

## WORKED EXAMPLE

### PROPOSED SCHEME CONSIDERATION

QVE Equities Limited (ASX:QVE) (**QVE**) refers to the proposed scheme of arrangement (**Scheme**) under which it is proposed that WAM Leaders Limited (**WAM Leaders**) (ASX:WLE) acquire all the QVE Shares on issue.

If the Scheme is approved and becomes effective, QVE Shareholders will have the option to receive Scheme Consideration in one of the following forms:

- (a) New WAM Leaders Shares<sup>1</sup> (**Scrip Consideration**); or
- (b) a cash amount representing the Pre-tax NTA value per QVE Share<sup>2</sup> on the Calculation Date, discounted by 2.5% (**Cash Consideration**); or
- (c) a combination of Scrip Consideration and Cash Consideration.

The Scheme Consideration calculation processes are explained in Section 3.2 of the Scheme Booklet. Section 3.2(c) includes a worked example of the Scrip Consideration that assumes a Calculation Date of 31 March 2024. Section 3.2(d) describes the calculation of the Cash Consideration.

The purpose of this announcement is to provide another, more recent, worked example for the Scheme Consideration, assuming a Calculation Date of 31 May 2024 (being the date of the last available end-of-month Pre-tax NTA published by QVE and WAM Leaders at the time of this announcement).

#### Worked Example – Scrip Consideration

For the Scrip Consideration, the number of New WAM Leaders Shares to be issued per QVE Share is not fixed. It will be calculated based on the relative Pre-tax NTA per share of QVE and WAM Leaders at 5.00pm (Sydney time) on the day the scheme becomes legally binding, currently expected to be 4 July 2024 (**Calculation Date**).

As a result, QVE Shareholders that receive Scrip Consideration will not know the exact number of New WAM Leaders Shares they will receive until after the Scheme Meeting and immediately before the Implementation Date, currently expected to be 15 July 2024.

Applying the Pre-tax NTA per share value published by QVE and WAM Leaders as at 31 May 2024, adjusted for estimated transaction related costs and the WLE Contribution<sup>3</sup> (in the case of QVE), and assuming a QVE Shareholder holding 1,000 QVE Shares, the Scrip Consideration calculation is determined as follows:

$$CU = (A / B) \times D$$

where:

- CU** = the number of New WAM Leaders Shares to be issued to each Scrip Participant (as defined in the Scheme Booklet) (rounded to the nearest whole number in accordance with the Scheme);
- A** = \$0.9817, being the Pre-tax NTA value per QVE Share as at 31 May 2024 (of \$0.9985) less the net amount of estimated transaction costs and the WLE Contribution as at that date (of \$0.0168);
- B** = \$1.3260, being the WAM Leaders Pre-tax NTA value per WAM Leaders Share as at 31 May 2024 (of \$1.3262), less estimated transaction costs not incurred as at that date (of \$0.0002); and
- D** = 1,000.

<sup>1</sup> For each Scheme Share, that number of New WAM Leaders Shares based on the relative Pre-tax NTA value per share of QVE and WAM Leaders on the Calculation Date as determined by the formula set out in Section 3.2(c) of the Scheme Booklet. The Pre-tax NTA values take into account all accrued but not yet paid Transaction Costs.

<sup>2</sup> The Pre-tax NTA value takes into account all accrued but not yet paid Transaction Costs.

<sup>3</sup> As defined in the Scheme Booklet (of \$550,000 including GST (or \$0.0024 per QVE Share)).

In this worked example, the illustrative exchange ratio (being A / B) is 0.7404 and CU = 740.4. As there is a fractional entitlement to less than 0.5 of a New WAM Leaders Share, CU will be rounded down to the nearest whole number. Accordingly, the QVE Shareholder would receive 740 New WAM Leaders Shares in exchange for 1,000 QVE Shares.

Based on the illustrative exchange ratio and the closing price of WAM Leaders Shares on 31 May 2024 (of \$1.30), the indicative value of the Scrip Consideration is equivalent to \$0.962 per QVE Share and represents a premium of:

- 6.3% to the closing price of QVE Shares of \$0.905 on 30 January 2024<sup>4</sup>;
- 7.7% to the 1-month volume weighted average price (VWAP) of QVE Shares of \$0.893 up to and including 30 January 2024<sup>4</sup>; and
- 10.3% to the 3-month VWAP of QVE Shares of \$0.872 up to and including 30 January 2024<sup>4</sup>.

