

Wednesday, 30 September 2020

Initial response to unsolicited hostile takeover offer from WAM Capital Limited

CIE shareholders should take no action

Contango Income Generator Limited (ASX:CIE) (**CIE** or **Company**) responds to the announcement by WAM Capital Limited (ASX:WAM) (**WAM**) issued on 28 September 2020 regarding its intention to make an off-market takeover offer for all of the shares in CIE for a consideration of 1 WAM Share for every 3 CIE Shares (**Proposed Offer**).

The Proposed Offer is unsolicited and is subject to a number of conditions which are set out in the Bidder's Statement.

The Board notes that WAM's intention to make a takeover offer is consistent with its earlier efforts to destabilise the Company, which is an unfortunate and costly distraction given the recent strong endorsement by shareholders of CIE's new investment strategy (which is already being implemented). It was significant that CIE shareholders approved the new global long short investment strategy, managed by WCM Investment Management, LLC (**WCM**) at the recent EGM held on 18 September 2020, with:

- 68% of shareholders by number who voted, voting in favour of the change in investment strategy; and
- excluding WAM and the other competing fund manager, both of whom are substantial shareholders of the Company, 80% of all votes cast were in favour of the resolution.

In respect of the Proposed Offer, the CIE Board is unanimous in its view that CIE shareholders should take no action. There is no need for shareholders to do anything or to make any decision in relation to the Proposed Offer until the Board has had an opportunity to fully consider the Bidder's Statement and issued its formal recommendation regarding the Proposed Offer. The Board will provide a formal recommendation in the Company's Target's Statement which will be released in due course.

Pending a full review of the draft Bidder's Statement, the Board does note, however, that the Proposed Offer would result in a **significant transfer of wealth from CIE shareholders to WAM shareholders**. Under the Proposed Offer, CIE shareholders would receive scrip consideration in WAM with pre-tax net tangible assets (**NTA**) equivalent to only 58.0 cents per CIE share¹, compared with CIE's last published pre-tax NTA of 73.4 cents per share¹. This represents a **21% reduction in NTA per share** compared with an existing shareholding in CIE.

The Board will keep CIE shareholders fully informed of any further developments as appropriate.

In the meantime, the Company will be issuing two notices of meeting to CIE shareholders:

1. Notice of Meeting and Explanatory Statement for the Company's 2020 Annual General Meeting – this is the routine AGM endorsed by the Board.
2. Notice of Meeting and Explanatory Statement for an Extraordinary General Meeting as requested by WAM (together with WAM Leaders Limited, WAM Active Limited and Botanical Nominees Pty Limited as trustee for the Wilson Asset Management Equity Fund) pursuant to a section 249D notice issued on 11 September 2020 – this meeting is not endorsed by the Board, but is part of the WAM strategy to destabilise the Company and seek control of the Board outside of any Takeover Offer.

The Board will provide its views on the meetings in documents to be sent to shareholders shortly.

¹ Based on WAM's most recently published pre-tax NTA per share as at 31 August 2020 and CIE's most recently published pre-tax NTA per share as at 25 September 2020.

Contango Income Generator Limited

ABN 160 959 991
Level 6, 10 Spring Street Sydney
NSW 2000

T 1300 001 750
W contango.com.au
E invest@contango.com.au

Sincerely,



Mark Kerr
Chairman & Non-executive Director



Don Clarke
Non-executive Director



Marty Switzer
Director

For enquiries please contact:

Marty Switzer
CEO and Managing Director
Contango Asset Management Limited
M: 0407 297 702
E: marty.switzer@contango.com.au

Contango Asset Management is the investment manager of Contango Income Generator Limited

Contango Income Generator Limited

ABN 160 959 991
Level 6, 10 Spring Street Sydney
NSW 2000

T 1300 001 750
W contango.com.au
E invest@contango.com.au