



30 October 2020

ASIC REGISTRATION OF SCHEME BOOKLET

The Citadel Group Limited (ASX: CGL) (**Citadel** or the **Company**) is pleased to announce that the Australian Securities and Investments Commission (**ASIC**) has registered the explanatory statement and notice of the Scheme Meeting (together the **Scheme Booklet**) in relation to the proposed acquisition of Citadel by Pacific Group Bidco Pty Ltd, an entity owned by funds advised by Pacific Equity Partners Pty Limited, by way of a scheme of arrangement (**Scheme**).

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

Scheme Booklet

The Scheme Booklet attached to this release sets out information that Citadel shareholders require to evaluate the Scheme. An electronic version of the Scheme Booklet will be available for viewing and downloading at <https://investors.citadelgroup.com.au/>.

Citadel shareholders who have elected to receive communications electronically will receive an email which contains instructions about how to view or download a copy of the Scheme Booklet, how to make an election to receive scrip consideration online and how to lodge their proxies for the Scheme Meeting online. Citadel shareholders who have not elected to receive communications electronically will be mailed a letter which contains these instructions along with a hard copy election form and proxy form for the Scheme Meeting.

Virtual Scheme Meeting

The Scheme Meeting will be held virtually on Tuesday 1 December 2020 at 11:00am (AEDT).

Citadel shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting through an online platform at <https://agmlive.link/CGL203>. No physical place of meeting will be made available.

All Citadel shareholders are encouraged to vote either by participating in the virtual Scheme Meeting or by lodging a directed proxy if they cannot participate in the virtual Scheme Meeting.

Independent Expert's Conclusion

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

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



Directors' Recommendation

The Citadel Board of Directors unanimously recommend that Citadel Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel shareholders.

Subject to those same qualifications, each of the Citadel directors intends to vote, or cause to be voted, all Citadel shares held by or controlled by them in favour of the Scheme.

Further Information

Once received, Citadel encourages shareholders to read the Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme at the Scheme Meeting. Citadel also encourages shareholders to note key events and indicative dates as set out in the Scheme Booklet.

For further information in relation to Scheme Booklet or the Scheme, please contact the Citadel Shareholder Information Line on +61 1300 407 677 any time between 8:30am to 5:30pm (AEDT) on Monday to Friday.

Authorised for publication by the Board of Directors

- ENDS -

For further information please contact:

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About Citadel Group

Citadel is a software and services company. We specialise in managing information in complex environments through integrating know-how, systems and people to provide information on an anywhere-anytime basis. We are a leader in the development and delivery of managed technology solutions.



citadel group
MANAGING COMPLEXITY

Scheme Booklet

For the recommended Scheme of Arrangement between The Citadel Group Limited and its shareholders in relation to the proposed acquisition of The Citadel Group Limited by Pacific Group Bidco Pty Ltd, an entity owned by funds advised by Pacific Equity Partners

Vote in favour

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

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

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read it in its entirety before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, tax or legal adviser immediately.

If, after reading this Scheme Booklet, you have any questions in relation to this Scheme Booklet or the Scheme, you should call the Citadel Shareholder Information Line on +61 1300 407 677 any time between 8:30am and 5:30pm (AEDT) on Monday to Friday.

This Scheme Booklet has been sent to you because you are shown in the Citadel Register as holding Citadel Shares. If you have recently sold all of your Citadel Shares, please disregard this Scheme Booklet.

Financial adviser



Legal adviser



Important Notices

The Scheme Booklet

This Scheme Booklet is important. You should read it carefully and in its entirety before deciding how to vote at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser. This Scheme Booklet explains the terms of the proposed acquisition of all Citadel Shares by PEP BidCo, by way of a Scheme of Arrangement between Citadel and Citadel Shareholders under Part 5.1 of the Corporations Act. A copy of the proposed Scheme is set out in Annexure D to this Scheme Booklet. This Scheme Booklet details how the Scheme will be considered and implemented if all the Scheme Conditions are satisfied or, if permitted, waived. It is not a disclosure document required by Chapter 6D of the Corporations Act. If you have sold all your Citadel Shares, please disregard this Scheme Booklet.

ASIC and ASX

This Scheme Booklet is the explanatory statement for the scheme of arrangement between Citadel and Citadel Shareholders for the purposes of section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Scheme Booklet in Annexure D.

A copy of this Scheme Booklet (including the Independent Expert's Report) was provided to ASIC for examination in accordance with section 411(2)(b) of the Corporations Act and has been examined and registered by ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

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

Investment decisions

The information contained in this Scheme Booklet does not constitute financial product advice. Neither Citadel nor PEP BidCo is licenced to provide financial product advice in respect of Citadel Shares, HoldCo Shares or any other financial product. No cooling off rights apply in relation to the acquisition of HoldCo Shares if an Election is made to receive Scrip Consideration.

This Scheme Booklet does not take into account the investment objectives, financial situation, tax position or particular needs of individual Citadel Shareholders or any other person. Before making any investment decision in relation to the Scheme, you should consider whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances. Independent financial, legal and taxation advice should be sought before making any decision in relation to the Scheme.

Not an offer

Other than with respect to the offer to subscribe for HoldCo Shares as part of a Scheme Consideration Option, this Scheme Booklet does not constitute or contain an offer to Citadel Shareholders, or a solicitation of an offer from Citadel Shareholders, in any jurisdiction.

Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to give Citadel Shareholders the information required to make an informed decision about whether to vote in favour of the Scheme. This Scheme

Booklet also provides information as is prescribed by law or is otherwise material to the decision of Citadel Shareholders whether to vote in favour of the Scheme. Voting will take place at the Scheme Meeting to be held virtually at <https://agmlive.link/CGL203> on Tuesday, 1 December 2020 at 11:00am (AEDT).

You should read this Scheme Booklet in full before deciding how to vote on the Scheme. The Scheme has advantages, disadvantages and risks, which may affect Citadel Shareholders in different ways depending on their individual circumstances. However, this Scheme Booklet should not be relied upon as the sole basis for an investment decision. You should seek independent professional advice on your circumstances, as appropriate, before making any decision in relation to the Scheme.

Responsibility statement

Citadel has prepared, and is responsible for, the Citadel Information contained in this Scheme Booklet. PEP BidCo, its Related Bodies Corporate and their respective directors, officers, employees and advisers have not verified any Citadel Information and do not assume any responsibility for the accuracy or completeness of any Citadel Information or the Independent Expert's Report (or any information contained therein).

PEP BidCo has prepared, and is responsible for, the PEP BidCo Information. Citadel, its Related Bodies Corporate and their respective directors, officers, employees and advisers have not verified any PEP BidCo Information and do not assume any responsibility for the accuracy or completeness of any PEP BidCo Information or the Independent Expert's Report (or any information contained therein).

The Independent Expert has prepared the Independent Expert's Report and takes responsibility for that report. The Independent Expert does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than the Independent Expert's Report. Citadel, PEP BidCo, and their respective Related Bodies Corporate and their respective directors, officers, employees and advisers do not take any responsibility for the Independent Expert's Report, except in the case of Citadel in relation to the information which it has provided to the Independent Expert. The Independent Expert's Report is set out in Annexure B to this Scheme Booklet.

Scheme Meeting

In order to minimise the health risks created by the COVID-19 pandemic, and in accordance with Federal and State government directions and restrictions with respect to non-essential gatherings of people, the Scheme Meeting is scheduled to be held virtually.

Citadel Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

Citadel Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting through an online platform at <https://agmlive.link/CGL203>.

The online platform enables participants to view the Scheme Meeting live, vote on the Scheme Resolution in real time and ask questions online.

Further details with respect to the conduct of the Scheme Meeting, including how to join the virtual Scheme Meeting, ask questions during the Scheme Meeting and vote at the Scheme Meeting are set out in the Notice of Meeting for the Scheme Meeting (see Annexure G) and summarised in Section 3.

Citadel strongly encourages Citadel Shareholders to consider lodging a directed proxy in the event they are not able to participate in the virtual Scheme Meeting.

Second Court Hearing

Due to the unforeseen extraordinary circumstances posed by COVID-19, Citadel reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Scheme Resolution is not passed by a majority in number (more than 50%) of Citadel Shareholders present and voting at the Scheme Meeting (whether electronically or by appointing a proxy, corporate representative or attorney to attend and vote at the Scheme Meeting electronically). The Court may waive the requirement that the Scheme be approved by such a majority if it considers it appropriate to do so in all the circumstances. The Scheme Resolution would still need to be passed by at least 75% of the total number of votes cast on the Scheme Resolution by Citadel Shareholders present and voting at the Scheme Meeting (whether electronically or by appointing a proxy, corporate representative or attorney to attend and vote at the Scheme Meeting electronically).

Citadel Shareholders' right to appear at the Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting. Any Citadel Shareholder may appear at the Second Court Hearing, expected to be held on Monday 7 December 2020 at the Federal Court of Australia (Victoria Registry), Owen Dixon Commonwealth Law Courts Building, 305 William Street, Melbourne VIC 3000.

Any Citadel Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Citadel a notice of appearance in the prescribed form together with any affidavit that the Citadel Shareholder proposes to rely on. The notice of appearance and affidavit must be served on Citadel at its address for service at least one day before the Second Court Hearing.

Citadel Shareholders should note that the protocols for attendance at the Second Court Hearing may change at short notice in response to developments relating to the COVID-19 pandemic. Any change will be announced by Citadel to the ASX.

Forward-looking statements

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

The forward-looking statements in this Scheme Booklet are not based on historical facts, but rather reflect the current views of Citadel or, in relation to the PEP BidCo Information, the PEP BidCo Group, held only as at the date of this Scheme Booklet concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipated", "intending", "foreseeing", "likely", "should", "planned", "may", "estimated", "potential", or other similar words and phrases. Similarly, statements that describe Citadel's or the PEP BidCo Group's objectives, plans, goals or expectations are or may be forward-looking statements. The statements in this Scheme Booklet about the impact that the Scheme may have on the results of Citadel's operations, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

Any other forward-looking statements included in this Scheme Booklet and made by Citadel have been made on reasonable grounds and reflect its present intentions as at the date of this Scheme Booklet and may be subject to change.

All forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause either Citadel's or the PEP BidCo Groups' actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. The operations and financial performance of Citadel are subject to various risks, including those summarised in this Scheme Booklet, which may be beyond the control of Citadel and/or the PEP BidCo Group. Those risks and uncertainties include factors and risks specific to the industry in which Citadel operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. The actual results, operations and earnings of Citadel (whether or not the Scheme is implemented), as well as the actual advantages or disadvantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved. Citadel Shareholders should note that the historical financial performance of Citadel is no assurance of future financial performance of Citadel (whether or not the Scheme is implemented). Citadel Shareholders should review carefully all of the information included in this Scheme Booklet. The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet.

Although Citadel believes that the views reflected in any forward-looking statements included in the Citadel Information have been made on a reasonable basis and as at the date of this Scheme Booklet reflect its present intentions, no assurance can be given that such views will prove to have been correct or not subject to change. Although PEP BidCo believes that the views reflected in any forward-looking statements included in the PEP BidCo Information have been made on a reasonable basis and reflect its present intentions as at the date of this Scheme Booklet, no assurance can be given that such views will prove to have been correct or not subject to change.

None of Citadel Group, PEP BidCo Group or any of their respective directors, officers, employees, advisers and any persons named in this Scheme Booklet with their consent or any person involved in the preparation of this Scheme Booklet give any representation, warranty, assurance or guarantee to Citadel Shareholders that any forward-looking statements will actually occur or be achieved, except to the extent required by law. Citadel Shareholders are cautioned not to place undue reliance on such forward-looking statements.

All subsequent written and oral forward-looking statements attributable to Citadel Group or PEP BidCo Group or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under law or the Listing Rules, Citadel Group and PEP BidCo Group do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Privacy and personal information

Citadel and the PEP BidCo Group will need to collect personal information to implement the Scheme. The personal information may include the names, contact details and details of shareholdings of Citadel Shareholders, plus names and contact

details of individuals appointed by Citadel Shareholders to act as proxies, corporate representatives or attorneys at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Citadel and the PEP BidCo Group in the conduct of the Scheme Meeting and to enable the Scheme to be implemented. The collection of certain personal information is required or authorised by the Corporations Act.

Citadel Shareholders, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and can contact the Citadel Share Registry on 1800 502 355 if they wish to exercise those rights.

Personal information may be disclosed to the share registries of Citadel or the PEP BidCo Group, print and mail service providers, authorised securities brokers, Citadel, PEP BidCo, Related Bodies Corporate of Citadel and PEP BidCo and to Citadel's and the PEP BidCo Group's advisers to the extent necessary to effect the Scheme. If the information outlined above is not collected, Citadel and the PEP BidCo Group may be hindered in, or prevented from, conducting the Scheme Meeting, or implementing the Scheme effectively or at all. Citadel Shareholders who appoint a named person to act as their proxy, corporate representative or attorney at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

Foreign jurisdictions

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

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

A Scheme Shareholder whose registered address as shown on the Citadel Register on the Scheme Record Date as a place outside Australia, New Zealand or the United Kingdom will be a Foreign Scheme Shareholder. If you are a Foreign Scheme Shareholder, you will not be entitled to receive Scrip Consideration. If you make an Election to receive Scrip Consideration, your Election will be invalid and have no effect, and you will receive the Cash Consideration in full for all your Scheme Shares if the Scheme becomes Effective. All Foreign Scheme Shareholders will receive the Cash Consideration in respect of all their Scheme Shares if the Scheme becomes Effective.

Citadel Shareholders resident outside Australia for tax purposes should also seek specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme.

References to currency and exchange

References to dollars (\$) or A\$) in this Scheme Booklet are to Australian dollars, unless otherwise stated. All share prices and trading volumes refer to ordinary shares in the capital of Citadel trading on the ASX.

Rounding

Certain financial figures in this Scheme Booklet have been rounded as applicable, unless otherwise stated. Such figures should be considered as approximate figures. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet. Any discrepancies in any table between totals and sums of amounts listed therein or to previously published financial figures are due to rounding.

Defined terms and interpretation

Capitalised terms used in this Scheme Booklet are defined either in the Glossary in Section 11 or in the body of this Scheme Booklet.

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

Times and dates

Unless otherwise stated, a reference to time in this Scheme Booklet is a reference to Australian Eastern Daylight Time. All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to the Court approval process and the satisfaction or, where capable, waiver of the Scheme Conditions. The Scheme Conditions are summarised in Section 9.4(e) and set out in full in clause 3 of the Scheme and clause 3.1 of the Scheme Implementation Deed.

Tax

If the Scheme becomes effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of Citadel Shares. For further detail about the general tax consequences of the Scheme, refer to Annexure A.

The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances. Accordingly, Scheme Shareholders should seek professional tax advice in relation to their specific circumstances.

Court process

A copy of this Scheme Booklet has been lodged with the Court to obtain an order of the Court approving the convening of the Scheme Meeting. Orders made by the Court are made under section 411(1) of the Corporations Act.

The fact that the Court has ordered that the Scheme Meeting be convened and has directed that this Scheme Booklet accompany the Notice of Meeting does not mean that the Court:

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

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

Date

This Scheme Booklet is dated 30 October 2020.

Important dates

Date and time	Event
Thursday, 29 October 2020	First Court Date The date on which the Court made orders convening the Scheme Meeting
Friday, 30 October 2020	Date of this Scheme Booklet
5:00pm (AEDT), Tuesday, 24 November 2020	Election Date Last time and date by which Elections must be received from Citadel Shareholders Electing to receive Scrip Consideration
Thursday 26 November 2020	Announcement of Election Results Election results to be announced to ASX, including whether the Scrip Consideration will be issued and, if so, whether the Scrip Scale Back applies
11:00am (AEDT), Sunday, 29 November 2020	Scheme Meeting proxy forms Latest date and time by which proxy forms (including proxies lodged online), powers of attorney or certificates of appointment of body corporate representatives for the Scheme Meeting must be received
7:00pm (AEDT), Sunday, 29 November 2020	Voting Eligibility Date Time and date for determining eligibility to vote at the Scheme Meeting
11:00am (AEDT), Tuesday, 1 December 2020	Scheme Meeting to vote on the Scheme To be held virtually
If the Scheme is approved by Citadel Shareholders	
Monday, 7 December 2020	Second Court Date For approval of the Scheme
Tuesday, 8 December 2020	Effective Date Court Order lodged with ASIC and announced to ASX Citadel Shares suspended from trading on ASX at close of trading
7:00pm (AEDT), Tuesday, 8 December 2020	Special Dividend Record Date Time and date for determining entitlements to the Special Dividend
5:00pm (AEDT), Thursday, 10 December 2020	Scheme Record Date Time and date for determining entitlements to Scheme Consideration
Thursday, 17 December 2020	Special Dividend Payment Date Payment date of the Special Dividend
Thursday, 17 December 2020	Implementation Date The date on which the Scheme will be implemented

Please note that all of the above times and dates are indicative only and subject to change. Citadel may vary any or all of these dates and times and will provide reasonable notice of any such variation. In particular, the date of the Scheme Meeting may be postponed or adjourned if satisfaction of a Scheme Condition, for example, relating to receipt of FIRB Approval is delayed. Certain times and dates are conditional on the approval of the Scheme by Citadel Shareholders and by the Court. Any changes will be announced by Citadel to ASX and notified on Citadel's website at www.citadelgroup.com.au.

All references to time are to Australian Eastern Daylight Time unless otherwise stated. Any obligation to do an act by a specified time in Australian Eastern Daylight Time must be done at the corresponding time in any other time zone.

Overview of this booklet

What is this booklet for?

This Scheme Booklet has been sent to you to help you understand the terms of a proposed scheme of arrangement between Citadel and Citadel Shareholders under which all of your Citadel Shares will be acquired in exchange for \$5.70 cash for each Citadel Share you hold on the Scheme Record Date less a dividend (**Special Dividend**) of up to \$0.20 per Citadel Share that Citadel may declare and pay before the Scheme is implemented (**Cash Consideration**). If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹

The proposed acquirer of your Citadel Shares is Pacific Group Bidco Pty Ltd (**PEP BidCo**), an entity owned by funds advised by Pacific Equity Partners Pty Limited (**PEP**).

There is also a Scrip Consideration alternative to the Cash Consideration under the Scheme which provides Citadel Shareholders an opportunity to acquire a continuing minority interest in Citadel (via HoldCo and its wholly owned subsidiaries) in addition to the Special Dividend, if declared. The Scrip Consideration Options consist of:

- > **All Scrip Consideration**, being 1 Class B Share in Pacific Group Topco Limited (**HoldCo**) for each Scheme Share held; and
- > **Mix-and-Match**, being 1 Class B Share in HoldCo for each Citadel Share in respect of which you make a valid Election in exchange for between 50% and 100% of your Scheme Shares and the Cash Consideration for the remainder of your Scheme Shares.

HoldCo is a newly incorporated Australian unlisted public company. PEP BidCo is a wholly owned subsidiary of HoldCo.

The Scrip Consideration is only available if the Minimum Election Threshold and Minimum Holding Threshold are met and is subject to the Scrip Scale Back. See Section 1.4 for further details.

If you do not make a valid Election to receive the Scrip Consideration or are a Foreign Scheme Shareholder, you will receive the Cash Consideration for all the Citadel Shares that you hold on the Scheme Record Date.

If the Scheme is implemented, PEP BidCo will acquire 100% ownership and control of Citadel, following which Citadel will be delisted from the ASX.

The Scheme is subject to approval by Citadel Shareholders. This Scheme Booklet is designed to provide Citadel Shareholders with information to consider before voting on whether the Scheme should proceed, at the Scheme Meeting scheduled for Tuesday, 1 December 2020.

1. Refer to footnote 5, on page 10.

Overview of this booklet

Special Dividend	The declaration of the Special Dividend is at the discretion of the Citadel Board. If the maximum permitted fully franked Special Dividend of \$0.20 per Citadel Share is declared and paid, Australian resident Citadel Shareholders who are able to realise the full benefit of the franking credit attached to the Special Dividend will receive, subject to their marginal tax rate, an additional benefit valued at up to \$0.086 (8.6 cents) per Citadel Share. Whether or not you will be in a position to derive the full benefit of the franking credit will depend on your individual taxation circumstances. If Citadel declares a Special Dividend of \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount of \$5.50 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding. If no Special Dividend is declared, Citadel Shareholders who make a valid Election to receive Scrip Consideration will be issued Class B Shares which are each credited with a paid up capital amount of \$5.70 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding. If Citadel declares a Special Dividend of less than \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount per Class B Share of \$5.70 less the amount of the Special Dividend. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding. Citadel Shareholders considering whether or not to make an Election to receive the Scrip Consideration should consider the risks associated with an investment in HoldCo set out in Section 8.5 of this Scheme Booklet. Please refer to the illustrative examples in Section 1.6 of this Scheme Booklet which sets out how the paid up capital amount of a Class B Share varies based on different scenarios and the Independent Expert's valuation range for Class B Shares.
Why should you vote?	As a Citadel Shareholder, you have a say in whether the acquisition of Citadel by PEP BidCo is completed or not – this is your opportunity to play a role in deciding the future of the business in which you have a stake.
Is the Scheme in the best interests of Citadel Shareholders?	The Citadel Board unanimously recommends that Citadel Shareholders vote in favour of the Scheme, subject to no Superior Proposal being made for Citadel and the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. The Independent Expert's Report is included in this booklet for your consideration in Annexure B.
How do the Citadel Directors intend to vote in respect of their own shares?	In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders, each Citadel Director intends to vote, or cause to be voted, all Citadel Shares held by or controlled by them in favour of the Scheme.

What you should do next

Step 1: Read this booklet and consider the Scheme	You should read and carefully consider the information included in this booklet to help you make an informed decision. Citadel Shareholders should refer in particular to Section 4 for guidance on the advantages, disadvantages and other considerations relevant to the Scheme. Answers to some frequently asked questions are included in Section 2. If you have any doubts as to what action you should take, please contact your legal, investment or other professional adviser.
Step 2: Consider whether to elect to receive the Scrip Consideration	Under the Scheme, Citadel Shareholders will receive the Cash Consideration for all of their Citadel Shares but may elect to receive the Scrip Consideration for between 50% to 100% of their Citadel Shares. Only those Citadel Shareholders whose address in the Citadel Register as at the Scheme Record Date is in Australia, New Zealand or the United Kingdom may elect to receive Scrip Consideration. Elections to receive the Scrip Consideration from Citadel Shareholders who are Foreign Scheme Shareholders will not be valid. Eligible Citadel Shareholders may: > receive the total value of their Scheme Consideration as the Cash Consideration – no Election is required for this; or > make an Election to receive at least 50% or all of the value of their Scheme Consideration as Scrip Consideration in the form of Class B Shares. The Scrip Consideration is subject to a Minimum Holding Threshold and a Minimum Election Threshold and is also subject to a potential Scrip Scale Back, each of which is explained in Section 1.4. The rights attached to Class B Shares in the capital of HoldCo are described in Section 7.2. PEP BidCo is an indirectly wholly owned subsidiary of HoldCo. The Citadel Directors make no recommendation in relation to the Scrip Consideration, due to the speculative nature of the Class B Shares and the fact that whether the Scrip Consideration is appropriate will depend significantly on the characteristics and risk profile of the individual Citadel Shareholder. Before making any Election to receive the Scrip Consideration, Citadel Shareholders should carefully read Sections 6, 7 and 8 of this Scheme Booklet and the Independent Expert's Report in Annexure B. The Independent Expert has assessed the market value of HoldCo equity on a 100% controlling interest basis to be between \$4.30 and \$4.96 per share of HoldCo equity. This assumes that a Special Dividend of \$0.20 per Citadel Share is declared and paid on the Special Dividend Payment Date in addition to the Scrip Consideration. Further to this, the Independent Expert has noted that discounts for minority interest and lack of marketability would be appropriate when considering the valuation of Class B Shares. Citadel Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is significantly less than the Cash Consideration. Please refer to the Independent Expert's Report in Annexure B to this Scheme Booklet for further information. There is no assurance that the future value of the Scrip Consideration will be higher than the value of the Cash Payments.

Overview of this booklet

Step 2: Consider whether to elect to receive the Scrip Consideration
continued

In addition, Citadel Shareholders should consider the risks associated with an investment in HoldCo set out in Section 8.5. In summary:

- > you will be subject to a different regulatory regime when compared to your current investment in Citadel (including the protections provided by Chapter 6 of the Corporations Act);
- > you will be a shareholder in a company that has a gearing ratio that is greater than the current gearing ratio of Citadel;
- > you may find it difficult to ascertain the value of your Class B Shares, as there will be no active market for their sale and purchase and there will be restrictions on your ability to sell or transfer the Class B Shares;
- > you will receive less information about the Citadel business than you currently receive;
- > the declaration and payment of any dividends will be at the sole discretion of the HoldCo Board and there is no intention for any dividends to be declared or paid for the 2-year period commencing on the Implementation Date of the Scheme;
- > you will have fewer rights as a minority shareholder in HoldCo when compared to your current investment in Citadel; and
- > you may be subject to dilution of your interests if HoldCo raises additional capital through the issue of new shares in the future in order to meet the operating and/or financing requirements of itself and Citadel. HoldCo may also issue Securities to its management team under a management incentive plan. Further capital raisings, equity funded acquisitions by the HoldCo Group or issuance of shares to management may dilute the holdings of a Class B Shareholder relative to other HoldCo Shareholders. However, in most instances where HoldCo raises additional capital, you will have the right to participate in such capital raisings (which would be effected at market value) to maintain your shareholding proportion in HoldCo.

An investment in the unlisted shares in HoldCo following implementation of the Scheme is fundamentally different from your current investment in Citadel as an ASX listed company and does not involve various protections which shareholders experience when investing in an ASX listed company.

Before making any Election to receive the Scrip Consideration, Citadel Shareholders should also consider obtaining professional advice appropriate to their specific circumstances.

If you do not make a valid Election to receive the Scrip Consideration, you will receive the Cash Consideration for all Citadel Shares that you hold on the Scheme Record Date.

It is a matter for each eligible Citadel Shareholder to decide whether or not to make an Election to receive the Scrip Consideration, having regard to their individual circumstances, financial situation, taxation position, investment objectives and risk profile. This Scheme Booklet contains information that is material to your decision whether or not to make an Election to receive the Scrip Consideration. Before making a decision on this aspect of the Scheme you should:

- > consider the expected benefits of an investment in HoldCo;
 - > consider the risks associated with an investment in HoldCo as summarised above and set out more fully in Section 8.5; and
 - > carefully read Sections 6, 7 and 8 of this Scheme Booklet and the Independent Expert's Report in Annexure B.
-

Step 3 – Make an Election (only if you elect to receive the Scrip Consideration)	If you wish to receive the Scrip Consideration for some or all of your Citadel Shares, you must make an Election by visiting the Election Portal and making an Election in accordance with the terms and conditions stated in the Election Portal, or if you have received a hardcopy Election Form, by following the instructions set out in the Election Form, in each case, so that it is received by the Citadel Share Registry by the Election Date, being 5:00pm (AEDT) on Tuesday, 24 November 2020. There is no need to make an Election if you wish to receive the Cash Consideration for all of your Citadel Shares. The Minimum Holding Threshold and the application of any Scrip Scale Back will be determined as at the Election Date. Citadel will announce to ASX on Thursday, 26 November 2020 the results of the Election process, including whether the Minimum Holding Threshold has been satisfied, and if so, whether the Scrip Scale Back applies. As to these matters, see Section 1.4 of this Scheme Booklet. Note that the Election Date is before the date of the Scheme Meeting, so if you want to make an Election you must do so before you vote at the Scheme Meeting. For details on how to complete and make your Election, please refer to Section 1.4(e) of this Scheme Booklet.
Step 4 – Vote on the Scheme	The Scheme Meeting is to be held virtually at 11:00am (AEDT) on Tuesday, 1 December 2020. As a Citadel Shareholder, it is your right to vote on whether the Scheme should proceed. As a result of the COVID-19 pandemic and restrictions on public gatherings imposed by Australian State and Federal governments, the Citadel Board has determined to hold the Scheme Meeting virtually. Further details with respect to the conduct of the Scheme Meeting, including how to join the virtual Scheme Meeting, ask questions during the Scheme Meeting and vote at the Scheme Meeting are set out in the Notice of Meeting for the Scheme Meeting (see Annexure G) and summarised in Section 3. If you are eligible and wish to participate in the Scheme, you will need to ensure that you do not sell your Citadel Shares prior to 5:00pm (AEDT) on 10 December 2020, being the expected Scheme Record Date. Otherwise, and assuming the Scheme is approved by the Requisite Majorities and the Court, you do not need to do anything to participate in the Scheme.

