

Sandon Capital Investments Limited

ABN 31 1077 724 67
Level 5, 139 Macquarie Street
Sydney NSW 2000
Tel 02 8014 1188
Fax 02 8084 9918

13 July 2023

EXTRAORDINARY GENERAL MEETING & NOTICE OF MEETING

PROPOSED RESTRUCTURE OF UNSECURED NOTES IN MVT (ASX:MVTHA) (NOTES)

We refer to the announcement in relation to Mercantile Investment Company Limited's (ACN 121 415 576) (**MVT**) (a wholly owned subsidiary of Sandon Capital Investments Limited (**SNC**)) proposed restructure of MVT's unsecured notes (**ASX:MVTHA**) (**Notes** or **MVT Notes**) whereby SNC will effectively replace MVT as the "issuer" of the Notes (**Proposed Restructure**), dated 4 July 2023.

Extraordinary General Meeting & Notice of Meeting

The extraordinary general meeting (**Meeting**) of holders of MVT Notes to consider and vote on the Proposed Restructure will be held as follows:

Date: **Monday 7 August 2023**
Time: **11:00am (Sydney time)**
Venue: **9 Denham Street, Darlinghurst, SYDNEY or via Zoom webinar at:**

<https://us02web.zoom.us/j/83564957270?pwd=UWxVTEJqMlNaYnZlSEdxREhtR2p4Zz09>

For further details about the Proposed Restructure and the Meeting please refer to the enclosed Notice of Meeting and Noteholder Booklet.

This announcement has been approved by Mark Licciardo, Company Secretary of SNC.

Contact

If you have any questions regarding:

- the Proposed Restructure, please call Gabriel Radzynski on 02 8014 1188;
- your Note holding, please contact Link, whose details appear below.

Further information:

Sandon Capital Investments Limited
Tel: 02 8014 1188
Fax: 02 8084 9918
Website: www.sandoncapital.com.au

Link Market Services
Tel: 1300 554 474 (toll free within Australia)
Email: registrars@linkmarketservices.com.au
Fax: +61 2 9287 0303
Postal: Locked Bag A14, Sydney
Address: South NSW 1235

Mercantile Investment Company Limited

(ACN 121 415 576)

13 July 2023

Dear Noteholder,

NOTICE OF MEETING OF NOTEHOLDERS

Mercantile Investment Company Limited (ACN 121 415 576) (**MVT**) gives notice that a general meeting (**Meeting**) of the holders of unsecured notes in MVT (ASX:MVTHA) (**Notes** or **MVT Notes**) will be held as follows:

Date: 7 August 2023
Time: 11.00am (Sydney time)
Hybrid
Venue: 9 Denham Street, Darlinghurst, SYDNEY or via the Zoom link below

The Meeting will be held as a hybrid meeting. This letter contains details of how to attend and vote at the Meeting.

PURPOSE OF THE MEETING

At the Meeting, Noteholders will be asked to approve a proposed restructure pursuant to which MVT's parent entity, Sandon Capital Investments Limited (ACN 107 772 467) (**SNC**) will replace MVT as the Issuer of the MVT Notes.

At implementation of the restructure, MVT Notes will be exchanged (on a one for one basis) for unsecured notes in SNC that will be quoted on the ASX and issued on the same terms, and subject to the same trust arrangements, as the existing MVT Notes.

EXPLANATORY STATEMENT

A booklet, containing an explanatory memorandum explaining the proposed restructure as well as the resolution to be considered by Noteholders and further details of how to attend and vote at the Meeting, is available electronically (**Noteholder Booklet**). Unless requested, you will not be sent a hard copy of the Noteholder Booklet.

You can access the Noteholder Booklet in any one of the following ways:

- At MVT's website: www.mercantileinvestment.com.au
- At the ASX market announcement website: www.asx.com.au/markets/company/MVTHA.

If you are unable to access the Noteholder Booklet online, please contact the Note Registry, Link Market Services Limited on +61 1300 554 474 or via email at registrars@linkmarketservices.com.au.

VOTING IS NOW OPEN

Noteholders are strongly encouraged to vote prior to the Meeting by completing and lodging their proxy vote:

- online at <https://investorcentre.linkgroup.com/> (by following the instructions set out on the website); or
- by returning the personalised Proxy Form **enclosed** with this letter.

More information regarding how to lodge your proxy vote is contained in the Noteholder Booklet and the **enclosed** Proxy Form.

Important Note: For proxy votes to be valid and counted towards the Meeting, please ensure that your voting instructions are **received no later** than 11.00am (Sydney time) on 5 August 2023. Proxy votes received after this time will not be valid for the Meeting.

HOW TO ATTEND THE MEETING

The Meeting will be held as a hybrid meeting.

Details of how to attend are set out below.

Physical Attendance - Noteholders may attend the Meeting physically attending 9 Denham Street, Darlinghurst, SYDNEY.

Virtual attendance - Noteholders may participate in the Meeting virtually by visiting <https://us02web.zoom.us/j/83564957270?pwd=UWxVTEJqMlNaYnZlSEdxREhtR2p4Zz09> using their web browser or internet enabled device.

If you require assistance, please contact the Note Registry, Link Market Services Limited on +61 1300 554 474 or via email at registrars@linkmarketservices.com.au.

Yours sincerely,



Gabriel Radzynski
Chairman

Mercantile Investment Company Limited

(ACN 121 415 576) (**MVT**)

MEETING OF NOTEHOLDERS

Notice has been given that a general meeting (**Meeting**) of the holders of unsecured notes in MVT (ASX:MVTTHA) (**Notes** or **MVT Notes**) be held as follows:

Date: 7 August 2023

Time: 11.00am (Sydney time)

Hybrid Venue: 9 Denham Street, Darlinghurst, SYDNEY or via Zoom webinar (link provided below)

ITEMS OF BUSINESS

Restructure Resolution

All Noteholders are requested to consider and, if thought fit, to approve the following as a special resolution:

"That pursuant to rule 12.2 of the Note Terms and clause 21.14 of the Trust Deed and all other enabling powers, Noteholders irrevocably and unconditionally:

- (a) *consent to, authorise and approve the novation of MVT's rights and liabilities to SNC in accordance with the Novation and Implementation Deed on the terms detailed in Sections 3.3 to 3.6 of the explanatory memorandum issued by MVT in respect of this resolution (**Booklet**);*
- (b) *authorise MVT, SNC and the Note Trustee to amend the Trust Deed and the Note Terms on the terms as detailed in Section 3.6(a) of the Booklet and sanction and assent and agree to make the warranties, consents and appointments contained therein;*
- (c) *direct the Note Trustee, MVT and SNC to do all things necessary, desirable or reasonably incidental to give effect to the terms of, and the transactions contemplated by, of the amendments to the Trust Deed and the Booklet;*
- (d) *authorise MVT and direct the Note Trustee to concur in the implementation of the transactions summarised in the Booklet, and to enter into and execute any and all documents necessary, to give effect to the matters in paragraphs (a), (b) and (c) above; and*
- (e) *authorise and direct the Registry to take such steps as are necessary, to give effect to the matters in paragraphs (a), (b), (c) and (d) above;*
- (f) *acknowledge that terms used in this Special Resolution shall have the meanings given to them in the Booklet."*

VOTING AT THE NOTEHOLDER MEETING

Introduction

Capitalised words and phrases contained (including the proposed resolution) have the meaning as set out in the Glossary in Section 6 of the Booklet.

Entitlement to vote

In accordance with section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, MVT has determined that for the purposes of the Noteholder Meeting all Notes will be taken to be held by the persons who held them as registered Noteholders at 11.00am (Sydney time) on 5 August 2023. Note transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Noteholder Meeting.

Accordingly, Noteholders are entitled to vote at the Noteholder Meeting if they are shown in the Register of Notes to be a Noteholder at 11.00am (Sydney time) on 5 August 2023 (being no more than 48 hours before the Noteholder Meeting).

Noteholders are entitled to vote at the Noteholder Meeting in one of the following ways:

- by attending the Noteholder Meeting at the physical venue and voting in person;
- by appointing a proxy to attend the Noteholder Meeting and vote on their behalf, using the Proxy Form accompanying this Notice of Meeting; or
- by attending, and voting virtually during, the Noteholder Meeting.

Voting in person

To vote in person, attend the Noteholder Meeting at the time and date set out above. The Noteholder Meeting will be held as a hybrid meeting. Noteholders can attend the Noteholder Meeting at the physical venue or virtually via Zoom.

How to attend physical venue

Noteholders can attend the Noteholder Meeting in person at the venue indicated above.

If attending the physical venue, please bring your personalised Proxy Form with you as it will help you to register your attendance at the Noteholder Meeting. If you do not bring your Proxy Form with you, you can still attend the Noteholder Meeting at the venue but representatives from Link Market Services will need to verify your identity.

You can register from 10.00am (Sydney time) on the day of the Noteholder Meeting.

How to attend via Zoom

Noteholders are able, and encouraged, to attend the Noteholder Meeting virtually via a live Zoom teleconference. To attend virtually, go to:

<https://us02web.zoom.us/j/83564957270?pwd=UWxVTEJqMINaYnZISEdxREhtR2p4Zz09>

If attending the Noteholder Meeting virtually, you will need your Security Reference Number or Holder Identification Number (which can be found on your Proxy Form) for verification purposes.

Voting by proxy

Any Noteholder entitled to attend and vote at the Noteholder Meeting is entitled to appoint a proxy to attend and vote instead of that Noteholder.

The proxy does not need to be a Noteholder of MVT.

A Noteholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Noteholders' votes.

Proxies may be:

- lodged at the Note registry, Link Market Services Limited (at the address below);
- faxed to the fax number specified below;
- lodged online at www.linkmarketservices.com.au in accordance with the instructions there,

not later than 11.00am (Sydney time) on 5 August 2023.

Address (hand deliveries): Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

Address (postal deliveries): Locked Bag A14 Sydney South NSW 1235

Fax number for lodgement: (within Australia) (02) 9287 0309
(outside Australia) +61 2 9287 0309

The Proxy Form was enclosed with the Notice of Meeting accompanying this Booklet. Please read all instructions carefully before completing the Proxy Form.

You may still attend the Noteholder Meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the Noteholder Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution. The Board encourages Noteholders to submit their proxies as early as possible, even if they intend to attend the Noteholder Meeting.

Corporations

To vote at the Noteholder Meeting, a Noteholder that is a corporation must appoint an individual to act as its representative. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Noteholder Meeting evidence of his or her appointment, including any authority under which it is signed.

If attending virtually, the representative must send this evidence via email to registrars@linkmarketservices.com.au by 11.00am (Sydney time) on 7 August 2023. Alternatively, a corporation may appoint a proxy.

Other information

This Booklet contains the explanatory memorandum for the Noteholder Meeting and the Restructure Resolution. All Noteholders should read this Booklet carefully and in its entirety. Noteholders who are in doubt regarding any part of the business of the Noteholder Meeting should consult their financial or legal adviser for assistance.

Questions at the Noteholder Meeting

Noteholders who attend the Noteholder Meeting in person will have the opportunity to ask questions during the meeting.

In order to provide for an efficient Noteholder Meeting, Noteholders are asked to provide any questions to the Company Secretary, Mark Licciardo at m.licciardo@acclime.com at least 24 hours in advance of the Noteholder Meeting.

IMPORTANT NOTICES

Reading this Booklet

This explanatory statement is dated 13 July 2023 (**Booklet**) is important. The Booklet is issued in respect of a Notice of Meeting with the same date. You should carefully read this Booklet in its entirety before making a decision as to how to vote on the Restructure Resolution to be considered at the Noteholder Meeting. Capitalised terms used in this Booklet are defined in Section 6.1.

ASX and ASIC

This Booklet is not a disclosure document. None of the ASX, ASIC or any of their officers takes any responsibility for the contents of this Booklet.

Investment decisions

This Booklet does not take into account your individual investment objectives, financial situation or needs. The information in this Booklet should not be relied on as the sole basis for any investment decision. Please contact your independent legal, financial, accounting or other professional advisers before making any investment decision.

Forward-looking statements

Certain statements in this Booklet are about the future. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results or performance of MVT, or SNC following implementation of the Proposed Restructure, to be materially different from the future conduct, results or performance expressed or implied by such statements or that could cause the future conduct to be materially different from historical conduct. Such risks, uncertainties, assumptions and other important factors include, among other things, the risks described in Section 2.4. Changes to future matters are both normal and to be expected.

None of MVT or SNC or their respective directors, officers and advisers nor any other person gives any assurance that the occurrence of the events expressed or implied in any forward-looking statements in this Booklet will actually occur.

The forward-looking statements in this Booklet reflect views held only as of the date of this Booklet. Subject to the Corporations Act and any other applicable laws or regulations, MVT will not update these statements other than with respect to information that they become aware of prior to the Noteholder Meeting which is material to the making of a decision regarding whether or not to vote in favour of the Restructure Resolution.

Responsibility and liability of the Note Trustee

None of the Note Trustee, nor any related body corporate, director, employee or agent of the Note Trustee have prepared or authorised this Booklet nor are they responsible for the issue or making of any statements or the contents of this Booklet.

