined Group Pro Forma Historical Statement of Financial Position**). The Combined Group Pro Forma Historical Statement of Financial Position should be read together with the:

- “**Combined Group Pro Forma Historical Information**” comprising:
 - Combined Group pro forma historical Net Cash Flows From Investments on a consolidated basis for the financial years ended 31 July 2019, 31 July 2020 and half year ended 31 January 2021 (**Combined Group Pro Forma Historical Net Cash Flows From Investments**);
 - Combined Group pro forma historical net interest bearing liabilities on a consolidated basis as at 31 July 2019, 31 July 2020 and 31 January 2021 (**Combined Group Pro Forma Historical Net Interest Bearing Liabilities**); and
 - Combined Group historical net asset value of portfolios as at 30 June 2021 (**Combined Group Historical Statement of Net Asset Value of Portfolios**);
- basis of preparation and pro forma adjustments as set out in section 9.10;
- an explanation of certain non-IFRS financial measures as set out in section 9.10(b);
- subsequent events for WHSP as set out in sections 8.17 and 8.18 and subsequent events for Milton as set out in section 7.11;
- risk factors set out in section 10; and
- other information contained in this Scheme Booklet.

The Combined Group Pro Forma Historical Statement of Financial Position has been prepared on the same basis as detailed in section 9.1 above. The Directors of WHSP are responsible for the preparation and presentation of the Combined Group Pro Forma Historical Statement of Financial Position.

The pro forma historical statement of financial position in this section is presented in an abbreviated form and does not contain all presentation, comparatives, disclosures and statements that are usually provided in an annual financial report prepared in accordance with the Corporations Act.

The Investigating Accountant has prepared an Independent Limited Assurance Report, in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, in respect of the Combined Group Pro Forma Historical Statement of Financial Position, a copy of which is included in Annexure B. Milton Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

Amounts in this section have been rounded to the nearest \$100,000. Several figures, amounts, percentages, prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

WHSP and Milton have different full year reporting dates, being 31 July and 30 June respectively. No adjustment has been made for the difference in reporting dates in the pro forma historical schedules of Net Cash Flows From Investments and net interest bearing liabilities, as any differences are likely to be in the timing of receipt of investment income (and cash) or cash outflows or inflows from investing activities.

9.10 Basis of preparation and pro forma adjustments

The Combined Group Pro Forma Historical Statement of Financial Position has been prepared for illustrative purposes, in order to give Milton Shareholders an indication of the financial position of the Combined Group as if the Scheme had been implemented as at 31 January 2021. By its nature, pro forma historical information is illustrative only. Consequently, it does not purport to reflect the actual financial position of the Combined Group if it had operated on a combined basis for the relevant periods. Past performance is not a guide to future performance.

9. Overview of the Combined Group continued

(a) Basis of preparation

The Combined Group Pro Forma Historical Statement of Financial Position for the period ended 31 January 2021 has been derived from:

- (i) WHSP's Half Year Financial Report for the six months ended 31 January 2021;
- (ii) Milton's unaudited Net Asset Statement as at 31 January 2021 released to the ASX on 2 February 2021; and
- (iii) pro forma adjustments described in section 9.10(c) and 9.10(d) below.

The WHSP Half Year Financial Report for the six-month period ended 31 January 2021 was reviewed by Ernst & Young. Ernst & Young issued an unmodified review conclusion in relation to WHSP's Half Year Financial Report. WHSP's Annual and Half Year Financial Reports are available from WHSP's website (www.whsp.com.au) and the ASX website (www.asx.com.au).

The Combined Group Pro Forma Historical Statement of Financial Position has been prepared in accordance with the recognition and measurement principles contained in the AAS adopted by the AASB, which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board, other than it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 31 January 2021 in the Combined Group Pro Forma Historical Statement of Financial Position.

The Combined Group Pro Forma Historical Statement of Financial Position has been prepared in accordance with and should be read in conjunction with the accounting policies detailed in WHSP's Annual Report for the year ended 31 July 2020. An assessment has been undertaken by WHSP and Milton to identify any significant accounting policy differences where the impact is potentially material to the Combined Group and could be reliably estimated. Neither WHSP nor Milton have identified any significant accounting policy differences where the impact is potentially material to the Combined Group.

(b) Explanation of certain non-IFRS financial measures

WHSP present certain Alternative Performance Measures (APMs), including Net Cash Flows From Investments, Net Interest Bearing Liabilities, Net debt / Enterprise Value and Net Asset Value. These APMs are used by WHSP to assess the performance of its business and may therefore be useful to investors. The non-IFRS financial measures should not be construed as an indication of or a substitute for the IFRS measures and should be considered supplementary to those measures. Although non-IFRS financial measures can provide useful information for measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Scheme Booklet.

Combined Group Pro Forma Historical Net Cash Flows From Investments

Combined Group Pro Forma Historical Net Cash Flows From Investments are after corporate costs and exclude the effects of non-regular cash inflows and outflows to demonstrate the underlying cash flows generated by the investment portfolio. The WHSP Board determines dividends having regard to Net Cash Flows From Investments.

Combined Pro forma Net Asset Value

WHSP is a long-term investor. The Net Asset Value (NAV) (pre-tax) is the value of all WHSP's assets less its liabilities (excluding any tax payable upon the sale of its assets). Assets are valued at market value or WHSP Directors' valuation as shown in the NAV statement. The NAV post-tax assumes WHSP disposed of its assets and incurred an income tax liability based on the market values or WHSP Directors' valuations. The Milton NAV post tax is based on its net assets after provision for tax on unrealised capital gains.

(c) Pro forma adjustments overview

The Combined Group Pro Forma Historical Statement of Financial Position includes pro forma adjustments to reflect the impact of certain transactions as if they occurred as at 31 January 2021 in the Combined Group Pro Forma Historical Statement of Financial Position, to reflect the adjustments for:

- disposal by Milton of its shareholding in Brickworks as required under the Scheme Implementation Agreement;
- acquisition of Milton and one-off transaction costs associated with the Scheme, including:
 - recognition of assets and liabilities at provisional fair values at an indicative date, being 18 June 2021, and associated adjustments to the tax bases of the acquired investments;
 - recognition of a provision for the proposed Milton Final Dividend and Special Dividend, which are factored into the purchase consideration, as announced by Milton as part of the Scheme;
 - recognition by WHSP of the proposed Special Dividend treated as a pre-acquisition dividend; and
 - transfer of the Milton investment in WHSP to treasury shares⁴³.

The Combined Group Pro Forma Historical Statement of Financial Position has been prepared using preliminary purchase price accounting estimates. The accounting standard Business Combinations (**AASB3**) provides the acquirer (determined as WHSP) up to one year from the acquisition date to finalise the identification and valuation process of all assets and liabilities and record any resultant accounting adjustments to the initial acquisition date estimates based on new information obtained about facts and circumstances that existed at the acquisition date. WHSP has not finalised the identification and valuation of Milton's assets and liabilities (including for tax purposes) and this can only be done following implementation of the Scheme.

Accordingly, for the purpose of preparing the Combined Group Pro-Forma Historical Statement of Financial Position, it has been assumed that:

- the assets and liabilities of Milton are recognised at provisional fair value in accordance with AASB 3 as at 18 June 2021;
- there will be no additional separately identifiable intangible assets other than those, if any, already recognised in the 31 January 2021 Net Asset Statement of Milton; and
- an estimate of the reset in tax bases and availability of pre-existing Australian tax losses has been made with any fair value uplifts being tax effected at 30%.

The Combined Group Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only. Due to its nature, the Combined Group Pro Forma Historical Statement of Financial Position does not represent WHSP's or the Combined Group's actual or prospective financial position. Several factors may impact the actual financial performance, financial position or cash flows of the Combined Group, including, but not limited to:

- successful implementation of the Scheme and the ultimate timing of implementation;
- changes in the Milton Adjusted NTA will alter the value of the consideration for the transaction for accounting purposes, as the consideration will be calculated on the day the Scheme is implemented;
- differences between the estimated amount of transaction costs as set out in section 12.15 and the amount ultimately incurred;
- finalisation of the acquisition accounting (in accordance with AASB 3), including determining appropriate purchase price allocations, such as the identification and valuation of all assets and liabilities acquired. Adjustments may include the allocation of purchase price notionally attributed to the fair value of investments, other non-current amortising assets (such as property, plant and equipment) and non-amortising assets (such as indefinite life intangible assets, including goodwill). Changes in the amount and allocation of the purchase price could positively or negatively impact future reported earnings of the Combined Group; and
- finalisation of the availability of tax losses and the recalculation of the tax cost bases, including recognition of the associated deferred tax assets and liabilities, in accordance with AASB 112 Income Taxes.

43 Defined in AASB 132, paragraph 33: If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in the profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received shall be recognised directly in equity.

9. Overview of the Combined Group continued

(d) Pro forma adjustment acquisition accounting

The pro forma acquisition accounting reflects the provisional estimated accounting for the acquisition of Milton based on the provisional amounts shown below. The estimated amount of purchase consideration to be allocated has therefore been calculated as follows:

	\$m
Consideration arising from the issue of New WHSP Shares ¹	3,594.4
Fair value as at 18 June 2021 of the existing 22.216 million shares in Milton held by WHSP	122.5
Total consideration to be allocated²	3,716.9
Notes:	
1	Calculated based on the Milton Adjusted NTA as at 18 June 2021, (being the indicative date used for the purpose of the Combined Group Pro Forma Historical Statement of Financial Position), plus a 10% premium.
2	While the impact on goodwill and amounts presented in the Combined Group Pro Forma Historical Statement of Financial Position are the same, the amounts to be disclosed in accordance with AASB3 for purchase consideration and fair values of identifiable net assets acquired are to include (exclude) WHSP's outstanding entitlements to Milton dividends respectively.

The initial estimates of the acquisition accounting undertaken for the purposes of the compilation of the Combined Group Pro Forma Historical Statement of Financial Position are discussed below. These estimates will be updated based on the actual assets and liabilities acquired on implementation of the Scheme.

The following table details the initial estimate of the allocation of the estimated amount to be allocated to the net identifiable assets.

	\$m
Total consideration to be allocated	3,716.9
Less: fair value of identifiable net assets acquired as at 18 June 2021:	
Milton net assets acquired as at 31 January 2021	(2,827.7)
Estimated Milton after-tax transaction costs for the Scheme ⁴⁴	3.4
Step up in fair value of Milton net assets as at acquisition date	(320.9)
Provide for the Milton Final Dividend and Special Dividend	303.4
Reset the tax cost base of Milton assets to market value as at 18 June 2021, to reduce the deferred tax liability by \$503.5 million and increase deferred tax assets by \$15.2 million	(518.7)
Total fair value of identifiable net assets acquired as at 18 June 2021	(3,360.5)
Residual value allocated to goodwill	356.4

⁴⁴ Milton after-tax transaction costs are based on the estimated Milton pre-tax transaction costs at the time of preparation of the initial estimation of the amounts to be allocated to the net identifiable assets.

After taking the above into consideration, the Combined Group Pro forma Historical Statement of Financial Position in Section 9.11 includes the following pro forma adjustments that have been included in the "Pro Forma Adjustment for the Scheme" column in the table:

1. Sale at market value at an indicative date of 18 June 2021 of the Milton investment in Brickworks for \$76.3 million and providing for the associated tax thereon of \$15.0 million. The tax payable is offset by estimated available tax losses.
2. The following purchase price accounting adjustments:
 - a. Estimated Milton after-tax transaction costs for the Scheme of \$3.4 million⁴⁵ and WHSP of \$1.5 million;
 - b. Adjustments for recognition of Milton assets acquired at fair value:
 - \$422.8 million increase in market value of the investment portfolio;
 - cash increased by \$13.2 million⁴⁶;
 - current receivables increased by \$12.8 million; and
 - estimated reset of the tax cost base of Milton assets to market value as at 18 June 2021, resulting in a net deferred tax liability reduction of \$374.6 million and increasing deferred tax assets by \$15.2 million;
 - c. Step up to fair value in the existing 3.3% interest in Milton held by WHSP of \$15.2 million to \$122.5 million;
 - d. Provision for the Milton Final Dividend and Special Dividend of \$303.4 million recognised as a liability;
 - e. Resulting intercompany eliminations from consolidation for the Milton Final Dividend and Special Dividend of \$10.0 million;
 - f. Recognition of the estimated equity consideration of \$3,594.0 million on the issuance of the New WHSP Shares;
 - g. Recognition of the resulting estimated goodwill on acquisition of Milton of \$356.4 million as at 18 June 2021⁴⁷;
 - h. Elimination of pre-acquisition contributed equity of Milton of \$1,658.2 million;
 - i. Elimination of pre-acquisition retained profits and reserves of Milton of \$1,302.4 million and \$403.1 million respectively; and
 - j. Transfer to treasury shares of the Milton holding in WHSP of \$286.5 million as at 18 June 2021.

9.11 Combined Group Pro Forma Historical Statement of Financial Position

Set out in the following table is the Combined Group Pro Forma Historical Statement of Financial Position as at 31 January 2021. For the purposes of the Combined Group Pro Forma Historical Statement of Financial Position, fair values at an indicative date of 18 June 2021 has been assumed for the Pro forma adjustments for the Scheme.

45 Milton after-tax transaction costs are based on the estimated Milton pre-tax transaction costs at the time of preparation of the initial estimation of the amounts to be allocated to the net identifiable assets.

46 The cash increase of \$13.2 million represents the fair value adjustment for cash of Milton as at 18 June 2021 of \$73.7 million (31 January 2021 of \$60.5 million). Refer to section 9.10(c) for key assumptions in the pro forma adjustments including that it is assumed that the assets and liabilities of Milton are recognised at provisional fair value in accordance with AASB 3 as at 18 June 2021.

47 Refer to the tables set out in clause 9.10(d) for the calculation of the goodwill amount of \$356.4 million in accordance with AASB 3. Sections 9.10(d)(2)(c) and 9.10(d)(2)(d) set out the details of the acquisition accounting applied.

9. Overview of the Combined Group

continued

	Note reference within section 9.10(d)	WHSP \$m	Milton \$m	Pro Forma Adjustment for the Scheme (Refer to 9.10(d)) \$m	Combined Group \$m
Current assets					
Cash and cash equivalents	1, 2a, 2b	342.2	60.5	83.2	485.9
Trade and other receivables	2b, 2e	132.8	3.1	13.3	149.2
Inventories		139.2			139.2
Biological assets		4.8			4.8
Assets classified as held for sale		7.5			7.5
Financial assets held for trading		385.0			385.0
Derivative financial instruments		46.4			46.4
Other current tax assets	2b	40.9		0.5	41.4
Total current assets		1,098.8	63.6	97.0	1,259.4
Non-current assets					
Trade and other receivables	2b	97.8	5.1	(0.6)	102.3
Equity accounted associates	2b	859.3	22.7	0.3	882.3
Long-term equity investments	1, 2b, 2c, 2e, 2f, 2j	2,492.7	3,136.6	(47.3)	5,582.0
Investment properties		80.3			80.3
Property, plant and equipment		2,189.0	5.9		2,194.9
Exploration and evaluation assets		113.4			113.4
Right-of-use assets		140.5			140.5
Deferred tax assets	1, 2b	53.5	0.3	1.6	55.4
Intangible assets	2g	117.1		356.4	473.5
Total non-current assets		6,143.6	3,170.6	310.4	9,624.6
Total assets		7,242.4	3,234.2	404.4	10,884.0
Current liabilities					
Trade and other payables		142.8	1.1		143.9
Contract liabilities		0.9			0.9
Interest bearing liabilities		239.4			239.4
Lease liabilities		20.6			20.6
Current tax liabilities	1, 2b	0.2	0.1	(0.1)	0.2
Provisions	2b, 2d, 2e	74.4		293.7	368.1
Total current liabilities		478.3	1.2	293.6	773.1

	Note reference within section 9.10(d)	WHSP \$m	Milton \$m	Pro Forma Adjustment for the Scheme (Refer to 9.10(d)) \$m	Combined Group \$m
Non-current liabilities					
Trade and other payables		0.3			0.3
Interest bearing liabilities		624.9			624.9
Lease liabilities		124.1			124.1
Deferred tax liability	2b	649.3	404.9	(389.6)	664.6
Provisions	2b	325.9	0.4	(0.4)	325.9
Total non-current liabilities		1,724.5	405.3	(390.0)	1,739.8
Total liabilities		2,202.8	406.5	(96.4)	2,512.9
Net assets		5,039.6	2,827.7	503.8	8,371.1
Equity					
Issued capital	2b, 2f, 2h	48.9	1,649.3	1,945.1	3,643.3
Treasury shares	2j			(286.5)	(286.5)
Reserves	2b, 2i	(24.4)	1,002.9	(1,002.9)	(24.4)
Accumulated profits/(losses)	2a, 2b, 2c, 2d, 2e, 2h, 2j	4,079.6	175.5	(151.9)	4,103.2
Equity attributable to owners		4,104.1	2,827.7	503.8	7,435.6
Equity attributable to non-controlling interests		935.5			935.5
Total equity		5,039.6	2,827.7	503.8	8,371.1

The Combined Group Pro Forma Historical Statement of Financial Position has not been adjusted to reflect:

- the performance and operation of WHSP or Milton since 31 January 2021;
- finalisation of the purchase price accounting for the Scheme, including identification and measurement of all purchase price accounting allocations and tax cost base resetting as set out in section 9.10(d) above; and
- any synergies, any costs of realising synergies and business improvements arising following implementation of the Scheme.

9.12 Combined Group Pro Forma Historical Net Cash Flows From Investments

Set out in the following table is the Combined Group Pro Forma Historical Net Cash Flows From Investments.

9. Overview of the Combined Group continued

	WHSP				Milton				Adjustments				Combined Group			
	FY19	FY20	1H21		FY19	FY20	1H21		FY19	FY20	1H21		FY19	FY20	1H21	
Net cashflows from investments (\$ million)																
Interest income	98	47	56		28	16	25		–	–	–		126	63	81	
Dividends and distributed income ¹	1629	2529	816		1647	1271	487		(104)	(97)	(51)		3172	3703	1252	
Other income	76	–	43		05	10	02		–	–	–		81	10	45	
Realised gains/(losses) on trading portfolio	(0.1)	10.2	4.8		02	07	10		–	–	–		0.1	109	58	
Other expenses	(10.0)	(12.5)	(8.0)		(4.6)	(4.8)	(1.9)		–	–	–		(14.6)	(17.3)	(9.9)	
Interest expense	(0.6)	(3.0)	(3.0)		–	–	–		–	–	–		(0.6)	(3.0)	(3.0)	
Net cashflows from investments	1696	252.3	85.3		1636	125.6	50.5		(10.4)	(9.7)	(5.1)		322.8	368.2	130.7	
Shares on Issue ²	2394	2394	2394		669.0	671.3	672.5		117.5	117.5	117.5		356.9	356.9	356.9	
Per share (\$)	\$0.71	\$1.05	\$0.36		\$0.24	\$0.19	\$0.08		–	–	–		\$0.90	\$1.03	\$0.37	
Dividends declared (\$ million)																
WHSP dividends to current WHSP shareholders	138.8	143.6	62.2		–	–	–		–	–	–		138.8	143.6	62.2	
MLT dividends to current Milton shareholders	–	–	–		1294	1174	38.7		(1294)	(1174)	(38.7)		–	–	–	
WHSP dividends to current Milton shareholders	–	–	–		–	–	–		68.2	70.5	30.6		68.2	70.5	30.6	
Gross shareholding adjustment ¹	–	–	–		–	–	–		(9.6)	(9.4)	(3.7)		(9.6)	(9.4)	(3.7)	
Total Dividends	138.8	143.6	62.2		1294	1174	38.7		(70.8)	(56.3)	(11.8)		1974	2047	891	
<i>Payout ratio: Dividends as % of net cash flow from investments</i>	81.9%	56.9%	73.0%		79.1%	93.4%	76.5%		–	–	–		61.1%	55.6%	68.2%	
Dividends declared per share (cents per share)																
Dividend per WHSP share	58.0	60.0	26.0		–	–	–		–	–	–		58.0	60.0	26.0	
Dividend per MLT share ³	–	–	–		19.3	17.5	5.7		(8.8)	(6.7)	(1.0)		10.5	10.8	4.7	
Accretion / (Dilution)	–	–	–		–	–	–		–	–	–		(46.0%)	(38.1%)	(18.5%)	
Plus MLT dividend ⁴	–	–	–		–	–	–		–	–	5.7		–	–	5.7	
Total Dividend per MLT share⁵	–	–	–		19.3	17.5	5.7		(8.8)	(6.7)	4.7		10.5	10.8	10.4	
<i>Uprift impact of transaction</i>	–	–	–		–	–	–		–	–	–		–	–	81.5%	
Dividends (actual cash paid) (\$ million)																
WHSP dividends to current WHSP shareholders	136.5	141.2	83.8		–	–	–		–	–	–		136.5	141.2	83.8	
MLT dividends to current Milton shareholders	–	–	–		133.1	118.6	57.1		(133.1)	(118.6)	(57.1)		–	–	–	
WHSP dividends to current Milton shareholders	–	–	–		–	–	–		670	693	41.1		670	693	41.1	
Gross shareholding adjustment ¹	–	–	–		–	–	–		(10.4)	(9.7)	(5.1)		(10.4)	(9.7)	(5.1)	
Total Dividends	136.5	141.2	83.8		133.1	118.6	57.1		(76.5)	(59.0)	(21.1)		193.1	200.8	119.8	
<i>Payout ratio: Dividends as % of net cash flow from investments</i>	80.5%	56.0%	98.2%		81.4%	94.4%	112.9%		–	–	–		59.8%	54.5%	91.6%	
Dividends (actual cash paid) per share (cents per share)																
Dividend per WHSP share	57.0	59.0	35.0		–	–	–		–	–	–		57.0	59.0	35.0	
Dividend per MLT share ³	–	–	–		19.9	17.7	8.5		(9.6)	(7.0)	(2.2)		10.3	10.7	6.3	
Accretion / (Dilution)	–	–	–		–	–	–		–	–	–		(48.3%)	(39.8%)	(25.6%)	
Plus MLT dividend ⁴	–	–	–		–	–	–		–	–	8.5		–	–	8.5	
Total Dividend per MLT share⁵	–	–	–		19.9	17.7	8.5		(9.6)	(7.0)	6.3		10.3	10.7	14.8	
<i>Uprift impact of transaction</i>	–	–	–		–	–	–		–	–	–		–	–	74.4%	

9. Overview of the Combined Group continued

Notes:

- 1 Adjustment for dividends received as a result of the cross-shareholding between Milton and WHSP.
- 2 Adjustment for New WHSP Shares issued as Scheme Consideration. WHSP Shares issued are illustrative only and are based on an Exchange Ratio of 1 : 0.1803 (calculated as at the Last Practicable Date).
- 3 WHSP Final Dividend per Milton Share equal to the WHSP Final Dividend multiplied by the Exchange Ratio assuming an Exchange Ratio of 1 : 0.1803 (calculated as at the Last Practicable Date).
- 4 Milton Shareholders will be eligible to receive the Milton Final Dividend and, if the Scheme is implemented, the WHSP Final Dividend⁴⁸ as well. Given that both companies have not released their audited FY21 results as at the date of this Scheme Booklet, it is assumed that Milton Shareholders will receive both the Milton and WHSP 1H21 Dividends for illustrative purposes. Receipt of both the Milton Final Dividend and the WHSP Final Dividend is a one-off benefit that will only occur as a result of the transaction and will not occur going forward.
- 5 Excludes Special Dividend of \$0.37 per Milton Share payable to Milton Shareholders if the Scheme is implemented.

As noted above, WHSP and Milton have differing reporting periods with the Combined Group adopting WHSP's reporting period. Accordingly:

FY19 refers to:

- the financial year ending 31 July 2019 for WHSP;
- the financial year ending 30 June 2019 for Milton; and
- the financial year ending 31 July 2019 for the Combined Group.

FY20 refers to:

- the financial year ending 31 July 2020 for WHSP;
- the financial year ending 30 June 2020 for Milton; and
- the financial year ending 31 July 2020 for the Combined Group.

1H21 refers to:

- the financial half-year ending 31 January 2021 for WHSP;
- the financial half-year ending 31 December 2020 for Milton; and
- the financial half-year ending 31 January 2021 for the Combined Group.

Historical information has been extracted from the financial reports lodged by WHSP and Milton for the respective periods. No adjustment has been made to account for the difference in reporting periods.

⁴⁸ In order to receive the WHSP Final Dividend, Scheme Participants must be on the WHSP Register at the WHSP Final Dividend Record Date.

9.13 Combined Group Pro Forma Historical Net Interest Bearing Liabilities

Set out in the following table is the Combined Group Pro Forma Historical Net Interest Bearing Liabilities.

	WHSP			Milton			Combined Group		
	FY19 \$m	FY20 \$m	1H21 \$m	FY19 \$m	FY20 \$m	1H21 \$m	FY19 \$m	FY20 \$m	1H21 \$m
Parent Entity	30.0	434.4	450.6	–	–	–	30.0	434.4	450.6
Other WHSP subsidiaries ¹	12.0	33.3	36.4	–	–	–	12.0	33.3	36.4
New Hope	360.8	356.0	377.3	–	–	–	360.8	356.0	377.3
Total interest bearing liabilities	402.8	823.7	864.3	–	–	–	402.8	823.7	864.3
Less: cash and cash equivalents	(125.4)	(344.8)	(342.2)	(110.3)	(114.1)	(59.7)	(235.7)	(458.9)	(401.9)
Net Debt	277.4	478.9	522.1	(110.3)	(114.1)	(59.7)	167.1	364.8	462.4
Market Capitalisation as at balance sheet date ²	5,264.3	4,675.4	6,506.8	3,150.8	2,745.7	3,248.3	7,848.8	6,970.8	9,701.3
Net Debt / Enterprise Value³	5.0%	9.3%	7.4%	(3.6%)	(4.3%)	(1.9%)	2.1%	5.0%	4.5%

Notes:

- 1 Includes WHSP Agriculture Trust and PSRE Urban Regeneration Trust.
- 2 Market Capitalisation of the Combined Group as at balance sheet date is equal to WHSP share price as at balance sheet multiplied by total Combined Group shares on issue, assuming 117.5m New WHSP Shares are issued as Scheme Consideration. WHSP Shares issued are illustrative only and are based on an Exchange Ratio of 1:0.1803 (calculated as at the Last Practicable Date).
- 3 Enterprise Value is equal to Market Capitalisation at Balance Sheet Date plus Net Debt (interest bearing liabilities less cash and cash equivalents). The financial information presented in the table has been extracted from the audited financial report for the relevant financial year. Certain comparative information was reclassified where required to ensure consistency with the presentation of the 1H21 financial information.

9. Overview of the Combined Group continued

As noted above, WHSP and Milton have differing reporting periods with the Combined Group adopting WHSP's reporting period. Accordingly:

FY19 refers to:

- the balance sheet as at 31 July 2019 for WHSP;
- the balance sheet as at 30 June 2019 for Milton; and
- the balance sheet as at 31 July 2019 for the Combined Group.

FY20 refers to:

- the balance sheet as at 31 July 2020 for WHSP;
- the balance sheet as at 30 June 2020 for Milton; and
- the balance sheet as at 31 July 2020 for the Combined Group.

1H21 refers to:

- the balance sheet as at 31 January 2021 for WHSP;
- the balance sheet as at 31 December 2020 for Milton; and
- the balance sheet as at 31 January 2021 for the Combined Group.

Historical information has been extracted from the financial reports lodged by WHSP and Milton for the respective periods.

The interest-bearing liabilities of WHSP subsidiaries (including New Hope Corporation) are non-recourse to WHSP. This includes lease liabilities. WHSP has not provided a guarantee for the external interest-bearing liabilities of any subsidiary. WHSP has provided a \$35 million guarantee to the National Australia Bank to support bank guarantees granted in the ordinary course of business to certain subsidiaries (Round Oak Minerals and Aquatic Achievers Group).

9.14 Combined Group Historical Statement of Net Asset Value of Portfolios

Set out in the following table is the Combined Group Historical Statement of Net Asset Value of Portfolios as at 30 June 2021.

Portfolio Information as at 30 June 2021 has been provided by WHSP and Milton based on their respective economic interests held (directly and indirectly) in the underlying investments.

As at 30 June 2021	WHSP Holding ^{1,2} \$m	Milton Portfolio ² \$m	Combined Group Portfolio ³ \$m	Portfolio Weighting %
Telecommunications Portfolio	1,543		1,543	16.6%
Brickworks	1,646		1,646	17.7%
New Hope Corporation	633		633	6.8%
Financial Services Portfolio	398		398	4.3%
Pharmaceutical Portfolio	260		260	2.8%
Round Oak Minerals	106		106	1.1%
Equities Portfolios ⁴	780	3,581	4,361	46.7%
Private Equity Portfolio	334		334	3.6%
Property Portfolio	110	24	134	1.4%
Cash and other net assets (excluding Debt) ⁵	413	103	516	5.5%
Less: Debt ⁶	(580)		(580)	(6.2%)
Less: other net liabilities	(32)		(32)	(0.3%)
Net asset value (pre-tax)	5,612	3,708	9,319	100.0%

Notes:

- 1 Listed investments valued at market value. Unlisted investments valued at cost or at WHSP Directors' valuation as at 31 July 2020.
- 2 Portfolio valuations as at 30 June 2021 are unaudited.
- 3 Does not account for payment of dividends.
- 4 Includes Milton's holding in Brickworks and WHSP.
- 5 Includes fixed interest investments and corporate loans held by WHSP and Milton, respectively.
- 6 Only includes debt related to WHSP or wholly owned subsidiaries.

9.15 Financial forecasts

Each of the WHSP Board and the Milton Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Combined Group. Each of the WHSP Board and the Milton Board has concluded that such forecast financial information would have the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either Milton Shareholders or WHSP Shareholders.

10. Risk factors

10.1 Overview

This section describes certain key risks associated with the Scheme. It outlines:

- (a) risks relating to the Scheme;
- (b) specific risks relating to the Combined Group; and
- (c) risks to Milton Shareholders if the Scheme does not proceed.

The outline of risks in this section is a summary only and should not be considered exhaustive. This section does not attempt to set out every risk that may be associated with an investment in Milton, WHSP or the Combined Group now or in the future. The occurrence or consequences of some of the risks described in this section may be partially or completely outside the control of Milton, WHSP or the Combined Group.

10.2 Risks relating to the Scheme

(a) Fluctuation and implied value of Scheme Consideration

Under the terms of the Scheme, WHSP will issue New WHSP Shares to Scheme Participants as the Scheme Consideration.

The number of New WHSP Shares to be issued to each Scheme Participant will be calculated in accordance with the Exchange Ratio, which is set out in section 6.1 of this Scheme Booklet.

The NTA of Milton may fluctuate up until the Calculation Date and this will affect the number of New WHSP Shares to which Scheme Participants will be entitled as Scheme Consideration. Specifically:

- (i) a decrease in the NTA per Milton Share (all other things being equal), will result in Scheme Participants being entitled to a smaller number of New WHSP Shares as Scheme Consideration; and
- (ii) an increase in the NTA per Milton Share (all other things being equal), will result in Scheme Participants being entitled to a larger number of New WHSP Shares as Scheme Consideration.

The table in section 6.1 of this Scheme Booklet sets out, for illustrative purposes only, the number of New WHSP Shares to which each Scheme Participant will be entitled if the Scheme becomes Effective, based on a range of possible NTA per share values for Milton.

The VWAP of WHSP Shares may fluctuate up until the Calculation Date and this will affect the number of New WHSP Shares to which Scheme Participants will be entitled as Scheme Consideration. Specifically:

- (i) a decrease in the VWAP of WHSP Shares (all other things being equal) to below \$31.00, will result in Scheme Participants being entitled to a larger number of New WHSP Shares as Scheme Consideration; and
- (ii) an increase in the VWAP of WHSP Shares (all other things being equal), will result in Scheme Participants being entitled to a smaller number of New WHSP Shares as Scheme Consideration, noting the maximum WHSP Reference Price to be used in the calculation of the Exchange Ratio is capped at \$31.00.

The price of WHSP Shares may also fluctuate after the Calculation Date. As noted in section 4.2(a), WHSP Shares are trading at a higher premium to NTA than has historically been the case. The value that Scheme Participants may realise on the sale of their New WHSP Shares will depend on the price at which WHSP Shares trade on the ASX after the Implementation Date.

Some Scheme Participants may not wish to continue to hold their New WHSP Shares and may sell them on the ASX soon after the Implementation Date. There is a risk that such sales, or the perception that such sales may occur, may drive down the price of WHSP Shares in the short term.

In any event, there is no guarantee regarding the market price of WHSP Shares before the Scheme Meeting or after the Implementation Date. Future market prices may be either above or below current or historical market prices. Information about the current trading prices of WHSP Shares may be obtained from www.asx.com.au.

(b) Completion of the Scheme is subject to various Scheme Conditions

The implementation of the Scheme is subject to the satisfaction or waiver of the Scheme Conditions (which are summarised in section 5.3 of this Scheme Booklet).

The Scheme will not proceed if the relevant Scheme Conditions are not satisfied or waived (as applicable) before the End Date.

There can be no certainty, nor can Milton provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. There are also a number of conditions which are outside the control of Milton, including, but not limited to, approval of the Scheme by the Requisite Majorities of Milton Shareholders.

A failure to satisfy any of the Scheme Conditions, or a delay in satisfying the Scheme Conditions and implementing the Scheme, may adversely affect the market price of Milton Shares.

(c) Scheme Implementation Agreement may be terminated

Each of Milton and WHSP has the right to terminate the Scheme Implementation Agreement in certain circumstances as set out in section 5.7 of this Scheme Booklet. Accordingly, there is no certainty that the Scheme Implementation Agreement will not be terminated by either Milton or WHSP before the implementation of the Scheme.

If the Scheme Implementation Agreement is terminated, there is no assurance that the Milton Board will be able to find a party willing to pay an equivalent or greater price for Milton Shares than the price to be paid pursuant to the terms of the Scheme Implementation Agreement.

(d) Court Approval

There is a risk that the Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

(e) Transaction costs may vary

Transaction costs and other costs incurred (or which are expected to be incurred by Milton) in relation to the successful implementation of the Proposed Transaction are currently estimated at approximately \$5,300,000 (exclusive of GST and disbursements).

(f) Litigation risk

Milton and/or WHSP could face new claims and litigation, in particular brought by third parties in connection with the Scheme, including partners, suppliers, competitors and/or regulators of Milton or WHSP, or by investors.

(g) Change in risk and investment profile

After implementation of the Scheme, Scheme Participants will be exposed to certain additional risks relating to the Combined Group. The asset composition and exposure, earnings mix and risk profile of the two companies on a standalone basis are different and may differ further in the future given WHSP's stated intention to increase its exposure to wider asset classes.

The WHSP portfolio is more diversified and spread across a larger number of asset classes, including private equity investments, which by their nature are less liquid and have a higher risk profile. There are also a number of a larger less liquid equity holdings.

10. Risk factors

continued

There is less transparency and potentially higher risk in WHSP's underlying portfolio as compared to Milton's as it has exposure to a range of private asset classes which are, by their nature, more complex to value and for which there is less public information available.

While the operations of WHSP and Milton are similar in some respects, there will be differences between the size, capital structure, infrastructure, business offerings and investment strategy of the Combined Group and Milton currently which may give rise to a different investment risk profile.

(h) **Superior Proposal may emerge**

The Independent Milton Directors are not currently aware of any Superior Proposal for Milton and note that since Milton and WHSP announced the Proposed Transaction, there has been a significant period of time and ample opportunity for a Competing Proposal which provides a different outcome for Milton Shareholders to emerge. Since the Announcement Date, no alternative proposal has emerged, and the Independent Milton Directors have decided that the Proposed Transaction is in the best interests of Milton Shareholders at the date of this Scheme Booklet.

However, it is possible that a Superior Proposal for Milton, which is more attractive for Milton Shareholders than the Proposed Transaction, may materialise in the future. The implementation of the Proposed Transaction would mean that Milton Shareholders would not obtain the benefit of any such proposal.

(i) **Tax consequences for Milton Shareholders**

If the Scheme proceeds, there may be tax consequences for Scheme Participants. General information on the Australian tax consequences of the Scheme is set out in section 11 of this Scheme Booklet.

(j) **Other risks**

Additional risks and uncertainties not currently known to Milton or WHSP may also have a material adverse effect on the business of Milton, WHSP or the Combined Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks of Milton, WHSP or the Combined Group.

10.3 Risks relating to the business of the Combined Group

The following risks are relevant to each of Milton and WHSP as standalone entities, unless otherwise identified. Accordingly, they will also be relevant to the Combined Group after implementation of the Scheme.

(a) **Integration risk and realisation of synergies**

There is a risk that Milton's business and assets are not integrated effectively with WHSP's business and assets. Any failure to achieve expected synergies may impact on the financial performance and position of the Combined Group and the future price of WHSP Shares. The integration of Milton and WHSP into a Combined Group may encounter unexpected challenges or issues. There is a risk that integration could take longer or cost more than anticipated, including as a result of the COVID-19 pandemic and physical separation requirements, or that the expected benefits and synergies of the Scheme may be less than estimated. There is further risk of disruption to the ongoing operation of both businesses, reduced employee productivity or unintended loss of key personnel or expert knowledge arising as a result of the Scheme.

(b) **Key personnel**

The Combined Group will be heavily reliant on the skills and services offered by its personnel with the requisite industry and/or technical experience. For example, the Combined Group is dependent on its investment professionals who are responsible for the Combined Group's investment strategies, identifying and executing the Combined Group's investments, and such professionals also have valuable business networks which may lead to investment opportunities. The dynamic and rapid changes in the Combined Group's industry requires the Combined

Group's skilled professionals to keep abreast of changing industry standards and trends to adapt to the changing requirements and business environment. An ongoing risk of the industry that the Combined Group operates within is key employees leaving the business to join competitors or to exit the industry entirely.

There is also a risk of not being able to replace key employees if they have left the business. The competitive environment, the Combined Group's ongoing reputation and that of its competitors will be key in ensuring the Combined Group can retain and as necessary, replace employees. Efforts to retain or attract skilled professionals may result in significant additional expenses, which could adversely affect the Combined Group's profitability.

(c) Reputation

The Combined Group will be reliant on its reputation in respect to all aspects of its business and there is a continuing risk of the Combined Group's good corporate standing and reputation being affected by regulatory action, poor performance (including poor return on investments) and key personnel exiting the business.

(d) Growth strategy

The Combined Group's growth strategy and objectives may not be met and the Combined Group may not be able to grow at a rate comparable to Milton and WHSP's growth rates in the past. There is a risk that expected revenue will not meet targets while expenses may increase disproportionate to revenue.

There are ongoing risks with the growth of a business which include the costs associated with staffing, third party services, regulation and compliance. While the Combined Group seeks to design and implement an appropriate strategy, it may not always be effective in doing so. The Combined Group's decisions and actions relating to the allocation of capital across assets or reserves, acquisition, maintenance, growth, development or divestment may impact its financial performance.

There is also a risk that significant management time and attention may be required for the purposes of integrating the businesses of the Combined Group, which may impact on the ability of management to execute growth strategies and may cause a delay in the implementation of the Combined Group's growth strategy.

(e) Combined Group's investments

A large portion of the Combined Group's investments are investments in equity. In relation to the Combined Group's equity investments, the Combined Group:

- makes equity investments in companies; and
- holds equity interests in portfolio companies to earn capital investment returns from dividends paid by such portfolio companies and from capital growth on disposal of equity in such portfolio companies.

The Combined Group has made and expects to continue to make significant investments in the securities of privately held and publicly traded companies, which involve significant risks. There is a risk that the Combined Group may not be able to identify suitable acquisition or investment opportunities, negotiate acceptable terms or successfully acquire identified targets or interests. There is also a risk that the Combined Group's due diligence may not reveal all relevant facts that are necessary in evaluating an opportunity, which could subject the Combined Group to unknown liabilities.

If the Combined Group's investments do not generate revenue, profit or cash flow at the appropriate time or at anticipated levels, its growth prospects, business, results of operations and financial condition may be materially and adversely affected.

The Combined Group's ability to dispose of these investments is heavily dependent on the performance of the securities market. The Combined Group may also be restricted in its ability to dispose of investments in circumstances where the Combined Group would have a conflict of interest or be in possession of inside information. Market prices of publicly-traded securities tend to be volatile and subject to significant fluctuations. If the market price of the securities the Combined Group holds declines significantly, the Combined Group may be unable to sell any such securities at a favourable price, if at all, and may lose all or a portion of its investment amount.

10. Risk factors continued

In addition, the Combined Group will operate within a very broad mandate, which may result in significant changes to asset allocations and classes over time. There is no guarantee that the portfolio and asset allocations of the Combined Group following implementation of the Scheme will be maintained in the future.

(f) Market risk

The Combined Group's investment business includes investments in equity interests, which are exposed to risks arising from fluctuations in capital markets. The downturn of the equity market may result in a decrease of the unrealised gain of investment assets, unrealised or realised losses or impairment and a decrease of gains realised upon the disposal of such assets, any of which may have a material adverse effect on the Combined Group's business, financial condition, results of operations and prospects.

Volatility in the securities market may affect the Combined Group's profitability, financial position and dispositions of equity securities and equity-linked assets. A decline in the stock markets may lead to a reduction of unrealised gains in such assets or result in unrealised or realised losses, impairments, and a reduction of realised gains upon the dispositions of such assets, any of which could have a material adverse effect on the Combined Group's business financial condition, results of operations and prospects. Stock markets are subject to volatility for numerous reasons including political, economic and social conditions. These and other factors may from time to time result in significant price volatility, unexpected losses and lack of liquidity in the stock markets. A significant decrease in the prices of listed securities that the Combined Group has invested in, could materially reduce the value of the Combined Group's investment portfolio. Debt securities markets are also subject to volatility. Any significant decline in debt securities markets could negatively affect the value of the Combined Group's debt securities and have a material adverse effect on its business, financial condition, results of operations and prospects.

A certain portion of the Combined Group's assets are valued at market prices, cost methodology, fair value methodology and/or equity accounted value methodology. If the values of such assets decrease significantly and the Combined Group's management considers that the decrease is not temporary, impairment losses may be recognised. The recognition of asset impairment losses may have a material adverse impact on the Combined Group's results of operations.

(g) Management and supervision of investments

As the Combined Group does not centrally manage the operations of its investments, it may encounter difficulties in implementing management and supervision of its portfolio companies and in integrating the operations of acquired businesses or in realising anticipated efficiencies and cost savings. The Combined Group may fail to successfully manage the assets and subsidiaries in which the Combined Group does not have majority interests, or the Combined Group's relationships with its business partners. In addition, due to the large number of the Combined Group's portfolio companies, their geographic distribution and limitations in the Combined Group's information systems and other factors, the Combined Group may not always be able to effectively detect or prevent on a timely basis operational or management problems.

If the Combined Group is unable to effectively manage and supervise its portfolio companies or apply its strategies and policies consistently throughout the portfolio companies, the Combined Group's business, financial condition and results of operations could be materially and adversely affected and the Combined Group's reputation could be adversely affected.

(h) Climate-related risks

The Combined Group is exposed to a broad range of climate-related risks arising from the physical and non-physical impacts of climate change through its investments. The impacts of climate change may materially and adversely affect the value of the Combined Group's investments, in particular, the carrying value of its investments in mining, natural resources and significant energy users.

Growing worldwide public concerns over greenhouse gas emissions (GHG) and climate change, as well as increasingly strict regulations in this area could materially adversely affect the business of the Combined Group's portfolio companies in mining and natural resources. Government institutions have responded to the issue of

climate change in a number of ways, including imposing taxes on GHG emissions and incentivising a progressive shift to renewable energy and by introducing new regulations with increased compliance obligations. These measures may increase the cost of compliance and project costs for relevant portfolio companies of the Combined Group. In addition, further regulatory change could have a material adverse effect on such portfolio companies' results of operations, cash flow, liquidity, business prospects, financial condition as well as shareholder returns, including dividends, which in turn, may materially and adversely impact the Combined Group's carrying value of its investments.

In addition, global pressure for stronger climate action may also result in third parties, such as financial institutions, insurance companies and investors, introducing policies adverse to the Combined Group's investments in industries which are not carbon neutral, such as coal, oil and gas industries. For example, certain banks and insurance companies have announced that they will phase out financing of coal based businesses so as to align their business practices to fight climate change. The Combined Group has investments in and may in the future continue to invest in industries which are not carbon-neutral. Any such events may materially adversely affect demand for the Combined Group's securities, including its shares and debt securities, as well as the Combined Group's ability to obtain financing and/or raise capital. This could in turn adversely affect the Combined Group's investments, business, results of operations, financial condition and prospects.

(i) Regulatory matters

Investments held by the Combined Group will carry the risk that the value may be affected by changes in laws and regulations (and in particular, changes in taxation laws) of Australia and other jurisdictions in which the Combined Groups holds investments. In addition, failure to comply with applicable regulations could result in the imposition of sanctions on the Combined Group or its portfolio companies, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, revocation of licences and permits, operating restrictions and criminal proceedings and prosecution, any of which could have a material adverse impact on the business, results of operations and financial condition of the Combined Group and its portfolio companies.

(j) Litigation and claims

The Combined Group faces a risk of litigation (including litigation instigated by regulators) and disputes arising in the ordinary course of its business which has the potential to affect its financial standing or its reputation and to divert the attention of staff from the ordinary business of the Combined Group.

Litigation and disputes may arise from a regulator, by the Combined Group originating proceedings or by a third party originating proceedings, with such events having the potential to affect the value of any investments made as well as the reputation and standing of the Combined Group.

(k) COVID-19

The global impact of the COVID-19 pandemic, and the advice and responses from health and regulatory authorities, is continuously developing. The COVID-19 pandemic has had and may continue to have unpredictable and significant impact on capital markets and share prices and may adversely impact the Combined Group's business and financial performance for the foreseeable future.

The Combined Group may be impacted both by deterioration in macroeconomic conditions generally and specifically in relation to its operations. To date, the COVID-19 pandemic has affected, amongst other things, economic conditions, employment markets, equity markets, regulatory policy and caused governmental action including, mandatory quarantine, self-isolations and other travel related restrictions.

Given the ongoing and dynamic nature of the COVID-19 pandemic, the measures implemented to try to control it and the resulting volatility in financial, commodity and other markets, it is not possible to predict the impact that the COVID-19 pandemic and related measures taken to try to control the COVID-19 pandemic will have on the Combined Group's business (or on the operations of the Combined Group's customers, suppliers and other businesses upon which the Combined Group relies), and the length of time of such impact. However, the Combined Group's business is likely to continue to be affected by, among others, the geographic spread of the virus; changes

10. Risk factors

continued

in the severity of the disease; mutations in the COVID-19 virus; the duration of the pandemic; the availability and effectiveness of vaccines; actions that may be taken by Australian federal and state governmental authorities and governmental authorities in the other jurisdictions outside Australia in which the Combined Group operates in response to the pandemic, including actions to relax or further tighten existing restrictions. The COVID-19 pandemic and such responsive measures could also impact the Combined Group's ability to effectively implement its strategy, risk management framework and internal controls and procedures.

To the extent that the COVID-19 pandemic outbreak adversely affects the Combined Group's as well as its portfolio companies' business and financial performance, it may also have the effect of exacerbating many of the other risks identified in this section 10.