For further information

If you have any questions of a general nature, or require further information, then you may refer to Citadel's corporate website at www.citadelgroup.com.au or call the Citadel Shareholder Information Line on +61 1300 407 677 between 8:30am and 5:30pm (AEDT) on Monday to Friday. For more specific advice pertinent to your own circumstances please contact your legal, investment or other professional adviser.

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Letter from the Chairman of Citadel

30 October 2020

Dear Citadel Shareholder,

On behalf of The Citadel Group Limited's (**Citadel or Company**) Board, I am pleased to provide you with this Scheme Booklet, which outlines details you will need to consider in relation to the proposed acquisition of Citadel by Pacific Group Bidco Pty Ltd (**PEP BidCo**), an entity owned by funds advised by Pacific Equity Partners Pty Limited (**PEP**).

On 14 September 2020, Citadel and PEP BidCo announced they had entered into a Scheme Implementation Deed under which PEP BidCo agreed to acquire 100% of the issued capital in Citadel. PEP BidCo's proposed acquisition of Citadel is being structured as a members' scheme of arrangement between Citadel and Citadel Shareholders (**Scheme**), which is a commonly used legal procedure to enable one company to acquire another company.

The Scheme Booklet sets out important information relating to the Scheme, the reasons why the Citadel Board has unanimously recommended that Citadel Shareholders vote in favour of the Scheme together with the Independent Expert's Report. The Scheme Booklet also sets out some of the reasons why you may wish to vote against the Scheme.

Please read this document carefully and in its entirety. It will assist you in making an informed decision on how to vote.

For the Scheme to proceed, it must be approved by the Requisite Majority of Citadel Shareholders (the requirements of which are set out later in this Scheme Booklet), the Foreign Investment Review Board, and by the Court.

Overview

If the Scheme is approved and implemented, Citadel Shareholders (other than those who make a valid Election to receive a Scrip Consideration Option described below) will receive cash payments equal to \$5.70 per Citadel Share (**Cash Payments**) in respect of all their Citadel Shares held on the Scheme Record Date, comprising:

- > a fully franked dividend of up to \$0.20 per Citadel Share for each Citadel Share they hold as at the Special Dividend Record Date that may be declared and paid by Citadel before the Scheme is implemented (**Special Dividend**); and

- > consideration under the Scheme of \$5.70 per Citadel Share they hold as at the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Citadel before the Scheme is implemented (**Cash Consideration**).

The Cash Payments represent:

- > a 43.2% premium to the closing price of Citadel Shares of \$3.98 per share on 11 September 2020 (being the last trading day prior to the announcement of the Scheme on 14 September 2020);
- > a 51.4% premium to the 3-month VWAP of Citadel Shares of \$3.76² per share;
- > a 66.5% premium to the VWAP of Citadel Shares since the Wellbeing share issuance³ of \$3.42 per share; and
- > an implied acquisition multiple of ~14.7x FY20A PF proportionate EV/EBITDA.⁴

Those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share if a Special Dividend of up to \$0.20 per Citadel Share is paid. Whether you will be able to realise the full benefit of the franking credits will depend on your individual circumstances.⁵

As announced to ASX on 14 September 2020, the Cash Payments are in addition to the dividend of \$0.06 per Citadel Share in relation to the 6 months to June 2020 (**FY20 Dividend**), which was declared by Citadel on 27 August 2020 and paid on 1 October 2020 to holders of Citadel Shares as at 3 September 2020 (being the record date for the FY20 Dividend). If you acquired Citadel Shares after such time you would not have been eligible to receive the FY20 Dividend in respect of those acquired Citadel Shares.

Subject to certain conditions which are described below, Citadel Shareholders will have the option to elect to receive the Scheme Consideration in one of three ways based on their choice made on or prior to the Election Date. The details of these are set out below:

All Cash Consideration

- > **Cash Consideration:** Cash Consideration (being \$5.70 per Citadel Share held by each Citadel Shareholder on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Citadel). A Citadel Shareholder who receives the Cash Consideration will also receive any Special Dividend that may be declared and paid by Citadel in respect of each Citadel Share held by that Citadel Shareholder as at

2. Volume-weighted average price based on cumulative trading volume and value from 12 June 2020 up to and including 11 September 2020.

3. Volume-weighted average price since 2 April 2020 (date of issuance of the conditional placement shares for Wellbeing acquisition) up to and including 11 September 2020.

4. Proportionate EBITDA adjusts for the impact of the non-controlling interest on the reported FY20A Underlying pro forma EBITDA of \$38.4 million. The non-controlling interest adjustment is \$4.2 million, resulting in a FY20A PF proportionate Underlying EBITDA of \$34.2 million.

5. Whether a Citadel Shareholder will be able to realise the full benefit of the franking credits will also depend (among other things) on whether a Special Dividend is declared and paid, the value of that Special Dividend, the Class Ruling issued by the ATO and the circumstances of the Citadel Shareholder. For more information on the Special Dividend see Section 1.5 and Annexure A.

the Special Dividend Record Date. Those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share if a Special Dividend of up to \$0.20 per Citadel Share is paid.

Scrip Consideration Options

- > **All Scrip Consideration:** 1 Class B Share in Pacific Group Topco Limited ACN 644 302 492 (HoldCo), a newly incorporated Australian unlisted public company, for each Scheme Share held, subject to the qualifications below.
- > **Mix-and-Match:** Citadel Shareholders can elect to receive Class B Shares in HoldCo in exchange for between 50% and 100% of their Scheme Shares and the Cash Consideration for the remainder of their Scheme Shares, subject to the qualifications below.

The alternative to elect to receive the Scrip Consideration Options formed part of PEP BidCo's proposal to the Citadel Board. It has been included as a feature of the Scheme to give all Citadel Shareholders with a Registered Address in Australia, New Zealand or the United Kingdom an equal opportunity to retain an ongoing investment in Citadel's business during PEP BidCo's ownership, if they wish.

If Citadel declares a Special Dividend of \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount of \$5.50 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If no Special Dividend is declared, Citadel Shareholders who make a valid Election to receive Scrip Consideration will be issued Class B Shares which are each credited with a paid up capital amount of \$5.70 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If Citadel declares a Special Dividend of less than \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount per Class B Share of \$5.70 less the amount of the Special Dividend. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

Citadel Shareholders considering whether or not to make an Election to receive the Scrip Consideration should consider the risks associated with an investment in HoldCo set out in Section 8.5 of this Scheme Booklet. Please refer to the illustrative examples in Section 1.6 of this Scheme Booklet

which sets out how the paid up capital amount of a Class B Share varies based on different scenarios and the Independent Expert's valuation range for Class B Shares.

The Citadel Board makes no recommendation in relation to the Scrip Consideration Options, due to the speculative nature of the Class B Shares and the fact that whether either of the Scrip Consideration Options is appropriate will depend significantly on the characteristics and risk profile of the individual Citadel Shareholder.

You should form your own view as to whether you wish to make an Election to receive the Scrip Consideration based on your individual circumstances, financial situation, taxation position, investment objectives and risk profile. You should also consider obtaining professional advice appropriate to your specific circumstances before making any Election.

It is important to understand that any investment in unlisted Class B Shares would represent a fundamentally different investment than your current investment in Citadel. In particular, your continuing exposure to Citadel (via HoldCo and its wholly owned subsidiaries) would have materially different risks and a different investment and financial profile to your existing investment in Citadel as an ASX listed company. Accordingly, you should carefully read Sections 6, 7 and 8 of this Scheme Booklet and consider obtaining appropriate professional advice before making any Election to receive the Scrip Consideration. In particular, you should consider the risks associated with an investment in HoldCo set out in Section 8.5.

It is also important to understand that there is no guarantee that the Scrip Consideration will eventuate. It requires Citadel Shareholders (other than Foreign Scheme Shareholders) holding, in aggregate, at least 5% of Citadel Shares at the Election Date to make valid Elections to receive Scrip Consideration (**Minimum Holding Threshold**). Unless the Minimum Holding Threshold is satisfied, the Scrip Consideration will not be available and all Scheme Shareholders who made Elections for Scrip Consideration will receive the Cash Consideration for each of their Citadel Shares. Further, if the total number of Class B Shares for which Scheme Shareholders in aggregate have made valid Elections exceeds 24,300,000 Class B Shares in the capital of HoldCo following implementation of the Scheme, they will be scaled back on a pro rata basis (**Scrip Scale Back**).

Citadel will announce the results of the Election process to the ASX, including whether the Minimum Holding Threshold has been met and, if so, whether the Scrip Scale Back will apply. An announcement, confirming the results of the Election process and whether the Scrip Scale Back will apply is currently expected to be made on 26 November 2020.

Letter from the Chairman of Citadel

Special Dividend

On 27 October 2020, Citadel announced that Citadel and PEP BidCo entered into a deed of amendment and restatement in relation to the Scheme Implementation Deed under which the parties agreed that the maximum amount of any special dividend declared by the Citadel Board may be increased to a maximum amount of \$0.20 per Citadel Share.

The payment and amount of the Special Dividend is at the discretion of the Citadel Board. The Special Dividend is expected to be fully franked. If Citadel does not declare a Special Dividend, or declares a Special Dividend of less than \$0.20 per Citadel Share, the Scheme Consideration will be \$5.70 per Citadel Share less the amount of such Special Dividend, such that the total payments received by Citadel Shareholders who are on the Citadel Register on the Special Dividend Record Date and participate in both the Special Dividend and the Scheme will be \$5.70 per Citadel Share. If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.⁶ Please refer to the worked examples in Section 1.6 of this Scheme Booklet.

If Citadel Shareholders or the Court do not approve the Scheme, the Citadel Board does not intend to declare or authorise any Special Dividend.

Importantly, to be eligible to receive both the Special Dividend and the Scheme Consideration, you must be registered as a Citadel Shareholder on the Special Dividend Record Date (currently expected to be 7:00pm on Tuesday, 8 December 2020) and also the Scheme Record Date (currently expected to be 5:00pm on Thursday, 10 December 2020). If you buy (additional) Citadel Shares after the Special Dividend Record Date and before the Scheme Record Date, those Citadel Shares will not carry any right to the Special Dividend.

Making an Election to receive Scrip Consideration will not affect a Citadel Shareholder's entitlement to receive any Special Dividend that may be declared or paid on Citadel Shares held at the Special Dividend Record Date.

Default Election

Citadel Shareholders who do not make a valid Election, or whose Election is not received by the Citadel Share Registry by the Election Date (being 5:00pm (AEDT) on Tuesday, 24 November 2020), will automatically receive the Cash Consideration. Citadel Shareholders who are Foreign Scheme Shareholders or who become Citadel Shareholders after the Election Date will also receive the Cash Consideration.

Citadel Directors' Recommendation

The Citadel Directors have considered the advantages and disadvantages of the Scheme, and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Citadel Shareholders. Subject to those same qualifications, each of the Citadel Directors intends to vote, or cause to be voted, all Citadel Shares held or controlled by them in favour of the Scheme, which collectively represent approximately 8.3% of Citadel Shares currently on issue.

While the Citadel Board is confident that Citadel is well positioned to continue to deliver growth for Citadel Shareholders into the future, the Citadel Directors consider that the material premium implicit in PEP BidCo's offer and the opportunity to realise certain and immediate value represents an attractive outcome for Citadel Shareholders.

Reasons to vote in favour of the Scheme are set out in detail in Section 4.3. There are also reasons why you may choose to vote against the Scheme which are set out in Section 4.5. The Citadel Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.

If the Scheme does not proceed, Citadel will continue as an independent entity listed on ASX and Citadel Shareholders will not receive the Scheme Consideration or the Special Dividend. In addition, if the Scheme does not proceed, the price at which Citadel Shares trade may fall, including to a price that is well below the value of the Cash Payments of \$5.70 per Citadel Share.

Independent Expert

The Citadel Directors' unanimous recommendation of the Scheme is supported by the conclusion of Lonergan Edwards & Associates Limited, the Independent Expert engaged by the Citadel Board to assess the merits of the Scheme and opine on whether it is in the best interests of Citadel Shareholders.

The Independent Expert has concluded that the Scheme is in the best interests of Citadel Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of Citadel Shares on a 100% controlling interest basis to be between \$5.24 and \$5.75 per Citadel Share. The amount of the Cash Payments are within the top quartile of this range.

6. Refer to footnote 5, on page 10.

The Independent Expert has assessed the market value of HoldCo equity on a 100% controlling interest basis to be between \$4.30 and \$4.96 per share of HoldCo equity. This assumes that a Special Dividend of \$0.20 per Citadel Share is declared and paid on the Special Dividend Payment Date in addition to the Scrip Consideration. Further to this, the Independent Expert has noted that discounts for minority interest and lack of marketability would be appropriate when considering the valuation of Class B Shares.

Citadel Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is significantly less than the Cash Consideration. A complete copy of the Independent Expert's Report is included as Annexure B to this Scheme Booklet and I encourage you to read it in full.

How to Vote

Your vote is important and we encourage you to vote on the Scheme.

In order to minimise the health risks created by the COVID-19 pandemic, and in accordance with Federal and State Government directions and restrictions with respect to non-essential gatherings of people, the Scheme Meeting is scheduled to be held virtually. If you cannot participate in the virtual Scheme Meeting, you should appoint a proxy online or, if you received a hardcopy proxy form, by following the instructions on the proxy form as soon as possible. Your proxy instructions must be received by the Citadel Share Registry or lodged online by no later than 11:00am (AEDT) on 29 November 2020.

For the Scheme to be approved by Citadel Shareholders, votes in favour of the Scheme Resolution must be received from a majority in number (more than 50%) of Citadel Shareholders present and voting (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually) at the Scheme Meeting (unless the Court orders otherwise) and at least 75% of the total number of votes cast on the Scheme by Citadel Shareholders (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually).

Details of how to vote at the Scheme Meeting are set out in the Notice of Meeting.

Further Information

If you have any general queries about the Scheme or the Scheme Booklet, please do not hesitate to contact the Citadel Shareholder Information Line on +61 1300 407 677 between 8:30am and 5:30pm (AEDT) on Monday to Friday.

We also recommend that you seek independent financial, legal and taxation advice before making any decision in relation to your Citadel Shares.

On behalf of the Citadel Board, I would like to take this opportunity to thank you for your ongoing support of Citadel and I look forward to your participation at the Scheme Meeting.

Yours sincerely



Peter Leahy AC Lt-Gen (Retd)
Chairman

Letter from the Chairman of Citadel

Summary of reasons to vote in favour of the Scheme

- (a) The Citadel Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders.
- (b) The Independent Expert has concluded that the Cash Payments are fair and reasonable and hence the Scheme is in the best interests of Citadel Shareholders in the absence of a Superior Proposal.
- (c) The value of the Cash Payments represents a significant premium for your Citadel Shares of 43.2% to last close prior to the announcement of the Transaction, based on Citadel's share price on 11 September 2020 of \$3.98 and 51.4% over the 3-month VWAP of Citadel Shares up to and including 11 September 2020 of \$3.76.⁷
- (d) The value of the Cash Payments represents an attractive acquisition multiple of ~14.7x FY20A PF proportionate EV/EBITDA⁸.
- (e) If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.⁹
- (f) The Cash Consideration, together with any Special Dividend that may be declared and paid by Citadel, provides Citadel Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding the uncertainties and risks associated with Citadel's business.
- (g) No Superior Proposal has emerged as at the date of this Scheme Booklet.
- (h) If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with Citadel's business and general market risks, including the risks associated with COVID-19.
- (i) You will not incur any brokerage charges on the transfer of your Citadel Shares if the Scheme proceeds.

Summary of potential reasons to vote against the Scheme

- (a) You may disagree with the Citadel Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests.
- (b) Citadel Shareholders may wish to maintain their investment in Citadel as an ASX listed company.

- (c) The tax consequences of the Scheme may not suit certain Citadel Shareholders.
- (d) You may believe there is potential for a Superior Proposal to be made in the foreseeable future.

Considerations for making an Election to receive Scrip Consideration

The Scrip Consideration provides the flexibility for Citadel Shareholders who wish to maintain an interest in Citadel, by holding Class B Shares in HoldCo, to do so, having regard to the risks involved. Citadel Shareholders who are considering making an Election to receive either of the Scrip Consideration Options should:

- (a) take into account the Minimum Election Threshold, the Minimum Holding Threshold and the Scrip Scale Back as summarised in Section 1.4 of this Scheme Booklet, which may affect whether the Scrip Consideration will be issued and the number of Class B Shares that will actually be received;
- (b) take into account that the Class B Shares would be subject to the rights and restrictions set out in the HoldCo Shareholders Deed (which importantly restricts the ability for a holder of Class B Shares to sell their Class B Shares) and the HoldCo Constitution. A summary of the HoldCo Shareholders Deed and a summary of the rights attaching to Class B Shares is set out in Section 7.2. A summary of the risks associated with an investment in HoldCo is set out in Section 8.5. A copy of the Shareholders Deed is included as Annexure F to this Scheme Booklet;
- (c) carefully consider the matters set out in Sections 6, 7 and 8 of this Scheme Booklet and the risk factors set out in Section 8.5 of this Scheme Booklet, noting that an investment in HoldCo does not involve the same liquidity and other protections which shareholders receive when investing in an ASX listed company;
- (d) carefully consider the tax considerations set out in Annexure A to this Scheme Booklet and how they apply to the Scrip Consideration Options in comparison to the Cash Consideration;
- (e) take into account the Independent Expert's Report in Annexure B and the views expressed in that report in relation to the Class B Shares; and
- (f) consult with their appropriate legal, financial, tax or other professional advisers about whether an investment in HoldCo meets their individual investment objectives.

7. 3-month VWAP based on cumulative trading volume from 12 June 2020 up to and including 11 September 2020.

8. Proportionate EBITDA adjusts for the impact of the non-controlling interest on the reported FY20A pro forma Underlying EBITDA of \$38.4 million. The non-controlling interest adjustment is \$4.2 million, resulting in a FY20A PF proportionate Underlying EBITDA of \$34.2 million.

9. Refer to footnote 5, on page 10.

Risks of making an Election to receive Scrip Consideration

You should form your own view as to whether you wish to make an Election to receive a Scrip Consideration Option based on your individual circumstances, financial situation, taxation position, investment objectives and risk profile. You should also consider obtaining professional advice appropriate to your specific circumstances before making any Election.

It is important to understand that any investment in unlisted Class B Shares would represent a fundamentally different investment than your current investment in Citadel. In particular, your continuing exposure to Citadel (via HoldCo and its wholly owned subsidiaries) would have materially different risks and a different investment and financial profile to your existing investment in Citadel as an ASX listed company.

Important information in relation to Scrip Consideration Options only (this does not apply to the Cash Consideration)

Importantly, Citadel Shareholders should be aware that if they make an Election to receive Scrip Consideration pursuant to either of the Scrip Consideration Options:

- > they will face risks that apply to an investment in HoldCo that are materially different from, and in addition to, those risks that apply to their existing investment in Citadel;
- > they will hold shares in an unlisted public company, which will not be subject to the same level of regulation as an ASX listed public company (for example, the Listing Rules and, subject to certain conditions, Australia's takeover regime will not apply);
- > a Nominee may be appointed to hold all of the Class B Shares on bare trust for the Class B Shareholders in accordance with the terms of the HoldCo Shareholders Deed and Nominee Deed, in which case, they may not have the right to request the transfer of their Class B Shares from the Nominee to them personally;
- > they will face a lack of liquidity in respect of their Class B Shares given there will be no active market for the sale and purchase of Class B Shares;
- > they will become a party to the HoldCo Shareholders Deed, which restricts the ability of Class B Shareholders to dispose of their Class B Shares; and
- > they may not receive any dividends for at least the two-year period following the Implementation Date of the Scheme.

In particular, Citadel Shareholders should note that the PEP Shareholders do not intend to be an active buyer of Class B Shares once the Scheme is implemented. This means that if you want to sell your Class B Shares at any time in the future, you should not assume that the PEP Shareholders will purchase any of your Class B Shares (including in an 'emergency' scenario).

Accordingly, there is a risk that a holder of Class B Shares may not be able to transfer or sell the Class B Shares issued to them other than through an Exit, and there is no guarantee that an Exit will take place.

This means that if you want to sell your Class B Shares at any time in the future you should not assume that you will be able to do so in a timely manner (including in an 'emergency' scenario).

Accordingly, there is a risk that a Class B Shareholder may not be able to transfer or sell the Class B Shares issued to them if and when they would like to do so.

Please refer to Section 7.2 which sets out a summary of the HoldCo Shareholders Deed and the rights attaching to Class B Shares.

Summary of the Scheme

LIVE DATA

LIVE DATA



1. Summary of the Scheme

1.1 Background

On 14 September 2020, Citadel announced that it had entered into a Scheme Implementation Deed with Pacific Group Bidco Pty Ltd (**PEP BidCo**), an entity owned by funds advised by Pacific Equity Partners Pty Limited (**PEP**). The Scheme Implementation Deed sets out a framework for Citadel to propose a scheme of arrangement between itself and Citadel Shareholders under which PEP BidCo will acquire all of the Citadel Shares on issue.

On 27 October 2020, Citadel announced that Citadel and PEP BidCo entered into a deed of amendment and restatement in relation to the Scheme Implementation Deed under which the parties agreed that the maximum amount of any special dividend declared by the Citadel Board may be increased to a maximum amount of \$0.20 per Citadel Share.

A copy of the Scheme Implementation Deed (without its annexures) is included as Annexure C to this Scheme Booklet.

If the Scheme proceeds, Citadel will be delisted from the ASX and will become a wholly owned subsidiary of PEP BidCo.

For the Scheme to proceed, it must be approved by the Requisite Majorities of Citadel Shareholders at the Scheme Meeting and approved by the Court. There are also other conditions that need to be satisfied before the Scheme proceeds. The Scheme Conditions are summarised in Section 9.4(e).

If all of the Scheme Conditions are satisfied or waived (as applicable), the Scheme will constitute a binding arrangement between Citadel and all holders of Citadel Shares as at the Scheme Record Date (currently proposed to be 5:00pm on 10 December 2020) to undertake the steps required to:

- > transfer all of their Citadel Shares to PEP BidCo on the Implementation Date in exchange for the Scheme Consideration; and
- > otherwise give effect to the Scheme.

If all of the Scheme Conditions are satisfied or waived (as applicable), all holders of Citadel Shares as at the Scheme Record Date will be bound by the Scheme whether or not they:

- > attend the Scheme Meeting;
- > vote in favour of the Scheme;
- > vote against the Scheme; or
- > abstain from voting on the Scheme.

This Section provides a summary of the key commercial elements of the Scheme. This summary should be read in conjunction with the additional detailed information in this Scheme Booklet.

1.2 What you will receive under the Scheme

If the Scheme is approved and implemented:

- > the Scheme Consideration will be provided to each person who is recorded in the Citadel Register at 5:00pm on the Scheme Record Date as a holder of Citadel Shares (**Scheme Shareholder**); and
- > all Citadel Shares held by each Scheme Shareholder will be transferred to PEP BidCo.

Further information in respect of implementation of the Scheme is set out in Section 9. The Citadel Board unanimously recommends that Citadel Shareholders vote in favour of the Scheme, subject to no Superior Proposal being made for Citadel and the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders.

The Scheme Consideration comprises the Cash Consideration or may comprise or include the Scrip Consideration if you make a valid Election.

1.3 Cash Consideration

The Cash Consideration is \$5.70 cash per Citadel Share you hold on the Scheme Record Date less a dividend of up to \$0.20 per Citadel Share (**Special Dividend**) that Citadel may declare and pay before the Scheme is implemented. Scheme Shareholders are not required to make any Election to receive the Cash Consideration. Under the Scheme, a Scheme Shareholder will receive the Cash Consideration for all their Scheme Shares in the absence of a valid Election to receive a Scrip Consideration Option.

The payment and amount of the Special Dividend is at the discretion of the Citadel Board. If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹⁰

10. Refer to footnote 5, on page 10.

1. Summary of the Scheme

If Citadel does not declare a Special Dividend, or declares a Special Dividend of less than \$0.20 per Citadel Share, the Cash Consideration will be \$5.70 per Citadel Share less the amount of such Special Dividend, such that the total payments received by Citadel Shareholders who are on the Citadel Register on the Special Dividend Record Date and participate in the Scheme will be \$5.70 per Citadel Share.

1.4 Scrip Consideration

(a) General overview

As an alternative to receiving the Cash Consideration for all of your Citadel Shares, you may make an election to receive a Scrip Consideration Option (**Election**) by making an Election in accordance with the terms and conditions stated in the Election Portal, or if you have received a hardcopy Election Form, by following the instructions set out in the Election Form, in each case, so that it is received by the Citadel Share Registry by the Election Date, being 5:00pm (AEDT) on Tuesday, 24 November 2020. Citadel Shareholders who are Foreign Scheme Shareholders will not receive Scrip Consideration even if they make an Election.

The Scrip Consideration Options consist of:

- (i) **All Scrip Consideration**, being 1 Class B Share in HoldCo, for each Scheme Share held; and
- (ii) **Mix-and-Match**, being 1 Class B Share in HoldCo for each Citadel Share in respect of which you make a valid Election in exchange for between 50% and 100% of your Scheme Shares and the Cash Consideration for the remainder of your Scheme Shares.

Making an Election to receive Scrip Consideration will not affect a Citadel Shareholder's entitlement to receive any Special Dividend that may be declared or paid on Citadel Shares held at the Special Dividend Record Date. If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹¹

HoldCo is a newly incorporated Australian unlisted public company. PEP BidCo is a wholly owned subsidiary of HoldCo.

Elections are subject to the Minimum Election Threshold and Minimum Holding Threshold being satisfied. Elections are also subject to the Scrip Scale Back if the Maximum Holding Threshold is exceeded.

The Independent Expert has assessed the market value of HoldCo equity on a 100% controlling interest basis to be between \$4.30 and \$4.96 per share of HoldCo equity. This assumes that a Special Dividend of \$0.20 per Citadel Share is declared and paid on the Special Dividend Payment Date in addition to the Scrip Consideration. Further to this, the Independent Expert has noted that discounts for minority interest and lack of marketability would be appropriate when considering the valuation of Class B Shares.