None of the Note Trustee, nor any related body corporate, director, employee or agent of the Note Trustee make or give any representation, warranty or guarantee, whether express or implied, that the contents of this Booklet are complete or accurate.

To the maximum extent permitted by law, none of the Note Trustee, nor any related body corporate, director, employee or agent of the Note Trustee accept any responsibility to inform you of any other information or matter arising or coming to their notice which may affect the information in this Booklet, or to update or supplement this Booklet.

To the maximum extent permitted by law, none of the Note Trustee, nor any related body corporate, director, employee or agent of the Note Trustee, accepts any liability, for any loss arising from the use of this document or its contents.

Privacy and personal information

MVT and SNC may collect personal information to implement the Proposed Restructure. The personal information may include your name, contact details and details of your holding, together with contact details of individuals appointed as proxies, representatives of bodies corporate or attorneys at the Noteholder Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The information may be disclosed to SNC, MVT, the Manager and each of their related bodies corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to give effect to the Proposed Restructure.

If the information outlined above is not collected, MVT may be hindered in, or prevented from, conducting the Noteholder Meeting or implementing the Proposed Restructure effectively, or at all.

If you are an individual, you have certain rights to access the personal information collected about you. You may contact the Registry if you wish to exercise those rights.

Notice to Noteholders overseas

This Booklet has been prepared in compliance with the disclosure requirements of Australia which may be different to those in other jurisdictions. This Booklet and the Proposed Restructure do not in any way constitute an offer of securities or a solicitation of an offer to purchase securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or solicitation.

No action has been taken to register or qualify the Novated Notes or otherwise permit a public offering of such securities in any jurisdiction outside Australia. Restrictions in certain jurisdictions outside Australia may make it impractical or unlawful for Novated Notes to be issued under the Proposed Restructure to, or received under the Proposed Restructure by, Noteholders in those jurisdictions.

SNC may determine a Noteholder whose address shown in the Note Register is in a jurisdiction outside Australia (including its external territories) is an Ineligible Noteholder. The entitlements to Ineligible Noteholders will be dealt with in accordance with Section 3.4 of this Booklet. All Noteholders are deemed to warrant eligibility to participate in the Proposed Restructure. Overseas Noteholders should notify MVT if you cannot provide this warranty.

Restricted distribution

The release, publication or distribution of this Booklet (electronically or otherwise) 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 Booklet should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

Nominees, custodians and other Noteholders who hold Notes on behalf of a beneficial owner resident outside Australia (including its external territories) may not forward this Booklet (or accompanying documents) to anyone outside those countries without the consent of MVT.

1. SUMMARY OF PROPOSED RESTRUCTURE

1.1 OVERVIEW OF THE RESTRUCTURE

The Notes are unsecured liabilities of Mercantile Investment Company Ltd (ACN 121 415 576) (**MVT**), as the issuer of the Notes (**Issuer**), guaranteed by MVT's parent entity, Sandon Capital Investments Limited (ACN 107 772 467) (**SNC**).

MVT is seeking Noteholder approval to undertake a restructure that will result in SNC effectively replacing MVT as the Issuer of the Notes (**Proposed Restructure**).

The Proposed Restructure will be implemented by novating all the rights and obligations currently held by MVT (in its capacity as the Issuer of the Notes) to SNC, resulting in SNC assuming all obligations and all liabilities in respect of the Notes.

What do the Noteholders receive?

At implementation of the Proposed Restructure, each Noteholder (other than Ineligible Noteholders) will receive one (1) unsecured note in SNC (**Novated Note**) for each MVT Note held on the Record Date.

The Novated Notes will be quoted on the ASX and will have the same terms and be subject to the same Trust Deed, as the existing MVT Notes.

What will happen to MVT?

Following implementation, MVT will be delisted from ASX and MVT's assets and operating subsidiaries will be transferred to SNC.

MVT will then be converted to a proprietary company and, in turn, deregistered.

What will change for Noteholders?

Post implementation, Noteholders will:

- hold unsecured notes issued by SNC (i.e., the Novated Notes) which can be enforced against SNC in accordance with the Trust Deed (see the Note Terms summary in Section 3.6(b) for further details); and
- be able to trade their Novated Notes on the ASX in the same way they do currently, but under the new ASX code SNCHA.

Importantly, under the Proposed Restructure the assets of the Group will continue to be available to fund the payment obligations of the Notes and the operative terms on which the Notes are issued (**Note Terms**), including the Maturity Date and Interest payment obligations, will not change.

The Issuer's duties and obligations in respect of the Notes (both pre and post implementation) will continue to be held on trust in accordance with Chapter 2L of the Corporations Act for the benefit of the Noteholders by Certane CT Pty Ltd (**Note Trustee**) pursuant to the same Trust Deed.

For the reasons detailed in Section 2.4, the Board considers that the overall risk profile of the Notes will not be adversely affected as a result of the Proposed Restructure.

The Proposed Restructure may however have tax implications for Noteholders, these are summarised in Section 2.3(b).

1.2 CONDITIONS AND IMPLEMENTATION TERMS

MVT has entered into a conditional novation deed with SNC and the Note Trustee for the purpose of undertaking the Proposed Restructure (**Novation and Implementation Deed**).

Under the Novation and Implementation Deed it is proposed, subject to Noteholders approving the Proposed Restructure at the Noteholder Meeting, that:

- (i) the Trust Deed be amended to include a new clause which empowers MVT, SNC and the Note Trustee to take the steps required to implement the Proposed Restructure (**Restructure Clause**). Pursuant to the Restructure Clause:
 - (A) Noteholders provide standard warranties and authorise the transfer of information and instructions to SNC (see Section 3.5 for details); and
 - (B) MVT is authorised, as agent for the Ineligible Noteholders, to transfer their Notes to a nominee entity appointed by SNC (**Nominee**) in accordance with Section 3.4;
- (ii) MVT's rights and obligations as the Issuer of the Notes be novated to SNC, so that on and from implementation, SNC will be bound by all present and future obligations and liabilities placed on the Issuer of the Notes, as if SNC had originally been the Issuer;
- (i) SNC will issue the Novated Notes to each Noteholder and the Nominee at Implementation in accordance with the process set out in this Booklet; and
- (iii) the Guarantee provided by SNC be released.

The Novation and Implementation Deed is summarised in Section 3.6(a) of this Booklet. A full copy of the Novation and Implementation Deed can be obtained from the ASX website (www.asx.com.au).

If the Restructure Resolution is approved by Noteholders at the Noteholder Meeting, the Novation and Implementation Deed will become binding and the Proposed Restructure will apply to all persons registered as Noteholders as at the Record Date (currently proposed to be 5.00pm on 9 August 2023).

1.3 NOTEHOLDER APPROVAL

Noteholders will be asked to approve the Proposed Restructure by voting on the Restructure Resolution at the Noteholder Meeting.

The Restructure Resolution, set out in full on page 1 of this Booklet, authorises the Novation to SNC, the insertion of the Restructure Clause into the Trust Deed and implementation of the Proposed Restructure on the terms set out in this Booklet.

The Restructure Resolution is a special resolution. This means it must be approved by at least 75% of more of the votes cast on the Restructure Resolution (in person, by proxy or representative).

The Proposed Restructure will only proceed if the Restructure Resolution is approved.

Voting on the Restructure Resolution will be conducted by way of a poll, with all undirected proxy votes cast in favour of the Restructure Resolution.

No voting restrictions apply in respect of the Restructure Resolution.

See the Noteholder Meeting for details of how to attend and vote.

1.4 IMPLEMENTATION AND TIMETABLE

If all necessary approvals and conditions are satisfied or waived (as applicable), the Proposed Restructure will be implemented on the Implementation Date (currently expected to be 10 August 2023).

The indicative timetable is set out below. All dates following the Noteholder Meeting are indicative only and may be subject to change. MVT will announce to the ASX any change to the dates in that timetable.

Event	Indicative date
Proxy return date and time - Proxy Forms (including Proxy Forms lodged online) must be received by this time	11.00am (Sydney time) on 5 August 2023
Voting entitlement time and date - Date and time for determining eligibility to vote at the Noteholder Meeting	11.00am (Sydney time) on 5 August 2023
Noteholder Meeting - Meeting to consider and vote on the Restructure Resolution	11.00am (Sydney time) on 7 August 2023
If the Restructure Resolution is passed, the following key dates apply:	
Effective Date - On this day, the Trust Deed is amended to allow for the implementation of the Proposed Restructure.	7 August 2023
Suspension of MVT Notes - MVT Notes will be suspended from close of trading on this date	7 August 2023
Record Date - The date and time for determining Noteholder participation in the Proposed Restructure	5.00pm (Sydney time), 9 August 2023
Implementation Date - The Proposed Restructure is implemented and Noteholders on the Record Date (and the Nominee, on behalf of Ineligible Noteholders) will receive the Novated Notes	10 August 2023
Novated Notes commence trading - Trading on the ASX is expected to commence on a normal settlement basis.	11 August 2023

1.5 WHAT SHOULD YOU DO NEXT?

(a) Read this Booklet

You should read and consider the remainder of this Booklet in full before making any decision on how to vote at the Noteholder Meeting.

(b) Ask questions

If you have any questions in relation to the Proposed Restructure or the Noteholder Meeting, you can contact Sandon Capital at (02) 8014 1188 between 9.00am and 5.00pm (Sydney time) Monday to Friday, excluding public holidays, or email info@sandoncapital.com.au.

If you are in any doubt about anything in this Booklet, please contact your legal, financial, accounting or other professional adviser.

(c) Vote on the Restructure Resolution

Your vote is important. For the Proposed Restructure to proceed, the Restructure Resolution must be approved by Noteholders at the Noteholder Meeting.

The Noteholder Meeting will be held as a hybrid meeting.

The Board encourages Noteholders to attend the Noteholder Meeting virtually rather than physically. Noteholders who join the Noteholder Meeting online will have the same opportunity as Noteholders who attend the physical address to ask questions, hear the responses to other questions given during the Noteholder Meeting and cast votes in real-time.

Full details regarding how the Noteholder Meeting will take place are set out in the Notice of Meeting. Additional information about voting by proxy is set out in the Proxy Form accompanying this Booklet.

2. KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

2.1 RATIONALE

When the Notes were first issued, SNC was not the parent entity of MVT and its controlled entities.

SNC acquired MVT in 2019 and in 2021 SNC provided a guarantee, which had the effect of making the Group (being SNC, MVT and their controlled entities) indirectly responsible for the Note payment obligations (**Guarantee**).

The Guarantee provided the Group's increased amount of assets (relative to the assets of MVT and its controlled entities on a standalone basis) available for disposal to fund the payment obligations of the Notes.

Since acquiring MVT in the 2019 takeover, SNC has been working on consolidating the investments within the Group and reducing operating expenses and costs. However, SNC's ability to consolidate investments held via MVT and its controlled entities has been constrained by the Notes.

The Proposed Restructure will remove these constraints, without changing materially the nature of the rights currently held by Noteholders or the risk profile of their investment.

The assets of the Group will continue to be available to fund the payment obligations of the Notes. However, after the Proposed Restructure, as SNC will be directly responsible for repayment of the Notes (as the Issuer), there will be no need to separately enforce the Guarantee. This means that the enforcement of Noteholders' rights against the Group's assets will be simplified, and likely more cost effective, following the Proposed Restructure.

2.2 REASONS TO VOTE IN FAVOUR OF THE PROPOSED RESTRUCTURE

The Directors unanimously support the Proposed Restructure and recommend that Noteholders vote in favour of the Restructure Resolution at the Noteholder Meeting. In reaching their recommendation, the Directors have assessed, among other things, the reasons set out in this Section, including:

- (i) **Unsecured notes in SNC, the ASX listed parent of the Group:** At implementation of the Proposed Restructure, the rights and liabilities of the "Issuer" will be Novated from MVT to MVT's parent entity, SNC.

This means, post implementation, the parent entity of the Group, SNC (not MVT) will be required to meet all payments in respect of the Notes (including Interest and repayment on the Maturity Date) on the same terms that currently apply to MVT.

- (ii) **Interests of Noteholders remain protected on the same terms:** Under the Proposed Restructure, MVT Notes will be exchanged for Novated Notes.

The Note Terms will not change as a result of the Proposed Restructure (other than in respect of the Issuer). Nor will there be any material change in the following:

- (A) The number of Notes held by each Noteholder (other than Ineligible Noteholders);
- (B) The total number of Notes on issue;
- (C) The investment strategy or the Manager of the Group;
- (D) The Note Trustee or the Trust Deed (other than the inclusion of the Restructure Clause and minor amendments required to facilitate the Proposed Restructure); and
- (E) The net assets of the Group.

Post implementation, the Note Trustee will continue to protect the interests of Noteholders, holding enforcement rights on the same terms in accordance with the Trust Deed.

- (iii) **Simplified Enforcement:** Noteholders may consider that their position, if an Insolvency Event under the Note Terms were to occur, is improved under the Proposed Restructure.

This is because the Proposed Restructure will remove the need to separately enforce the Guarantee, simplifying and likely reducing, enforcement costs.