(l) Future earnings

The future earnings of the Combined Group may change materially if its future growth does not follow the historical trends for various reasons, including changes to the Combined Group's business operations and direction as well as factors beyond its control, such as change in economic direction, rules and regulations of the relevant jurisdictions and the domestic and international competitive landscape of the industries in which the Combined Group operates its business and invests in.

(m) Corporate structure

The Combined Group's portfolio companies operate in multiple industries, including several publicly-traded companies with unrelated businesses. Due to the diverse characteristics of the Combined Group's portfolio companies, the Combined Group faces challenges not found in companies with a single business line, such as conflicts of interest among business segments.

WHSP is an investment holding company engaged in the holding and managing of its investments. Its operating cash flows and its ability to meet its obligations are substantially dependent upon the payment of funds by its subsidiaries and portfolio companies to it in the form of dividends, distributions or otherwise. WHSP's subsidiaries and portfolio companies are legally distinct from WHSP and have no obligation to pay amounts due with respect to its obligations or to make funds available for such payments. Dividends and distributions (if any) are made by the portfolio companies at their discretion. The ability of the portfolio companies to pay dividends or make other distributions or payments to WHSP is subject to, among other things, availability of profits or funds, restrictions on payment of dividends contained in each of its subsidiary and portfolio company's indebtedness and applicable laws and regulations.

(n) External service provider risk

While the Combined Group strives to use reputable service professionals with a sound track record and expertise, the Combined Group cannot assure investors that the services rendered by these service professionals will be satisfactory or match the Combined Group's quality expectations. If the performance of such service professionals is unsatisfactory, or if such service professionals are in breach of their contractual obligations, the Combined Group may need to find a replacement or take actions to remedy the situations, which could materially and adversely affect the Combined Group's investments and business.

(o) Credit, liquidity and financial risks

Any investment in the Combined Group is subject to the liquidity of WHSP Shares on the ASX and is dependent on market appetite, the size of the shareholding and the price sought for any shares. There is a risk that any WHSP shares owned by an investor will be illiquid and not able to be sold at a desired price, or at all. Further, depressed economic and investment activities as a result of the COVID-19 pandemic has reduced and may continue to reduce global market liquidity.

Some of the Combined Group's investments may not have sufficient liquidity. As an investor with diversified investments, the Combined Group may also hold significant positions in some of the listed stocks that it directly

invests in, and any decision to sell or any perception in the market that it intends to sell could adversely affect the liquidity and market price of such security and, in turn, the Combined Group's returns on investment in such security. The Combined Group may also hold privately placed fixed income securities, private equity investments and real estate investments. If the Combined Group is required to dispose of potentially illiquid assets on short notice, it could be forced to sell such assets at prices significantly lower than the value it has recorded in its consolidated financial statements. As a result, the Combined Group's business, results of operations and financial condition could be materially and adversely affected.

The Combined Group has a diversified investment portfolio across different asset classes, including by way of corporate loans to portfolio companies. Accordingly, the Combined Group is subject to risks of default by the portfolio companies which include default or delays in repayment of principal and/or interest on the corporate loans.

(p) Inability to pay dividends or make distributions

The payment of dividends (if any) by WHSP will be determined by the WHSP Board from time to time at its discretion. Due regard is given to relevant factors, which include available profits, cashflow, financial condition, operating results, future capital requirements, covenants in relation to financing agreements, as well as legislative requirements and economic conditions more broadly. There is no guarantee that a dividend will be paid or, if paid, paid at historical levels.

(q) Equity dilution

WHSP may undertake offerings of equities in the future. Factors including the increase in the number of fully paid shares issued, the ability of an individual shareholder to participate in the equity offer, the issue price and the possibility of selling such equities may have an adverse effect on the financial position or voting power of any individual shareholder.

In addition, the Combined Group's equity interests in its portfolio companies may also be diluted. A dilution of the Combined Group's equity interest in a portfolio company would reduce its share of the profits earned by such portfolio company, which may have an adverse effect on the Combined Group's results of operations. Further, if the Combined Group's ownership was reduced significantly, it may reduce the Combined Group's representation on such company's board, or otherwise reduce the Combined Group's ability to direct or influence the operations of that company.

(r) Securities market fluctuations

There are various risks associated with investing in any form of business and with investing in listed entities generally. As with any entity listed on the ASX, the value of WHSP Shares is influenced by a variety of factors, including macroeconomic factors and broader social occurrences which are beyond WHSP's ability to control or predict. The events relating to the COVID-19 pandemic have previously resulted in significant market falls and volatility including in the prices of securities trading on the ASX. The value of WHSP Shares following implementation of the Scheme will depend upon general share market and economic conditions, which are uncertain and subject to fluctuation, as well as the specific performance of the Combined Group. There is no guarantee of profitability, dividends, return of capital, or the price at which WHSP Shares will trade on the ASX. The past performance of WHSP Shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value.

(s) General economic conditions

The financial performance of the Combined Group (and its underlying investments) and the value of the WHSP Shares may fluctuate due to various factors, including movements in the Australian and international capital markets, recommendations by brokers and analysts, interest rates, exchange rates, inflation, Australian and international economic conditions, change in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities, global health pandemics, acts of terrorism, investor perceptions and various other factors which may affect the Combined Group's financial position and earnings. In the future, these factors may affect the Combined Group and may cause the price of WHSP Shares to fluctuate and trade below current prices.

10. Risk factors

continued

In light of recent global macroeconomic events, including the impact of the COVID-19 pandemic, Australia may experience an economic recession or downturn of uncertain severity and duration which could impact the Combined Group's operations and the operations of its portfolio companies. These economic disruptions may adversely impact the Combined Group's earnings and assets, as well as the value of the WHSP Shares.

(t) Tax

A change to the current tax regime may affect Milton, WHSP or the Combined Group, and Milton Shareholders.

Any changes to the current rate of company income tax, availability of tax losses or recalculation of the tax cost of assets may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns. Personal tax liabilities are the responsibility of each individual Scheme Participant. Milton, WHSP and the Combined Group are not responsible for tax or penalties incurred by Milton Shareholders.

(u) Change in accounting or financial reporting standards

AAS are set by the AASB and are outside the control of Milton, WHSP or the Combined Group. Changes to accounting standards issued by the AASB could materially adversely affect the financial performance and position reported in the financial statements of Milton, WHSP or the Combined Group.

(v) Force majeure events

Events may occur within or outside Australia that could impact upon the global or Australian economy, the operations of the Combined Group and the price of the New WHSP Shares. These events include but are not limited to acts of terrorism, a global health pandemic such as the current COVID-19 pandemic, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, climate change or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Combined Group's services and its ability to conduct business. The Combined Group has only a limited ability to insure against some of these risks.

(w) Additional risks and uncertainties

Additional risks and uncertainties not currently known to Milton or WHSP may also have a materially adverse effect on Milton, WHSP or the Combined Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Milton, WHSP or the Combined Group.

10.4 Risks if the Scheme does not proceed

If the Scheme does not proceed, Milton will continue on a standalone basis and Milton Shareholders will retain their Milton Shares and will not receive any Scheme Consideration or the Special Dividend. In these circumstances, there is a risk that Milton Shares may trade below their current market price.

Milton Shareholders will also remain exposed to the normal risks inherent in the Milton business if the Scheme and the acquisition of Milton by WHSP does not proceed.

If the Scheme is not implemented, Milton expects to pay an aggregate of approximately \$2,400,000 (excluding GST and disbursements) in transaction costs in connection with the Scheme. These transaction costs are primarily payable to Milton financial, legal, tax and accounting advisors, the Independent Expert, the Investigating Accountant and the Share Registry.

11. Australian taxation implications

11.1 Introduction

The following is a general description of the Australian tax consequences of the Scheme (assuming it is implemented) for Milton Shareholders. It does not constitute tax advice and should not be relied upon as such.

The description is based upon the Australian tax law and administrative practice in effect at the date of this Scheme Booklet. It is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Milton Shareholder. Milton Shareholders are advised to seek their own independent professional tax advice in relation to their own particular circumstances.

The comments set out below are relevant only to those Milton Shareholders who hold their Milton Shares on capital account. The description does not apply to Milton Shareholders who:

- (a) acquired their Milton Shares pursuant to an employee share scheme arrangement;
- (b) hold their Milton Shares for the purposes of speculation or a business of dealing in securities (e.g. as trading stock);
- (c) are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Milton Shares; or
- (d) are non-residents of Australia who hold their Milton Shares in connection with a business carried on or through a permanent establishment in Australia.

Milton Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law. These comments relate to Australian tax law only.

This tax summary is based on Australian tax law and relevant regulations, rulings or judicial or administrative interpretations of such tax laws as at the date of this Scheme Booklet.

11.2 ATO class ruling

Milton has engaged with, and intends to apply to, the Australian Taxation Office (**ATO**) for a class ruling to confirm the key implications of the Scheme as these may apply to Milton Shareholders as noted below (**Class Ruling**).

The ATO is unlikely to issue the Class Ruling in a form that is binding until after implementation of the Scheme. Although it is not expected to be the case, when the binding Class Ruling is issued by the ATO, it may express a view contrary to that set out below.

When the final Class Ruling is issued by the ATO, it will be available on the ATO's website at www.ato.gov.au. When the final Class Ruling is issued by the ATO, WHSP will release a copy of the Class Ruling to the ASX. Scheme Participants and their advisers should review the Class Ruling when it is issued by the ATO.

11.3 Australian resident shareholders

(a) Capital Gains Tax

The disposal of Milton Shares held on capital account to WHSP by an Australian resident Milton Shareholder will constitute a capital gains tax (**CGT**) event A1 and may result in a capital gain or loss for income tax purposes (subject to any scrip for scrip roll-over relief that may be available).

The time of the CGT event will be when the Milton Shareholders transfer their Milton Shares to WHSP under the Scheme (i.e. the Implementation Date).

11. Australian taxation implications continued

Calculation of capital gain or capital loss (apart from scrip for scrip roll-over relief)

Milton Shareholders will make:

- a capital gain to the extent that their capital proceeds from the disposal of their Milton Shares are more than the cost base of those Milton Shares; or
- a capital loss to the extent that the capital proceeds are less than the reduced cost base of those Milton Shares.

Subject to choosing to apply scrip for scrip roll-over relief, a Milton Shareholder who makes a capital gain or loss on the disposal of their Milton Shares will be required to include the net capital gain (if any) for that income year in their assessable income. In this regard, capital gains and capital losses of a taxpayer in a year of income from Milton Shares and any other relevant CGT events are aggregated to determine whether there is a net capital gain or net capital loss.

Any net capital gain is to be included in a Milton Shareholder's assessable income, and is potentially subject to income tax. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains. Where a Milton Shareholder is a company, certain specific loss rules apply. These rules limit the ability to offset capital losses in a current or later income year.

Cost base of Milton Shares

The cost base of the Milton Shares of a Milton Shareholder will generally include the amount paid, and the market value of any property given, to acquire the Milton Shares, plus certain incidental costs of acquisition and disposal (e.g. brokerage fees and legal costs) that are not otherwise deductible to the Milton Shareholder.

The reduced cost base of the Milton Shares of a Milton Shareholder will be determined in a similar manner to the cost base, although some differences in the calculation of reduced cost base do exist depending on the relevant Milton Shareholder's circumstances.

Capital proceeds

The capital proceeds for the disposal of the Milton Shares of a Milton Shareholder will be the Scheme Consideration. Where a Milton Shareholder receives New WHSP Shares, the capital proceeds should be equal to the market value of the New WHSP Shares received under the Scheme.

CGT discount

Individuals, complying superannuation entities or trustees that have held their Milton Shares for at least 12 months (excluding the date of acquisition and disposal) may be entitled to benefit from the CGT discount to reduce the amount of the capital gain (after application of capital losses) from the disposal of their Milton Shares by:

- 50% in the case of individuals and trusts (for trustees, the ultimate availability of the discount for the beneficiaries of a trust will depend on the particular circumstances of the beneficiaries); or
- 33 $\frac{1}{3}$ % for complying superannuation entities.

The CGT discount will not be available to a Milton Shareholder that is a company or otherwise considered a corporate tax entity. However, certain listed investment companies (**LICs**) may be able to provide their shareholders with a LIC capital gain. In this regard, in broad terms, the shareholder of that LIC should be entitled to claim a tax deduction equal to an amount that corresponds to the CGT discount that would otherwise have been available (were a company so eligible).

(b) Scrip for scrip roll-over relief

Milton Shareholders who make a capital gain on disposal of their Milton Shares under the Scheme may choose to apply scrip for scrip roll-over relief to the extent they receive New WHSP Shares in respect of their Milton Shares.

Scrip for scrip roll-over relief is not available where a capital loss is made upon the disposal of any particular Milton Shares even where the capital proceeds of these Milton Shares are received in the form of New WHSP Shares.

If scrip for scrip roll-over relief is available and chosen by a Milton Shareholder, the capital gain realised from the disposal of the particular Milton Shares will be disregarded. Consequently, the disregarded capital gain is excluded from the calculation of the net capital gains or unapplied (carry-forward) capital loss balance. WHSP will not make an election under subsection 124-795(4) of the ITAA 1997 to deny scrip for scrip roll-over relief to eligible Milton Shareholders. Further, WHSP and a relevant Milton Shareholder are not required to jointly elect for a Milton Shareholder to obtain scrip for scrip roll-over relief.

Whether a Milton Shareholder has made the choice to apply scrip for scrip roll-over is generally evidenced by the way in which that Milton Shareholder prepares their income tax return. In some cases, a Milton Shareholder will be required to complete a CGT Schedule as part of their tax return filing. There is no need to lodge a separate notice with the ATO.

Where a Milton Shareholder has chosen scrip for scrip roll-over relief, the following should apply:

- The first element of the cost base of the New WHSP Shares received as Scheme Consideration should be equal to the proportion of the cost base of their original Milton Shares that were exchanged for Scheme Consideration.
- The New WHSP Shares will be taken to be acquired at the time their Milton Shares were originally acquired, for the purpose of any subsequent disposal of the New WHSP Shares and the application of the CGT discount.
- If a Milton Shareholder acquired their Milton Shares on or before 20 September 1985, then they are taken to have also acquired the corresponding WHSP Shares on or before 20 September 1985.

The benefit of choosing scrip for scrip roll-over relief will depend upon the individual circumstances of each Milton Shareholder.

(c) Where scrip for scrip roll-over relief is not chosen or available

Where scrip for scrip roll-over relief is not chosen or is not available in relation to a Milton Shareholder's disposal of Milton Shares under the Scheme, the following should apply:

- The capital gain or capital loss from the disposal of the Milton Shareholder's Milton Shares will be taken into account in calculating the Milton Shareholder's net capital gain for the income year in which the Implementation Date occurs unless the Milton shares were acquired on or before 20 September 1985 or are deemed to have been acquired on or before that day.
- The first element of the cost base of each New WHSP Share (i.e. the Scheme Consideration) received should be an amount equal to the market value of the Milton Shares given in respect of acquiring the New WHSP Share, determined on the Implementation Date.
- The acquisition date of the New WHSP Shares will be the Implementation Date. This date will be relevant for any future application of the CGT discount with respect to CGT events occurring in relation to the New WHSP Shares.

(d) Special Dividend

Milton Shareholders who are Australian tax residents and who receive the Special Dividend⁴⁹ must include the amount received in their assessable income. It is expected that the Special Dividend will be fully franked.

If the requirements outlined below are met, the Milton Shareholders who receive the Special Dividend will be:

- required to include the amount of the attached franking credits in their assessable income; and
- entitled to a tax offset equal to the amount of the franking credits attached to the Special Dividend.

⁴⁹ This assumes the Scheme becomes Effective and Milton continues to satisfy the applicable Corporations Act requirements for payment of a dividend. See section 6.8 of this Scheme Booklet for more information.

11. Australian taxation implications continued

The relevant requirements are that:

- the Milton Shareholder must be a 'qualified person' in relation to the Special Dividend; and
- certain dividend imputation integrity measures must not apply.

In order for a Milton Shareholder to be a 'qualified person' in respect of the Special Dividend, the Milton Shareholder must hold their Milton Shares "at-risk" for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period (**qualification period**).

Given that the Special Dividend reduces the amount of the Scheme Consideration, then the Special Dividend should constitute a 'related payment' for income tax purposes. Accordingly, the qualification period is *prima facie* the 45 days on either side of the Special Dividend Record Date.

However, Milton Shareholders should not be treated as holding their Milton Shares "at-risk" on and from the Scheme Record Date, as well as on any other day on which a Milton Shareholder has arrangements in place which materially diminish their risks of loss or opportunities for gain in respect of their Milton Shares.

Consequently, as a practical matter, unless a Milton Share is acquired before 13 August 2021 and is held (and continues to be held) "at-risk" up to 27 September 2021, then it is unlikely that a Milton Shareholder can be a qualified person in the required sense.

For completeness, in certain situations, the 'qualified person' rule provides a small shareholder exemption where the amount of franking credit tax offsets does not exceed \$5,000. However, this exemption does not apply where the 'related payments' rule applies, as is the case in the context of the Special Dividend.

If you are an individual or complying superannuation entity and your tax liability for the income year is less than the amount of the franking credits attached to the Special Dividend, you may be entitled to a refund for the excess franking credits.

This does not extend to companies. However, any excess franking credits of a company may be converted to tax losses and carried forward to offset taxable income in future years, subject to satisfying the company loss utilisation tests.

On the basis that Milton continues to satisfy the requirements to be a LIC, then, depending on Milton's tax position for the 2021 income year, some of the Special Dividend may include a LIC capital gain amount. If so, this may entitle eligible Milton Shareholders to a tax deduction which relates to that LIC capital gain.

(e) Milton Final Dividend

A similar analysis as outlined above applies in relation to the Milton Final Dividend. In particular, as the amount of the Milton Final Dividend further reduces the amount of the Scheme Consideration, then the 'related payments' rule is also activated. On the basis that the Milton Final Dividend Record Date is 1 September 2021, then, as a practical matter, unless a Milton Share is acquired before 13 August 2021 and is held (and continues to be held) "at-risk" up to 27 September 2021, then it is unlikely that a Milton Shareholder can be a qualified person in the required sense.

(f) WHSP Final Dividend

Milton Shareholders that participate in the Scheme and continue to hold Milton Shares up to the WHSP Final Dividend Record Date will need to hold their New WHSP Shares "at-risk" for at least 45 days during the applicable qualification period in order to obtain a tax offset in respect of any franking credits that are attached to their WHSP Final Dividend.

On the basis that the WHSP Final Dividend is not a 'related payment', then the qualification period should generally commence from the day after the New WHSP Shares are acquired by a Scheme Participant up to the day before that particular shareholder disposes of those shares.

The small shareholder exemption (as described above) should also generally be available where the WHSP Final Dividend is not a 'related payment'.

(g) Future disposal of New WHSP Shares

Where an Australian resident shareholder sells, transfers or otherwise disposes of their New WHSP Shares to a third party, a CGT event may arise and the relevant shareholder may make:

- a capital gain to the extent capital proceeds exceed the cost base of the New WHSP Shares; or
- a capital loss to the extent the reduced cost base of the New WHSP Shares exceeds the capital proceeds.

The cost base and acquisition date of the New WHSP Shares, and eligibility to claim the CGT discount, are described above.

11.4 Non-resident shareholders

(a) Capital Gains Tax

For Milton Shareholders who are not Australian tax residents (including Ineligible Overseas Shareholders), the disposal of their Milton Shares should have no CGT consequences if the Milton Shares are not "taxable Australian property".

The Milton Shares will only be "taxable Australian property" for non-resident Milton Shareholders who:

- hold their Milton Shares in carrying on a business at or through a permanent establishment in Australia; or
- are individuals who have previously made an election to disregard a CGT event I1, capital gain or capital loss in respect of their Milton Shares when they ceased to be an Australian tax resident.

For other Milton Shareholders who are not Australian tax residents, the Milton Shares should not be taxable Australian property. The reasons for this include that the aggregate market value of Milton's assets which are taxable Australian property (being direct and indirect interests in Australian real property, including land and property affixed to land) does not exceed the aggregated market value of Milton's assets which are not taxable Australian property.

(b) Special Dividend

Milton Shareholders who are not residents of Australia should not be subject to income tax in Australia in respect of the Special Dividend, provided they do not hold the Milton Shares through an Australian permanent establishment. As the Special Dividend is expected to be fully franked, such Milton Shareholders should not be subject to any Australian dividend withholding tax obligations.

(c) Milton Final Dividend and WHSP Final Dividend

A similar analysis as above applies in relation to the Milton Final Dividend and WHSP Final Dividend. However, any potential dividend withholding tax consequences should be further considered if either dividend is not fully franked.

11.5 Stamp duty

No Australian stamp duty should be payable by Milton Shareholders in relation to the disposal of their Milton Shares to WHSP under the Scheme.

11.6 Goods and Services Tax

Milton Shareholders should not be liable for GST in respect of a disposal of their Milton Shares.

Milton Shareholders may be charged GST on costs that they may incur (such as advisor fees relating to their participation in the Scheme) in relation to the Scheme. Milton Shareholders who are registered for GST may be entitled to claim input tax credits for such amounts of GST paid. They should seek independent professional tax advice in relation to their individual circumstances.

12. Additional Information

This section sets out additional information required to be disclosed to Milton Shareholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Milton Shareholders.

12.1 Interests of Milton Directors

(a) Milton Directors

The Milton Directors as at the date of lodgement of this Scheme Booklet for registration by ASIC were:

- Robert Dobson Millner (Chairman, Non-Executive Director)
- Brendan John O'Dea (Managing Director)
- Graeme Lindsay Crampton (Non-Executive Director)
- Kevin John Eley (Non-Executive Director)
- Justine Elizabeth Jarvinen (Non-Executive Director)
- Ian Alfred Pollard (Non-Executive Director)

(b) Interests of Milton Directors in Milton securities

The following table shows the marketable securities of Milton owned by, or on behalf of, each Milton Director, or in which they have a Relevant Interest, as at the Last Practicable Date:

Milton Director	Number of Milton Shares
Robert Dobson Millner	13,047,096 Milton Shares directly and indirectly held
Brendan John O'Dea	665,510 Milton Shares directly and indirectly held
Graeme Lindsay Crampton	169,172 Milton Shares indirectly held
Kevin John Eley	141,000 Milton Shares indirectly held
Justine Elizabeth Jarvinen	15,000 Milton Shares indirectly held
Ian Alfred Pollard	108,119 Milton Shares indirectly held

All Independent Milton Directors who hold Milton Shares intend to vote in favour of the Scheme in respect of all Milton Shares in which they have a Relevant Interest, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders.

The Chairman of Milton, Mr R.D. Millner, also intends to vote, or procure the voting of, any Milton Shares in which he has a Relevant Interest in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Milton Shareholders.

(c) Dealings of Milton Directors in Milton Shares

Other than Brendan O'Dea who acquired a Relevant Interest in 114,000 Milton Shares under the SSSP on 25 June 2021, no Milton Director has acquired or disposed of a Relevant Interest in any Milton Shares in the four-month period ending on the date immediately prior to the date of this Scheme Booklet.

(d) Interests of Milton Directors in WHSP

Mr Robert Dobson Millner is the non-executive Chairman of WHSP. As at the date of this Scheme Booklet, Mr R.D. Millner has a Relevant Interest in 20,055,093 WHSP Shares, being 8.38%.

As at the date of this Scheme Booklet, Mr Graeme Lindsay Crampton has a Relevant Interest in 40,100 WHSP Shares, being 0.017%.

No other Milton Director has a Relevant Interest in WHSP and no such persons are otherwise entitled to such securities as at the date of this Scheme Booklet.

12.2 Interests of Milton in WHSP Shares

Milton holds 9,174,640 WHSP Shares in its investment portfolio as at 30 June 2021.

12.3 Interests of WHSP in Milton Shares

(a) Interests of WHSP in marketable securities of Milton

As at the date of this Scheme Booklet, WHSP directly holds 22,216,178 ordinary shares in Milton and a Relevant Interest of 3.30% in Milton Shares⁵⁰.

(b) Dealings of WHSP Directors in Milton securities

No WHSP Director acquired or disposed of a Relevant Interest in any Milton Shares in the four-month period ending on the date immediately before the date of this Scheme Booklet apart from any acquisition or disposal as part of holding (including through independently managed funds or accounts) a diversified portfolio of shares which may include Milton Shares.

(c) Interests of WHSP Directors in marketable securities of Milton

Mr Robert Dobson Millner is the non-executive Chairman of Milton. As at the date of this Scheme Booklet, Mr R.D. Millner has a Relevant Interest in 13,047,096 Milton Shares, being 1.935%. The nature of Mr R.D. Millner's Relevant Interest in Milton Shares is set out in the table below.

Registered holder	Nature of Relevant Interest of R.D. Millner	Number of Milton Shares
Robert Dobson Millner	Direct	557,832
Millane Pty Ltd	Director	3,165,269
Jum Pty Ltd	Director	968,024
J S Millner Holdings Pty Ltd	Director	3,843,514
RDM Holdings Pty Ltd	Director	180,268
Hexham Holdings Pty Ltd	Director	3,280,079
Allanlea Pty Ltd	Director	222,144
Lineage Pty Ltd	Director	172,144
Tyneside Pty Ltd	Director	219,714
T G Millner Holdings Pty Ltd	Director	364,539
Highfield Superannuation Pty Ltd (Self Managed Superannuation Fund Trustee)	Director	73,569
Total		13,047,096

⁵⁰ WHSP intends to abstain from voting its 3.30% shareholding in Milton at the Scheme Meeting.

12. Additional Information

continued

Mr Thomas Charles Dobson Millner has a Relevant Interest in 12,248,478 Milton Shares, being 1.817% as at the date of this Scheme Booklet. The nature of Mr T.C.D. Millner's Relevant Interest in Milton Shares is set out in the table below.

Registered holder	Nature of Relevant Interest of T.C.D. Millner	Number of Milton Shares
Thomas Charles Dobson Millner	Direct	13,051
Millane Pty Ltd	Director	3,165,269
Jum Pty Ltd	Director	968,024
J S Millner Holdings Pty Ltd	Director	3,843,514
Hexham Holdings Pty Ltd	Director	3,280,079
Allanlea Pty Ltd	Director	222,144
Lineage Pty Ltd	Director	172,144
Tyneside Pty Ltd	Director	219,714
T G Millner Holdings Pty Ltd	Director	364,539
Total		12,248,478

No other WHSP Director has a Relevant Interest in any Milton Shares and no such persons are otherwise entitled to such securities as at the date of this Scheme Booklet.

12.4 Benefits and agreements

(a) Payments in connection with retirement from office

Other than as disclosed in this Scheme Booklet there is no payment or other benefit that is proposed to be made or given to any Milton Director or secretary or executive officer of Milton (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with their retirement from, office in Milton or any of its Related Bodies Corporate in connection with, or that is materially affected by the implementation of, the Scheme.

As disclosed in the Milton Annual Report for the financial year ended 30 June 2020, the following Milton Directors are entitled to retirement benefits:

Milton Director	Retirement provision ¹
Robert D Millner	\$55,905
Ian Pollard	\$45,000
Notes:	
1 The retirement benefits have been capped at the balance provided at 30 June 2003.	

On implementation of the Scheme, Ian Pollard will resign from the Milton Board and will be entitled to receive the retirement provision set out in the table above. Mr Millner will remain on the Milton Board following implementation of the Scheme.

(b) No collateral benefits offered by WHSP in the last four months

Other than as disclosed in this Scheme Booklet, during the four-month period before the date of this Scheme Booklet, neither WHSP, a WHSP Director or any associate of WHSP gave, or offered to give or agreed to give a benefit to another person which was likely to induce the other person or an associate of the other person to:

- (i) vote in favour of the Scheme; or
- (ii) dispose of any Milton Shares (as applicable),

which benefit was not offered to all Milton Shareholders.

(c) Agreements or arrangements with Milton Directors in connection with, or conditional on, the outcome of the Scheme

There are no agreements or arrangements made between any Milton Director and another person in connection with, or conditional on, the outcome of the Scheme other than as disclosed in this Scheme Booklet or in their capacity as a Milton Shareholder.

(d) Payments and benefits to Milton Directors, secretaries and executive officers in connection with the Scheme

Other than as disclosed in this Scheme Booklet, no Milton Director, secretary or executive officer of Milton (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from WHSP which is conditional on, or is related to, the Scheme, other than in their capacity as a Milton Shareholder.

(e) Interests of Milton Directors in WHSP contracts

Other than as described in this Scheme Booklet, no Milton Director has an interest in any contract entered into by WHSP.

12.5 Creditors of Milton

The Scheme, if implemented, is not expected to materially prejudice Milton's ability to pay its creditors as it involves the acquisition of securities in Milton for consideration provided by a third party. No material new liability is expected to be incurred by Milton because of the implementation of the Scheme. Milton has paid and is paying all of its creditors within normal terms and is solvent and trading in an ordinary commercial manner.

12.6 Transaction costs

Milton will incur external transaction costs in connection with the Scheme. Certain of these costs are conditional on the Scheme proceeding, and if the Scheme is implemented these will effectively be borne by WHSP who will have acquired Milton from implementation.

If the Scheme is implemented, Milton expects to pay an aggregate of approximately \$5,300,000 (excluding GST and disbursements) in external transaction costs in connection with the Scheme. These transaction costs are primarily payable to Milton financial, legal, tax and accounting advisors, the Independent Expert, the Investigating Accountant and the Share Registry.

12. Additional Information

continued

12.7 ASIC relief and ASX waivers

(a) ASX waiver

WHSP has received in-principle confirmation from ASX that ASX will not require WHSP to:

- comply with Listing Rule 11.1.2 and obtain the approval of holders of its ordinary securities (Listing Rule 11.1.2); or
- comply with Listing Rule 11.1.3 and re-comply with the ASX admission requirements set out in Chapters 1 and 2 of the Listing Rules as if WHSP were applying to the official list of ASX.

(b) ASIC relief

It is not envisaged that any ASIC relief will be required for the purposes of the Scheme and no ASIC relief was required for the issue of this Scheme Booklet.

12.8 Disclosures and consents

(a) Consents

The following parties have given and have not withdrawn, before the time of registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- Washington H. Soul Pattinson and Company Limited;
- Greenhill & Co. Australia Pty Limited as financial adviser to Milton;
- Hamilton Locke Pty Ltd as legal adviser to Milton;
- Lonergan Edwards & Associates Limited as the Independent Expert;
- Ernst & Young as the Investigating Accountant and external auditor of WHSP for the half year ended 31 January 2021;
- KPMG Australia as the tax advisor to Milton;
- Pitcher Partners as the external auditor to Milton and WHSP for the years ended 31 July 2019 and 31 July 2020; and
- Link Market Services Limited as the Share Registry.

Lonergan Edwards & Associates Limited has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

Ernst & Young has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Limited Assurance Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

WHSP has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of the WHSP Information in the form and context in which it is included and to all references in this Scheme Booklet to the WHSP Information in the form and context in which they appear.

KPMG Australia has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of section 11 of this Scheme Booklet being the outline of the taxation implications of the Scheme.

(b) Disclaimers

None of the persons referred to above has authorised or caused the issue of this Scheme Booklet and does not make or purport to make any statement in this Scheme Booklet other than those statements made in the capacity and to the extent the person has provided its consent, as referred to above.

To the maximum extent permitted by law, each person referred to above disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet.

12.9 Privacy and personal information

Milton and WHSP, their respective share registries and investor relations advisers may collect personal information about you in the process of implementing the Scheme. The personal information may include the names, contact details and details of the security holdings of Milton Shareholders, and the names of individuals appointed by Milton Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting.

The personal information is collected for the primary purpose of implementing the Scheme. Milton Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

Such individuals should contact the Share Registry at milton@linkmarketservices.com.au in the first instance if they wish to request access to that personal information. Milton Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

12.10 Right to inspect and obtain copies of the Share Register

Milton Shareholders have the right to inspect the Share Register which contains the name and address of each Milton Shareholder and certain other prescribed details relating to Milton Shareholders, without charge.

Milton Shareholders also have the right to request a copy of the Share Register upon payment of a fee (if any) up to a prescribed amount.

Milton Shareholders have these rights by virtue of section 173 of the Corporations Act.

12.11 Foreign selling restrictions

Law may restrict the distribution of this Scheme Booklet outside of Australia and persons who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. Milton disclaims all liabilities to such persons. Milton Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside of Australia.

12.12 No unacceptable circumstances

The Independent Milton Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Milton that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

12. Additional Information

continued

12.13 Formula for entitlement to New WHSP Shares

The formula to be applied with respect to determining the entitlements of Scheme Participants to New WHSP Shares as Scheme Consideration is set out in Schedule 3 of the Scheme Implementation Agreement (which is attached as Annexure C). The formula was agreed through negotiations between Milton and WHSP.

12.14 Interests of advisors

Other than as set out in this Scheme Booklet, no person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet holds, or held at any time during the last two years before the date of this Scheme Booklet, any interest in:

- (a) the formation or promotion of Milton; or
- (b) any property acquired or proposed to be acquired by Milton in connection with its formation or promotion or in connection with the Scheme.

12.15 Fees

If the Scheme is implemented, the amount of the external fees and expenses expected to be incurred by Milton in connection with the Scheme, including the fees and expenses of financial advisers, lawyers, accountants, and communication consultants, is estimated at approximately \$5,300,000 (excluding GST and disbursements).

If the Scheme is not implemented, Milton expects to pay approximately \$2,400,000 (excluding GST and disbursements) in external transaction costs.

12.16 Status of regulatory Scheme Conditions

The regulatory approvals that are Scheme Conditions are set out in section 5.3 of this Scheme Booklet. As at the Last Practicable Date, the following regulatory approvals that are Scheme Conditions are still outstanding:

No	Condition
Scheme Conditions	
1	ASIC approval Before 8.00am on the Second Court Date, ASIC issues or provides any consents or approvals, or has done any other acts, which the parties agree are reasonably necessary or desirable to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time.
2	Shareholder approval The Scheme is approved by Milton Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
3	Court approval The Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme.

12.17 Supplementary information

Milton will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- (a) a material statement in this Scheme Booklet is materially false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Milton may circulate and publish any supplementary document by:

- (a) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (b) posting the supplementary document on Milton's website at www.milton.com.au; or
- (c) making an announcement to ASX,

as Milton, in its absolute discretion, considers appropriate, subject to any approval that may be required from the Court. In particular, where the matter is not materially adverse to Milton Shareholders such circulation and publication may be only by an announcement to ASX.

12.18 Lodgement of Scheme Booklet

The Scheme Booklet was given to ASIC on 21 July 2021 in accordance with section 411(2)(b) of the Corporations Act. ASIC takes no responsibility for the content of this Scheme Booklet.

12.19 No other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision by a Milton Shareholder whether or not to vote in favour of the Scheme (as applicable) which is known to any Independent Milton Director and which has not previously been disclosed to Milton Shareholders at the date of lodging this Scheme Booklet with ASIC for registration.

13. Glossary

13.1 Definitions

The meaning of the terms used in this Scheme Booklet are set out below:

Defined Term	Meaning
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ACCC	the Australian Competition and Consumer Commission.
Accounting Standards	(a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).
Agreed Dividends	has the meaning given in the Scheme Implementation Agreement.
Announcement Date	22 June 2021, being the date the proposed Scheme was announced by Milton on the ASX platform.
Apex Healthcare	Apex Healthcare Berhad.
API	Australian Pharmaceutical Industries Limited.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act, as if subsection 12(1) of the Corporations Act includes a reference to this Scheme Booklet and Milton was the designated body.
ASX	ASX Limited (ABN 98 008 624 691) or, if the context requires, the financial market known as the Australian Securities Exchange operated by it.
ATO	the Australian Taxation Office.
Bidder Material Adverse Effect	has the meaning given in the Scheme Implementation Agreement.
Bidder Prescribed Event	has the meaning given in the Scheme Implementation Agreement.
Brickworks	Brickworks Limited.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, New South Wales.
CAGR	Compound annual growth rate.
Combined Group	the combination of the WHSP Group and the Milton Group, as comprised by WHSP and its Subsidiaries following implementation of the Scheme.
Competing Transaction	has the meaning in the Scheme Implementation Agreement.
Control	has the meaning given in Section 50AA of the Corporations Act.
Corporations Act	Corporations Act 2001 (Cth).

Defined Term	Meaning
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia (Sydney Registry).
Deed Poll	the deed poll dated 2 August 2021 executed by WHSP in relation to the Scheme as set out in Annexure E.
Dividends	the Special Dividend, Milton Final Dividend and WHSP Final Dividend.
ECL	Expected Credit Loss.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	the later of: (a) 17 December 2021; or (b) such other date and time agreed in writing between WHSP and Milton.
ESP	has the meaning given in section 7.9.
Exchange Ratio	the formula used to calculate the Scheme Consideration, as set out in section 6.1.
Exclusivity Period	the period commencing on 22 June 2021 and ending on the earlier of: (a) the termination of the Scheme Implementation Agreement in accordance with its terms; (b) the expiration of the period of good faith under clause 3.10 of the Scheme Implementation Agreement if Milton Shareholders fail to approve the Scheme at the Scheme Meeting and Milton and WHSP fail to reach agreement under clause 3.9 of the Scheme Implementation Agreement; and (c) the End Date.
First Court Date	the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
FVOCI	Fair Value through Other Comprehensive Income.
FVTPL	Fair Value through Profit and Loss.
First Court Hearing	the Court hearing on the First Court Date.
Government Agency	a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the ACCC, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

13. Glossary continued

Defined Term	Meaning
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Milton Shareholders present and voting, either in person or by proxy.
IFRS	International Financial Reporting Standards.
Implementation Date	the fifth Business Day following the Scheme Record Date or such other date as Milton and WHSP agree.
Independent Expert	an expert, independent of the parties, engaged by Milton in good faith to prepare the Independent Expert's Report.
Independent Expert's Report	the report of the Independent Expert, as set out in Annexure A.
Independent Limited Assurance Report	the report of the Investigating Accountant set out in Annexure B.
Independent Milton Directors	the committee of independent directors established by the Milton Board to consider the Proposed Transaction on behalf of Milton, consisting of all Milton Directors except Mr Robert D. Millner (due to his Chairmanship and Relevant Interest in WHSP ⁵¹).
Ineligible Overseas Shareholder	<p>an Ineligible Overseas Shareholder is:</p> <p>(a) a Scheme Participant who is, or who is acting on behalf of a person who is, as at the Scheme Record Date, a resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or</p> <p>(b) a Scheme Participant whose address, as shown in the Share Register as at the Scheme Record Date, is located outside of Australia or New Zealand and their respective external territories,</p> <p>unless Milton and WHSP jointly determine that it is lawful and not unduly onerous and not unduly impracticable to issue that Scheme Participant with New WHSP Shares when the Scheme becomes Effective and it is lawful for that Scheme Participant to participate in the Scheme by the law of the relevant place outside Australia and New Zealand.</p>
Investigating Accountant	Ernst & Young.
ITAA 1997	the Income Tax Assessment Act 1997 (Cth).
Last Practicable Date	30 July 2021, being the last practicable day before finalising the information in this Scheme Booklet.
Listing Rules	the official listing rules of ASX.
Milton	Milton Corporation Limited (ACN 000 041 421).
Milton Adjusted NTA	has the meaning given in section 6.1.

⁵¹ Details of Mr R.D. Millner's interests in Milton and WHSP are set out in section 12.1 of this Scheme Booklet.

Defined Term	Meaning
Milton Board	the board of directors of Milton as at the date of this Scheme Booklet.
Milton Director	a director of Milton as at the date of this Scheme Booklet.
Milton Final Dividend	a fully franked final dividend of 8 cents per Milton Share, as announced to ASX on 23 July 2021.
Milton Final Dividend Record Date	7:00pm on 1 September 2021.
Milton Group	Milton and its Subsidiaries. A reference to a member of the Milton Group or a Milton Group Member is a reference to Milton or any such Subsidiary.
Milton Information	the information contained in this Scheme Booklet other than: <ul style="list-style-type: none"> (a) the WHSP Information; (b) the Independent Expert's Report; (c) the Independent Limited Assurance Report; and (d) section 11 (Australian taxation implications).
Milton Share	a fully paid ordinary share in Milton.
Milton Shareholder	each person who is registered as the holder of a Milton Share in the Share Register from time to time.
Milton Shareholder Information Line	means the information telephone line that Milton Shareholders can contact for further information about the Scheme, being 1300 148 339 (within Australia) or +61 2 9066 4059 (outside Australia).
Net Cash Flows From Investment	Cash flows after corporate costs and excluding the effects of non-regular cash inflows and outflows to demonstrate the underlying cash flows generated by the investment portfolio.
New Hope Corporation	New Hope Corporation Limited.
New WHSP Shares	WHSP Shares to be issued under the Scheme as Scheme Consideration.
NTA	<ul style="list-style-type: none"> (a) in respect of Milton, 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 at the end of each calendar month of its net tangible asset backing per share; and (b) in respect of WHSP, the value of all of WHSP's assets less all of its liabilities (excluding tax payable upon the sale of WHSP's assets). <p>For the avoidance of doubt, deferred tax assets and deferred tax liabilities will be excluded from the calculation of NTA.</p>
Palla Pharma	Palla Pharma Limited.
Proposed Transaction	<ul style="list-style-type: none"> (a) the proposed acquisition by WHSP of all the shares in Milton not already owned by WHSP through the implementation of, and in accordance with, the Scheme; and (b) all associated transactions and steps contemplated by the Scheme Implementation Agreement.

13. Glossary continued

Defined Term	Meaning
Proxy Cut-Off Date	the last day on or before which proxies must be lodged for the Scheme Meeting.
Proxy Form	the proxy form for the Scheme Meeting, which accompanies this Scheme Booklet.
Related Body Corporate	has the meaning given in the Corporations Act.
Relevant Date	<p>in relation to a Scheme Condition in the Scheme Implementation Agreement, the date or time specified in the Scheme Implementation Agreement for its satisfaction or, if no date or time is specified, 8.00am on the Second Court Date, or such extension of that time and date as agreed between WHSP and Milton.</p> <p>In relation to a Scheme Condition in the Scheme, the date or time specified in the Scheme for its satisfaction (if any).</p>
Relevant Interest	has the meaning given in the Corporations Act.
Representatives	has the meaning given in the Scheme Implementation Agreement.
Requisite Majority	<p>in respect of the Scheme, approval by:</p> <p>(a) more than 50% in number of Milton Shareholders present and voting; and</p> <p>(b) at least 75% of the total number of votes cast on the Scheme Resolution by Milton Shareholders.</p>
Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Milton and Scheme Participants, a copy of which is contained in Annexure D.
Scheme Booklet	this document that constitutes the Explanatory Booklet referred to in the Scheme Implementation Agreement in respect of the Scheme to be approved by the Court and despatched to Milton Shareholders and includes the annexures to this document.
Scheme Conditions	the conditions set out in clause 3.2 of the Scheme Implementation Agreement and clause 3.1 of the Scheme.
Scheme Consideration	the number of New WHSP Shares to be issued to each Scheme Participant under the Scheme, calculated by reference to the Exchange Ratio.
Scheme Implementation Agreement	the Scheme Implementation Agreement dated 22 June 2021 between WHSP and Milton relating to implementation of the Scheme, among other things, as announced to the ASX on 22 June 2021 and attached as Annexure C.
Scheme Meeting	the meeting of Milton Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Participant	a Milton Shareholder as at the Scheme Record Date, other than WHSP or any of its subsidiaries.

Defined Term	Meaning
Scheme Record Date	7.00pm on 27 September 2021 (or such other Business Day as the parties agree in writing).
Scheme Resolution	the resolution set out in the Notice of Scheme Meeting set out in Annexure F.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.
Second Court Hearing	the Court hearing on the Second Court Date.
Share Register	the register of shareholders maintained by Milton under section 168(1) of the Corporations Act.
Share Registry	Link Market Services Limited (ACN 083 214 537).
Special Dividend	a fully franked special dividend which Milton estimates will be approximately 37 cents per Milton Share.
Special Dividend Record Date	the record date for the Special Dividend, as set out in the indicative timetable on page vi.
Special Dividend Payment Date	the anticipated payment date for the Special Dividend, as set out in the indicative timetable on page vi.
SSSP	has the meaning given in section 7.9.
Subsidiary	has the meaning given to that term in section 46 of the Corporations Act.
Superior Proposal	<p>a bona fide Competing Transaction which the Independent Milton Directors, acting in good faith, and after taking advice from Milton's legal and financial advisors, determines is:</p> <ul style="list-style-type: none"> (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction, including its conditions; and (b) of a higher financial value and is more favourable to Milton Shareholders than the Scheme, taking into account all aspects of the Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters.
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Target Material Adverse Effect	has the meaning given in the Scheme Implementation Agreement.
Target Prescribed Event	has the meaning given in the Scheme Implementation Agreement.
TPG	TPG Telecom Limited.
Tuas	Tuas Limited.
Voting Entitlement Time	the date for determining voting eligibility at the Scheme Meeting, being 7.00pm on 11 September 2021.

13. Glossary

continued

Defined Term	Meaning
VWAP	the volume weighted average price.
Wesfarmers	Wesfarmers Limited.
WHSP	Washington H. Soul Pattinson and Company Limited (ACN 000 002 728).
WHSP Board	the board of directors of WHSP, being comprised of, as at the date of this Scheme Booklet, the individuals listed in section 8 of this Scheme Booklet.
WHSP Constitution	the constitution of WHSP.
WHSP Directors	the directors of WHSP, being, as at the date of this Scheme Booklet, the individuals listed in section 8 of this Scheme Booklet.
WHSP Final Dividend	a fully franked final dividend which WHSP indicatively estimates to be 36 cents per WHSP Share.
WHSP Final Dividend Record Date	the record date for the WHSP Final Dividend, as set out in the indicative timetable on page vi.
WHSP Group	WHSP and each of its Subsidiaries (excluding, at any time, Milton and its Subsidiaries to the extent that Milton and its Subsidiaries are Subsidiaries of WHSP at that time). A reference to a member of the WHSP Group or a WHSP Group Member is a reference to WHSP or any such Subsidiary.
WHSP Information	the information regarding the WHSP Group and the Combined Group provided by WHSP to Milton for inclusion in this Scheme Booklet, being the information contained in sections 8, 9, 10.3, 12.3 and 12.7 of this Scheme Booklet (including the information contained in those sections as summarised in section 2 of this Scheme Booklet), except to the extent it pertains to Milton or Milton's contribution to the information regarding the Combined Group.
WHSP Reference Price	has the meaning given in clause 6.1.
WHSP Register	the register of shareholders of WHSP maintained by or on behalf of WHSP in accordance with Section 168(1) of the Corporations Act.
WHSP Share	a fully paid ordinary share in the capital of WHSP.
WHSP Shareholder	each person who is registered in the WHSP Register as a holder of WHSP Shares.