Citadel Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is significantly less than the Cash Consideration. Please refer to the Independent Expert's Report in Annexure B to this Scheme Booklet for further information. There is no assurance that the future value of the Scrip Consideration will be higher than the value of the Cash Consideration.

Citadel Shareholders who receive the Scrip Consideration for some or all of their Citadel Shares will become parties to the HoldCo Shareholders Deed in respect of HoldCo. Under the terms of the HoldCo Shareholders Deed, Class B Shareholders will have different rights to those currently applicable to Citadel Shares. A summary of the HoldCo Shareholders Deed and a summary of the rights attaching to Class B Shares is set out in Section 7.2. A summary of the risks associated with an investment in HoldCo is set out in Section 8.5. A copy of the Shareholders Deed is included as Annexure F to this Scheme Booklet.

The paid up capital amount of the Scrip Consideration will be equal to the value of the Cash Consideration. If Citadel declares a Special Dividend of \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount of \$5.50 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If no Special Dividend is declared, Citadel Shareholders who make a valid Election to receive Scrip Consideration will be issued Class B Shares which are each credited with a paid up capital amount of \$5.70 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If Citadel declares a Special Dividend of less than \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount per Class B Share of

11. Refer to footnote 5, on page 10.

\$5.70 less the amount of the Special Dividend. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

Citadel Shareholders considering whether or not to make an Election to receive the Scrip Consideration should consider the risks associated with an investment in HoldCo set out in Section 8.5 of this Scheme Booklet. Please refer to the illustrative examples in Section 1.6 of this Scheme Booklet which sets out how the paid up capital amount of a Class B Share varies based on different scenarios and the Independent Expert's valuation range for Class B Shares.

The Citadel Board makes no recommendation in relation to the Scrip Consideration, except to note that Citadel Shareholders who are considering making an Election to receive Scrip Consideration should:

- > carefully read Sections 6, 7 and 8, including the information relating to the features of Class B Shares and the risks associated with an investment in HoldCo;
- > refer to the Independent Expert's Report in Annexure B and the views expressed in that report in relation to the Scrip Consideration;
- > consider the potential taxation implications under Australian income tax law and foreign tax laws in connection with the Scrip Consideration (see Annexure A for Australian tax implications); and
- > obtain appropriate legal, financial, tax or other professional advice about whether an investment in Class B Shares is appropriate to their specific circumstances before deciding whether to make an Election to receive Scrip Consideration.

Ultimately, the Citadel Board considers that it is a matter for each Citadel Shareholder to decide whether or not to make an Election to receive the Scrip Consideration, having regard to their individual circumstances, financial situation, tax position, investment objectives and risk profile.

(b) Minimum Election Threshold

The Minimum Election Threshold requires that an Election to receive the Scrip Consideration will only be valid if it relates to at least 50% of the Citadel Shares that you hold on the Scheme Record Date. Unless the Minimum Election Threshold is satisfied, you will not receive the Scrip Consideration and will receive the Cash Consideration for each of your Citadel Shares.

(c) Minimum Holding Threshold

The Minimum Holding Threshold requires that Citadel Shareholders (other than Foreign Scheme Shareholders) holding, in aggregate, at least 5% of Citadel Shares at the Election Date make valid Elections to receive Scrip Consideration.

Unless the Minimum Holding Threshold is satisfied, the Scrip Consideration will not be available and all Scheme Shareholders who made Elections for Scrip Consideration will receive the Cash Consideration for each of their Citadel Shares. The Minimum Holding Threshold is calculated as at the Election Date and Citadel will announce to ASX on Thursday, 26 November 2020 the results of the Election process and whether the Minimum Holding Threshold has been satisfied.

(d) Scrip Scale Back

The Scrip Scale Back applies if the total number of Class B Shares for which Scheme Shareholders in aggregate have made valid Elections exceeds 24,300,000 Class B Shares in the capital of HoldCo following implementation of the Scheme. If that is the case, there will be a scale back applied on a pro rata basis such that the total number of issued Class B Shares does not exceed 24,300,000 Class B Shares on issue immediately after implementation of the Scheme.

The extent of the Scrip Scale Back will depend on the number of Citadel Shares that are subject to valid Elections and will be calculated as at the Election Date. Citadel will announce to ASX on Thursday, 26 November 2020 the results of the Election process and whether the Scrip Scale Back applies.

Where the Scrip Scale Back applies, each Scheme Shareholder who made a valid Election will receive the number of Class B Shares as reduced by the pro rata scale back (with any fractions rounded down to the nearest whole number of Class B Shares) and will receive the Cash Consideration for each Citadel Share in respect of which Scrip Consideration is not issued.

(e) How to make an Election to receive the Scrip Consideration

You can make an Election to receive a Scrip Consideration Option by:

- (i) **Election Portal:** visiting the Election Portal (<https://investors.citadelgroup.com.au>) and making an Election in accordance with the terms and conditions stated in the Election Portal; or
- (ii) **Election Form:** if you received a hardcopy Election Form, by completing the Election Form in accordance with the instructions on the Election Form and returning it to the Citadel Share Registry using the enclosed reply paid envelope or by mailing it to The Citadel Group Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235.

1. Summary of the Scheme

Elections made using an Election Form or the Election Portal are only valid to the extent they are received by the Citadel Share Registry by the Election Date (5:00pm (AEDT) on Tuesday, 24 November 2020).

You may subsequently vary or withdraw your Election by:

- (iii) **Election Portal:** visiting the Election Portal (<https://investors.citadelgroup.com.au>) and following the relevant instructions; or
- (iv) **Lodging a written request with a new Election Form:** lodging a signed, written request to withdraw your previous Election which must be accompanied with a new Election Form if the Election is to be replaced with a new Election,

provided that any request to change or withdraw an Election in accordance with the options above is received by the Citadel Share Registry by the Election Date.

You can obtain information on an acceptable form of written request and a new Election Form by contacting the Citadel Shareholder Information Line on +61 1300 407 677 between 8:30am and 5:30pm (AEDT) on Monday to Friday.

If a Citadel Shareholder (other than a Foreign Scheme Shareholder) makes a valid Election using an Election Form and also makes a valid Election online through the Election Portal, the Election made online through the Election Portal will be taken to be the Election made by that Citadel Shareholder, even if the Election Form is received by the Citadel Share Registry after the Election made online through the Election Portal.

Citadel Shareholders who do not make a valid Election, or whose Election is not received by the Citadel Share Registry by the Election Date (being 5:00pm (AEDT) on Tuesday, 24 November 2020), will automatically receive the Cash Consideration.

Citadel will announce the results of the Election process to the ASX, including whether the Minimum Holding Threshold has been met and, if so, whether the Scrip Scale Back will apply. An announcement, confirming the results of the Election process and whether the Scrip Scale Back will apply is currently expected to be made on 26 November 2020.

(f) Foreign Scheme Shareholders

Citadel Shareholders who are Foreign Scheme Shareholders will not receive Scrip Consideration even if they make an Election.

1.5 The Special Dividend

If a Special Dividend of up to \$0.20 per Citadel Share is declared, it will be paid to all persons registered as Citadel Shareholders as at the Special Dividend Record Date (expected to be 7:00pm on Tuesday, 8 December 2020). The Special Dividend is expected to be fully franked.

If the maximum permitted fully franked Special Dividend of \$0.20 per Citadel Share is declared and paid, Australian resident Citadel Shareholders who are able to realise the full benefit of the franking credit attached to the Special Dividend will receive, subject to their marginal tax rate, an additional benefit valued at up to \$0.086 (8.6 cents) per Citadel Share. Whether or not you will be in a position to derive the full benefit of the franking credit will depend on your individual taxation circumstances.

Although the exact value of the Special Dividend is not known at the date of this Scheme Booklet, if Citadel does not declare a Special Dividend, or declares a Special Dividend of less than \$0.20 per Citadel Share, the Scheme Consideration will be \$5.70 per Citadel Share less the amount of such Special Dividend, such that the total payments received by Citadel Shareholders who participate in the Scheme and are registered as Citadel Shareholders on the Special Dividend Record Date will be \$5.70 per Citadel Share. For example:

- > if you do not make a valid Election and receive the Cash Consideration for all your Citadel Shares, the Cash Consideration will be \$5.70 per Citadel Share less the amount of the Special Dividend of up to \$0.20 per Citadel Share, such that the total payments that you will receive will be \$5.70 per Citadel Share;
- > if Citadel declares a Special Dividend of \$0.20 per Citadel Share and you make a valid Election to receive Scrip Consideration you will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount of \$5.50 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding;
- > if no Special Dividend is declared and you make a valid Election to receive Scrip Consideration you will be issued Class B Shares which are each credited with a paid up capital amount of \$5.70 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding; or
- > if Citadel declares a Special Dividend of less than \$0.20 per Citadel Share and you make a valid Election to receive Scrip Consideration you will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount per Class B Share of \$5.70 less the amount of the Special Dividend. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

Citadel Shareholders considering whether or not to make an Election to receive the Scrip Consideration should consider the risks associated with an investment in HoldCo set out in Section 8.5 of this Scheme Booklet. Please refer to the illustrative examples in Section 1.6 of this Scheme Booklet which sets out how the paid up capital amount of a Class B Share varies based on different scenarios and the Independent Expert's valuation range for Class B Shares.

Citadel Shareholders should note the following important points in relation to the Special Dividend and the Scheme:

- (a) if Citadel Shareholders or the Court do not approve the Scheme, the Citadel Board does not intend to declare or authorise any Special Dividend;
- (b) the expected record date for determining entitlements to participate in the Special Dividend (**Special Dividend Record Date**) is 7:00pm on Tuesday, 8 December 2020;
- (c) the expected record date for determining entitlements to participate in the Scheme (**Scheme Record Date**) is 5:00pm on Thursday, 10 December 2020;
- (d) due to the different record dates that apply to the Special Dividend, on the one hand, and the Scheme, on the other, only those persons registered as a Citadel Shareholder on both the Special Dividend Record Date and the later Scheme Record Date will be entitled to receive the Special Dividend and participate in the Scheme;
- (e) if you buy (additional) Citadel Shares after the Special Dividend Record Date and before the Scheme Record Date, those Shares will not carry any right to the Special Dividend;
- (f) therefore, Citadel Shareholders should take careful note of the key dates applying to the Special Dividend and the Scheme as set out in the Section entitled 'Important dates' at the beginning of this Scheme Booklet. Any acquisitions or disposals of Citadel Shares before or during these key dates will affect your entitlement to receive the Special Dividend and participate in the Scheme; and
- (g) if the Scheme becomes Effective, the Special Dividend will be paid on the Special Dividend Payment Date (currently proposed to be Thursday, 17 December 2020).

1.6 Illustrative examples

(a) Cash Consideration – outcomes under difference scenarios

The table below illustrates the outcome for those Citadel Shareholders (as at the Special Dividend Record Date) who do not make an Election under different scenarios, assuming the Scheme is approved and implemented.

Scenario	What you will receive ¹²	Total (ignoring the potential further value of any franking credit benefits)
No Special Dividend is declared	\$5.70 cash for each Citadel Share you hold at the Scheme Record Date (paid by PEP BidCo)	\$5.70 Cash Consideration for each Citadel Share
A Special Dividend of \$0.10 is declared	\$0.10 cash for each Citadel Share you hold at the Special Dividend Record Date (paid by Citadel) <i>Plus</i> \$5.60 cash for each Citadel Share you hold at the Scheme Record Date (paid by PEP BidCo)	\$0.10 Special Dividend + \$5.60 Cash Consideration = \$5.70 cash for each Citadel Share
A Special Dividend of \$0.20 is declared	\$0.20 cash for each Citadel Share you hold at the Special Dividend Record Date (paid by Citadel) <i>Plus</i> \$5.50 cash for each Citadel Share you hold at the Scheme Record Date (paid by PEP BidCo)	\$0.20 Special Dividend + \$5.50 Cash Consideration = \$5.70 cash for each Citadel Share

If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹³

12. Please note, if you become a Citadel Shareholder after the Special Dividend Record Date, you will not receive the Special Dividend. Similarly, if you sell your Citadel Shares before the Scheme Record Date, you will not receive the Cash Consideration.

13. Refer to footnote 5, on page 10.

1. Summary of the Scheme

(b) All Scrip Consideration – outcomes under different scenarios

The paid up capital amount of the Scrip Consideration will be equal to the value of the Cash Consideration.

If Citadel declares a Special Dividend of \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount of \$5.50 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If no Special Dividend is declared, Citadel Shareholders who make a valid Election to receive Scrip Consideration will be issued Class B Shares which are each credited with a paid up capital amount of \$5.70 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If Citadel declares a Special Dividend of less than \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount per Class B Share of \$5.70 less the amount of the Special Dividend. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

The table below illustrates the outcome for those Citadel Shareholders (as at the Special Dividend Record Date) who make an Election to receive All Scrip Consideration for their Citadel Shares, assuming the Minimum Holding Threshold is satisfied, no Scrip Scale Back applies and the Scheme is approved and implemented.

Scenario	What you will receive ¹⁴	Total (ignoring the potential further value of any franking credit benefits)
Citadel Shareholder makes an All Scrip Consideration Election and No Special Dividend is declared	1 Class B Share for each Citadel Share you hold at the Scheme Record Date (issued by HoldCo)	Paid up capital amount of Class B Share of \$5.70 = \$5.70 for each Citadel Share
Citadel Shareholder makes an All Scrip Consideration Election and A Special Dividend of \$0.10 is declared	\$0.10 cash for each Citadel Share you hold at the Special Dividend Record Date (paid by Citadel) <i>Plus</i> 1 Class B Share for each Citadel Share you hold at the Scheme Record Date (issued by HoldCo)	Special Dividend of \$0.10 cash + paid up capital amount of Class B Share of \$5.60 = \$5.70 for each Citadel Share
Citadel Shareholder makes an All Scrip Consideration Election and A Special Dividend of \$0.20 is declared	\$0.20 cash for each Citadel Share you hold at the Special Dividend Record Date (paid by Citadel) <i>Plus</i> 1 Class B Share for each Citadel Share you hold at the Scheme Record Date (issued by HoldCo)	Special Dividend of \$0.20 cash + paid up capital amount of Class B Share of \$5.50 = \$5.70 for each Citadel Share

14. Please note, if you become a Citadel Shareholder after the Special Dividend Record Date, you will not receive the Special Dividend. Similarly, if you sell your Citadel Shares before the Scheme Record Date, you will not receive the Scrip Consideration.

If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹⁵

The Independent Expert has assessed the market value of HoldCo equity on a 100% controlling interest basis to be between \$4.30 and \$4.96 per share of HoldCo equity. This assumes that a Special Dividend of \$0.20 per Citadel Share is declared and paid on the Special Dividend Payment Date in addition to the Scrip Consideration. Further to this, the Independent Expert has noted that discounts for minority interest and lack of marketability would be appropriate when considering the valuation of Class B Shares.

Citadel Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is significantly less than the Cash Consideration.

(c) Mix-and-Match – outcomes under different scenarios

The paid up capital amount of the Scrip Consideration will be equal to the value of the Cash Consideration.

If Citadel declares a Special Dividend of \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount of \$5.50 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If no Special Dividend is declared, Citadel Shareholders who make a valid Election to receive Scrip Consideration will be issued Class B Shares which are each credited with a paid up capital amount of \$5.70 per Class B Share. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

If Citadel declares a Special Dividend of less than \$0.20 per Citadel Share, Citadel Shareholders who are registered as Citadel Shareholders on the Special Dividend Record Date and make a valid Election to receive Scrip Consideration will receive the Special Dividend and be issued Class B Shares which are each credited with a paid up capital amount per Class B Share of \$5.70 less the amount of the Special Dividend. This will be the same issue price as the price per Class A Share paid by the PEP Shareholders for the Class A Shares that they subscribe for to provide the Equity Funding.

The table overleaf illustrates the outcome for those Citadel Shareholders (as at the Special Dividend Record Date) who make a Mix-and-Match Election, assuming the Minimum Holding Threshold is satisfied, no Scrip Scale Back applies and the Scheme is approved and implemented. This example is based on a Mix-and-Match Election to receive 50% Scrip Consideration with the remainder of the Scheme Consideration being paid in the form of Cash Consideration.

15. Refer to footnote 5, on page 10.

1. Summary of the Scheme

Scenario	What you will receive ¹⁶	Total (ignoring the potential further value of any franking credit benefits)
Citadel Shareholder makes a partial Election (e.g. 50%) and No Special Dividend is declared	\$5.70 cash for 50% of that number of Citadel Shares you hold at the Scheme Record Date (paid by PEP BidCo) <i>Plus</i> 1 Class B Share for 50% of that number of Citadel Shares you hold at the Scheme Record Date (issued by HoldCo)	\$5.70 Cash Consideration for each Citadel Share (for 50% of your holding) Paid up capital amount of Class B Share of \$5.70 = \$5.70 for each Citadel Share (for 50% of your holding)
Citadel Shareholder makes a partial Election (e.g. 50%) and A Special Dividend of \$0.10 is declared	\$0.10 cash for each Citadel Share you hold at the Special Dividend Record Date (paid by Citadel) <i>Plus</i> \$5.60 cash for 50% of that number of Citadel Shares you hold at the Scheme Record Date (paid by PEP BidCo) <i>Plus</i> 1 Class B Share for 50% of that number of Citadel Shares you hold at the Scheme Record Date (issued by HoldCo)	Special Dividend of \$0.10 cash + \$5.60 Cash Consideration = \$5.70 cash for each Citadel Share (for 50% of your holding) Special Dividend of \$0.10 cash + paid up capital amount of Class B Share of \$5.60 = \$5.70 for each Citadel Share (for 50% of your holding)
Citadel Shareholder makes a partial Election (e.g. 50%) and A Special Dividend of \$0.20 is declared	\$0.20 cash for each Citadel Share you hold at the Special Dividend Record Date (paid by Citadel) <i>Plus</i> \$5.50 cash for 50% of that number of Citadel Shares you hold at the Scheme Record Date (paid by PEP BidCo) <i>Plus</i> 1 Class B Share for 50% of that number of Citadel Shares you hold at the Scheme Record Date (issued by HoldCo)	Special Dividend of \$0.20 cash + \$5.50 Cash Consideration = \$5.70 cash for each Citadel Share (for 50% of your holding) Special Dividend of \$0.20 cash + paid up capital amount of Class B Share of \$5.50 = \$5.70 for each Citadel Share (for 50% of your holding)

If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹⁷

The Independent Expert has assessed the market value of HoldCo equity on a 100% controlling interest basis to be between \$4.30 and \$4.96 per share of HoldCo equity. This assumes that a Special Dividend of \$0.20 per Citadel Share is declared and paid on the Special Dividend Payment Date in addition to the Scrip Consideration. Further to this, the Independent Expert has noted that discounts for minority interest and lack of marketability would be appropriate when considering the valuation of Class B Shares.

Citadel Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is significantly less than the Cash Consideration.

¹⁶ Please note, if you become a Citadel Shareholder after the Special Dividend Record Date, you will not receive the Special Dividend. Similarly, if you sell your Citadel shares before the Scheme Record Date, you will not receive the Cash Consideration or the Scrip Consideration.

¹⁷ Refer to footnote 5, on page 10.

1.7 Provision of Scheme Consideration and Special Dividend

(a) Cash Consideration

The Cash Consideration will be paid to those eligible Citadel Shareholders¹⁸ who do not make a valid Election to receive Scrip Consideration or, having made a valid Election, do not receive the Scrip Consideration in respect of all of their Elections as a result of either the Minimum Election Threshold or the Minimum Holding Threshold not having been met or as a result of the operation of the Scrip Scale Back. For those eligible Citadel Shareholders who make a Mix-and-Match Election, the Cash Consideration will also be paid in respect of those Citadel Shares which are not the subject of a valid Election.

The Cash Consideration will be paid on the Implementation Date, which is currently proposed to be 17 December 2020. Citadel Shareholders who have validly registered their bank account details with the Citadel Share Registry (by the Scheme Record Date) will have the Cash Consideration credited directly to their registered bank account. Citadel Shareholders who have not registered their bank account details with the Citadel Share Registry (by the Scheme Record Date) will have their Cash Consideration sent by cheque to the address shown on the Citadel Register.

See clause 5.4(b) of the Scheme contained in Annexure D for further details.

(b) Scrip Consideration

Assuming the Minimum Election Threshold and the Minimum Holding Threshold are met and subject to the Scrip Scale Back, Citadel Shareholders who have validly elected to receive the Scrip Consideration will be issued Class B Shares in respect of their Citadel Shares that are the subject of the valid Election.

The Class B Shares will be issued on the Implementation Date. Citadel Shareholders who make an Election will receive notification of their holding of Class B Shares shortly after that date.

(c) Special Dividend

Subject to the Scheme being approved by the Court, the Special Dividend (if declared) will be paid to each person who is registered on the Citadel Register as a Citadel Shareholder as at the Special Dividend Record Date (7:00pm on Tuesday, 8 December 2020). The Special Dividend will be paid on the Special Dividend Payment Date (currently proposed to be Thursday, 17 December 2020).

1.8 Taxation implications

If the Scheme proceeds, all holders of Citadel Shares as at the Scheme Record Date (currently proposed to be 5:00pm on 10 December 2020) will transfer all of their Citadel Shares to PEP BidCo on the Implementation Date (currently proposed to be 17 December 2020), in exchange for the Scheme Consideration.

A general outline of the Australian taxation implications for Citadel Shareholders in relation to receiving the Special Dividend and disposing of their Citadel Shares under the Scheme is provided in Annexure A. The information in Annexure A is general in nature and should not be relied on by Citadel Shareholders as tax advice. Citadel Shareholders should obtain their own professional advice on the taxation implications relevant to them arising from the Special Dividend and the Scheme.

1.9 Scheme Conditions

The obligations of Citadel and PEP BidCo to complete the Transaction are subject to the Scheme Conditions, which include:

- (a) FIRB Approval;
- (b) the Scheme being approved by the Requisite Majorities of Citadel Shareholders at the Scheme Meeting (see Section 3.4 for details); and
- (c) the Scheme being approved by the Court.

The Scheme Conditions are discussed in further detail in Section 9.4(e).

All of the Scheme Conditions must be either satisfied or waived (where capable of waiver) in accordance with the Scheme and the Scheme Implementation Deed for the Transaction to be implemented.

As at the date of this Scheme Booklet, Citadel is not aware of any circumstances which would cause the Scheme Conditions not to be satisfied. An update as to the status of the Scheme Conditions will be provided at the Scheme Meeting.

18. Being those persons registered as Citadel Shareholders on the Scheme Record Date.

1. Summary of the Scheme

1.10 Citadel Board's recommendation

The Citadel Board unanimously recommends that you vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. Subject to those qualifications, each Citadel Director intends to vote, or cause to be voted, all Citadel Shares held by or controlled by them in favour of the Scheme.

In making this recommendation, the Citadel Board has, among other things, considered the matters detailed in Section 4.1.

1.11 Independent Expert's Report

Citadel engaged the Independent Expert, Lonergan Edwards & Associates Limited, to assess the merits of the Scheme.

The Independent Expert has assessed the value of Citadel Shares on a 100% controlling interest basis to be between \$5.24 and \$5.75. The total cash payments of \$5.70 per Citadel Share (currently expected to comprise the Special Dividend and the Cash Consideration) are within the top quartile of this range.

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

The Independent Expert has assessed the market value of HoldCo equity on a 100% controlling interest basis to be between \$4.30 and \$4.96 per share of HoldCo equity. This assumes that a Special Dividend of \$0.20 per Citadel Share is declared and paid on the Special Dividend Payment Date in addition to the Scrip Consideration. Further to this, the Independent Expert has noted that discounts for minority interest and lack of marketability would be appropriate when considering the valuation of Class B Shares.

Citadel Shareholders should note that the Independent Expert has concluded that the value of each of the Scrip Consideration Options is significantly less than the Cash Consideration. Please refer to the Independent Expert's Report in Annexure B to this Scheme Booklet for further information. You should read that report as part of your assessment of the Scheme. There is no assurance that the future value of the Scrip Consideration will be higher than the value of the Cash Consideration.

1.12 Employee Share Rights

As at the date of the Scheme Booklet there are 388,308 Employee Share Rights. Under the Scheme Implementation Deed it is a condition that all of the Employee Share Rights either vest and be exercised and converted into Citadel Shares, be cash settled or lapse and be cancelled by the date the Scheme becomes Effective. For details of the treatment of Employee Share Rights under the Scheme see Section 5.6(b).

1.13 No brokerage or stamp duty

Citadel Shareholders will not incur any brokerage or stamp duty on the transfer of Citadel Shares pursuant to the Scheme.

1.14 Warranties provided by Citadel Shareholders

The Scheme provides that each Scheme Shareholder warrants to PEP BidCo and is deemed to have authorised Citadel as agent and attorney to warrant to PEP BidCo, that as at the Implementation Date:

- (a) all of its Scheme Shares which are transferred to PEP BidCo under the Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (b) all of its Scheme Shares which are transferred to PEP BidCo under the Scheme will, on the date on which they are transferred to PEP BidCo, be fully paid;
- (c) it has full power and capacity to sell and transfer its Scheme Shares to PEP BidCo together with any rights attaching to those Scheme Shares; and
- (d) it has no existing right to be issued any Citadel Shares, options exercisable into Citadel Shares, convertible notes convertible into Citadel Shares or any other securities issued by Citadel.

1.15 Exclusivity

The Scheme Implementation Deed includes certain exclusivity arrangements that Citadel has made in favour of PEP BidCo. These include customary no-shop, no-talk and no-due diligence obligations, as well as obligations of notification of Competing Proposals and providing a matching right to PEP BidCo in the event that a Superior Proposal is received by Citadel. PEP BidCo's matching right will apply in respect of each successive modification or variation of any actual, anticipated, proposed or potential Competing Proposal.

Superior Proposal

Under the Scheme Implementation Deed, a Superior Proposal comprises a bona fide Competing Proposal which the Citadel Board, acting in good faith in order to satisfy what the Citadel Board reasonably considers to be its fiduciary or statutory duties and after taking advice from Citadel's legal and financial advisers, determines that:

- (a) would, if completed substantially in accordance with its terms, result in an acquisition of Control of Citadel or all or substantially all of the assets of the Citadel Group;
- (b) is reasonably likely to be completed in accordance with its terms in a timely fashion and not materially after the proposed Implementation Date (based on the Timetable), taking into account all financial, regulatory and other aspects of such proposal, including its conditionality and the ability of the proposing party to fund and consummate the transactions contemplated by the Competing Proposal; and
- (c) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Citadel Shareholders than the Transaction, taking into account all the terms and conditions of the Competing Proposal.

These exclusivity arrangements are described in further detail in Section 9.4(a).