- (iv) **No brokerage or stamp duty:** You will not have to pay brokerage or stamp duty to receive the Novated Notes under the Proposed Restructure. However, post implementation, Noteholders will incur customary brokerage fees and commissions when buying and selling Novated Notes on the ASX. See Section 3.4 regarding the treatment of Ineligible Noteholders.
- (v) **Simple cost-effective restructure:** The Board considers the Proposed Restructure is a simple and effective solution to restructure the Group and providing simplified enforcement rights to Noteholders.

Unlike alternative structures considered by the Board, such as a creditor's scheme of arrangement, the Proposed Restructure does not require specific approvals from the Court. This materially reduces the costs associated with the Proposed Restructure.

2.3 REASONS TO VOTE AGAINST THE PROPOSED RESTRUCTURE

- (a) **You may disagree with the Directors:** Notwithstanding the recommendation of the Directors, you may believe that the Proposed Restructure is not in your best interests.
- (b) **The tax consequences of the Proposed Restructure may not suit you:** Implementation of the Proposed Restructure may trigger taxation consequences for Noteholders, as the exchange of MVT Notes for Novated Notes is a capital gains tax event for which no rollover relief is available.

The Notes are "traditional securities". Therefore, any "gain" made on the "disposal" of the MVT Notes would be included in the assessable income of Australian resident Noteholders at the time of the Novation. The capital gains tax provisions would generally not apply, including the discount provisions, even where the MVT Notes have been held for more than 12 months.

Similarly, any "loss" made on the "disposal" of the MVT Notes would generally be deductible for an Australian resident Noteholder at the time of the Novation. A deduction will not be available if, amongst other things, the disposal took place because of an apprehension or belief that MVT is unable or unwilling to discharge all liability to pay amounts under the MVT Notes. Because the disposal of the Notes by way of Novation will be unrelated to MVT's financial position, a deduction should be available to the Noteholder. Again, the capital gains tax provisions would generally not apply in these circumstances.

For the purpose of the Proposed Restructure, the proceeds will generally be taken to be the market value of the Novated Notes (on the Implementation Date) received by the Noteholders (i.e., the prevailing ASX price).

The above paragraphs summarise some of the Australian income tax consequences for Australian resident Noteholders. They are expressed in general terms, do not take into account Noteholders specific circumstances and are not intended to be exhaustive, or a substitute for, or to constitute, specific taxation advice.

- (c) **Noteholders should seek professional taxation advice regarding the tax consequences, applicable to their own circumstances, of the Proposed Restructure. Noteholders may consider the cost of obtaining such taxation advice a disadvantage and a reason to vote against the Proposed Restructure. Additional one-off costs:** There will be one off transaction costs in implementing the Proposed Restructure. These costs, the majority of which have already been incurred, are not borne by Noteholders and will not impact the Group's ability to repay the Notes. Further the overall cost will not be greatly reduced even if the Proposed Restructure does not proceed.
- (d) **Preference to retain rights under the Guarantee:** In the event of a breach by MVT, Noteholders are currently able to enforce the Guarantee, which provides indirect access to the Group's increased assets (relative to the assets of MVT and its controlled entities on a standalone basis) which can be disposed of to fund the payment obligations of the Notes.

Following implementation, Noteholders will no longer be entitled to enforce the Guarantee (which will be released). However, the assets of the Group will continue to be available for disposal to

fund the payment obligations of the Notes (as SNC will be directly responsible under the Trust Deed as the Issuer).

Although the Board does not consider the release of the Guarantee to be a material disadvantage, particularly having regard to the benefits the simplified enforcement rights under the Trust Deed (see Section 2.2(iii)), you may want to retain rights contained in the Guarantee.

2.4 RISKS OF THE PROPOSED RESTRUCTURE

The Board of MVT and SNC consider that overall risk profile of the Notes will not be adversely affected as a result of the Proposed Restructure. This is because:

- the Group's existing investment strategy, capital and risk management frameworks will continue to apply;
- the boards and management within the Group will remain the same; and
- The Note Trustee, the operative Note Terms (which contain the terms of your investment) and the terms on which your rights are held on trust by the Note Trustee in accordance with Chapter 2L, will not change under the Proposed Restructure¹.

2.5 IMPLICATIONS IF THE PROPOSED RESTRUCTURE DOES NOT OCCUR

If implementation of the Proposed Restructure does not occur, SNC will not issue the Novated Notes and Noteholders will continue to hold MVT Notes supported by the Guarantee from SNC.

The MVT Notes will remain quoted on the ASX and SNC will not be able to consolidate the Group, and reduce its operating costs, until the MVT Notes have been redeemed.

2.6 OTHER RELEVANT CONSIDERATIONS

You should be aware that even if you do not vote, or vote against the Proposed Restructure, the Proposed Restructure may still be implemented if it is approved by Noteholders at the Noteholder Meeting. If this occurs, you will receive the Novated Notes (even though you did not vote on, or voted against, the Proposed Restructure).

¹ Minor amendments to the Trust Deed will be made prior to implementation of the Proposed Restructure. These amendments do not change any operative provisions. See Section 3.6(a) for details.

3. PROPOSED RESTRUCTURE

3.1 INTRODUCTION

This Section provides an overview of the Proposed Restructure. It explains the key implications of the Proposed Restructure on the Group, how the Proposed Restructure will be implemented, summarises key risks and the material contracts associated with the transaction and the Notes.

3.2 WHAT IMPACT WILL THE PROPOSED RESTRUCTURE HAVE ON THE GROUP?

(a) Change to the Issuer but no changes to the trustee protections

At implementation, MVT's obligations and liabilities as the "Issuer" of the Notes will be Novated to SNC.

There will be no change to the trust arrangements. Certane CT Pty Ltd, as the Note Trustee, will continue to hold the benefit of the Issuer's undertakings in respect of its operations and the Notes on trust for the Noteholders and will continue to enforce those undertakings and the rights of Noteholders in accordance with the same Trust Deed.

Minor amendments to the Trust Deed will be made prior to implementation of the Proposed Restructure. These amendments do not change any operative provisions. See Section 3.6(a) for details.

(b) Pro Forma Historical Consolidated Statement of Financial Position

The Pro Forma Historical Consolidated Statement of Financial Position of SNC as at 31 December 2022, provided for illustrative purposes, is in Section 4.5.

(c) Impact on MVT and MVT's and SNC's portfolios

Following implementation, the portfolio of investments directly held by MVT and MVT's operating subsidiaries will be transferred to SNC.

MVT will be delisted, converted to a proprietary company and ultimately deregistered.

(d) No change to the Group's investment strategy or business operations

The Group is currently managed by Sandon Capital Pty Ltd (**Manager**). Implementation of the Proposed Restructure will not impact the Group's investment strategy or philosophy. Post implementation, the Group's investment strategy will continue to be implemented by the Manager on the same terms.

As an activist value manager, the Manager selects investments on the basis of perceived undervaluation and the perceived strength of the opportunity to engage with the board and management of the target and improve value. The Manager is sector agnostic, so it is able to search far and wide for such opportunities. The Manager may also take advantage of other market opportunities where it considers there are reasonable prospects for a satisfactory return.

The Manager deploys a range of activist strategies aimed at realising the intrinsic value of those investments. Usually the Manager begins in private, bilateral discussions with management, and will evolve, as necessary. In certain circumstances, the process will lead to public campaigns seeking changes in strategy, management and boards. Each and every investment opportunity is different and there is no single formula for activism.

(e) No change to permitted investments

The Group's mature portfolio is targeted to focus typically on 5-6 key positions with up to 20 to 25 investments (sometimes more), with only a handful in "active engagement" mode at any one time. The Group may also invest, from time to time, in market-based investment opportunities, such as placements, mergers and arbitrage opportunities and other investments it considers appropriate.

The Group is permitted to hold 100% of the portfolio in cash and is also permitted to borrow or employ leverage (limited to 50% of the gross value of the portfolio or a loan-to-assets (**LTA**) ratio of 33.3%) and derivatives to hedge, leverage or gain exposure to its investments.

These permitted investments will not change as result of the Proposed Restructure. The Group will continue to invest in a relatively concentrated portfolio.

Following implementation, the Group's portfolio (including MVT's operating subsidiaries) will be held directly by SNC.

(f) **No impact on Board and management**

No changes will be made to the Board and management of the Group as a result of the Proposed Restructure.

(g) **Securities on issue in SNC following the Proposed Restructure**

Based on the number of SNC Shares and MVT Notes on issue as at the date of this Booklet, immediately following implementation of the Proposed Restructure, SNC will have the following securities on issue:

Class	Number on issue
Ordinary shares	139,134,520
Novated Notes	290,578

(h) **Tax impact on SNC and MVT**

The Proposed Restructure is not expected to have any material impact on the tax position of SNC, MVT or the Group as a whole. On 3 December 2019, SNC formed a tax consolidated group with MVT and all its wholly-owned subsidiaries under the tax consolidated regime. SNC is the head company of this tax consolidated group. This means that the entire Group is treated as a single amalgamated taxpayer for tax purposes. This will not change following the Proposed Restructure.

(i) **No impact on Control**

The Proposed Restructure will not impact the control of SNC (or MVT). This is because Noteholders are not entitled to vote at shareholder meetings; they may only vote at meetings for Noteholders in accordance with the Trust Deed.

3.3 HOW WILL THE PROPOSED RESTRUCTURE BE IMPLEMENTED?

This Section 3.3 summarises the key steps involved to implement the Proposed Restructure if it is approved by Noteholders.

The Noteholder Meeting is scheduled to occur at 11.00am (Sydney time) on 7 August 2023. The results of the Noteholder Meeting will be announced to the ASX (www.asx.com.au) as soon as possible after the conclusion of the Noteholder Meeting on 7 August 2023.

Step 1: Suspension of trading in MVT Notes

If Noteholders approve the Proposed Restructure, the date of the Noteholder Meeting will be the Effective Date (currently expected to be 7 August 2023).

On the Effective Date, the Novation and Implementation Deed will become legally binding and the Trust Deed and Note Terms will be amended to include the Restructure Clause (see Section 3.6(a) for details of the amendments).

Noteholders should note that pursuant to the Restructure Clause, are deemed to make certain appointments and provide certain consents and warranties. These are detailed in Section 3.5.

On the Effective Date, SNC will apply for official quotation of the Novated Notes. ASX has confirmed that, subject to MVT obtaining Noteholder approval, quotation of the Novated Notes will be granted.

Step 2: Record Date and entitlements

Only those Noteholders on the Note Register on the Record Date (expected to be 5.00pm (Sydney time) on 9 August 2023) will be entitled to participate in the Proposed Restructure in respect of the MVT Notes they hold at that time (each a **Participating Noteholder**).

Dealings in MVT Notes on or prior to the Record Date

For the purposes of determining the Participating Noteholders, dealings in MVT Notes will only be recognised if:

- in the case of dealings of the type to be affected by CHES, the transferee is registered in the Note Register as the holder of the relevant MVT Notes on the Record Date; and
- in all other cases, the registrable transfer or transmission application or valid request to alter any such dealing is received on or before the Record Date at the Registry.

Dealings in MVT Notes after the Record Date

If the Proposed Restructure is approved at the Noteholder Meeting, each Noteholder (and any person claiming through any Noteholder) must not dispose of, or transfer, or purport or agree to dispose of or transfer any MVT Note or any interest in a MVT Note after the Record Date other than in accordance with the Proposed Restructure, and any attempt to do so will have no legal effect and will be disregarded by MVT.

For the purposes of determining entitlements, MVT will maintain the Note Register in its form as at the Record Date. The Note Register in this form will solely determine the Ineligible Notes to be transferred to the Nominee (see Step 3 below) and entitlements to the Novated Notes. After the Record Date:

- all statements of holding for the MVT Notes will cease to have any effect as documents relating to title in respect of those securities; and
- each entry on the Note Register will cease to have effect, other than as evidence of an entitlement to the Novated Notes, or in the case of Ineligible Notes, an entitlement to Sale Proceeds, in each case, in respect of the MVT Notes relating to that entry.

Step 3: Implementation

The Implementation Date for the Proposed Restructure will be the Business Day after the Record Date.

On the Implementation Date:

- (i) First, immediately prior to (but conditional on) completion of the actions in paragraph (ii) below, all MVT Notes held by Ineligible Noteholders on the Record Date will be transferred to the Nominee by:
 - (A) MVT procuring a message to be transmitted to ASX Settlement in accordance with ASX Settlement Operating Rules to transfer all MVT Notes held in a CHES holding from the CHES sub-register to the issuer sponsored subregister operated by MVT;
 - (B) MVT and the Nominee executing (MVT as attorney and agent of the Ineligible Noteholders and the Nominee as transferee) a transfer form which transfers all MVT Notes held by Ineligible Noteholders to the Nominee, and
 - (C) immediately on receiving of that transfer form executed by the Nominee, MVT procuring that the transfer is registered and the name and address of the Nominee is entered in MVT's Note Register in respect of the transferred MVT Notes;
- (ii) Second, immediately on MVT's Note Register being updated in accordance with the above (this time is referred to as the **Implementation Time**):
 - (A) the Novation contained in the Novation and Implementation Deed will become effective, causing SNC to be substituted for, and automatically replace, MVT as the "Issuer" in the Trust Deed and Note Terms; and
 - (B) SNC will:
 - issue to each Participating Noteholder, other than the Ineligible Noteholders, one (1) Novated Note for every one (1) MVT Note held on the Record Date;

- issue to the Nominee, one (1) Novated Note for every MVT Note held by the Ineligible Noteholders on the Record Date (to be dealt with in accordance with the procedures for Ineligible Noteholders, set out in Section 3.4 below); and
- procure that the name and address of each such holder is entered into the Note Register maintained by SNC (as the Issuer of the Notes). In the case of any MVT Notes held in joint names, the Novated Notes will be issued to, and registered in, the names of the joint holders.