13.2 Interpretation

In this Scheme Booklet, unless the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act, unless inconsistent with the meaning given in this section;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (f) a reference to a section or annexure is a reference to a section of or an annexure to this Scheme Booklet as relevant;
- (g) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (h) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (i) a reference to time is a reference to time is to Australian Eastern Standard Time, unless otherwise indicated;
- (j) a reference to writing includes facsimile transmissions; and
- (k) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

Annexure A
Independent Expert's Report

Milton
CORPORATION LIMITED



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The Independent Directors
Milton Corporation Limited
Level 5, 261 George Street
Sydney NSW 2000

30 July 2021

Subject: Proposed acquisition by way of Scheme

Dear Independent Directors

Introduction

- 1 On 22 June 2021, Milton Corporation Limited (Milton) announced that it and Washington H. Soul Pattinson and Company Limited (WHSP) had entered into a Scheme Implementation Agreement (the Agreement) under which WHSP and Milton would effectively merge by way of WHSP acquiring 100% of the share capital in Milton that it does not already own.
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Milton and its shareholders (other than WHSP and its associates) (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the Scheme is approved and implemented, Milton shareholders will receive WHSP scrip as consideration with Milton shares to be valued at a 10% premium to pre-tax net tangible assets (NTA), adjusted for Milton's final and special dividends (the Scheme Consideration). As part of the Scheme, Milton shareholders will be entitled to three fully franked dividends, being:
 - (a) the Milton FY21 final dividend of \$0.08 per share (Final Dividend)
 - (b) a proposed Milton FY21 special dividend of up to \$0.37 per share (Special Dividend)
 - (c) for shareholders on record at the time of the WHSP dividend, participation in the WHSP FY21 indicative final dividend (assumed to be equivalent to \$0.07 per Milton share)¹.
- 4 The exchange ratio (being the number of WHSP shares for each Milton share) will be determined as at the Calculation Date² and will reflect:

¹ As we have assessed the value of WHSP shares offered as consideration on a cum-dividend basis (i.e. inclusive of the FY21 final dividend) we have not adjusted our assessed value of the Scheme Consideration for the entitlement to WHSP's final dividend for FY21.

² The 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.

Authorised Representatives:

Wayne Lonergan • Craig Edwards* • Hung Chu • Martin Hall • Martin Holt* • Grant Kepler* • Julie Planinic* • Nathan Toscan • Jorge Resende

* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.
Liability limited by a scheme approved under Professional Standards Legislation

- (a) the pre-tax Milton NTA calculated in the same manner as used for the purpose of Milton's monthly market announcements of pre-tax NTA per share to the Australian Securities Exchange (ASX), adjusted to exclude the aggregate amount of the Milton Final Dividend and Special Dividend (the Proposed Dividends), to the extent they have been declared and are the subject of a decision to pay³
 - (b) a reference share price for WHSP that is the lower of:
 - (i) the VWAP of WHSP shares for the one month ending on, and including, the Calculation Date
 - (ii) \$31.00.
- 5 If the abovementioned three dividends are paid to the extent indicated, an additional \$0.22 per share in franking credits will be distributed to Milton shareholders. Milton intends to pay the FY21 final dividend irrespective of the outcome of the proposed Scheme.

Purpose of report

- 6 Mr Robert Millner is Chairman of both WHSP and Milton. Accordingly, there is a regulatory requirement for an independent expert's report (IER) to be prepared for Milton shareholders pursuant to the Corporations Act.
- 7 Furthermore, the Scheme is subject to a number of conditions precedent, including an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Milton shareholders. In addition:
- (a) the Independent Directors' recommendation of the Scheme is subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Milton shareholders in the absence of a superior proposal
 - (b) as the Scheme is considered a change of control transaction, the Australian Securities & Investments Commission's (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) also requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable.
- 8 Accordingly, the Independent Directors have requested Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Milton shareholders and the reasons for that opinion.
- 9 LEA is independent of Milton and WHSP and has no other involvement or interest in the proposed Scheme.

Summary of opinion

- 10 In our opinion, the Scheme is fair and reasonable and in the best interests of Milton shareholders in the absence of a superior proposal. We have formed this opinion for the reasons set out below.

³ Milton's payment of the Proposed Dividends is subject to the availability of sufficient franking credits and Milton satisfying the applicable *Corporations Act 2001* (Cth) (Corporations Act) requirements for the payment of a dividend. The Special Dividend is also subject to the Scheme becoming effective.

Value of Milton

- 11 We have calculated the value of Milton as at 30 June 2021 (based on the financial position of Milton as at that date).
- 12 As set out in Section III, the investment portfolio of Milton substantially comprises investments in listed securities. As there is a liquid and active market in respect of these investments, in assessing the value of the equity in Milton we have had regard to the quoted price of the respective listed securities to determine the market value of the underlying investments. To allow for market fluctuations in the price of these securities, we have adopted a value for this portfolio of +/-5%.
- 13 On this basis we have assessed the value of Milton shares on a 100% controlling interest basis at the amounts below:

Valuation of Milton			
	Carrying value \$m	LEA assessed values	
		Low \$m	High \$m
Cash	79.0	79.0	79.0
Receivables	19.7	19.7	19.7
Prepayments	0.1	0.1	0.1
Investments	3,581.3	3,402.3	3,760.4
Joint ventures (property development)	23.8	23.8	23.8
Property, plant and equipment	5.9	5.9	5.9
Deferred tax assets	0.2	0.2	0.2
Total assets	3,710.1	3,531.0	3,889.2
Payables	(1.0)	(1.0)	(1.0)
Current tax liabilities	(0.3)	(0.3)	(0.3)
Provisions	(0.3)	(0.3)	(0.3)
Total liabilities	(1.6)	(1.6)	(1.6)
Net assets excluding deferred tax liabilities (DTL)	3,708.5	3,529.4	3,887.5
Allowance for DTL	(541.1)	(108.2)	(54.1)
Net assets including DTL	3,167.4	3,421.2	3,833.4
Shares on issue (million)		674.2	674.2
Value per share (\$)		\$5.07	\$5.69

- 14 In respect of our assessed value we note that:
 - (a) as we have adopted a valuation date of 30 June 2021, our assessed valuation is prior to the payment of the Proposed Dividends
 - (b) our valuation assessment recognises that the present value of the DTL (arising on unrealised gains on the investment portfolio) is significantly less than the amount that would be payable upon a realisation of the investment portfolio. This is principally because Milton is a long term investor and has no current plans to liquidate its portfolio (other than on a minor basis) in the foreseeable future.

Value of Scheme Consideration

Value of WHSP shares offered as consideration

- 15 We have assessed the value of WHSP shares offered as consideration pursuant to the Scheme at between \$30.00 and \$33.00 per share. The low range value has regard to the value implied based on our assessed stand-alone values of WHSP and Milton, together with the modest incremental value expected to arise from a merger of the two companies (noting also the inherent significant intangible value in WHSP based on prices at which WHSP shares have recently traded⁴). The high range value primarily reflects trading in WHSP shares following the announcement of the Scheme, with the volume weighted average price (VWAP) of WHSP shares since the announcement of the Scheme on 22 June 2021 up to 29 July 2021, being \$33.13 per share.

Exchange ratio

- 16 The basis of determination of the exchange ratio is set out in paragraph 4 above. Whilst the actual exchange ratio will not be known until the Calculation Date, for the purposes of this report our calculation of the exchange ratio reflects:
- (a) the Milton pre-tax NTA per share of \$5.50 as at 30 June 2021 (being our assumed valuation date for the purpose of this report)
 - (b) the Milton FY21 final dividend of \$0.08 per share as announced on 23 July 2021
 - (c) the proposed Milton FY21 special dividend of up to \$0.37 per share
 - (d) a WHSP reference price of \$31.00 per share (given that the WHSP share price has traded in excess of this amount since the announcement of the Scheme on 22 June 2021).
- 17 Our calculation of the exchange ratio for the purposes of this report (noting that the actual exchange ratio will only be set as at the Calculation Date) is set out below:

Calculation of exchange ratio	
	\$ per share
Milton pre-tax NTA per share	5.50
Less Proposed Dividends	
FY21 final dividend	(0.08)
FY21 proposed special dividend	(0.37)
Adjusted Milton pre-tax NTA per share	<u>5.05</u>
Agreed 10% premium	0.51
Milton premium adjusted NTA	<u>5.56</u>
WHSP reference price	31.0
Exchange ratio	<u><u>0.179</u></u>

⁴ Refer paragraphs 246 to 250.

Value of Scheme Consideration

- 18 We have therefore assessed the value of the Scheme Consideration to be received by Milton shareholders pursuant to the Scheme as set out below:

Value of Scheme Consideration		
	Low \$	High \$
Value of WHSP post transaction – per share	30.00	33.00
Exchange ratio	0.179	0.179
Value of Scheme Consideration	5.38	5.91

- 19 As noted above, as part of the Scheme, Milton shareholders will also be entitled to three fully franked dividends, being the Proposed Dividends and the WHSP FY21 final dividend.
- 20 For evaluation purposes we have excluded the entitlement related to the potential participation in the WHSP FY21 final dividend. As we have assessed the value of WHSP shares offered as consideration on a cum-dividend basis (i.e. inclusive of the FY21 final dividend) there is no need to adjust our assessed value of the Scheme Consideration for the entitlement to WHSP's final dividend for FY21.
- 21 As noted above, we have assessed the value of Milton inclusive of the entitlement to the Proposed Dividends (being both the Milton FY21 Final Dividend and proposed FY21 Special Dividend). For evaluation purposes therefore, in addition to the Scheme Consideration, we have also had regard to the Proposed Dividends and have determined the corresponding aggregate amount to be received by Milton shareholders (deemed the Total Consideration for the purpose of our report). We have assessed the Total Consideration at \$5.83 to \$6.36 per share, as set out below:

Value of Total Consideration		
	Low \$	High \$
Value of Scheme Consideration	5.38	5.91
Milton FY21 final dividend	0.08	0.08
Milton FY21 proposed special dividend	0.37	0.37
Value of Total Consideration	5.83	6.36

- 22 We note that due to the benefit of franking credits the value of the Total Consideration to some Australian resident shareholders may be greater than our assessed valuation range.

Fairness

- 23 Pursuant to RG 111 the Scheme is “fair” if the value of the Total Consideration is equal to, or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Total Consideration to value of Milton			
	Low \$ per share	High \$ per share	Mid-point \$ per share
Value of Total Consideration	5.83	6.36	6.10
Value of 100% of Milton	5.07	5.69	5.38
Extent to which the Total Consideration exceeds (or is less than) the value of Milton	0.76	0.67	0.72

- 24 As the Total Consideration exceeds our assessed valuation range for Milton shares on a 100% controlling interest basis, in our opinion, the Total Consideration is fair to Milton shareholders when assessed based on the guidelines set out in RG 111.
- 25 As noted above, in assessing fairness for the purpose of our report we have had regard to data as at 30 June 2021 and have adopted a post-transaction WHSP share price in the range of \$30.00 to \$33.00 per share. For the benefit of Milton shareholders, we have considered the situation where the WHSP share price potentially falls to a level below the low range value of \$30.00 adopted above, either before or after the Calculation Date. We consider the most likely factors that might give rise to a decline in the WHSP share price to be either or a combination of the following:
 - (a) a decline in share markets generally (due, for example, to enhanced investor concern as to the ongoing negative economic impacts of the current COVID-19 pandemic). In such circumstances, given the commonality in the investment portfolios of the two companies, we would expect a corresponding decline in the Milton share price (to a greater or lesser extent)
 - (b) a negative turn in investor sentiment towards WHSP, such that investors are no longer prepared to buy WHSP shares at prices that imply an underlying premium to reported NAV to the extent evidenced by recent trading in WHSP shares.
- 26 In circumstances where the decline in the WHSP share price occurs prior to the Calculation Date, we note that this decline will implicitly be allowed for in determining the exchange ratio, as the WHSP reference share price for such purposes is based on the VWAP of WHSP shares for the one month ending on, and including, the Calculation Date (subject to the ceiling of \$31.00 per share).
- 27 In circumstances where the decline in the WHSP share price occurs subsequent to the Calculation Date (either immediately or shortly thereafter), based on the mid-point of our assessed valuation range of Milton shares of \$5.38, we have calculated that the WHSP share price would need to fall below \$27.51 before our assessment of the Scheme would become technically unfair based on RG 111 guidelines. Milton shareholders should note that WHSP shares last traded around these levels in January 2021.

Assessment of reasonableness and in the best interests

- 28 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Scheme is also reasonable.
- 29 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 30 In our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because, if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.

- 31 We therefore consider that the Scheme is also “in the best interests” of Milton shareholders in the absence of a superior proposal.

Assessment of the Scheme

- 32 We summarise below the likely advantages and disadvantages for Milton shareholders if the Scheme proceeds.

Advantages

- 33 In our opinion the Scheme has the following benefits for Milton shareholders:
- (a) the Total Consideration exceeds our assessed valuation range for Milton shares on a 100% controlling interest basis
 - (b) the Total Consideration represents a significant premium to the recent market prices of Milton shares prior to the announcement of the Scheme on 22 June 2021. Furthermore, the premium significantly exceeds observed premiums generally paid to target company shareholders in comparable circumstances (being other observed acquisitions of listed investment companies (LICs))
 - (c) the Total Consideration also represents a significant premium to both Milton’s pre-tax and post-tax NTA
 - (d) pursuant to the proposed Scheme and related Special Dividend, Milton will distribute all its available franking credits, which will provide a significant benefit to those Milton shareholders able to utilise the franking credits
 - (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Milton shares is likely to trade at a significant discount to our valuation and the Total Consideration due to the difference between the value of Milton shares on a portfolio basis and the value ascribed to them for the purpose of calculation of the exchange ratio under the Scheme.

Disadvantages

- 34 In our opinion the Scheme has the following disadvantages for Milton shareholders:
- (a) Milton shareholders will be diluted pursuant to the Scheme and will hold an aggregate interest of around 33% in the combined entities. However they will be shareholders in a significantly larger group with increased scale and liquidity, with a diversified and balanced portfolio with exposure to domestic and international listed securities and private market opportunities
 - (b) based on the recent comparable level of dividends paid by the respective companies, Milton shareholders would have received a lower level of dividend income had the Scheme been implemented effective from FY19. Offsetting this however, the total shareholder return generated by WHSP at each five year interval over the previous 20 years has exceeded the comparable return produced by Milton
 - (c) Milton shareholders will no longer have an effective 100% tangible asset backing for their shareholding, with recent trading indicating that WHSP shares have traded at share prices that imply significant intangible value⁵.

⁵ Refer paragraphs 246 to 250.

Conclusion

- 35 Whilst there are disadvantages to Milton shareholders pursuant to the Scheme, we consider these to be more than outweighed by the advantages of the Scheme, particularly from a value perspective. Consequently, in our view, the acquisition of Milton shares under the Scheme is fair and reasonable and in the best interests of Milton shareholders in the absence of a superior proposal.

Other considerations

- 36 Milton shareholders should note that the listed market price of WHSP shares is subject to daily fluctuation. The price at which WHSP shares may be sold may therefore be greater or less than our assessed realisable value of WHSP shares of \$30.00 to \$33.00 per share.
- 37 Milton shareholders should also note that any decision to hold WHSP shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold WHSP shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. In this regard, as discussed in Section VI, Milton shareholders should also note that the prices at which WHSP shares have traded in recent times (both pre and post the announcement of the Scheme) imply a significant component of intangible value⁶.

General

- 38 In preparing this report we have considered the interests of Milton shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.
- 39 The impact of approving the Scheme on the tax position of Milton shareholders depends on the individual circumstances of each investor. Milton shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 40 The ultimate decision whether to approve the Scheme should be based on each Milton shareholder's assessment of their own circumstances. If Milton shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.
- 41 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Milton shareholders read the remainder of our report.

Yours faithfully



Craig Edwards
Authorised Representative



Martin Holt
Authorised Representative

⁶ Refer paragraphs 246 to 250.

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Appendices

- A Financial Services Guide**
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- D Glossary**

I Key terms of the Scheme

Terms

42 An overview and key terms of the Scheme is set out at paragraphs 1 to 5.

Conditions

- 43 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between Milton and WHSP dated 22 June 2021:
- (a) respective regulatory approvals from ASIC and the ASX, including approval by the ASX for the quotation of new shares in WHSP to be issued pursuant to the Scheme and confirmation from the ASX that WHSP does not need shareholder approval to issue these shares
 - (b) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
 - (c) Milton shareholder approval by the requisite majorities at the Scheme meeting under the Corporations Act
 - (d) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the transaction is in effect at 8.00am on the Second Court Date
 - (e) no “Target Prescribed Event” or “Bidder Prescribed Event” (as defined in clause 1.1 of the Agreement) occurs on or before 8.00am on the Second Court Date⁷
 - (f) no “Target Material Adverse Effect” (as defined in clause 1.1 of the Agreement) occurs on or before 8.00am on the Second Court Date⁸
 - (g) no “Bidder Material Adverse Effect” occurs on or before 8.00am on the Second Court Date. A Bidder Material Adverse Event occurs if the VWAP for WHSP shares for the one month period immediately preceding the Scheme Meeting is less than 85% of \$30.25 (being the closing WHSP share price on 21 June 2021)
 - (h) each of the representations and warranties given or made by either party under clause 11 of the Agreement is true and correct as at the time it was given or made
 - (i) the NTA value of Milton is not less than \$4.488 per share as at 5.00pm on the business day immediately prior to the Scheme Meeting (excluding unpaid dividend deductions and premiums)
 - (j) as at 8.00am on the Second Court Date Milton does not have any interest in any ordinary shares issued by Brickworks Limited
 - (k) an independent expert issues a report which concludes that the Scheme is in the best interests of Milton shareholders and the independent expert does not change this opinion.

⁷ The definition of a Bidder Prescribed Event includes the payment of any dividends until after the implementation of the Scheme. This mechanism effectively allows Milton shareholders receiving WHSP shares as consideration to participate in any WHSP FY21 final dividend.

⁸ The definition of a Target Material Adverse Event includes condition 43(i) below.

- 44 In addition, Milton has agreed that during the Exclusivity Period, it will not:
- (a) directly or indirectly solicit, invite, encourage, facilitate or initiate any enquiry, expression of interest, offer, proposal, discussion, negotiation or other communications in relation to, or which may reasonably be expected to lead to, a competing proposal
 - (b) directly or indirectly facilitate, participate in or continue any discussions or negotiations in relation to, or which may reasonably be expected to lead to, a competing proposal
 - (c) communicate to any person any intention to do any of the things in (a) or (b)
 - (d) solicit, invite, initiate, facilitate or encourage any third party to undertake due diligence on Milton
 - (e) publicly recommend a competing proposal, and must not enter into any agreement, arrangement or understanding (whether or not in writing) to implement a competing proposal, subject to a mandatory matching right regime
 - (f) make available or permit access to a third party for the purposes of that third party making, formulating, developing or finalising, or assisting such third party to make, formulate, develop or finalise, a competing proposal, any non-public information relating to Milton.
- 45 Certain of the exclusivity obligations (relating to “no talk” and “no due diligence”) do not apply in respect of a bona fide written competing proposal if Milton has complied with the various obligations set out in the Agreement and the Milton Board determines, acting in good faith:
- (a) based on written advice from its financial advisers, that the competing proposal is, or may reasonably be expected to lead to, a Superior Proposal (as defined in Schedule 1.1 of the Agreement)⁹; and
 - (b) based on written advice from its external legal advisers, that compliance with its exclusivity obligations would be reasonably likely to be contrary to the fiduciary or statutory duties of the Milton Directors.

Resolution

- 46 Milton shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.
- 47 If the resolution is passed by the requisite majorities, Milton must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Milton shareholders who hold Milton shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

⁹ Subject to any potential breach of fiduciary duties (in certain circumstances), Milton must notify WHSP if it receives a superior competing proposal.

II Scope of our report

Purpose

- 48 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.
- 49 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 50 Whilst the relevant interest of WHSP in Milton shares is only 3.3%, Mr Robert Millner is the Chairman of both WHSP and Milton. Accordingly, there is a regulatory requirement for an IER to be prepared for Milton shareholders pursuant to the Corporations Act.
- 51 Furthermore, the Scheme is subject to a number of conditions precedent, including an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Milton shareholders. In addition:
- (a) the Independent Directors' recommendation of the Scheme is subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Milton shareholders in the absence of a superior proposal
 - (b) as the Scheme is considered a change of control transaction, RG 111 also requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable.
- 52 The Independent Directors of Milton have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Milton by WHSP under the Scheme is fair and reasonable and in the best interests of Milton shareholders and the reasons for that opinion.
- 53 This report has been prepared by LEA for the benefit of Milton shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Notice of Meeting and Scheme Booklet to be sent to Milton shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Milton shareholders.
- 54 The ultimate decision whether to approve the Scheme should be based on each Milton shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

- 55 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which, inter alia, provides guidance as to how an expert should assess the merits of a transaction.
- 56 When an IER is prepared for a scheme that involves a change of control (like the proposed Scheme concerning Milton)¹⁰, ASIC expects the form of the analysis undertaken by the expert to be substantially the same as for a takeover bid. That is, the expert is required to assess and provide an opinion on whether the scheme is “fair” and “reasonable” to the shareholders of the company which is the subject of the scheme (in addition to the inclusion of a statement as to whether the scheme is “in the best interests” of shareholders, being the opinion required under Part 3 of Schedule 8 of the Corporations Regulations).
- 57 Fairness involves the application of a strict quantitative test that compares the value of the consideration offered against the value of the shares that are the subject of the scheme (assuming 100% ownership of the target company and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length, noting that any special value that may be derived by a particular “bidder” should not be taken into account¹¹). A scheme is “fair” if the value of the scheme consideration is equal to, or greater than the value of the shares that are the subject of the scheme. Fairness effectively measures whether shareholders (in the company the subject of the scheme) are being compensated for the actual (or deemed) change of “control” in ownership.
- 58 Reasonableness involves the consideration of other significant quantitative and qualitative factors that shareholders might consider prior to accepting a proposal (e.g. the bidder’s existing shareholding in the company, the likely market price of the company’s shares if the scheme is unsuccessful, the likelihood of a superior alternative offer emerging etc). A scheme is considered “reasonable” if it is “fair”. A scheme may also be considered “reasonable” if, despite being “not fair”, the expert believes there are sufficient reasons for shareholders to vote in favour of the scheme, in the absence of a superior proposal.
- 59 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 60 Similarly, RG 111 notes that if an expert concludes that a scheme is “not fair and not reasonable”, then the expert would need to conclude that the scheme is “not in the best interests” of members of the company.
- 61 Having regard to the above, our report therefore considers:

Fairness

- (a) the market value of 100% of the shares in Milton

¹⁰ A transaction where a person’s voting power increases from below 20% to more than 20%, or from a starting point that is above 20% and below 90%.

¹¹ e.g. synergies that are not available to other bidders.

- (b) the value of the consideration offered by WHSP (based on the minority interest value of WHSP shares post implementation of the Scheme)
- (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)

Reasonableness

- (d) the extent to which a control premium is being paid to Milton shareholders
- (e) the comparative position of Milton shareholders both prior to and on the assumption the Scheme is implemented
- (f) the extent to which Milton shareholders are being paid a share of any synergies likely to be generated pursuant to the proposed transaction
- (g) the listed market price of the shares in Milton, both prior to and subsequent to the announcement of the proposed Scheme
- (h) the likely market price of Milton shares if the proposed Scheme is not approved
- (i) the value of Milton to an alternative offeror and the likelihood of a superior proposal in respect of Milton being tabled prior to the date of the Scheme meeting
- (j) the advantages and disadvantages of the Scheme from the perspective of Milton shareholders
- (k) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 62 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 63 Our report is also based upon financial and other information provided by Milton and WHSP and their respective advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 64 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Milton shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 65 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting

specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

- 66 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 67 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 68 In forming our opinion, we have also assumed that:
 - (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

III Profile of Milton

Overview

- 69 Milton is an Australian listed investment company that was incorporated in 1938 and subsequently listed on the Sydney Stock Exchange¹² in 1958. Milton manages a \$3.7 billion¹³ portfolio of assets including ASX listed companies and trusts.
- 70 Milton is predominantly a long-term investor in companies and trusts listed on the ASX and has three key objectives:
- (a) increasing fully franked dividends to shareholders over time
 - (b) providing capital growth for shareholder investments
 - (c) investing in a diversified portfolio of assets.

Portfolio

- 71 A breakdown of Milton's 20 largest investments as at 30 June 2021 is set out below.

Milton – Top 20 Holdings ⁽¹⁾	
	Share of total assets %
Commonwealth Bank	8.5
WHSP	8.3
Westpac Banking Corporation	7.0
Macquarie Group Limited	6.9
BHP Group Limited	6.4
CSL Limited	4.6
Wesfarmers Limited	4.6
National Australia Bank	3.5
Eagers Automotive Limited	3.0
Woolworths Limited	3.0
Rio Tinto Limited	2.3
Transurban Group	2.2
Brickworks Limited	2.2
ALS Limited	2.1
Telstra Corporation Limited	1.5
Coles Group Limited	1.4
Perpetual Limited	1.3
Amcor PLC	1.3
Johns Lyng Group	1.3
ASX Limited	1.2
Total – top 20 holdings	72.6

Note:

1 Rounding differences may exist.

Source: Milton.

¹² Now the ASX.

¹³ As at 30 June 2021.

- 72 The following table sets out the composition of Milton's listed investment portfolio over the four reporting periods to 30 June 2021:

Milton – composition of listed investment portfolio⁽¹⁾				
	Allocation of total assets (%)			
	Jun 18	Jun 19	Jun 20	Jun 21
Banks	29.0	28.0	17.0	18.9
Other Financials	12.4	8.2	12.0	12.3
Materials	9.9	11.2	11.5	12.1
Consumer Discretionary	4.4	7.0	7.8	9.8
Energy	8.0	8.0	8.0	9.6
Industrials	6.5	7.5	8.9	9.0
Health Care	5.0	5.4	7.8	6.5
Consumer Staples	10.1	6.0	6.3	5.3
Insurance	-	3.9	3.3	3.8
Real Estate	3.4	3.4	3.9	3.6
Communication Services	1.9	3.2	4.1	3.6
Utilities	2.8	2.9	2.9	1.3
Information Technology	0.7	0.7	0.9	0.8
Total investment portfolio	94.1	95.4	94.4	96.6
Cash	4.2	3.3	4.0	2.1
Other assets ⁽²⁾	1.7	1.3	1.6	1.3
Total assets	100.0	100.0	100.0	100.0

Note:

- 1 Rounding differences may exist.
 2 Other assets include Milton's interest in a number of property joint venture entities (refer paragraph 82).

Source: Milton.

- 73 Milton's portfolio turnover is generally low. However FY20 was a transformative year for Milton's investment portfolio, with bank weighting reduced from 28.0% as at 30 June 2019 to 17.0% as at 30 June 2020 due to concerns regarding earnings and dividend growth attributed to, inter alia, declining credit quality, increased compliance costs and the impact of technology based disruption. That said, Milton has retained significant investments in Commonwealth Bank, Westpac and National Australia Bank as management believe that the long-term outlook favours larger banks that are better able to continue to invest in their platforms.

- 74 The table below sets out the turnover of the Milton portfolio for the six years to FY21:

Milton – Equity portfolio turnover						
	FY16	FY17	FY18	FY19	FY20	FY21
	\$m	\$m	\$m	\$m	\$m	\$m
Equity investments						
Opening position	2,657.0	2,568.4	2,764.0	2,931.9	3,141.2	2,706.2
Additions	69.4	55.8	89.4	131.1	269.8	85.1
Disposals	(46.8)	(43.1)	(59.7)	(44.5)	(277.6)	(43.2)
Change in value	(111.2)	182.9	138.2	122.7	(427.2)	833.2
Closing position	2,568.4	2,764.0	2,931.9	3,141.2	2,706.2	3,581.3
<i>Additions / opening position</i>	2.6%	2.2%	3.2%	4.5%	8.6%	3.1%
<i>Disposals / opening position</i>	(1.8%)	(1.7%)	(2.2%)	(1.5%)	(8.8%)	(1.6%)

Management

- 75 Milton is managed internally by an experienced management team of seven staff who undertake all management and administrative functions associated with its investment portfolio. An overview of Milton's key management personnel is set out below:

Milton – Directors and management	
Name	Position
Robert Millner	Chair
Brendan O'Dea	Managing Director / Chief Executive Officer
Nishantha Seneviratne	Chief Financial Officer / Company Secretary
Graeme Crampton	Non-executive Director
Kevin Eley	Non-executive Director
Ian Pollard	Non-executive Director
Justine Jarvinen	Non-executive Director

Statement of financial performance

- 76 The financial performance of Milton for the two years ended 30 June 2020 (FY20) and six months to 31 December 2020 (1H21) is summarised below:

Milton – statement of financial performance ⁽¹⁾			
	FY19 \$m	FY20 \$m	1H21 \$m
Ordinary investment revenue	138.1	117.2	39.4
Interest income	2.6	1.5	0.3
Net trading gains	0.2	0.8	1.0
Other revenue	0.5	0.6	0.2
Net profits of joint ventures	1.5	0.9	1.3
Administration costs	(4.2)	(4.5)	(2.3)
Operating profit before tax	138.7	116.5	39.9
Tax expense	(5.1)	(5.2)	(2.6)
Underlying operating profit after tax	133.6	111.3	37.3
Special dividends after tax	14.1	5.6	1.1
Net profit after tax	147.7	116.9	38.4
<i>Earnings per share (cents)</i>	<i>20.1</i>	<i>16.6</i>	<i>5.7</i>
<i>Dividends per share (cents)</i>	<i>19.4</i>	<i>17.5</i>	<i>5.8</i>

Note:

1 Rounding differences may exist.

Source: Milton.

Historical performance

- 77 Milton's operating profit is heavily reliant on the ordinary distributions of profits from the companies and trusts in which it invests. Lower dividend income was received on Milton's diversified investment portfolio during FY20 and 1H21 as companies suspended or reduced dividend payments due to COVID-19 concerns. This was particularly acute in the banking sector, where Milton holds substantial investments (notwithstanding Milton has reduced its exposure to the banking sector in recent years).

Dividends and distributions

- 78 Dividends and distributions from investments are recognised as income on the date that the investment trades “ex-dividend”. Those dividends and distributions from ordinary revenue comprise ordinary dividends and ordinary trust distributions and are considered part of operating revenue.
- 79 Special dividends and special trust distributions are accounted for separately as special investment revenue and are not considered part of operating revenue due to their irregular nature. De-merger dividends arising from company de-consolidations are treated as return of capital by Milton and not as a dividend.

Balance sheet

- 80 The financial position of Milton as at 30 June 2020 and 30 June 2021 is set out below:

Milton – statement of financial position⁽¹⁾		
	30 Jun 20	30 Jun 21
	\$m	\$m
Investments	2,706.2	3,581.3
Cash and liquid assets	114.1	79.0
Joint ventures	24.7	23.8
Other assets	21.1	26.0
Total assets	2,866.1	3,710.1
Liabilities	(2.6)	(1.6)
Net assets before provision for tax on unrealised capital gains	2,863.5	3,708.5
Provision for tax on unrealised capital gains	(289.7)	(541.1)
Net assets	2,573.8	3,167.4
<i>Shares on issue (million)</i>	<i>671.3</i>	<i>674.2</i>
<i>NTA per share (pre-tax)</i>	<i>4.26</i>	<i>5.50</i>
<i>NTA per share (post-tax)</i>	<i>3.83</i>	<i>4.70</i>

Note:

1 Rounding differences may exist.

Source: Milton.

Investments

- 81 Listed investments are valued at fair value, which is determined by the unadjusted last-sale price quoted on the ASX at the measurement date.

Joint ventures

- 82 Milton has interests in the following property joint venture entities:

- (a) 33.33% interest in the Ellenbrook Syndicate Joint Venture
- (b) 23.33% interest in The Mews Joint Venture contribution
- (c) 50% interest in the LWP Huntlee Syndicate No 2 Joint Venture.

- 83 Milton’s investments in its property joint ventures are accounted for under the Equity Method and are valued initially at cost and periodically adjusted for changes in value due to Milton’s share in the joint ventures’ income or losses, distributions and any call payments.

Guarantee facility by parent company

- 84 Milton agreed to provide a guarantee subject to a maximum of \$10 million to Bankwest to support a repayment of a principal amount on a loan payable on 30 June 2022 (or on a later agreed date) by a joint venture in which LWP Huntlee Syndicate No 2 has a 23.75% interest. This guarantee facility replaced Milton's previous interest servicing guarantee facility of \$10 million to the joint venture, which was cancelled on 8 April 2020.
- 85 This facility, which is on commercial terms, is secured by a second ranking mortgage over the real property of the joint venture as well as guarantees provided by other related entities of the joint venture. As at 30 June 2021 Milton's contingent liability amounted to \$10 million.

Deferred tax liabilities

- 86 Milton is a long-term investor and does not intend to dispose of its investment portfolio. However, under current accounting standards Milton is required to provide for the full (deferred) tax liability that would arise if the portfolio was sold for the values attributed to the portfolio by Milton.

Share capital

- 87 As at 30 June 2021 Milton had 674,230,364 fully paid ordinary shares on issue. There are no other securities on issue.
- 88 As at 30 June 2021, the five largest shareholders in Milton held 10.6% of the issued capital, as shown in the table below:

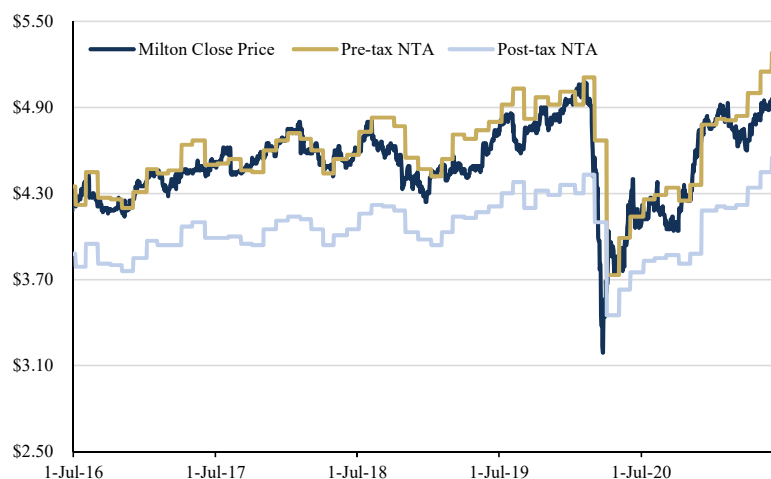
Milton – top 5 shareholders as at 30 June 2021		
	Shares held	Issued capital
	No.	%
WHSP	22.2	3.3
Higlett Pty Ltd	17.0	2.5
Argo Investments Limited	13.5	2.0
Brispot Nominees Pty Ltd	9.3	1.4
HSBC Custody Nominees (Australia) Limited	9.2	1.4
Total shares held by five largest shareholders	71.2	10.6

Source: Milton.

Share price performance

- 89 The following graph illustrates the movement in the Milton share price relative to its pre-tax NTA backing and post-tax NTA backing from 1 July 2016 to 21 June 2021¹⁴:

¹⁴ Being the last trading day prior to the announcement of the Scheme.

Milton – share price history
1 July 2016 to 21 June 2021


Source: Bloomberg and respective Milton NTA announcements.

- 90 As shown above, the share price of Milton has generally traded marginally below its pre-tax NTA backing, with an average discount to pre-tax NTA of around 2%. We consider this discount to be largely attributable to the deferred tax liabilities discussed previously in paragraph 86. While the pre-tax NTA does not take into account the deferred tax liability, based on the market prices of Milton shares we consider it likely that share market investors in Milton have made some allowance for the present value of this liability.

Liquidity in Milton shares

- 91 The liquidity in Milton shares based on trading on the ASX over the 12 month period preceding the announcement of the proposed Scheme with WHSP is set out below:

Milton – liquidity in shares						
Period	Start date	End date	No of shares traded 000	WANOS ⁽¹⁾ outstanding 000	Implied level of liquidity Period ⁽²⁾ %	Implied level of liquidity Annual ⁽³⁾ %
1 month	22 May 21	21 Jun 21	6,545	674,230	1.0	11.6
3 months	22 Mar 21	21 Jun 21	16,317	673,787	2.4	9.7
6 months	22 Dec 20	21 Jun 21	28,149	673,237	4.2	8.4
1 year	22 Jun 20	21 Jun 21	59,389	672,645	8.8	8.8

Note:

- 1 Weighted average number of shares outstanding (WANOS) during relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

- 92 As indicated above, shares in Milton are thinly traded relative to its market capitalisation which is not unexpected given that Milton is a popular investment vehicle for long-term investors. That said, we note the total value of Milton shares traded in the 12 month period prior to the announcement of the Scheme was approximately \$270.3 million.

IV Profile of WHSP

Overview

- 93 WHSP was incorporated on 21 January 1903 having previously traded as two separate pharmacy companies, Pattinson and Co. and Washington H. Soul and Co. and was listed on the Sydney Stock Exchange (now the ASX) on that date. Since then, WHSP has diversified its operations into a number of industries and has grown to become one of the largest ASX listed investment companies with a much broader investment portfolio encompassing investments in natural resources, building materials, telecommunications, retail, agriculture, property equity, investments and corporate advisory. As at 30 June 2021, WHSP had a market capitalisation of approximately \$8.1 billion.

Investment approach

- 94 WHSP holds a diversified portfolio of uncorrelated investments across listed equities, private equity, property and loans. 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.
- 95 WHSP's primary objective is to hold a diversified portfolio of assets, which provide long-term capital growth in the value of WHSP shares and generate a growing income stream for distribution to shareholders in the form of fully franked dividends.

Investments

- 96 An overview of WHSP's portfolio as at 30 June 2021 is set out below:

WHSP – Portfolio overview		
Category	30 Jun 21	
	\$m	% total
Telecommunications portfolio ⁽¹⁾	1,543	27.5
Brickworks ⁽¹⁾	1,646	29.3
New Hope Corporation ⁽¹⁾	633	11.3
Financial Services portfolio ⁽¹⁾⁽²⁾	398	7.1
Pharmaceuticals portfolio ⁽¹⁾	260	4.6
Round Oak Minerals ⁽²⁾	106	1.9
Equities portfolio ⁽¹⁾⁽²⁾	780	13.9
Private Equity portfolio ⁽²⁾	334	6.0
Property portfolio ⁽²⁾	110	2.0
Cash and other net assets ⁽³⁾	381	6.8
Debt	(580)	(10.3)
Net asset value (pre-tax)	5,612	100.0

Note:

- 1 At market value based on ASX closing prices.
2 At cost or Director's Valuation.
3 Includes WHSP's portfolio of loan assets. All WHSP loans are senior secured debt (first or second ranking) and most are relatively short-term in nature.

- 97 Further details with respect of each of WHSP's investment categories are set out below.

Telecommunications portfolio

- 98 The Telecommunications portfolio is made up of WHSP's investments in TPG Telecom Limited (TPG) and Tuas Limited (Tuas):

WHSP – Telecommunications portfolio		
	WHSP holding (%)	Value ⁽¹⁾ \$m
TPG	12.6	1,467
Tuas	25.3	76
Total		<u>1,543</u>

Note:

- 1 Based on ASX closing prices as at 30 June 2021.

- 99 An overview of these companies is provided below:





- (a) **TPG** is a provider of consumer, small to medium enterprise (SME), government, corporate and wholesale telecommunications services including fixed internet, voice, mobile and data services. It owns Australia's second largest fixed voice and data network, with over 27,000 kilometres (km) of metropolitan and inter-capital fibre, as well as end-to-end infrastructure including over 400 DSLAM¹⁵ enabled telephone exchanges and the international submarine cable connecting Australia and Guam, with onwards connectivity to the United States of America (US) and Asia.
- On 29 June 2020, TPG shareholders approved a merger with Vodafone Hutchison Australia Limited (Vodafone). As a result of the merger, WHSP's shareholding in TPG was diluted from 25.3% to 12.6%
- (b) **Tuas** – in the 2020 financial year, TPG demerged its Singapore mobile business to shareholders via a non-cash in-specie dividend. That business was renamed Tuas Limited. WHSP holds a 25.3% interest in Tuas. Tuas, through its wholly owned subsidiary TPG Telecom Pte Ltd (TPG Singapore) owns and operates a national 4G mobile network in Singapore, which as of 4 September 2020 had 133,000 paid subscribers.

Brickworks Limited

- 100 Brickworks Limited (Brickworks) is an ASX listed diverse building material manufacturer, specialising in bricks, blocks, pavers, roof tiles, precast walling and flooring panels and timber product. The company was founded in 1934 by the New South Wales Brick Masters' Association and subsequently listed on the ASX in 1962. WHSP holds 43.3% of the shares in Brickworks.
- 101 Brickworks has a diversified portfolio of assets across four divisions:

¹⁵ Digital Subscriber Line Access Multiplexer.

Brickworks – Divisional Overview⁽¹⁾

<p>Investments 60% of Group assets</p> <p>39.4% interest in WHSP, an ASX100 diversified investment house</p> 	<p>Property 18% of Group assets</p> <p>Joint Venture Industrial Property Trust with Goodman Group</p> 	<p>Building Products Australia 16% of Group assets</p> <p>Australia's leading brickmaker + strong positions in other building products</p> 	<p>Building Products North America 5% of Group assets</p> <p>Leading brickmaker in north east USA</p> 
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Note:

¹ Group asset percentages as at 31 January 2021.

Source: Brickworks 1H21 Results Presentation.

102 Further details of Brickworks divisions are as follows:

- (a) **Investments** – primarily relates to Brickworks 39.4% interest in WHSP¹⁶. Dividends received from Brickworks shareholding in WHSP are an important source of the company's earnings and cash flow diversification. As at 30 June 2021, Brickworks investment in WHSP was valued at some \$3.2 billion¹⁷
- (b) **Property** – Brickworks Property division primarily consists of an industrial property portfolio, held within a 50:50 joint venture property trust with the Goodman Group. These industrial property assets are located in prime locations and largely comprise leased assets, albeit there is also a pipeline of undeveloped land assets¹⁸. As at 31 January 2021, Brickworks 50% share of the property portfolio was valued at \$777 million (after allowing for borrowings against the portfolio)
- (c) **Building Products Australia** – the division is engaged in the manufacture of vitrified clay, concrete and timber products used in the building industry. Major product lines include bricks, masonry blocks, pavers, roof tiles, floor tiles, precast walling and flooring panels, fibre cement walling panels and roof battens used in the building industry. Brickworks products are marketed under four primary brands in Australia, being Austral Bricks, Bristile Roofing, Austral Masonry and Austral Precast
- (d) **Building Products North America** – manufactures vitrified clay and concrete products used in the building industry. Major product lines include bricks and masonry blocks used in the building industry. Brickworks has established a leadership position in the Northeast region of the US through its differentiated brick business, with a focus on architectural products for the non-residential and multi residential sectors.

¹⁶ Brickworks holds 94,314,855 WHSP shares.

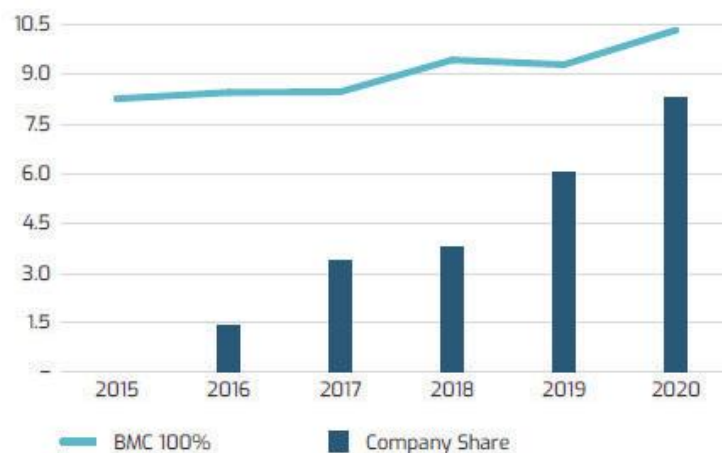
¹⁷ Based on closing price of WHSP shares of \$33.73 as at 30 June 2021.

¹⁸ As at 31 January 2021, some 19% of Property Trust assets related to land to be developed.

New Hope Corporation Limited (New Hope)

- 103 New Hope is an ASX listed integrated and diversified energy company based in Australia, with a primary focus on coal. The company has business interests and operations spanning coal mining, exploration, port operation, oil, agriculture, innovative technologies and investment. The company's headquarters are in Brisbane, Queensland. WHSP owns 43.85% of New Hope¹⁹.
- 104 New Hope currently operates one open cut mine (Bengalla) which produces thermal coal, with another thermal coal mine (New Acland) in the process of moving to a care and maintenance phase pending approval of a proposed mine extension:
- (a) **Bengalla (80%)** – Bengalla is a single pit open cut mine, using a dragline, truck and excavator method. Bengalla, operated by Bengalla Mining Company, is located in the Sydney basin and mines the Wittingham Coal Measures of the Hunter Coalfields. The Bengalla mine is operational 24 hours a day, seven days a week. Bengalla Mining Company is a joint venture between New Hope (80%) and Taipower (20%). Bengalla received an initial 21 year development consent in 1996 which was renewed in March 2015 and extended mining through to 2039. The extraction limit approved from the mine is 15 million tonnes per annum (Mtpa) of run of mine (ROM) coal. A summary of the saleable coal production from the Bengalla Mine over the five years to FY20 is set out below:

Bengalla – Saleable coal production (Mtpa)



Source: New Hope.

- (b) **New Acland (100%)** – located in South East Queensland, the New Acland Coal Mine is a wholly owned open-cut thermal coal mine that has been in production since 2002. New Hope is currently attempting to gain approval from the Queensland Government for stage three of the New Acland Mining Operation, which features the expansion of the existing mine to 7.5 Mtpa. In FY20, coal production from New Acland was 2.8 million tonnes (Mt), down 32% on FY19 production due to the Queensland

¹⁹ WHSP has a voting interest in New Hope of 39.85%, and a further economic interest of 4.0% pursuant to a cash settled equity swap arrangement.

Government's failure to approve Stage 3, which resulting in a significant reduction of the workforce on site since October 2019.

- 105 New Hope also has three previous operations that are currently undergoing rehabilitation in the West Moreton region – Jeebropilly, New Oakleigh and Chuwar and has a range of coal exploration and development projects including the coking / thermal coal Lenton Joint Venture²⁰ located in the Bowen Basin, Queensland and the North Surat Thermal Coal Project located in South West Queensland.
- 106 New Hope's Joint Ore Reserve Committee (JORC) compliant coal resources and reserves as at 31 May 2020²¹ (on a 100% basis) are detailed as follows:

New Hope – reserves and resources							
Project	Inferred Mt	Resources (JORC)			Reserves (JORC)		
		Indicated Mt	Measured Mt	Total Mt	Probable Mt	Proved Mt	Total Mt
Mining operations							
New Acland	16	193	290	499	121	249	370
Bengalla ⁽¹⁾	16	176	201	393	45	163	208
Burton ⁽¹⁾	8	11	13	32	-	-	-
Exploration and development operations							
Lenton ⁽¹⁾	208	104	68	380	12	23	35
Yamala ⁽¹⁾	184	39	14	237	-	-	-
Elimatta	73	105	108	286	26	93	119
Collingwood	94	139	43	276	-	-	-
Taroom	122	338	-	460	207	-	207
Woori	42	67	-	109	-	-	-
	763	1,172	737	2,672	411	528	939

Note:

1 New Hope share is 80% for Bengalla, 90% for Burton, 90% for Lenton and 70% for Yamala.

Source: Company reports.

- 107 On 25 June 2021, New Hope announced it had successfully priced \$200 million of senior unsecured convertible notes due in 2026 (Convertible Notes Offering). Pursuant to the Convertible Notes Offering, WHSP has committed to make at least 75.0 million ordinary shares in New Hope available to the market for stock borrowing purposes (Stock Borrow Facility).
- 108 On 2 July 2021, WHSP sold 34.0 million fully paid ordinary shares in New Hope (Share Sale) and concurrently entered into a cash settled equity swap referencing 34.0 million fully paid ordinary shares of New Hope (Economic Swap).
- 109 The combination of the Share Sale and Economic Swap satisfies the Stock Borrow Facility undertaking (in part) and ensures WHSP maintains its economic exposure to the 34.0 million New Hope shares provided as part of the Stock Borrow Facility.