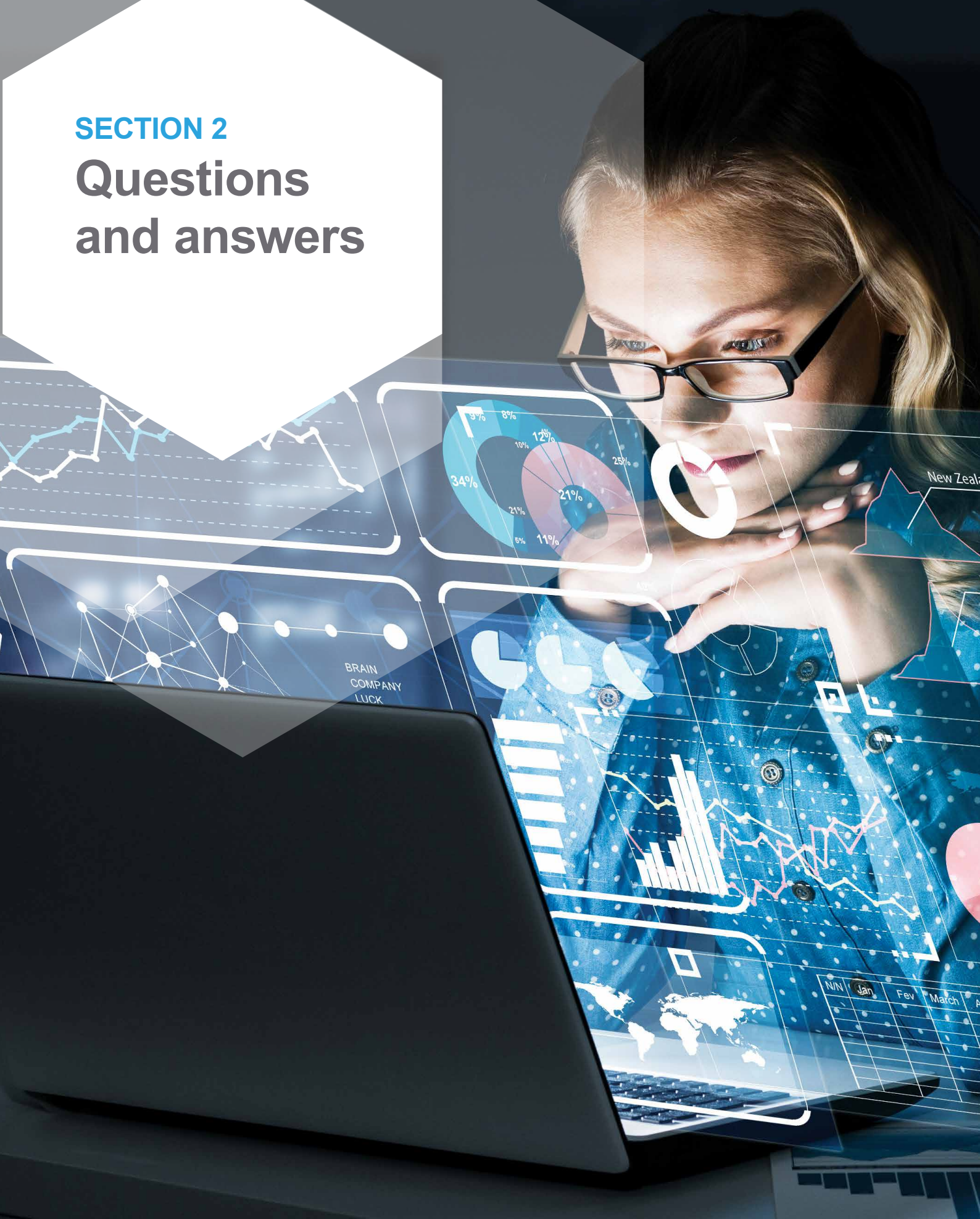
1.16 Break Fee

If the Scheme does not become Effective, a break fee of \$4,486,473 (**Break Fee**) may be payable by Citadel to PEP BidCo. The circumstances in which the Break Fee would be payable are set out in Section 9.4(d).

The Break Fee triggers do not include a situation where the Scheme does not proceed simply because Citadel Shareholders do not approve the Scheme at the Scheme Meeting to be held on Tuesday, 1 December 2020.

SECTION 2

Questions and answers



2. Questions and answers

This Section 2 answers some basic questions that you may have about the Transaction. The information is a summary only which you should read in conjunction with the entire Scheme Booklet (including the recommendation of the Citadel Directors and the key reasons for those recommendations as set out in Section 4.3) before deciding how to vote on the Scheme. It is not intended to address all relevant issues for Citadel Shareholders.

Questions	Answers
Overview of the Scheme	
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are a Citadel Shareholder and Citadel Shareholders are being asked to vote on a Scheme, which, if approved, will result in PEP BidCo acquiring all Citadel Shares. This Scheme Booklet is intended to help you decide how to vote on the Scheme at the Scheme Meeting to allow the Scheme to proceed.
What is the Transaction?	The Transaction is a scheme of arrangement between Citadel and Citadel Shareholders. A scheme of arrangement is a statutory procedure that is commonly used in transactions which may result in a change of ownership or control of a company. On 14 September 2020, Citadel announced that it had entered into the Scheme Implementation Deed, whereby it was proposed that PEP BidCo would acquire all of the issued capital in Citadel for \$5.70 per share reduced for any Special Dividend. There is also a Scrip Consideration alternative to the Cash Consideration under the Scheme which provides Citadel Shareholders an opportunity to acquire a continuing minority interest in the Citadel business (via HoldCo and its wholly owned subsidiaries) in addition to the Special Dividend. On 27 October 2020, Citadel announced that Citadel and PEP BidCo entered into a deed of amendment and restatement in relation to the Scheme Implementation Deed under which the parties agreed that the maximum amount of any special dividend declared by the Citadel Board may be increased to a maximum amount of \$0.20 per Citadel Share. If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.¹⁹ If the Transaction is approved and implemented, all Scheme Shares will be transferred to PEP BidCo and Citadel will become a Subsidiary of PEP BidCo and delisted from ASX. Section 1 contains a summary of the Transaction.
What are the benefits of the Transaction?	The Citadel Board believes that the advantages of the Scheme to Citadel Shareholders include the following: > The Citadel Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. > The Independent Expert has concluded that the Cash Payments are fair and reasonable and hence the Scheme is in the best interests of Citadel Shareholders in the absence of a Superior Proposal. > The value of the Cash Payments represents a significant premium for your Citadel Shares of 43.2% to last close prior to the announcement of the Transaction, based on Citadel's share price on 11 September 2020 of \$3.98 and 51.4% over the 3-month VWAP of Citadel Shares up to and including 11 September 2020 of \$3.76.²⁰ > The value of the Cash Payments represents an attractive acquisition multiple of earnings of ~14.7x FY20A PF proportionate EV/EBITDA.²¹ > If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.²²

19. Refer to footnote 5, on page 10.

20. 3-month VWAP based on cumulative trading volume from 12 June 2020 up to and including 11 September 2020.

21. Proportionate EBITDA adjusts for the impact of the non-controlling interest on the reported FY20A pro forma Underlying EBITDA of \$38.4 million. The non-controlling interest adjustment is \$4.2 million, resulting in a FY20A PF proportionate Underlying EBITDA of \$34.2 million.

22. Refer to footnote 5, on page 10.

2. Questions and answers

Questions	Answers
What are the benefits of the Transaction? continued	> The Cash Consideration, together with any Special Dividend that may be declared and paid by Citadel, provides Citadel Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding the uncertainties and risks associated with Citadel's business. > No Superior Proposal has emerged as at the date of this Scheme Booklet. > If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with Citadel's business and general market risks. > You will not incur any brokerage charges on the transfer of your Citadel Shares if the Scheme proceeds. Further information regarding the advantages and reasons to vote in favour of the Scheme is set out in Section 4.3.
What are the potential disadvantages of voting in favour of the Scheme?	The Citadel Board believes the potential reasons Citadel Shareholders may wish to vote against the Scheme are as follows: > You may disagree with the Citadel Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests. > Citadel Shareholders may wish to maintain their investment in Citadel as an ASX listed company. > The tax consequences of the Scheme may not suit certain Citadel Shareholders. > You may believe there is potential for a Superior Proposal to be made in the foreseeable future. Further information regarding the disadvantages and reasons to vote against the Scheme is set out in Section 4.5.
Special Dividend	
What is the Special Dividend?	The Special Dividend is intended to be a fully franked dividend of up to \$0.20 per Citadel Share that the Citadel Directors may declare, if the Scheme is approved by Citadel Shareholders and the Court.
Am I eligible to receive the Special Dividend?	If you hold Citadel Shares on the Special Dividend Record Date, you will be eligible to receive the Special Dividend.
What is the Class Ruling?	Citadel has sought a Class Ruling from the Australian Taxation Office (ATO) to confirm the key taxation implications of the Scheme and the Special Dividend on Citadel Shareholders. The expected taxation implications for Citadel Shareholders are summarised in Annexure A to this Scheme Booklet. The Class Ruling has not been finalised as at the date of this Scheme Booklet.
Will the Special Dividend be franked?	The Special Dividend is intended to be fully franked.
Will I get the benefit of franking credits?	Australian resident Citadel Shareholders should be entitled to benefit from franking credits attached to the Special Dividend, subject to satisfying certain conditions outlined in Annexure A. The entitlement to benefit from franking credits is expected to be confirmed in the Class Ruling. If a Special Dividend of \$0.20 per Citadel Share is declared and paid, Australian resident Citadel Shareholders who are able to realise the full benefit of the franking credits attached to the Special Dividend will receive, subject to their marginal tax rate, an additional benefit valued at up to \$0.086 per Citadel Share. The ability to derive the full benefit of the franking credits will depend on the Citadel Shareholder's individual circumstances for taxation purposes.

Questions	Answers
Scheme Consideration	
What is the Scheme Consideration?	The Scheme Consideration refers to: > the Cash Consideration; and/or > the Scrip Consideration, being the All Scrip Consideration or the Mix-and-Match, subject to the terms of the Scheme and the Election made by each Citadel Shareholder.
What is the Cash Consideration?	The Cash Consideration is \$5.70 cash for each Citadel Share you hold on the Scheme Record Date less the amount of any Special Dividend that Citadel may declare and pay before the Scheme is implemented of up to \$0.20 per Citadel Share. If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.²³
What is the Scrip Consideration?	The Scrip Consideration Options consist of: > All Scrip Consideration, being 1 Class B Share in HoldCo for each Scheme Share held; and > Mix-and-Match, being 1 Class B Share in HoldCo for each Citadel Share in respect of which you make a valid Election in exchange for between 50% and 100% of your Scheme Shares and the Cash Consideration for the remainder of your Scheme Shares. The Scrip Consideration is only available if the Minimum Election Threshold and Minimum Holding Thresholds are met and is subject to the Scrip Scale Back.
Do I need to elect to receive the Cash Consideration?	No. If the Scheme is approved and implemented, Citadel Shareholders will automatically receive the Cash Consideration unless they have made a valid Election to receive the Scrip Consideration.
Who is a UK Scheme Shareholder?	Each holder of Scheme Shares at the Scheme Record Date who is resident in the United Kingdom, or is holding Scheme Shares or any interest in Scheme Shares directly or indirectly on behalf of any person who is resident in, or has a Registered Address in, the United Kingdom will be considered a UK Scheme Shareholder.
How will a UK Scheme Shareholder be treated under the Scheme?	UK Scheme Shareholders will be entitled to make Elections to receive Scrip Consideration on the basis that UK Scheme Shareholders who make valid Elections to receive Scrip Consideration will be: > offered 1 PEP BidCo Share for each Citadel Share held on the Scheme Record Date by that UK Scheme Shareholder in respect of which a valid Election is made (Offer); > deemed to irrevocably and unconditionally accept the Offer and direct PEP BidCo to issue the PEP BidCo Shares to MidCo, in exchange for MidCo offering to issue to that UK Scheme Shareholder 1 MidCo Share for each PEP BidCo Share offered to that UK Scheme Shareholder; and > deemed to irrevocably and unconditionally direct MidCo to issue the MidCo Shares to HoldCo, in exchange for HoldCo issuing to the UK Scheme Shareholder 1 HoldCo Share for each MidCo Share offered to that UK Scheme Shareholder. The purpose of this construct is to facilitate the availability of scrip-for-scrip roll-over relief for UK Scheme Shareholders who have made valid Elections to receive Scrip Consideration, on the disposal of their Citadel Shares under the Scheme. Any attempt by a UK Scheme Shareholder to revoke or renege on the deemed acceptance or directions as set out above, will result in that UK Scheme Shareholder's Election being deemed invalid with immediate effect and that UK Scheme Shareholder will be entitled to receive only Cash Consideration in respect of all of its Scheme Shares.
Who is a Foreign Scheme Shareholder?	If your Registered Address, as shown in the Citadel Register as at the Scheme Record Date, is a place outside Australia, New Zealand or the United Kingdom, you will be a Foreign Scheme Shareholder.

23. Refer to footnote 5, on page 10.

2. Questions and answers

Questions	Answers
How will a Foreign Scheme Shareholder be treated under the Scheme?	If you are a Foreign Scheme Shareholder, you will not be entitled to receive either of the Scrip Consideration Options. If you make an Election to receive Scrip Consideration, your Election will be invalid and have no effect, and you will receive the Cash Consideration for all of your Citadel Shares held on the Scheme Record Date if the Scheme becomes Effective. If you are a Foreign Scheme Shareholder you will also receive any Special Dividend that may be declared and paid by Citadel in respect of each Citadel Share you hold as at the Special Dividend Record Date.
What are the taxation consequences of receiving the Scheme Consideration and the Special Dividend?	Taxation consequences will depend on your personal taxation and financial circumstances, as well as whether you receive the Cash Consideration and/or the Scrip Consideration. General information about the likely taxation implications is set out in Annexure A. However, you should seek your own professional taxation advice about your particular circumstances.
Is there a minimum percentage of Citadel Shares to which my Election to receive the Scrip Consideration must relate?	Yes, this is the Minimum Election Threshold. An Election to receive the Scrip Consideration will not be valid if it relates to less than 50% of the Citadel Shares that you hold on the Scheme Record Date. If that is the case, you will receive the Cash Consideration for all of your Citadel Shares.
Is the Scrip Consideration subject to a Minimum Holding Threshold?	Yes. The Minimum Holding Threshold requires that Citadel Shareholders (other than Foreign Scheme Shareholders) holding, in aggregate, at least 5% of Citadel Shares at the Election Date make valid Elections to receive Scrip Consideration. Unless the Minimum Holding Threshold is satisfied, the Scrip Consideration will not be available and all Scheme Shareholders who made Elections for Scrip Consideration will receive the Cash Consideration for each of their Citadel Shares. The Minimum Holding Threshold is calculated as at the Election Date and Citadel will announce to ASX on Thursday, 26 November 2020 the results of the Election process and whether the Minimum Holding Threshold has been satisfied, and if so, whether any Scrip Scale Back will apply.
What is the Scrip Scale Back?	The Scrip Scale Back applies if the Maximum Holding Threshold is exceeded; that is, valid Elections made by Scheme Shareholders collectively relate to more than 24,300,000 Class B Shares in the capital of HoldCo following implementation of the Scheme. If that is the case, there will be a scale back applied on a pro rata basis such that the total number of issued Class B Shares does not exceed 24,300,000 Class B Shares on issue immediately after implementation of the Scheme. The extent of the Scrip Scale Back will depend on the number of Citadel Shares that are subject to valid Elections and will be calculated as at the Election Date. Citadel will announce to ASX on Thursday, 26 November 2020 the results of the Election process and whether the Scrip Scale Back applies. Where the Scrip Scale Back applies, each Scheme Shareholder who made a valid Election will receive the number of Class B Shares as reduced by the pro rata scale back (with any fractions rounded down to the nearest whole number of Class B Shares) and will receive the Cash Consideration for each Citadel Share in respect of which Scrip Consideration is not issued.
Is CGT roll-over relief available if I elect to receive the Scrip Consideration?	Australian resident Citadel Shareholders who would otherwise make a capital gain on the disposal of their Citadel Shares under the Scheme should be eligible to choose scrip-for-scrip roll-over relief. This is discussed in more detail in Annexure A to this Scheme Booklet. The tax implications of the Scheme will vary for each Citadel Shareholder, and Citadel Shareholders should seek their own professional tax advice which considers their specific circumstances.

Questions	Answers
Do the Citadel Directors have any specific views or recommendations for Citadel Shareholders on the Scrip Consideration?	The Citadel Board makes no recommendation in relation to the Scrip Consideration, except to note that Citadel Shareholders who are considering making an Election to receive Scrip Consideration should: > carefully read Sections 6, 7 and 8, including the information relating to the features of Class B Shares and the risks associated with an investment in HoldCo; > refer to the Independent Expert's Report in Annexure B and the views expressed in that report in relation to the Scrip Consideration; > consider the potential taxation implications under Australian income tax law and foreign tax laws in connection with the Scrip Consideration (see Annexure A for Australian tax implications); > obtain appropriate legal, financial, tax or other professional advice about whether an investment in Class B Shares is appropriate to their specific circumstances before deciding whether to make an Election to receive Scrip Consideration. Ultimately, the Citadel Board considers that it is a matter for each Citadel Shareholder to decide whether or not to make an Election to receive the Scrip Consideration, having regard to their individual circumstances, financial situation, tax position, investment objectives and risk profile.
How do I make an Election to receive the Scrip Consideration?	If you wish to receive the Scrip Consideration for some or all of your Citadel Shares, you must make an Election by visiting the Election Portal and making an Election in accordance with the terms and conditions stated in the Election Portal, or if you have received a hardcopy Election Form, by following the instructions set out in the Election Form, in each case, so that it is received by the Citadel Share Registry by the Election Date, being 5:00pm (AEDT) on Tuesday, 24 November 2020. Citadel Shareholders who are Foreign Scheme Shareholders will not receive Scrip Consideration even if they make an Election. For more information refer to Section 1.4(e).
Can I elect to receive the Scrip Consideration for some but not all of my Citadel Shares?	Yes. Scheme Shareholders can elect to receive the Scrip Consideration in exchange for between 50% and 100% of the Citadel Shares that they hold at the Scheme Record Date. If you make a Mix-and-Match Election (that is, an Election for more than 50% but less than 100% of the Citadel Shares that you hold at the Scheme Record Date), you will receive the Cash Consideration for the remainder of your Citadel Shares.
If I make an Election, can I later vary or withdraw it?	You may subsequently vary or withdraw your Election by: > visiting the Election Portal and following the relevant instructions; or > lodging a signed, written request to withdraw your previous Election which must be accompanied with a new Election Form if the Election is to be replaced with a new Election, provided that any request to change or withdraw an Election in accordance with the options above is received by the Citadel Share Registry by the Election Date (currently, 5:00pm (AEDT) on Tuesday, 24 November 2020). For more information refer to Section 1.4(e).
Do I need to elect to receive Scrip Consideration even if I want to vote against the Scheme?	Yes. If the Scheme is approved by the Requisite Majorities of Citadel Shareholders (notwithstanding your individual vote) and is also approved by the Court, the Scheme will proceed to be implemented. In those circumstances, you will on implementation of the Scheme receive the Cash Consideration unless you validly elect to receive the Scrip Consideration.

2. Questions and answers

Questions	Answers
Who is the Nominee?	It is a requirement under the HoldCo Shareholders Deed that HoldCo has no more than 50 shareholders. To give effect to this requirement, HoldCo intends to appoint an independent third party trustee (Nominee) to hold Class B Shares on bare trust for Class B Shareholders in accordance with the terms of the HoldCo Shareholders Deed and Nominee Deed. The intention of the Nominee arrangements is that the Class B Shareholders will still have the rights as set out in the HoldCo Shareholders Deed, as if the Class B Shareholder were holding the Class B Shares directly, even if they transfer legal title to their Class B Shares to the Nominee. The Nominee arrangements may be imposed by HoldCo upon issue of the Class B Shares or at any time after the Implementation Date. See Section 7.2 for more information.
Recommendations	
What do the Citadel Directors recommend?	The Citadel Board unanimously recommends that all Citadel Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. Section 4.2 sets out the recommendation of the Citadel Directors. Section 4.2 sets out the matters which Citadel Directors have considered in making their recommendation that Citadel Shareholders vote in favour of the Scheme.
How are the Citadel Directors intending to vote?	Each of the Citadel Directors intends to vote, or cause to be voted, all Citadel Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to consider the Scheme to be in the best interests of Citadel Shareholders.
What is the opinion of the Independent Expert?	The Independent Expert has considered the Scheme and has concluded that the Cash Payments are fair and reasonable and therefore the Scheme is in the best interests of Citadel Shareholders, in the absence of a Superior Proposal. The Independent Expert's Report is set out in full in Annexure B.
What happens if a Competing Proposal for Citadel emerges?	Although no Competing Proposal has emerged as at the date of this Scheme Booklet, it is possible that one could emerge, noting that Citadel has agreed not to solicit Competing Proposals. If an unsolicited Competing Proposal for Citadel is received before the Scheme Meeting, the Citadel Directors will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments which may affect the Citadel Directors' view that the Scheme is presently the most favourable proposal for all of your Citadel Shares. PEP BidCo has a right to match any unsolicited Competing Proposal if one is received by Citadel. Any change of the Citadel Directors' current recommendation in response to a Competing Proposal that is announced, will result in Citadel being obliged to pay a Break Fee of \$4,486,473 to PEP BidCo. See Sections 9.4(a) and 9.4(d) for more information.
Scheme Meeting and implementation	
How will the Transaction be implemented?	The Transaction will be implemented by way of a scheme of arrangement between Citadel and Scheme Shareholders, pursuant to which PEP BidCo will acquire all of the Scheme Shares in exchange for the Scheme Consideration. The Scheme will only be implemented if the Scheme is agreed to by Citadel Shareholders and the Court approves the Scheme. Further details on how the Transaction will be implemented are set out in Section 9.
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held virtually on Tuesday, 1 December 2020 commencing at 11:00am (AEDT). In order to minimise the health risks created by the COVID-19 pandemic and in accordance with Federal and State government restrictions with respect to non-essential gatherings of people, the Scheme Meeting is scheduled to be held virtually. Citadel Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting. Citadel strongly encourages Citadel Shareholders to consider lodging a directed proxy in the event they are not able to participate in the virtual Scheme Meeting.

Questions	Answers
What is a virtual meeting and how does it work?	The Scheme Meeting will be conducted virtually via an online platform at https://agmlive.link/CGL203 which can be accessed from desktops, laptops, tablets and smartphones. The online platform enables participants to view the Scheme Meeting live, vote on the Scheme Resolution in real time and ask questions online. For more information see Section 3 and the Notice of Meeting in Annexure G.
Can I attend a physical Scheme Meeting in person?	No. You may only participate in a virtual Scheme Meeting.
When will the Transaction become Effective and be implemented?	Subject to satisfaction or waiver (if applicable) of any outstanding Scheme Conditions and the approval of the Court, it is expected that the Transaction will become Effective on 8 December 2020. It is expected that the Transaction will be implemented on 17 December 2020. Further details about the timetable are set out under the heading "Important dates" at the front of this Scheme Booklet.
What happens if the Transaction does not proceed?	If the Scheme is not agreed to at the Scheme Meeting (or is agreed to at the Scheme Meeting but is not approved by the Court or any of the other conditions precedent to the Scheme becoming Effective are not satisfied or waived or the Scheme Implementation Deed is terminated), then the Scheme will not be Effective and will not be implemented. In this situation: > the price of Citadel Shares may fall below the value of the Scheme Consideration, in the absence of a Competing Proposal; > Citadel will also bear substantial transaction costs and expenses estimated at a direct financial cost of approximately \$1.3 million. As well as this, it is possible that Citadel may have to pay (depending on the reasons for the Scheme not proceeding) a Break Fee of \$4,486,473 to PEP BidCo; > the benefits of the Transaction will not be realised; > Citadel Shareholders will not receive the Scheme Consideration and will retain their Citadel Shares and continue to collectively control Citadel; > Citadel Shareholders will not receive the Special Dividend; > Citadel will remain an independent company and focus on its current business and strategic plans; > Citadel will continue to operate under the existing corporate structure with its current directors and management in place; and > the rights of Citadel Shareholders will remain unchanged. Further details are set out in Sections 4.4 and 9.3.
What are the risks associated with an investment in Citadel if the Transaction does not proceed?	If the Scheme is not approved and implemented, you will continue to be a Citadel Shareholder and participate in the future financial performance of Citadel's business and continue to be subject to the specific risks associated with Citadel's business and other general risks. Details of these risks are set out in Section 8. Among other things, this will be subject to the performance of Citadel's business from time to time, general economic conditions and the movement in the share market. The Scheme provides Citadel Shareholders with the opportunity to avoid these risks and uncertainties and allows Citadel Shareholders to fully exit their investment in Citadel at a price that the Citadel Board considers attractive.

2. Questions and answers

Questions	Answers
What will be the effect of the Transaction on Citadel Shareholders?	If the Transaction is implemented: > Scheme Shareholders will transfer all of their Citadel Shares to PEP BidCo; > in consideration for the transfer of their Citadel Shares, each Scheme Shareholder will receive the Scheme Consideration; > Citadel will become a Subsidiary of PEP BidCo; and > Citadel will seek to be removed from the official list of ASX. Further details are set out in Section 9.
What approvals are required at the Scheme Meeting?	For the Scheme to be approved, votes in favour of the Scheme Resolution must be received from both: > a majority in number (more than 50%) of Citadel Shareholders present and voting (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually) at the Scheme Meeting (unless the Court orders otherwise); and > at least 75% of the total number of Citadel Shares voted at the Scheme Meeting by Citadel Shareholders (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually).
Will I be giving any warranties in respect of my Citadel Shares?	The Scheme provides that each Scheme Shareholder warrants to PEP BidCo and is deemed to have authorised Citadel as agent and attorney to warrant to PEP BidCo, that as at the Implementation Date: > all of its Scheme Shares which are transferred to PEP BidCo under the Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests or arrangements (including any “security interests” within the meaning of section 12 of the <i>Personal Property Securities Act 2009</i> (Cth)) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; > all of its Scheme Shares which are transferred to PEP BidCo under the Scheme will, on the date on which they are transferred to PEP BidCo, be fully paid; > it has full power and capacity to sell and transfer its Scheme Shares to PEP BidCo together with any rights attaching to those Scheme Shares; and > it has no existing right to be issued any Citadel Shares, options exercisable into Citadel Shares, convertible notes convertible into Citadel Shares or any other securities issued by Citadel.
Questions about voting	
How do I vote?	You may vote at the Scheme Meeting by joining the Scheme Meeting virtually at https://agmlive.link/CGL203 or by appointing a proxy, corporate representative or attorney to vote at the Scheme Meeting on your behalf. If you do not wish to, or are unable to, participate in the virtual Scheme Meeting, you may vote by lodging your proxy online at www.linkmarketservices.com.au, or, if you received a hardcopy proxy form, by following the instructions on the proxy form. See Section 3 and the Notice of Meeting in Annexure G for more information.
Who is entitled to vote at the Scheme Meeting?	Citadel Shareholders on the Citadel Register at 7:00pm (AEDT) on Sunday, 29 November 2020 will be entitled to vote at the Scheme Meeting. Further details about voting rights and procedures are set out in Section 3 and in the Notice of Meeting in Annexure G.