The actions in paragraph (ii) of this Step 3 above are deemed to occur simultaneously and none of the actions in paragraph (i) or (ii) of this Step 3 shall be deemed to have been completed unless and until all actions in this Step 3 have been carried out in accordance with the process outlined above.

Step 4: Post implementation steps

Trading in the Novated Notes on the ASX will commence the first Business Day following implementation (expected to be 11 August 2023).

Immediately after implementation, SNC will send to each Noteholder and the Nominee holding statements for the Novated Notes by prepaid post to their registered address at the Record Date, or as otherwise directed by the relevant Noteholder or the Nominee (as applicable).

It is the responsibility of each Noteholder to confirm their holding before trading the Novated Notes. Noteholders who sell Novated Notes before they receive an initial statement of holding do so at their own risk.

3.4 HOW WILL INELIGIBLE NOTEHOLDERS PARTICIPATE?

Overseas Noteholders

Restrictions in certain foreign countries can make it impractical or unlawful for securities, which includes the Novated Notes, to be offered (or issued) under the Proposed Restructure to Noteholders in those countries.

SNC can determine (in its absolute discretion) that Noteholders with an address in a place outside of Australia (including its external territories) recorded in the Note Register on the Record Date are Ineligible Noteholders for the purposes of the Proposed Restructure if:

- SNC is not satisfied that participation would be lawful; or
- SNC considers it would be unduly onerous or impracticable, having regard to:
 - the market value of the Novated Notes which would be offered to an Ineligible Noteholder if they were eligible; and
 - the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions.

Treatment of Ineligible Noteholders

Ineligible Noteholders will participate in the Proposed Restructure. However, they will not become holders of Novated Notes. Instead:

- immediately prior to implementation, all MVT Notes held by Ineligible Noteholders will be transferred to the Nominee (see paragraph (i) in Step 3 of Section 3.3); and
- at implementation, the Nominee will receive the Novated Notes to which the Ineligible Noteholders would otherwise have been entitled in accordance with paragraph (ii) in Step 3 of Section 3.3 (**Ineligible Notes**).

Following implementation, the Ineligible Notes will be sold on market in accordance with the sale facility set out in this Section.

Sale Facility

All of the Ineligible Notes issued to the Nominee (being the Novated Notes to which the Ineligible Noteholders would otherwise have been entitled to) will be and sold on market by the Nominee, within 25 Business Days of the Implementation Date, on a 'best endeavours' basis.

The Nominee will remit the total proceeds of the sales (after deducting any applicable fees, reasonable brokerage or other selling costs, taxes and charges) (**Total Cash Proceeds**) to SNC, who will pay, or procure the payment, to each Ineligible Noteholder, the proportion of the Total Cash Proceeds to which they are entitled under the Proposed Restructure (**Sale Proceeds**).

Each Ineligible Noteholder's Sale Proceeds will be calculated using the following formula:

$$A = (B \div C) \times D$$

where:

A = the Ineligible Noteholder's Sale Proceeds;

B = the number of Ineligible Notes that the Ineligible Noteholder held on the Record Date;

C = the total number of Ineligible Notes held by all Ineligible Noteholders on the Record Date; and

D = the Total Cash Proceeds (as defined above).

As soon as reasonably practicable and in any event within 30 Business Days of the Implementation Date, the Sale Proceeds will be paid to each Ineligible Noteholder in Australian dollars either by electronic funds transfer to the bank account as noted on MVT's Note Register on the Record Date or by cheque drawn on an Australian bank. Cheques and direct credit payment advice will be mailed, at the Ineligible Noteholder's risk, to their address as shown on MVT's Note Register on the Record Date.

The payment of the Sale Proceeds to Ineligible Noteholders satisfies in full the rights of Ineligible Noteholders under the Proposed Restructure.

The sale of the Novated Notes by the Nominee will be at the risk of the Ineligible Noteholders. MVT, SNC, the Note Trustee and the Nominee give no assurance as to the Sale Proceeds and expressly disclaim any fiduciary duties to any Ineligible Noteholders which may arise in connection with the sale of the Novated Notes.

Any overseas bank charges including fees and costs in respect of processing cheques drawn on an Australian bank or currency conversion, will be charged to the applicable Ineligible Noteholder and will reduce their Sale Proceeds.

3.5 WHAT WARRANTIES AND CONSENT WILL NOTEHOLDERS PROVIDE?

As noted above, if the Proposed Restructure is approved at the Noteholder Meeting, on the Effective Date (expected to be 7 August 2023) the Trust Deed will be amended to include the Restructure Clause.

This Section 3.5 summarises the appointments, warranties and consents provided by Noteholders pursuant to the Restructure Clause.

(a) Attorney

On the Effective Date, each Noteholder, without the need for any further act, irrevocably appoints MVT and each of its directors and officers (jointly and each of them severally) as its attorney and agent for the purposes executing any document or doing any other act necessary, expedient or incidental to give full effect to the Proposed Restructure. This includes executing instruments of transfer and communicating to SNC the Noteholders various consents and notifications provided in relation to its Notes.

(b) **Warranties by Noteholders**

On the Effective Date, each Participating Noteholder is deemed to have warranted to MVT, SNC and the Note Trustee that:

- they agree and acknowledge that the Proposed Restructure binds MVT and all Noteholders (including those who do not attend the Noteholder Meeting or those who do not vote, or vote against this Proposed Restructure, at the Noteholder Meeting);
- all their MVT Notes (including any rights and entitlements attaching to them) will, at the Record Date, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal, equitable or otherwise and restrictions on transfer of any kind, whether legal, equitable or otherwise; and
- they have full power and capacity to transfer their MVT Notes, together with any rights and entitlements attaching to those MVT Notes, as required under the Proposed Restructure;

In addition, immediately prior to implementation, each Participating Noteholder or, in respect of the Ineligible Noteholders, the Nominee, is deemed to:

- warrant that it is not illegal to make an offer or issue Novated Notes to them and they are not otherwise prohibited, by the laws of any place, from receiving Novated Notes under the Proposed Restructure; and
- consent to receiving and authorise SNC to register them as the holder(s) of Novated Notes.

(c) **Acknowledgments**

Each Participating Noteholder agrees and acknowledges that the issue of the Novated Notes or in respect of the Ineligible Noteholders, payment of the Sale Proceeds, constitutes satisfaction of all that person's entitlements in respect of the Proposed Restructure.

(d) **Noteholder instructions, notifications and elections**

To the extent permitted by law, all instructions, notifications or elections made by a Noteholder in relation to MVT or its MVT Notes, shall be deemed, from the Implementation Date, to be binding instructions, notifications or elections (as applicable) made by that Noteholder to SNC in respect of the Novated Notes provided to them under the Proposed Restructure.

Any such deemed instruction, notification or election can be revoked or amended by the Noteholder giving written notice to SNC.

If MVT is prohibited from sharing private information, such as Noteholder tax numbers, with SNC, SNC will invite Noteholders to provide the relevant information post implementation. You do not have to provide these details. However, be aware that SNC is required to deduct tax from at the maximum personal rate plus the Medicare levy if it does not hold a Noteholder's tax number it.

3.6 MATERIAL CONTRACTS

(a) **Novation and Implementation Deed**

If approved by Special Resolution, the Novation and Implementation Deed will become legally binding and the Trust Deed, including the Note Terms, will be amended and the Proposed Restructure will be implemented on the terms set out in this Booklet.

If the Proposed Restructure is approved, the Novation and Implementation Deed will be a "Transaction Document" for the purposes of the Trust Deed.

The operative provisions of the Novation and Implementation Deed are set out below.

Amendments to the Trust Deed and Note Terms

On the Effective Date, the following amendments to the Trust Deed and the Note Terms, required to implement the Proposed Restructure, will take effect:

- All references to 'MVT' (in its capacity as the Issuer) in the Trust Deed and the Note Terms will be replaced with the defined term "the Issuer" and a new definition will be inserted into both documents, defining the Issuer as "the issuer of the MVT Notes from time to time, initially being MVT." These amendments do not change the operative provisions of the Note Terms or Trust Deed. They merely clarify which provisions will be Novated².
- The Restructure Clause will be inserted into the Trust Deed as a new clause 26A. The Restructure Clause binds all Participating Noteholders, including those who do not vote, or vote against the Restructure Resolution and overrides any other provisions of the Trust Deed and Note Terms to the extent of any inconsistency.

Pursuant to the Restructure Clause:

- the Note Trustee, MVT and SNC are authorised and have the power to do all things necessary, desirable or reasonably incidental to give effect to the terms of, and the transactions contemplated by, this Booklet and the Restructure Resolution;
- MVT and SNC are authorised, and required, to implement the Proposed Restructure on the terms and in the manner contemplated by this Booklet, including as detailed in Sections 3.3 and 3.4; and
- Noteholders make the appointments and provide the acknowledgments, consents and warranties set out in Sections 3.5.

Marked up copies of the Note Terms and Trust Deed, highlighting the above amendments, are contained in Annexure A to the Novation and Implementation Deed, which can be obtained from the ASX website (www.asx.com.au).

Implementation of the Proposed Restructure

Implementation of the Proposed Restructure will occur at the Implementation Time on the Implementation Date. The Implementation Time is the time immediately after the Nominee is recorded in in the Note Register as the holder of the MVT Notes transferred from the Ineligible Noteholders (see paragraph (i) of Step 3 in Section 3.3 above).

At the Implementation Time (simultaneously):

- SNC must provide or procure the provision of the Novated Notes to each Participating Noteholder and, in respect of Ineligible Noteholders, the Nominee and undertake all other actions attributed to it, in the order and manner set out in this Booklet; and
- MVT's rights and obligations as the Issuer of the Notes will be novated to SNC, so that on and from implementation, SNC will be bound by all present and future obligations and liabilities placed on the Issuer of the Notes, as if SNC had originally been the Issuer.

On and from the Implementation Time:

- all references to "the Issuer" under the Trust Deed will be read as references to SNC in its capacity as the Issuer.
- SNC and the Note Trustee release MVT from the further performance of the Trust Deed and from all future claims in connection the MVT Notes.
- MVT and the Note Trustee (on behalf of the Noteholders) release SNC from all obligations under the Guarantee; and

² Only provisions that apply to MVT in its capacity as the Issuer will be Novated. MVT is referenced in the Trust Deed and Note Terms in difference capacities (as the Issuer and in its personal capacity, as a member of SNC's Group). These different capacities are not specified in the documents, which currently use the terms "MVT" and "the Issuer" interchangeably.

- the Note Trustee will enforce Noteholders rights against SNC (as the Issuer) pursuant to the Trust Deed.

Warranties

Under the Novation and Implementation Deed, SNC provides standard warranties in respect of its status and capacity and the Novated Notes, confirming that:

- On issue, each Novated Note will:
 - be a duly issued and fully paid Note, that is constituted by and owing under the Note Trust Deed;
 - be free from any encumbrances and interests of third parties of any kind, whether legal or otherwise, or restrictions on transfer of any kind other than as provided for in the Trust Deed;
 - rank equally in all respects with all other Novated Notes; and
 - be approved for official quotation by ASX, subject to any conditions which ASX may reasonably require and which are acceptable to both SNC and the Note Trustee, acting reasonably and promptly.
- Neither SNC nor any of its subsidiaries is affected by an insolvency event and it has the power and authority to enter into and perform its obligations in the Novation and Implementation Deed and the Trust Deed and the performance of these obligations does not breach any applicable laws

Limitation of liability and indemnities

Clause 14.1 (*Note Trustee capacity and limitation of liability*) of the Trust Deed is incorporated into the Novation and Implementation Deed (with any necessary amendments to give effect to that clause).

Under the Novation and Implementation Deed MVT and SNC provide the following indemnities:

- MVT indemnifies the Note Trustee against any losses or payable by it as a result of any suit, action, demand, cause of action or proceeding against the Note Trustee arising out of or in connection with any obligations under the Trust Deed, relating to any act or omission of MVT (in its capacity as the Issuer) at any time before the Implementation Time.
- SNC unconditionally and irrevocably indemnifies MVT against any loss incurred or payable by MVT as a result of any suit, action, demand, cause of action or proceeding against MVT arising out of or in connection with any obligations under the Trust Deed, relating to any act or omission of SNC on or after the Implementation Time.

(b) Summary of the Note Terms

The Novated Notes will be issued on the same terms as the MVT Notes. The Note Terms are summarised in this Section. Noteholders are reminded however that the operative terms of the Note Terms will not change as a result of the Proposed Restructure.

In the below summary: "Issuer" refers to "MVT" prior to implementation and "SNC" on and from implementation of the Proposed Restructure; "Notes" refers to both the MVT Notes and the Novated Notes, where the Note Terms remain the same both before and after the Proposed Restructure; "Noteholders" refers to holders of the Notes. The Note Trustee remains the same both before and after the Proposed Restructure.