²⁰ Lenton is a joint venture project between New Hope (90%) and Formosa Plastics Group (10%).

²¹ Being the most recently available information.

Financial Services portfolio

- 110 The assets in the Financial Services portfolio primarily relate to investments in ASX listed funds management, corporate advisory and LICs, providing WHSP with exposure to both Australian and international equities. A breakdown of the Financial Services portfolio as at 30 June 2021 is set out below:

WHSP – Financial Services portfolio		
	WHSP holding %	Value ⁽¹⁾ \$m
Listed investments		
BKI Investment Company Limited (BKI)	8.4	101
Milton Corporation Limited (Milton)	3.3	140
Pengana Capital Group Limited (PCG)	38.6	64
Pengana International Equities Limited (PIA)	9.6	32
360 Capital Total Return Fund (TOT)	6.5	9
Total listed investments		346
Unlisted investments⁽²⁾		52 ⁽²⁾
Total Financial Services portfolio		398

Note:

- 1 Based on ASX closing prices as at 30 June 2021.
- 2 Relates to WHSP's investment in Ironbark Asset Management (30.5%), Pitt Capital Partners (100%) and Contact Asset Management Pty Limited (20.0%) which are carried at historical cost or Director's Valuation.

- 111 BKI, Milton, PIA and TOT are listed investment entities, and PCG is a listed funds manager.

Pharmaceuticals portfolio

- 112 WHSP's Pharmaceuticals portfolio is made of Australian Pharmaceutical Industries Limited (API), Palla Pharma Limited (PAL) and Apex Healthcare Berhad (Apex). API and PAL are listed on the ASX while Apex is listed on the main board of Bursa Malaysia:

WHSP – Pharmaceuticals portfolio		
	WHSP holding %	Value ⁽¹⁾ \$m
Apex	29.9	143
API	19.3	106
PAL	19.9	12
Total		260

Note:

- 1 Based on ASX closing prices as at 30 June 2021. Apex based on Bursa Malaysia closing prices as at 30 June 2021 converted to Australian dollars at the prevailing exchange rate on 30 June 2021.

- 113 An overview of these companies is provided below:

- (a) **Apex** is a healthcare group with operations in Singapore, Malaysia, Vietnam and Indonesia. Publicly listed on the Bursa Malaysia, Apex operates under four key business groups, being Xepasp, Apex Pharma, ABio Orthopaedics and Straits. Founded in 1962, the company's expertise is in the development, manufacturing, sales and

marketing, distribution and wholesaling of pharmaceuticals, consumer healthcare products and orthopaedics devices

- (b) **API** is one of the leading service providers to the pharmacy industry in Australia and has a relationship with more than 4,000 independent pharmacies. Its services include wholesale product delivery, retail services, marketing programs and business advisory services. API also owns and operates the Priceline brand, which is a leading retailer of cosmetics, skincare, hair care and health products in Australia through Priceline (retail only) and Priceline Pharmacy stores, with a combined network exceeding 420 stores
- (c) **PAL** is an ASX listed pharmaceutical company, specialising in the manufacture of narcotic raw material, active pharmaceutical ingredients and finished dosage form products. The company was founded in 2004 and is one of three licensed poppy processors in Australia, with operations in Victoria and Tasmania. Palla is also one of only six licensed narcotic raw materials producers in the world and has recently expanded operations into Europe with operations based in Norway.

Round Oak

- 114 Round Oak Minerals Pty Limited (Round Oak) is a wholly owned subsidiary of WHSP that is engaged in the production of Australian base and precious metals. Round Oak operates both underground and open pit mining operations in north-west Queensland (copper and gold), the northern goldfields region of Western Australia (zinc and copper) and in South Australia (gold).
- 115 Round Oak's primary assets include three producing mines (Jaguar, Barbara and Mt Colin) and one long-life development asset (Stockman):

WHSP – Round Oak



Source: WHSP.

Equities portfolio

- 116 WHSP's Australian listed equities portfolio is made up of two distinct diversified portfolios: a Large Cap portfolio and a Small Cap portfolio. Each portfolio is separately managed and has different objectives:

- (a) **Large Cap portfolio** – WHSP’s Large Caps portfolio is externally managed by Contact Asset Management²² with the aim of providing long-term capital preservation and an attractive income stream through investment in a diversified Australian equities portfolio. The strategy aims to deliver capital growth and a yield that exceeds the market through the cycle. As at 30 June 2021 the WHSP Large Caps portfolio was valued at \$392 million
- (b) **Small Caps portfolio** - WHSP’s Small Caps portfolio is allocated to earlier stage, higher growth companies and is internally managed by WHSP. The portfolio aims to find companies which can grow into a bigger part of WHSP’s portfolio over time. There is also an allocation to opportunistic trades in small cap securities listed on the ASX and pre-IPO²³ positions. As at 30 June 2021, the WHSP Small Caps portfolio was valued at \$388 million.

Private Equity portfolio

- 117 The Private Equity portfolio consists of a number of unlisted equity investments across a range of different sectors. These investments are carried at a combination of historical cost / directors valuations. An overview of WHSP’s more material investments in the Private Equity portfolio is set out below:

Private Equity portfolio investments		
	Sector / services	WHSP holding %
WHSP Agricultural Investments	Agriculture	Various
WHSP Water Investments	Water	Various
Ampcontrol Pty Limited	Electrical Engineering	42.9
Aquatic Achievers Group	Swimming instructor	100
Dimeo Cleaning Services	Commercial cleaning	16

Property portfolio

- 118 WHSP holds a number of property assets, primarily consisting of an office building in Pennant Hills, an industrial property in Castle Hill and a recently acquired development site in Cronulla. The carrying value of WHSP’s property portfolio as at 30 June 2021 was \$110 million.

Financial performance

- 119 WHSP’s investments in New Hope and Round Oak are consolidated for WHSP’s financial reporting purposes. WHSP’s other investments are accounted for using a combination of the equity method and fair value through other comprehensive income (FVOCI).
- 120 The consolidated financial performance of WHSP for the three years ended 31 July 2020 (FY20) and the six months to 31 January 2021 (1H21) is set out below:

²² As indicated above, WHSP owns 20% of Contact Asset Management which forms part of the Financial Services portfolio.

²³ Initial public offering.

WHSP – Consolidated financial performance⁽¹⁾				
	FY18	FY19	FY20	1H21
	\$m	\$m	\$m	\$m
Revenue from contracts with customers	1,129.1	1,556.6	1,319.0	558.6
Dividend and distribution revenue	28.8	36.8	30.4	16.4
Other revenue	7.1	6.3	10.8	9.8
Total revenue	1,165.0	1,599.7	1,360.2	584.8
Net interest income	4.4	(11.6)	(27.2)	(14.0)
Operating expenses	(703.5)	(1,187.5)	(1,260.8)	(528.5)
Impairment expense	(113.9)	(60.5)	(483.9)	(16.4)
Share of results from equity accounted associates	161.7	134.3	1,534.9	24.5
Profit before tax	513.6	474.5	1,123.2	50.5
Income tax expense	(140.5)	(115.2)	(248.7)	(10.6)
Profit after tax from continuing operations	373.1	359.3	874.5	39.9
Profit/(loss) after income tax expense from discontinued operations	(37.8)	0.2	-	-
Profit after tax	335.3	359.5	874.5	39.9

Note:

1 Rounding differences may exist.

Financial position

121 We set out below the consolidated financial position of WSHP as at 31 July 2020 and 31 January 2021:

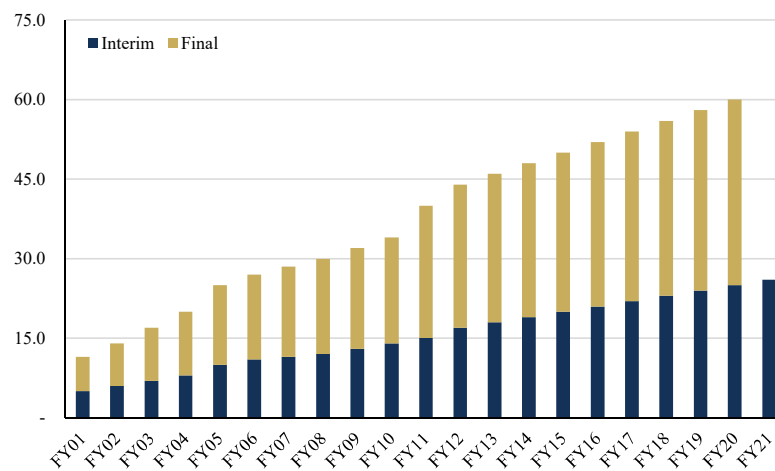
WHSP – Consolidated financial position		
	31 Jul 20	31 Jan 21
	\$m	\$m
Cash & cash equivalents	344.8	342.2
Trade & other receivables	178.9	230.6
Inventories	114.1	139.2
Financial assets held for trading	291.2	385.0
Other financial assets	81.6	53.9
Equity accounted associates	810.4	859.3
Long term equity investments	2,616.1	2,492.7
Property, plant and equipment	2,239.6	2,189.0
Investment properties	75.7	80.3
Intangible assets	117.2	117.1
Tax assets	112.2	94.4
Right of use assets	117.5	140.5
Exploration and evaluation assets	109.4	113.4
Biological assets	2.1	4.8
Total assets	7,210.8	7,242.3
Trade & other payables ⁽¹⁾	136.6	144.0
Interest bearing liabilities	823.6	864.3
Lease liabilities	121.4	144.7
Tax liabilities	674.3	649.5
Provisions	343.0	400.3
Total liabilities	2,098.8	2,202.8
Net assets	5,112.0	5,039.5
Non-controlling interests	(872.2)	(935.5)
Net assets – WHSP	4,239.8	4,104.0

Note:

1 Includes contract liabilities.

Dividend history

- 122 Since listing on the ASX in 1903, WHSP has never failed to pay a dividend to its shareholders. WHSP's total annual ordinary dividend payments have increased at a compound annual growth rate (CAGR) of some 9.1% per annum since FY01 as set out in the chart below:

WHSP – Dividend history (cents per share)


Source: Bloomberg, LEA analysis.

Share capital and performance

- 123 As at 30 June 2021, WHSP had 239.4 million fully paid ordinary shares on issue and 0.3 million performance rights on issue that are held by senior management.
- 124 In addition, on 29 January 2021 WHSP issued \$225 million unsecured senior convertible notes due 2026²⁴, which are convertible into fully paid ordinary shares in WHSP. The notes carry a coupon of 0.625% per annum, payable semi-annually in arrears, and with a conversion premium of 25%. Upon conversion, the notes will be settled by the issuance of ordinary shares, with an initial conversion price of \$34.99 per ordinary share. The notes have a maturity date of 29 January 2026.

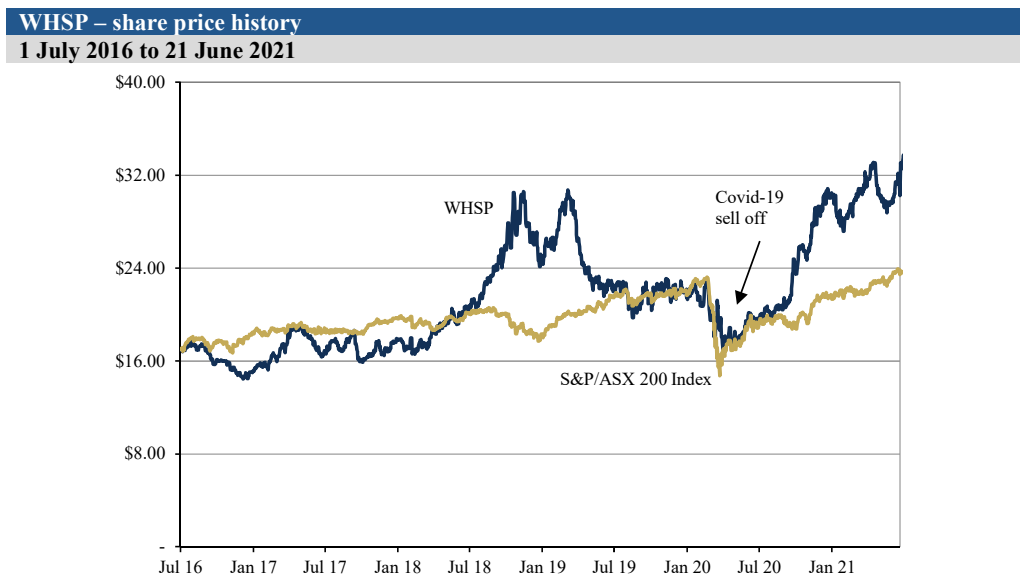
²⁴ Convertible note investors have a put option in February 2024.

Substantial shareholders

- 125 Brickworks is the largest shareholder in WHSP holding 94.3 million shares or 39.4% of the shares on issue. Hexham Holdings Pty Limited is WHSP's second largest shareholder, holding 19.3 million or 8.1% of the shares on issue²⁵.

Share prices

- 126 The following chart illustrates the movement in the listed market price of WHSP shares from 1 January 2018 to 21 June 2021²⁶:



Source: Bloomberg.

- 127 Over the above period the WHSP share price has generally outperformed the S&P/ASX 200 Index. Further analysis of the historical share price performance of WHSP is included in Section VI.

Liquidity in WHSP shares

- 128 The liquidity in WHSP shares based on trading on the ASX over the 12 month period prior to 21 June 2021²⁷ is set out below:

²⁵ WHSP Directors Thomas Millner and Robert Millner have an indirect interest in WHSP via Hexham Holdings Pty Limited.

²⁶ Being the last trading day prior to the announcement of the Scheme.

²⁷ Being the last trading day prior to the announcement of the Scheme.

WHSP – liquidity in shares						
Period	Start date	End date	No of shares traded 000	Free float 000	Free float ⁽¹⁾ Implied level of liquidity	
					Period ⁽²⁾ %	Annual ⁽³⁾ %
1 month	22 May 21	21 Jun 21	5,316	145,080	3.7	44.0
3 months	22 Mar 21	21 Jun 21	16,278	145,080	11.2	44.9
6 months	22 Dec 20	21 Jun 21	32,770	145,080	22.6	45.2
1 year	22 Jun 20	21 Jun 21	74,839	145,080	51.6	51.6

Note:

1 Free float is net of the shareholding held by Brickworks (94,314,855 shares).

2 Number of shares traded during the period divided by the free float.

3 Annualised figure based upon implied level of liquidity for the period.

Source: Bloomberg.

- 129 As indicated in the table above, total share turnover in WHSP shares has been relatively high as a percentage of WHSP's free float, indicating a relatively high level of market liquidity. We note that the value of the shares traded is also substantial in dollar terms with some \$2.0 billion of WHSP shares traded over the 12 months prior to the announcement of the Scheme.

V Valuation of Milton

Methodology

- 130 As Milton is a listed investment company the market value of its shares has been determined by assessing the market value of its underlying investment portfolio²⁸ less an allowance (as appropriate) for:
- (a) the selling costs which would be incurred upon a sale of the portfolio
 - (b) the capital gains tax (CGT) liability which would crystallise upon a sale of the portfolio
 - (c) the capitalised value of on-going administration costs, to ensure the costs associated with retaining the portfolio are allowed for.
- 131 This methodology is consistent with that generally applied when valuing investment companies (on a stand-alone basis) and recognises that the appropriate starting point in such valuations is the net realisable value of the investment portfolio before allowing for unrealised tax liabilities. CGT liabilities are deducted on a discounted basis to recognise the benefit of deferring the payment of CGT by retaining rather than selling the portfolio (consistent with Milton's long term investment horizon).
- 132 Pursuant to RG 111, in considering whether the Scheme is fair, we are required to assess the value of Milton (effectively the target) on a 100% controlling interest basis. In this regard, in considering the extent (if any) to which a notional acquirer of Milton would pay a premium over the pro-rata value of a portfolio (minority) interest therein to acquire a 100% interest in Milton, we have had regard to the following:
- (a) the Milton investment portfolio comprises substantially portfolio interests in a number of underlying listed investments, together with cash and cash equivalents
 - (b) given the nature and composition of the portfolio an investor could readily replicate the portfolio
 - (c) whilst transaction costs would be incurred in replicating the portfolio, these are unlikely to be material for professional / sophisticated investors and would likely be not greater than (and most likely less than) the unavoidable corporate / regulatory costs, delays and uncertainties that would be incurred by a notional acquirer seeking a 100% controlling interest in Milton
 - (d) it is unlikely that a notional acquirer would want an investment in all the entities that comprise the Milton portfolio, nor the proportionate distribution thereof and would therefore be acquiring some shares to immediately sell them (with associated transaction costs).
- 133 Based on the above, we are of the view that a notional acquirer of Milton would not pay a premium over the pro-rata value of a portfolio interest therein to acquire a 100% interest in Milton.

²⁸ Together with cash and cash equivalents, other assets and net of creditors and other liabilities.

Stock market value of underlying listed investments

- 134 As set out in Section III, the investment portfolio of Milton substantially comprises a number of investments in listed securities. As there is a liquid and active market in respect of these investments, in assessing the value of the equity in Milton we have had regard to the quoted price of the respective listed securities to determine the market value of the underlying investments. We note that this approach is consistent with that adopted by Milton in respect of its listed investment portfolio when announcing its updated (pre and post tax) NTA backing per share to the ASX on a monthly basis.
- 135 As noted above, for the purpose of this report we have adopted a valuation date of 30 June 2021. We have therefore initially had regard to the value attributed by Milton to its listed investment portfolio when calculating the pre-tax NTA as at that date.
- 136 Milton has attributed an aggregate value of \$3,581.3 million to its investment portfolio as at 30 June 2021. For the purpose of this report we have ranged this value by +/- 5% to allow for both:
- (a) market fluctuations in underlying share prices
 - (b) the selling costs which would be incurred upon a (notional) sale of the portfolio.
- 137 We have therefore attributed a value to the listed investment portfolio of \$3,402.3 million to \$3,760.4 million.

Property development joint ventures

- 138 Milton has an interest in three property joint ventures (being legacy investments attributable to a previous acquisition). Based on the latest development status reports, we consider the aggregate carrying value to reasonably reflect the likely level of future distributions to investors (noting that one development is effectively complete and another in the final stage of the development).
- 139 Accordingly, for the purpose of our report, we have accepted the aggregate carrying value of \$23.8 million as reflective of market value (noting that the investments represent only a minor part of the total Milton investment portfolio).

Capital gains tax liabilities

- 140 As noted in the calculation of pre and post tax NTA as at 30 June 2021, realisation of the investment portfolio for the values attributed to the portfolio by Milton would crystallise CGT liabilities of some \$541.1 million.
- 141 In this regard however, as noted in Section III, Milton is a long term investor and has no current plans to liquidate its portfolio (other than on a minor basis) in the foreseeable future. We note this is consistent with the manner in which the portfolio has been managed in recent years, with annual cash realisations as a percentage of the value of the total portfolio having been very low²⁹.
- 142 Given the above, it is appropriate to recognise that the present value of the CGT liability is significantly less than the amount that would be payable upon a notional realisation of the

²⁹ Around 2% per annum other than in FY20 when Milton strategically reduced its exposure to the banking sector.

investment portfolio. In considering an appropriate allowance for CGT for the purpose of this report we have had regard to (inter alia):

- (a) the implied allowance for CGT liabilities inherent in the trading prices of Milton shares prior to the announcement of the Scheme of around 10% to 20%³⁰
- (b) the present value of the CGT liability assuming Milton's investment portfolio is only realised over a long period of time (consistent with recent management of the portfolio)
- (c) the availability of roll over relief on scrip for scrip takeovers (which based on our review of recent transactions involving LICs is the most common transaction acquisition structure).

143 Whilst subjective, for valuation purposes we have made an allowance of between 20% (low value) and 10% (high value) of the CGT liability which would crystallise upon a notional realisation of the investment portfolio.

144 Based on the above we have made the following allowance for CGT liabilities:

Allowance for CGT liability		
	Low \$m	High \$m
CGT liability upon notional realisation of portfolio	541.1	541.1
Allowance for CGT liability	20%	10%
Present value of CGT liability	108.2	54.1

Transaction evidence

- 145 The majority of transactions involving the acquisition of LICs are structured as scrip for scrip takeovers, with the respective values being referenced to the pre-tax NTA of each entity (to determine the respective transaction exchange ratio). We note that in respect of such transactions it is the relative value of each entity that is relevant, as opposed to the absolute value that would be determined if all entity liabilities (including CGT) were allowed for.
- 146 We further note that the use of scrip for scrip acquisition structures also implicitly acknowledges that there is little apparent logic in seeking to acquire an LIC by way of cash consideration, primarily because the underlying investment portfolio (in the majority of cases) could be readily replicated by a potential acquirer.
- 147 We note that on 29 June 2021 WAM Global Limited announced a scrip based merger with Templeton Global Growth Fund (TGG). Interestingly, whilst the scrip consideration is based on the relative pre-tax NTA of both the target entity and bidder, the cash (alternative) consideration is based on post-tax NTA³¹.

³⁰ As noted in Section III, in recent years shares in Milton have generally traded at a discount of around 2% to the respective pre-tax NTA. This equates to an implied recognition of some 10% to 20% of the corresponding CGT liability.

³¹ As an alternative to the scrip merger, TGG also agreed to offer to buy-back shares in TGG, based on the NTA per share after all current and deferred taxes and associated transaction costs of TGG.

Ongoing administration expenses

- 148 As our valuation of Milton assumes the portfolio is retained (rather than liquidated) it is appropriate to consider an allowance for ongoing administration expenses. These expenses amounted to some \$4.7 million (before tax) in the year ended 30 June 2021.
- 149 Given the relative immateriality of the expense (around 0.1% of the value of the investment portfolio) and the relative ease with which the portfolio could be monetised if required, we have made no allowance for ongoing administrative expenses in our assessment of the value of 100% of the equity in Milton.

Dividends

- 150 As noted above, for the purpose of our report, we have adopted a valuation date of 30 June 2021. Whilst the NTA of Milton for exchange ratio purposes is to be adjusted to exclude the Proposed Dividends (being the FY21 final dividend and the proposed FY21 special dividend), we note that the NTA of Milton as at 30 June 2021 excludes any adjustment for these dividends.
- 151 Our assessment of the value of 100% of the equity in Milton for the purpose of this report is therefore on a cum-dividend basis.

Valuation of Milton

- 152 Based on the above we have assessed the (stand-alone) value of 100% of the shares in Milton (as at 30 June 2021) at \$5.07 to \$5.69 per share, as shown below:

Valuation of Milton			
	Carrying value \$m	LEA assessed values Low \$m	High \$m
Cash	79.0	79.0	79.0
Receivables	19.7	19.7	19.7
Prepayments	0.1	0.1	0.1
Investments	3,581.3	3,402.3	3,760.4
Joint ventures (property development)	23.8	23.8	23.8
Property, plant and equipment	5.9	5.9	5.9
Deferred tax assets	0.2	0.2	0.2
Total assets	3,710.1	3,531.0	3,889.2
Payables	(1.0)	(1.0)	(1.0)
Current tax liabilities	(0.3)	(0.3)	(0.3)
Provisions	(0.3)	(0.3)	(0.3)
Total liabilities	(1.6)	(1.6)	(1.6)
Net assets excluding DTL	3,708.5	3,529.4	3,887.5
Deferred tax liability	(541.1)	(108.2)	(54.1)
Net assets including DTL	3,167.4	3,421.2	3,833.4
Shares on issue (million)	674.2	674.2	674.2
Value per share (\$)		\$5.07	\$5.69

Comparison with share market trading

- 153 In the one month period prior to the announcement of the Scheme on 22 June 2021 the VWAP of Milton shares was \$4.99 per share, with the corresponding figure for the three month period prior to the announcement of the Scheme being \$4.86 per share. We note that listed share prices generally rose throughout the period and have continued to rise subsequent to the announcement of the Scheme.
- 154 Our assessed value of 100% of the shares in Milton therefore exceeds the prices at which shares in Milton have recently traded (prior to the announcement of the Scheme), reflective of this underlying increase in share market values.

VI Valuation of WHSP (pre transaction)

Methodology

- 155 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 156 For the purposes of assessing the value of WHSP shares prior to implementation of the Scheme we have considered the following valuation approaches:
- (a) **WHSP share price** – as there is a liquid and active market in WHSP, with some \$2.0 billion worth of WHSP shares traded over the 12 months prior to the announcement of the Scheme
 - (b) **sum-of-the-parts (SOTP) or NAV approach** – as WHSP is an investment holding company we have valued the company using a SOTP or NAV approach. Under this approach, the value of WHSP is equal to the value of its underlying investments plus cash and other assets, less loans and allowances for deferred tax liabilities.
- 157 As WHSP shares are currently trading at a significant premium to the value of its underlying net assets (prior to deferred tax liabilities on investment gains), thereby implying a significant component of intangible value³², we have also considered the extent to which this premium has prevailed over recent years. This analysis is discussed in paragraphs 246 to 252 below.

Recent WHSP share prices (prior to announcement of Scheme)

- 158 The historical share prices for WHSP are set out in Section IV. More recent trading in WHSP shares prior to the announcement of the Scheme is shown below:

³² Refer paragraphs 246 to 250.

WHSP – share price history (pre announcement)					
Time periods up to and including 21 Jun 21	Low \$	High \$	VWAP \$	Number traded (m)	Value traded \$m
1 month	29.17	32.31	30.41	5.3	161.7
3 months	28.73	33.49	30.91	16.3	503.1
6 months	26.61	33.49	30.03	32.8	984.2

Source: Bloomberg.

159 As shown above:

- (a) shares in WHSP have generally traded at a consistent VWAP around \$30.00 to \$31.00 per share in the more recent period prior to the announcement of the Scheme
- (b) there is a liquid and active market in WHSP shares, which indicates that the listed market price prior to the announcement of the Scheme is likely to be a reasonably reliable reference point for the portfolio value of WHSP shares.

SOTP approach

160 The valuation methodologies adopted in the SOTP approach for WHSP's investments are summarised below.

Listed investments

161 WHSP's interests in its listed investments have been valued based on their listed market prices. Where appropriate (having regard to the size of WHSP's shareholding and the degree of influence and/or control held over these investments), we have adjusted these listed market prices to reflect an appropriate premium to recognise the strategic value of some investments.

Round Oak

162 We have valued Round Oak using a SOTP approach for Round Oak's three producing mines (Jaguar, Barbara and Mt Colin), long-life development asset (Stockman) and other assets / liabilities. In respect of our valuation, we note that:

- (a) our valuation of Round Oak's producing mines is based on a DCF analysis having regard to inter alia, recent independent valuations and life of mine (LOM) cash flows, adjusted as appropriate for movements in commodity prices and other macro-economic factors
- (b) we have considered recent independent and internal management technical valuations of the Stockman Project, adjusted as appropriate for development risk discounting
- (c) our assessed values of Round Oak Minerals other assets / liabilities (e.g. exploration assets, capitalised corporate costs) are based on recent independent valuations and management estimates.

Unlisted equity investments

163 WHSP's unlisted equity investments comprise the unlisted investments in the Financial Services portfolio (Ironbark Asset Management, Pitt Capital Partners and Contact Asset Management) in addition to the Private Equity portfolio.

- 164 We have separately valued each of WHSP's unlisted investments. The valuation methodologies adopted for each investment depend on, inter-alia, the nature of the business, its level of profitability and the availability of earnings and cash flow projections.
- 165 The methodologies adopted for the major unlisted investments are summarised below:

Investment	Valuation methodologies	Key reasons
Ironbark Asset Management (30.5% interest)	<ul style="list-style-type: none"> Capitalisation of EBITDA Cross-check to equity value implied by recent share allotments and purchases 	<ul style="list-style-type: none"> History of profitability Current profitability justifies a value above NTA
WHSP Agricultural Investments (various)	<ul style="list-style-type: none"> NAV which reflects recent independent valuations of agricultural investments Cross check to value implied by recent capital raisings and historical cost 	<ul style="list-style-type: none"> Collection of asset based investments carried at market values based on independent valuations
WHSP Water Investments (various)	<ul style="list-style-type: none"> Published monthly unit prices which incorporate independent valuations of water entitlements and water allocations Cross-check to historical cost 	<ul style="list-style-type: none"> Published unit prices represent the redemption price available to WHSP
Ampcontrol (42.9% interest)	<ul style="list-style-type: none"> Capitalisation of EBIT⁽¹⁾ Cross-check to recent independent business valuation 	<ul style="list-style-type: none"> History of profitability Current profitability justifies a value above NTA
Aquatic Achievers Group (100% interest)	<ul style="list-style-type: none"> DCF valuation 	<ul style="list-style-type: none"> A number of the swim centres are in ramp up phase Availability of cash flow projections

Note:

1 Earnings before interest and tax (EBIT).

Property portfolio

- 166 WHSP holds a number of property assets, primarily consisting of an office building in Pennant Hills, an industrial property in Castle Hill and a recently acquired development site in Cronulla. These properties have been valued at their estimated net realisable value having regard to independent property valuations.

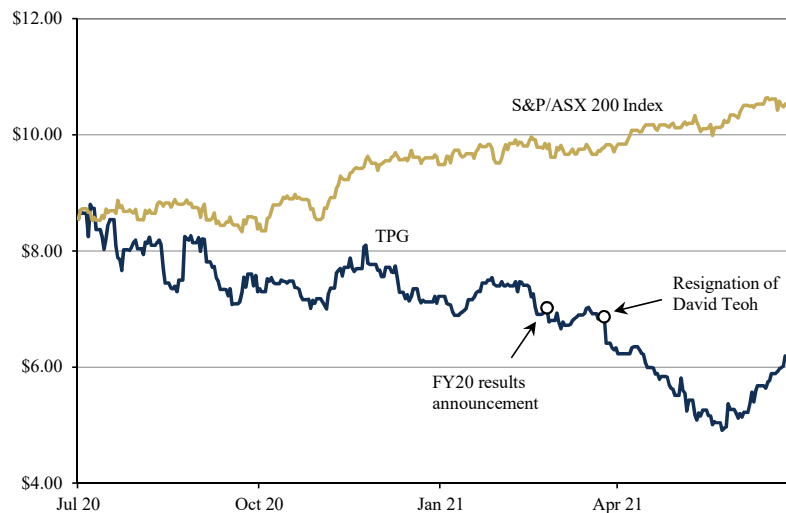
Value of Telecommunications portfolio

- 167 As set out in Section IV, the Telecommunications portfolio comprises WHSP's investments in TPG and Tuas.

Value of interest in TPG

- 168 A graph of the TPG share price from 1 July 2020 to 30 June 2021 is set out below:

TPG – share price history
1 July 2020 to 30 June 2021



Note:

1 The S&P/ASX 200 Index has been rebased to TPG's closing price on 1 July 2020 of \$8.55.

Source: Bloomberg.

- 169 As indicated above, shares in TPG generally traded between \$7.00 and \$8.50 per share prior to the unexpected resignation and departure of TPG's Director and Chairman, Mr David Teoh on 26 March 2021. Since then, shares in TPG declined to an intraday low of \$4.81 on 25 May 2021 but have since partially recovered, closing at \$6.26 on 30 June 2021.
- 170 A summary of more recent trading of TPG shares over the one and three months periods to 30 June 2021 is as follows:

TPG – recent trading data						
Period	Low \$	High \$	VWAP \$	Volume (million)	Value traded \$m	Liquidity ⁽¹⁾ (%)
1 month to 30 Jun 21	5.06	6.31	5.69	96.7	550.3	62.4
3 months to 30 Jun 21	4.81	6.44	5.53	281.1	1,555.6	60.5
26 Mar 21 to 30 Jun 21 ⁽²⁾	4.81	6.56	5.58	296.3	1,652.3	61.0

Note:

1 Implied level of annual liquidity.

2 Being the period post the resignation of Mr Teoh.

Source: Bloomberg, LEA analysis.

- 171 As indicated above, shares in TPG are highly liquid, particularly given the large number of shares held by substantial shareholders including Vodafone and WHSP³³.

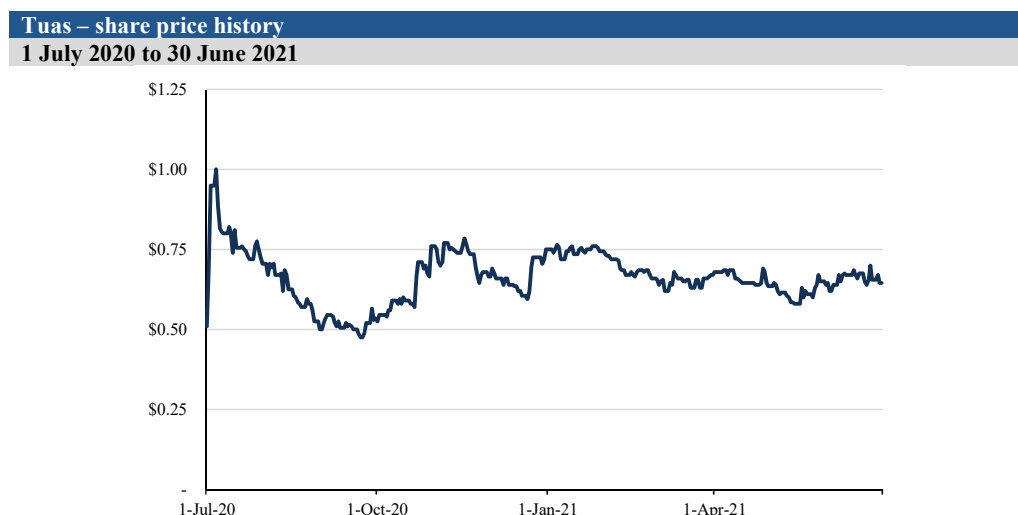
³³ As at 28 February 2021, the five largest shareholders in TPG held over 70% of the shares on issue.

- 172 Recent analyst reports prepared by Credit Suisse, Goldman Sachs, Jefferies, Morgans and UBS value TPG shares between \$6.20 and \$7.50 per share, and average \$7.03 per share.
- 173 Having regard to the above, and in particular the recent recovery in the TPG share price we have adopted a listed market price range of \$6.00 to \$7.00 per TPG share. Given the size of WHSP shareholding (12.6%) no premium or discount has been applied to this share value.
- 174 Accordingly, our assessed value of WHSP's interest in TPG is as follows:

Value of interest in TPG		
	Low A\$m	High A\$m
Shares held by WHSP (million)	234.4	234.4
Listed market price per share	6.00	7.00
Value of WHSP interest	1,406.4	1,640.8

Value of interest in Tuas

- 175 A graph of the Tuas share price from 1 July 2020 to 30 June 2021 is set out below:



- 176 A summary of recent trading in Tuas over the one and three months periods to 30 June 2021 is set out below:

Tuas – recent trading data						
Period	Low \$	High \$	VWAP \$	Volume (million)	Value traded \$m	Liquidity ⁽¹⁾ (%)
1 month to 30 Jun 21	0.62	0.70	0.65	5.8	3.8	14.9
3 months to 30 Jun 21	0.58	0.71	0.62	29.8	18.4	25.4

Note:

1 Implied level of annual liquidity.

Source: Bloomberg, LEA analysis.

177 Having regard to the above, we have adopted a listed market price range of \$0.60 to \$0.70 per Tuas share. Given the size of WHSP's 25.3% shareholding³⁴ a 10% strategic premium has been applied to the listed market price.

178 Accordingly, our assessed value of WHSP's interest in Tuas is as follows:

Value of interest in Tuas		
	Low A\$m	High A\$m
Shares held by WHSP (million)	117.2	117.2
Listed market price per share	0.60	0.70
Value of WHSP interest before strategic premium	70.3	82.0
10% strategic premium	7.0	8.2
Value of WHSP interest	77.3	90.2

Note:

1 Rounding differences exist.

Telecommunications portfolio value

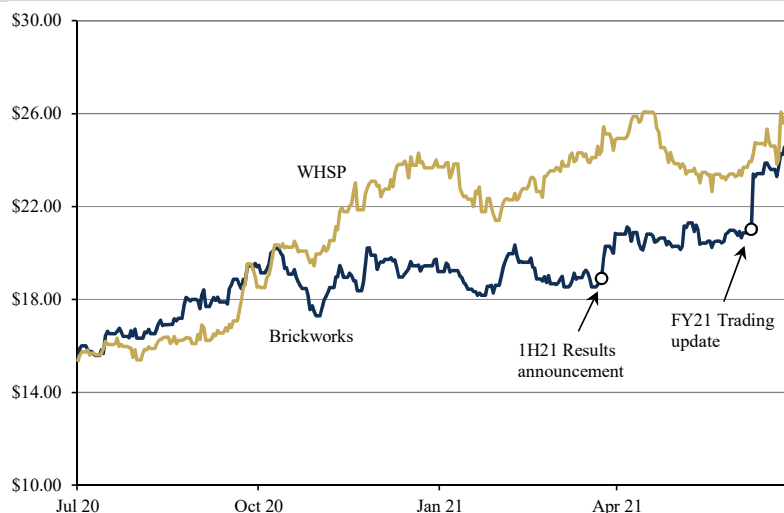
179 Our assessed value of the Telecommunications portfolio is as follows:

	Paragraph reference	Low A\$m	High A\$m
TPG	174	1,406.4	1,640.8
Tuas	178	77.3	90.2
Total value of Telecommunications portfolio		1,483.7	1,731.0

Value of interest in Brickworks

180 A graph of the Brickworks share price relative to the WHSP share price from 1 July 2020 to 30 June 2021 is set out below:

³⁴ Interests associated with Mr David Teoh own approximately 37% (and is the largest shareholder group in Tuas).

Brickworks – share price history
1 July 2020 to 30 June 2021

Note:

1 The WHSP share price has been rebased to Brickworks' closing price on 1 July 2020 of \$15.37.

Source: Bloomberg.

- 181 As indicated above, the share price of Brickworks is closely aligned to the WHSP share price, noting Brickworks holds some 39.4% of the WHSP shares on issue. In addition, we note the Brickworks share price has increased in the more recent period (closer to its historical alignment), attributable to, inter alia:
- (a) **25 March 2021** – Brickworks published its 1H21 results and announced a fully franked interim dividend of 21 cents per share, an increase of 1 cent on the prior corresponding period
 - (b) **9 June 2021** – Brickworks provided a trading update, announcing a significant revaluation profit within its Joint Venture Industrial Property Trust, with Brickworks share expected to be around \$100 million. In addition, Brickworks announced its expected EBIT from its Building Products segments in Australia and North America to be higher in FY21 relative to the prior corresponding period.
- 182 A summary of more recent trading in Brickworks shares over the one and three months periods to 30 June 2021 is as follows:

Brickworks – recent trading data

Period	Low \$	High \$	VWAP \$	Volume (million)	Value traded \$m	Liquidity ⁽¹⁾ (%)
1 month to 30 Jun 21	20.40	25.16	22.90	7.2	166.0	57.4
3 months to 30 Jun 21	19.95	25.16	21.43	21.2	454.8	56.0
25 Mar 21 to 8 Jun 21 ⁽²⁾	18.80	21.54	20.59	18.4	378.5	59.8
9 Jun 21 to 30 Jun 21 ⁽³⁾	21.59	25.16	23.62	5.4	126.6	60.6

Note:

- 1 Implied level of annual liquidity.
- 2 Being the period post the 1H21 results announcement up to the FY21 Trading Update.
- 3 Being the period post the FY21 Trading Update.

Source: Bloomberg, LEA analysis.

- 183 The closing price of Brickworks shares on 30 June 2021 was \$25.07.
- 184 Having regard to the above, we have adopted a listed market price range of \$23.00 to \$25.00 per Brickworks share.
- 185 In considering the value of Brickworks for the purpose of this report, we have also had regard to a SOTP approach, based on which we note that approximately 25% of Brickworks enterprise value relates to its investments in its Building Products businesses, for which we consider a control premium should be applied when determining the value of WHSP's 43.3% interest in Brickworks³⁵. Adjusting the share price range to reflect the impact of this premium results in an adopted value of Brickworks shares of \$24.00 to \$26.00 per share.
- 186 This valuation range was also cross-checked under our SOTP approach by reference to the underlying value of Brickworks investments, net of associated liabilities and allowances for deferred tax liabilities.
- 187 Accordingly, our assessed value of WHSP's interest in Brickworks is as follows:

Value of interest in Brickworks ⁽¹⁾		
	Low A\$m	High A\$m
Shares held by WHSP (million)	65.6	65.6
Listed market price per share (as adjusted)	24.00	26.00
Value of WHSP interest	1,575.5	1,706.8

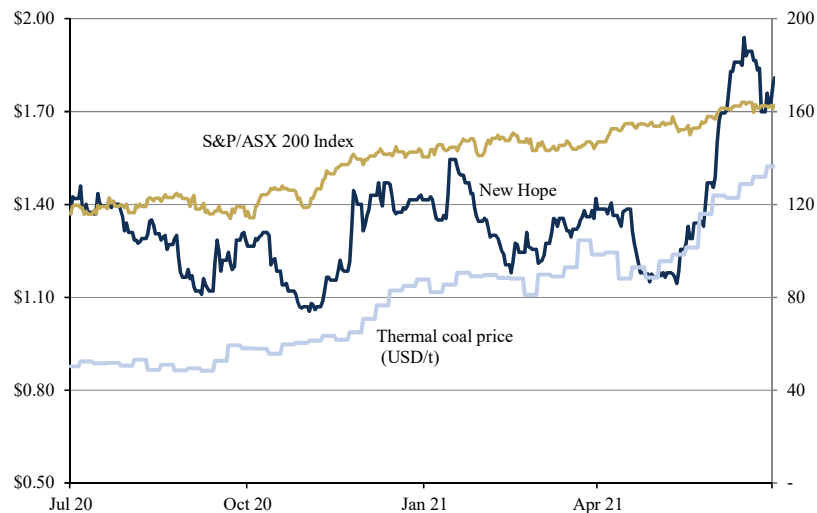
Note:

- 1 Rounding differences exist.

Value of interest in New Hope

- 188 A graph of the New Hope share price from 1 July 2020 to 30 June 2021 is set out below:

³⁵ No premium has been applied to Brickworks interest in WHSP (due to the significant premium at which WHSP shares have been trading relative to the market value of WHSP's underlying investments and the diverse nature of those investments), or to the Property Division due to the nature of these assets.

New Hope – share price history⁽¹⁾⁽²⁾
1 July 2020 to 30 June 2021

Note:

1 The S&P/ASX 200 Index has been rebased to New Hope's closing price on 1 July 2020 of \$1.37.

2 Thermal coal price represents the weekly average FOB prices of Newcastle (Australia) and Qinhuangdao (China) thermal coal with 5,500kcal/kg and 6,000kcal/kg net calorific value.

Source: Bloomberg.

- 189 As indicated above, New Hope shares have increased significantly in the more recent period prior to 30 June 2021, primarily attributable to recent improvements in thermal coal pricing and demand.
- 190 On 25 June 2021, New Hope also completed the pricing of \$200 million of senior unsecured convertible notes due 2026, with a coupon rate of 2.75% per annum, payable semi-annually. The initial conversion price of the Convertible Notes is \$2.10 per share, which represents a premium of 25% over the reference share price.
- 191 A summary of more recent trading over the one and three months periods to 30 June 2021 is as follows:

New Hope– recent trading data						
Period	Low \$	High \$	VWAP \$	Volume (million)	Value traded \$m	Liquidity ⁽¹⁾ (%)
1 month to 30 Jun 21	1.44	1.96	1.73	134.0	231.6	193.1
3 months to 30 Jun 21	1.13	1.96	1.55	226.0	350.6	108.6

Note:

1 Implied level of annual liquidity.

Source: Bloomberg, LEA analysis.

- 192 Recent broker reports (prepared by Credit Suisse, Goldman Sachs, Macquarie, Morningstar and Morgans) provide target prices for New Hope shares between \$1.90 and \$2.40 per share, and average \$2.15 per share.

- 193 Having regard to the above, we have adopted a listed market price range of \$1.80 to \$2.10 per New Hope share.
- 194 However, the listed market price reflects the price at which minority interests in the company trade. Whilst WHSP does not hold a 50%+ controlling interest, it has effective control of New Hope due to its large shareholding³⁶ and representation on New Hope's board of directors³⁷. Accordingly, WHSP has a level of influence over New Hope's operations which is significantly above that held by minority shareholders generally. Further, due to the strategic nature of WHSP's shareholding we consider that any sale of WHSP's shares in New Hope would most likely be sold in a change of control transaction (for which a full control premium would be paid)³⁸. In our opinion it is therefore appropriate to apply a control premium when valuing this shareholding.
- 195 Empirical evidence from research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)³⁹.
- 196 On this basis, our assessed value of WHSP's interest in New Hope is as follows:

Value of interest in New Hope		
	Low	High
	A\$m	A\$m
Listed market price per share (minority interest basis)	1.80	2.10
Control premium	30%	35%
Listed market price (controlling interest basis)	2.34	2.84
Shares held by WHSP (million)	365.7	365.7
Value of WHSP interest	855.7	1,036.7

Value of Financial Services portfolio

- 197 As set out in Section IV, the Financial Services portfolio comprises investments in a number of ASX listed entities in addition to a number of unlisted businesses.

Listed Financial Services investments

- 198 A graph of the share price of the listed Financial Services investments (BKI, PCG, PIA and TOT) from 1 July 2020 to 30 June 2021 is set out below⁴⁰:

³⁶ WHSP has a voting interest in New Hope of 39.85%, and a further economic interest of 4.0% pursuant to a cash settled equity swap arrangement.

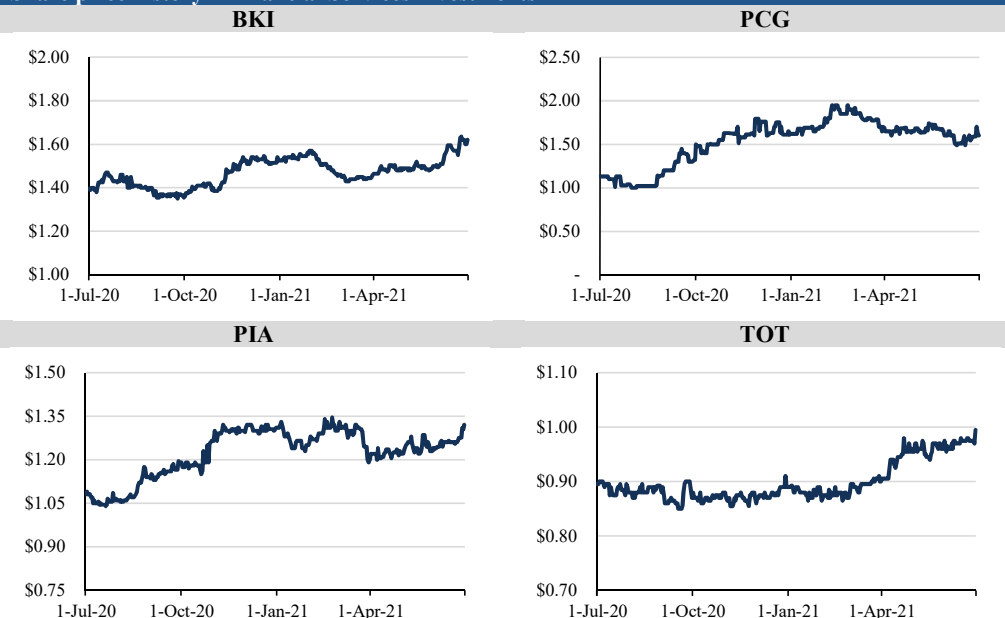
³⁷ Three of the five New Hope directors are associated with WHSP.