Questions	Answers
Is voting compulsory?	No, voting is not compulsory. However, your vote is important and you are encouraged to exercise your right to vote. Accordingly, the Citadel Directors urge you to read this Scheme Booklet carefully and to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. If you cannot attend the virtual Scheme Meeting, you should lodge your proxy online at www.linkmarketservices.com.au, or if you received a hardcopy proxy form, by following the instructions on the proxy form. For further details regarding proxy voting and submitting the proxy form for the Scheme Meeting, see Section 3 and the Notice of Meeting in Annexure G.
Will I be bound by the Scheme even if I vote against the Transaction?	If the Scheme becomes Effective, it will bind all Citadel Shareholders, including those who voted against it and those who did not vote at all.
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX once available. Even if the Scheme Resolution is passed at the Scheme Meeting, the Scheme is subject to the approval of the Court.
Questions about PEP BidCo and HoldCo	
Who is PEP BidCo?	PEP BidCo is Pacific Group Bidco Pty Ltd (ACN 644 075 221), which is a special purpose company ultimately owned (via HoldCo and MidCo) by funds managed or advised by Pacific Equity Partners Pty Limited (PEP). PEP was founded in 1998 and is a leading Australian private equity firm which focuses on buyouts and late stage expansion capital in Australia and New Zealand. Please refer to Section 6 for further information in relation to PEP BidCo.
Who is HoldCo?	HoldCo is Pacific Group Topco Limited (ACN 644 302 492) which is an entity owned by funds managed or advised by PEP and the company that will issue the Scrip Consideration. PEP BidCo is a wholly owned subsidiary of HoldCo.
What is a HoldCo Share?	A HoldCo Share is a fully paid ordinary share in the capital of HoldCo which is designated as a "Class B Share", having the rights and obligations specified in the HoldCo Constitution and the HoldCo Shareholders Deed. Please refer to Section 7.2 for a summary of key rights and obligations attaching to Class B Shares under the HoldCo Constitution and the HoldCo Shareholders Deed.
What is the Shareholders Deed?	Citadel Shareholders who receive HoldCo Shares as Scrip Consideration will become parties to the HoldCo Shareholders Deed. This will occur pursuant to the Scheme, under which each Citadel Shareholder who elects to receive Scrip Consideration agrees to accede to the HoldCo Shareholders Deed, without the need for any action on their part. The HoldCo Shareholders Deed sets out the rights and obligations of HoldCo Shareholders. A full copy of the agreed form HoldCo Shareholders Deed is reproduced as Annexure F to this Scheme Booklet.
How is PEP BidCo funding the Scheme Consideration?	PEP BidCo intends to fund the Cash Consideration through a combination of: > equity funding sourced from the Fund; and > external debt facilities. Please refer to Section 6.5 for more information on funding.
What are the intentions of PEP BidCo in relation to the business, assets and employees of Citadel?	If the Scheme is implemented PEP BidCo intends to delist Citadel from the ASX and convert Citadel into a proprietary company limited by shares. PEP BidCo will undertake a post-acquisition review of Citadel and, subject to that review, PEP BidCo intends for Citadel to be managed and run in substantially the same way in which it has been to date. Please refer to Section 6.6 for a detailed description of PEP BidCo's intentions if the scheme is implemented.

2. Questions and answers

Questions	Answers
Questions about your entitlement	
Who is entitled to receive the Scheme Consideration?	Only Scheme Shareholders, being persons registered as holders of Citadel Shares on the Scheme Record Date (currently 5:00pm (AEDT) on 10 December 2020), will be entitled to receive the Scheme Consideration.
Will I be required to pay broker fees or stamp duty?	No, you will not have to pay brokerage or stamp duty if your Citadel Shares are acquired under the Scheme.
When will I receive my Scheme Consideration and the Special Dividend?	If the Scheme becomes Effective: > Citadel Shareholders on the Citadel Register on the Scheme Record Date will receive the Scheme Consideration on the Implementation Date (currently 17 December 2020); and > Citadel Shareholders on the Citadel Register on the Special Dividend Record Date will receive the Special Dividend (if declared) on the Special Dividend Payment Date (currently 17 December 2020).
How will I receive my Scheme Consideration?	All payments will be made by direct credit payment into your nominated bank account, as advised to the Citadel Share Registry as at the Scheme Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque, sent by post to your Registered Address. If you have Elected a Scrip Consideration Option and the Minimum Election Threshold and Minimum Holding Thresholds are met and subject to the Scrip Scale Back, you will be issued HoldCo Shares on the Implementation Date. The HoldCo Shares in respect of which you are entitled may, in PEP BidCo's and HoldCo's absolute discretion, be issued directly to you (such that you will be the legal holder of the relevant HoldCo Shares) or, pursuant to and in accordance with the terms of the HoldCo Shareholders Deed, issued to the Nominee to hold as bare trustee for you (such that you will be the beneficial holder but not the legal holder of the relevant HoldCo Shares).
Can I sell my Citadel Shares now?	You can sell your Citadel Shares on-market at any time before the close of trading on the ASX on the Effective Date. However, if you do so you will receive the prevailing on-market price set at the time of sale which may not be the same price as the Cash Payments and you may also be required to pay brokerage. Citadel intends to apply to ASX for Citadel Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date. You will not be able to sell your Citadel Shares on-market after that time. You may also sell your Citadel Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be 5:00pm (AEDT) on Thursday, 10 December 2020). If you are considering selling your Citadel Shares, you should have regard to the prevailing trading prices of Citadel Shares and compare those to the Scheme Consideration. You may ascertain current trading prices of Citadel Shares through the ASX website (www.asx.com.au) or by contacting your stockbroker.
What are the tax implications of the Transaction?	The general Australian taxation implications of the Transaction for Citadel Shareholders are set out in Annexure A. Annexure A also contains a general discussion of the taxation consequences of the Transaction for Citadel Shareholders resident for tax purposes outside Australia. It is recommended that Citadel Shareholders consult with their legal, investment or other professional advisers prior to making a decision on how to vote on the Scheme. Any decision on how to vote on the Scheme should be based on individual investment objectives, financial situations, taxation positions and particular needs. See Annexure A for more details.

Questions	Answers
Questions about conditions to be satisfied to allow the Transaction to proceed	
What are the key conditions to be satisfied before the Transaction can proceed?	There are a number of outstanding Scheme Conditions set out in the Scheme Implementation Deed that will need to be satisfied or waived (if applicable) before the Scheme can become Effective. These conditions include: > FIRB Approval; > Citadel Shareholders approving the Scheme at the Scheme Meeting by the Requisite Majorities; > the Court approving the Scheme; > no Court or Government Agency has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme from being implemented; > the Independent Expert does not publicly withdraw, qualify or change its opinion that the Scheme is in the best interests of Citadel Shareholders; > no Citadel Prescribed Occurrence occurs; > no HoldCo Prescribed Occurrence occurs; > the Citadel Scheme Warranties are materially true and correct; > the PEP BidCo Representations and Warranties are materially true and correct; > all outstanding Employee Share Rights either vest and be exercised and converted into Citadel Shares, be cash settled or lapse and be cancelled by the Effective Date; > no prescribed cyber-security incident occurs; and > no counterparty to a prescribed material contract has given notice of its intention to terminate that contract. All the conditions that must be satisfied or waived are discussed in Section 9.4(e) and set out in full in the Scheme Implementation Deed which is substantially reproduced in Annexure C. As at the date of this Scheme Booklet, the Citadel Directors are not aware of any reason why these conditions should not be satisfied or waived (where capable of waiver).
What other information is available?	This Scheme Booklet provides detailed information in relation to the Transaction that all Citadel Shareholders should read. If you have any questions of a general nature or require further information, then you may refer to Citadel's website at www.citadelgroup.com.au or call the Citadel Shareholder Information Line on +61 1300 407 677 between 8:30am and 5:30pm (AEDT) on Monday to Friday. For more specific advice pertinent to your own circumstances please contact your legal, investment or other professional adviser.



SECTION 3

What to do and how to vote

3. What to do and how to vote

3.1 Carefully read and consider this Scheme Booklet

This is an important document. You should read the information in this Scheme Booklet in its entirety before making a decision on how to vote at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

3.2 Consider the reasons to vote for or against the Scheme

Refer to Section 4.3 for a discussion of the reasons to vote in favour of the Scheme and Section 4.5 for a discussion of the reasons you may wish to vote against the Scheme.

Answers to various frequently asked questions about the Scheme are set out in Section 2. If you have any additional questions in relation to this Scheme Booklet or the Scheme, please consult your financial, legal or other professional adviser or call the Citadel Shareholder Information Line on +61 1300 407 677 between 8:30am and 5:30pm (AEDT) on Monday to Friday.

3.3 Citadel Directors' recommendation and opinion of the Independent Expert

The Citadel Board unanimously recommends that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders, you vote in favour of the Scheme at the Scheme Meeting. Subject to those qualifications, each Citadel Director intends to vote or cause to be voted all Citadel Shares held or controlled by them in favour of the Scheme.

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

3.4 Scheme Meeting

In order to minimise the health risks created by the COVID-19 pandemic, and in accordance with Federal and State government directions and restrictions with respect to non-essential gatherings of people, the Scheme Meeting is scheduled to be held virtually. Citadel Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

The Scheme Meeting will be conducted virtually via an online platform at <https://agmlive.link/CGL203> which can be accessed from desktops, laptops, tablets and smartphones. The online platform enables participants to view the Scheme Meeting live, vote on the Scheme Resolution in real time and ask questions online.

For the Scheme to proceed, votes in favour of the Scheme Resolution must be received from both:

- (a) a majority in number (more than 50%) of Citadel Shareholders present and voting (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually) at the Scheme Meeting; and
- (b) at least 75% of the total number of Citadel Shares voted at the Scheme Meeting by Citadel Shareholders (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually),

(the **Requisite Majorities**).

The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.

The passing of the Scheme Resolution is a condition of the Scheme becoming Effective and being implemented.

The Notice convening the Scheme Meeting is contained in Annexure G.

3.5 Entitlement to vote

If you are registered as a Citadel Shareholder by the Citadel Share Registry at the Voting Eligibility Date (7:00pm (AEDT) on Sunday, 29 November 2020), you will be entitled to vote at the Scheme Meeting.

Voting at the Scheme Meeting will be conducted by poll.

3. What to do and how to vote

3.6 Appointing proxies

If you wish to appoint a proxy or you are unable to attend the Scheme Meeting via the online platform you may appoint one or two proxies to attend and vote at the Scheme Meeting on your behalf. You may do this online at www.linkmarketservices.com.au or, if you received a hardcopy proxy form, by following the instructions on the proxy form.

The online proxy facility may not be suitable for some shareholders who wish to appoint two proxies with different voting directions. If you would like to do so please contact the Citadel Share Registry on +61 1300 407 677.

Proxy instructions must be received by the Citadel Share Registry or lodged online by no later than 11:00am (AEDT) on Sunday, 29 November 2020.

3.7 Joining the Scheme Meeting

In order to join the Scheme Meeting, please open your web browser on your desktop, laptop, smartphone or tablet and go to <https://agmlive.link/CGL203>. It is recommended that you ensure the online platform works on your browser in advance of the Scheme Meeting.

Login to the portal using your full name, email address and company name (if applicable).

Please read and accept the terms and conditions before proceeding to click the 'Register and Watch Scheme Meeting' button.

If you are an appointed proxy, you will need your proxy number that will be provided by the Citadel Share Registry prior to the Scheme Meeting. Instructions with respect to how to appoint a proxy, attorney and corporate representative are set out in the Notice of Meeting in Annexure G.

The Scheme Meeting will commence at 11:00am (AEDT) on Tuesday, 1 December 2020.

3.8 Voting at the Scheme Meeting

Citadel Shareholders and their proxies will be able to vote on the Scheme Resolution directly through the online platform at any time between the commencement of the Scheme Meeting at 11:00am (AEDT) on Tuesday, 1 December 2020 and the closure of voting as announced by the Chair during the Scheme Meeting.

Having logged onto the online platform, participants will be able to register to vote by clicking on the 'Get a Voting Card' box at the top of the webpage or below the video.

Once registered, participants will be able to vote on the Scheme Resolution using the voting card.

The Chair will announce when voting will close during the Scheme Meeting. At the closure of voting, a red bar with a countdown timer will appear at the top of the webcast and presentation screens advising the remaining voting time available.

3.9 Participating at the Scheme Meeting

Participants that have registered to vote will be able to ask questions at the Scheme Meeting. In order to do so, participants will need to click on the 'Ask a Question' box at the top of the webpage or at the bottom of the webpage.

Participants will then be able to type questions which will be submitted to the Chair of the Scheme Meeting.

3.10 Further information

Further details with respect to the conduct of the Scheme Meeting, including more specific instructions relating to joining the Scheme Meeting, voting at the Scheme Meeting and raising questions at the Scheme Meeting are set out in the Notice of Meeting in Annexure G to this Scheme Booklet.

If you have any questions in relation to the Transaction, the Scheme or the Scheme Meeting after reading this Scheme Booklet, please contact your legal, investment or other professional adviser.

If you have any questions of a general nature or require further information about Citadel, then you may refer to Citadel's website at www.citadelgroup.com.au or call the Citadel Shareholder Information Line on +61 1300 407 677 between 8:30am and 5:30pm (AEDT) on Monday to Friday.

SECTION 4

Relevant considerations for Citadel Shareholders



4. Relevant considerations for Citadel Shareholders

4.1 Introduction

The Scheme has a number of advantages and disadvantages which may affect Scheme Shareholders in different ways depending on their individual circumstances. Citadel Shareholders should seek independent professional advice on their particular circumstances, as appropriate, before voting on the Scheme. Section 4.3 provides a summary of some of the reasons why the Citadel Board unanimously recommends Citadel Shareholders vote in favour of the Scheme.

Section 4.3 should be read in conjunction with Section 4.5, which sets out some of the reasons why Citadel Shareholders may wish to vote against the Scheme.

While the Citadel Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote in relation to the Scheme.

Summary of reasons why you might vote for and against the Scheme

Reasons to vote in favour of the Scheme

✓	The Citadel Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders.
✓	The Independent Expert has concluded that the Cash Payments are fair and reasonable and hence the Scheme is in the best interests of Citadel Shareholders in the absence of a Superior Proposal.
✓	The value of the Cash Payments represents a significant premium for your Citadel Shares of 43.2% to last close prior to the announcement of the Transaction, based on Citadel's share price on 11 September 2020 of \$3.98 and 51.4% over the 3-month VWAP of Citadel Shares up to and including 11 September 2020 of \$3.76. ²⁴
✓	The value of the Cash Payments represents an attractive acquisition multiple of earnings of ~14.7x FY20A PF proportionate EV/EBITDA. ²⁵
✓	If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share. ²⁶
✓	The Cash Consideration, together with any Special Dividend that may be declared and paid by Citadel, provides Citadel Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding the uncertainties and risks associated with Citadel's business.
✓	No Superior Proposal has emerged as at the date of this Scheme Booklet.
✓	If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with Citadel's business and general market risks, including risks associated with COVID-19.
✓	You will not incur any brokerage charges on the transfer of your Citadel Shares if the Scheme proceeds.

Potential reasons to vote against the Scheme

✗	You may disagree with the Citadel Directors' unanimous recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests.
✗	Citadel Shareholders may wish to maintain their investment in Citadel as an ASX listed company.
✗	The tax consequences of the Scheme may not suit certain Citadel Shareholders.
✗	You may believe there is potential for a Superior Proposal to be made in the foreseeable future.

24. 3-month VWAP based on cumulative trading volume from 12 June 2020 up to and including 11 September 2020.

25. Proportionate EBITDA adjusts for the impact of the non-controlling interest on the reported FY20A pro forma Underlying EBITDA of \$38.4 million. The non-controlling interest adjustment is \$4.2 million, resulting in a FY20A PF proportionate Underlying EBITDA of \$34.2 million.

26. Refer to footnote 5, on page 10.

4.2 Citadel Board's recommendation

The Citadel Board unanimously recommends that you vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. Subject to those qualifications, each Citadel Director intends to vote, or cause to be voted, all Citadel Shares held by or controlled by them in favour of the Scheme.

In making this recommendation, the Citadel Board has, among other things, considered:

- (a) the reasons Citadel Shareholders should vote in favour of the Scheme as set out in Section 4.3;
- (b) the reasons Citadel Shareholders may wish to vote against the Scheme as set out in Section 4.5;
- (c) the risks outlined in Section 8; and
- (d) the Independent Expert's Report.

In considering whether to vote in favour of the Scheme, the Citadel Board encourages you to:

- (e) read the whole of this Scheme Booklet (including the Independent Expert's Report);
- (f) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (g) obtain financial advice from your legal, investment or other professional adviser on the Scheme and obtain taxation advice on the effect of the Scheme becoming Effective.

The interests of Citadel Directors are disclosed in Section 10 of this Scheme Booklet.

4.3 Why Citadel Shareholders should vote in favour of the Scheme

The Scheme may affect Citadel Shareholders in different ways depending on their individual circumstances. Citadel Shareholders should consider seeking professional advice on their particular circumstances, as appropriate.

(a) The Citadel Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders

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

In reaching their recommendation, the Citadel Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet.

In the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude the Scheme to be in the best interests of Citadel Shareholders, each of the Citadel Directors intends to vote all Citadel Shares held or controlled by them in favour of the Scheme. The interests of Citadel Directors are set out in Section 10 of this Scheme Booklet.

(b) The Independent Expert has concluded that the Cash Payments are fair and reasonable and hence the Scheme is in the best interests of Citadel Shareholders in the absence of a Superior Proposal

The Citadel Directors appointed Lonergan Edwards & Associates Limited to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is in the best interests of Citadel Shareholders.

The Independent Expert has concluded that the Cash Payments are fair and reasonable and hence the Scheme is in the best interests of Citadel Shareholders in the absence of a Superior Proposal.

The Independent Expert has assessed the value of Citadel Shares on a 100% controlling interest basis to be between \$5.24 and \$5.75 per Citadel Share. The amount of the Cash Payments are within the top quartile of this range.

A complete copy of the Independent Expert's Report is included as Annexure B to this Scheme Booklet and the Citadel Directors encourage you to read the report in full.

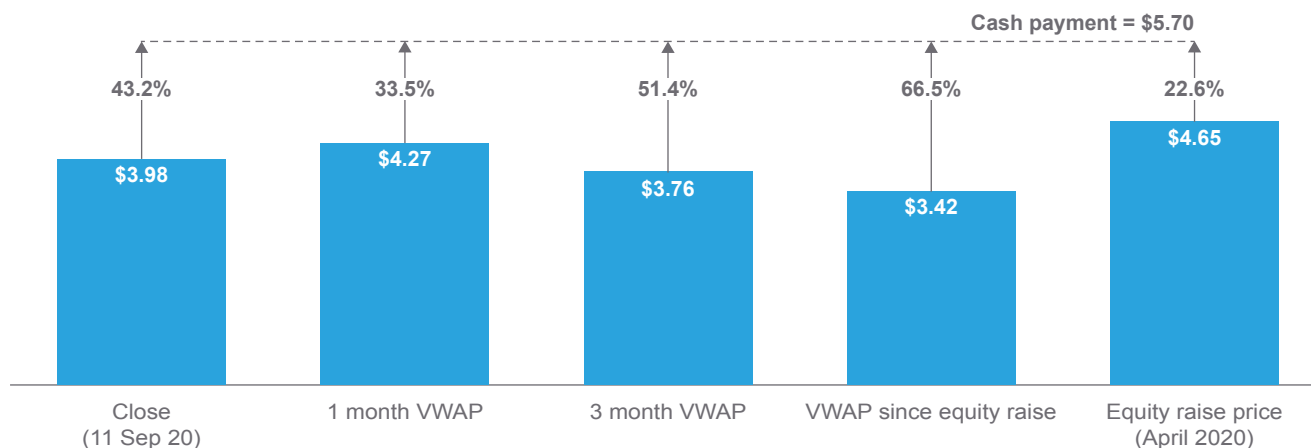
4. Relevant considerations for Citadel Shareholders

(c) The value of the Cash Payments represents a significant premium for your Citadel Shares

The Cash Payments equating to \$5.70 per Citadel Share represent an attractive premium of 43.2% to last close prior to the announcement of the Transaction, based on Citadel's share price on 11 September 2020 of \$3.98 and 51.4% over the 3-month VWAP of Citadel Shares up to and including 11 September 2020 of \$3.76.²⁷

The chart below shows the Cash Payments of \$5.70 per Citadel Share, and the premia associated with last close and VWAPs of Citadel Shares on 11 September 2020. 11 September 2020 was the last trading day before Citadel's announcement to ASX on 14 September 2020 that it had entered into a Scheme Implementation Deed with PEP BidCo.

Figure 1 – Premium of Cash Payments over historical trading prices of Citadel²⁸



Source: IRESS, Citadel Shares traded on ASX.

The Cash Payments of \$5.70 per Citadel Share shown above do not include franking credits of up to \$0.086 per Citadel Share, which may be realised by those Citadel Shareholders who are able to receive the full benefit of franking credits if a Special Dividend of up to \$0.20 per Citadel Share is paid.²⁹ This represents a significant premium for your Citadel Shares.

(d) The value of the Cash Payments represents an attractive acquisition multiple of earnings

The total value of the Cash Payments of \$5.70 per Citadel Share represents ~14.7x FY20A PF proportionate EV/EBITDA³⁰. This is considered by the Citadel Board to be attractive given the Independent Expert applied a multiple range of 11.7 to 12.7x in its assessment of the value of Citadel on a control basis.

(e) If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share³¹

Those Citadel Shareholders who are able to realise the full benefit of franking credits in respect of any Special Dividend declared and paid by Citadel before the Scheme is implemented could receive additional value of up to \$0.086 value per Citadel Share if a Special Dividend of up to \$0.20 per Citadel Share is paid.

Citadel has applied to the Australian Taxation Office (ATO) requesting a Class Ruling to confirm the key taxation implications of the Scheme, including availability of franking credits for certain classes of taxpayers. Whether you will be able to realise the full benefit of the franking credits will depend on your individual circumstances.³² You should seek independent professional tax advice on your individual circumstances.

27. 3-month VWAP based on cumulative trading volume from 12 June 2020 up to and including 11 September 2020.

28. Close (11 Sep 20) based on Citadel share price on 11 September 2020, being the last trading day prior to Citadel's announcement of the Transaction to ASX. 1-month VWAP based on cumulative trading volume from 12 August 2020 up to and including 11 September 2020. 3-month VWAP based on cumulative trading volume from 12 June 2020 up to and including 11 September 2020. VWAP since equity raise based on cumulative trading volume from 2 April 2020 (which was the date when 20 million conditional placement shares were issued) up to and including 11 September 2020. Equity raise price based on conditional placement conducted in March 2020 to fund the acquisition of Wellbeing.

29. Refer to footnote 5, on page 10.

30. Proportionate EBITDA adjusts for the impact of the non-controlling interest on the reported FY20A pro forma Underlying EBITDA of \$38.4 million. The non-controlling interest adjustment is \$4.2 million, resulting in a FY20A PF proportionate Underlying EBITDA of \$34.2 million.

31. Refer to footnote 5, on page 10.

32. Refer to footnote 5, on page 10.

(f) The Cash Consideration, together with any Special Dividend that may be declared and paid by Citadel, provides Citadel Shareholders with certainty of value and the opportunity to realise their investment for cash, avoiding the uncertainties and risks associated with Citadel's business

The total value of the Cash Consideration, together with any Special Dividend that may be declared and paid by Citadel, of \$5.70 per Citadel Share provides you with certainty of value for your Citadel Shares held on both the Special Dividend Record Date and the Scheme Record Date (subject to the Scheme becoming Effective).

The certainty of these cash payments should be compared with the risks and uncertainties of remaining a Citadel Shareholder, which include, but are not limited to, the risks set out in Section 8.

(g) No Superior Proposal has emerged as at the date of this Scheme Booklet

Since the announcement of the execution of the Scheme Implementation Deed on 14 September 2020 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Citadel Directors are not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

In reaching its unanimous decision to recommend the Scheme to Citadel Shareholders subject to the qualifications described above, the Citadel Directors considered a number of alternatives to maximise value, including assessment of standalone value creation opportunities. The various alternatives including the Scheme were evaluated across a number of criteria. The Scheme was selected on the basis of it delivering the highest and most certain value to Citadel Shareholders.

(h) If the Scheme does not proceed, you will continue to be subject to the risks and uncertainties associated with Citadel's business and general market risks

The Citadel Directors consider that Citadel has significant growth opportunities as an independent listed company on ASX. This includes the benefits to be achieved by Citadel management's successful execution of Citadel's strategic initiatives.

Nevertheless, these initiatives will take time to fully implement, may require further capital investment and carry execution risks, some of which are outside the control of Citadel.

If the Scheme does not become Effective, Citadel Shareholders will continue to be exposed to market risks, as well as other external risks and specific risks inherent in Citadel's business, including those summarised in more detail in Section 8.

The Cash Consideration, together with any Special Dividend that may be declared and paid by Citadel under the Scheme, removes these risks and uncertainties for Citadel Shareholders and allows Citadel Shareholders to exit their investment in Citadel at a price that the Citadel Directors consider is attractive. If the Scheme is approved and implemented, these risks and uncertainties will be assumed by PEP BidCo and Citadel Shareholders who elect the Scrip Consideration Options following implementation of the Scheme.

If the Scheme does not become Effective, Citadel Shares will continue to remain quoted on ASX and will continue to be subject to market volatility, including general stock market movements and the impact of general economic conditions. As such, if the Scheme is not implemented, the price at which Citadel Shares trade may fall, including to a price that is well below the value of the Cash Payments of \$5.70 per Citadel Share.

On the last trading day before the announcement of the Transaction, the Citadel Share price closed at \$3.98. On the day of the announcement of the Transaction, the Citadel Share price closed at \$5.57. From the day after the announcement of the Transaction to 26 October 2020, the closing price of Citadel Shares has ranged between \$5.56 and \$5.60.

(i) You will not incur any brokerage charges on the transfer of your Citadel Shares if the Scheme proceeds

You will not incur brokerage on the transfer of your Citadel Shares to PEP BidCo pursuant to the Scheme.

If you sell your Citadel Shares on ASX (rather than disposing of them via the Scheme), you may incur brokerage charges (and, potentially, GST on those charges).

4. Relevant considerations for Citadel Shareholders

4.4 If the Transaction does not proceed

If the Transaction is not implemented:

- (a) Citadel Shareholders will not receive the Scheme Consideration or the Special Dividend (or the benefit of any franking credits attached to the Special Dividend);³³
- (b) the price of Citadel Shares may fall below the value of the Cash Payments, in the absence of a Competing Proposal;
- (c) substantial transaction costs and expenses will be incurred by Citadel (estimated at approximately \$1.3 million);
- (d) the benefits of the Transaction will not be realised;
- (e) Citadel Shareholders will retain their Citadel Shares and continue to collectively control Citadel;
- (f) Citadel will remain an independent company and focus on its current business plan and strategy;
- (g) Citadel will continue to operate under the existing corporate structure with its current directors and management in place;
- (h) the rights of Citadel Shareholders will remain unchanged;
- (i) the Employee Share Rights described in Section 5.6(b) that are due to vest or lapse prematurely as a result of the Scheme will not vest or lapse and the original terms and conditions attaching to the Employee Share Rights will continue to be in effect and the issued capital of Citadel will remain unchanged; and
- (j) Citadel Shareholders may not, in the near term, realise a price for their Citadel Shares which is equivalent to or greater than the value of the Cash Payments.

In addition, depending on the reasons the Transaction does not proceed, Citadel may also be liable to pay the Break Fee of \$4,486,473. Details of the Break Fee and the circumstances in which it may become payable are set out in Section 9.4(d).