Key Issue	Summary of Note Terms and Trust Deed
Notes as unsecured liabilities	The MVT Notes are, and as Novated Notes will remain, unsecured liabilities of the Issuer and will effectively rank, in an Insolvency Event (for example, if a liquidator is appointed to wind up the Issuer):

Key Issue	Summary of Note Terms and Trust Deed
	<ul style="list-style-type: none"> • behind senior debt (if any) and unsecured creditors preferred by law; • equally with other unsecured creditors of the Issuer; and • ahead of ordinary shares in the Issuer. <p>If an Insolvency Event occurs, the Note Trustee can declare that the Notes must be Redeemed for their Face Value plus any final Interest payment for the final Interest Period and may make a claim for this amount in any winding-up of the Issuer.</p> <p>However, any amount owing to Noteholders will only be paid after all amounts owing to all other creditors ranking ahead of the Noteholders have been paid.</p>
Interest Payment Dates	Interest will continue to be paid semi-annually in arrears, on 30 June and 31 December.
Interest Payments	<p>Interest will be paid to Noteholders whose details are recorded with the Registry at close of business on the record date for payment, which is the date that is eight days prior to the relevant Interest Payment Date or such other date as determined by the Issuer and communicated to the Noteholders and ASX or such other date as may be required by the ASX.</p> <p>Payments of Interest and repayment of the Face Value will be paid by electronic transfer to a bank account maintained with a financial institution nominated by the Noteholder.</p>
Repayment at the Maturity Date	<p>Subject to any early Redemption events, on the Maturity Date, you will receive:</p> <ul style="list-style-type: none"> • Face Value; plus • the final payment of Interest for the period from (and including) the preceding Interest Payment Date to (but excluding) the Maturity Date.
No right to early Redemption	Noteholders do not have a right to request that their Notes be Redeemed early for any reason.
Change of Control Event	The Issuer will have the right to fully (but not partially) Redeem all of the Notes if a Change of Control Event occurs.
Tax Event	The Issuer can elect to fully (but not partially) Redeem all of the Notes if a Tax Event occurs.
Event of Default	<p>An Event of Default will occur if:</p> <ul style="list-style-type: none"> • an Insolvency Event occurs with respect to the Issuer; • the Issuer fails to pay the Face Value or Interest on the due date for payment and has not rectified that default within 7 Business Days; • the Issuer commits a material breach of its obligations under the Transaction Documents that is remediable, and does not remedy that breach within the earlier of (A) receiving notice of that breach from the Note Trustee and (B) the Issuer becoming aware of the failure to comply; or • the Issuer commits a material breach of its obligations under the Transaction Documents and that breach cannot be remedied, and 30 Business Days have passed since the earlier of (A) receiving notice of that breach from the Note Trustee and (B) the Issuer becoming aware of the failure to comply. <p>If an Event of Default occurs and is subsisting, the Note Trustee may declare that all Notes are to be Redeemed for their Face Value</p>

Key Issue	Summary of Note Terms and Trust Deed
	<p>plus any final Interest payment for the final Interest Period and may make a claim for this amount in any winding-up of MVT.</p> <p>The Note Trustee must require all of the Notes to be fully (but not partially) Redeemed if:</p> <ul style="list-style-type: none"> • an Event of Default occurs and is subsisting; • it is so directed by Special Resolution; • it is indemnified to its reasonable satisfaction; and • it is not restricted or prohibited from taking such action by any court order or any applicable law. <p>In addition, to realise your investment, you can sell your Notes on the ASX. Even if the Notes remain Listed on the ASX, there is a risk that the liquidity of Notes may be low, and you may not be able to sell your Notes at an acceptable price or at all.</p>
Role of the Note Trustee	<p>The Note Trustee holds the rights in relation to the Notes on trust for Noteholders under the Trust Deed. In certain circumstances, the Note Trustee will act on behalf of Noteholders such as when an Event of Default occurs and is subsisting.</p> <p>The Note Trustee holds the right to enforce any obligations of the Issuer under the Note Terms and Trust Deed on trust for Noteholders.</p> <p>The Note Trustee will be entitled to take any action against the Issuer to enforce any such obligations of the Issuer, subject to the terms of those documents.</p> <p>The Note Trustee must take action to enforce the Note Terms and Trust Deed if it has been directed to do so by the required majority of Noteholders (or as the Note Terms otherwise oblige it to act) and it is indemnified to its reasonable satisfaction and is not restricted or prohibited from taking such action by any court order or any applicable law.</p> <p>Noteholders will not be entitled to take any action to enforce any right or remedy under the Note Terms or Trust Deed unless the Note Trustee fails to do so within a reasonable period after becoming required to take that action in accordance with the Trust Deed. If the Note Trustee continues to fail to act, for a period of 20 Business Days, a Noteholder may take action in its own name and not in the name of the Note Trustee.</p>
Right to enforce	<p>Unless the Note Trustee is obliged to take action to enforce the rights of the Noteholders and fails to do so within 20 Business Days, individual Noteholders are not entitled to take action to require the Redemption of their Notes.</p> <p>If any Noteholder takes any action to enforce the obligations of the Issuer under the Notes following a failure by the Note Trustee to take any action it is required to take under the Trust Deed or the Note Terms within the required time periods, then that Noteholder must take such action in its own name and not in the name of the Note Trustee.</p>
Governing law	New South Wales, Australia.

3.7 SUMMARY OF KEY RISKS

For the reasons explained in Section 2.4, the Board of MVT and SNC consider that overall risk profile of the Notes will not be adversely affected as a result of the Proposed Restructure.

This Section summarises key risks associated with Noteholders' investments. Noteholders are currently subject to these risks and will continue to be subject to these risks post implementation.

Accordingly, in this Section 3.7, the terms “Issuer” and “Notes” refer to “MVT” and “MVT Notes” prior to implementation and “SNC” and “Novated Notes” on and from implementation of the Proposed Restructure.

(a) **Risks specific to the Notes**

These risks are the same whether the Proposed Restructure is approved or not.

Noteholders are subordinated and unsecured creditors.

If MVT, or post implementation, SNC becomes insolvent, Noteholders' claims will rank after the claims of any secured creditors and creditors preferred by law.

If an Insolvency Event occurs, any amount owing to the Noteholders will only be paid after all amounts owing to all other creditors ranking ahead of Noteholders have been paid.

If, after the claims of creditors preferred by law and secured creditors are satisfied there are insufficient assets, to satisfy all unsecured creditors (including the Noteholders), there is a risk that you may lose some or all of the money you invested in Notes.

If an Insolvency Event occurs there may be competing claims between Noteholders and other unsecured creditors to recover amounts owed on the Notes.

Failure to pay Interest and/or repay the Face Value

Depending upon its performance and financial position, the Issuer may fail to pay some or all of the Interest or repayment of the Face Value on the Notes.

Section 4.7(b) outlines SNC's interest cover ratio. A low interest cover may indicate that the Issuer could face difficulties in servicing its debt if earnings decrease or interest rates on other borrowings increase and the Issuer does not have sufficient cash reserves to service its debt. SNC currently has significant dividend income and a portfolio of investments, most of which are listed, to offset its interest expense (see Section 4.7) however there is no guarantee that this will continue.

There is a risk that the Issuer's working capital, which is funded from investment income (including dividends received, interest income, the proceeds from disposal of investments, and other payments from assets held) may not be sufficient to pay Interest and/or repay the Face Value.

If the Issuer does not repay some or all of the Face Value, this means that you may lose some or all of the money you invested in the Notes.

If an Event of Default occurs and is subsisting, the Note Trustee may declare that all Notes are to be Redeemed for their Face Value plus any unpaid Interest plus any final Interest payment for the last Interest Period and may make a claim for this amount in the winding-up of the Issuer.

The Note Trustee is restricted from taking action to wind-up the Issuer under the Trust Deed.

Notes do not mature until 10 July 2026

The Notes do not mature until 10 July 2026, approximately 3 years after the proposed Implementation Date. As a result, there is a risk that you will not receive repayment of the Face Value on or before 10 July 2026, and there is also a risk that the business, financial position and financial performance of the Issuer will change significantly over this period.

Breach of Trust Deed not always an Event of Default

The Issuer has given undertakings to the Note Trustee under the Trust Deed. These include obligations imposed by Chapter 2L of the Corporations Act. A failure to comply with these obligations (such as a material breach of the Trust Deed) may fall within the definition of Event of Default, entitling the Note Trustee to require early Redemption of the Notes.

If the Issuer fails to comply with its obligations under the Trust Deed, the rights of the Note Trustee are limited to contractual rights and rights at common law and in equity. These rights include the right to seek to recover damages suffered by Noteholders as a result of any breach and may in some circumstances include the ability to seek an order for specific performance of the obligations of the Issuer under the Trust Deed.

(b) **General Risks**

These risks are also the same whether the Proposed Restructure is approved or not.

The success and profitability of the Issuer in part depends upon the ability of the Manager to make investments that increase in value over time. There is no guarantee that the Manager will achieve any particular investment return or that the future performance of the Issuer will match or exceed its past performance. Should the Manager become unable to perform investment management services or there are significant changes in key personnel, the Issuer's investment activities may be disrupted and its performance negatively impacted.

The performance of the Issuer is subject to standard market, macroeconomic, regulatory risks.

The Notes are/will be quoted on ASX. All securities quoted on ASX are subject to market and liquidity risks. Prices may fluctuate and under perform other asset classes over time, as the performance of Notes may not be correlated with the performance of the underlying portfolio. Notes may trade at a market price below the Face Value from time to time and the market price may be more sensitive than that of equity (including shares) to changes in interest rates, credit margins and other market prices.

The Notes pay a fixed rate of interest (4.8% per annum³). All other things being equal, there is an inverse relationship between the interest rates and value of a fixed interest investment. For example, if market interest rates increase, the value of a fixed interest rate obligation (such as the Notes) will decrease, all other things being equal. If, by contrast, interest rates fall, the value of a fixed interest obligation will rise, again, all other things being equal.

The ability of to sell securities on the ASX is a function of the turnover or liquidity of the relevant securities at the time of sale. If liquidity is low, there is a risk that, if you wish to sell your Notes prior to the Maturity Date, you may not be able to do so at the Issue Price or an acceptable price, or at all.

³ If the Group's LTA ratio exceeds 33.3% for a period of six months, the Interest Rate on the Notes increases to 6.8% for so long as the LTA exceeds 33.3%. See Section 4.8 for details.

4. FINANCIAL INFORMATION

4.1 OVERVIEW

The financial information presented in this Section (**Financial Information**) comprises:

- the historical consolidated statements of financial position and cashflow for the years ended 30 June 2021, 30 June 2022 and the half year ended 31 December 2022 for MVT (as set out in Section 4.3) and for SNC (as set out in Section 4.4).
- the pro-forma historical consolidated statement of financial position for SNC as at 31 December 2022 (as set out in Section 4.5) (**Pro Forma Historical Financial Information**).

This Section also contains a discussion and analysis in respect of key financial and operation metrics of the Group, relative to MVT.

The information in this Section should also be read in conjunction with other information contained in this Booklet. No forecast financial information has been provided for SNC or the Group. Historical results do not guarantee future performance.

Some numerical tables have been subject to rounding adjustments. Any differences between totals and sums of components in tables contained in Booklet are due to rounding.

4.2 BASIS OF PREPARATION

The historical Financial Information included in this Booklet is intended to present investors with information to assist them in understanding the historical financial position and cash flows of MVT and its controlled entities, relative to those of the Group (as shown in SNC's financial information).

The historical Financial Information has been extracted from the audited (or reviewed) general purpose consolidated financial statements of MVT and SNC (as applicable). You can obtain a copy of the complete financial information in the annual reports issued by SNC and MVT for each of these periods, from the ASX website at www.asx.com.au. The financial statements summarised in this Section were audited or reviewed by Grant Thornton in accordance with Australian Auditing Standards. In each case, Grant Thornton issued an unmodified opinion for each of the specified periods.

The Pro Forma Historical Financial Information has been derived from the historical consolidated balance sheet and includes adjustments, as described in Section 4.5 of the Booklet.

The Pro Forma Historical Consolidated Statement of Financial Position does not reflect the actual statement of financial position of the Group as at 31 December 2022. The Financial Information is in abbreviated form as it does not contain all the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to an annual financial report prepared in accordance with the Corporations Act.

4.3 MVT'S HISTORICAL FINANCIAL INFORMATION

(a) Historical Consolidated Statements of Financial Position

The table below sets out the Historical Statement of Financial Position of MVT as at 30 June 2021, 30 June 2022 and 31 December 2022.