³⁸ Noting that any acquirer of WHSP's shareholding in New Hope would most likely also make an offer for all New Hope shares.

³⁹ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2019. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

⁴⁰ Excludes Milton which has been assessed based on our assessed value of Milton shares in Section V.

Share price history – Financial Services investments



Source: Bloomberg.

- 199 A summary of more recent trading of the listed Financial Services investments over the one and three months periods to 30 June 2021 is set out below:

Listed Financial Services investments – recent trading data

Period	Low \$	High \$	VWAP \$	Volume (million)	Value traded \$m	Liquidity ⁽¹⁾ (%)
BKI						
1 month to 30 Jun 21	1.50	1.64	1.56	11.7	18.2	19.0
3 months to 30 Jun 21	1.44	1.64	1.51	33.4	50.5	18.0
PCG						
1 month to 30 Jun 21	1.46	1.72	1.56	0.2	0.4	2.9
3 months to 30 Jun 21	1.46	1.74	1.61	0.5	0.8	1.9
PIA						
1 month to 30 Jun 21	1.23	1.32	1.26	4.5	5.6	21.0
3 months to 30 Jun 21	1.18	1.32	1.24	17.3	21.4	26.5
TOT						
1 month to 30 Jun 21	0.96	1.02	0.97	3.1	3.0	27.2
3 months to 30 Jun 21	0.90	1.02	0.95	15.0	14.2	41.1

Note:

1 Implied level of annual liquidity.

Source: Bloomberg, LEA analysis.

- 200 Having regard to the above, we have adopted the following listed market prices for the listed Financial Services investments:

Listed Financial Services investments – market prices		
	Low	High
	\$	\$
BKI	1.50	1.60
PCG	1.55	1.65
PIA	1.20	1.30
TOT	0.90	1.00

- 201 BKI, PIA and TOT are listed investment entities, and PCG is a listed funds manager. Given the nature of these investments and the size of WHSP's interest, in our opinion, it is appropriate to apply a control premium to WHSP's 38.6% interest in PCG only.
- 202 As WHSP has effective joint control of PCG with Mr Russell Pillemer (the Managing Director of PCG, who holds a total direct and indirect 33.9% interest) we have applied a control premium of 25% to 30%. This is slightly less than the full control premium implied by empirical evidence of 30% to 35%⁴¹, and reflects the (effective) joint rather full controlling position held by WHSP⁴².
- 203 Accordingly, our assessed value of WHSP's listed Financial Services investments is as follows:

⁴¹ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2019. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

⁴² In our opinion, the control premium applied to the PCG holding should only be discounted slightly compared to the empirical evidence on control premiums because the (effective) joint controlling interest held by WHSP provides it with a level of influence over PCG's operations which is significantly above that held by minority shareholders generally.



Value of listed Financial Services investments		
	Low A\$m	High A\$m
Shares held (million)		
BKI	62.4	62.4
MLT	22.2	22.2
PCG	39.8	39.8
PIA	24.4	24.4
TOT	9.0	9.0
Adopted listed market price (\$ share)		
BKI	1.50	1.60
MLT	5.07 ⁽¹⁾	5.69 ⁽¹⁾
PCG	1.94 ⁽²⁾	2.15 ⁽²⁾
PIA	1.20	1.30
TOT	0.90	1.00
Value of WHSP interest		
BKI	93.6	99.8
MLT	112.7	126.3
PCG	77.2	85.6
PIA	29.2	31.7
TOT	8.1	9.0
Total value of listed Financial Services Investments	320.8	352.3

Note:

1 Based on our assessed value of Milton shares per Section V.

2 \$1.55 to \$1.65 plus 25% to 30%.

Unlisted Financial Services investments

- 204 WHSP's unlisted Financial Services investments comprise WHSP's investment in Ironbark Asset Management (30.5%), Pitt Capital Partners (100%) and Contact Asset Management Pty Limited (20.0%).
- 205 For the purposes of our report, we have adopted a combined value for these investments of \$55.3 million to \$67.3 million, based on a detailed assessment of each investment.
- 206 At the request of WHSP, we have not set out our individual investment values on the basis that disclosure could prejudice WHSP or the investee companies. The current carrying value of these investments in WHSP's parent accounts as at 30 June 2021 was approximately \$52.3 million, which reflected the total historical cost of these investments. Our valuation assessment therefore represents a premium of some 6.0% to 29.0% relative to the carrying value.

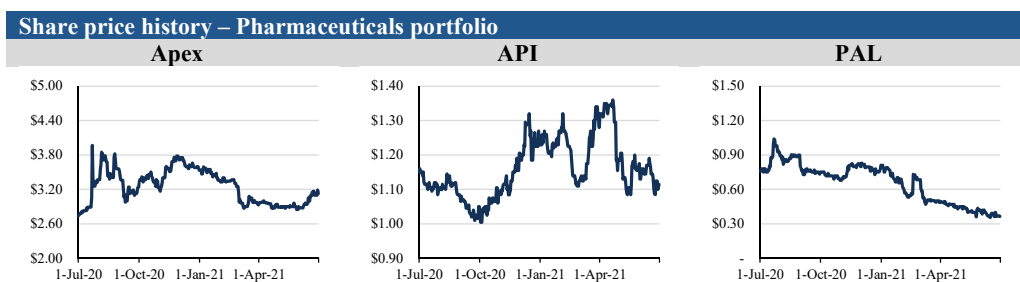
Financial Services portfolio value

- 207 Our assessed value of the Financial Services portfolio is as follows:

Financial Services portfolio – assessed value			
	Paragraph reference	Low A\$m	High A\$m
Listed investments	201	320.8	352.3
Unlisted investments	205	55.3	67.3
Total value of Financial Services portfolio		376.1	419.6

Value of Pharmaceuticals portfolio

208 A graph of the share price of the Pharmaceuticals portfolio investments (Apex, API and PAL) from 1 July 2020 to 30 June 2021 is set out below:



Note:

1 Apex is listed on the Bursa Malaysia and is quoted in Malaysian Ringgit. The Apex share price has been converted to Australian dollars based on the prevailing daily exchange rates.

Source: Bloomberg.

209 A summary of more recent trading of the Pharmaceuticals investments over the one and three months periods to 30 June 2021 is set out below:

Pharmaceuticals portfolio – recent trading data						
Period	Low \$	High \$	VWAP \$	Volume (million)	Value traded \$m	Liquidity ⁽¹⁾ (%)
Apex						
1 month to 30 Jun 21	0.88	1.02	0.94	3.6	3.4	9.0
3 months to 30 Jun 21	0.88	1.02	0.93	6.3	5.9	5.3
API						
1 month to 30 Jun 21	1.08	1.20	1.12	44.7	50.2	108.8
3 months to 30 Jun 21	1.06	1.38	1.17	98.3	115.5	79.2
PAL						
1 month to 30 Jun 21	0.35	0.45	0.38	3.8	1.4	27.9
3 months to 30 Jun 21	0.35	0.50	0.41	7.4	3.0	18.1

Note:

1 Implied level of annual liquidity.

Source: Bloomberg, LEA analysis.

- 210 The free float of Apex is relatively low due to the substantial shareholdings held by WHSP and Apex Pharmacy Holdings⁴³. Notwithstanding, the above VWAPs indicate a level of consistency in the prices at which Apex shares have recently traded. We note that WHSP's shareholding in Apex (29.9%) is significant and that WHSP has representation on the Apex Board of Directors⁴⁴. Accordingly, we have applied a 25% to 30% premium to the listed market price of Apex to reflect this position.
- 211 On 12 July 2021 Wesfarmers submitted a non-binding, indicative offer to the Board of API to acquire 100% of API shares outstanding for \$1.38 cash per share by way of a scheme of arrangement. Further, WHSP (which owns 19.3% of API) has agreed to vote in favour of the proposal (and against any competing proposal, subject to there being no superior proposal after giving effect to any matching rights available to Wesfarmers), and has granted a call option in respect of its API shares to Wesfarmers. Accordingly, we have valued WHSP's shares in API at \$1.38 per share.
- 212 Having regard to the above, we have adopted the following listed market prices for the listed Financial Services investments:

Listed Financial Services investments – market prices		
	Low \$	High \$
Apex	1.19 ⁽¹⁾	1.37 ⁽¹⁾
API	1.38	1.38
PAL	0.35	0.40

Note:

1 Being an adopted minority interest share price of \$0.95 to \$1.05 plus 25% to 30%.

- 213 Accordingly, our assessed value of WHSP's Pharmaceuticals portfolio is as follows:

Value of Pharmaceuticals portfolio		
	Low A\$m	High A\$m
Shares held (million)		
Apex	141.9	141.9
API	95.1	95.1
PAL	32.2	32.2
Adopted listed market price (\$ share)		
Apex	1.19	1.37
API	1.38	1.38
PAL	0.35	0.40
Value of WHSP interest		
Apex	168.4	193.6
API	131.2	131.2
PAL	11.3	12.9
Total value of Pharmaceuticals portfolio	310.9	337.7

⁴³ WHSP and Apex Pharmacy Holdings hold a combined interest of approximately 70% of Apex.

⁴⁴ Robert Millner, the Chairman of WHSP, was appointed as a Non-Independent Non-Executive Director of Apex on 23 February 2000.

Value of Round Oak

- 214 For the purposes of our report, we have adopted a combined value for Round Oak of \$220 million to \$250 million, based on a detailed assessment of each operating mine, the development status of the Stockman Project and current commodity prices.
- 215 At the request of WHSP, we have not set out details of the major assumptions which underpin our assessed values (e.g. LOM cash flow forecasts) as the information is commercially sensitive and disclosure could prejudice WHSP or Round Oak.

Value of Equities portfolio

- 216 As set out in Section IV, WHSP holds other listed securities through its Large Cap and Small Cap portfolios. These portfolios are diversified across a number of listed companies and a large majority of holdings (by value) are generally relatively liquid.
- 217 To allow for market fluctuations in price we have made both positive and negative adjustments of 5.0% to the carrying value of the portfolio as at 30 June 2021. On this basis, we have adopted a value of \$741 million to \$819 million for the Equities portfolio.

Value of Private Equity portfolio

- 218 The Private Equity portfolio consists of a number of unlisted equity investments across a range of different sectors.
- 219 For the purposes of our report, we have adopted a combined value for these investments of \$342.7 million to \$378.6 million, based on a detailed assessment of each investment.
- 220 At the request of WHSP, we have not set out our individual investment values on the basis that disclosure could prejudice WHSP or the investee companies. However, information on the valuation methodologies adopted for the major unlisted Private Equity investments (WHSP Agricultural Investments, WHSP Water Investments, Ampcontrol and Aquatic Achievers Group) is set out in paragraph 165. These major investments account for more than 80% of our assessed value of the total Private Equity portfolio.
- 221 The current carrying value of the Private Equity portfolio in WHSP's parent accounts as at 30 June 2021 was approximately \$334 million. Our valuation assessment represents a premium of 2% to 13% to the carrying value.

Value of Property portfolio

- 222 As indicated at paragraph 166, we have had regard to independent property valuations prepared for WHSP's property assets in January and February 2021. For the purposes of our report, we have assumed that these independent valuations represent a sufficient proxy of the market value of the property assets as at 30 June 2021.
- 223 The independent valuations provide a single point estimate of WHSP's property assets. However, value is generally considered to fall within a range and the assessment of value is sensitive to the underlying assumptions (i.e. price per square metre, capitalisation rate) etc. Accordingly, for the purpose of our report, LEA has made both positive and negative adjustments of 2.5% to the single point estimates of the independent valuations in order to reflect the potential range of values.

- 224 The independent valuations did not allow for any selling, marketing or legal costs that would be incurred as part of a sale. For the purposes of our report, we have estimated these costs at some 2% of the property's value.
- 225 Having regard to the above, we have assessed the value of the portfolio at \$107.0 million to \$112.5 million.

Cash and other net assets

- 226 Included in cash and other net assets is WHSP's portfolio of loan assets. For the purposes of our report, we have adopted the carrying value of these assets as a sufficient proxy of their market values.

Underlying NAV (pre-tax)

- 227 A comparison of our assessed pre-tax underlying NAV of WHSP using a SOTP approach relative to the carrying values as at 30 June 2021 is set out below:

WHSP – Net investments (pre-tax) ⁽¹⁾				
	WHSP 30 Jun 21 \$m	Paragraph reference	LEA assessed values	
			Low \$m	High \$m
Telecommunications portfolio	1,543	179	1,484	1,731
Brickworks	1,646	187	1,575	1,707
New Hope Corporation	633	196	856	1,037
Financial Services portfolio	398	207	376	420
Pharmaceuticals portfolio	260	213	311	338
Round Oak Minerals	106	214	220	250
Equities portfolio	780	217	741	819
Private Equity portfolio	334	219	343	379
Property portfolio	110	225	107	113
Cash and other net assets	381	226	361	361
Debt	(580)		(580)	(580)
Net investments (pre-tax)	5,612		5,793	6,573

Note:

- 1 Rounding differences may exist.

Deferred tax liabilities (DTL)

- 228 If WHSP's investments were sold for our assessed values a substantial tax liability would crystallise, as shown below:

Inherent tax liability on investments ⁽¹⁾			
	Paragraph reference	Low \$m	High \$m
Assessed market value (pre-tax)		5,793	6,573
Less combined tax cost base		(1,934)	(1,934)
Unrealised gain		3,860	4,639
Tax liability at 30%		(1,158)	(1,392)
Add back deferred tax assets		30	30
Unrealised tax liability		(1,128)	(1,362)

Note:

- 1 Rounding differences may exist.

- 229 We note that a significant proportion of the DTL calculated above arises from unrealised investment gains on TPG, Brickworks and New Hope. In respect of these investments:
- (a) whilst not currently contemplated, in the event the cross-shareholdings between WHSP and Brickworks were to be unwound at some point in the future, in our opinion such a transaction would likely be structured in a way that minimises the crystallisation of any significant tax liability
 - (b) a significant portion of New Hope's value is attributable to the Bengalla mine, which has consent to continue open cut coal mining up to 15.0 Mtpa of ROM coal until 2039. Based on a current intention to retain this asset, WHSP shareholders are able to realise value from WHSP's shareholding in New Hope through other mechanisms other than a sale of New Hope shares (i.e. through franked dividends generated from the LOM cash flows at Bengalla)
 - (c) we understand that WHSP has no intention (at least in the short term) to sell its interest in TPG or any of its other larger investments (other than API as discussed above)⁴⁵.
- 230 In such combined circumstances, crystallisation of the related taxation liabilities would be significantly deferred.
- 231 A purchaser of 100% of WHSP may also be able to substantially reduce the potential tax liabilities. This is because under the tax consolidation rules, the cost of WHSP shares to a 100% acquirer may be able to be "pushed down" to the non-monetary assets of WHSP to increase their respective tax cost base (thereby reducing the future tax liabilities upon realisation).
- 232 In order to assess the appropriate allowance for deferred tax liabilities we have also considered the price at which the larger LICs trade relative to their reported pre and post-tax NTA. As shown below, these LICs (which generally hold diversified investment portfolios for the long term) were trading on 31 May 2021 at premiums to their reported post tax NTA, the respective share prices implying that the respective deferred tax liabilities were being significantly discounted:

Listed investment companies as at 31 May 2021 ⁽¹⁾					
Company	Market capitalisation \$m	Share price \$	Pre-tax NTA \$	Post-tax NTA \$	Implied tax liability discount %
Argo Investments	6,358	8.77	8.80	7.62	97
Milton	3,331	4.94	5.28	4.55	53
Australian United Investments	1,190	9.52	10.17	8.57	59
Diversified United Investments	1,011	4.75	5.21	4.32	48
Hearts and Minds Investments	909	4.02	4.04	3.71	94

⁴⁵ It should be noted that WHSP has a small trading portfolio of listed equities which is held on income account. Due to the nature of this portfolio, realisation is likely to occur over a shorter time horizon. That said, the unrealised gains on this portfolio are not material.

Note:

- 1 Australian Foundation Investment Company, WAM Capital and WAM Leaders were excluded as they were trading at premiums to their reported pre-tax NTA. BKI Investments was excluded as it was trading at a discount to its reported post-tax NTA.

Source: Morningstar (31 May 2021) *ASX Listed Investment Companies*; LEA analysis.

- 233 However, when valuing WHSP, we consider there are also a number of reasons why an allowance for DTL should be made:
- (a) due to the long term success of TPG, Brickworks and New Hope, these investments now represent some 65% of WHSP's investment portfolio (based on our assessed market value). Given this concentration, WHSP management may look to diversify their investment portfolio in future
 - (b) unless a significant allowance for deferred tax liabilities is made, a purchaser would arguably be better placed buying the underlying investments directly (assuming this was possible, noting that WHSP also has significant investments in unlisted assets) thereby avoiding the DTL inherent in WHSP.
- 234 On balance, in our opinion, it is appropriate to both:
- (a) make an allowance for the DTL which would be incurred upon realisation of the investment portfolio; and
 - (b) apply a significant discount to the tax liability which would be crystallised upon a sale of the portfolio, as crystallisation generally is likely to be significantly deferred and can be minimised through alternative mechanisms to distribute value to WHSP shareholders (in this regard, we note that the DTL related to WHSP's shareholding in Brickworks and New Hope accounts for some 55% of the total DTL liability and may never be crystallised, for the reasons discussed in paragraph 229).
- 235 Consequently, we have discounted the potential tax liability by 75%. On this basis, the allowance for DTL in the valuation is as follows:

Deferred tax liabilities			
	Paragraph reference	Low \$m	High \$m
Tax liability at 30%	228	(1,128)	(1,362)
Discount		75%	75%
Allowance for deferred tax liabilities		(282)	(340)

Allowance for ongoing corporate costs

- 236 WHSP incurred costs associated with managing and accounting for its investment portfolio of approximately \$18.8 million per annum (pre-tax) in FY20. If the investment portfolio was liquidated these costs would only be incurred over the realisation period. However, in such a scenario, the full deferred tax liabilities on the investment portfolio would be crystallised. As we have discounted the deferred tax liability on the basis that WHSP will continue to operate as a going concern and retain long term ownership of its investments, it is therefore appropriate that we make an allowance for ongoing corporate costs.

- 237 For the purposes of our SOTP valuation we have adopted a capitalised value for such costs (excluding public company related costs which could be saved by an acquirer) at \$160 million to \$180 million.

Franking credits

- 238 As at 31 May 2021, WHSP had franking credits of some \$652.7 million. As this is a large franking account balance we have considered the value of these franking credits when forming an opinion as to overall value.
- 239 When assessing the value of franking credits on a going concern basis⁴⁶ it should be noted that:
- (a) the franking credits only have a value once distributed
 - (b) the tax impost from receiving a fully franked dividend is not offset by the franking credit for those investors on a marginal tax rate greater than 30%
 - (c) individual investors on the top marginal tax rate of 45%⁴⁷ who have held an investment for more than one year would prefer to receive a \$10 capital gain than a \$10 fully franked dividend (as the after tax value of the \$10 capital gain is greater)
 - (d) dividend payout ratios are significantly less than 100%, hence not all franking credits are utilised
 - (e) only Australian resident shareholders benefit from franking credits⁴⁸
 - (f) Australian resident shareholders must hold the shares in a company for 45 days⁴⁹ (subject to certain exemptions) to claim the benefit of franking credits
 - (g) purchasers of 100% of the company may have excess franking credits anyway (or be unable to use them) and are therefore not prepared to pay a significant value for them; and
 - (h) in part the value of franking credits is already reflected in listed company multiples and values.

Ability to pay a dividend

- 240 In practice, a company's ability to distribute franking credits is a function of, firstly, its ability to pay a dividend and, secondly, its ability to frank that dividend.
- 241 Pursuant to the Corporations Act, a company can only pay a dividend if all the following conditions are satisfied:
- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of this dividend

⁴⁶ That is, in the absence of any capital management initiatives to distribute the franking credits (such as the payment of a special dividend).

⁴⁷ The above rate does not include the Medicare levy of 2%.

⁴⁸ Withholding tax is not required to be deducted from fully franked dividends paid to non-resident shareholders. This represents a timing benefit to non-resident shareholders provided the non-resident shareholder is able to claim a credit for the withholding tax paid.

⁴⁹ 90 days in connection with preference share dividends.

- (b) payment of the dividend is fair and reasonable to the company's shareholders as a whole
 - (c) payment of the dividend does not materially prejudice the company's ability to pay its creditors.
- 242 In addition to the above a company also needs to have available cash reserves and/or borrowing capacity to pay the dividend. In this regard, we note that:
- (a) WHSP has cash of approximately \$120 million and borrowings of approximately \$580 million as at 30 June 2021 (i.e. a net debt position of some \$460 million)
 - (b) whilst WHSP could sell some of its investment portfolio to fund a dividend, this would crystallise 100% of the inherent tax liabilities related to that investment and is inconsistent with WHSP's objective to hold its portfolio for the long term.
- 243 Further, in order to distribute all its franking credits, WHSP would need to pay a fully franked cash dividend of some \$1.5 billion. As this is unlikely to occur any time in the foreseeable future (and doing so would crystallise significant DTL liabilities) we have not placed any significant value on these franking credits in our SOTP valuation.
- 244 For completeness, we note that in the event a small allowance was made for the value of these franking credits, this value would be relatively immaterial in the context of WHSP.

SOTP valuation summary

- 245 Based on the above, the underlying value of WHSP shares under the SOTP approach is as follows:

WHSP – Valuation under SOTP approach ⁽¹⁾			
	Paragraph reference	Low \$m	High \$m
Net investments (pre-tax)	227	5,793	6,573
Allowance for deferred tax liabilities	235	(282)	(340)
Allowance for ongoing corporate costs	236	(160)	(180)
Franking credits	243	-	-
Value of equity		5,351	6,052
Share on issue (million)		239.4	239.4
Value per share (post tax)		\$22.35	\$25.28

Note:

- 1 Rounding differences may exist.

Comparison of WHSP share price and underlying value

- 246 As shown below, WHSP shares immediately prior to the announcement of the Scheme were trading significantly above our assessed value of WHSP shares under the SOTP approach as at 30 June 2021:

WHSP – comparison of share price and underlying value			
	WHSP share price \$	Implied premium (%) LEA low LEA High	
Closing share price on 21 June 2021 ⁽¹⁾	30.25	35.3	19.7
1 month VWAP to 21 June 2021	30.41	36.0	20.3
3 months VWAP to 21 June 2021	30.91	38.3	22.3

Note:

1 Being the closing price on the last trading day prior to the announcement of the Scheme.

- 247 We note that WHSP does not provide regular NAV updates (effectively a comparable value basis to that adopted under our SOTP approach), other than those included in its half year and full year results announcements. In addition, we note that a number of WHSP's unlisted assets are carried at historical cost and are not necessarily reflective of market value. That said, the majority of WHSP's investments are listed equities for which observable trading prices are available.
- 248 Accordingly, in order to assess the reasonableness of the current premium of the WHSP share price relative to our SOTP valuation, we have considered the relative extent to which the WHSP share price has traded at a premium / discount to its reported NAV (before deferred tax liabilities) as at the following balance dates:

WHSP – premium / (discount) to reported NAV			
Date	Reported NAV (pre-tax) \$m	WHSP market cap \$m	Premium / (discount) to reported NAV %
31 Jul 15	5,499	3,280	(40.4)
31 Jan 16	5,407	4,024	(25.6)
31 Jul 16	6,028	4,173	(30.8)
31 Jan 17	4,506	3,735	(17.1)
31 Jul 17	4,466	4,223	(5.4)
31 Jan 18	5,202	4,125	(20.7)
31 Jul 18	5,439	5,224	(4.0)
31 Jan 19	5,992	6,298	5.1
31 Jul 19	5,469	5,437	(0.6)
31 Jan 20	5,478	5,159	(5.8)
31 Jul 20	5,179	4,680	(9.6)
31 Jan 21	5,244	6,507	24.1
		Average	(10.9)

Source: WHSP.

- 249 As noted, over the balance dates set out above, WHSP has traded at an average discount to reported pre-tax NAV of 10.9%. However, since mid-2020, WHSP shares have traded at a significant premium to its reported pre-tax NAV. Prima facie we are not aware of any recent factors (or changes thereto) relevant to WHSP which could be a reason for the recent observed significant positive change in market sentiment to the company.
- 250 However, we note that the current WHSP share price premium to pre-tax NTA could be attributable to, inter-alia:



- (a) WHSP management's strong investment track record over many years. Over the 20 years to 31 January 2021, the total compound rate of return on WHSP shares was some 13.6% per annum, which significantly exceeds both the total compound rate of return on the All Ordinaries Accumulated Index (8.1% per annum) and Milton shares (9.48% per annum) over the same period⁵⁰
- (b) WHSP's access to investment opportunities (by virtue of its size and standing) which are not otherwise available to investors generally.

Conclusion on WHSP value prior to the Scheme

- 251 Notwithstanding the above, as the VWAP of WHSP shares has been relatively consistent over the six month period prior to the announcement of the Scheme, and the volumes traded during this period have been high, for the purposes of our report we have adopted a value for WHSP prior to the Scheme of between \$30.00 and \$31.00 per share.
- 252 However, as noted above, Milton shareholders should be aware that the recent implied high share price premium to reported pre-tax NAV may not be sustainable in the medium to long term. Accordingly, when assessing the fairness of the Scheme in Section VIII, we have considered the possibility that the implied WHSP share price premium to reported pre-tax NAV may decrease over time.

⁵⁰ Milton TSR based on the 20 years to 31 December 2020.

VII Valuation of Scheme Consideration

Approach

- 253 As set out in Section I, if the Scheme is approved and implemented, Milton shareholders will receive WHSP scrip as consideration with Milton shares to be valued at a 10% premium to pre-tax NTA, adjusted for Milton's Final and Special Dividends (the Scheme Consideration).
- 254 The exchange ratio (being the number of WHSP shares for each Milton share) will be determined as at the Calculation Date⁵¹.
- 255 In this section of the report we consider:
- (a) the determination of the exchange ratio
 - (b) the valuation of WHSP following implementation of the Scheme, having regard to:
 - (i) share market trading in WHSP subsequent to the announcement of the Scheme on 22 June 2021
 - (ii) our assessed stand-alone values of WHSP and Milton, together with any incremental value expected to arise from a merger of the two companies
 - (c) our assessed value of the Scheme Consideration.

The exchange ratio

- 256 The exchange ratio will be based on:
- (a) the pre-tax Milton NTA calculated in the same manner as used for the purpose of Milton's monthly market announcements of pre-tax NTA per share to the ASX, adjusted to exclude the aggregate amount of the Milton Final Dividend and Special Dividend (the Proposed Dividends), to the extent they have been declared and are the subject of a decision to pay⁵²
 - (b) a reference share price for WHSP that is the lower of:
 - (i) the VWAP of WHSP shares for the one month ending on, and including, the Calculation Date
 - (ii) \$31.00.
- 257 Our calculation of the exchange ratio therefore reflects:
- (a) the Milton pre-tax NTA per share of \$5.50 as at 30 June 2021 (being our assumed valuation date for the purpose of this report)
 - (b) the Milton FY21 final dividend of \$0.08 per share as announced on 23 July 2021

⁵¹ The 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.

⁵² Milton's payment of the Proposed Dividends is subject to the availability of sufficient franking credits and Milton satisfying the applicable Corporations Act requirements for the payment of a dividend. The Special Dividend is also subject to the Scheme becoming effective.

- (c) the proposed Milton FY21 special dividend of up to \$0.37 per share
- (d) a WHSP reference price of \$31.00 per share (given that the WHSP share price has traded in excess of this amount since the announcement of the Scheme on 22 June 2021).

258 Our calculation of the exchange ratio for the purposes of this report (noting that the actual exchange ratio will only be set as at the Calculation Date) is set out below:

Calculation of exchange ratio	
	\$ per share
Milton pre-tax NTA per share	5.50
Less Proposed Dividends	
FY21 final dividend	(0.08)
FY21 proposed special dividend	(0.37)
Adjusted Milton pre-tax NTA per share	5.05
Agreed 10% premium	0.51
Milton premium adjusted NTA	5.56
WHSP reference price	31.0
Exchange ratio	0.179

259 Based on this exchange ratio we have calculated both the number of WHSP shares to be issued to Milton shareholders, together with the number of WHSP shares on issue subsequent to implementation of the Scheme. This calculation reflects:

- (a) Milton shares on issue as at 22 June 2021 of 674.2 million, of which 22.2 million (representing a 3.3% interest in Milton) are already held by WHSP. The number of Milton shares to be acquired pursuant to the Scheme is therefore 652.0 million
- (b) WHSP shares on issue as at 22 June 2021 of 239.4 million.

WHSP shares on issue (post implementation of Scheme)	
	million
Milton shares to be acquired pursuant to Scheme	652.0
Exchange ratio	0.179
WHSP shares issued to Milton shareholders	116.8
WHSP shares on issue pre-transaction	239.4
WHSP shares on issue post-transaction	356.2

Note:

- 1 Excludes WHSP performance rights and convertible notes.

260 As noted above, based on the assumed exchange ratio, the number of shares to be issued by WHSP as consideration under the Scheme will therefore represent approximately 33.0% of the enlarged capital base of WHSP.

261 We note that (prior to the Scheme) Milton holds 9.17 million shares in WHSP, representing an interest of 3.83% in the company. Pursuant to the Scheme, these shares will effectively be bought-back by WHSP. In considering the number of WHSP shares on issue subsequent to

implementation of the Scheme we have assumed that these shares will be retained by WHSP for subsequent placement with and/or sale to third parties to provide additional funding to WHSP for future identified investment opportunities.

Valuation of WHSP following implementation of the Scheme

262 It is customary in transactions where scrip is offered as consideration to rely upon the listed market price of the bidder's shares⁵³ (in this case WHSP) as the reference point for estimating the realisable value of the consideration offered. This is principally because:

- (a) the listed market prices of WHSP shares are likely to represent a reasonable proxy for the amount that Milton shareholders could expect to realise if they sold any WHSP shares received as consideration either immediately or in the short term
- (b) any decision to continue to hold WHSP shares beyond the immediate to short term is a separate investment decision which should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. It is also not possible to accurately predict future share price movements.

263 Accordingly, in our opinion, the recent market prices of WHSP shares are the appropriate reference point for estimating the value of the Scheme Consideration offered. In doing so, we have also considered the depth of the market for those securities and the volatility of the share price.

264 We have also cross-checked the reasonableness of our assessed value of WHSP shares being offered as consideration by comparison with our assessed stand-alone values of WHSP and Milton, together with any incremental value expected to arise from a merger of the two companies.

Recent share prices

Recent share trading history (pre and post announcement of Scheme)

265 The historical share prices for WHSP are set out in Section IV. More recent trading in WHSP shares prior to the announcement of the Scheme is shown below:

WHSP – share price history (pre announcement)					
Time periods up to and including 21 Jun 21	Low \$	High \$	VWAP \$	Number traded (m)	Value traded \$m
1 month	29.17	32.31	30.41	5.3	161.7
3 months	28.73	33.49	30.91	16.3	503.1
6 months	26.61	33.49	30.03	32.8	984.2

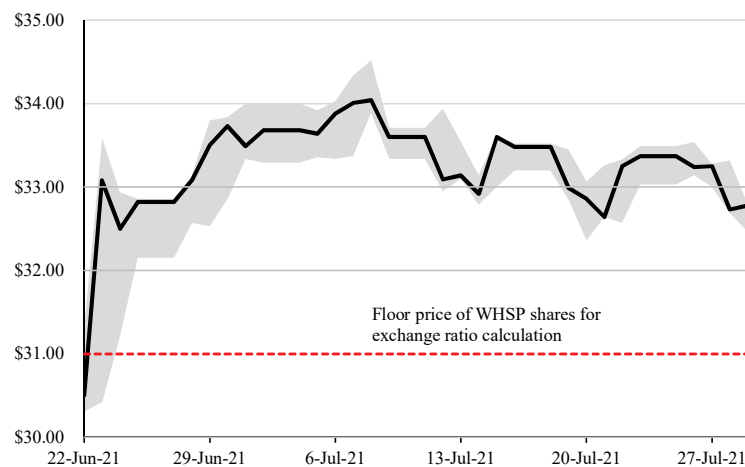
Source: Bloomberg.

266 As indicated above, shares in WHSP have generally traded at a VWAP around \$30.00 to \$31.00 per share in the more recent period prior to the announcement of the Scheme.

⁵³ Provided there is sufficient market liquidity in the bidder's shares.

- 267 For the purpose of assessing the value of the WHSP shares offered as consideration we believe more regard should be given to the price of WHSP shares since the Scheme was announced on 22 June 2021. This is because we consider the WHSP share prices subsequent to 21 June 2021 to be more representative of the share price assuming the Scheme is approved than the prices before that date.
- 268 Share trading in WHSP subsequent to the announcement of the Scheme up to 29 July 2021 is shown below:

WHSP share trading post announcement⁽¹⁾



Note:

1 The intraday high and low WHSP price is represented by the grey shaded area.

Source: Bloomberg.

- 269 The following table sets out the prices at which WHSP shares have traded in the period subsequent to the announcement of the Scheme up to 29 July 2021:

WHSP – share price history (post announcement of Scheme)

Time periods	Low \$	High \$	VWAP \$	Number traded (m)	Value traded \$m
22 June 2021 ⁽¹⁾ to 29 July 2021	30.31	34.52	33.13	13.7	453.6
10 trading days to 29 July 2021	32.36	33.54	33.07	3.4	111.9

Note:

1 Being the first day of trading subsequent to the announcement of the Scheme.

Source: Bloomberg.

- 270 As noted above, subsequent to the announcement of the Scheme, shares in WHSP have generally traded above the floor price for exchange ratio calculation purposes of \$31.00 per share. The VWAP over the period has been \$33.13 per share.
- 271 Further, we note that the value of WHSP shares traded since the announcement of the Scheme has been high.

Assessed stand-alone values of WHSP and Milton approach

- 272 As noted above, in considering the value of WHSP shares subsequent to implementation of the Scheme we have also had regard to our assessed stand-alone values of WHSP and Milton, together with any incremental value expected to arise from a merger of the two companies.
- 273 In Section V we assessed the value of Milton in the range of \$3,421 million to \$3,833 million. We note that due to the WHSP existing shareholding in Milton, 3.3% of the value of Milton is already “owned” by WHSP. The incremental value of Milton to the merged group is therefore \$3,309 million to \$3,707 million (that is excluding the value range of \$113 million to \$126 million attributable to the existing shareholding in Milton of WHSP).
- 274 In Section VI we assessed the value of WHSP (prior to the transaction) in the range of \$7,182 million⁵⁴ to \$7,421 million⁵⁵. This value range primarily reflects share market trading in WHSP shares. As noted in Section VI our analysis of the value of WHSP based on the underlying value of its investment portfolio indicates that WHSP shares have traded (in more recent times) at a price that implies significant intangible value.
- 275 The proposed merger reflects a combination of two investment companies with comparable long-term objectives. As such any operational synergies that may arise from the future investment operations of the combined companies are expected to be modest. Milton management have estimated that any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Milton from the ASX and related regulatory matters no longer required. The value of these cost savings is very minor relative to the value of Milton (and therefore to the value of the combined group).
- 276 However, in considering any incremental value expected to arise from a merger of the two companies, we note that following the merger the deferred tax liability (DTL) on Milton's investment portfolio should be able to be reduced as a result of the tax cost base of the portfolio assets being reset under tax consolidation principles. In this regard, we have considered external tax advice received by WHSP and have made an appropriate allowance for the DTL benefits arising from the acquisition.
- 277 Based on the above, for the purpose of this report, we have assessed the value of WHSP subsequent to implementation of the Scheme in the range of \$10,583 million to \$11,166 million, as follows:

Value of WHSP post-transaction		
	Low	High
LEA assessed stand-alone values (pre-transaction)	\$m	\$m
Value of Milton	3,309	3,707
Value of WHSP	7,182	7,421
Combined value of WHSP and Milton	10,491	11,128
Transaction incremental value	92	38
Value of WHSP post transaction	10,583	11,166

- 278 Assuming the position as at 30 June 2021, in paragraph 259 above we calculated the number of WHSP shares on issue subsequent to implementation of the Scheme at 356.2 million. Our

⁵⁴ Being \$30.00 per WHSP share.

⁵⁵ Being \$31.00 per WHSP share.



assessed value range for WHSP subsequent to implementation of the Scheme (based on our assessed stand-alone values of WHSP and Milton, together with any incremental value expected to arise from a merger of the two companies) therefore equates to \$29.71 to \$31.35 per WHSP share, as follows:

Value of WHSP per share post-transaction		
	Low	High
Value of WHSP post transaction (\$m)	10,583	11,166
WHSP shares on issue post-transaction (million)	356.2	356.2
Value of WHSP post transaction – \$ per share	29.71	31.35

Conclusion

- 279 In summary, in assessing the value of the WHSP shares offered as consideration under the Scheme we have had regard to:
- (a) the recent trading range of WHSP shares
 - (b) the number of shares to be issued by WHSP under the Scheme compared to the enlarged number of WHSP shares on issue post completion of the Scheme
 - (c) the likely level of on-market trading in WHSP shares subsequent to implementation of the Scheme
 - (d) recent stock market conditions
 - (e) our assessed stand-alone values of WHSP and Milton, together with any incremental value expected to arise from a merger of the two companies.
- 280 Based on the above we have assessed the value of WHSP shares offered as consideration pursuant to the Scheme at between \$30.00 and \$33.00 per share. The low range value has regard to the value implied based on our assessed stand-alone values of WHSP and Milton, together with the modest incremental value expected to arise from a merger of the two companies (noting also the inherent significant intangible value in WHSP based on prices at which WHSP shares have recently traded). The high range value primarily reflects trading in WHSP shares following the announcement of the Scheme, with the VWAP of WHSP shares since the announcement of the Scheme on 22 June 2021 up to 29 July 2021 being \$33.13 per share.

Assessed value of Scheme Consideration

- 281 We have therefore assessed the value of the Scheme Consideration to be received by Milton shareholders pursuant to the Scheme as set out below:

Value of Scheme Consideration		
	Low \$	High \$
Value of WHSP post transaction – per share	30.00	33.00
Exchange ratio	0.179	0.179
Value of Scheme Consideration	5.38	5.91

Other considerations

- 282 Milton shareholders should note that the listed market price of WHSP shares is subject to daily fluctuation. The price at which WHSP shares may be sold may therefore be greater or less than our assessed realisable value of WHSP shares of \$30.00 to \$33.00 per share.
- 283 Milton shareholders should also note that any decision to hold WHSP shares beyond the short term is a separate investment decision. As it is not possible to accurately predict future share price movements, any decision to hold WHSP shares should be made by shareholders having regard to their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. In this regard, as discussed in Section VI, Milton shareholders should also note that the prices at which WHSP shares have traded in recent times (both pre and post the announcement of the Scheme) imply a significant component of intangible value.

VIII Evaluation of the Scheme

284 In our opinion, the Scheme is fair and reasonable and in the best interests of Milton shareholders (other than WHSP) in the absence of a superior proposal. We have formed this opinion for the following reasons.

Assessment of the Scheme

Value of Milton

285 As set out in Section V we have assessed the value of Milton between \$5.07 and \$5.69 per share. For the purpose of our report, this value has been assessed as at 30 June 2021 and therefore it has been determined prior to paying the Proposed Dividends (being the Milton FY21 Final Dividend and proposed FY21 Special Dividend).

Value of Scheme Consideration

286 If the Scheme is approved and implemented the Scheme Consideration to be received by Milton shareholders comprises WHSP shares, based on the exchange ratio as at the Calculation Date⁵⁶. As set out in Section VII we have assessed the value of the Scheme Consideration between \$5.38 and \$5.91 per share⁵⁷.

287 As noted in Section I, as part of the Scheme, Milton shareholders will also be entitled to three fully franked dividends, being the Proposed Dividends and the WHSP FY21 final dividend.

288 For evaluation purposes we have excluded the entitlement related to the potential participation in the WHSP FY21 final dividend. As we have assessed the value of WHSP shares offered as consideration on a cum-dividend basis (i.e. inclusive of the FY21 final dividend) there is no need to adjust our assessed value of the Scheme Consideration for the entitlement to WHSP's final dividend for FY21.

289 As noted above, we have assessed the value of Milton inclusive of the entitlement to the Proposed Dividends (being both the Milton FY21 Final Dividend and proposed FY21 Special Dividend). For evaluation purposes therefore, in addition to the Scheme Consideration, we have also had regard to the Proposed Dividends and have determined the corresponding aggregate amount to be received by Milton shareholders (deemed the Total Consideration for the purpose of our report). We have assessed the Total Consideration at \$5.83 to \$6.36 per share, as set out below:

Value of Total Consideration		
	Low \$	High \$
Value of Scheme Consideration	5.38	5.91
Milton FY21 final dividend	0.08	0.08
Milton FY21 proposed special dividend	0.37	0.37
Value of Total Consideration	5.83	6.36

⁵⁶ The 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.

⁵⁷ Assessed based on a WHSP share price range of \$30.00 to \$33.00 per share.

- 290 We note that due to the benefit of franking credits the value of the Total Consideration to some Australian resident shareholders may be greater than our assessed valuation range.

Fairness

- 291 Pursuant to RG 111 the Scheme is “fair” if the value of the Total Consideration is equal to, or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Total Consideration to value of Milton			
	Low	High	Mid-point
	\$ per share	\$ per share	\$ per share
Value of Total Consideration	5.83	6.36	6.10
Value of 100% of Milton	5.07	5.69	5.38
Extent to which the Total Consideration exceeds (or is less than) the value of Milton	0.76	0.67	0.72

- 292 As the Total Consideration exceeds our assessed valuation range for Milton shares on a 100% controlling interest basis, in our opinion, the Total Consideration is fair to Milton shareholders when assessed based on the guidelines set out in RG 111.
- 293 As noted above, in assessing fairness for the purpose of our report we have had regard to data as at 30 June 2021 and have adopted a post-transaction WHSP share price in the range of \$30.00 to \$33.00 per share. For the benefit of Milton shareholders, we have considered the situation where the WHSP share price potentially falls to a level below the low range value of \$30.00 adopted above, either before or after the Calculation Date. We consider the most likely factors that might give rise to a decline in the WHSP share price to be either or a combination of the following:
- (a) a decline in share markets generally (due, for example, to enhanced investor concern as to the ongoing negative economic impacts of the current COVID-19 pandemic). In such circumstances, given the commonality in the investment portfolios of the two companies, we would expect a corresponding decline in the Milton share price (to a greater or lesser extent)
 - (b) a negative turn in investor sentiment towards WHSP, such that investors are no longer prepared to buy WHSP shares at prices that imply an underlying premium to reported NAV to the extent evidenced by recent trading in WHSP shares.
- 294 In circumstances where the decline in the WHSP share price occurs prior to the Calculation Date, we note that this decline will implicitly be allowed for in determining the exchange ratio, as the WHSP reference share price for such purposes is based on the VWAP of WHSP shares for the one month ending on, and including, the Calculation Date (subject to the ceiling of \$31.00 per share).
- 295 In circumstances where the decline in the WHSP share price occurs subsequent to the Calculation Date (either immediately or shortly thereafter), based on the mid-point of our assessed valuation range of Milton shares of \$5.38, we have calculated that the WHSP share price would need to fall below \$27.51 before our assessment of the Scheme would become technically unfair based on RG 111 guidelines. Milton shareholders should note that WHSP shares last traded around these levels in January 2021.

Assessment of reasonableness and in the best interests

- 296 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Scheme is also reasonable.
- 297 There is no legal definition of the expression “in the best interests”. However, RG 111 notes that if an expert concludes that a scheme is “fair and reasonable”, or “not fair but reasonable”, then the expert will also be able to conclude that the scheme is “in the best interests” of members of the company.
- 298 In our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because, if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 299 We therefore consider that the Scheme is also “in the best interests” of Milton shareholders in the absence of a superior proposal.

Other considerations

- 300 In assessing whether the Scheme is reasonable and in the best interests of Milton shareholders LEA has also considered, in particular:
- (a) the extent to which a control premium is being paid to Milton shareholders
 - (b) the comparative position of Milton shareholders both prior to and on the assumption the Scheme is implemented
 - (c) the extent to which Milton shareholders are being paid a share of any synergies likely to be generated pursuant to the proposed transaction
 - (d) the listed market price of the shares in Milton, both prior to and subsequent to the announcement of the proposed Scheme
 - (e) the likely market price of Milton shares if the proposed Scheme is not approved
 - (f) the value of Milton to an alternative offeror and the likelihood of a superior proposal in respect of Milton being tabled prior to the date of the Scheme meeting
 - (g) the advantages and disadvantages of the Scheme from the perspective of Milton shareholders
 - (h) other qualitative and strategic issues associated with the Scheme.

- 301 These issues are discussed in detail below.

Extent to which a control premium is being paid

- 302 As noted in Appendix C the more substantial LICs (being those with a market capitalisation greater than \$300 million) generally trade (on average) at or around underlying pre-tax NTA. Such share market trading reflects portfolio interests in the respective LICs. In Section V when assessing the valuation of Milton, we have expressed our opinion that a notional

acquirer of Milton would generally not pay a premium over the pro-rata value of a portfolio interest therein to acquire a 100% interest in Milton (for the reasons stated)⁵⁸.

- 303 We have calculated the premium implied by the Total Consideration by reference to the market prices of Milton shares (as traded on the ASX) for periods up to and including 21 June 2021 (being the last trading day prior to the announcement of the Scheme). As noted above, trading in Milton shares during this period included an entitlement to the Proposed Dividends.
- 304 For implied premium calculation purposes we have taken the mid-point of our assessed valuation range of the Total Consideration of \$6.10 per share.
- 305 The implied offer premium relative to Milton share prices up to 21 June 2021 is shown below:

Implied offer premium relative to recent Milton share prices		
	Milton share price \$	Implied offer premium %
Total Consideration (includes Proposed Dividends)	6.10	
Closing share price on:		
21 June 2021 ⁽¹⁾	5.00	22.0
VWAP:		
1 month up to and including 21 June 2021	4.99	22.2
3 months up to and including 21 June 2021	4.86	25.5
Note:		
1 The last trading day prior to the announcement of the Scheme.		

- 306 In our opinion, more regard should be had to the VWAPs above rather than the share price on a single day (notwithstanding the consistency in the data). Having regard to the VWAPs, we note that the Total Consideration to be received by Milton shareholders provides Milton shareholders with a premium that significantly exceeds observed premiums generally paid in comparable circumstances (being other observed acquisitions of LICs).
- 307 Accordingly, in our view, relevant share trading data suggests that Milton shareholders are being appropriately compensated for the fact that 100% of control of Milton will pass to WHSP if the Scheme is approved and implemented.

Comparative position of Milton shareholders

- 308 As noted in Sections III and IV respectively, both Milton and WHSP have comparable long-term objectives, being to hold a diversified portfolio of assets which provide both long-term capital growth in the value of the respective shares and generate a growing income stream for distribution to shareholders in the form of fully franked dividends.

⁵⁸ We note that this opinion is consistent with observed transactions relating to the acquisition of LICs, which (whilst almost exclusively structured as scrip for scrip transactions) adopt underlying pre-tax NTA as value reference points.

- 309 Whilst subsequent to implementation of the Scheme Milton shareholders will therefore be invested in a company with similar objectives, for the purpose of our report we have considered specifically three key criteria for shareholders invested in LICs, being annual dividends, total shareholder return and NTA backing per share.