4.5 Why you may wish to vote against the Scheme

The Scheme has a number of potential disadvantages and risks that Citadel Shareholders must consider in deciding whether or not to vote in favour of the Scheme. While the Citadel Directors are of the opinion that these disadvantages are outweighed by the Scheme's advantages, Citadel Shareholders should consider their individual circumstances and make their own determination.

Factors which may lead Citadel Shareholders to consider voting against the Scheme include:

(a) You may disagree with the Citadel Board's recommendation and the opinion of the Independent Expert and consider that the Scheme is not in your best interests

In concluding that the Scheme is in the best interests of Citadel Shareholders, absent a Superior Proposal, the Citadel Directors and the Independent Expert are making judgments based on future trading conditions and events which cannot be predicted with any certainty and which may prove to be inaccurate (positively or negatively). You may hold a different view from, and are not obliged to follow the recommendation of, the Citadel Directors, and you may not agree with the Independent Expert's conclusion.

(b) You may wish to maintain your investment in Citadel as an ASX listed company

You may wish to maintain your investment in Citadel in order to have an investment in a publicly listed company with the specific characteristics of Citadel in terms of industry, operational profile, size, capital structure and potential dividend payments (**Investment Profile**).

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their Investment Profile. Citadel Shareholders who wish to maintain their Investment Profile may find it difficult to find an investment with a similar profile to that of Citadel and they may incur transaction costs in undertaking any new investment.

33. Refer to footnote 5, on page 10.

(c) The tax consequences of the Scheme for you may not suit your financial position

If the Scheme proceeds, it will potentially result in Australian taxation consequences (including Australian income tax consequences) for Citadel Shareholders, which may arise earlier than may otherwise be the case.

You should read the general outline of the taxation implications for Citadel Shareholders in relation to the Scheme in Annexure A. Citadel Shareholders should seek their own professional advice regarding the taxation implications relevant to them.

You should also note that even if the Scheme does not proceed, Australian taxation consequences (including Australian income tax consequences) may arise at any future time that you sell or otherwise dispose of your Citadel Shares.

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

It is possible that, if Citadel were to continue as an independent listed entity, a corporate control proposal for Citadel could materialise in the future, such as a takeover bid with a higher price.

Implementation of the Scheme will mean that Citadel Shareholders will not receive the benefit of any such proposal. Since the announcement of the Scheme to ASX by Citadel on 14 September 2020 and up to the date of this Scheme Booklet, no Competing Proposal has emerged and the Citadel Directors are not aware of any Competing Proposal that is likely to emerge.

The Scheme Implementation Deed prohibits Citadel from soliciting a Competing Proposal and provides a matching right to PEP BidCo in the event that a Superior Proposal is received by Citadel. However, Citadel is permitted to respond to any Competing Proposal which is or is reasonably likely to become a Superior Proposal in circumstances where the Competing Proposal was not solicited by Citadel and was not otherwise brought about as a result of any breach by Citadel of its exclusivity obligations to PEP BidCo, should the Citadel Directors determine, after receiving advice, that failing to do so would likely constitute a breach of their fiduciary or statutory duties. Further details of the key terms of the exclusivity provisions are provided in Section 9.4(a).

4.6 Other relevant considerations

(a) The Scheme may be implemented even if you vote against the Scheme or you do not vote at all

You should be aware that if you do not vote, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Citadel Shareholders and by the Court, and if the Scheme Conditions are satisfied or waived (as applicable). If this occurs, your Citadel Shares will be transferred to PEP BidCo and you will receive the Cash Consideration (unless you have made a valid Election to receive a Scrip Consideration Option) even though you voted against, or did not vote on, the Scheme Resolution.

(b) If the Scheme is not implemented, Citadel Shareholders will not receive the Scheme Consideration or the Special Dividend

If the Scheme is not approved or all outstanding Scheme Conditions are not satisfied or waived (where capable of waiver), the Scheme will not proceed. In that case, Citadel Shareholders will not receive the Scheme Consideration or the Special Dividend (or the benefit of any franking credits attached to the Special Dividend) and, in the absence of another proposal, Citadel will continue to operate as a standalone entity listed on the ASX and Citadel Shareholders will retain their Citadel Shares and continue to be exposed to risks and opportunities associated with their investment in Citadel. See Section 8 for a summary of the key risks relating to Citadel's business.

If the Scheme is not implemented, the advantages to the Scheme described in Section 4.3 will not be realised.

(c) Conditionality of the Scheme

The obligations of Citadel and PEP BidCo to complete the Transaction are subject to the Scheme Conditions, which include:

- (i) FIRB Approval;
- (ii) the Scheme being approved by the Requisite Majorities of Citadel Shareholders at the Scheme Meeting (see Section 3.4 for details);
- (iii) the Scheme being approved by the Court;
- (iv) no Court or Government Agency has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme from being implemented;

4. Relevant considerations for Citadel Shareholders

- (v) the Independent Expert does not publicly withdraw, qualify or change its opinion that the Scheme is in the best interests of Citadel Shareholders;
- (vi) no Citadel Prescribed Occurrence occurs;
- (vii) no HoldCo Prescribed Occurrence occurs;
- (viii) the Citadel Scheme Warranties are materially true and correct;
- (ix) the PEP BidCo Representations and Warranties are materially true and correct;
- (x) the HoldCo Shareholders Deed is executed;
- (xi) all outstanding Employee Share Rights either vest and be exercised and converted into Citadel Shares, be cash settled or lapse and be cancelled by the Effective Date;
- (xii) no prescribed cyber-security incident occurs; and
- (xiii) no counterparty to a prescribed material contract has given notice of its intention to terminate that contract.

The Scheme Conditions are discussed in further detail in Section 9.4(e).

All of the Scheme Conditions must be either satisfied or waived (where capable of waiver) in accordance with the Scheme and the Scheme Implementation Deed for the Transaction to be implemented.

As at the date of this Scheme Booklet, Citadel is not aware of any circumstances which would cause the Scheme Conditions not to be satisfied. An update as to the status of the Scheme Conditions will be provided at the Scheme Meeting.

(d) Warranty by Scheme Shareholders about their Scheme Shares

The Scheme provides that each Scheme Shareholder warrants to PEP BidCo and is deemed to have authorised Citadel as agent and attorney to warrant to PEP BidCo, that as at the Implementation Date:

- (i) all of its Scheme Shares which are transferred to PEP BidCo under the Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (ii) all of its Scheme Shares which are transferred to PEP BidCo under the Scheme will, on the date on which they are transferred to PEP BidCo, be fully paid;
- (iii) it has full power and capacity to sell and transfer its Scheme Shares to PEP BidCo together with any rights attaching to those Scheme Shares; and
- (iv) it has no existing right to be issued any Citadel Shares, options exercisable into Citadel Shares, convertible notes convertible into Citadel Shares or any other securities issued by Citadel.

(e) Exclusivity

The Scheme Implementation Deed includes certain exclusivity arrangements that Citadel has made in favour of PEP BidCo. These include customary no-shop, no-talk and no-due diligence obligations, as well as obligations of notification of Competing Proposals and providing a matching right to PEP BidCo in the event that a Superior Proposal is received by Citadel. These exclusivity arrangements are described in further detail in Section 9.4(a).

(f) Break Fee

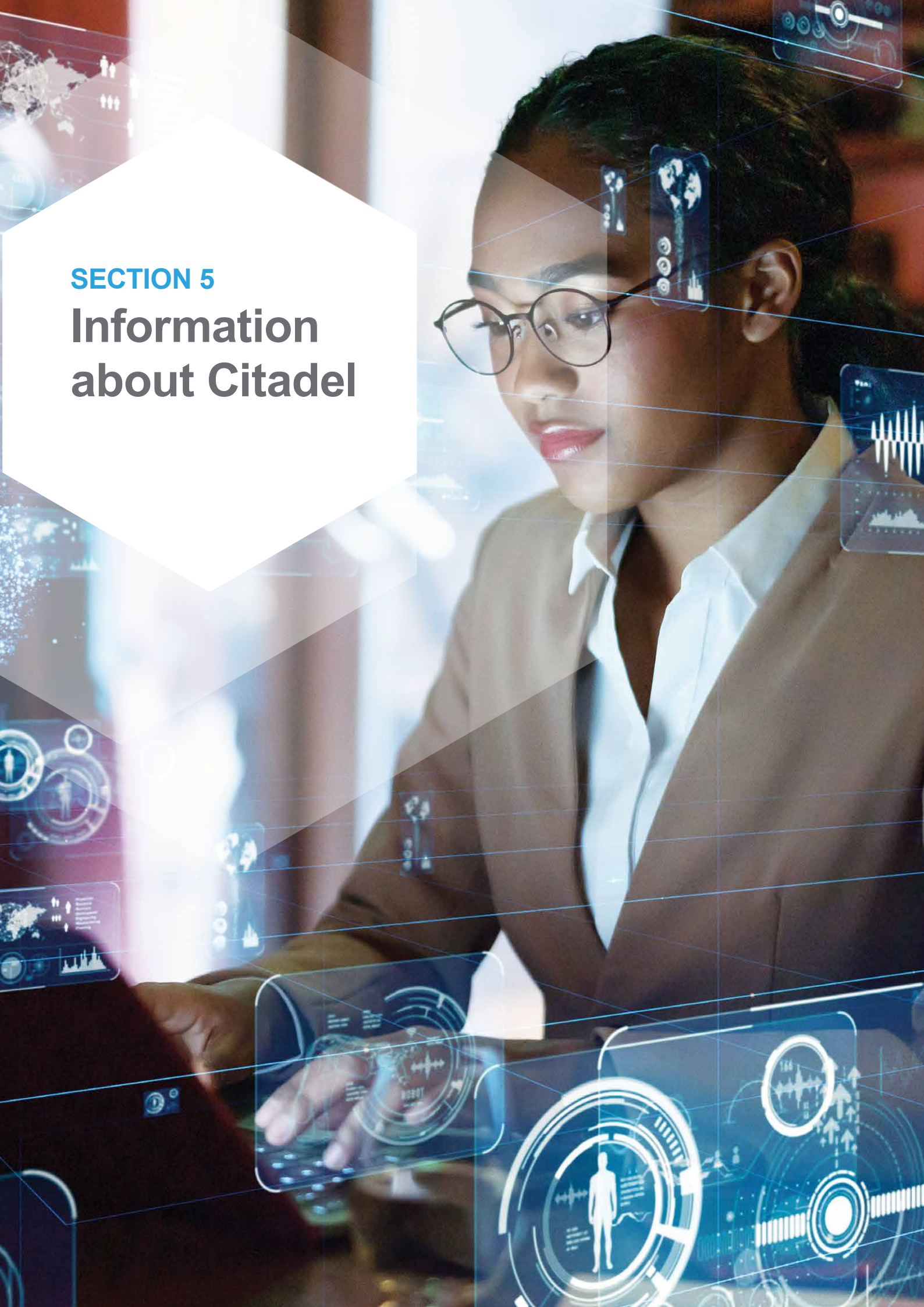
Citadel must pay the Break Fee to PEP BidCo in certain circumstances. The circumstances in which the Break Fee is payable are summarised in Section 9.4(d).

4.7 What are your options?

The following principal options are available to Citadel Shareholders. Citadel encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Citadel Shares.

Elect to receive the Scrip Consideration regardless of whether you vote in favour of or against the Scheme	Regardless of whether you vote in favour of or against the Scheme (or do not vote at all on the Scheme), if you wish to receive the Scrip Consideration for some or all of your Citadel Shares, you must make an Election by visiting the Election Portal and make an Election in accordance with the terms and conditions stated in the Election Portal, or if you have received a hardcopy Election Form, by following the instructions set out in the Election Form, in each case, so that it is received by the Citadel Share Registry by the Election Date, being 5:00pm (AEDT) on Tuesday, 24 November 2020. It is a matter for each eligible Citadel Shareholder to decide whether or not to make an Election to receive the Scrip Consideration, having regard to their individual circumstances, financial situation, taxation position, investment objectives and risk profile. On those matters, Citadel Shareholders should form their own view and consider obtaining professional advice that is appropriate to their specific circumstances before making any Election to receive the Scrip Consideration. This Scheme Booklet contains information that is material to your decision whether or not to make an Election to receive the Scrip Consideration. In particular, you should read Sections 6, 7 and 8 of this Scheme Booklet and the Independent Expert's Report in Annexure B before making any decision to elect to receive the Scrip Consideration.
Vote in favour of the Scheme	This is the course of action unanimously recommended by the Citadel Directors, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Citadel Shareholders. To follow the Citadel Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting. The Scheme Meeting will be held virtually on Tuesday, 1 December 2020 commencing at 11:00am (AEDT). For a summary of how to vote on the Scheme, please refer to Section 3 and Annexure G to this Scheme Booklet.
Vote against the Scheme	If, despite the Citadel Directors' unanimous recommendation and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting. However, if all of the Scheme Conditions are satisfied or waived (as applicable), the Scheme will bind all persons registered as Citadel Shareholders on the Scheme Record Date, including those who did not attend the Scheme Meeting, those who voted against the Scheme or those who did not vote.
Vote in favour or against the Scheme and make no Election to receive Scrip Consideration	Regardless of whether you vote in favour of or against the Scheme, you are not required to make an Election if you do not intend to receive Scrip Consideration in the event that the Scheme is approved and implemented notwithstanding your individual vote. If the Scheme is approved and implemented and you do not make such an Election, you will receive total cash payments of \$5.70 for each Citadel Share you hold at the Scheme Record Date (currently expected to comprise the Special Dividend and the Cash Consideration). If a Special Dividend of up to \$0.20 per Citadel Share is paid, those Citadel Shareholders who are able to realise the full benefit of franking credits could receive additional value of up to \$0.086 per Citadel Share.³⁴
Sell your Citadel Shares	The existence of the Scheme does not preclude you from selling some or all of your Citadel Shares on-market for cash, if you wish, provided you do so before close of trading in Citadel Shares on ASX on the Effective Date (currently proposed to be Tuesday, 8 December 2020), when trading in Citadel Shares on ASX will be suspended. If you do so, you will not receive the Scheme Consideration and you may incur brokerage costs.
Do nothing	Citadel Shareholders who do not vote at the Scheme Meeting will: > if the Scheme is implemented – have their Citadel Shares compulsorily transferred to PEP BidCo, by operation of the Scheme, and be entitled to receive the Cash Consideration (unless they have made a valid Election to receive a Scrip Consideration Option); or > if the Scheme is not implemented – retain their Citadel Shares.

34. Refer to footnote 5, on page 10.



SECTION 5

Information about Citadel

5. Information about Citadel

5.1 Introduction

Citadel is a specialist software and services company that manages information in complex environments. Citadel provides software platforms, digital services and managed services solutions that integrate know-how, systems and people to provide information on an anywhere, anytime basis. The company's purpose is to keep people and information safe and Citadel does this through:

- > Improving patient healthcare outcomes;
- > Securely managing system critical data;
- > Supporting enterprise clients to deliver critical IT projects and services; and
- > Enabling anytime, anywhere communication and collaboration.

The key industry verticals of the business are eHealth, Defence and National Security, all levels of Government and the Tertiary Education sector.

The majority of Citadel's revenues are derived from long-term managed services, software and services, product sales and installation, and specialist consulting and professional services.

Citadel employs approximately 390 staff across 6 offices globally.

A brief history of Citadel is set out below.

Figure 2 – History of Citadel

Calendar Year	Highlight
2007	> Citadel's foundations were laid with the merger of Jakeman Business Solutions and Frontier Group
2008	> Citadel acquired ServicePoint, a leading expert in communication and collaboration solutions
2014	> The Citadel Group Limited listed on the Australian Securities Exchange
2015	> Citadel acquired PJA Solutions, a specialist health software systems and managed services provider
2016	> Citadel acquired Kapish, a specialist software and services company supporting Micro Focus Content Manager
2017	> Citadel acquired Charm Health, a specialist provider of leading oncology eHealth systems
2018	> Citadel acquired Anaesthetic Private Practice, a business providing specialist online anaesthetic billing and practice management software > Citadel acquired Gruden, a company that delivers large scale and complex digital business platforms and managed services
2019	> Citadel acquired Noventus, a specialist in multi-disciplinary project management, logistics and engineering advisory services
2020	> Citadel acquired Wellbeing, a United Kingdom based company providing critical software for the practice management of Maternity and Radiology > Citadel acquired eQstats, a specialist quality and risk software company

5.2 Overview of operations

Citadel is organised into four reportable verticals across two different segments, which are described in further detail below:

Software:

- > **Health:** The Health division is a leading international clinical workflow and data specialist providing pathology, oncology/ cancer care, radiology, maternity and anaesthetist software in Australia and the UK. It has a primarily recurring revenue model, combined with one-off sales in software licences, professional services, and hardware.
- > **Enterprise:** The Enterprise division is a provider of scalable, best of class sovereign cloud-based storage and content management solutions. It has a primarily recurring revenue model, combined with one-off sales in software licences and professional services.

5. Information about Citadel

Services:

- > **Technology:** The Technology division provides communication and collaboration capabilities through its secure integrated audio, visual and streaming hardware and software solutions. Technology's revenue model primarily consists of one-off product sales and installations, and recurring managed services.
- > **Professional Services:** The Professional Services division provides specialist government and defence managed services and professional services. The revenue model is based on a combination of managed services delivered under contract, one-off consulting and professional services fees and contracting services.

Figure 3 – Historical segment revenue³⁵

Operating revenue by vertical (A\$ million)	FY20 Reported Underlying ³⁶	FY20 Pro Forma Proportionate Underlying ³⁷
Health	26.8	48.7
Enterprise	20.7	20.7
Technology	31.0	31.0
Professional Services	49.1	40.0
Total operating revenue	127.6	140.4

Strategic priorities

Citadel's outlook includes the following strategic priorities:

- > Develop and deliver leading secure enterprise information management, products and services in the key growth verticals of eHealth, National Security and Defence, Government and Tertiary Education where information security and trust are paramount
- > Increase investments in cloud-enabled software such that Citadel is able to deploy solutions to domestic and international markets more rapidly than previously possible
- > Continue to manage complex information management problems for customers over a multi-year period
- > Expand offerings to a broader client base within Australia and internationally, with a focus on the private sector through organic growth and acquisition opportunities

35. Total Segment revenue excludes other income of \$1.4m. All references to FY or financial year refer to year ended 30 June.

36. Reported underlying revenue removes the impact of exceptional transactions, deferred revenue fair value adjustment and contract adjustments. The removal of the exceptional items improves comparability of results because they relate to income and costs which have not been incurred in the normal course of business and are of a non-recurring nature. Refer to section 5.5(b) for further information.

37. Pro Forma proportionate Underlying FY20 is adjusted to include Wellbeing for the full year and to exclude the non-controlling interest (NCI).

5.3 Citadel Board and key management personnel

(a) As at the date of this Scheme Booklet, the Citadel Board is comprised of the following directors:

Name	Current position
Peter Leahy AC Lt-Gen (Retd)	Chairman, Non-executive Director
Mark McConnell	Managing Director/Chief Executive Officer
Robert Alexander	Non-executive Director
Jayne Shaw	Non-executive Director

Spencer Chipperfield holds the position of Company Secretary and Jennifer Martin holds the position as Joint Company Secretary.

(b) As at the date of this Scheme Booklet, Citadel's key management personnel is comprised of the following people:

Name	Current position
Mark McConnell	Managing Director/Chief Executive Officer
Jennifer Martin	Chief Financial Officer

5.4 Citadel Board's intentions

Subject to the Scheme becoming Effective, on the Implementation Date, all current Citadel Directors will resign as directors of Citadel and the Citadel Board will be reconstituted so that it consists only of PEP BidCo nominees. It will be for the reconstituted Citadel Board to determine its intentions as to:

- (a) the continuation of the business of Citadel;
- (b) any major changes to be made to the business of Citadel; and
- (c) the future employment of the present employees of Citadel.

The current intentions of PEP BidCo with respect to these matters are set out in Section 6.6.

If the Transaction is not implemented, the Citadel Board intends to continue the business of Citadel as it is now conducted.

5.5 Summary of historical financial information

The financial information in this Section is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. The key financial information has been extracted from Citadel's financial results for the full financial year ended 30 June 2019 (FY19) and 30 June 2020 (FY20), which were each audited and reviewed by PwC.

The financial information of Citadel is presented in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

Further details about Citadel's financial performance can be found on Citadel's website at <https://www.citadelgroup.com.au>.

5. Information about Citadel

(a) Summary of Citadel's historical consolidated income statements

The audited historical consolidated income statement for the periods ended 30 June 2020 and 30 June 2019 are summarised below.

	FY20 \$'000	FY19 \$'000
Sale of goods and rendering of services	121,285	98,232
Other income	837	930
Total revenue	122,122	99,162
Cost of sale of goods and rendering of services	(71,149)	(54,397)
Distribution, sales and marketing ³⁸	(3,554)	(2,748)
Occupancy	(757)	(1,941)
Administration ³⁸	(42,033)	(24,793)
Finance costs	(2,138)	(998)
Profit before income tax	2,491	14,285
Income tax expense	(1,520)	(3,420)
Net profit for the year from continuing operations	971	10,865
Net profit/(loss) for the year from discontinued operations	(98)	6
Net profit for the year	873	10,871
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(19,829)	–
Fair value gain/(loss) arising on hedging instrument during the period	4,308	–
Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss	(238)	–
Total other comprehensive income/(loss)	(15,759)	–
Total comprehensive income/(loss) for the year	(14,886)	10,871
Profit/(loss) attributable to:		
Owners of The Citadel Group Limited	(2,068)	7,872
Non-controlling interests	2,941	2,999
	873	10,871
Total comprehensive income/(loss) attributable to:		
Owners of The Citadel Group Limited	(17,827)	7,872
Non-controlling interests	2,941	2,999
	(14,886)	10,871

38. A prior year reclassification adjustment of sales and marketing salary costs has been made to better reflect the nature of the expenditure.

(b) Summary of Citadel's FY20 reconciliation of underlying to statutory results

The table below presents an underlying profit and loss statement for Citadel in FY20 after removing the impact of exceptional transactions, deferred revenue and contract adjustments. The removal of the exceptional items improves comparability of results because they relate to income and costs which have not been incurred in the normal course of business and are of a non-recurring nature.

Adjusted	Revenue (\$m)	Gross Profit (\$m)	EBITDA (\$m)	NPAT (\$m)
Statutory results	122.1	50.9	16.9	1.0
Significant item – contract adjustment ³⁹	5.7	4.3	4.3	3.0
Significant item – expenses ⁴⁰	–	–	7.5	7.1
Deferred revenue – fair value adjustment under Purchase Price Accounting ⁴¹	0.6	0.6	0.5	0.4
Adjusted results	128.4	55.8	29.2	11.5

(c) Summary of Citadel's reconciliation of underlying to pro forma proportionate results

The table below presents the pro forma proportionate Underlying Revenue, Gross Profit and EBITDA for Citadel adjusted to reflect a full year contribution from Wellbeing Software Group and to exclude the non-controlling interest (NCI). Wellbeing Software was acquired on 3 April 2020 and subsequently contributed to Citadel's FY20 earnings for three months. The pro forma FY20 results illustratively display the Underlying Revenue, Gross Profit and EBITDA for Citadel Group if it had acquired Wellbeing Software on 30 June 2019. The pro forma proportionate FY20 results further adjusts to exclude the non-controlling interest (NCI).

\$m	Underlying FY20	Add Wellbeing 9 months	Less NCI ⁴²	Proportionate Pro Forma FY20
Total revenue	128.4	22.5	(9.1)	141.8
Gross Profit	55.8	16.4	(4.2)	68.0
Gross Profit Margin	43.5%	72.9%	46.7%	47.9%
EBITDA	29.2	9.2	(4.2)	34.2
EBITDA Margin	22.7%	40.9%	46.4%	24.1%

- (i) Underlying FY20 includes 3 months actual Wellbeing trading results under IFRS (includes AASB 15 reduction of £41.4k revenue and £34.5k gross profit adjustment for contract unable to be recognised yet under IFRS)
- (ii) Wellbeing 9 months under UK GAAP Accounting Standards (audited), adjusted for:
- (A) Estimated AASB 15 adjustments (includes AASB 15 reduction of £367.1k revenue and £361.9k gross profit adjustment for contract unable to be recognised yet under IFRS)
 - (B) Estimated AASB 16 adjustments (unaudited)
 - (C) Excluding abnormal expenses prior to acquisition
 - (D) Conversion at the monthly average exchange rate as per the RBA

39. Reversal of a contract asset (income accrual) under AASB 15 that was originally recognised in FY17 and FY18 (of which up to \$5 million is expected to be recognised in FY21), and reversal of an over accrual in respect of a sub-contract of \$1.4 million.

40. Acquisition and integration costs for Wellbeing, and restructure costs across both Citadel and Wellbeing.

41. Fair value adjustment to deferred revenue (contract liability) for Wellbeing on acquisition.

42. Non-controlling interest.

5. Information about Citadel

(d) Summary of Citadel's historical consolidated balance sheets

The audited consolidated balance sheets as at 30 June 2020 and 30 June 2019 are summarised below.

	30 June 2020 \$'000	30 June 2019 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	32,546	14,021
Trade and other receivables	12,223	21,497
Inventories	3,645	2,526
Income accrual	10,022	14,859
Other current assets	7,593	3,807
Total current assets	66,029	56,710
Non-current assets		
Plant and equipment	1,921	2,106
Intangible assets	263,690	84,637
Right-of-use assets	5,129	–
Other non-current assets	553	168
Total non-current assets	271,293	86,911
TOTAL ASSETS	337,322	143,621
LIABILITIES		
Current liabilities		
Trade and other payables	21,253	18,555
Interest bearing liabilities ⁴³	3,586	4,939
Provisions	2,652	2,408
Lease liabilities	2,488	–
Other current liabilities	15,503	14,174
Total current liabilities	45,482	40,076
Non-current liabilities		
Other payables	757	117
Lease liabilities	3,863	–
Interest bearing liabilities ⁴⁴	77,049	7,066
Deferred tax liabilities	18,169	8,660
Provisions	1,038	1,357
Total non-current liabilities	100,876	17,200
TOTAL LIABILITIES	146,358	57,276
NET ASSETS	190,964	86,345
EQUITY		
Contributed equity	191,174	58,699
Reserves (net of income tax)	(19,780)	272
Retained earnings	16,610	24,355
Equity attributable to owners of The Citadel Group Limited	188,004	83,326
Non-controlling interests	2,960	3,019
TOTAL EQUITY	190,964	86,345

43. Interest Bearing Liabilities – Current includes Secured bank loan net of unamortised borrowing costs.

44. Interest Bearing Liabilities – Non-current includes Secured bank loan net of unamortised borrowing costs.

(e) Summary of Citadel's historical consolidated cash flow statements

The audited historical consolidated statement of cash flows for the periods ended 30 June 2019 and 30 June 2020 are summarised below.