It is important to note that the indicative value of the Scrip Consideration and associated premiums stated above have not been adjusted for QVE's last two fully franked quarterly dividends paid to QVE Shareholders since 30 January 2024, which total 2.6 cents per share (cps) (specifically, QVE's December 2023 dividend of 1.3 cps paid on 1 March 2024 and QVE's March 2024 dividend of 1.3 cps paid on 31 May 2024). If an adjustment had been made for the two fully franked quarterly dividends, it would have increased the premiums stated above.

### Worked Example – Cash Consideration

The Cash Consideration per QVE Share is not fixed. It will be calculated at a 2.5% discount to the Pre-tax NTA per QVE share on the Calculation Date. As a result, QVE Shareholders that receive Cash Consideration will not know the exact value until after the Scheme Meeting and immediately before the Implementation Date, currently expected to be 15 July 2024.

Applying the Pre-tax NTA per share value published by QVE as at 31 May 2024, adjusted for estimated transaction related costs and the WLE Contribution, the Cash Consideration calculation is determined as follows:

$$E = F \times (1 - 0.025)$$

where:

- E** = the Cash Consideration per QVE Share as at 31 May 2024; and
- F** = \$0.9817, being the Pre-tax NTA value per QVE Share as at 31 May 2024 (of \$0.9985) less the net amount of estimated transaction costs and the WLE Contribution as at that date (of \$0.0168).

In this worked example, E = \$0.957, being the illustrative value of the Cash Consideration, which represents a premium of:

- 5.8% to the closing price of QVE Shares of \$0.905 on 30 January 2024<sup>4</sup>;
- 7.1% to the 1-month VWAP of QVE Shares of \$0.893 up to and including 30 January 2024<sup>4</sup>; and
- 9.7% to the 3-month VWAP of QVE Shares of \$0.872 up to and including 30 January 2024<sup>4</sup>.

It is important to note that the indicative value of the Cash Consideration and associated premiums stated above have not been adjusted for QVE's last two fully franked quarterly dividends paid to QVE Shareholders since 30 January 2024, which total 2.6 cps (specifically, QVE's December 2023 dividend of 1.3 cps paid on 1 March 2024 and QVE's March 2024 dividend of 1.3 cps paid on 31 May 2024). If an adjustment had been made for the two fully franked quarterly dividends, it would have increased the premiums stated above.

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<sup>4</sup> Being the day prior to WAM Leaders' announcement on 31 January 2024 regarding the Intended Takeover Offer (that is, the last day before the market became aware of a potential transaction to acquire QVE reflecting an "undisturbed" price of QVE Shares).

## Important Reminder

*The above calculations are illustrative, reflecting a worked example only.* As explained above, the actual Scheme Consideration will be calculated using the Pre-tax NTA of QVE and WAM Leaders as at 5.00pm (Sydney time) on the Calculation Date (expected to be 4 July 2024) and is expected to be announced on the ASX on 11 July 2024. Accordingly, the actual Scheme Consideration will not be known until immediately before the Scheme is implemented.

## Independent Expert

Lonergan Edwards & Associates Limited (**Independent Expert**) has confirmed that each of the Scrip Consideration and Cash Consideration continues to be fair and reasonable and in the best interests of QVE Shareholders.

-ENDS-

## Contact Details

If you have any questions about this announcement, please contact:

**Peter McKillop, Chairman**

E: [QVE@hazelbrooklegal.com](mailto:QVE@hazelbrooklegal.com)

For further information about the proposed Scheme, please refer to the Scheme Booklet or if you have any questions, please contact the Shareholder Information Line on on 1300 150 530 (in Australia) and +61 2 9066 4054 (International) Monday to Friday between 8:30am and 5:30pm (Sydney time).

This announcement has been authorised by the board of directors of QVE.

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### About QV Equities Limited

QV Equities (**QVE**) is a listed investment company, established in August 2014. It seeks to provide investors with a consistent and sustainable income stream while also aiming for capital growth over time. QVE invests in companies listed on the Australian Securities Exchange (**ASX**), outside the S&P/ASX20 Index. For more information visit [www.qvequities.com](http://www.qvequities.com).