Dividends

- 310 To provide Milton shareholders with an indication of their likely future dividend position relative to recent history, we set out below a comparison of dividends paid by both Milton and WHSP for the three years ended FY21.

Analysis of comparable dividends ⁽¹⁾⁽²⁾			
	FY19 cps ⁽³⁾	FY20 cps	FY21 cps
WHSP			
Interim	24.0	25.0	26.0
Final	34.0	35.0	36.0 ⁽⁴⁾
Total	58.0	60.0	62.0
Exchange ratio ⁽⁵⁾	0.179	0.179	0.179
Implied dividend to Milton shareholders	10.4	10.7	11.1
Milton			
Interim	9.0	9.0	5.75
Final	10.4	8.5	8.0
Total	19.4	17.5	13.8
Indicated reduction in annual dividend	9.0	6.8	2.7

Note:

- 1 All dividends fully-franked.
- 2 Excludes special dividends
- 3 Cents per share.
- 4 WHSP FY21 final dividend of \$0.36 per share is indicative (as per ASX announcement of Scheme on 22 June 2021).
- 5 It should be noted that the actual exchange ratio will be determined on the Calculation Date, which is 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. The exchange ratio used above is what the exchange ratio would have been had it been determined as at 30 June 2021.

- 311 As indicated, based on the recent comparable level of dividends paid by the respective companies, Milton shareholders would have received a lower level of dividend income had the Scheme been implemented effective from FY19. We have interpreted this analysis as implying that relative to Milton, WHSP has had a greater bias to long-term capital growth in share value as opposed to the payment of annual income to shareholders. We note this is consistent with our comparative analysis below of long-term total shareholder return between Milton and WHSP.
- 312 We note that dividends paid by both Milton and WHSP were fully-franked. In this regard:
- (a) the Scheme has been structured such that all available franking credits of Milton will be distributed as an additional benefit to Milton shareholders by way of the proposed Special Dividend (which is contingent on the Scheme becoming effective)

- (b) WHSP has substantial available franking credits of around \$650 million, sufficient to sustain the ability to frank future dividends on the enlarged shareholder base subsequent to implementation of the Scheme.

Total shareholder return

- 313 Set out in the table below are the reported total shareholder returns (TSR) for Milton and WHSP over the 5, 10, 15 and 20 years to 1H21:

TSRs to 1H21 ⁽¹⁾		
	Milton %	WHSP %
5 years	5.3	13.2
10 years	8.4	11.4
15 years	5.9	10.5
20 years	9.5	13.6

Note:

- 1 Milton calculated as at 31 December 2020 while WHSP is calculated as at 31 January 2021.

- 314 As indicated, WHSP's TSRs have exceeded those of Milton for each of the periods set out above. That said, Milton shareholders should note that WHSP has a more concentrated portfolio than Milton, with WHSP's larger investments (i.e. TPG, Brickworks and New Hope) accounting for a substantial proportion of WHSP's investment portfolio.

NTA backing per share

- 315 As noted in Section III there has historically been a close correlation between the price at which Milton shares have traded and the corresponding pre-tax NTA per share. The share price has been at a modest discount to pre-tax NTA, indicating an effective 100% tangible asset backing for Milton shareholders.
- 316 In contrast, as indicated in Section VI, Milton shareholders should note that WHSP shares have traded at share prices that imply significant intangible value.

Extent to which Milton shareholders are being paid a share of synergies

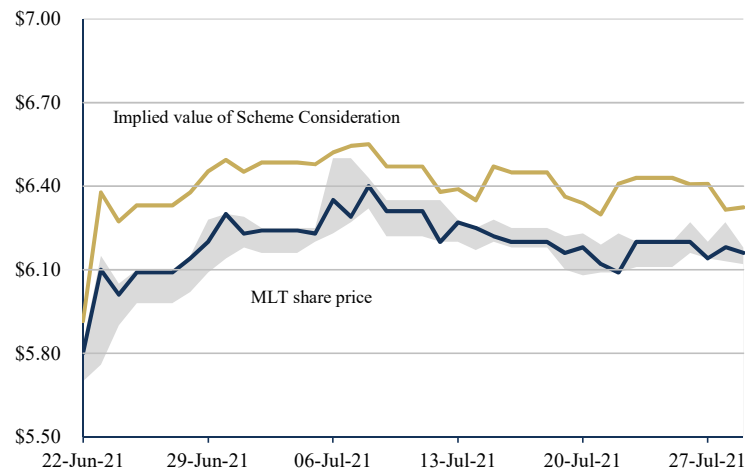
- 317 Whilst Milton and WHSP have comparable long-term objectives, such operational synergies as may arise from the future investment operations of the combined companies are expected to be modest. Milton management have estimated that any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Milton from the ASX and related regulatory matters no longer required. The value of these cost savings is very minor relative to the value of Milton.

Recent share prices subsequent to the announcement of the Scheme

- 318 Shareholders should note that in the period since the Scheme was announced up to 29 July 2021, Milton shares have traded on the ASX in the range of \$5.70 to \$6.50 per share, with the VWAP for the period being \$6.13.
- 319 We have compared trading in Milton shares in this period with the corresponding trading in WHSP shares, adjusted for:

- (a) the exchange ratio, which has been adopted as 0.179 for the purpose of this report
- (b) the inclusion of the Proposed Dividends aggregating \$0.45 per share (being the Final Dividend and the Special Dividend), the entitlement to which is currently reflected in the Milton share price.

Milton share trading post announcement⁽¹⁾
22 June 2021 to 29 July 2021



Note:

¹ Milton's intraday high and low trading range is represented by the grey shaded area.

Source: Bloomberg, LEA analysis.

- 320 As indicated above, since the announcement of the Scheme there is a high degree of correlation between the share market trading in Milton and WHSP. In addition, we note that recent trading in Milton is slightly below the implied value of the Scheme Consideration (based on WHSP closing prices as adjusted above), suggesting that the market consensus view is that a superior offer or proposal is unlikely to emerge and that the Scheme will be approved and implemented.

Likely price of Milton shares if the Scheme is not implemented

- 321 If the Scheme is not implemented and no alternative proposal emerges, we expect that, at least in the short term, Milton shares will trade at a significant discount to our valuation and the Total Consideration due to the difference between the value of Milton shares on a portfolio basis and the value ascribed to them for the purpose of calculation of the exchange ratio under the Scheme⁵⁹. In this regard, we note Milton shares last traded at \$5.00 per share on 21 June 2021 (being the last trading day prior to the announcement of the Scheme).
- 322 If the Scheme is not implemented those Milton shareholders who wish to sell their Milton shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than the Total Consideration receivable under the Scheme.

⁵⁹ Milton shares have historically traded at a modest discount to pre-tax NTA. In contrast, for the purpose of calculation of the exchange ratio a 10% premium to pre-tax NTA (adjusted to exclude the Proposed Dividends) is applied.

WHSP's current shareholding in Milton

323 At the date of the announcement of the Scheme, WHSP had a relevant interest in approximately 3.3% of the shares on issue in Milton. We understand these shares were acquired a number of years ago and are held by WHSP for long-term investment purposes.

Likelihood of a superior proposal

324 We have been advised by the Independent Directors of Milton that no formal alternative offers or proposals have been received subsequent to the announcement of the Scheme on 22 June 2021.

Summary of opinion on the Scheme

325 We summarise below the likely advantages and disadvantages for Milton shareholders if the Scheme proceeds.

Advantages

326 In our opinion the Scheme has the following benefits for Milton shareholders:

- (a) the Total Consideration exceeds our assessed valuation range for Milton shares on a 100% controlling interest basis
- (b) the Total Consideration represents a significant premium to the recent market prices of Milton shares prior to the announcement of the Scheme on 22 June 2021. Furthermore, the premium significantly exceeds observed premiums generally paid to target company shareholders in comparable circumstances (being other observed acquisitions of LICs)
- (c) the Total Consideration also represents a significant premium to both Milton's pre-tax and post-tax NTA
- (d) pursuant to the proposed Scheme and related Special Dividend, Milton will distribute all its available franking credits, which will provide a significant benefit to those Milton shareholders able to utilise the franking credits
- (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Milton shares is likely to trade at a significant discount to our valuation and the Total Consideration due to the difference between the value of Milton shares on a portfolio basis and the value ascribed to them for the purpose of calculation of the exchange ratio under the Scheme.

Disadvantages

327 In our opinion the Scheme has the following disadvantages for Milton shareholders:

- (a) Milton shareholders will be diluted pursuant to the Scheme and will hold an aggregate interest of around 33% in the combined entities. However they will be shareholders in a significantly larger group with increased scale and liquidity, with a diversified and balanced portfolio with exposure to domestic and international listed securities and private market opportunities
- (b) based on the recent comparable level of dividends paid by the respective companies, Milton shareholders would have received a lower level of dividend income had the Scheme been implemented effective from FY19. Offsetting this however, the total



shareholder return generated by WHSP at each five year interval over the previous 20 years has exceeded the comparable return produced by Milton

- (c) Milton shareholders will no longer have an effective 100% tangible asset backing for their shareholding, with recent trading indicating that WHSP shares have traded at share prices that imply significant intangible value.

Conclusion

- 328 Whilst there are disadvantages to Milton shareholders pursuant to the Scheme, we consider these to be more than outweighed by the advantages of the Scheme, particularly from a value perspective. Consequently, in our view, the acquisition of Milton shares under the Scheme is fair and reasonable and in the best interests of Milton shareholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The *Corporations Act 2001 (Cth)* (Corporations Act) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Milton shareholders in connection with the Scheme.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$350,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.



Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7
 64 Castlereagh Street
 Sydney NSW 2000
 (or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 27 years and 35 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

- 3 This report has been prepared at the request of the Independent Directors of Milton to accompany the Scheme Booklet to be sent to Milton shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable to and in the best interests of Milton shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Milton agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Milton which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

Appendix C

Premiums / discounts to NTA

- 1 The following table shows the premiums / discounts to pre- and post-tax NTA for LICs listed on the ASX, with market capitalisation greater than \$300 million as at 31 May 2021 and which invest in Australian equities⁶⁰.

	Market cap \$m	Share price \$	Pre-tax NTA \$	Premium / discount to pre-tax NTA %	Post-tax NTA \$	Premium / discount to post-tax NTA %
Aust. Foundation Investment Co.	9,205	7.54	7.22	4.43	6.03	25.04
Argo Investments	6,358	8.77	8.80	(0.34)	7.62	15.09
Milton Corporation	3,331	4.94	5.28	(6.44)	4.55	8.57
WAM Capital	1,941	2.22	1.87	19.00	1.91	16.04
WAM Leaders	1,248	1.49	1.43	3.94	1.36	9.65
Aust. United Investment Company	1,190	9.52	10.17	(6.39)	8.57	11.09
BKI Investment Company	1,112	1.51	1.64	(8.23)	1.54	(2.27)
Diversified United Investments	1,011	4.75	5.21	(8.83)	4.32	9.95
Hearts and Minds Investments	909	4.02	4.04	(0.50)	3.71	8.36
Carlton Investments	801	30.25	38.50	(21.43)	31.97	(5.38)
Ophir High Conviction Fund	766	3.83	3.47	10.37	3.47	10.37
Djerriwarrh Investments	660	2.93	3.21	(8.72)	3.18	(7.86)
Whitefield	557	5.78	5.45	6.06	4.88	18.44
Mirrabooka Investments	550	3.38	3.29	2.74	2.82	19.86
Future Generation Investment Fund	534	1.33	1.43	(7.17)	1.34	(0.76)
Perpetual Equity Investment Co.	458	1.31	1.36	(3.89)	1.28	2.66
WAM Microcap	398	1.92	1.68	14.48	1.57	22.53
AMCIL	342	1.15	1.22	(6.15)	1.08	6.02
Cadence Capital	334	1.13	1.07	4.85	1.17	(4.17)
WAM Research	318	1.63	1.21	34.59	1.18	37.27
Low				(21.43)		(8.86)
High				34.59		37.27
Average				1.12		10.03
Median				(0.42)		9.80

⁶⁰ Source: Morningstar *ASX Listed Investment Companies (LICs) – 31 May 2021*.

Appendix D

Glossary

Term	Meaning
IH21	Six months to 31 December 2020
AFCA	Australian Financial Complaints Authority
Agreement	Scheme Implementation Agreement between Milton and WHSP dated 22 June 2021
Apex	Apex Healthcare Berhad
API	Australian Pharmaceutical Industries Limited
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Bengalla	Single pit open cut coal mine operated by Bengalla Mining Company
BKI	BKI Investment Company Limited
Brickworks	Brickworks Limited
CAGR	Compound annual growth rate
Calculation Date	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
CGT	Capital gains tax
Convertible Notes Offering	On 25 June 2021, New Hope announced it had successfully priced \$200 million of senior unsecured convertible notes due in 2026
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	Corporations Regulations 2001
DCF	Discounted cash flow
DTL	Deferred tax liabilities
EBIT	Earnings before interest and tax
Economic Swap	On 2 July 2021, WHSP entered into a cash settled equity swap referencing 34.0 million fully paid ordinary shares of New Hope
Final Dividend	The Milton FY21 final dividend, assumed to be \$0.08 per share
FSG	Financial Services Guide
FVOCI	Fair value through other comprehensive income
FY	Financial year
IER	Independent expert's report
JORC	Joint Ore Reserves Committee
km	Kilometre
LEA	LonerGAN Edwards & Associates Limited
LIC	Listed investment company
LOM	Life of mine
Milton	Milton Corporation Limited
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAV	Net asset value
New Hope	New Hope Corporation Limited
NTA	Net tangible asset
PAL	Palla Pharma Limited
PCG	Pengana Capital Group Limited
PIA	Pengana International Equities Limited
Proposed Dividends	The Final Dividend and the Special Dividend, collectively
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
ROM	Run of mine
Round Oak	Round Oak Minerals Pty Limited



Appendix D

Term	Meaning
Scheme	Scheme of arrangement between Milton and its shareholders to implement the Agreement
Scheme Consideration	WHSP scrip, with Milton shares to be valued at a 10% premium to pre-tax NTA, adjusted for Milton's final and special dividends
Share Sale	On 2 July 2021, WHSP sold 34.0 million fully paid ordinary shares in New Hope
SME	Small to medium enterprise
SOTP	Sum-of-the-parts
Special Dividend	A proposed Milton FY21 special dividend of up to \$0.37 per share
Stock Borrow Facility	WHSP has committed to make at least 75.0 million ordinary shares in New Hope available to the market pursuant to the Convertible Notes Offering
TGG	Templeton Global Growth Fund
TOT	360 Capital Total Return Fund
Total Consideration	The aggregate of the Scheme Consideration and the Proposed Dividends
TPG	TPG Telecom Limited
TPG Singapore	TPG Telecom Pte Ltd
TSR	Total shareholder return
Tuas	Tuas Limited
US	United States of America
Vodafone	Vodafone Hutchison Australia Limited
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding
WHSP	Washington H. Soul Pattinson and Company Limited

Annexure B
Independent Limited Assurance Report

Milton
CORPORATION LIMITED

B



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ey.com/au

Independent Limited Assurance Report

The Board of Directors
Milton Corporation Limited
Level 5, 261 George Street
Sydney NSW 2000

3 August 2021

The Board of Directors
Washington H. Soul Pattinson and Company Limited
Level 14, 151 Clarence Street
Sydney NSW 2000

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON THE COMBINED GROUP PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

1. Introduction

We have been engaged by Milton Corporation Limited ("Milton") and Washington H. Soul Pattinson and Company Limited ("WHSP") to report on the pro forma historical statement of financial position of Milton and WHSP (collectively the "Combined Group") for inclusion in the Scheme Booklet dated on 5 August 2021, to be issued by Milton, in respect of the proposal from WHSP to acquire all of the shares in Milton that it does not already own by way of a scheme of arrangement between Milton and its shareholders (the "Scheme").

Expressions and terms defined in the Scheme Booklet have the same meaning in this report.

2. Scope

Combined Group Pro Forma Historical Statement of Financial Position

You have requested Ernst & Young to review the following financial information of the Combined Group:

- the pro forma historical statement of financial position as at 31 January 2021 as set out in section 9.11 of the Scheme Booklet.

(Hereafter the "Combined Group Pro Forma Historical Statement of Financial Position").

The Combined Group Pro Forma Historical Statement of Financial Position has been derived from:

- the WHSP historical consolidated statement of financial position as at 31 January 2021 as set out in section 8.16(c) of the Scheme Booklet,
- the unaudited historical Net Assets statement as at 31 January 2021 of Milton as set out in section 9.11 of the Scheme Booklet, and
adjusted for the effects of pro forma adjustments described in sections 9.10(c) and 9.10(d) of the Scheme Booklet.



The historical consolidated statement of financial position of WHSP has been prepared in accordance with the significant accounting policies described in the consolidated financial statements of WHSP for the financial year ended 31 July 2020.

The WHSP historical consolidated statement of financial position as at 31 January 2021 was derived from the interim consolidated financial statements of WHSP for the six months ended 31 January 2021 which were reviewed by Ernst & Young in accordance with Australian Auditing Standards and Ernst & Young issued an unqualified review conclusion on these interim consolidated financial statements.

The Combined Group Pro Forma Historical Statement of Financial Position has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred as at 31 January 2021.

Due to its nature, the Combined Group Pro Forma Historical Statement of Financial Position does not represent WHSP's actual or prospective financial position.

The Combined Group Pro Forma Historical Statement of Financial Position is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

The directors of WHSP are responsible for the preparation and presentation of the Combined Group Pro Forma Historical Statement of Financial Position, including the basis of preparation, selection and determination of pro forma adjustments included in the Combined Group Pro Forma Historical Statement of Financial Position. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Combined Group Pro Forma Historical Statement of Financial Position that are free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Combined Group Pro Forma Historical Statement of Financial Position based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.



Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Combined Group Pro Forma Historical Statement of Financial Position.

5. Conclusions

Combined Group Pro Forma Historical Statement of Financial Position

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical consolidated statement of financial position as at 31 January 2021 of the Combined Group as set out in Section 9.11 of the Scheme Booklet is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.10(a) of the Scheme Booklet.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 9.10 of the Scheme Booklet, which describes the purpose of the Combined Group Pro Forma Historical Statement of Financial Position. As a result, the Combined Group Pro Forma Historical Statement of Financial Position may not be suitable for use for another purpose.

7. Consent

Ernst & Young has consented to the inclusion of this limited assurance report in the Scheme Booklet in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young does not have any interests in the outcome of this Scheme other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Ernst & Young

Annexure C
Scheme Implementation Agreement

Milton
CORPORATION LIMITED





Scheme Implementation Agreement

Milton Corporation Limited

ABN 18 000 041 421

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

2021

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Annexure

A	Scheme of Arrangement
B	Deed Poll

THIS AGREEMENT is made on 22 June 2021

BETWEEN:

- (1) **Milton Corporation Limited** ABN 18 000 041 421 whose registered office is at Level 5, 261 George Street, Sydney NSW 2000 (**Target**); and
- (2) **Washington H. Soul Pattinson and Company Limited** ABN 49 000 002 728 whose registered office is at Level 14, 151 Clarence Street, Sydney NSW 2000 (**Bidder**).

RECITALS:

- (A) Bidder and Target have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.
- (B) At the request of Bidder, Target intends to propose the Scheme and issue the Scheme Booklet.
- (C) Target and Bidder have agreed to implement the Scheme on the terms and conditions of this document.

THE PARTIES AGREE AS FOLLOWS:

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

Agreed Dividends means a final dividend and a special dividend, not exceeding in aggregate a total amount of \$0.45 for each Target Share on issue, declared or which the Board has decided to pay, which declaration or decision must occur after the date of this document and no later than the date that is two Business Days prior to the Calculation Date.

Announcement means a press release, announcement or other public statement (other than a draft explanatory statement, an explanatory statement or supplementary explanatory statement as required under Part 5.1 of the Corporations Act).

ASIC means the Australian Securities and Investments Commission.

ASIC Review Draft means the draft of the Scheme Booklet, which is provided to ASIC for approval under section 411(2) of the Corporations Act.

Associate has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this document.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Listing Rules means the listing rules of ASX.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and

- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

Bidder Board means the board of directors of Bidder.

Bidder Disclosure Material means:

- (a) the Bidder Due Diligence Information; and
- (b) information available on the Public Registers prior to the date of this document.

Bidder Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Bidder and its subsidiaries made available by or on behalf of any member of the Bidder Group to Target on or before the DD Cut-off Date.

Bidder Excluded Transaction means a transaction:

- (a) fairly disclosed in the Bidder Disclosure Material;
- (b) consistent with a policy relating to employment which was fairly disclosed in the Bidder Disclosure Material;
- (c) required to be done or procured by Bidder under this document or the Scheme; or
- (d) in relation to which Target has expressly consented in writing or has unreasonably withheld or delayed its consent.

Bidder Group means Bidder and its subsidiaries.

Bidder Indemnified Parties means Bidder, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Bidder Information means the information regarding Bidder as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60.

Bidder Material means the information provided by Bidder to Target in accordance with clause 4.3(b) for inclusion in the Scheme Booklet.

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.

Bidder Performance Rights means for the performance rights referable to a Bidder Share, listed in Schedule 2.

Bidder Prescribed Event means the occurrence of any of the following:

- (a) **(conversion)** Bidder converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** 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) **(buy-back)** Bidder or another member of the Bidder Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** 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) **(issuing or granting shares or options)** any member of the Bidder Group:
 - (i) issues shares;
 - (ii) grants an option over its shares; or
 - (iii) 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) **(constitution)** any member of the Bidder Group adopts a new constitution or modifies or repeals its constitution or a provision of it; and
- (g) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Bidder Group,

excluding any Bidder Excluded Transaction.

Bidder Share means a fully paid ordinary share in Bidder.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales.

Calculation Date has the meaning given in Schedule 3.

Claim, in relation to a person, means any claim, allegation, cause of action, proceeding, liability, suit or demand made against the person concerned however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Closing Market Price means what it means in the ASX Listing Rules.

Competing Transaction means a proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person (other than Bidder or its Related Bodies Corporate) whether alone or together with its Associates would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of 20% or more of Target Shares (other than as custodian, nominee or bare trustee);

- (b) acquire control of Target, within the meaning of section 50AA of the Corporations Act;
- (c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by the Target Group; or
- (d) otherwise acquire or merge (including by a reverse takeover bid, scheme of arrangement or dual listed company structure) with Target.

Condition means a condition precedent set out in clause 3.2.

Confidentiality Deed means the Confidentiality Deed between Target and Bidder in respect of the proposed Scheme dated 26 May 2021.

Consideration Share Formula means the formula set out in Schedule 3.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Court means the Federal Court of Australia or such other court of competent jurisdiction as the parties may agree in writing.

DD Cut-off Date means 5.00 pm on the Business Day immediately preceding the date of this document.

Deed Poll means a deed poll substantially in the form of Annexure B to this document.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means 17 December 2021, subject to any extension to that date made under clause 3.9.

Exclusivity Period means the period commencing on the date of this document and ending on the earlier of:

- (a) termination of this document in accordance with its terms;
- (b) the expiration of the period of good faith negotiation pursuant to clause 3.10 if the Target Shareholders fail to approve the Scheme at the Scheme Meeting and the parties fail to reach agreement under clause 3.9; and
- (c) the End Date.

First Court Date means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Scheme Meeting.

Government Agency means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

GST Law means the same as "GST Law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation means the implementation of the Scheme, on it becoming Effective.

Implementation Date means the fifth Business Day following the Record Date or such other date as the parties agree in writing.

Independent Expert means an Independent Expert engaged by Target to express an opinion on whether the Scheme is fair and reasonable to and in the best interests of Target Shareholders.

Independent Expert's Report means the report from the Independent Expert for inclusion in the Scheme Booklet, including any update or supplementary report, stating whether or not in the Independent Expert's opinion the Scheme is in the best interest of Target Shareholders.

Ineligible Overseas Shareholder means a Target Shareholder:

- (a) who is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or
- (b) whose address shown in the Register is a place outside Australia or New Zealand and their respective external territories,

unless Bidder and Target jointly determine that it is lawful and not unduly onerous and not unduly impracticable to issue that Target Shareholder with Bidder Shares when the Scheme becomes Effective and it is lawful for that Target Shareholder to participate in the Scheme by the law of the relevant place outside Australia and New Zealand.

Insolvency Event means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b) a controller or analogous person being appointed to the person or any of the person's property;
- (c) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property;
- (d) an appointment of the kind referred to in subparagraph (ii) being made (whether or not following a resolution or application);
- (e) the holder of a Security Interest or any agent on its behalf, appointing a controller or taking possession of any of the person's property (including seizing the person's property within the meaning of section 123 of the PPSA) or otherwise enforcing or exercising any rights under the Security Interest or Chapter 4 of the PPSA, where such action relates to the whole, or a substantial part, of Target's business or property;

- (f) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (g) an application being made to a court for an order for its winding up;
- (h) an order being made, or the person passing a resolution, for its winding up;
- (i) the person:
 - (i) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
 - (ii) being unable to pay its debts or otherwise insolvent;
- (j) the person taking any step toward entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
- (k) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
- (l) any analogous event under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by the other party.

Loss includes any loss, damage, liability, obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal cost and expense) however it arises and whether it is present or future, fixed or unascertained, actual or contingent but excluding any consequential or indirect loss, economic loss or loss of profits.

New Bidder Share means Bidder Shares to be issued under the Scheme as Scheme Consideration.

NTA has the meaning set out in Schedule 3.

PPS Security Interest means a security interest that is subject to the PPSA.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Public Registers means the records made available for public inspection by ASIC or ASX and any other relevant public registers.

Record Date means 7.00 pm on the second Business Day following the Effective Date, or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Register means the register of members of Target.

Regulatory Approvals means the consents, approvals, clearances, decisions and determinations referred to in clause 3.2(e).

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Date means, in relation to a Condition, the date or time specified in this document for its fulfilment or, if no date or time is specified, 8.00 am on the Second Court Date, subject, in either case, to extension to that date made under clause 3.9.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Representatives means, in relation to a party:

- (a) a Related Body Corporate;
- (b) a director, officer or employee of the party or any of the party's Related Bodies Corporate; or
- (c) an adviser to the party or any of the party's Related Bodies Corporate, where an "adviser" means, in relation to an entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity.

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 Booklet means the information booklet to be approved by the Court and despatched to Target Shareholders which includes the Scheme, a copy of the Deed Poll executed by Bidder, an explanatory statement complying with the requirements of the Corporations Act and notices of meeting and proxy forms.

Scheme Consideration in relation to a Scheme Participant means the number of New Bidder Shares to be issued to the Scheme Participant, calculated by reference to the Consideration Share Formula.

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.

Scheme Participant means each Target Shareholder as at the Record Date (taking into account registration of all registrable transfers and transmission applications received at Target's share registry by the Record Date) other than Bidder or a member of the Bidder Group.

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.

Security Interest means any security interest, including:

- (a) a PPS Security Interest;
- (b) any other mortgage, charge, pledge or lien; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

Subsidiary of an entity means another entity which:

- (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and
- (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares, or would be if the first entity was required to prepare consolidated financial statements.

Superior Proposal means a bona fide Competing Transaction which the Target Board, acting in good faith, and after taking advice from its legal and financial advisers, determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction, including its conditions; and
- (b) of a higher financial value and is more favourable to Target Shareholders than the Scheme, taking into account all aspects of the Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Target Adjusted NTA has the meaning set out in Schedule 3.

Target Board means the board of directors of the Target, other than Mr Robert Millner.

Target Disclosure Material means the Target Due Diligence Information and information available on the Public Registers prior to the date of this document.

Target Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Target and its subsidiaries provided or made available by or on behalf of any member of the Target Group to Bidder on or before the DD Cut-off Date.

Target Excluded Transaction means a transaction:

- (a) fairly disclosed in the Target Disclosure Material;
- (b) consistent with a policy relating to employment which was fairly disclosed in the Target Disclosure Material;
- (c) required to be done or procured by Target under this document or the Scheme; or
- (d) in relation to which Bidder has expressly consented in writing or has unreasonably withheld or delayed its consent.

Target Group means Target and its subsidiaries (each of Target and each such subsidiary being a member of the Target Group).

Target Incoming Directors means at least three directors nominated by Bidder at least two Business Days before the ASIC Review Draft is provided to ASIC.

Target Indemnified Parties means Target, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

Target Information means all information contained in the Scheme Booklet other than the Bidder Information and the Independent Expert's Report.

Target Material Adverse Effect means:

- (a) the NTA of 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 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; or

- (b) 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 Outgoing Directors means all directors of Target.

Target Prescribed Event means the occurrence of any of the following:

- (a) **(conversion)** Target converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** 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) **(buy-back)** Target or another member of the Target Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** 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) **(issuing or granting shares or options)** any member of the Target Group:
 - (i) issues shares;
 - (ii) grants an option over its shares; or
 - (iii) agrees to make such an issue or grant such an option,
 in each case to a person outside the Target Group;
- (f) **(securities or other instruments)** 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) **(constitution)** any member of the Target Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) **(Encumbrances)** 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) **(employment arrangements)** 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) **(related party transactions)** 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) **(commitments and settlements)** 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 a Subsidiary of Target; and
- (l) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Target Group,

excluding any Target Excluded Transaction.

Target Share means each fully paid ordinary share in Target.

Target Shareholder means each person entered in the Register as a holder of Target Shares.

Target Shareholder Approval means a resolution in favour of the Scheme passed by the required majorities of Target Shareholders under section 411(4)(a)(ii) of the Corporations Act.

Timetable means the timetable for the Implementation of the Scheme as set out in Schedule 1, subject to any modifications as the parties may agree in writing.

VWAP Price has the meaning given to "volume weighted average market price" in the ASX Listing Rules.

1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and

- (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **associate, controller, entity, officer, security interest** and **subsidiary** have the same meanings as given by the Corporations Act.
- (g) A reference to **\$** or **dollar** is to Australian currency.
- (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (i) A matter is **to the knowledge** of a person at a relevant time if it would have been discovered by the enquiries that would have been made by a reasonable person in that person's position, even if, at that time, the matter is not actually known by that person.
- (j) Terms defined in the GST Law have the same meaning in this document unless the context otherwise requires.
- (k) A reference to time in this document is a reference to time in Sydney, New South Wales.

1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the previous Business Day.

2. **TARGET SCHEME**

2.1 **Agreement to propose and implement the Scheme**

- (a) Target agrees to propose the Scheme on and subject to the terms and conditions of this document and must use all reasonable endeavours to do so within the Timetable.
- (b) The parties agree to implement the Scheme on the terms and conditions of this document, subject to compliance with their respective obligations, powers and duties under their constituent documents and all applicable laws and the proper performance by the directors of each of the parties respectively of their fiduciary duties.

2.2 **Nomination of acquirer Subsidiary**

At any time prior to the Business Day before the First Court Date, Bidder may nominate any wholly-owned Subsidiary of Bidder (**Bidder Nominee**) to acquire Target Shares under the Scheme by providing a written notice which sets out the details of Bidder Nominee to Target. If Bidder decides to nominate Bidder Nominee to acquire Target Shares:

- (a) the parties must procure that the Target Shares transferred under the Scheme are transferred to Bidder Nominee rather than Bidder; and

- (b) Bidder must procure that Bidder Nominee complies with all of the relevant obligations of Bidder under this document and the Scheme.

2.3 **Outline of Scheme**

Subject to the terms of this document and the Scheme becoming Effective, on the Implementation Date:

- (a) all of the Target Shares held by Scheme Participants will be transferred to Bidder in accordance with the terms of the Scheme; and
- (b) in consideration for the transfer to Bidder of all of the Target Shares held by Scheme Participants, the Scheme Participants will be entitled to receive the Scheme Consideration.

2.4 **No amendments to Scheme without consent**

Target must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Bidder.

2.5 **Scheme Consideration**

- (a) Subject to the Scheme becoming Effective and clauses 2.6(a) and 2.6(b), Bidder agrees in favour of Target that in consideration for the transfer to Bidder of each Target Share held by a Scheme Participant under the terms of the Scheme, Bidder will, subject to the terms of this document, the Deed Poll and the Scheme, accept such transfer and issue the number of New Bidder Shares calculated by reference to the Consideration Share Formula to each Scheme Participant for each Target Share held by that Scheme Participant at the Record Date.
- (b) If the number of Target Shares held by a Scheme Participant is such that the Scheme Participant is entitled to a fraction of a Bidder Share, such fractional entitlement will be rounded up or down to the nearest whole number of Bidder Shares in accordance with the Scheme (and if the fractional entitlement would include one-half of a Bidder Share, the entitlement will be rounded up to the nearest whole number of Bidder Shares in accordance with the Scheme). For the avoidance of doubt, fractional entitlements of 0.5 of a New Bidder Share will be rounded up.

2.6 **Ineligible Overseas Shareholders**

- (a) Unless Bidder is satisfied that it may lawfully issue New Bidder Shares to an Ineligible Overseas Shareholder either unconditionally or after compliance with terms which Bidder reasonably regards as acceptable and practical, Bidder has no obligation to issue New Bidder Shares to the Ineligible Overseas Shareholder.
- (b) If Bidder elects not to issue New Bidder Shares to an Ineligible Overseas Shareholder under clause 2.6(a), it must issue the New Bidder Shares to which the Ineligible Overseas Shareholder would have been entitled but for the operation of clause 2.6(a), to a nominee appointed by Bidder. The terms of issue to the nominee will be that the nominee must sell those New Bidder Shares at the time, in the manner and on the terms the nominee thinks fit (and at the risk of the Ineligible Overseas Shareholder) and the nominee must then pay to that Ineligible Overseas Shareholder the proceeds received after deducting any applicable fees, brokerage, taxes and charges.

2.7 Shares to rank equally

Bidder covenants in favour of Target (in its own right and on behalf of the Scheme Participants) that:

- (a) the New Bidder Shares will rank equally in all respects with all existing Bidder Shares;
- (b) it will do everything reasonably necessary to ensure that trading in the New Bidder Shares commences by the first Business Day after the Implementation Date; and
- (c) on issue, each New Bidder Share will be fully paid and free from any Encumbrance.

3. CONDITIONS

3.1 Obligations not binding until Conditions satisfied

Subject to this clause 3, the obligations of the parties with respect to Implementation (including the obligations of Bidder under clauses 2.5 and 4.3(m) and the Deed Poll) do not become binding unless and until each Condition is satisfied or waived under clause 3.6.

3.2 Conditions

The Conditions are as follows:

Conditions for the benefit of both parties

- (a) **(Independent Expert's Report)** the Independent Expert issues a report which concludes that the Scheme is in the best interest of Scheme Participants before the date on which the Scheme Booklet is lodged with ASIC and the Independent Expert does not change its opinion or otherwise withdraw the report before 8:00 am on the Second Court Date;
- (b) **(ASIC)** before 8.00 am on the Second Court Date, ASIC issues or provides any consents or approvals, or has done any other acts, which the parties agree are reasonably necessary or desirable to implement the Scheme, and those consents, approvals or other acts have not been withdrawn or revoked at that time;
- (c) **(Target Shareholder Approval)** Target Shareholder Approval is obtained at the Scheme Meeting by the requisite majorities in accordance with the Corporations Act;
- (d) **(Court approval of Scheme)** the Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme;
- (e) **(Regulatory Approvals)** before 8.00 am on the Second Court Date, ASX has confirmed that Bidder is not required to obtain the approval of holders of Bidder Shares to issue the Scheme Consideration or re-comply with ASX's admission and quotation requirement (or if it does so require then that approval has been obtained or those requirements satisfied);
- (f) **(no restraint adversely affecting Implementation)** no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the acquisition of all the Target Shares held by Scheme Participants by Bidder or otherwise preventing Implementation is in effect at 8.00 am on the Second Court Date;

Conditions for the benefit of Bidder

- (g) **(no Target Material Adverse Effect)** during the period commencing on the date of this document and ending at the end of the Business Day immediately preceding the date of the Scheme Meeting, no one or more events, occurrences or matters individually or in aggregate that have or could reasonably be expected to have a Target Material Adverse Effect, occurs or becomes known to Bidder;
- (h) **(no Target Prescribed Event)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date, no Target Prescribed Event occurs;
- (i) **(Target representations and warranties)** each of the representations and warranties given or made by Target under clause 11 is true and correct as at the time it is given or made;
- (j) **(no Bidder Material Adverse Effect)** no Bidder Material Adverse Effect having occurred;
- (k) **(portfolio)** before 8.00 am on the Second Court Date, the Target has complied with its obligation under clause 4.2(dd); and

Conditions for the benefit of Target

- (l) **(no Bidder Prescribed Event)** during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date, no Bidder Prescribed Event occurs;
- (m) **(NTA fall)** the NTA of the Target as at 5.00 pm on the Business Day immediately preceding the date of the Scheme Meeting is not less than \$4.488 per Target Share (for the avoidance of the doubt the NTA of the Target for the purposes of this clause 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;
- (n) **(New Bidder Shares)** the New Bidder Shares to be issued pursuant to the Scheme are approved for official quotation by ASX, subject to customary conditions by, and such approval has not been withdrawn, suspended or revoked before, 8.00 am on the Second Court Date; and
- (o) **(Bidder representations and warranties)** each of the representations and warranties given or made by Bidder under clause 11 is true and correct as at the time it is given or made.

3.3 Reasonable endeavours

Each of Target and Bidder agree to use reasonable endeavours to procure that:

- (a) each of the Conditions:
 - (i) is satisfied as soon as practicable after the date of this document and in any event by the Relevant Date; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence that would prevent the Condition for which it is a party responsible being satisfied.

3.4 **Benefit of Conditions**

The Conditions in:

- (a) clauses 3.2(a) to 3.2(f) are for the benefit of each party;
- (b) clauses 3.2(g) to 3.2(k) are for the benefit of Bidder; and
- (c) clauses 3.2(l) to 3.2(o) are for the benefit of Target.

3.5 **Breaching Conditions**

A reference in this document to a Condition being breached includes a reference to the Condition becoming incapable of being satisfied.

3.6 **Waiver of Conditions**

- (a) If a Condition has been included for the benefit of:
 - (i) one party only, only that party may, in its sole and absolute discretion, waive the breach or non-fulfilment of the Condition;
 - (ii) more than one party, the breach or non-fulfilment of the Condition may be waived only by the consent of all those parties.

However, a party for whom a Condition has been included must not waive the Condition if it would result in a breach of law.

- (b) The breach or non-fulfilment of a Condition may only be waived in writing.
- (c) If a party waives the breach or non-fulfilment of a Condition, that waiver precludes the party from suing another party for any breach of this document that resulted in the breach or non-fulfilment of the Condition.

3.7 **Fulfilment of Conditions**

Each party must:

- (a) use its reasonable endeavours (other than waiver) to ensure and procure that each Condition is satisfied as soon as practicable after the date of this document;
- (b) not take any action or refrain from taking any action (except as required by law) designed to prevent the Conditions being satisfied, without the prior consent of the other party;
- (c) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (d) promptly inform the other party of any circumstances of which it becomes aware which may result in any of the Conditions not being satisfied in accordance with its terms; and
- (e) promptly advise the other party of the satisfaction of a Condition.

3.8 **Parties to provide certificate to Court**

- (a) Each of Target and Bidder must provide to the other and to the Court before or at the Second Court Date, a certificate or such other evidence as the Court requests, confirming, in each case with respect to matters within the party's knowledge,

whether or not the conditions set out in clause 3.2 included for its benefit, have been satisfied (or waived by it) in accordance with the terms of this document.

- (b) Target and Bidder must provide to each other a draft of the relevant certificates to be provided by Target any Bidder (as applicable) pursuant to this clause 3.8 by 5.00 pm on the day that is two Business Days prior to the Second Court Date, and must provide to Target or Bidder (as applicable) on the Second Court Date a copy of the final certificate or other evidence provided to the Court.

3.9 **If a Condition is not fulfilled or waived**

If:

- (a) any Condition is not satisfied or (where capable of waiver) waived by the time or date specified in this document for its satisfaction;
- (b) for any reason, a Condition is not capable of being satisfied, or a circumstance occurs which is reasonably likely to result in a Condition not being capable of being satisfied, and the Condition has not for the time being been waived in accordance with clause 3.6 or cannot be waived; or
- (c) the Scheme has not become Effective on or prior to the End Date,

then the parties:

- (d) must consult in good faith to determine whether the Scheme may proceed by way of alternative means or method so as to achieve a commercial outcome which reflects the Scheme; and
- (e) may agree to extend the Relevant Date or the End Date, or both.

3.10 **Failure to agree**

- (a) If the parties are unable to reach agreement under clause 3.9 within five Business Days (or any shorter period ending at 5.00 pm on the day before the Second Court Date):
 - (i) subject to clause 3.10(a)(ii), either party may terminate this document (and that termination will be in accordance with clause 10.1(f)(i)); or
 - (ii) if a Condition may be waived and exists for the benefit of one party only, that party only may waive that Condition or terminate this document (and that termination will be in accordance with clause 10.1(f)(ii)),

in each case before 8.00 am on the Second Court Date.

- (b) A party will not be entitled to terminate this document under this clause if the relevant Condition has not been satisfied or agreement cannot be reached as a result of a breach of this document by that party or a deliberate act or omission of that party.

4. **IMPLEMENTATION**

4.1 **Obligations of the parties**

Target and Bidder must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

4.2 **Target's obligations**

Target must take all necessary steps to propose and implement the Scheme on a basis consistent with this document and as expeditiously as reasonably practicable including within the Timetable, and in particular must:

- (a) **(announce directors' recommendation)** following execution of this document, announce, in the form agreed between the parties (on the basis of statements made to Target by each member of the Target Board) that:
 - (i) the Target Board considers the Scheme to be in the best interest of the Scheme Participants and intends to unanimously recommend to Scheme Participants that the Scheme be approved; and
 - (ii) each Target Board member who holds Target Shares, intends to vote his or her Target Shares in favour of the Scheme,

subject to:

- (i) the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interest of Target Shareholders; and
 - (iv) there being no Superior Proposal;
- (b) **(preparation of Scheme Booklet)** subject to clause 4.2(e)(i), as soon as practicable after the date of this document, prepare and despatch the Scheme Booklet:
 - (i) in accordance with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60, Takeovers Panel policy and guidance notes and the ASX Listing Rules; and

which includes a statement by the Target Board:

- (ii) unanimously recommending that the Scheme is in the best interest of the Target Shareholders and that the Target Shareholders vote in favour of the Scheme; and
- (iii) that each Target Board member who holds Target Shares intends to vote his or her Target Shares in favour of the Scheme,

subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Target Shareholders and there being no Superior Proposal;

- (c) **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable the Independent Expert to prepare its report for the Scheme Booklet as soon as practicable;

- (d) **(section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (e) **(consultation with Bidder)** consult with Bidder as to the content and presentation of:
 - (i) the Scheme Booklet, which includes:
 - (A) allowing Bidder a reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet (accepting that any review of the Independent Expert's Report is limited to review for factual accuracy of those parts that include information relating to Bidder);
 - (B) taking any reasonable comments made by Bidder into account in good faith when producing a revised draft of the Scheme Booklet;
 - (C) providing to Bidder a revised draft of the Scheme Booklet within a reasonable time before the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act is finalised; and
 - (D) obtaining Bidder's consent to the inclusion of the Bidder Information (including in respect of the form and context in which the Bidder Information appears in the Scheme Booklet); and
 - (ii) documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating processes, affidavits, submissions and draft minutes of Court orders), and consider in good faith any comments on, or suggested amendments to, those documents from Bidder prior to filing those documents with the Court;
- (f) **(lodgement of ASIC Review Draft)**
 - (i) as soon as practical, but no later than 14 days before the First Court Date, provide an advanced draft of the Scheme Booklet to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and provide a copy of the ASIC Review Draft to Bidder immediately thereafter; and
 - (ii) keep Bidder reasonably informed of any material issues raised by ASIC in relation to the ASIC Review Draft and, where practical to do so, consult with Bidder in good faith prior to taking any steps or actions to address those material issues (provided that, where those issues relate to Bidder Information, Target must not take any steps to address them without Bidder's prior written consent, not to be unreasonably withheld);
- (g) **(Board approval)** procure that a meeting of the Target Board is convened to approve the Scheme Booklet for dispatch and provide Bidder with a copy of the relevant board minutes as soon as reasonably practicable;
- (h) **(send Scheme Booklet)** send the Scheme Booklet to Target Shareholders as soon as practicable after the Court orders Target to convene the Scheme Meeting;
- (i) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, Target becomes aware:

- (i) that information included in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise); or
- (ii) of information that is required to be disclosed to Target Shareholders under any applicable law but was not included in the Scheme Booklet,

promptly consult with Bidder in good faith as to the need for, and the form of, any supplementary disclosure to Target Shareholders, and make any disclosure that Target considers reasonably necessary in the circumstances, having regard to applicable laws and to ensure that there would be no breach of clause 11.2(b) if it applied as at the date that information arose;

- (j) **(Court documents)** prepare all documents necessary for the Court proceedings relating to the Scheme in accordance with all applicable laws;
- (k) **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting;
- (l) **(Scheme Meeting)** convene the Scheme Meeting to agree to the Scheme in accordance with any orders made by the Court pursuant to section 411(1) of the Corporations Act;
- (m) **(explanatory statement)** take all reasonable measures necessary to cause ASIC to register the Scheme Booklet under section 412 of the Corporations Act;
- (n) **(proxy information)** upon request of Bidder made before the commencement of the Scheme Meeting, inform Bidder of the total number of proxy votes in respect of which the appointment for the Scheme Meeting specified that:
 - (i) the proxy is to vote in favour of the Scheme;
 - (ii) the proxy is to vote against the Scheme;
 - (iii) the proxy is to abstain from voting on the Scheme; and
 - (iv) the proxy may vote at the proxy's discretion;
- (o) **(director's voting)** use its reasonable endeavours to procure that each member of the Target Board votes any Target Shares in which they have a Relevant Interest in favour of the Scheme;
- (p) **(section 411(17)(b) statement)** if the approval of the Target Shareholders is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Scheme;
- (q) **(No Target Prescribed Event)** take all reasonable steps to ensure that no Target Prescribed Event occurs during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date and, if a Target Prescribed Event occurs, immediately inform Bidder;
- (r) **(Court approval)** subject to all Conditions, other than paragraph (d) in clause 3.2 being satisfied or waived in accordance with this document, apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act;
- (s) **(Conditions certificate)** at the hearing on the Second Court Date, provide to the Court (through its counsel):

- (i) a certificate confirming (in respect of matters within Target's knowledge) whether or not the Conditions included for its benefit, as noted in clause 3.2 (other than paragraph (d)), have been satisfied or waived in accordance with clause 3.6, a draft of which must be provided to Bidder by 5.00 pm two Business Days prior to the Second Court Date; and
 - (ii) any certificate provided to it by Bidder under clause 4.3(h);
- (t) **(not act inconsistently)** subject to clause 9.3, not act in a manner inconsistent with obtaining Court approval for the Scheme;
- (u) **(lodge copy of Court order)** lodge with ASIC an office copy of the Court order approving the Scheme as approved by the Target Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act by no later than 4.00 pm on the day after that office copy is received (or any later date agreed in writing by Bidder);
- (v) **(Scheme Participants)** give to the share registry of Bidder details of the names, registered addresses and holdings of Target Shares of every Target Shareholder as shown in the Register on the Record Date, in such form as Bidder may reasonably require, and determine Target Shareholders' respective entitlements to the Scheme Consideration in accordance with the Scheme;
- (w) **(Register)** close the Register as at the Record Date to determine the identity of Scheme Participants and their entitlements to Scheme Consideration;
- (x) **(instruments of transfer)** subject to Bidder satisfying its obligations under clause 4.3 on the Implementation Date:
 - (i) execute proper instruments of transfer and effect the transfer of Target Shares held by Scheme Participants to Bidder in accordance with the Scheme; and
 - (ii) register all transfers of Target Shares held by Scheme Participants to Bidder;
- (y) **(Suspension of trading)** apply to ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date;
- (z) **(listing)** take all reasonable steps to maintain Target's listing on ASX, notwithstanding any suspension of the quotation of Target Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC;
- (aa) **(other steps)** do all other things necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme;
- (bb) **(appeal process)** if the Court refuses to make any orders or confirmations for the purposes of convening the Scheme Meeting or approving the Scheme, appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent barrister with at least 15 years' experience advises that, in their view, an appeal would have no reasonable prospects of success before the End Date);
- (cc) **(Basis of reporting)** not make any change to the manner in which it calculates its aggregate net tangible asset backing before providing for tax on unrealised capital gains and realised capital losses for the purpose of its market announcements to ASX of its net tangible asset backing per share as at each calendar month end;

- (dd) **(portfolio)** ensure that as at 8.00 am on the Second Court Date Target does not have a relevant interest in any ordinary shares issued by Brickworks Limited; and
- (ee) **(Bidder Shares)** not acquire any Bidder Shares between the date of entry into this document and the earlier of the End Date and the date on which this document is terminated in accordance with clause 10.