	December 2022	June 2022 (Restated)	June 2021
MVT	\$	\$	\$
Assets			
Current Assets			
Cash and cash equivalents	4,820,187	4,431,687	20,883,256
Trade and other receivables	39,649	232,914	105,386
Net loans and advances	3,146,000	3,146,000	3,146,000
Financial assets at fair value through profit or loss	26,289,561	26,119,395	35,353,538
Loan to parent entity	29,710,325	31,033,637	24,767,467

MVT	December 2022	June 2022 (Restated)	June 2021
	\$	\$	\$
Intercompany tax receivable from parent	1,841,908	1,914,017	181,464
Other current assets	27,607	23,107	88,495
Current tax receivable	-	-	2,894
Total Current Assets	65,875,237	66,900,757	84,528,500
Non-Current Assts			
Financial assets at fair value through other comprehensive income	23,483,738	21,499,330	22,377,184
Property, plant & equipment	69,872	82,173	102,934
Right-of-use-assets	97,145	191,980	379,283
Deferred tax assets	28,860	-	127,771
Total Non-Current Assets	23,679,615	21,773,483	22,987,172
Total Assets	89,554,852	88,674,240	107,515,672
Liabilities			
Current Liabilities			
Trade and other payables	866,484	2,011,145	4,066,833
Unsecured notes	-	-	8,250,900
Current lease liability	68,061	147,262	181,051
Current tax liability	133,442	129,203	-
Total Current Liabilities	1,067,987	2,287,610	12,498,784
Non-Current Liabilities			
Unsecured notes	28,658,744	28,601,736	14,057,800
Unissued unsecured notes	-	-	14,440,921
Lease liability	54,171	63,426	200,329
Deferred tax liability	702,249	245,773	1,932,628
Total Non-Current Liabilities	29,415,164	28,910,935	30,631,678
Total Liabilities	30,483,151	31,198,545	43,130,462
Net Assets	59,071,701	57,475,695	64,385,210
Equity			
Issued Capital	28,834,628	28,834,628	28,834,628
Accumulated losses	(14,453,025)	(15,489,573)	(10,248,729)
Reserves	44,460,765	43,397,388	44,963,754
Members' interests	58,842,368	56,742,443	63,549,653
Non-controlling interest	229,333	733,252	835,557
Total Equity	59,071,701	57,475,695	64,385,210

(b) **Historical statements of cash flows**

The table below sets out the summary Historical Statement of Cash Flows of MVT for the years ended 30 June 2021, 30 June 2022 and half year ended 31 December 2022.

MVT	December 2022	June 2022	June 2021
	\$	\$	\$
Cash Flows from Operating Activities			
Dividends, distributions and other investment income received	1,473,082	3,335,291	1,916,982
Other payments in the course of ordinary operations	(2,179,444)	(4,256,373)	(1,461,233)
Payment for trading securities	-	(141,935)	(280,000)
Proceeds from sale of trading securities	266,165	1,555,136	1,521,890
Interest received	9,841	298,452	77,415
Income tax paid	(16,245)	(340,711)	-
Net Cash used in by Operating Activities	(446,601)	449,860	1,775,054
Cash Flows from Investing Activities			
Proceeds from disposal of financial assets	-	-	3,083,900
Payments for financial assets	(382,057)	(1,820,365)	(466,463)
Funding to Parent Entity	-	(6,266,170)	(9,437,467)
Funding from Parent Entity	2,605,000	-	-
Payment for property, plant and equipment	(19,765)	(37,712)	-
Proceeds from return of capital	-	896,677	6,837,178
Net Cash provided by/ (used in) Investing Activities	2,203,178	(7,227,570)	17,148
Cash Flows from Financing Activities			
Repayment to Noteholders	-	(8,250,900)	-
Transaction with non-controlling interests	(474,544)	-	-
Interest Payments on MVT Notes	(703,119)	(1,335,318)	(1,783,738)
Rental lease payments	-	(170,692)	-
Proceeds from unissued notes	-	-	15,000,000
Net Cash used in Financing Activities	(1,177,663)	(9,756,910)	13,216,262
Net Increase/ (Decrease) in Cash and Cash Equivalents held	578,914	(16,534,620)	15,008,464
Effects of exchange rate changes on cash and cash equivalents	(190,414)	83,051	835,308
Cash and Cash Equivalents at the beginning of Financial Year	4,431,687	20,883,256	5,039,484
Cash and Cash Equivalents at end of the half-year	4,820,187	4,431,687	20,883,256

4.4 SNC'S HISTORICAL FINANCIAL INFORMATION

(a) Historical Consolidated Statements of Financial Position

The table below sets out the Historical Consolidated Statement of Financial Position of SNC as 30 June 2021, 30 June 2022 and 31 December 2022.

SNC	December 2022 \$	June 2022 (Restated) \$	June 2021 \$
Assets			
Cash and cash equivalents	180,470	520,517	2,182,981
Trade and other receivables	231,854	324,199	680,111
Prepayments	51,039	76,511	90,211
Financial assets at fair value through profit/loss	136,841,755	141,350,494	156,153,514
Deferred tax assets	3,163,870	1,853,221	782,950
Total Assets	140,468,988	144,124,942	159,889,767
Liabilities			
Trade and other payables	2,173,770	3,563,734	35,216,483
Financial liabilities	1,201,733	-	-
Financial liabilities at amortised costs	31,041,174	31,033,637	-
Deferred tax liabilities	14,479	32,480	7,682,358
Total Liabilities	34,431,156	34,629,851	42,898,841
Net assets	106,037,832	109,495,091	116,990,926
Equity			
Issued capital	131,109,266	130,013,405	105,111,400
Profit reserve	37,149,574	35,939,237	31,136,296
Accumulated losses	(62,221,008)	(56,457,551)	(19,256,770)
Total Equity	106,037,832	109,495,091	116,990,926

(b) **Historical statements of cash flows**

The table below sets out the summary Historical Consolidated Statement of Cash Flows for the years ended 30 June 2021, 30 June 2022 and half year ended 31 December 2022.

	December 2022	June 2022 (Restated)	June 2021
	\$	\$	\$
Cash flows from operating activities			
Proceeds from sale of investments	12,705,983	18,187,048	13,514,289
Payments for investments	(8,448,258)	(32,689,551)	(19,087,182)
Dividends and capital return received	1,831,991	2,603,227	1,722,628
Interest received	29,346	6,628	1,900
Other income received	-	1,373	27,914
Income tax payments	-	-	2,082
Management fees (GST inclusive)	(1,469,231)	(1,629,532)	(1,584,838)
Performance fee (GST inclusive)	-	(9,349,596)	-
Brokerage expense (GST inclusive)	(46,612)	(107,589)	(177,334)
Payment of other operating expenses (GST inclusive)	(1,031,449)	(1,153,185)	(131,945)
Net cash inflow/(outflow) from operating activities	3,571,770	(24,131,177)	(5,712,486)
Cash flows from financing activities			
Proceeds from issue of new shares	-	22,397,604	-
Dividends paid net of re-investment	(2,637,666)	(6,195,061)	(3,644,650)
(Repayment of loan with subsidiary)/loan received from subsidiary	(2,605,000)	6,266,170	9,437,467
Net cash (outflow)/inflow by financing activities	(5,242,666)	22,468,713	5,792,817
Net (decrease)/increase in cash and cash equivalents	(1,670,896)	(1,662,464)	80,331
Cash and cash equivalents at the beginning of the year	520,517	2,182,981	2,102,650
Cash and cash equivalents at end of the period	(1,150,379)	520,517	2,182,981

4.5 PRO FORMA HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table below sets out the Pro Forma Historical Consolidated Statement of Financial Position of the Group (including MVT) as at 31 December 2022, as if the Proposed Restructure had occurred, all intercompany loans in relation to the Notes had been repaid and all assets and liabilities of MVT had been transferred to SNC as at 31 December 2022. A number of eliminations are made to ensure no double counting (see below for details).

The Pro Forma Historical Consolidated Statement of Financial Position is provided for illustrative purposes. It does not take account of transaction costs or events occurring after 31 December 2022.

The Pro Forma Historical Consolidated Statement of Financial Position does not reflect the actual position and balances as at the date of this Booklet nor does it represent what the actual balances will be at the conclusion of the Proposed Restructure.

See "**How to read the proforma**" (below the table) for details regarding the preparation of the Pro Forma Historical Consolidated Statement of Financial Position, including the Notes referenced in the below table.

		SNC December 2022 \$	MVT December 2022 \$	Reclassifications & Eliminations December 2022 \$	Pro Forma December 2022 \$
	Notes				
Assets					
Current Assets					
Cash and cash equivalents		180,470	4,820,187	-	5,000,657
Trade and other receivables		231,854	39,649	-	271,503
Prepayments and other current assets		51,039	27,607	-	78,646
Net loans and advances			3,146,000	-	3,146,000
Financial assets at fair value through profit/loss	1	78,016,115	26,289,561	23,483,738	127,789,414
Financial assets at fair value through profit/loss (investment in MVT)	2	58,825,640	-	(58,825,640)	-
Loan to parent entity	3	-	29,710,325	(29,710,325)	-
Deferred tax assets		3,163,870	-	-	3,163,870
Intercompany tax receivable from parent	3	-	1,841,908	(1,841,908)	-
Total Current Assets		140,468,988	65,875,237	(66,894,135)	139,450,090
Non-Current Assets					
Financial assets at fair value through other comprehensive income	1	-	23,483,738	(23,483,738)	-
Other non-current assets		-	167,017	-	167,017
Deferred tax assets		-	28,860	-	28,860
Total Non-Current Assets		-	23,679,615	(23,483,738)	195,877
Total Assets		140,468,988	89,554,852	(90,377,873)	139,645,967
Liabilities					
Current Liabilities					
Trade and other payables		331,862	866,484	-	1,198,346
Intercompany tax payable to MVT	3	1,841,908	-	(1,841,908)	-
Financial liabilities		1,201,733	-	-	1,201,733
Financial liabilities at amortised costs (loan payable to MVT)	3	29,710,325	-	(29,710,325)	-
Financial liabilities at amortised costs (prime broker loan)		1,330,849	-	-	1,330,849
Current tax liability		-	133,442	-	133,442
Deferred tax liabilities		14,479	-	-	14,479
Lease liability		-	68,061	-	68,061
Total Current Liabilities		34,431,156	1,067,987	(31,552,233)	3,946,910

	Notes	SNC December 2022 \$	MVT December 2022 \$	Reclassifications & Eliminations December 2022 \$	Pro Forma December 2022 \$
Non-Current Liabilities					
Unsecured notes (non-current)		-	28,658,744	-	28,658,744
Lease liability		-	54,171	-	54,171
Deferred tax liabilities		-	702,249	-	702,249
Total Non-Current Liabilities		-	29,415,164	-	29,415,164
Total Liabilities		34,431,156	30,483,151	(31,552,233)	33,362,074
Net Assets	5	106,037,832	59,071,701	(58,825,640)	106,283,893
Equity					
Issued Capital		131,109,266	28,834,628	(28,834,628)	131,109,266
Profits reserve		37,149,574	-	-	37,149,574
Reserves		-	44,460,765	(44,460,765)	-
Accumulated profits/(losses)		(62,221,008)	(14,453,025)	14,469,753	(62,204,280)
Non-controlling interests	4	-	229,333	-	229,333
Total Equity	5	106,037,832	59,071,701	(58,825,640)	106,283,893

How to read the proforma:

- A. The columns headed "**SNC December 2022**" and "**MVT December 2022**" are based on the audit reviewed consolidated statements of financial position for the half year ended 31 December 2022 issued by SNC and MVT respectively.
- B. The column headed "**Pro forma December 2022**" is the consolidated statements of financial position for the half year ended 31 December 2022 issued by SNC (detailed in "**SNC December 2022**") adjusted as if the Proposed Restructure had been implemented and MVT's assets and liabilities (as detailed in "MVT December 2022") had been transferred to SNC, as at 31 December 2022. See paragraphs C and E below for further details of eliminations and adjustments made in the "**Pro Forma December 2022**".
- C. The column headed "**Reclassifications & Eliminations**" shows the reclassifications and eliminations required to transfer MVT's assets and liabilities to SNC as at 31 December 2022, without double counting. Reclassification and eliminations include:
- reclassification of the value of non-current financial assets in "MVT December 2022", which are transferred to SNC as current financial assets (see **Note 1** above and paragraph E below);
 - elimination of the value of SNC's investment in MVT as at 31 December 2022 (see **Note 2** above); and
 - elimination of intercompany loans as at 31 December 2022 (see **Note 3** above and paragraph E below).

No adjustments are made in "**Pro Forma December 2022**" in respect of transaction costs associated with the Proposed Novation.

- D. The non-controlling interests (see **Note 4**), representing the minorities of ASK Funding Limited (**ASK**), currently an MVT subsidiary. ASK became a wholly owned on 25 January 2023. The Pro Forma Historical Consolidated Statement of Financial Position of the Group assumes that ASK became a wholly owned subsidiary of SNC as at 31 December 2022.
- E. SNC is an investment entity under the Australian Accounting Standards and as an investment entity it does not consolidate its subsidiary when it obtains control of another entity. Therefore, SNC recognises its investment in MVT at fair value through profit or loss as shown in the historical Statement of Financial Position. For illustration purposes, the "**Pro forma December 2022**" has been prepared as if SNC and MVT were combined or consolidated entities, i.e., adding their assets and liabilities and eliminating any intercompany balances. Hence the total assets or liabilities in the pro-forma may differ slightly from the SNC's historical Statement of Financial Position. The total net assets of SNC (see **Note 5**) however will be the same apart from the recognition of the non-controlling interest in ASK and MVT selling costs which are adjustments made when MVT investment is recognised at fair value through profit or loss.