	FY20 \$'000	FY19 \$'000
Cash flows from operating activities		
Receipts from customers	142,245	101,967
Payments to suppliers and employees	(113,507)	(83,208)
Income taxes paid	(2,072)	(3,187)
Interest & borrowing costs paid	(4,218)	(930)
Interest & other income received	441	96
Net cash inflow from operating activities	22,889	14,738
Cash flows from investing activities		
Payments for plant & equipment	(545)	(574)
Payments for intangibles	(5,871)	(5,636)
Payment for business combinations, net of cash acquired	(198,218)	(2,488)
Net cash (outflow) from investing activities	(204,634)	(8,698)
Cash flows from financing activities		
Proceeds from issuance of shares	132,227	–
Dividends paid	(8,677)	(10,534)
Proceeds from loans	100,339	–
Repayment of loans	(19,600)	(5,024)
Repayment of lease liabilities	(2,728)	(295)
Net cash (outflow) from financing activities	201,561	(15,853)
Net (decrease) in cash and cash equivalents	19,816	(9,813)
Cash flows of discontinued operations	38	(85)
Effects of exchange rate changes on cash and cash equivalents	(1,329)	–
Cash and cash equivalents at the beginning of financial year	14,021	23,919
Cash and cash equivalents at the end of the year	32,546	14,021

5. Information about Citadel

(f) Material changes in Citadel's financial position since 30 June 2020

Other than:

- (i) payment of a 100% franked final dividend of \$0.06 per Citadel Share on 1 October 2020;
- (ii) the accumulation of earnings in the ordinary course of trading;
- (iii) as at 30 September, Citadel's net debt including lease liabilities was \$66.9 million (comprised of net bank debt of \$78.6 million (being gross bank debt of \$83.9 million less unamortised borrowing costs of \$5.3 million), lease liabilities⁴⁵ of \$5.6 million and cash of \$17.3 million). At 30 June, net debt including lease liabilities was \$54.5 million (comprised of net bank debt of \$80.6 million (being gross bank debt of \$86.5 million less unamortised borrowing costs of \$5.9 million), lease liabilities⁴⁶ of \$6.4 million and cash of \$32.5 million); and
- (iv) in accordance with generally known market conditions,

so far as the Citadel Board is aware and other than as disclosed in this Scheme Booklet or announced to ASX, the financial position of Citadel has not materially changed since 30 June 2020.

5.6 Capital structure

(a) The equity structure of Citadel as at the date of this Scheme Booklet is as follows:

Type of security	Number on issue
Fully paid ordinary Citadel Shares	78,710,046
Outstanding Employee Share Rights	388,308

In addition, subject to obtaining shareholder approval at its Annual General Meeting scheduled for 19 November 2020, Citadel proposes to issue Mark McConnell:

- (i) 61,551 Employee Share Rights under the terms of its FY20 LTI Plan pursuant to his employment arrangements the material terms of which were previously announced to the ASX on 13 November 2019; and
- (ii) 89,148 Employee Share Rights under the terms of its FY21 LTI Plan.

(b) Employee Share Rights

The rules relating to the Employee Share Rights Plan give the Citadel Board discretion to:

- (i) accelerate the vesting of any or all Employee Share Rights in the event of a proposed change of control of Citadel; and
- (ii) accelerate the lapsing of all or any unvested Employee Share Rights in the event of a proposed change of control of Citadel.

In accordance with the terms of the Employee Share Rights Plan and the terms of the offer letters issued under that plan, the Citadel Board has exercised its discretion and determined that, subject to the Scheme becoming Effective:

- (iii) 179,120 Employee Share Rights will lapse on the Effective Date, representing the Employee Share Rights issued under Citadel's FY21 LTI Plan (other than those issued to Mark McConnell);
- (iv) subject to shareholder approval being obtained at Citadel's Annual General Meeting:
 - (A) the 61,551 Employee Share Rights issued to Mark McConnell under Citadel's FY20 LTI Plan will vest on the Effective Date and will be cash settled in accordance with the terms of the Employee Share Rights Plan for an amount equal to \$350,840.70; and
 - (B) the 89,148 Employee Share Rights issued to Mark McConnell under Citadel's FY21 LTI Plan will lapse on the Effective Date; and
- (v) 209,188 Employee Share Rights representing the Employee Share Rights issued under Citadel's FY19 and FY20 LTI Plans (other than those issued to Mark McConnell) will vest on the Effective Date and will be cash settled in accordance with the terms of the Employee Share Rights Plan for an amount equal to \$1,216,813.30.

However, if the Scheme does not become Effective, the original terms and conditions attaching to the Employee Share Rights will continue to be in effect.

45. Lease Liabilities are primarily due to the property and hardware equipment leases brought on balance sheet in FY20 under AASB 16 Leases.

46. Lease Liabilities are primarily due to the property and hardware equipment leases brought on balance sheet in FY20 under AASB 16 Leases. A right-of-use asset was also recorded totalling \$5.2 million at 30 June 2020.

5.7 Substantial shareholders

As extracted from filings released on ASX, in each case prior to the last practicable trading day prior to the date of this Scheme Booklet, the following persons were substantial holders who hold 5% or more of Citadel Shares:

As at 26 October 2020, the substantial shareholders of Citadel Shares are:

Substantial shareholder	Number of Citadel Shares	Percentage of issued capital
The Citadel Group and controlled entities ⁴⁷	7,321,335	9.30%
Jakeman Holdings Pty Ltd (ATF Jakeman Family Trust)	6,741,957	8.57%
Bryony McConnell as trustee for McBren Investments and Mark Steven McConnell	6,308,170	8.01%
Microequities Asset Management Pty Ltd	5,015,158	6.37%

The shareholdings listed in this Section 5.7 are as disclosed to Citadel by the shareholders in substantial holding notices. Information in regard to substantial holdings arising, changing or ceasing after this time or in respect of which the relevant announcement is not available on the ASX website is not included above.

5.8 Group structure

The following entities are Subsidiaries of Citadel.

Name	Country of incorporation	Ownership interest
Australian Business Academy Pty Ltd	Australia	100%
Charm Health Informatics Pty Ltd	Australia	100%
Charm Health International Pty Ltd	Australia	100%
Charm Health Pty Ltd	Australia	100%
Citadel Group Saleco Limited	Australia	100%
Citadel Group Services Australia Pty Ltd	Australia	100%
Citadel Health Management Pty Ltd	Australia	100%
Citadel Health Pty Ltd	Australia	100%
Citadel Technology Solutions Pty Ltd	Australia	100%
eQstats Pty Ltd	Australia	100%
filosoph-e Pty Ltd	Australia	50%
Gruden Pty Ltd	Australia	100%
Italchemistry Australia Pty Ltd	Australia	100%
Jakeman Business Solutions Pty Ltd	Australia	100%
Kapish Pty Ltd	Australia	100%
Kapish Services Pty Ltd	Australia	100%
Noventus Pty Ltd	Australia	100%
Apollo Medical Software Solutions Ltd	United Kingdom	100%
Citadel Group Australia Holdings I Limited	United Kingdom	100%

47. The Citadel Group Limited has entered into voluntary escrow deeds with respect to fully paid ordinary shares held by certain Citadel Shareholders which restrict the disposal of shares as disclosed in Form 603 (Notice of initial substantial holder) dated 3 April 2020 and in Form 604s (Notice of change of interests of substantial holder) dated 6 April 2020 and 8 April 2020 and which gives The Citadel Group Limited a technical relevant interest under s608(1)(c) of the Corporations Act 2001 (Cth). However the escrow deeds do not restrict the exercise of voting rights attaching to the escrowed securities or the holders of those escrowed securities transferring their Citadel Shares to PEP BidCo if the Scheme becomes Effective.

5. Information about Citadel

Name	Country of incorporation	Ownership interest
Citadel Group Australia Holdings II Limited	United Kingdom	100%
Citadel Group Australia Holdings III Limited	United Kingdom	100%
E-Health Innovations Ltd	United Kingdom	100%
Euroking Maternity Software Solutions Ltd	United Kingdom	100%
Healthcare Software Solutions Ltd	United Kingdom	100%
Wellbeing Software Group Holdings Ltd	United Kingdom	100%
Wellbeing Software Group Limited	United Kingdom	100%
Wellbeing Software Holdings Limited	United Kingdom	100%
Wellbeing Software Limited	United Kingdom	100%

5.9 Recent Citadel share price performance

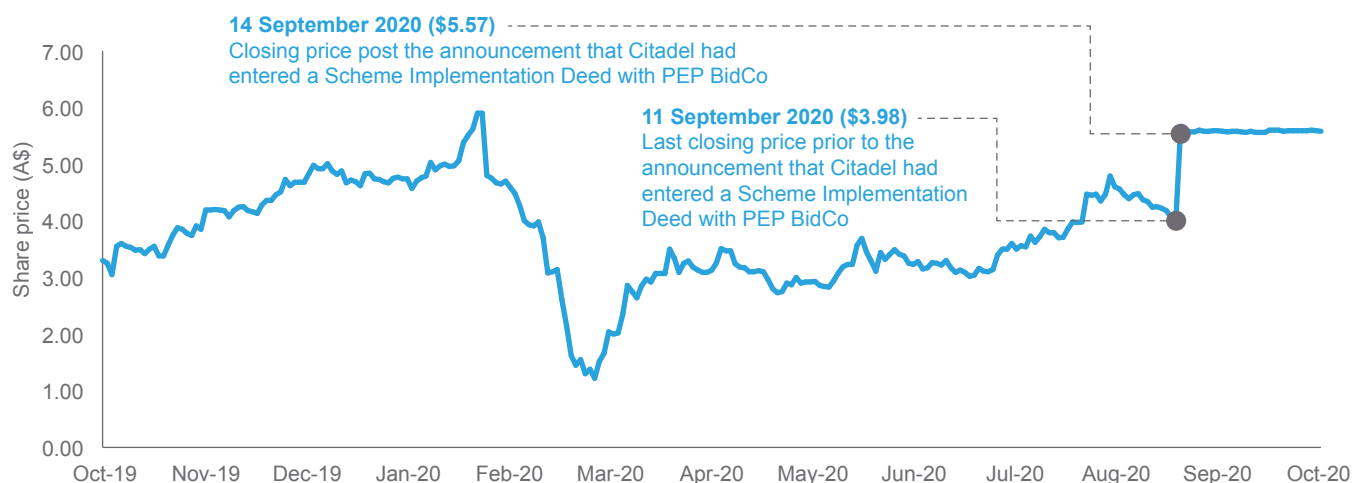
Citadel Shares are listed on ASX under the trading code "CGL".

On 11 September 2020, the last trading day before the announcement made by Citadel to ASX on 14 September 2020 that it had entered into a Scheme Implementation Deed with PEP BidCo, the Citadel share price closed at \$3.98. On 14 September 2020, the date of the announcement made by Citadel that it had entered a Scheme Implementation Deed with PEP BidCo, the Citadel share price closed at \$5.57. From the day after the announcement of the Scheme to 26 October 2020, the closing price of Citadel Shares has ranged between \$5.56 and \$5.60.

During the three months ending 11 September 2020:

- (a) the highest recorded daily closing price for Citadel Shares on ASX was \$4.79 on 24 August 2020; and
- (b) the lowest recorded daily closing price for Citadel Shares on ASX was \$3.02 on 13 July 2020.

Figure 4 – Citadel closing share price over the last 12 months



Source: IRESS, Citadel Shares traded on ASX.

5.10 Risks relating to Citadel's business

There are existing risks relating to Citadel's business and an investment in Citadel. If the Scheme does not become Effective, those risks continue to be relevant to Citadel Shareholders. A summary of the key risks relating to Citadel's business and an investment in Citadel is set out in Section 8.

5.11 Publicly available information

Citadel is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, Citadel is subject to the Listing Rules which require (subject to some exceptions) immediate disclosure of any information of which Citadel becomes aware that a reasonable person would expect to have a material effect on the price or value of Citadel Shares.

ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to ASX by Citadel is available on the ASX website at www.asx.com.au.

In addition, Citadel is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Citadel may be obtained from an ASIC office.

SECTION 6

**Profile of
PEP BidCo**

6. Profile of PEP BidCo

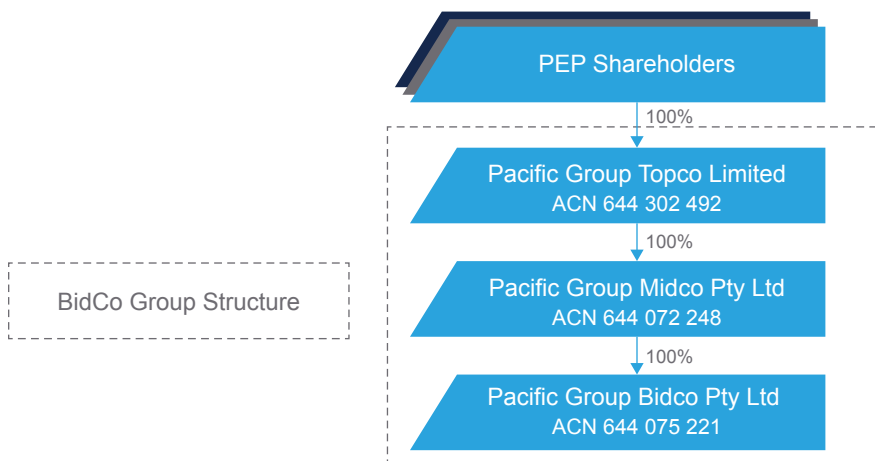
The information contained in Section 6 of this Scheme Booklet has been prepared by PEP BidCo. The information concerning the PEP BidCo Group and the intentions, views and opinions contained in this Section 6 are the responsibility of PEP BidCo. Citadel, its Related Bodies Corporate and their respective directors, employees, officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1 Ownership structure

(a) Before implementation of the Scheme

As at the date of this Scheme Booklet, PEP BidCo is a wholly owned subsidiary of MidCo, which in turn is a wholly owned subsidiary of HoldCo, which in turn is wholly owned by Pacific Equity Partners Fund VI (Australasia) Pty Ltd (ACN 630 504 960) as trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust. Immediately prior to the implementation of the Scheme, the ownership of HoldCo will change such that HoldCo will be wholly owned by the PEP Shareholders (who will subscribe for Class A Shares to provide the equity funding required for the Cash Consideration as described further in Section 6.5(b) below) as illustrated in **Figure 5** below:

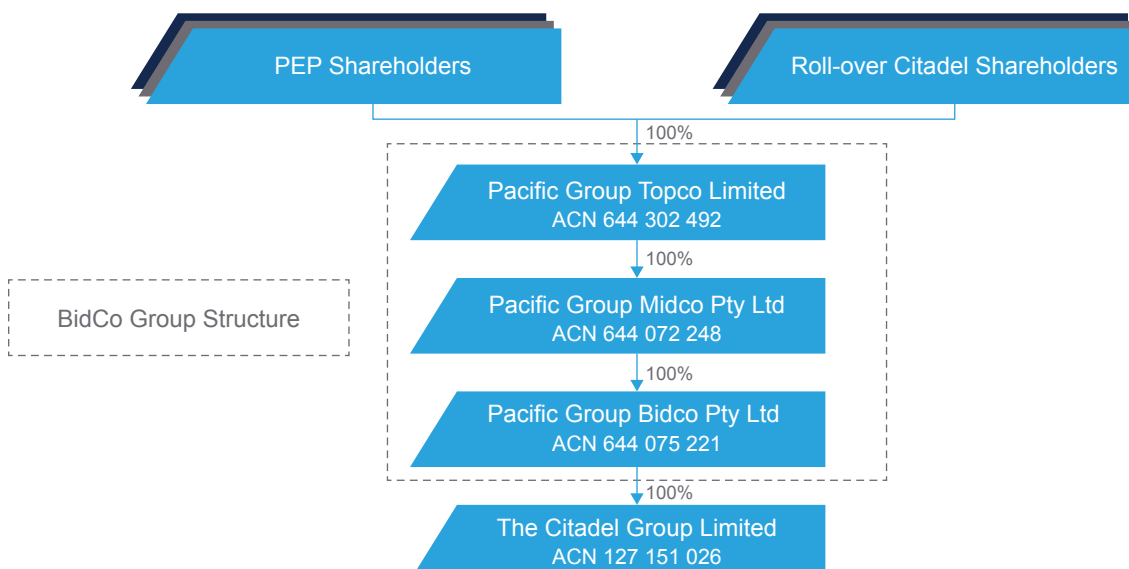
Figure 5



(b) After implementation of the Scheme

If the Scheme is implemented, the PEP Shareholders and eligible Citadel Shareholders who validly make an Election (provided that the Minimum Holding Threshold is met), will directly and wholly own HoldCo. HoldCo will own Citadel through its wholly owned subsidiaries, MidCo and PEP BidCo, as illustrated in **Figure 6** below:

Figure 6



6. Profile of PEP BidCo

6.2 Profile of the PEP BidCo Group

(a) PEP BidCo

PEP BidCo is a special purpose company that was incorporated on 4 September 2020 for the purpose of acquiring all of the Scheme Shares under the Scheme. PEP BidCo is an unlisted Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme). All of the shares in PEP BidCo are owned by MidCo. If the Scheme becomes Effective, PEP BidCo will hold all of the Scheme Shares on or shortly after the Implementation Date.

(b) MidCo

MidCo is a special purpose company that was incorporated on 4 September 2020 for the purpose of holding all of the shares in PEP BidCo. MidCo is an unlisted Australian proprietary company and has not undertaken any trading activities and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme). All of the shares in MidCo are owned by HoldCo.

(c) HoldCo

HoldCo is a special purpose company that was incorporated on 14 September 2020 for the purposes of:

- > directly holding all of the shares in MidCo and indirectly holding all of the shares in the PEP BidCo; and
- > issuing HoldCo Shares to eligible Scheme Shareholders who make a valid Election.

HoldCo is an unlisted Australian public company and has not undertaken any trading activities, and does not own any assets and/or liabilities, other than in connection with its incorporation, the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).

The affairs of HoldCo are regulated under the HoldCo Constitution and, on implementation of the Scheme, by the HoldCo Constitution, HoldCo Shareholders Deed and the Nominee Deed. The agreed form HoldCo Shareholders Deed (to which a copy of the HoldCo Constitution is annexed) is reproduced as Annexure F to this Scheme Booklet. A summary of key rights and obligations attaching to Class B Shares under the HoldCo Constitution and the HoldCo Shareholders Deed are set out in Section 7.2.

(d) PEP Shareholders

PEP is a member of a group of companies that manages or advises a number of unit trusts and limited partnerships operating as a single coinvestment fund known as Pacific Equity Partners Fund VI or PEP Fund VI (the **Fund**).

Certain entities and funds which comprise the Fund will, be indirectly participating in the Scheme and, have an ownership interest in HoldCo. Such entities and funds are:

- > Pacific Equity Partners Fund VI GP (Jersey) Limited as General Partner of Pacific Equity Partners Fund VI L.P.;
- > Pacific Equity Partners Fund VI (Australasia) Pty Limited as trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust;
- > Pacific Equity Partners Fund VI-A (Australasia) Pty Limited as trustee of the Pacific Equity Partners Fund VI-A (Australasia) Unit Trust;
- > Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A;
- > Eagle Coinvestment Pty Limited as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B; and
- > PEP Investment Pty Limited,

(together, the **PEP Shareholders**).

The Fund has been established to invest in business opportunities in Australia and New Zealand, and currently the Fund has approximately A\$2.5 billion equity funds under management. The PEP Shareholders are advised or managed by PEP.

PEP was founded in 1998 and is a leading Australian based private equity firm which focuses on growth and expansion capital in Australia and New Zealand.

Since 1998, PEP has managed or advised funds on 34 completed platform transactions and more than 100 bolt-on acquisitions across a broad range of industries. PEP currently has approximately A\$4.9 billion in assets under management.

Relevant investments made by funds managed or advised by PEP include:

- > Evolution Healthcare – provider of private hospital and rehabilitation services;
- > Lifehealthcare – independent distributor of advanced medical devices and equipment in Australia and New Zealand;
- > Patties Foods – market leading provider of frozen savoury and dessert pies and meals, acquired as a public to private in partnership with the founding shareholders;
- > Academic Colleges Group – New Zealand's largest private education provider with leading K-12 academic colleges and Tertiary institutions;
- > Link – a market leading financial administration platform with operations spanning Australia and Europe; and
- > Veda – the largest national credit bureau and analytics platform, acquired as a public to private transaction.

Further information on PEP is available from its website at: www.pep.com.au.

(e) HoldCo Directors

As at the date of this Scheme Booklet, the directors of HoldCo are Mr David Brown, Mr Shannon Wolfers and Mr Rohan Wolfers.

The profiles of these directors are set out below:

Director	Profile
Mr David Brown	Mr Brown is a Managing Director at PEP and joined the firm at the start of 2004. Prior to joining PEP, he spent his analyst years in the Investment Banking Division of JP Morgan. Mr Brown received a PLD from Harvard Business School and first class honours degrees (BCom and LLB) from the University of Queensland where he was awarded a University Medal.
Mr Shannon Wolfers	Mr Wolfers is a Managing Director at PEP and joined the firm in 2006. Prior to joining PEP, Shannon was with Bain & Company in Australia and SE Asia. Mr Wolfers was a University of Sydney Scholarship holder where he received a first class honours degree (BEcon) and the University Medal.
Mr Rohan Wolfers	Mr Wolfers is a Director at PEP and joined the firm in 2010. Prior to joining PEP, he worked with Navis Capital Partners and Merrill Lynch Global Private Equity in Australia, Asia and North America. Mr Wolfers received a PLD from Harvard Business School and a Bachelor of Economics from the University of Sydney.

It is contemplated that Mr Timothy Sims will be appointed to the HoldCo Board following the Implementation Date. Mr Timothy Sims' profile is set out below.

Director	Profile
Mr Timothy Sims	Mr Sims is a founder of PEP and is a member of the firm's Operating Committee. Prior to founding PEP, Mr Sims was the Chairman and Managing Director of Bain & Company's Australasian and African operations and a member of Bain & Company's Global Executive Committee. Tim received a BA/MA from Oxford University where he was a Mitsui European Scholar and an MPA from Harvard where he was a Kennedy Scholar. In 2019, Mr Sims was made a member in the general division of the Order of Australia (AM) for significant service to the community through philanthropic initiatives.

(f) PEP BidCo and MidCo Directors

As at the date of this Scheme Booklet, the PEP BidCo and MidCo directors are Mr David Brown and Mr Rohan Wolfers.

The profiles of Mr David Brown and Mr Rohan Wolfers are as set out above.

(g) Citadel Board following implementation of the Scheme

Pursuant to clause 10 of the Scheme Implementation Deed, the Citadel Board will be reconstituted with effect on and from the Implementation Date. As contemplated under the HoldCo Shareholders Deed, the directors of Citadel with effect on and from the Implementation Date will be the chief executive officer and chief financial officer, from time to time, of Citadel. Further directors may be appointed to the Citadel Board from time to time in accordance with the HoldCo Shareholders Deed and the constitution of Citadel at the relevant time.

6. Profile of PEP BidCo

6.3 Connection to the Scheme

The Scheme contemplates the acquisition of all Citadel Shares such that from the Implementation Date, PEP BidCo will hold 100% of the shares in Citadel. Under the Scheme, Citadel Shareholders will receive the Cash Consideration for their Citadel Shares or may elect to receive Scrip Consideration in respect of 50% to 100% of their Citadel Shares (and, for the avoidance of doubt, will receive Cash Consideration for any Citadel Shares in respect of which they do not elect to receive Scrip Consideration). Eligible Citadel Shareholders may:

- > receive the total value of their Scheme Consideration as Cash Consideration; or
- > subject to the Minimum Holding Threshold, the Minimum Election Threshold and any Scrip Scale Back, elect to receive some or all of the value of their Scheme Consideration as Scrip Consideration in the form of Class B Shares, in which case:
 - where a Citadel Shareholder has made an Election to receive All Scrip Consideration, it will receive the entirety of its Scheme Consideration in the form of Scrip Consideration; or
 - where a Citadel Shareholder has made a Mix-and-Match Election (that is, has made a valid Election in respect of at least 50% of its Citadel Shares), it will receive a combination of Scrip Consideration in respect of those Citadel Shares which are the subject of the valid Election and will receive the Cash Consideration in respect of the remaining Citadel Shares held by that Citadel Shareholder which are not the subject of a valid Election; and
- > also receive any Special Dividend that may be declared and paid by Citadel in respect of each Citadel Share held by that Citadel Shareholder as at the Special Dividend Record Date.

Subject to the Minimum Holding Threshold, Minimum Election Threshold and any Scrip Scale Back, if an eligible Citadel Shareholder makes a valid Election for Scrip Consideration and HoldCo has an obligation to issue Class B Shares to that Citadel Shareholder, that Citadel Shareholder will, on the Implementation Date, become a shareholder of HoldCo and thereby have an interest (through HoldCo's subsidiaries) in Citadel that is proportional to their holding in HoldCo. The Citadel Shareholder will also be bound by the HoldCo Shareholders Deed.

The Fund will subscribe for Class A Shares in HoldCo to partly fund the Cash Consideration and other amounts (with the remainder of the Cash Consideration and other amounts being funded through the Debt Facilities). Following implementation of the Scheme, the Fund will hold all of the Class A Shares in HoldCo. The proportion of the total shares on issue in HoldCo made up of Class A Shares will depend on the total cash funding required in connection with the implementation of the Scheme which will depend on the matters noted in Section 7.1(f) including the number of Citadel Shareholders who make valid Elections to receive the Scrip Consideration and operation of the Minimum Holding Threshold, Minimum Election Threshold and potential Scrip Scale Back.

6.4 Corporate governance of the PEP BidCo Group

Eligible Citadel Shareholders who make a valid Election to receive Class B Shares under the Scheme (assuming the Minimum Holding Threshold and Minimum Election Threshold are both satisfied) agree to become shareholders of HoldCo and be bound by the HoldCo Shareholders Deed. Subject to the HoldCo Shareholders Deed, the board of directors of each PEP BidCo Group Member will be responsible for the overall corporate governance of that entity, including adopting appropriate policies and practices and seeking to ensure that its directors and employees (if any) fulfil their functions effectively and responsibly.

Following implementation of the Scheme, PEP BidCo intends to review the existing corporate governance policies and practices of Citadel.

The PEP BidCo Group does not intend, after implementation of the Scheme, that Citadel will have corporate governance policies and practices that are necessarily equivalent to those adopted by Citadel in the past or by ASX listed companies generally. Instead, the PEP BidCo Group expects that Citadel will adopt corporate governance policies and practices appropriate to proprietary companies.

If the Scheme becomes Effective, Citadel will apply to ASX to suspend trading on the ASX in Citadel Shares with effect from the close of trading on the Effective Date and, on a date after the Implementation Date to be determined by PEP BidCo, and once the transfer of the Citadel Shares has been registered in accordance with the terms of the Scheme, Citadel will apply for termination of the official quotation of Citadel Shares on ASX and to have itself removed from the official list of ASX. PEP BidCo expects that, after the Implementation Date, Class B Shareholders will have access to substantially less information and reports about the Citadel Group than Citadel Shareholders currently receive. However, the PEP BidCo Group expects that HoldCo will adopt corporate governance policies and practices appropriate to unlisted public companies.

Under the HoldCo Shareholders Deed, HoldCo Shareholders are entitled to receive a copy of the latest audited financial statements of the PEP BidCo Group if requested. Class B Shareholders will not receive reports such as remuneration reports or corporate governance reports, and HoldCo may not maintain an investor relations team or a share registry to respond to shareholder inquiries. Under the HoldCo Constitution, annual general meetings of HoldCo Shareholders are to be held in accordance with the Corporations Act.

6.5 Funding arrangements

(a) Maximum Scheme Consideration

If the Scheme is implemented, the Scheme Consideration payable to Scheme Shareholders under the Scheme will be satisfied by a combination of:

- > the Cash Consideration; and/or
- > the issue of a number of Class B Shares that are the subject of valid Elections (provided the Minimum Holding Threshold is met and subject to the Maximum Holding Threshold and any application of the Scrip Scale Back arrangements).