4.3 Bidder obligations

Bidder must take all necessary steps to assist Target to implement the Scheme on a basis consistent with this document and as soon as reasonably practicable, and in particular must:

- (a) **(announcement)** on the date of this document, make an announcement in the form agreed between the parties;
- (b) **(Bidder Information)** prepare and promptly provide to Target for inclusion in the Scheme Booklet the Bidder Information (in accordance with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60, Takeovers Panel policy and guidance notes and the ASX Listing Rules) and consent to the inclusion of that information in the Scheme Booklet;
- (c) **(further Bidder Information)** promptly provide to Target any further or new Bidder Information as may arise after the Scheme Booklet has been sent to Target Shareholders and until the date of the Scheme Meeting as may be necessary to ensure that the Bidder Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and to ensure that there would be no breach of clause 11.3(b) if it applied as at the date on which such further or new Bidder Information arose;
- (d) **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (e) **(representation)** procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, Bidder must undertake (if requested by the court) to do all things and take all steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this document and the Scheme;
- (f) **(Deed Poll)** prior to the Scheme Booklet being sent, sign and deliver the Deed Poll;
- (g) **(no Bidder Prescribed Event)** take all reasonable steps to ensure that no Bidder Prescribed Event occurs during the period commencing on the date of this document and ending at 8.00 am on the Second Court Date and if a Bidder Prescribed Event occurs, immediately inform Target;
- (h) **(certificates)** before commencement of the hearing by the Court of the application for the order under section 411(4)(b) of the Corporations Act, give to Target a certificate signed by Bidder stating whether or not each representation or warranty given by Bidder is true and correct as at the time it is given or made under clause 11;
- (i) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Scheme (provided that nothing in this paragraph prevents any action by or on behalf of Bidder or its directors if failure to take the action would, in the reasonable opinion of the board of directors of Bidder, be likely to involve a breach of duties of the directors of Bidder. The reasonable opinion of the Bidder Board must be based on specific legal and other appropriate advice);

- (j) **(Conditions certificate)** before 8.00 am on the Second Court Date, provide to Target for provision to the Court at the hearing on that date a certificate confirming (in respect of matters within Bidder's knowledge) whether or not the Conditions for which Bidder is responsible, as noted in clause 3.2 (other than paragraph (d)), have been satisfied or waived in accordance with clause 3.6, a draft of which must be provided to Target by 5.00 pm on the Business Day prior to the Second Court Date;
- (k) **(Share transfer)** if the Scheme becomes Effective, accept a transfer of the Target Shares as contemplated by clause 2.5;
- (l) **(Listing)** procure that the New Bidder Shares to be issued as Scheme Consideration pursuant to the Scheme are approved for official quotation by ASX, subject to any conditions which ASX may reasonably require and which are acceptable to both Bidder and Target, acting reasonably and promptly;
- (m) **(Scheme Consideration)** if the Scheme becomes Effective register or cause to be registered the Scheme Participants (or the nominee of Ineligible Overseas Shareholders appointed pursuant to clause 2.6) as the holders of New Bidder Shares to which the Scheme Participants are entitled under the Scheme; and
- (n) **(Scheme)** do all things within its power that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

4.4 **Scheme Booklet responsibility statement**

The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect of:

- (a) Target has prepared, and is responsible for, the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Bidder Information, the Independent Expert's Report or any other report or letter issued to Target by a third party; and
- (b) Bidder has prepared, and is responsible for, the Bidder Information in the Scheme Booklet (and no other part of the Scheme Booklet).

4.5 **Disagreement on content of Scheme Booklet**

If Bidder and Target disagree on the form or content of the Scheme Booklet, they must consult in good faith and promptly to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Bidder Information contained in the Scheme Booklet, Target will make any amendments as Bidder, acting in good faith requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Target Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

4.6 **Verification**

Each party must undertake appropriate verification processes for the information supplied by that party in the Scheme Booklet.

4.7 **Conduct of Court proceeding**

Target and Bidder are entitled to separate representation at all Court proceedings relating to the Scheme. This document does not give Target or Bidder any right or power to give

undertakings to the Court for or on behalf of the other party without that party's written consent. Target and Bidder must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this document.

4.8 **Appeal process**

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, Bidder and Target must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree otherwise; or
- (b) an independent counsel of the New South Wales bar with at least 15 years' experience advises that, in their opinion, an appeal would have no reasonable prospect of success before the End Date,

in which case either party may terminate this document in accordance with clause 10.1(f)(iii). If the parties cannot agree on the appointment of an independent counsel for the purposes of 4.8(b) within three Business Days of the Court's refusal to make orders, the independent senior counsel will be appointed by the chairperson or other senior office bearer for the time being of the New South Wales Chapter of the Resolution Institute or a delegate of such person, on the application of any party.

4.9 **No partnership or joint venture**

Subject to this document, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this document constitutes the relationship of a partnership or a joint venture between the parties.

5. **BOARD RECOMMENDATION**

5.1 **Recommendation**

Target must use its best endeavours to procure that none of the members of the Target Board withdraws, or changes their recommendation in favour of the Scheme, unless:

- (a) there is a Superior Proposal; or
- (b) the Independent Expert concludes that the Scheme is not in the best interest of Target Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interest of Target Shareholders; and
- (c) the Target Board determines in good faith and acting reasonably, having received expert advice in writing from its legal advisors, (who must be reputable advisers experienced in transactions of this nature) that they must do so because of their fiduciary or statutory duties to Target Shareholders.

6. **DIRECTORS AND EMPLOYEES**

6.1 **Release of Target and Target directors and officers**

Subject to the Corporations Act, Bidder releases its rights, and agrees with Target that it will not make a claim, against any Target Indemnified Party (other than Target and its Related Bodies Corporate) as at the date of this document and from time to time in connection with:

- (a) any breach of any representations and warranties of Target or any other member of Target Group in this document; or
- (b) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Target Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. Nothing in this clause 6.1 limits Bidder's rights to terminate this document under clause 10.1.

6.2 **Benefit for Target Indemnified Parties**

Target receives and holds the benefit of this clause to the extent it relates to each Target Indemnified Party on behalf of each of them.

6.3 **Release of Bidder and Bidder directors and officers**

Subject to the Corporations Act, Target releases its rights, and agrees with Bidder that it will not make a claim, against any Bidder Indemnified Party (other than Bidder and its Related Bodies Corporate) as at the date of this document and from time to time in connection with:

- (a) any breach of any representations and warranties of Bidder or any other member of Bidder Group in this document; or
- (b) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Bidder Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. Nothing in this clause 6.3 limits Target's rights to terminate this document under clause 10.1.

6.4 **Benefit for Bidder Indemnified Parties**

Bidder receives and holds the benefit of this clause to the extent it relates to each Bidder Indemnified Party on behalf of each of them.

6.5 **Appointment/retirement of directors**

On the Implementation Date, but subject to the Scheme Consideration having been issued to the Scheme Participants and receipt by Target of signed consents to act, Target must:

- (a) cause the appointment of each Target Incoming Director to the Target Board; and
- (b) procure that the Target Outgoing Directors retire from the Target Board, unless Bidder gives notice of its desire for one or more of the directors not to retire (such notice to be given prior to 8.00 am on the Second Court Date),

in each case, in accordance with Target's constitution, the Corporations Act and the ASX Listing Rules.

6.6 **Directors' and officers' insurance**

Subject to the Scheme becoming Effective and subject to the Corporations Act, Bidder undertakes in favour of Target and each other person who is a Target Indemnified Party that it will:

- (a) for a period of seven years from the Implementation Date, ensure that the constitutions of Target and each other member of the Target Group continue to contain such rules as are contained in those constitutions at the date of this document that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Bidder Group; and
- (b) procure that Target and each other member of the Target Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that the directors' and officers' run-off insurance cover for those directors and officers is maintained, subject to clause 6.7, for a period of seven years from the retirement date of each director and officer.

6.7 **Run-off**

Each party acknowledges that, notwithstanding any other provision of this document, Target and its Subsidiaries may, prior to the Implementation Date, enter into a run-off insurance policy in respect of any directors or officers of a Target Group for a seven year period (or longer if Bidder agrees acting reasonably) provided that:

- (a) the scope of cover of the policy will be on the same or substantially the same terms as the existing insurance policies in place for directors or officers of the Target Group at the date of this document; and
- (b) Target will use reasonable endeavours to obtain the most attractive commercial terms for the policy from a reputable insurer and in no circumstances shall the aggregate cost of such insurance to the Target Group exceed the amount agreed between the parties in writing for the purposes of this clause without the prior written consent of Bidder.

6.8 **Period of undertaking**

The undertakings contained in clause 6.6 are given until the earlier of the end of the relevant period specified in that clause or the relevant member of the Target Group ceasing to be part of the Bidder Group.

6.9 **Benefit of undertaking for Target Group**

Target acknowledges that it receives and holds the benefit of clause 6.6 to the extent it relates to each director and officer of a member of the Target Group on behalf of each of them.

7. **PRE-IMPLEMENTATION OBLIGATIONS**

7.1 **Conduct of the business**

During the period commencing on the date of this document and ending on the Implementation Date, each party must conduct (and must procure that each of its subsidiaries conducts) its business in the ordinary course, in substantially the same manner and at the same locations as conducted in the 12 months prior to the date of this document, and to the extent consistent, use reasonable efforts to:

- (a) preserve intact its business organisation;
- (b) keep available the services of its officers and employees;

- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it;
- (d) identify any change of control or similar provisions in any significant contracts or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of such contracts to the transactions contemplated by the Scheme; and
- (e) maintain its business and assets, including maintaining at least its current level of insurance,

as in place on the date of this document.

7.2 **Exception**

Clause 7.1 does not apply to anything:

- (a) which the party is required to do, permitted to do or is permitted not to do, under or in accordance with this document or the Scheme; or
- (b) in respect of which the other party consents (such consent not to be unreasonably withheld or delayed).

7.3 **Access to information**

- (a) From the date of this document and up to and including the Implementation Date, subject to applicable laws each party must give (and must procure each of its subsidiaries gives) the other party reasonable access to its records (subject to any existing confidentiality obligations owed to third parties), premises and personnel and reasonably co-operate for the purpose of:
 - (i) understanding the financial position of it and its subsidiaries including the cashflow and working capital position of each of them;
 - (ii) integrating the business of Target with the business of Bidder;
 - (iii) understanding the operations of the business of it and its subsidiaries;
 - (iv) Implementation; and
 - (v) any other purpose which is agreed in writing between the parties.
- (b) Nothing in clause 7.3(a) requires a party or any of its subsidiaries to provide information to the other party that:
 - (i) concerns the consideration of the Scheme by directors and management of it or any of its subsidiaries; or
 - (ii) would contravene competition laws.

7.4 **Information on representations and warranties**

From the date of this document and up to and including the Implementation Date each party must promptly give, and must procure that each of its subsidiaries promptly gives, to the other party details of any matter or occurrence which might reasonably make any representation or warranty given under this document by the first-mentioned party inaccurate in a material respect.

7.5 Information provided subject to confidentiality obligation

All information provided under or in connection with this document is subject to the terms of the Confidentiality Deed which continues to have full force and effect subject to this document.

8. ANNOUNCEMENT

8.1 No Announcement

Neither party may make an Announcement relating to the subject matter of this document or its termination or make public this document (or any of its terms) unless the Announcement or publication:

- (a) is required by this document;
- (b) has the prior approval of the other party; or
- (c) is required to be made by any applicable law or the ASX Listing Rules.

8.2 Notice of Announcement

If a party is required to make an Announcement under clause 8.1(c), it must, to the extent practicable without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, to the extent practicable in the circumstances, to comment on the contents of the draft Announcement.

9. EXCLUSIVITY

9.1 No ongoing discussions

Target represents and warrants to Bidder that, as at the date of this document, neither Target 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 as at the date of this agreement regarding any actual, proposed or potential Competing Transaction.

9.2 No-shop, no-talk, no-due diligence

Subject to clause 9.3 and except as otherwise agreed in writing by the other party, during the Exclusivity Period, Target must not (and must ensure that its Representatives, advisers or agents do not):

- (a) directly or indirectly solicit, initiate, invite or encourage any inquiries, proposals or discussions with a view to obtaining, or that may reasonably be expected to encourage or lead to, any Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme (whether from a party with whom Target has previously been in discussions or not);
- (b) directly or indirectly 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;

- (c) 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;
- (d) approve, recommend or implement a Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme or announce an intention to do so;
- (e) directly or indirectly solicit, initiate, invite or encourage any third party to undertake due diligence investigations in respect of Target, any of its related bodies corporate or any of their businesses and operations, in connection with or with a view to obtaining, or that may reasonably be expected to encourage or lead to, any Competing Transaction or any other transaction that may reduce the likelihood of success of the Scheme; or
- (f) disclose any non-public information about the businesses or affairs of Target to a third party (other than a Representative, Government Agency or auditors) other than in the ordinary course of business or as required under Target's existing contractual obligations to the extent those obligations have been disclosed to Bidder and cannot be terminated.

9.3 **Response to unsolicited approach**

If clause 9.2(a) is complied with, nothing in clauses 9.2(b), (c), (d), (e) or 9.2(f) or clause 4.3(h) or clause 7.1 prevents any action by or on behalf of Target or its directors to respond to any bona fide approach by a third party where the board of directors of Target, acting in good faith and after taking advice from Target's external advisors, determine that such approach would lead to a superior Competing Transaction and if failure to do so would, in the reasonable opinion of the board of directors of Target, be likely to involve a breach of the duties of the directors of Target. The reasonable opinion of Target's board of directors must be based on specific legal and any other appropriate advice.

9.4 **Notify of approaches**

If Target proposes to respond to any approach by a third party (as contemplated by clause 9.3), then:

- (a) Target must immediately notify Bidder in writing that Target proposes to respond to an approach by a third party; and
- (b) Target must promptly provide Bidder with any confidential information concerning Target that it intends to provide to the third party in connection with the Competing Transaction.

10. **TERMINATION**

10.1 **Termination events**

This document may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date;
- (b) **(lack of support)** by Bidder at any time prior to 8.00 am on the Second Court Date if any of the directors of the Target board:

- (i) changes or withdraws his or her recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to the recommendation (including by attaching any qualifications to), or otherwise makes a public statement indicating that it no longer supports the Scheme; or
 - (ii) recommend a Competing Transaction;
- (c) **(Target material breach)** by Bidder at any time prior to 8.00 am on the Second Court Date, if:
 - (i) Target is in material breach of clauses 3.3, 4 or 4.2; or
 - (ii) the representations and warranties in clauses 11.1 or 11.2 are not true and correct,

provided that Target has, if practicable, given notice to Bidder setting out the relevant circumstances and the relevant circumstances continue to exist ten Business Days (or any shorter period ending at 8.00 am on the Second Court Date) after the time such notice is given;
- (d) **(Bidder material breach)** by Target at any time prior to 8.00 am on the Second Court Date, if:
 - (i) Bidder is in material breach of clauses 3.3, 4 or 4.3; or
 - (ii) the representations and warranties in clauses 11.1 or 11.3 are not true and correct,
 - (iii) provided that Bidder has, if practicable, given notice to Target setting out the relevant circumstances and the relevant circumstances continue to exist ten Business Days (or any shorter period ending at 8.00 am on the Second Court Date) after the time such notice is given;
- (e) **(Competing Transaction)** by Target if the Target Board determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of clause 9.2(a) is a Superior Proposal;
- (f) **(consultation or appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.10(a)(i);
 - (ii) clause 3.10(a)(ii); or
 - (iii) clause 4.8; or
- (g) **(agreement)** if agreed to in writing by Bidder and Target.

10.2 Termination

Where a party has a right to terminate this document, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this document.

10.3 Effect of Termination

If this document is terminated by either party, or if this document otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this document, other than the obligations set out in this clause and in clauses 4.8, 6.1 to

6.4(inclusive), 11 and 15 to 17 (inclusive) will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this document.

10.4 **Damages**

- (a) In addition to the right of termination under clause 10.1 where there is no appropriate remedy for the breach in this document (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this document.
- (b) The parties acknowledge that damages may not be a sufficient remedy for breach of this document. Specific performance, injunctive relief or any other remedies that would otherwise be available in equity or at law are available as a remedy for a breach or threatened breach of this document by any party, notwithstanding the ability of any party to terminate this document or seek damages for such a breach or threatened breach.

11. **REPRESENTATIONS AND WARRANTIES**

11.1 **Mutual representations and warranties**

Each party represents and warrants to the other party that:

- (a) **(status)** it is a company limited by shares under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise it entering into this document and carrying out the transactions that this document contemplates in accordance with its terms;
- (d) **(Authorisations)** it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this document and to carry out the transactions that this document contemplates in accordance with its terms;
 - (ii) ensure that this document is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to properly carry on its business,and it is complying with any conditions to which any such Authorisation is subject;
- (e) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) **(no contravention)** neither its execution of this document nor the carrying out by it of the transactions that it contemplates in accordance with its terms, does or will contravene:
 - (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;

- (ii) any Authorisation held by it;
- (iii) any undertaking or instrument binding on it or any of its property; or
- (iv) its constitution;
- (g) **(no Insolvency Event)** neither it nor any of its subsidiaries is affected by an Insolvency Event;
- (h) **(not representative capacity)** it is not entering into this document as trustee of any trust or settlement or otherwise in a representative capacity; and
- (i) **(information provided to the Independent Expert)** all information provided by it to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report for inclusion in the Scheme Booklet.

11.2 Target representations and warranties

Target represents and warrants to Bidder that:

- (a) **(Target Due Diligence Information and Target Information not false or misleading)** Target has not knowingly, negligently or recklessly:
 - (i) omitted to disclose information to Bidder, the disclosure of which might reasonably be expected to have resulted in Bidder not entering into this document, or entering into it on materially different terms;
 - (ii) omitted anything from the Target Due Diligence Information or Target Information that would make any part of that information materially false or misleading;
 - (iii) included anything materially false or misleading in the Target Due Diligence Information or the Target Information; or
 - (iv) denied access to requested information with the intention of misleading Bidder;
- (b) **(Scheme Booklet not false or misleading)** as at the date of dispatch of the Scheme Booklet, the Scheme Booklet (other than the Bidder Material) will not contain any material statement which is false or misleading (including because of any material omission);
- (c) **(continuous disclosure)** Target is not in breach of its continuous disclosure obligation under ASX Listing Rule 3.1 and, except for information contained in the Announcement to be made in accordance with clause 4.2(a), there is no information to which ASX Listing Rule 3.1 does not apply because of ASX Listing Rule 3.1A;
- (d) **(complied with applicable laws)** Target and its wholly owned subsidiaries have complied in all material respects with all applicable laws and the ASX Listing Rules (disregarding any instances of non-compliance that individually and in aggregate, could not reasonably be expected to have a Material Adverse Effect on Target);
- (e) **(no default):**
 - (i) neither Target nor any of its wholly owned subsidiaries is in default under any document or agreement binding on it or its assets; and

- (ii) nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement;
- (f) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a Material Adverse Effect on Target;
- (g) **(schedule accurately details Target capital)** Part A of Schedule 2 accurately records the total number and details of Target Shares, securities convertible into Target Shares, notes or other securities issued by Target at the date of this document and Target is not under any actual or contingent obligation to issue, convert or cancel any securities other than as listed in Schedule 2;
- (h) **(no dividends)** the Target has not declared (apart from a dividend that has been paid), and will not declare, any dividend other than the Agreed Dividends between the date of this document and the Effective Date and no dividends will be payable by the Target in respect of declared but unpaid dividends between execution of this document and the Effective Date other than the Agreed Dividends;
- (i) **(no material acquisitions or disposals)** other than as disclosed in writing to Bidder on or before the DD Cut-off Date, Target is not party or, or in the process of negotiating entry into or any proposals in respect of, any agreement to dispose of assets of Target or acquire any assets or businesses with a value in excess of \$50 million, excluding the disposal of any assets that are securities in an entity that is admitted to the Official List of ASX;
- (j) **(no Encumbrances)** there are no material Encumbrances over all or any of its assets or revenues; and
- (k) **(no other approvals necessary)** to Target's knowledge, no consents, approvals or other acts by a Government Agency are necessary to effect Implementation other than the Regulatory Approvals.

11.3 Bidder representations and warranties

Bidder represents and warrants to Target that:

- (a) **(Bidder Due Diligence Information not false or misleading)** Bidder has not knowingly, negligently or recklessly:
 - (i) omitted to disclose information to Target, the disclosure of which might reasonably be expected to have resulted in Target not entering into this document, or entering into it on materially different terms;
 - (ii) omitted anything from the Bidder Due Diligence Information that would make any part of that information materially false or misleading;
 - (iii) included anything materially false or misleading in the Bidder Due Diligence Information; or
 - (iv) denied access to requested information with the intention of misleading Target;
- (b) **(no false or misleading statement)** as at the date of dispatch of the Scheme Booklet, the Bidder Material will not contain any material statement which is false or misleading (including because of any material omission);

- (c) **(complied with applicable laws)** Bidder and its wholly owned subsidiaries have complied with all applicable laws to the extent that any instance of non-compliance:
 - (i) individually and in aggregate, could not reasonably be expected to have a Material Adverse Effect on Bidder; or
 - (ii) does not involve a breach of Bidder's continuous disclosure obligations under the ASX Listing Rules;
- (d) **(no default):**
 - (i) neither Bidder nor any of its wholly owned subsidiaries is in default under any document or agreement binding on it or its assets; and
 - (ii) nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement,

which individually or in aggregate could reasonably be expected to have a Material Adverse Effect on Bidder;
- (e) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a Material Adverse Effect on Bidder;
- (f) **(schedule accurately details Bidder capital)** Part B of Schedule 2 accurately records the total number and details of Bidder Shares, securities convertible into Bidder Shares, Bidder Performance Rights, notes or other securities issued by Bidder at the date of this document and Bidder is not under any actual or contingent obligation to issue, convert or cancel any securities other than as listed in Schedule 2;
- (g) **(New Bidder Shares)** the New Bidder Shares will, upon issue:
 - (i) be duly issued and fully paid;
 - (ii) be free from any Security Interest or other encumbrance, other than as provided for in the constitution of Bidder; and
 - (iii) rank equally in all respects, including for future dividends, with all existing Bidder Shares; and
- (h) **(no other approvals necessary)** to Bidder's knowledge, no consents, approvals or other acts by a Government Agency are necessary to effect Implementation other than those identified in the definition of Regulatory Approvals in clause 1.1.

11.4 **No representations made on economic or future matters**

Each party acknowledges and agrees that the other party makes no representation or warranty other than as set out in this clause 11 and, in particular, at no time has the other party made or given any representation or warranty in relation to the achievability of:

- (a) any economic, fiscal or other interpretations or evaluations by it; or
- (b) future matters, including future or forecast costs, prices, revenues or profits.

11.5 Reliance on representations and warranties

Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clauses 11.1, 11.2 and 11.3.

11.6 When warranties are given

Each representation and warranty given or made under clauses 11.1, 11.2 and 11.3 is given:

- (a) as at the date of this document;
- (b) as at 8.00 am on the Second Court Date; and
- (c) at any other date at which the representation or warranty is expressed to be given under this document.

12. INDEMNITIES

12.1 Indemnities by Target

Target indemnifies Bidder and members of the Bidder Group and their respective directors, officers and employees against, and must pay on demand, any Loss, Claim or damages (including any right to common law damage) arising from or incurred in connection with a breach of the representations and warranties in clauses 11.1 and 11.2 to the fullest extent permitted by law.

12.2 Indemnities by Bidder

Bidder indemnifies Target and members of the Target Group and their respective directors, officers and employees against, and must pay on demand, any Loss, Claim or damages (including any right to common law damage) arising from or incurred in connection with a breach of the representations and warranties in clauses 11.1 and 11.3 to the fullest extent permitted by law.

13. RELEASE

Each party agrees with each other, and declares and covenants in favour of each party's officers and employees, as follows:

- (a) Subject to applicable law (including section 199A of the Corporations Act) and clause 13(b), no officer or employee of a party, is liable for anything done or purported to be done in connection with Implementation.
- (b) Paragraph (a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a grossly negligent act or omission on the part of the person.
- (c) This clause operates as a deed poll in favour of and for the benefit of each officer and each employee of each party and may be relied on and enforced by each such officer and employee in accordance with its terms even though the officer or employee is not named as a party to this document.

14. **GST**

14.1 **GST pass on**

If GST is or will be payable on a supply made under or in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount for GST on the supply:

- (a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and
- (b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within seven days of receiving a written demand from the supplier.

14.2 **Tax Invoice**

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient except where the recipient is required to issue the tax invoice or adjustment note.

14.3 **Consideration exclusive of GST**

Any consideration otherwise provided for a supply or payment obligation in connection with this document is exclusive of GST unless stated otherwise.

14.4 **Adjustments**

If there is an adjustment event in relation to a supply which results in the amount of GST on a supply being different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier within 14 days of becoming aware of the adjustment event:

- (a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or
- (b) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply to the extent that the supplier is entitled to a refund or credit from the Commissioner of Taxation; and
- (c) must issue an adjustment note or tax invoice reflecting the adjustment event in relation to the supply to the recipient within 28 days of the adjustment event except where the recipient is required to issue an adjustment note or tax invoice in relation to the supply.

14.5 **Reimbursements**

Costs actually or estimated to be incurred or revenue actually or estimated to be earned or lost by a party that is required to be reimbursed or indemnified by another party, or used as the basis for calculation of consideration for a supply, under this document must exclude the amount of GST referable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and in relation to revenue must exclude any amount in respect of GST referable to the revenue.

15. **NOTICES**

15.1 **How to give a notice**

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, legible and in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
 - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
 - (ii) sent by email to the person's email address.

15.2 **When a notice is given**

A notice, consent or other communication that complies with this clause is regarded as given and received:

- (a) if it is sent by mail:
 - (i) within Australia – three Business Days after posting; or
 - (ii) to or from a place outside Australia – seven Business Days after posting; and
- (b) if it is sent by email, 10 minutes after the email is released from the sender's outbox, provided that the sender does not receive a notification notifying it that the email has not been delivered.

15.3 **Address for notices**

A person's address and email address are those set out below, or as the person notifies the sender:

Target

Address: Level 5, 261 George Street, Sydney NSW 2000
Email: brendan@milton.com.au
Attention: Brendan O'Dea
Copy to: Brent Delaney, Hamilton Locke
Address: Level 42, Australia Square, 264 George Street, Sydney NSW 2000
Email: brent.delaney@hamiltonlocke.com.au

Bidder

Address: Level 14, 151 Clarence Street, Sydney NSW 2000
Email: ilawrance@whsp.com.au
Attention: Ida Lawrance – Company Secretary
Copy to: Bruce Macdonald, Ashurst
Address: Level 11, 5 Martin Place, Sydney NSW 2000
Email: bruce.macdonald@ashurst.com

16. **AMENDMENT AND ASSIGNMENT**

16.1 **Amendment**

This document can only be amended or replaced by another document executed by the parties.

16.2 **Assignment**

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the prior written consent of the other party.

17. **GENERAL**

17.1 **Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of New South Wales.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document.

17.2 **Liability for expenses**

- (a) Bidder must pay for all stamp duty payable on this document or any instrument or transaction contemplated in or necessary to give effect to this document.
- (b) Subject to clause 17.2(a), each party must pay its own expenses incurred in negotiating, preparing, executing and registering this document.

17.3 **Giving effect to this document**

Each party must do anything within its power (including execute any document) that the other party may reasonably require to give full effect to this document.

17.4 **Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

17.5 **No partnership or agency**

Nothing in this document is to be treated as creating a partnership and, except as specifically provided in this document, no party may act as agent of or in any way bind another party to any obligation.

17.6 **Operation of this document**

- (a) This document and the Confidentiality Deed contain the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document and the Confidentiality Deed and has no further effect.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.

- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.
- (d) Other than as set out in clause 4.2(dd), nothing in this document gives a party a power (either directly or indirectly):
 - (i) to exercise, or control the exercise of, a right to vote attached to securities in an entity which is admitted to the Official List of ASX; or
 - (ii) to dispose of, or control the exercise of a power to dispose of, securities in an entity which is admitted to the Official List of ASX.

17.7 **Operation of indemnities**

- (a) Each indemnity in this document is severable and constitutes a separate obligation of the party giving the indemnity.
- (b) Each indemnity in this document survives the expiry or termination of this document.
- (c) A party may recover a payment under an indemnity in this document before it makes the payment in respect of which the indemnity is given.
- (d) The indemnities and releases given under this document are given by each party to the other party for itself and as trustee for each of the indemnified persons covered by the relevant provision.

17.8 **Consents**

Where this document contemplates that a party may agree or consent to something (however it is described), unless this document expressly contemplates otherwise, the party may:

- (a) agree or consent, or not agree or consent, in its sole and absolute discretion; and
- (b) agree or consent subject to conditions.

17.9 **No merger**

No provisions of this document merge on Implementation.

17.10 **Inconsistency with other documents**

If this document is inconsistent with any other document or agreement between the parties, this document prevails to the extent of the inconsistency.

17.11 **Counterparts**

This document may be executed in counterparts.

SCHEDULE 1

Timetable

Step	Date	Action
1.	Tuesday, 22 June 2021	Sign Scheme Implementation Agreement and announce transaction
2.	Tuesday, 20 July 2021	Provide ASIC and Court with draft Scheme Booklet
3.	Tuesday, 27 July 2021	Provide ASX with draft Scheme Booklet
4.	Thursday, 5 August 2021	First Court Date
5.	Wednesday, 11 August 2021	Scheme Booklet registered by ASIC and lodged with ASX
6.	Wednesday, 11 August 2021	Dispatch Scheme Booklet
7.	Thursday, 2 September 2021	Calculation Date (assuming a Scheme Meeting date of Monday, 13 September 2021)
8.	Monday, 13 September 2021	Hold Scheme Meeting and announce results to ASX
9.	Monday, 20 September 2021	Second Court Date and announce to ASX
10.	Tuesday, 21 September 2021	Effective Date File Court order with ASIC and announce to ASX Target securities cease trading at close of trading on ASX
11.	Monday, 27 September 2021	Record Date for entitlements to Scheme Consideration
12.	Tuesday, 5 October 2021	Implementation Date Bidder issues Scheme Consideration
13.	Tuesday, 5 October 2021	Dispatch holding statements for New Bidder Shares
14.	Wednesday, 6 October 2021	Normal settlement trading of New Bidder Shares

SCHEDULE 2

Capital

Part A - Target's Capital

1. **TARGET SHARES**

Target has 674,230,364 fully paid ordinary shares on issue.

Part B - Bidder's Capital

2. **BIDDER SHARES**

Bidder has 239,395,320 fully paid ordinary shares on issue.

3. **BIDDER PERFORMANCE RIGHTS**

As at the date of this document, Bidder has on issue the following performance rights to subscribe for fully paid shares:

Class and description	Number of Bidder Performance Rights	Number of Bidder Shares to be issued on vesting and exercise
SOLAA 2016 unlisted performance rights	5,807	5,807
SOLAA 2018 unlisted performance rights	98,362	98,362
SOLAA 2019 unlisted performance rights	122,623	122,623
SOLAA 2020 unlisted performance rights	115,834	115,834
		342,626

4. **BIDDER CONVERTIBLE NOTES**

Bidder has 1,125 unsecured senior convertible notes due 29 January 2026.

SCHEDULE 3

Consideration Share Formula

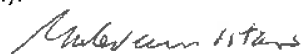
$$\text{NBS} = \text{NTS} \times \left(\frac{\text{Target Adjusted NTA} \times 1.10}{\text{Target Shares on issue as at the Calculation Date}} \times \frac{1}{\text{Bidder Share price as at the Calculation Date}} \right)$$

Where:

- a) **NBS** means the number of New Bidder Shares to be issued to the Scheme Participant (subject to the application of clause 2.5(b));
- b) **NTS** means the number of Target Shares held by the Scheme Participant as at the Record Date;
- c) **NTA** means the aggregate net tangible asset backing before providing for tax on unrealised capital gains of Target calculated in the same manner used for the purpose of Target's market announcements to ASX at the end of each calendar month of its net tangible asset backing per share. For the avoidance of doubt, deferred tax assets and deferred tax liabilities will be excluded from the calculation of NTA;
- d) **Target Adjusted NTA** means the NTA of Target as at the Calculation Date less the aggregate amount in respect of all Target Shares of the Agreed Dividends which have been declared or are the subject of a decision to pay (whether or not all or part of the Agreed Dividends have been actually paid as at the Calculation Date);
- e) **Bidder Share price as at the Calculation Date** means the lower of:
 - i. the VWAP Price of Bidder Shares for the one month period ending on, and including, the Calculation Date; and
 - ii. \$31.00; and
- f) **Calculation Date** means 7.00 pm 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.

EXECUTED as an agreement.

EXECUTED by **MILTON CORPORATION LIMITED** ABN 18 000 041 421 in accordance with section 127 of the *Corporations Act 2001* (Cth):



Signature of director



Name



Signature of director/secretary



Name

EXECUTED by **WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED** ABN 49 000 002 728 in accordance with section 127 of the *Corporations Act 2001* (Cth):

Signature of director

Name

Signature of director/secretary

Name

[Execution page to the Scheme Implementation Agreement]

EXECUTED as an agreement.

EXECUTED by **MILTON CORPORATION LIMITED** ABN 18 000 041 421 in accordance with section 127 of the *Corporations Act 2001* (Cth):

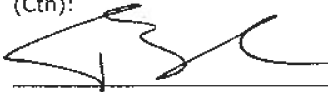
Signature of director

Name

Signature of director/secretary

Name

EXECUTED by **WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED** ABN 49 000 002 728 in accordance with section 127 of the *Corporations Act 2001* (Cth):



Signature of director

Todd Barlow

Name



Signature of director/secretary

Robert Westphal

Name

[Execution page to the Scheme Implementation Agreement]

ANNEXURE A
Scheme of Arrangement



Scheme of Arrangement

Milton Corporation Limited

ABN 18 000 041 421

and

Scheme Participants

2021

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SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) **Milton Corporation Limited** ABN 18 000 041 421 formed in Australia whose registered office is at Level 5, 261 George Street, Sydney NSW (**Target**); and
- (2) Each person registered as a holder of fully paid ordinary shares in Target as at the Record Date, other than Bidder or a member of Bidder Group (**Scheme Participants**).

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ASIC means the Australian Securities & Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

Bidder means Washington H. Soul Pattinson and Company Limited (ABN 49 000 002 728).

Bidder Group means Bidder and its subsidiaries.

Bidder Share means a fully paid ordinary share in Bidder.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales.

Consideration Share Formula means the formula set out in Schedule 3 of the Scheme Implementation Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means Federal Court of Australia or such other court of competent jurisdiction as the parties may agree in writing.

Deed Poll means the deed poll dated **[insert date]** executed by Bidder substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by Bidder and Target under which Bidder covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means 17 December 2021, subject to any extension to that date made under clause 3.9 of the Scheme Implementation Agreement.

Implementation Date means the fifth Business Day following the Record Date or such other date as the parties agree in writing.

Ineligible Overseas Shareholder means a Target Shareholder:

- (a) who is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or
- (b) whose address shown in the Register is a place outside Australia or New Zealand and their respective external territories,

unless Bidder and Target jointly determine that it is lawful and not unduly onerous and not unduly impracticable to issue that Target Shareholder with Bidder Shares when the Scheme becomes Effective and it is lawful for that Target Shareholder to participate in the Scheme by the law of the relevant place outside Australia and New Zealand.

Ineligible Overseas Shareholder Sale Facility means the facility to be conducted in accordance with clause 6.3.

New Bidder Share means Bidder Shares to be issued under the Scheme as Scheme Consideration.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date means 7.00 pm on the second Business Day following the Effective Date, or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Register means the register of members of Target.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Scheme means this scheme of arrangement between Target and Scheme Participants under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Target and Bidder in accordance with clause 10 of this Scheme.

Scheme Consideration in relation to a Scheme Participant means the number of New Bidder Shares to be issued to the Scheme Participant, calculated by reference to the Consideration Share Formula.

Scheme Implementation Agreement means the scheme implementation agreement dated [**insert date**] between Target and Bidder under which, amongst other things, Target has agreed to propose this Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to this Scheme.

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.

Scheme Participant means each Target Shareholder as at the Record Date (taking into account registration of all registrable transfers and transmission applications received at Target's share registry by the Record Date) other than Bidder or a member of the Bidder Group.

Scheme Share means a Target Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Target Shares issued on or before the Record Date.

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.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Target Share means each fully paid ordinary share in Target.

Target Shareholder means each person entered in the Register as a holder of Target Shares.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "person" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Australian Eastern Standard Time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (j) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (k) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (l) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;

- (m) if a party must do something under this document on or by a given day and it is done after 5.00 pm on that day, it is taken to be done on the next day; and
- (n) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2. **PRELIMINARY**

2.1 **Target**

Target is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in New South Wales; and
- (c) admitted to the official list of the ASX and Target Shares are officially quoted on the stock market conducted by ASX.

As at **[insert date]**, Target's issued securities comprise 674,230,364 Target Shares.

2.2 **Bidder**

Bidder is:

- (a) a public company limited by shares; and
- (b) incorporated in Australia and registered in New South Wales.

2.3 **If Scheme becomes Effective**

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Bidder, Target will procure Bidder to provide the Scheme Consideration to Target on behalf of each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares will be transferred to Bidder on the Implementation Date; and
- (c) Target will enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

2.4 **Scheme Implementation Agreement**

Target and Bidder have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

2.5 **Deed Poll**

Bidder has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3. **CONDITIONS PRECEDENT**

3.1 **Conditions precedent to Scheme**

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00 am on the Second Court Date, the Deed Poll not having been terminated;
- (b) all of the conditions precedent in clause 3.2 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent in item 3.2(c) and 3.2(d)) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Target and Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 **Conditions precedent and operation of clause 5**

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 **Certificate in relation to conditions precedent**

- (a) Target and Bidder must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(c) of this Scheme) have been satisfied or waived as at 8.00 am on the Second Court Date.
- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(c) of this Scheme) have been satisfied or waived as at 8.00 am on the Second Court Date.

4. **SCHEME**

4.1 **Effective Date**

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 **End Date**

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5. **IMPLEMENTATION OF SCHEME**

5.1 **Lodgement of Court orders with ASIC**

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 4.00 pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

5.2 **Transfer and registration of Target Shares**

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6 of this Scheme and Bidder having provided Target with written confirmation of the provision of the Scheme Consideration:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Scheme Participant (other than acts performed by Target as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) Target delivering to Bidder a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) Bidder duly executing the Share Scheme Transfer and delivering it to Target for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer, Target must enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.3 **Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 **Title and rights in Target Shares**

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

5.5 **Scheme Participants' agreements**

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 **Warranty by Scheme Participants**

Each Scheme Participant warrants to Bidder and is deemed to have authorised Target to warrant to Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Bidder under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under the Scheme.

5.7 **Transfer free of Encumbrances**

To the extent permitted by law, all Target Shares (including any rights and entitlements attaching to those shares) which are transferred to Bidder under this Scheme will, at the

date of the transfer of them to Bidder, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Nomination of acquirer Subsidiary

If Bidder nominates a Bidder Nominee (as defined in clause 2.2 of the Scheme Implementation Agreement) to acquire Target Shares under the Scheme references to the transfer of Scheme Shares to Bidder and the entering of Bidder into the Register, will be read as references to Bidder Nominee.

6. SCHEME CONSIDERATION

6.1 Consideration under the Scheme

On the Implementation Date, Target must procure that, in consideration for the transfer to Bidder of the Target Shares, Bidder issues to the Scheme Participants (or to the nominee in the case of Ineligible Overseas Shareholders, in accordance with clause 6.3) the Scheme Consideration in accordance with this clause 6.

6.2 Scheme Participants' agreements

Under this Scheme, each Scheme Participant (and the nominee on behalf of the Ineligible Overseas Shareholders) irrevocably:

- (a) agrees to become a member of Bidder, to have their name entered in the Bidder register, accepts the Bidder Shares issued to them and agrees to be bound by the Bidder constitution;
- (b) agrees and acknowledges that the issue of Bidder Shares in accordance with clause 6.1 constitutes satisfaction of all that person's entitlements under this Scheme;
- (c) acknowledges that the Scheme binds Target and all of the Scheme Participants from time to time (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and
- (d) consents to Target and Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

6.3 Ineligible Overseas Shareholder Sale Facility

Where a Scheme Participant is an Ineligible Overseas Shareholder, each Ineligible Overseas Shareholder authorises Bidder to:

- (a) issue to a nominee appointed by Bidder any Bidder Shares to which an Ineligible Overseas Shareholder would otherwise be entitled to (**Relevant Bidder Shares**);
- (b) procure, as soon as reasonably practicable after the Implementation Date, and in no event no more than 30 days after the Implementation Date, that the nominee:
 - (i) sells or procures the sale of all of the Relevant Bidder Shares issued to the nominee pursuant to clause 6.3(a), in the ordinary course of trading on the ASX at such price as the nominee determines in good faith; and
 - (ii) remits to Bidder the proceeds of sale (free of any applicable brokerage, stamp duty and other selling costs, taxes and charges, which are to be paid by Bidder); and

- (c) promptly after the last sale of the Relevant Bidder Shares in accordance with clause 6.3(b)(i), pay to each Ineligible Overseas Shareholder an amount equal to the proportion of the net proceeds of sale received by Bidder under clause 6.3(b)(ii) to which that Ineligible Overseas Shareholder is entitled, in full satisfaction of their entitlement to the Relevant Bidder Shares.

Neither Target nor Bidder make any representation as to the amount of proceeds of sale to be received by Ineligible Overseas Shareholders under the Ineligible Overseas Shareholder Sale Facility. Both Target and Bidder expressly disclaim any fiduciary duty to the Ineligible Overseas Shareholders which may arise in connection with the Ineligible Overseas Shareholder Sale Facility.

6.4 **Shares to rank equally**

Bidder covenants in favour of Target (in its own right and on behalf of the Scheme Participants) that:

- (a) the New Bidder Shares will rank equally in all respects with all existing Bidder Shares;
- (b) it will do everything reasonably necessary to ensure that trading in the New Bidder Shares commences by the first Business Day after the Implementation Date; and
- (c) on issue, each New Bidder Share will be fully paid and free from any Encumbrance.

6.5 **Joint holders**

In the case of Target Shares held in joint names:

- (a) any Bidder Shares to be issued under this Scheme must be issued and registered in the names of the joint holders and entry in the Bidder register of members must take place in the same order as the holders' names appear in the Register; and
- (b) any document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

7. **DEALINGS IN SCHEME SHARES**

7.1 **Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 **Register**

Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date.

7.3 No disposals after Effective Date

- (a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title).

7.4 Maintenance of Target Register

For the purpose of determining entitlements to the Scheme Consideration, Target will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been issued to the Scheme Participants and Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Bidder contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Bidder and its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within three Business Days after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Record Date are available to Bidder in such form as Bidder reasonably requires.

7.7 Quotation of Target Shares

Suspension of trading on ASX in Target Shares will occur from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of Target Shares

After the Scheme has been fully implemented, Target will apply:

- (a) for termination of the official quotation of Target Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8. POWER OF ATTORNEY

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Target and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;

- (b) enforcing the Deed Poll against Bidder,
- and Target accepts such appointment.

9. **NOTICES**

9.1 **No deemed receipt**

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the registrar of Target Shares.

9.2 **Accidental omission**

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10. **GENERAL**

10.1 **Variations, alterations and conditions**

Target may, with the consent of Bidder (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

10.2 **Further action by Target**

Target will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

10.3 **Authority and acknowledgement**

Each of the Scheme Participants:

- (a) irrevocably consents to Target and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target.

10.4 **No liability when acting in good faith**

Without prejudice to the parties' rights under the Scheme Implementation Agreement, neither Target nor Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

10.5 **Enforcement of Deed Poll**

Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Participants.

10.6 **Stamp duty**

Bidder will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

11. **GOVERNING LAW**

11.1 **Governing law and jurisdiction**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of New South Wales.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that state, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document.

11.2 **Serving documents**

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out below:

Target

Address: Level 5, 261 George Street, Sydney NSW 2000
Email: brendan@milton.com.au
Attention: Brendan O'Dea
Copy to: Brent Delaney, Hamilton Locke
Address: Level 42, Australia Square, 264 George Street, Sydney NSW 2000
Email: brent.delaney@hamiltonlocke.com.au

Bidder

Address: Level 14, 151 Clarence Street, Sydney NSW 2000
Email: ilawrance@whsp.com.au
Attention: Ida Lawrance – Company Secretary
Copy to: Bruce Macdonald, Ashurst
Address: Level 11, 5 Martin Place, Sydney NSW 2000
Email: bruce.macdonald@ashurst.com

ANNEXURE B**Deed Poll**



Deed Poll

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

in favour of

Scheme Participants

2021

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Annexure

A	Scheme
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THIS DEED POLL is made on

2021

BY:

- (1) **Washington H. Soul Pattinson and Company Limited** ABN 49 000 002 728 formed in Australia whose registered office is at Level 14, 151 Clarence Street, Sydney NSW 2000 (**Bidder**); in favour of
- (2) Each person registered as a holder of fully paid ordinary shares in Milton Corporation Limited (ABN 18 000 041 421) (**Target**) as at the Record Date, other than Bidder or a member of Bidder Group (the **Scheme Participants**).

RECITALS:

- (A) The directors of Target have resolved that Target should propose the Scheme.
- (B) The effect of the Scheme will be that all Scheme Shares will be transferred to Bidder.
- (C) Target and Bidder have entered into the Scheme Implementation Agreement.
- (D) In the Scheme Implementation Agreement, Bidder agreed (amongst other things) to provide the Scheme Consideration to Target on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.
- (E) Bidder is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Scheme Implementation Agreement means the scheme implementation agreement dated [**insert date**] between Target and Bidder under which, amongst other things, Target has agreed to propose the Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to the Scheme.