4.6 CASH FLOW PROFILE AND COMMENTARY

The consolidated cash flow statements set out in Sections 4.3(b) and 4.4(b) illustrate the historical cash flow for MVT and the consolidated Group respectively.

Cash flow from investment income is unpredictable as to both amount and timing. Investment income and/or operating losses can result from movements in the market value investments in listed securities, interest, dividends and other income received during the year, as well as gains on disposal of assets and/or short-term trading.

As at 31 December 2022, on a standalone basis 99% of SNC's investments (excluding investments held via MVT and its controlled entities) were equity positions traded in active markets (i.e., listed public exchanges). The total value of those investments, as at 31 December 2022, was \$76,127,648. As a consolidated Group (inclusive of investments held via MVT and its controlled entities), 91% of SNC's investments were equity positions traded in active markets, with an aggregate value (as at 31 December 2022) of \$115,274,408.

This can be compared to MVT (and its controlled entities) on a standalone basis. As at 31 December 2022, 79% of MVT investments were equity positions that are traded in active markets (listed public exchanges). The total value of those investments as at 31 December 2022 was \$39,146,760.

Both SNC's and MVT's investment portfolios are dynamic and will continue to change before obligations to repay the Notes fall due. Neither company can guarantee capital gains on portfolio assets or indeed any other form of investment income. That income is subject to a wide range of variables relating to the underlying investments, making this aspect of both entity's cash flow irregular and inconsistent. Following implementation of the Proposed Restructure, the portfolio of investments directly held by MVT will be transferred to SNC. The increased size of SNC's asset pool will help mitigate this risk.

Following implementation, the SNC Board will have ongoing regard to SNC's obligations under the Note Terms when making investment decisions. The SNC Board will also continue to monitor working capital levels closely to ensure the Group is appropriately resourced.

4.7 COMPARATIVE FINANCIAL RATIOS

To assist Noteholders to understand the financial position and performance of SNC (relative to MVT), the following disclosure regarding certain financial ratios has been included.

These ratios are calculated based on:

- MVT and SNC's auditor reviewed statements of financial position as at 31 December 2022;
- the unaudited Pro Forma Consolidated Statement of Financial Position, incorporating the impact of the Proposed Restructure (see Section 4.5).

Ratios have been provided for the purposes of this Booklet only and will not be specified in the financial statements reported by SNC. This information is provided for illustrative purposes only and is not represented as being indicative of the future performance of the Group.

	MVT Financial Information as at 31 December 2022	SNC Financial Information as at 31 December 2022	SNC Pro forma Financial Information
Gearing ratio	0.52	0.32	0.31
Dividend income (1)	\$345,703	\$1,687,357	\$2,033,060
Notes interest (2)	\$703,119	N/A	\$703,119
Interest coverage ratio (1)÷(2)	0.49 times	N/A	2.89 times

(a) **Gearing and leverage ratios**

The gearing ratio indicates the extent to which the assets are funded by debt. Generally, a higher ratio indicates greater use of borrowings. The gearing ratio has been calculated using the following formula:

$$\text{Gearing ratio} = \frac{\text{Total liabilities}}{\text{Total equity}}$$

The Manager regularly monitors borrowings within the Group and will adjust ratios as it sees appropriate in light of circumstances and market conditions.

The Group adopts a disciplined approach to borrowing. SNC has a prime broking facility which allows it to borrow (either in cash or shares to short sell). At the Last Practicable Date, the prime broking facility was drawn to \$2.3 million. As at the date of this Booklet, other than the Notes and the prime broking facility, neither MVT nor SNC has any other debt outstanding.

(b) **Interest cover calculations**

Interest cover gives an indication a company's ability to meet its interest payments from potentially recurrent earnings. As an investment company, SNC considers its dividend income as the most appropriate measure of potentially recurrent earnings. It therefore provides important information about financial sustainability and the risks associated with the level of borrowings.

An "EBITDA" figure is often used to calculate interest cover, as it seeks to provide a measure of "earnings" available for debt servicing. EBITDA is not considered an appropriate measure to use for an investment company as it includes any realised and unrealised gains and losses. SNC and MVT believe a more appropriate measure is to use their respective dividend income. Given no proceeds will be raised under the Proposed Restructure, the dividend figures used to calculate the interest cover ratios are historic.

A low interest cover may indicate that a company could face difficulties in servicing its debt if earnings decrease or interest rates increase and the company does not have access to sufficient cash reserves to service that debt.

Interest Cover – Dividend Cover Ratio

The interest cover – Dividend cover ratio is:

$$\text{Interest Cover} = \frac{\text{Dividend income}}{\text{Net interest expense}}$$

The Group's portfolio includes a number of investments that pay dividends (which can be used to service the interest on debt). Post implementation, dividend and interest paying investments directly held by MVT will be transferred to SNC.

The Group has a dynamic and broad investment mandate and past performance is not a reliable indicator of future performance. In particular, the dividend income for MVT or SNC the half year ended 31 December 2022 may not be indicative of a sustainable level of dividend income.

The Manager has regard to the obligation to service the Group's debt (including making payments under the Note Terms) when making investment decisions.

4.8 FINANCIAL COMMENTARY

(a) **Existing debt facilities**

SNC has a prime broking facility in place. Assets that are held in the prime broking facility are subject to a first ranking security.

SNC, from time to time, transfers and pledges certain investments it owns to this prime broking facility. This allows it to use these investments as collateral against which it can borrow, either cash or shares (in the case it wants to short sell shares).

As at the Last Practicable Date, the amount outstanding under this facility was \$2.3 million (however this amount can change at any time).

The prime broking facility is managed having regard to the Group's overall capital requirements and leverage limits.

The Group has a self-imposed limit on the amount it borrows (including in respect of the Notes). This limit is a loan-to-assets (**LTA**) ratio of 33.3%. The ratio as at the Last Practicable Date (including the Notes) is approximately 18%.

If the LTA exceeds 33.3% for a period of six months, the Interest Rate on the Notes increases to 6.8% for so long as the LTA exceeds 33.3%.

The Group's LTA ratio is included in SNC's monthly NTA announcement published via the ASX announcement's platform.

(b) **Commitments and Contingencies**

The Note Terms were amended, effective 23 June 2021, with Noteholder approval. At that date, SNC executed a deed poll in favour of MVT and the Noteholders guaranteeing MVT's payment obligations under the Note Terms (as amended) (referred to elsewhere in this Booklet as the "**Guarantee**"). The Guarantee has been accounted for as a financial guarantee contract by SNC.

To date, no actual liability has been recorded in the statement of financial position in relation to the Guarantee as SNC has not been notified, nor is it aware of, any actual obligation to settle any amounts under the Guarantee. The impact of the Notes on SNC's accounts is set out in the pro forma balance sheet in Section 4.5. The Guarantee is assessed twice a year to determine whether any liability should be reported in the SNC half year and full year financial statements. To date, the value of the Guarantee has not been material. This will be valued again for SNC's full year accounts.

(c) **Dividend policy**

The payment of a dividend by SNC is at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of SNC, future capital requirements and general business and other factors considered relevant by the Directors.

It is not possible to reliably forecast the quantum of dividends to be paid in future periods. The Novated Notes do not carry a right to receive dividends paid by SNC.

(d) **Hypothetical default scenario**

The cash flow commentary in Section 4.6 and the Pro Forma Historical Consolidated Statement of Financial Position in Section 4.5 illustrate that if an Event of Default occurred and the Notes were Redeemed as at 31 December 2022, the value of assets immediately available to SNC that could have been applied to satisfy the Redemption, exceeded that of MVT.

5. ADDITIONAL INFORMATION

5.1 INTERESTS AND VOTING

The Directors of SNC and MVT as at the date of this Booklet are set out below:

Director	Position	No. of Notes held/controlled (each at Face Value of \$100)
Gabriel Radzynski	Non-Executive Chairman	500
Jacqui Sullivan	Independent Non-Executive Director	Nil
Peter Velez	Independent Non-Executive Director	Nil

Profiles of each the directors can be found in SNC's 2022 Annual Report which is available on ASX's website.

5.2 SNC'S INTERESTS AND VOTING

As at the date of this Booklet, SNC held no MVT Notes.

5.3 RELATED PARTY INFORMATION AND MATERIAL CONTRACTS

The Manager has been appointed to manage the Group. A Director of SNC and MVT, Gabriel Radzynski, is also a director of the Manager. The Manager is permitted to undertake investments that fall within the Group's investment strategy without Board approval.

Investments outside the Group's investment strategy can only be made with approval from the Board.

The Manager is entitled to be paid (by SNC) a monthly management fee equal to 0.1042% (exclusive of GST) of the gross value of the Group's portfolio calculated on the last business day of each month. This management fee equates to 1.25% per annum (exclusive of GST). In the financial year ended 30 June 2022, management fees totalled \$2,334,945 (2021: \$1,775,673).

The Manager is also entitled to receive a performance fee (paid by SNC) calculated as a percentage of the increase in the value of the Group's portfolio for each performance period. The performance fee is equal to 20% (exclusive of GST) of the amount (if any) of portfolio over-performance (amount by which the increase in the value of the portfolio exceeds the benchmark performance) during the performance calculation period. The benchmark performance is calculated by reference to the 1-month Bank Bill Swap Rate. In the financial year ended 30 June 2022, performance fees totalled \$1,473 (2021: \$9,349,596).

5.4 NO UNACCEPTABLE CIRCUMSTANCES

The Directors believe that the Proposed Restructure does not involve any circumstances in relation to the affairs of MVT that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

5.5 NO LITIGATION

At the Last Practicable Date, neither MVT nor SNC is involved in any legal disputes and is not a party to any litigation.

5.6 OTHER MATERIAL INFORMATION

Except as set out in this Booklet, there is no other information material to the making of a decision in relation to the Proposed Restructure being information that is within the knowledge of any of the Directors, or any director of any related body corporate of MVT, which has not previously been disclosed to Noteholders.

5.7 FURTHER INFORMATION

Both MVT and SNC are subject to regular reporting and disclosure obligations under the Listing Rules and Corporations Act. Copies of documents lodged with ASIC in relation to SNC or MVT may be obtained from, or inspected at, an ASIC office.

Each recipient of this Booklet has a right to obtain a copy of:

- the Annual Report for the financial year ended 30 June 2022 issued by MVT and SNC (being the annual financial reports most recently lodged with ASIC by SNC and MVT);
- the half year financial reports for the six months ended 31 December 2022 (lodged with the ASX by SNC and MVT on 24 February 2023); and
- all continuous disclosure notices used to notify the ASX of information relating to SNC or MVT after the lodgement of the latest annual financial report and the Last Practicable Date. The documents listed in ANNEXURE A to this Booklet were lodged by the Group with the ASX during this period.

Recipients of this Booklet can request copy of any of these documents free of charge. The contact for this purpose is Mark Licciardo who can be contacted on (03) 8689 9997 or by email at m.licciardo@acclimate.com.

6. GLOSSARY OF TERMS

6.1 DEFINITIONS

In this Booklet (including the annexures), unless the context requires otherwise:

Term	Meaning
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market operated by it.
ASX Listing Rules	means the listing rules of the ASX.
ASX Settlement Operating Rules	means the settlement operating rules of the ASX.
Australian Accounting Standards	means the accounting standards promulgated by the Australian Accounting Standards Board.
Booklet	means this document.
Business Day	means a weekday on which trading banks are open for business in Sydney, Australia, excluding any Saturday, Sunday or public holiday.
Change of Control Event	means an event that is a 'Change of Control' as defined in the Note Terms and includes where: <ul style="list-style-type: none"> the Issuer becomes controlled by another entity; a person's voting power in the Issuer increases above 50%; or the Issuer's shares cease to be listed on the ASX.
CHESS	means the Clearing House Electronic Subregister System for the electronic transfer of securities and other financial products operated by ASX Settlement Pty Ltd (ACN 008 504 532).
Corporations Act	means the Corporations Act 2001 (Cth).
Directors	means the directors of MVT.
Effective Date	means the date the Novation and Implementation Deed becomes legally effective, amending the Trust Deed and Note Terms as summarised in Section 3.6(a), expected to be 7 August 2023 (subject and conditional on the Restructure Resolution being passed).
Event of Default	<p>An Event of Default will occur if:</p> <ul style="list-style-type: none"> an Insolvency Event occurs with respect to the Issuer; the Issuer fails to pay the Face Value or Interest on the due date for payment and has not rectified that default within 7 Business Days; the Issuer commits a material breach of its obligations under the Transaction Documents that is remediable, and does not remedy that breach within the earlier of (A) receiving notice of that breach from the Note Trustee and (B) the Issuer becoming aware of the failure to comply; or the Issuer commits a material breach of its obligations under the Transaction Documents and that breach cannot be remedied, and 30 Business Days have passed since the earlier of (A) receiving notice of that breach from the Note Trustee and (B) the Issuer becoming aware of the failure to comply. <p>If an Event of Default occurs and is subsisting, the Note Trustee may declare that all Notes are to be Redeemed for their Face Value plus any final Interest payment for the final Interest Period and may make a claim for this amount in any winding-up of the Issuer.</p>
Face Value	means the amount outstanding on each Note, initially being \$100 per Note and as reduced by any repayments from time to time.
Guarantee	means the guarantee provided by SNC in favour of the MVT and the Noteholders dated 24 June 2021.