Scheme means the proposed scheme of arrangement between Target and Scheme Participants under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Bidder and Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Target and Bidder in accordance with clause 10 of the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme or the Scheme Implementation Agreement, as applicable.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

1.3 **Nature of deed poll**

Bidder acknowledges that this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

2. **CONDITIONS PRECEDENT AND TERMINATION**

2.1 **Conditions precedent**

Bidder's obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 **Termination**

Bidder's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 **Consequences of termination**

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Bidder is released from its obligations to further perform this document except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Bidder in respect of any breach of this document which occurs before it is terminated.

3. **PERFORMANCE OF OBLIGATIONS GENERALLY**

Bidder will comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4. **SCHEME CONSIDERATION**

4.1 **Compliance with Scheme obligations generally**

Subject to clause 2, Bidder covenants in favour of Scheme Participants to observe and perform the steps attributed to it under, and otherwise to comply with, the Scheme as if it were named as a party to the Scheme and do all acts and things necessary to give effect to the Scheme.

4.2 **Provision of Scheme Consideration**

- (a) Subject to clause 2, Bidder will on the Implementation Date, issue to each Scheme Participant (or to a nominee appointed by Bidder in respect of Ineligible Overseas Shareholders) the Scheme Consideration in accordance with clause 6 of the Scheme.
- (b) The Bidder Shares to be issued under the Scheme will be validly issued and fully paid up and will rank equally in all respect with all other Bidder Shares on issue as at the Implementation Date.

5. REPRESENTATIONS AND WARRANTIES

Bidder represents and warrants that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (ii) any law binding on or applicable to it or its assets; or
 - (iii) any Encumbrance or document binding on or applicable to it;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(solvency)** is not insolvent (within the meaning given in section 95A(2) of the Corporations Act).

6. CONTINUING OBLIGATIONS

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Bidder has fully performed its obligations under this document; or
- (b) the earlier termination of this document under clause 2.2.

7. COSTS

7.1 Costs

If the Scheme becomes Effective, Bidder agrees to pay all costs in respect of the Scheme (including, in connection with the transfer of Target Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.2.

7.2 Stamp duty and registration fees

Bidder:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8. **NOTICES**

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address and marked for the attention of the person to whom the notice is given. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

9. **GENERAL**

9.1 **Variation**

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Target and Bidder in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 **Partial exercising of rights**

Unless this document expressly states otherwise, if Bidder does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

9.3 **Remedies cumulative**

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.4 **Assignment or other dealings**

The Bidder and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Bidder and Target.

9.5 **Further steps**

Bidder agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this document and the transactions contemplated by it.

10. **GOVERNING LAW AND JURISDICTION**

10.1 **Governing law and jurisdiction**

This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of New South Wales. Bidder submits to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document.

10.2 **Serving documents**

Without preventing any other method of service, any document in an action in connection with this document may be served on Bidder by being delivered or left at Bidder's address set out in below:

Target

Address: Level 5, 261 George Street, Sydney NSW 2000
Email: brendan@milton.com.au
Attention: Brendan O'Dea
Copy to: Brent Delaney, Hamilton Locke
Address: Level 42, Australia Square, 264 George Street, Sydney NSW 2000
Email: brent.delaney@hamiltonlocke.com.au

Bidder

Address: Level 14, 151 Clarence Street, Sydney NSW 2000
Email: ilawrance@whsp.com.au
Attention: Ida Lawrance – Company Secretary
Copy to: Bruce Macdonald, Ashurst
Address: Level 11, 5 Martin Place, Sydney NSW 2000
Email: bruce.macdonald@ashurst.com

EXECUTED as a deed poll.

EXECUTED by **WASHINGTON H. SOUL
PATTINSON AND COMPANY LIMITED**
ABN 49 000 002 728 in accordance with
section 127 of the *Corporations Act 2001*
(Cth):

Signature of director

Name

Signature of director/secretary

Name

Annexure D
Scheme of Arrangement

Milton
CORPORATION LIMITED





Scheme of Arrangement

Milton Corporation Limited

ABN 18 000 041 421

and

Scheme Participants

2021

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SCHEME OF ARRANGEMENT

Under section 411 of the Corporations Act

BETWEEN:

- (1) **Milton Corporation Limited** ABN 18 000 041 421 formed in Australia whose registered office is at Level 5, 261 George Street, Sydney NSW (**Target**); and
- (2) Each person registered as a holder of fully paid ordinary shares in Target as at the Record Date, other than Bidder or a member of Bidder Group (**Scheme Participants**).

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ASIC means the Australian Securities & Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

Bidder means Washington H. Soul Pattinson and Company Limited (ABN 49 000 002 728).

Bidder Group means Bidder and its subsidiaries.

Bidder Share means a fully paid ordinary share in Bidder.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales.

Consideration Share Formula means the formula set out in Schedule 3 of the Scheme Implementation Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means Federal Court of Australia or such other court of competent jurisdiction as the parties may agree in writing.

Deed Poll means the deed poll dated 2 August 2021 executed by Bidder substantially in the form of Annexure B of the Scheme Implementation Agreement or as otherwise agreed by Bidder and Target under which Bidder covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means 17 December 2021, subject to any extension to that date made under clause 3.9 of the Scheme Implementation Agreement.

Implementation Date means the fifth Business Day following the Record Date or such other date as the parties agree in writing.

Ineligible Overseas Shareholder means a Target Shareholder:

- (a) who is (or is acting on behalf of) a resident of a jurisdiction other than Australia or New Zealand and their respective external territories; or
- (b) whose address shown in the Register is a place outside Australia or New Zealand and their respective external territories,

unless Bidder and Target jointly determine that it is lawful and not unduly onerous and not unduly impracticable to issue that Target Shareholder with Bidder Shares when the Scheme becomes Effective and it is lawful for that Target Shareholder to participate in the Scheme by the law of the relevant place outside Australia and New Zealand.

Ineligible Overseas Shareholder Sale Facility means the facility to be conducted in accordance with clause 6.3.

New Bidder Share means Bidder Shares to be issued under the Scheme as Scheme Consideration.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date means 7.00 pm on the second Business Day following the Effective Date, or any other date (after the Effective Date) agreed by the parties to be the record date to determine entitlements to receive Scheme Consideration under the Scheme.

Register means the register of members of Target.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Scheme means this scheme of arrangement between Target and Scheme Participants under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Target and Bidder in accordance with clause 10 of this Scheme.

Scheme Consideration in relation to a Scheme Participant means the number of New Bidder Shares to be issued to the Scheme Participant, calculated by reference to the Consideration Share Formula.

Scheme Implementation Agreement means the scheme implementation agreement dated 22 June 2021 between Target and Bidder under which, amongst other things, Target has agreed to propose this Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to this Scheme.

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.

Scheme Participant means each Target Shareholder as at the Record Date (taking into account registration of all registrable transfers and transmission applications received at Target's share registry by the Record Date) other than Bidder or a member of the Bidder Group.

Scheme Share means a Target Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Target Shares issued on or before the Record Date.

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.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Target Share means each fully paid ordinary share in Target.

Target Shareholder means each person entered in the Register as a holder of Target Shares.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "person" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Australian Eastern Standard Time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (j) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (k) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (l) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;

- (m) if a party must do something under this document on or by a given day and it is done after 5.00 pm on that day, it is taken to be done on the next day; and
- (n) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2. **PRELIMINARY**

2.1 **Target**

Target is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in New South Wales; and
- (c) admitted to the official list of the ASX and Target Shares are officially quoted on the stock market conducted by ASX.

As at 30 July 2021, Target's issued securities comprise 674,230,364 Target Shares.

2.2 **Bidder**

Bidder is:

- (a) a public company limited by shares; and
- (b) incorporated in Australia and registered in New South Wales.

2.3 **If Scheme becomes Effective**

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Bidder, Target will procure Bidder to provide the Scheme Consideration to Target on behalf of each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares will be transferred to Bidder on the Implementation Date; and
- (c) Target will enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

2.4 **Scheme Implementation Agreement**

Target and Bidder have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

2.5 **Deed Poll**

Bidder has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3. **CONDITIONS PRECEDENT**

3.1 **Conditions precedent to Scheme**

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00 am on the Second Court Date, the Deed Poll not having been terminated;
- (b) all of the conditions precedent in clause 3.2 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent in item 3.2(c) and 3.2(d)) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Target and Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 **Conditions precedent and operation of clause 5**

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 **Certificate in relation to conditions precedent**

- (a) Target and Bidder must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(c) of this Scheme) have been satisfied or waived as at 8.00 am on the Second Court Date.
- (b) The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(c) of this Scheme) have been satisfied or waived as at 8.00 am on the Second Court Date.

4. **SCHEME**

4.1 **Effective Date**

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 **End Date**

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5. **IMPLEMENTATION OF SCHEME**

5.1 **Lodgement of Court orders with ASIC**

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 4.00 pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

5.2 **Transfer and registration of Target Shares**

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clause 6 of this Scheme and Bidder having provided Target with written confirmation of the provision of the Scheme Consideration:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Scheme Participant (other than acts performed by Target as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) Target delivering to Bidder a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and
 - (ii) Bidder duly executing the Share Scheme Transfer and delivering it to Target for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer, Target must enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.3 **Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 **Title and rights in Target Shares**

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

5.5 **Scheme Participants' agreements**

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 **Warranty by Scheme Participants**

Each Scheme Participant warrants to Bidder and is deemed to have authorised Target to warrant to Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Bidder under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under the Scheme.

5.7 **Transfer free of Encumbrances**

To the extent permitted by law, all Target Shares (including any rights and entitlements attaching to those shares) which are transferred to Bidder under this Scheme will, at the

date of the transfer of them to Bidder, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 **Nomination of acquirer Subsidiary**

If Bidder nominates a Bidder Nominee (as defined in clause 2.2 of the Scheme Implementation Agreement) to acquire Target Shares under the Scheme references to the transfer of Scheme Shares to Bidder and the entering of Bidder into the Register, will be read as references to Bidder Nominee.

6. **SCHEME CONSIDERATION**

6.1 **Consideration under the Scheme**

On the Implementation Date, Target must procure that, in consideration for the transfer to Bidder of the Target Shares, Bidder issues to the Scheme Participants (or to the nominee in the case of Ineligible Overseas Shareholders, in accordance with clause 6.3) the Scheme Consideration in accordance with this clause 6.

6.2 **Scheme Participants' agreements**

Under this Scheme, each Scheme Participant (and the nominee on behalf of the Ineligible Overseas Shareholders) irrevocably:

- (a) agrees to become a member of Bidder, to have their name entered in the Bidder register, accepts the Bidder Shares issued to them and agrees to be bound by the Bidder constitution;
- (b) agrees and acknowledges that the issue of Bidder Shares in accordance with clause 6.1 constitutes satisfaction of all that person's entitlements under this Scheme;
- (c) acknowledges that the Scheme binds Target and all of the Scheme Participants from time to time (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and
- (d) consents to Target and Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

6.3 **Ineligible Overseas Shareholder Sale Facility**

Where a Scheme Participant is an Ineligible Overseas Shareholder, each Ineligible Overseas Shareholder authorises Bidder to:

- (a) issue to a nominee appointed by Bidder any Bidder Shares to which an Ineligible Overseas Shareholder would otherwise be entitled to (**Relevant Bidder Shares**);
- (b) procure, as soon as reasonably practicable after the Implementation Date, and in no event no more than 30 days after the Implementation Date, that the nominee:
 - (i) sells or procures the sale of all of the Relevant Bidder Shares issued to the nominee pursuant to clause 6.3(a), in the ordinary course of trading on the ASX at such price as the nominee determines in good faith; and
 - (ii) remits to Bidder the proceeds of sale (free of any applicable brokerage, stamp duty and other selling costs, taxes and charges, which are to be paid by Bidder); and

- (c) promptly after the last sale of the Relevant Bidder Shares in accordance with clause 6.3(b)(i), pay to each Ineligible Overseas Shareholder an amount equal to the proportion of the net proceeds of sale received by Bidder under clause 6.3(b)(ii) to which that Ineligible Overseas Shareholder is entitled, in full satisfaction of their entitlement to the Relevant Bidder Shares.

Neither Target nor Bidder make any representation as to the amount of proceeds of sale to be received by Ineligible Overseas Shareholders under the Ineligible Overseas Shareholder Sale Facility. Both Target and Bidder expressly disclaim any fiduciary duty to the Ineligible Overseas Shareholders which may arise in connection with the Ineligible Overseas Shareholder Sale Facility.

6.4 **Shares to rank equally**

Bidder covenants in favour of Target (in its own right and on behalf of the Scheme Participants) that:

- (a) the New Bidder Shares will rank equally in all respects with all existing Bidder Shares;
- (b) it will do everything reasonably necessary to ensure that trading in the New Bidder Shares commences by the first Business Day after the Implementation Date; and
- (c) on issue, each New Bidder Share will be fully paid and free from any Encumbrance.

6.5 **Joint holders**

In the case of Target Shares held in joint names:

- (a) any Bidder Shares to be issued under this Scheme must be issued and registered in the names of the joint holders and entry in the Bidder register of members must take place in the same order as the holders' names appear in the Register; and
- (b) any document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Register as at the Record Date or to the joint holders.

7. **DEALINGS IN SCHEME SHARES**

7.1 **Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

7.2 **Register**

Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Record Date.

7.3 No disposals after Effective Date

- (a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title).

7.4 Maintenance of Target Register

For the purpose of determining entitlements to the Scheme Consideration, Target will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been issued to the Scheme Participants and Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Bidder contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Bidder and its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within three Business Days after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Record Date are available to Bidder in such form as Bidder reasonably requires.

7.7 Quotation of Target Shares

Suspension of trading on ASX in Target Shares will occur from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of Target Shares

After the Scheme has been fully implemented, Target will apply:

- (a) for termination of the official quotation of Target Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8. POWER OF ATTORNEY

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Target and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;

- (b) enforcing the Deed Poll against Bidder,
- and Target accepts such appointment.

9. **NOTICES**

9.1 **No deemed receipt**

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the registrar of Target Shares.

9.2 **Accidental omission**

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Target Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10. **GENERAL**

10.1 **Variations, alterations and conditions**

Target may, with the consent of Bidder (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

10.2 **Further action by Target**

Target will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

10.3 **Authority and acknowledgement**

Each of the Scheme Participants:

- (a) irrevocably consents to Target and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target.

10.4 **No liability when acting in good faith**

Without prejudice to the parties' rights under the Scheme Implementation Agreement, neither Target nor Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

10.5 **Enforcement of Deed Poll**

Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Participants.

10.6 **Stamp duty**

Bidder will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

11. **GOVERNING LAW**

11.1 **Governing law and jurisdiction**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of New South Wales.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that state, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document.

11.2 **Serving documents**

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out below:

Target

Address: Level 5, 261 George Street, Sydney NSW 2000
Email: brendan@milton.com.au
Attention: Brendan O'Dea
Copy to: Brent Delaney, Hamilton Locke
Address: Level 42, Australia Square, 264 George Street, Sydney NSW 2000
Email: brent.delaney@hamiltonlocke.com.au

Bidder

Address: Level 14, 151 Clarence Street, Sydney NSW 2000
Email: ilawrance@whsp.com.au
Attention: Ida Lawrance – Company Secretary
Copy to: Bruce Macdonald, Ashurst
Address: Level 11, 5 Martin Place, Sydney NSW 2000
Email: bruce.macdonald@ashurst.com

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Annexure E
Deed Poll

Milton
CORPORATION LIMITED





Deed Poll

Washington H. Soul Pattinson and Company Limited

ABN 49 000 002 728

in favour of

Scheme Participants

2021

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Annexure

- A Scheme

THIS DEED POLL is made on 2 August 2021

BY:

- (1) **Washington H. Soul Pattinson and Company Limited** ABN 49 000 002 728 formed in Australia whose registered office is at Level 14, 151 Clarence Street, Sydney NSW 2000 (**Bidder**); in favour of
- (2) Each person registered as a holder of fully paid ordinary shares in Milton Corporation Limited (ABN 18 000 041 421) (**Target**) as at the Record Date, other than Bidder or a member of Bidder Group (the **Scheme Participants**).

RECITALS:

- (A) The directors of Target have resolved that Target should propose the Scheme.
- (B) The effect of the Scheme will be that all Scheme Shares will be transferred to Bidder.
- (C) Target and Bidder have entered into the Scheme Implementation Agreement.
- (D) In the Scheme Implementation Agreement, Bidder agreed (amongst other things) to provide the Scheme Consideration to Target on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.
- (E) Bidder is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Scheme Implementation Agreement means the scheme implementation agreement dated 22 June 2021 between Target and Bidder under which, amongst other things, Target has agreed to propose the Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to the Scheme.

Scheme means the proposed scheme of arrangement between Target and Scheme Participants under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Bidder and Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Target and Bidder in accordance with clause 10 of the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme or the Scheme Implementation Agreement, as applicable.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

1.3 **Nature of deed poll**

Bidder acknowledges that this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

2. **CONDITIONS PRECEDENT AND TERMINATION**

2.1 **Conditions precedent**

Bidder's obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 **Termination**

Bidder's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 **Consequences of termination**

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Bidder is released from its obligations to further perform this document except those obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Bidder in respect of any breach of this document which occurs before it is terminated.

3. **PERFORMANCE OF OBLIGATIONS GENERALLY**

Bidder will comply with its obligations under the Scheme Implementation Agreement and do all acts and things necessary or desirable on its part to give full effect to the Scheme.

4. **SCHEME CONSIDERATION**

4.1 **Compliance with Scheme obligations generally**

Subject to clause 2, Bidder covenants in favour of Scheme Participants to observe and perform the steps attributed to it under, and otherwise to comply with, the Scheme as if it were named as a party to the Scheme and do all acts and things necessary to give effect to the Scheme.

4.2 **Provision of Scheme Consideration**

- (a) Subject to clause 2, Bidder will on the Implementation Date, issue to each Scheme Participant (or to a nominee appointed by Bidder in respect of Ineligible Overseas Shareholders) the Scheme Consideration in accordance with clause 6 of the Scheme.
- (b) The Bidder Shares to be issued under the Scheme will be validly issued and fully paid up and will rank equally in all respect with all other Bidder Shares on issue as at the Implementation Date.

5. REPRESENTATIONS AND WARRANTIES

Bidder represents and warrants that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (ii) any law binding on or applicable to it or its assets; or
 - (iii) any Encumbrance or document binding on or applicable to it;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(solvency)** is not insolvent (within the meaning given in section 95A(2) of the Corporations Act).

6. CONTINUING OBLIGATIONS

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Bidder has fully performed its obligations under this document; or
- (b) the earlier termination of this document under clause 2.2.

7. COSTS

7.1 Costs

If the Scheme becomes Effective, Bidder agrees to pay all costs in respect of the Scheme (including, in connection with the transfer of Target Shares to Bidder in accordance with the terms of the Scheme) except for amounts covered by clause 7.2.

7.2 Stamp duty and registration fees

Bidder:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8. **NOTICES**

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address and marked for the attention of the person to whom the notice is given. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

9. **GENERAL**

9.1 **Variation**

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Target and Bidder in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 **Partial exercising of rights**

Unless this document expressly states otherwise, if Bidder does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

9.3 **Remedies cumulative**

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.4 **Assignment or other dealings**

The Bidder and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Bidder and Target.

9.5 **Further steps**

Bidder agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this document and the transactions contemplated by it.

10. **GOVERNING LAW AND JURISDICTION**

10.1 **Governing law and jurisdiction**

This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of New South Wales. Bidder submits to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document.

10.2 **Serving documents**

Without preventing any other method of service, any document in an action in connection with this document may be served on Bidder by being delivered or left at Bidder's address set out in below:

Target

Address: Level 5, 261 George Street, Sydney NSW 2000
Email: brendan@milton.com.au
Attention: Brendan O'Dea
Copy to: Brent Delaney, Hamilton Locke
Address: Level 42, Australia Square, 264 George Street, Sydney NSW 2000
Email: brent.delaney@hamiltonlocke.com.au

Bidder

Address: Level 14, 151 Clarence Street, Sydney NSW 2000
Email: ilawrance@whsp.com.au
Attention: Ida Lawrance – Company Secretary
Copy to: Bruce Macdonald, Ashurst
Address: Level 11, 5 Martin Place, Sydney NSW 2000
Email: bruce.macdonald@ashurst.com

EXECUTED as a deed poll.

EXECUTED by **WASHINGTON H. SOUL
PATTINSON AND COMPANY LIMITED**
ABN 49 000 002 728 in accordance with
section 127 of the *Corporations Act 2001*
(Cth):



Signature of director

THOMAS CHARLES DOBSON MILNER

Name



Signature of director

ROBERT WESTMAN

Name

ANNEXURE A**Scheme****[Refer to Annexure D of the Scheme Booklet]**

Annexure F
Notice of Scheme Meeting

Milton
CORPORATION LIMITED



Milton

CORPORATION LIMITED

MILTON CORPORATION LIMITED
ABN 18 000 041 421

NOTICE OF SCHEME MEETING

Notice is hereby given that, by an order of the Federal Court of Australia (**Court**) made on 5 August 2021 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of fully paid ordinary shares of Milton Corporation Limited (ABN 18 000 041 421) (**Milton**) will be held at 10.00am (AEST) on Monday, 13 September 2021 (**Scheme Meeting**) at:

The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000

and

via Milton's online meeting platform at <https://agmlive.link/MLT21>

Milton Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

PURPOSE OF THE MEETING

The purpose of this Scheme Meeting is to consider and, if thought fit, to agree (with or without any (a) alterations or conditions agreed to in writing between Milton and Washington H. Soul Pattinson and Company Limited (ABN 49 000 002 728) (**WHSP**) and approved by the Court; or (b) any alterations or conditions required by the Court to which Milton and WHSP agree) to the scheme of arrangement (**Scheme**) between Milton and the Milton Shareholders (other than WHSP and its Subsidiaries).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

CHAIRPERSON

The Court has directed that Mr Graeme Lindsay Crampton, or failing him Mr Brendan John O'Dea, is to act as chairperson of the Scheme Meeting and report the result of the meeting to the Court.

RESOLUTION – APPROVAL OF SCHEME

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

"That, pursuant to and in accordance with section 411 of the Corporations Act, the members agree to the scheme of arrangement proposed between Milton and the holders of its fully paid ordinary shares (other than WHSP and its Subsidiaries), as contained in and more particularly described in the Scheme Booklet accompanying the notice convening this Scheme Meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and the Board is authorised to implement the Scheme with any such alterations or conditions."

BY ORDER OF THE COURT

Nishantha Seneviratne
Secretary
Dated 6 August 2021

EXPLANATORY NOTES

1. General

- (a) The notice of meeting should be read in conjunction with the entire Scheme Booklet of which this notice forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the proposed resolution. The Scheme Booklet includes a copy of the Scheme (refer to Annexure D) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (the explanatory statement being all sections of the Scheme Booklet, other than the Annexures).
- (b) Capitalised words and phrases contained in the notice of meeting (including the proposed resolution) have the same meaning as set out in the Glossary in section 13 of the Scheme Booklet, of which this notice forms part.

2. Entitlement to vote

For the purposes of the Scheme Meeting, only those persons registered in the Share Register as a holder of Milton Shares at 7.00pm (AEST) on Saturday, 11 September 2021 will be entitled to participate and vote at the Scheme Meeting, either:

- (a) in person;
- (b) via Milton's online meeting platform; or
- (c) by proxy or attorney, or in the case of a corporate Milton Shareholder, by a body corporate representative.

The remaining comments in these explanatory notes are addressed to Milton Shareholders entitled to attend and vote at the Scheme Meeting.

3. Required voting majority

- (a) The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- (b) The resolution to approve the Scheme must be agreed to by:
 - (i) unless the Court orders otherwise, a majority in number (more than 50%) of the Milton Shareholders present and voting at the Scheme Meeting (whether in person or via Milton's online meeting platform, or by proxy, attorney or, in the case of corporate Milton Shareholders, by corporate representative); and
 - (ii) at least 75% of the total number of votes cast on the resolution at the Scheme Meeting by Milton Shareholders present and voting (whether in person or via Milton's online meeting platform, or by proxy, attorney or, in the case of corporate Milton Shareholders, by corporate representative).
- (c) The Court has discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority (more than 50%) in number of Milton Shareholders present and voting at the Scheme Meeting.

4. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without any alterations or conditions (a) agreed between Milton and WHSP and approved by the Court; or (b) any alterations or conditions required by the Court to which Milton and WHSP agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Scheme is approved by the Requisite Majority at the Scheme Meeting, and all the other Scheme Conditions (other than approval of the Court) are satisfied or waived by the required time under the Scheme, Milton intends to apply to the Court for the necessary orders approving the Scheme.

5. How to vote

Voting will be conducted by a poll.

If you are a Milton Shareholder entitled to vote at the Scheme Meeting, you may vote by:

- (a) attending and voting in person or via Milton's online meeting platform;
- (b) appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by lodging your Proxy Form by:
 - **mailing:** Milton Corporation Limited
C/- Link Market Services Limited
Locked Bag A14,
Sydney South, NSW 1235
 - **emailing:** registrars@linkmarketservices.com.au
 - **faxing:** (02) 9287 0309 (within Australia)
+61 2 9287 0309 (outside Australia)
 - **online:** by visiting www.linkmarketservices.com.au and following the instructions in your Proxy Form to lodge your proxy online.
- (c) appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a power of attorney; or
- (d) in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a certificate of appointment of body corporate representative.

A proxy may be an individual or a body corporate.

Please see explanatory note 9 (*Additional Voting Instructions*) below for additional instructions specific to each voting method.

6. Jointly held Milton Shares

If you hold Milton Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

See also the comments in explanatory note 9 (*Additional Voting Instructions*) below regarding the appointment of a proxy by persons who jointly hold Milton Shares.

7. Technical difficulties

Technical difficulties may arise during the course of the Scheme Meeting. The Chairperson has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chairperson will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairperson considers it appropriate, the Chairperson may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason Milton Shareholders are encouraged to lodge a proxy by 10.00am (AEST) on 11 September 2021 even if they plan to attend via Milton's online meeting platform.

8. Advertisement

Where this notice of meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone entitled to attend the Scheme Meeting from the ASX website (www.asx.com.au), or by contacting the Company Secretary of Milton or the Share Registry.

9. Additional Voting Instructions

Method	Voting instructions
Voting in person	To vote in person, you must attend the meeting. Eligible Milton Shareholders who wish to attend and vote at the meeting in person will be admitted and given a voting card at the point of entry to the meeting, once they have disclosed their name and address.
Voting online	Milton Shareholders who wish to attend and vote at the meeting via Milton's online meeting platform should follow the instructions in the Share Registry's 'Virtual Scheme Meeting Online Guide' located at https://milton.com.au/ . It is recommended that Milton Shareholders who intend to attend and vote at the Scheme Meeting via Milton's online meeting platform should login at least 15 minutes prior to the scheduled start time for the Scheme Meeting.
Voting by proxy	<p>Milton Shareholders have the right to appoint a proxy to attend the Scheme Meeting on their behalf and to vote as directed by the Milton Shareholder. The proxy need not be a Milton Shareholder and may be an individual or a body corporate. Each proxy will have the right to vote on the poll and also to speak at the meeting.</p> <p>You are entitled to appoint up to two proxies and, if you do so, you must specify the proportion or number of votes each proxy is appointed to exercise. If you appoint two proxies and the appointment does not specify the proportion or number of your votes, then each proxy may exercise half of your votes (with any fractions of votes disregarded) in accordance with section 249X(3) of the Corporations Act.</p> <p>You may appoint a proxy by completing, signing and returning the personalised Proxy Form accompanying this Scheme Booklet to the Share Registry by:</p> <ul style="list-style-type: none"> mailing: Milton Corporation Limited C/- Link Market Services Limited Locked Bag A14, Sydney South, NSW 1235 emailing registrars@linkmarketservices.com.au faxing: (02) 9287 0309 (within Australia) +61 2 9287 0309 (outside Australia) online: by visiting www.linkmarketservices.com.au and following the instructions in your Proxy Form to lodge your proxy online. <p>Your Proxy Form must be received by the Share Registry by 10:00am (AEST) on 11 September 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting). Proxy Forms received after this time will be invalid.</p> <p>If a Proxy Form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been noted by the Share Registry.</p> <p>If you hold Milton Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.</p> <p>A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:</p> <ul style="list-style-type: none"> if the proxy is the Chairperson – the proxy must vote on the poll and must vote in the way directed; or if the proxy is not the Chairperson – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed. <p>If you return your Proxy Form:</p> <ul style="list-style-type: none"> without identifying a proxy on it, you will be taken to have appointed the Chairperson as your proxy to vote on your behalf; or with a proxy identified on it but your proxy does not attend the meeting, the Chairperson will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form. <p>The Chairperson intends to vote all undirected proxies which nominate the Chairperson in favour of the resolution to approve the Scheme (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Milton Shareholders).</p> <p>A vote cast in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless:</p> <ul style="list-style-type: none"> notice in writing of the revocation has been received by the Share Registry before the start of the Scheme Meeting (or, if the meeting is adjourned or postponed, before the resumption of the meeting in relation to the resumed part of the meeting) by mail, delivered in person or by fax as described above; or notice of revocation is given by the Milton Shareholder on registering their attendance at the Scheme Meeting at the registration desk located at the Scheme Meeting on 13 September 2021.

Method	Voting instructions
	<p>If attending:</p> <ul style="list-style-type: none"> in person, a proxy will be admitted to the Scheme Meeting and given a voting card on providing at the entrance to the Scheme Meeting, written evidence of their name and address; or online, by logging into the virtual meeting platform at https://agmlive.link/MLT21, register to view the meeting by entering your name and contact details, to register as a shareholder and vote, click the "get a Voting Card" option at the top of the screen. You will be required to enter your Securityholder Reference Number (SRN) or Holder Identifier Number (HIN) and postcode or country to proceed. Once you have your voting card, it may be submitted at any time during the meeting. <p>For further information, please refer to the Virtual Scheme Meeting Online Guide.</p> <p>Your appointment of a proxy does not preclude you from attending in person, revoking the proxy and voting at the meeting.</p> <p>Replacement Proxy Forms can be obtained from the Share Registry.</p>
By power of attorney	<p>You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be a Milton Shareholder. Each attorney will have the right to vote on the poll and also to speak at the meeting.</p> <p>The power of attorney appointing your attorney to attend and vote at the meeting must be duly executed by you and specify your name, the company (that is, Milton), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.</p> <p>The power of attorney, or a certified copy of the power of attorney, must be received by the Share Registry by 10.00am (AEST) on 11 September 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <ul style="list-style-type: none"> mailing: Milton Corporation Limited C/- Link Market Services Limited Locked Bag A14, Sydney South, NSW 1235 emailing: registrars@linkmarketservices.com.au faxing: (02) 9287 0309 (within Australia) +61 2 9287 0309 (outside Australia) <p>If attending:</p> <ul style="list-style-type: none"> in person, attorneys of eligible Milton Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address, and the name of their appointors; or online, by logging into the virtual meeting platform at https://agmlive.link/MLT21, register to view the meeting by entering your name and contact details, to register as a shareholder and vote, click the "get a Voting Card" option at the top of the screen. You will be required to enter your Securityholder Reference Number (SRN) or Holder Identifier Number (HIN) and postcode or country to proceed. Once you have your voting card, it may be submitted at any time during the meeting. <p>For further information, please refer to the Virtual Scheme Meeting Online Guide.</p> <p>Your appointment of an attorney does not preclude you from attending in person and voting at the meeting.</p>
By corporate representative	<p>If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Milton will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of the certificate may be obtained from the Share Registry by calling +61 1800 641 024 (within and outside Australia) Monday to Friday between 9.00am to 5.00pm (AEST). The certificate of appointment may set out restrictions on the representative's powers.</p> <p>The certificate should be lodged at the registration desk on the day of the meeting or received by the Share Registry by 10.00am (AEST) on Saturday, 11 September 2021 (or, if the meeting is adjourned or postponed, no later than 48 hours before the resumption of the meeting in relation to the resumed part of the meeting) in any of the following ways:</p> <ul style="list-style-type: none"> mailing: Milton Corporation Limited C/- Link Market Services Limited Locked Bag A14, Sydney South, NSW 1235 emailing: registrars@linkmarketservices.com.au faxing: (02) 9287 0309 (within Australia) +61 2 9287 0309 (outside Australia) <p>If a certificate is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the Share Registry.</p>

Method	Voting instructions
	<p>If attending:</p> <ul style="list-style-type: none"> • in person, body corporate representatives of eligible Milton Shareholders will be admitted to the meeting and given a voting card on providing at the point of entry to the meeting, written evidence of their appointment, their name and address and the name of their appointors; or • online, by logging into the virtual meeting platform at https://agmlive.link/MLT21, register to view the meeting by entering your name and contact details, to register as a shareholder and vote, click the "get a Voting Card" option at the top of the screen. You will be required to enter your Securityholder Reference Number (SRN) or Holder Identifier Number (HIN) and postcode or country to proceed. Once you have your voting card, it may be submitted at any time during the meeting. <p>For further information, please refer to the Virtual Scheme Meeting Online Guide.</p>
Further information	For further information, you may call the Share Registry on 1800 641 024 (within Australia) or +61 1800 641 024 (outside Australia) on Monday to Friday between 9.00am and 5.00pm (AEST).

Please address all correspondence, change of address and enquiries to the Share Registry,
Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia
Telephone: Toll Free 1800 641 024 Facsimile: (02) 9287 0309
Website: www.linkmarketservices.com.au email: milton@linkmarketservices.com.au

Corporate Directory

Milton Corporation Limited

ACN 000 041 421

Registered Office & Principal Place of Business

Level 5, 261 George Street
Sydney NSW 2000

(02) 8006 5357

www.milton.com.au

Directors

Robert Dobson Millner

Chairman, Non-Executive Director

Brendan John O'Dea

Managing Director

Kevin John Eley

Non-Executive Director

Justine Elizabeth Jarvinen

Non-Executive Director

Ian Alfred Pollard

Non-Executive Director

Company Secretary

Nishantha Seneviratne

Auditors

Pitcher Partners

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

www.pitcher.com.au

Share Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney, NSW 2000

www.linkmarketservices.com.au

Legal adviser

Hamilton Locke Pty Ltd

Level 42, Australia Square
264 George Street
Sydney, NSW 2000

www.hamiltonlocke.com.au

Financial adviser

Greenhill & Co. Australia Pty Limited

Level 43, Governor Phillip Tower
1 Farrer Place
Sydney, NSW 2000

www.greenhill.com

Tax adviser

KPMG Australia

Level 38, Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney, NSW 2000

www.home.kpmg/au

Independent Expert

Loneragan Edwards & Associates Limited

Level 7/64 Castlereagh Street
Sydney, NSW 2000

www.loneraganedwards.com.au

Investigating Accountant

Ernst & Young

200 George Street
Sydney, NSW 2000

www.ey.com/en_au

Virtual Scheme Meeting Online Guide

Before you begin

Ensure your browser is compatible. Check your current browser by going to the website: **whatismybrowser.com**

Supported browsers are:

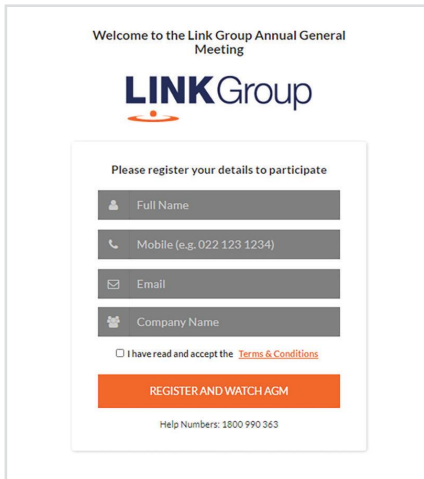
- Chrome – Version 44 & 45 and after
- Firefox – 40.0.2 and after
- Safari – OS X v10.9 & OS X v10.10 and after
- Internet Explorer 9 and up

To attend and vote you must have your securityholder number and postcode.

Appointed Proxy: Your proxy number will be provided by Link before the meeting.

Please make sure you have this information before proceeding.

Virtual Scheme Meeting Online Guide



Welcome to the Link Group Annual General Meeting

LINKGroup

Please register your details to participate

Full Name

Mobile (e.g. 022 123 1234)

Email

Company Name

☐ I have read and accept the [Terms & Conditions](#)

REGISTER AND WATCH AGM

Help Numbers: 1800 990 363

Step 1

Open your web browser and go to <https://agmlive.link/MLT21>

Step 2

Log in to the portal using your full name, mobile number, email address, and company name (if applicable).

Please read and accept the terms and conditions before clicking on the blue **'Register and Watch Meeting'** button.

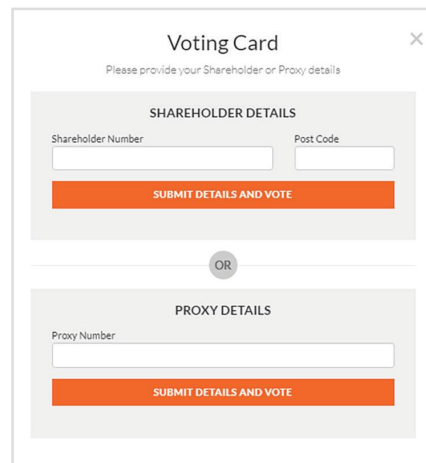
- On the left – a live audio webcast of the Scheme Meeting
- On the right – the presentation slides that will be addressed during the Scheme Meeting
- At the bottom – buttons for 'Get a Voting Card', 'Ask a Question' and a list of company documents to download

Note: If you close your browser, your session will expire and you will need to re-register. If using the same email address, you can request a link to be emailed to you to log back in.

1. Get a Voting Card

To register to vote – click on the 'Get a Voting Card' button.

This will bring up a box which looks like this.



Voting Card

Please provide your Shareholder or Proxy details

SHAREHOLDER DETAILS

Shareholder Number Post Code

SUBMIT DETAILS AND VOTE

OR

PROXY DETAILS

Proxy Number

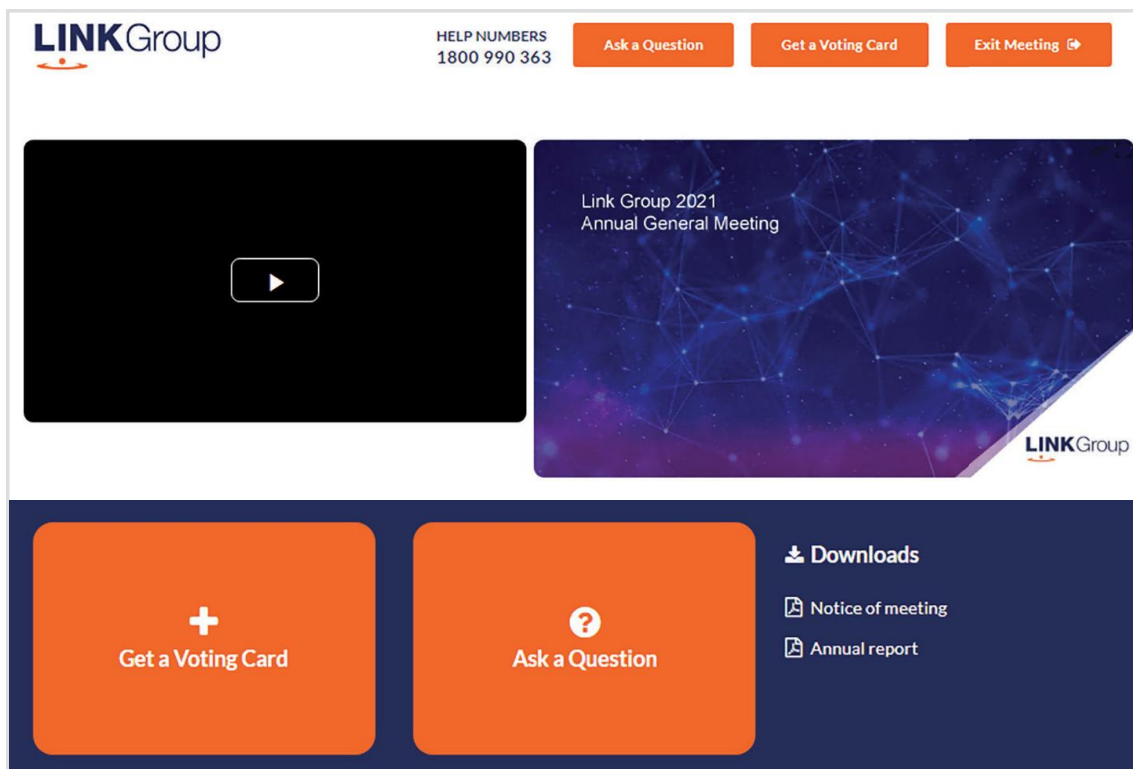
SUBMIT DETAILS AND VOTE

If you are an individual or joint securityholder you will need to register and provide validation by entering your securityholder number and postcode.

If you are an appointed Proxy, please enter the Proxy Number issued by Link in the PROXY DETAILS section. Then click the **'SUBMIT DETAILS AND VOTE'** button.

Once you have registered, your voting card will appear with all of the resolutions to be voted on by securityholders at the Meeting (as set out in the Notice of Scheme Meeting). You may need to use the scroll bar on the right hand side of the voting card to view all resolutions.

Securityholders and proxies can either submit a Full Vote or Partial Vote.



ABC COMPANY PTY LTD X123456789

Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. If you would like to complete a partial vote, please specify the number of votes for each resolution in the Partial Vote section. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the the Unitholder's voting instructions.

Full Vote **Partial Vote**

Resolution 2B	<input checked="" type="radio"/> For	<input type="radio"/> Against	<input type="radio"/> Abstain
RE-ELECTION OF MR. ABC AS A DIRECTOR			
Resolution 2C	<input checked="" type="radio"/> For	<input type="radio"/> Against	<input type="radio"/> Abstain
RE-ELECTION OF MS XYZ AS A DIRECTOR			
Resolution 3	<input checked="" type="radio"/> For	<input type="radio"/> Against	<input type="radio"/> Abstain
INCREASE TO DIRECTORS' MAXIMUM FEE POOL LIMIT			
Resolution 4	<input checked="" type="radio"/> For	<input type="radio"/> Against	<input type="radio"/> Abstain
ADOPTION OF REMUNERATION REPORT			

SUBMIT VOTE

Full Votes

To submit a full vote on a resolution ensure you are in the **'Full Vote'** tab. Place your vote by clicking on the **'For'**, **'Against'**, or **'Abstain'** voting buttons.

Partial Votes

To submit a partial vote on a resolution ensure you are in the **'Partial Vote'** tab. You can enter the number of votes (for any or all) resolution/s. The total amount of votes that you are entitled to vote for will be listed under each resolution. When you enter the number of votes it will automatically tally how many votes you have left.

Note: If you are submitting a partial vote and do not use all of your entitled votes, the un-voted portion will be submitted as No Instruction and therefore will not be counted.

Once you have finished voting on the resolutions scroll down to the bottom of the box and click on the **'Submit Vote'** or **'Submit Partial Vote'** button.

Note: You can close your voting card without submitting your vote at any time while voting remains open. Any votes you have already made will be saved for the next time you open up the voting card. The voting card will appear on the bottom left corner of the webpage. The message **'Not yet submitted'** will appear at the bottom of the page.

You can edit your voting card at any point while voting is open by clicking on **'Edit Card'**. This will reopen the voting card with any previous votes made.

Please make any changes and submit your voting cards.

Once voting has been closed all submitted voting cards cannot be changed.

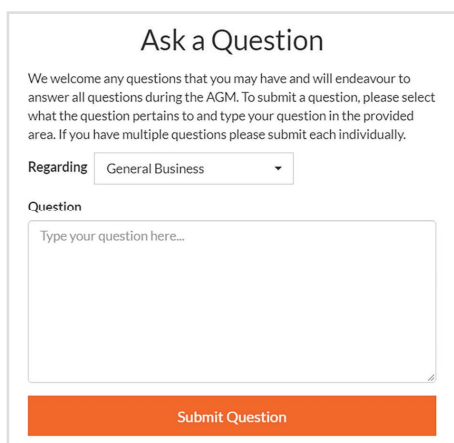
Virtual Scheme Meeting Online Guide *continued*

2. How to ask a question

Note: Only securityholders are eligible to ask questions.

If you have yet to obtain a voting card, you will be prompted to enter your security holder number or proxy details before you can ask a question. To ask a question, click on the 'Ask a Question' button either at the top or bottom of the webpage.

The '**Ask a Question**' box will then pop up with two sections for completion.



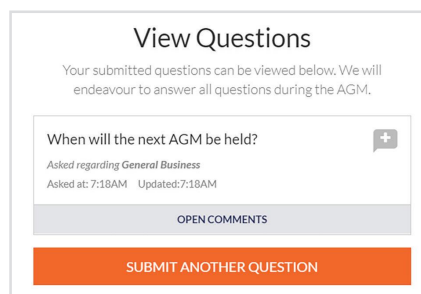
In the '**Regarding**' section click on the drop down arrow and select the category/resolution for your question.

Click in the '**Question**' section and type your question and click on 'Submit'.

A '**View Questions**' box will appear where you can view your questions at any point. Only you can see the questions you have asked.

If your question has been answered and you would like to exercise your right of reply, you can submit another question.

Note that not all questions are guaranteed to be answered during the Scheme Meeting, but we will do our best to address your concerns.



3. Downloads

View relevant documentation in the Downloads section.

4. Voting closing

Voting will be closed at the end of the formal part of the meeting, as instructed by the Chairman.

If you have not submitted your vote, you should do so now.

Contact us

Australia

T 1300 554 474

E info@linkmarketservices.com.au

New Zealand

T +64 9 375 5998

E enquiries@linkmarketservices.co.nz

6 August 2021

Dear Shareholder,

NOTICE OF SCHEME MEETING AND SCHEME BOOKLET

The purpose of this Scheme Meeting is to consider and, if thought fit, to agree (with or without any (a) alterations or conditions agreed to in writing between Milton and Washington H. Soul Pattinson and Company Limited (ACN 49 000 002 728) (WHSP) and approved by the Court; or (b) any alterations or conditions required by the Court to which Milton and WHSP agree) to the scheme of arrangement (Scheme) between Milton and its shareholders (other than WHSP and its subsidiaries).

The Scheme Meeting is to be held at 10.00am (Sydney time) on Monday, 13 September 2021 at The Establishment, Establishment Room 2, Level 3, 252 George Street, Sydney NSW 2000 AND online at <https://agmlive.link/MLT21>.

Milton Shareholders should note that the protocols for attendance in person at the Scheme Meeting may change at short notice in response to Government restrictions on physical gatherings or other developments relating to the ongoing COVID-19 pandemic. Any change will be announced by Milton to the ASX.

The Notice of Scheme Meeting and Scheme Booklet, which include details as to how to participate and vote at the Scheme Meeting, can be accessed online using the following link: www.milton.com.au

It is important that you read the Scheme Booklet. The Scheme Booklet provides such information as is prescribed by law or is otherwise material to the decision of Milton shareholders whether or not to vote in favour of the Scheme. The Scheme Booklet also includes the Independent Expert's Report.

Accompanying this letter is a Proxy Form. You are encouraged to vote on the item of business ahead of the Scheme Meeting by lodging the Proxy Form with Link Market Services in one of the ways specified in the Notice of Scheme Meeting, **by no later than 10.00am (Sydney Time) on Saturday, 11 September 2021**. Should you wish to lodge your Proxy Form by mail, you may use the reply-paid envelope accompanying this letter.

Yours sincerely,

Nishantha Seneviratne
Company Secretary