Term	Meaning
Group	means SNC, MVT and their controlled entities.
implementation	means implementation of the Proposed Restructure, via the Novation becoming effective and completion of all other actions required to be taken at the Implementation Time (detailed in Step 3 of Section 3.3 of this Booklet). References to ' implement ', ' implemented ', ' implementing ' or ' implementation ' of the Proposed Restructure have a corresponding meaning.
Implementation Date	means the on which the Proposed Restructure is implemented, is expected to be 10 August 2023.
Implementation Time	means the time on the Implementation Date when the Novation occurs and Novated Notes are issued, being immediately after the Nominee is recorded in in the Note Register as the holder of the MVT Notes transferred by the Ineligible Noteholders (see Step 3 on the Implementation Date).
Ineligible Noteholder	means a Participating Noteholder who on the Record Date has a registered address which is outside Australia and its external territories, and who SNC determines, in its absolute discretion, is ineligible because either: <ul style="list-style-type: none"> • SNC is not satisfied that the Novated Notes can be offered or issued to that Participating Noteholder lawfully; or • it would be unduly onerous or impracticable for that Participating Noteholder to receive Novated Notes.
Ineligible Notes	means the Novated Notes issued to the Nominee at implementation, being Novated Notes to which the Ineligible Noteholders would otherwise have been entitled (if they were a Participating Noteholder who was not an Ineligible Holder).
Insolvency Event	is defined in the Note Terms means in relation to an entity: <ul style="list-style-type: none"> • members of the Issuer pass an effective resolution for the winding up of the Issuer; • a liquidator or provisional liquidator of the Issuer is made or appointed or an application is made for the appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 10 Business Days; • a court makes an order to wind up the Issuer (other than to affect a solvent reconstruction); • an administrator of the Issuer is appointed under Sections 436A, 436B or 436C of the Corporations Act; • a receiver or receiver or manager is appointed over the assets of the Issuer.
Interest	means interest payable on each Note under clause 5.1 of the Note Terms.
Interest Payment Date	means 30 June and 31 December each year until all the Notes have been Redeemed. If any of these schedule dates is not a Business Day, then the payment will be made on the next Business Day, unless the schedule date is 30 June in which case the payment will be made on the immediately preceded Business Day. If a payment is postponed until the next Business Day, or brought forward to the preceding Business Day, there is no adjustment to the amount of Interest payable.
Interest Period	is defined in clause 5.2 of the Note Terms and means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However: <ul style="list-style-type: none"> • an Interest Period ending on 30 June in any year ends on (and includes) 30 June; • any Interest Period commencing on 30 June in any year commences on (but excludes) 30 June; and • the final Interest Period ends (but excludes) the date on which the Redemption occur.
Issuer	means the issuer of the Notes at the relevant time, being MVT as at the date of this Booklet, or SNC, from the Implementation Date.
Last Practicable Date	means 28 June 2023.

Term	Meaning
Manager	means Sandon Capital Pty Ltd (ACN 130 853 691).
Maturity Date	means 10 July 2026.
MVT	means Mercantile Investment Company Ltd (ACN 121 415 576).
MVT Note	means an unsecured debt obligation issued by MVT which is constituted by and is owing under the Trust Deed, the details of which are recorded in, or evidenced by, entry in the Note Register.
Nominee	means the agent appointed by SNC to sell the Novated Notes that are attributable to Ineligible Noteholders under the terms of the Proposed Restructure.
Note	means: <ul style="list-style-type: none"> • a MVT Note; or • a Novated Note, as the context requires.
Noteholder	means a person who is registered in the Note Register as the holder of Notes.
Noteholder Meeting	means the meeting of Noteholders to be convened to consider the Restructure Resolution at 11.00am (Sydney time) on 7 August 2023.
Note Terms	means the terms and conditions of the Notes, contained in Schedule 1 of the Trust Deed (as amended from time to time).
Note Trustee	means the trustee pursuant to the Trust Deed, currently being Certane CT Pty Ltd (ACN 106 424 088).
Note Register	means: <ul style="list-style-type: none"> • the register of MVT Notes maintained by MVT in accordance with the Corporations Act; or • the register of Novated Notes maintained by SNC in accordance with the Corporations Act, as the context requires.
Novation and Implementation Deed	means the deed between MVT, SNC and the Note Trustee the Trust Deed and Note Terms will be amended and Novated and the Proposed Restructure will be implemented, the key terms of which are summarised in Section 3.6(a).
Novated Note	means the unsecured debt obligation, denominated in Australian dollars, constituted by and is owing under the Trust Deed (as Novated to SNC) the details of which are recorded in, or evidenced by, entry into the Note Register maintained by SNC (as the Issuer) but excluding any such notes which at the relevant time have been redeemed (in whole or in part), repaid, repurchased or otherwise cancelled.
Novation	means the novation of MVT's rights and obligations as the Issuer of the Notes to SNC pursuant to which the Proposed Restructure is implemented, on the terms set out in this Booklet. References to ' Novate ', ' Novated ', ' Novating ' have a corresponding meaning.
Participating Noteholder	means a Noteholder registered in the Note Register on the Record Date and, immediately prior to Implementation in respect of the Ineligible Noteholders, includes the Nominee.
Proposed Restructure	means the restructure involving SNC effectively replacing MVT as the Issuer of the Notes, via the Novation of all rights and obligations held by MVT (in its capacity as the Issuer) to SNC, to be implemented on the terms, and subject to the conditions, set out in this Booklet.
Proxy Form	means the personalised forms for appointing a proxy in respect of the Noteholder Meeting accompanying the Notice of Meeting to which this Booklet relates.
Record Date	means 5.00pm on the second Business Day after the Noteholder Meeting, expected to be 9 August 2023.

Term	Meaning
Redeemed	means the process through which the Issuer repays the Face Value and pays any other amounts due and payable under the Note Terms. Once the Issuer has repaid and/or paid these amounts, the Issuer's obligations under the Notes are terminated and the Notes are cancelled. References to Redeem and Redeemed have the corresponding meaning.
Registry	means Link Market Services Limited (ACN 083 214 537).
Restructure Clause	The new clause 26A to be included in the Trust Deed, summarised in Section 3.6(a).
Restructure Resolution	means the resolution that Noteholders are asked to vote on at the Noteholder Meeting, as set out in the Notice of Meeting.
SNC	means Sandon Capital Investments Ltd (ACN 107 772 467) (ASX: SNC).
SNC Board	means the board of directors of SNC.
Special Resolution	has the meaning set out in clause 22.2 of the Trust Deed, being of the Restructure Resolution by Noteholders who represent at least 75% of the total Face Value of the Notes by Noteholders present and voting at the Noteholder Meeting (either in person, or by proxy, attorney or, in the case of corporate Noteholders, body corporate representative).
Tax Event	means the circumstances where the Issuer is or would be required to pay an Additional Amount (as defined in the Note Terms) as a result of any change in, or amendment to, the laws of a Relevant Tax Jurisdiction (as defined in the Note Terms) or any change in their application or official or judicial interpretation or administration, which change or amendment becomes effective on or after the Notes were issued.
Trust Deed	means the unsecured notes trust deed in relation to the Notes executed by the Issuer and the Note Trustee dated May 2016, as amended and novated from time to time.

6.2 INTERPRETATION

In this Booklet (including the annexures), unless the context otherwise requires:

- a number of figures, amounts, percentages, estimates, calculations of value and fractions in this Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Booklet;
- except where otherwise stated, all references to times in this Booklet are references to Sydney time;
- all references to "\$", "dollar" and "cent" are references to Australian currency, unless stated otherwise;
- words and phrases not otherwise defined in this Booklet (excluding the annexures) have the same meaning (if any) as is given to them by the Corporations Act;
- the singular includes the plural and vice versa. A reference to a person includes a reference to a corporation;
- headings are for ease of reference only and do not affect the interpretation of this Booklet; and
- a reference to a Section is to a section in this Booklet unless stated otherwise.

ANNEXURE A ASX ANNOUNCEMENTS

SNC Announcements

Date	SNC Announcement title
15/06/2023	Change in substantial holding for IDT - Corrected
9/06/2023	Change of Director's Interest Notice - G Radzyninski
9/06/2023	Change in substantial holding for IDT
9/06/2023	Net Tangible Assets as at 31 May 2023
6/06/2023	Change of Director's Interest Notice - P Velez
6/06/2023	Change of Director's Interest Notice - G Radzyninski
2/06/2023	Application for quotation of securities - SNC
22/05/2023	Update - Dividend/Distribution - SNC
5/05/2023	Net Tangible Assets as at 30 April 2023
13/04/2023	SNC Shareholder Presentation
12/04/2023	Net Tangible Assets as at 31 March 2023
4/04/2023	Shareholder Virtual Presentation Details
15/03/2023	Becoming a substantial holder for GDC
13/03/2023	Net Tangible Assets as at 28 February 2023
24/02/2023	SNC declares fully franked interim dividend of 2.75cps
24/02/2023	Dividend/Distribution - SNC
24/02/2023	Appendix 4D - Half Year Results - 31 December 2022
10/02/2023	Net Tangible Assets as at 31 January 2023
11/01/2023	Net Tangible Assets as at 31 December 2022
5/01/2023	Change in substantial holding for FWD
5/01/2023	Change in substantial holding for CYG
5/01/2023	Change in substantial holding for COG
5/01/2023	Change in substantial holding for A2B
22/12/2022	Change of Director's Interest Notice - G Radzyninski
12/12/2022	Net Tangible Assets as at 30 November 2022-Formatting Update
12/12/2022	Net Tangible Assets as at 30 November 2022
14/11/2022	Net Tangible Assets as at 31 October 2022
11/11/2022	Intention to compulsory acquire ASK Funding Ltd Shares
8/11/2022	Change of Director's Interest Notice - G Radzyninski
8/11/2022	Change of Director's Interest Notice - P Velez
8/11/2022	Amended Constitution

Date	SNC Announcement title
7/11/2022	Application for quotation of securities - SNC
3/11/2022	Results of 2022 Annual General Meeting
3/11/2022	2022 AGM Slides and Investor Update
31/10/2022	Virtual Investment Manager Presentation
31/10/2022	Change in substantial holding for FWD
31/10/2022	Change in substantial holding from SNC
27/10/2022	Update - Dividend/Distribution - SNC
27/10/2022	Shareholder Update
21/10/2022	Change in substantial holding for IDT
19/10/2022	Corrective Announcement - SNC Shareholder Presentations
18/10/2022	Change in substantial holding for COG
18/10/2022	Change in substantial holding for MWY
18/10/2022	Change in substantial holding for A2B
18/10/2022	SNC Shareholder Presentations
14/10/2022	Net Tangible Assets as at 30 September 2022
29/09/2022	2022 Notice of Annual General Meeting and Proxy Form
12/09/2022	Net Tangible Assets as at 31 August 2022
2/09/2022	Change in substantial holding for WLD
2/09/2022	Change in substantial holding from SNC
31/08/2022	Change of Director's Interest Notice - P Velez
25/08/2022	SNC to pay 2.75 cents per share fully franked final dividend
25/08/2022	Dividend/Distribution - SNC
25/08/2022	Appendix 4G and Corporate Governance Statement

MVT Announcements

Date	MVT Announcement title
5/06/2023	Interest Payment - MVTHA
24/02/2023	Interim Financial Report for the Half-Year Ended 31 Dec 2022
2/12/2022	Interest Payment - MVTHA
12/09/2022	SNC - Net Tangible Assets as at 31 August 2022

Mercantile Investment Company Limited

ABN 15 121 415 576

LODGE YOUR VOTE



ONLINE

<https://investorcentre.linkgroup.com>



BY MAIL

Mercantile Investment Company Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150



ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474

SRN/HIN:



X99999999999

PROXY FORM

I/We being a noteholder(s) of Mercantile Investment Company Limited (**Company**) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **11:00am (Sydney time) on Monday, 7 August 2023 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a hybrid event. You can participate by attending in person at **9 Denham Street, Darlinghurst, SYDNEY** or Noteholders will be able to attend the Meeting by going to **<https://us02web.zoom.us/j/83564957270?pwd=UWxVTEJqMINaYnZlSEdxREhtR2p4Zz09>** using their web browser or internet enabled device. (Refer to details in the Noteholder Booklet for full details).

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolution

For Against Abstain*

1 Restructure Resolution

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF NOTEHOLDERS – THIS MUST BE COMPLETED

Noteholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Noteholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Noteholder 3 (Individual)

Director

This form should be signed by the noteholder. If a joint holding, either noteholder may sign. If signed by the noteholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the Trust Deed and the *Corporations Act 2001* (Cth).

MVT PRX2301N



HOW TO COMPLETE THIS NOTEHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's note register. If this information is incorrect, please make the correction on the form. Noteholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your notes using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your notes will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of notes you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of notes applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either Noteholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (Sydney time) on Saturday, 5 August 2023**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Noteholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Mercantile Investment Company Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

* During business hours (Monday to Friday, 9:00am–5:00pm)