Based on the number of Citadel Shares on issue as at the date of this Scheme Booklet:

- > the maximum amount of Cash Consideration that PEP BidCo may be required to pay to Scheme Shareholders under the Scheme is approximately \$448,600,000.00 (assuming the Minimum Holding Threshold is not achieved) (**Maximum Cash Consideration**); and
- > the maximum number of Class B Shares that would be issued by HoldCo (on the assumption that every Scheme Shareholder made a valid Election to receive All Scrip Consideration) is 24,300,000 Class B Shares given the operation of the Scrip Scale Back.

The Scheme is not subject to a financing condition.

(b) Cash Consideration arrangements

PEP BidCo intends to fund the Cash Consideration through a combination of:

- > equity funding sourced from the Fund; and
- > external debt facilities (subject to meeting conditions precedent to drawdown).

Each of the funding sources is described below.

Funding from the Fund

PEP BidCo has a legally binding equity commitment letter from the Fund dated 14 September 2020 as amended (**Equity Commitment Letter**) under which each of the entities constituting the Fund irrevocably commits to:

- > pay to HoldCo, by way of subscribing for fully paid Class A Shares issued by HoldCo, such amounts as are necessary to meet PEP BidCo's obligations to fund the Cash Consideration under the Scheme (less the amount of the Debt Facilities which may be used to pay the Cash Consideration) in each entity's relevant proportion as set out in the Equity Commitment Letter and reproduced below (**Equity Funding**); and
- > cause HoldCo to contribute that Equity Funding to PEP BidCo (including via any intermediate holding company of PEP BidCo) in sufficient time to allow PEP BidCo to pay, to the extent necessary, the Cash Consideration in accordance with the Scheme.

The amount available under the Equity Commitment Letter is (together with the amount available under the Debt Facilities referred to below) sufficient to fund the Maximum Cash Consideration.

The entities constituting the Fund are severally responsible for providing the Equity Funding to PEP BidCo under the Equity Commitment Letter in the proportions set out in the table below.

	Entity	Respective Proportion
1	Pacific Equity Partners Fund VI, L.P. (a Cayman Islands exempted limited partnership) acting via its general partner Pacific Equity Partners Fund VI GP (Jersey) Limited	68.99%
2	Pacific Equity Partners Fund VI (Australasia) Pty Limited (ACN 630 504 960) as trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust	9.67%
3	Pacific Equity Partners Fund VI-A (Australasia) Pty Limited (ACN 632 814 861) as trustee of the Pacific Equity Partners Fund VI-A (Australasia) Unit Trust	19.66%
4	Eagle Coinvestment Pty Limited (ACN 119 182 688) as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A	0.38%
5	Eagle Coinvestment Pty Limited (ACN 119 182 688) as trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B	0.80%
6	PEP Investment Pty Limited (ACN 083 026 984)	0.50%

6. Profile of PEP BidCo

Each entity in the Fund has agreed to subscribe for shares in HoldCo in part to fund the Cash Consideration and other amounts (including costs associated with the acquisition of Citadel under the Scheme).

External Debt Facilities

One source of funding for the consideration payable by PEP BidCo is the commitments obtained by PEP BidCo under certain secured debt facilities (**Debt Facilities**). The commitments for the Debt Facilities have been provided by Goldman Sachs Australia Pty Ltd.

Under the Debt Facilities, PEP BidCo has the following commitments available:

- > \$241.8 million available for the purpose of funding the acquisition of Scheme Shares pursuant to the Scheme, repaying the existing indebtedness of the Citadel Group and paying related costs and expenses; and
- > \$25 million available to fund growth capital expenditure, any future acquisitions as permitted under the Debt Facilities, working capital and general corporate purposes.

The terms of the Debt Facilities include conditions precedent to drawdown, representations and warranties, undertakings and events of default which are customary for facilities of this nature (including the obtaining of approval of the Scheme by Citadel Shareholders and the Court).

As at the date of this Scheme Booklet, PEP BidCo is not aware of any reason why the Debt Facilities will not be available to be drawn down for the purpose of the acquisition of the Scheme Shares on or prior to the Implementation Date.

(c) Scrip Consideration arrangements

PEP BidCo, MidCo and HoldCo have entered into the Deed Poll to covenant in favour of the Scheme Shareholders to perform their respective obligations in relation to the Scheme. This includes the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Scheme, including to issue all HoldCo Shares which are the subject of valid Elections by the Scheme Shareholders under the terms of the Scheme.

(d) Conclusion

On the basis of the arrangements described above, PEP BidCo believes it has reasonable grounds for holding the view, and holds the view, that PEP BidCo will be able to satisfy its obligation to fund the Scheme Consideration as and when it is due and payable under the terms of the Scheme. Accordingly PEP BidCo does not have in place nor does it believe it requires alternative sources of funding to discharge the Scheme Consideration.

6.6 PEP BidCo's intentions if the Scheme is implemented

(a) Introduction

If the Scheme is implemented, PEP BidCo will become the holder of all Citadel Shares, and accordingly, Citadel will become a wholly owned subsidiary of PEP BidCo. This Section sets out the present intentions of PEP BidCo in relation to the continuation of Citadel's business if the Scheme is implemented. These intentions are based on the facts and information concerning Citadel (including certain non-public information made available by Citadel to PEP BidCo prior to entry of the Scheme Implementation Deed) and the general business environment that are known to PEP BidCo at the time of preparation of this Scheme Booklet.

Given the COVID-19 pandemic has created a rapidly changing business environment, final decisions will only be made by PEP BidCo after having conducted a detailed review of Citadel's operations and business after the Scheme is implemented. Accordingly, the statements set out in this Section may change as new information becomes available or as circumstances change.

(b) Removal from ASX

If the Scheme is implemented, it is intended that the quotation of Citadel Shares on the ASX will be terminated and Citadel will be removed from the official list of the ASX on or around the Business Day immediately following the Implementation Date and for Citadel to subsequently be converted into a proprietary company limited by shares.

(c) Head office

PEP BidCo currently intends for Citadel to maintain its current head office at Canberra following the Implementation Date.

(d) Directors

Pursuant to clause 10 of the Scheme Implementation Deed, the Citadel Board will be reconstituted with effect on and from the Implementation Date. As contemplated under the HoldCo Shareholders Deed, the directors of Citadel with effect on and from the Implementation Date will be the chief executive officer and chief financial officer, from time to time, of Citadel. Further directors may be appointed to the Citadel Board from time to time in accordance with the HoldCo Shareholders Deed and the constitution of Citadel at the relevant time.

(e) Employees

Citadel is a people driven business. PEP BidCo considers that a well-trained and motivated workforce is critical to maintaining the high standards of the business, and that the retention and incentivisation of staff is an essential component to the future success of the company.

PEP BidCo considers Citadel's employees to be critical to the future success of the business. Following implementation of the Scheme, PEP BidCo will review Citadel's business operations and organisational structure to ensure Citadel has the appropriate mix and level of employees and skills to enhance the business going forward.

(f) Equity incentive plan

Following implementation of the Scheme, PEP BidCo will consider the establishment of a customary equity incentive plan for eligible management of Citadel.

(g) Changes to Citadel's constitution

Consistent with their intention to convert Citadel into a proprietary company limited by shares, PEP BidCo intends to replace Citadel's existing constitution with a constitution appropriate for a company limited by shares (and which is a subsidiary of HoldCo) following implementation of the Scheme.

The constitution will be considered as part of PEP BidCo's broader review of Citadel. As the sole shareholder of Citadel, PEP BidCo will alone be able to make changes to Citadel's constitution.

As noted above, following implementation of the Scheme, the key governance documents relating to the PEP BidCo Group (including the Citadel Group) will be the HoldCo Constitution, HoldCo Shareholders Deed and the Nominee Deed.

(h) Business, operations and assets

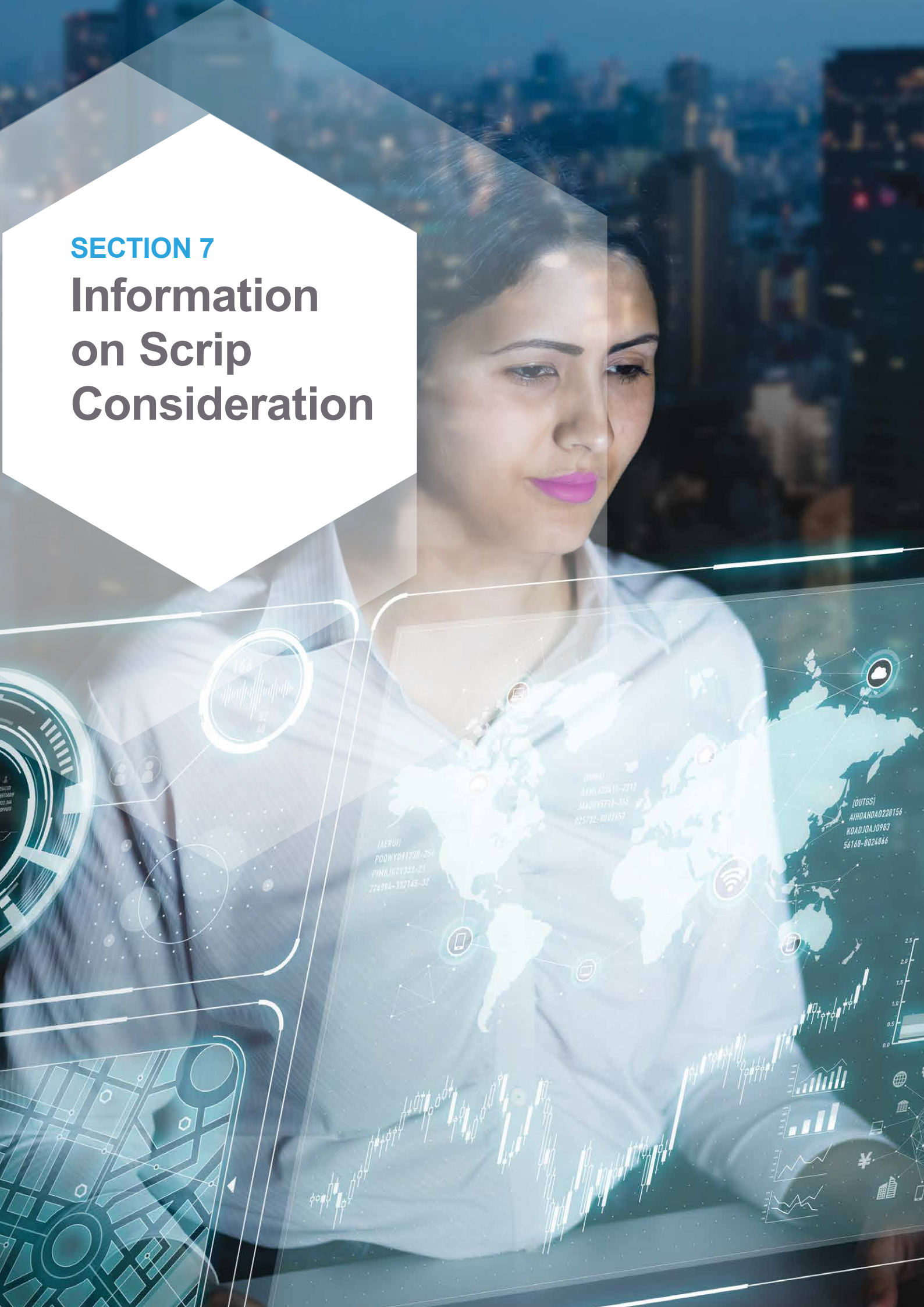
It is the current intention of PEP BidCo to continue Citadel's focus on its specialist software and services business and largely operate Citadel in its current form while providing support to pursue organic and acquisition-based growth opportunities as appropriate.

PEP BidCo intends to continue to operate Citadel under its current name. As described previously, PEP BidCo will undertake a full review of Citadel and its operations following implementation of the Scheme to determine how best to operate and further develop and grow the company. Decisions regarding future business operations will be made following completion of that review.

Any dividends will be at the sole discretion of the HoldCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the HoldCo Group, with the intention that no dividends will be declared or paid for a period of two years after the Implementation Date.

SECTION 7

Information on Scrip Consideration



7. Information on Scrip Consideration

The information contained in Section 7 of this Scheme Booklet has been prepared by PEP BidCo. The information concerning the PEP BidCo Group and the intentions, views and opinions contained in this Section 7 are the responsibility of PEP BidCo. Citadel, its Related Bodies Corporate and their respective directors, employees, officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

7.1 Transaction overview

(a) Features of Class B Shares to be received as Scrip Consideration

As at the date of this Scheme Booklet, HoldCo has 1 Class A Share on issue, which is held by Pacific Equity Partners Fund VI (Australasia) Pty Ltd (ACN 630 504 960) as trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust. There are no Class B Shares on issue as at the date of this Scheme Booklet.

If Citadel Shareholders are eligible to receive Scrip Consideration, make a valid Election to do so, both the Minimum Holding Threshold and Minimum Election Threshold conditions are satisfied and subject to the Scrip Scale Back, they will receive 1 Class B Share in HoldCo for each Citadel Share held by that Citadel Shareholder which is subject to the valid Election. Class B Shares issued as consideration under the Scheme will be fully paid and will rank equally with all other Class B Shares.

Citadel Shareholders who receive Scrip Consideration under the Scheme will become parties to the HoldCo Shareholders Deed as Class B Shareholders. If required by HoldCo, HoldCo will appoint a Nominee to hold all of the Class B Shares on bare trust for each Class B Shareholder pursuant to the terms of the HoldCo Shareholders Deed and a Nominee Deed to be entered into between PEP BidCo and the Nominee. A copy of the HoldCo Shareholders Deed is set out in Annexure F to this Scheme Booklet.

Class B Shares are subject to certain restrictions which include, but are not limited to, restrictions with regard to shareholder approvals, director appointment rights and exit rights. Furthermore, any dividends will be at the sole discretion of the HoldCo Board, having regard to the capital requirements (as well as the debt financing arrangements) of the HoldCo Group, with the intention that no dividends will be declared or paid for a period of 2 years after the Implementation Date. A summary of the significant rights and obligations attaching to Class B Shares is set out in Section 7.2. The summary is not exhaustive and should be read subject to the full terms of the HoldCo Shareholders Deed, a copy of which is included in Annexure F to this Scheme Booklet.

Citadel Shareholders should note that their investment in HoldCo will be regulated differently than their investment in Citadel because HoldCo will not be admitted to the ASX and therefore the Listing Rules will not apply to HoldCo or Class B Shares. In particular, a consequence of the change in regulatory regimes means that, subject to certain conditions, the continuous disclosure rules, takeover regime and certain minority protection rights relevant to Citadel do not apply to HoldCo. Material differences between the rights and obligations of a shareholder in an ASX listed company such as Citadel and in HoldCo are explained by PEP BidCo in Section 8.5. Because HoldCo will not be admitted to the list of a stock exchange there will be no active market for the sale of Class B Shares and Citadel Shareholders who receive Class B Shares under the Scheme will only be able to sell or transfer their Class B Shares in certain very limited circumstances as permitted under the HoldCo Shareholders Deed.

Please refer to Section 8.5 of this Scheme Booklet for discussion of the risks associated with the Scrip Consideration.

Citadel Shareholders considering the Scrip Consideration should consult their legal or financial advisers, accountant or stockbroker if they are uncertain about whether an investment in HoldCo suits their particular investment objectives and they should also carefully consider the information in Section 7 about the Class B Shares that comprise the Scrip Consideration.

(b) Minimum Holding Threshold and Minimum Election Threshold

The Scrip Consideration will not be made available to a Citadel Shareholder under the Scheme unless Elections for Scrip Consideration received from that shareholder satisfy the Minimum Election Threshold and unless Elections for Scrip Consideration received from Citadel Shareholders in aggregate satisfy the Minimum Holding Threshold.

The Citadel Board cannot give any assurance that the Minimum Holding Threshold will be satisfied. If it is not satisfied, or a Citadel Shareholder does not otherwise satisfy the Minimum Election Threshold, the Scrip Consideration will not be available to that Citadel Shareholder and that Citadel Shareholder will instead receive the Cash Consideration in respect of each Citadel Share it holds on the Scheme Record Date.

(c) Foreign Scheme Shareholders

Restrictions in jurisdictions outside Australia (including its external territories), New Zealand or the United Kingdom may make it commercially impractical or unlawful for Class B Shares to be issued under the Scheme to Citadel Shareholders located in those jurisdictions, or for Citadel Shareholders located in those jurisdictions to receive Class B Shares under the Scheme. Any Citadel Shareholder whose address shown in the Citadel Register on the Scheme Record Date (currently expected to be 5:00pm on Thursday, 10 December 2020) is a place outside of Australia (including its external territories), New Zealand or the United Kingdom will be a "Foreign Scheme Shareholder" for the purposes of the Scheme.

7. Information on Scrip Consideration

Only Citadel Shareholders whose Registered Address is within Australia (including its external territories), New Zealand or the United Kingdom are entitled to make an Election, if they wish. If a Citadel Shareholder does not make an Election, or does not make an Election in accordance with the terms and conditions of the Scheme, that shareholder will receive the Cash Consideration for their Citadel Shares. If a Foreign Scheme Shareholder makes an Election, that purported election will not be valid and that Foreign Scheme Shareholder will receive the Cash Consideration for all their Citadel Shares held on the Scheme Record Date.

All Foreign Scheme Shareholders will receive the Cash Consideration to which they are entitled in accordance with the terms of the Scheme.

(d) UK Scheme Shareholders

UK Scheme Shareholders will be entitled to make Elections to receive Scrip Consideration on the basis that UK Scheme Shareholders who make valid Elections to receive Scrip Consideration will be:

- > offered 1 PEP BidCo Share for each Citadel Share held on the Scheme Record Date by that UK Scheme Shareholder in respect of which a valid Election is made (**Offer**);
- > deemed to irrevocably and unconditionally accept the Offer and direct PEP BidCo to issue the PEP BidCo Shares to MidCo, in exchange for MidCo offering to issue to that UK Scheme Shareholder 1 MidCo Share for each PEP BidCo Share offered to that UK Scheme Shareholder; and
- > deemed to irrevocably and unconditionally direct MidCo to issue the MidCo Shares to HoldCo, in exchange for HoldCo issuing to the UK Scheme Shareholder 1 HoldCo Share for each MidCo Share offered to that UK Scheme Shareholder.

Any attempt by a UK Scheme Shareholder to revoke or renege on the deemed acceptance or directions as set out above, will result in that UK Scheme Shareholder's Election being deemed invalid with immediate effect and that UK Scheme Shareholder will be entitled to receive only Cash Consideration in respect of all of its Scheme Shares.

The purpose of the above construct is to facilitate the availability of scrip-for-scrip roll-over relief for UK Scheme Shareholders who have made valid Elections to receive Scrip Consideration, on the disposal of their Citadel Shares under the Scheme. A UK Scheme Shareholder who elects to receive Scrip Consideration and who would otherwise make a capital gain on the disposal of their Citadel Shares under the Scheme may be eligible for scrip-for-scrip roll-over relief to the extent that the capital gain made on the disposal of their Citadel Shares is attributable to the receipt of Class B Shares. Scrip-for-scrip roll-over relief for UK Scheme Shareholders enables them to defer any tax payable on the capital gain made on the disposal of their Citadel Shares until such time that they ultimately dispose of their Class B Shares.

Similar scrip-for-scrip roll-over relief may be available to Citadel Shareholders who are tax resident in Australia or New Zealand and who make valid Elections to receive Scrip Consideration. For further detail about the general Australian tax consequences of the Scheme, refer to Annexure A.

UK Scheme Shareholders should consider the potential taxation implications in connection with the Scrip Consideration. The tax treatment may vary depending on the nature and characteristics of each Citadel Shareholder and their specific circumstances, including the jurisdiction in which they are a tax resident. Accordingly, UK Scheme Shareholders should seek professional tax advice in relation to their particular circumstances.

(e) Trustees and nominees

Citadel Shareholders that hold parcels of Citadel Shares as trustee or nominee for, or otherwise on account of, another person can make an Election in respect of the Scrip Consideration Options for each parcel. A nominee needs to manage the underlying owners' separate Elections in the following manner. Where a nominee wishes to nominate separate Elections to reflect the instructions of different underlying beneficiaries, that nominee should establish separate holdings on the Citadel Register (each with a different Holder Identification Number (**HIN**)) and lodge by the Election Date an Election in relation to each such beneficiary. However, if at the Scheme Record Date, the nominee holds fewer Citadel Shares than it held at the time it made the Elections, then, unless it has at the time of any sale of Citadel Shares notified Citadel whether the Citadel Shares sold relate to any such separate Election (and if so, which separate Election the Citadel Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Citadel Shares or in any other manner that PEP BidCo and Citadel agree is fair to Citadel Shareholders in all the circumstances acting reasonably.

(f) Illustrative sources and uses of funds under various scenarios

The scenarios set out in the table below illustrate the potential sources and uses of funds of the consolidated Citadel and PEP BidCo Group and the ownership structure of HoldCo which may eventuate at the Implementation Date.

The consolidated sources and uses of funds shown in the table below are based on both PEP BidCo and Citadel assumptions around various items as at the Implementation Date, including:

- > the total of the Scheme transaction costs (which includes assumptions made by Citadel and PEP BidCo in respect of their respective transaction costs);
- > the level of Citadel net debt and net working capital (which are based on assumptions made by Citadel);
- > that the Special Dividend of \$0.20 per Citadel Share is declared by the Citadel Board; and
- > the number of Citadel Shareholders who make valid Elections to receive Scrip Consideration.

The actual outcome at the Implementation Date may differ from the assumptions made in this Section 7.1(f) resulting in changes to the sources and uses of funds at the Implementation Date and, consequently, may result in changes to the illustrative ownership structures of HoldCo at the Implementation Date.

Each of the scenarios below also assumes that no Citadel Shares will be issued or required to be issued on or after the Scheme Record Date as a result of the exercise of any Employee Share Rights and any Employee Share Rights not exercised by this date will instead lapse or be cancelled by Citadel subject to the Scheme becoming Effective.

Sources and uses of funds (Amounts A\$m)	Scrip Consideration Election		
	Minimum Scrip Consideration	Maximum Scrip Consideration	No Scrip Consideration (All Cash Consideration)
Sources:			
Cash provided by Debt Facilities	241.8	241.8	241.8
Rolled aggregate Scrip Consideration	21.6	133.6	0
Cash provided by Fund	316.2	204.2	337.8
Total sources of funds	579.6	579.6	579.6
Uses:			
Payment of the Cash Consideration to relevant Scheme Shareholders	411.3	299.3	432.9
Rolled aggregate Scrip Consideration	21.6	133.6	0
Total Scheme Consideration	432.9	432.9	432.9
Repayment of Citadel's existing debt and debt like items ¹	110.2	110.2	110.2
Cash for business requirements	10.0	10.0	10.0
Third party transaction costs	26.5	26.5	26.5
Total uses of funds	579.6	579.6	579.6

1. Estimated net debt at completion plus debt like obligations.

7. Information on Scrip Consideration

Anticipated ownership structure in HoldCo

Shares	Scrip Election			
	Minimum Scrip Consideration		Maximum Scrip Consideration	
	Number (#m)	Percentage of HoldCo Shares	Number (#m)	Percentage of HoldCo Shares
Total Fund Shares (Class A Shares)	57.5	94%	37.1	60%
Total Scrip Consideration (Class B Shares)	3.9	6%	24.3	40%
Total HoldCo Shares on issue	61.4	100%	61.4	100%

(g) Scrip Scale Back

PEP Shareholders intend to own at least approximately 60% of HoldCo on implementation of the Scheme. There will be a scale back if the aggregate amount of Elections would otherwise result in Scheme Shareholders owning more than approximately 40%, and therefore PEP Shareholders owning less than approximately 60%, of HoldCo on implementation of the Scheme.

This means that there will be a scale back if valid Elections are made for more than 24,300,000 HoldCo Shares. Any scale back will be on a pro rata basis. If there is a scale back, you will receive the Cash Consideration in place of those HoldCo Shares which you would have received, but which were not issued to you due to the scale back. The ownership percentages noted in this Section 7.1(g) and in the table above in Section 7.1(f) are approximate percentages and may vary slightly based on the factors outlined in Section 7.1(f).

Citadel intends to announce to ASX (www.asx.com.au) the amount of Elections made by Scheme Shareholders on Thursday, 26 November 2020. See clause 5.6 of the Scheme of Arrangement for further details on the Scrip Scale Back.

7.2 Class B Shares – Rights & Obligations

A summary of the key rights and obligations attaching to Class B Shares is set out below. This summary is not exhaustive and should be read subject to the full terms of the HoldCo Shareholders Deed (a copy of the HoldCo Shareholders Deed is included as Annexure F to this Scheme Booklet) and the HoldCo Constitution (a copy of the HoldCo Constitution is included as an attachment to the HoldCo Shareholders Deed). With the exception of rights attaching to shares in HoldCo which are set out in the HoldCo Constitution, you should note that the HoldCo Constitution and HoldCo Shareholders Deed provide that the terms of the HoldCo Shareholders Deed will prevail in the event of any inconsistency between the provisions of the HoldCo Constitution and the HoldCo Shareholders Deed. Capitalised terms used in this section which are not defined in this Scheme Booklet have the meanings given to them in the HoldCo Shareholders Deed.

Topic	Overview
Parties	> PEP Shareholders > Scheme Shareholders who make a valid Election (subject to the Minimum Holding Threshold) > HoldCo
Issue and Ranking	Immediately following implementation of the Scheme, HoldCo will have two classes of shares on issue, being Class A Shares and Class B Shares. Class A Shares will be held by PEP Shareholders and their affiliates. Class B Shares will be held by Scheme Shareholders who make a valid Election (either directly or through the Nominee on behalf of such Scheme Shareholders) subject to the Scrip Scale Back arrangements and the Minimum Holding Threshold. Class B Shares will be ordinary shares issued as fully paid and will rank equally (including from an economic perspective) with each other Class B Share and, unless otherwise provided in the HoldCo Shareholders Deed, with each other Class A Share, in each case, from an economic perspective. PEP Shareholders will have rights under the HoldCo Shareholders Deed and the HoldCo Constitution that will be significantly more favourable to the PEP Shareholders than the rights and obligations of Class B Shareholders. Among other things, under the HoldCo Shareholders Deed, PEP Shareholders will exercise effective control over HoldCo and will have the ability to determine the timing and terms of any Exit (including through rights to appoint a majority of the HoldCo Board which will in turn control the management of the HoldCo Group).

Topic	Overview
Dividends	The payment of any dividends will be at the sole discretion of the HoldCo Board, subject to the Corporations Act, HoldCo Constitution and the HoldCo Shareholders Deed. The HoldCo Shareholders Deed provides that the parties agree and acknowledge that, as at the date of the HoldCo Shareholders Deed, there is no intention for any dividend to be declared or paid during the 2-year period following the Implementation Date. Each Class A Share and Class B Share will rank equally for the payment of dividends.
Appointment of Directors and Chairperson	The Board must be constituted by a minimum of three Directors in accordance with the requirements of the Corporations Act. The maximum number of Directors permitted under the terms of the HoldCo Shareholders Deed is ten or such other maximum number as determined by the Board. Subject to certain exceptions, the Class B Shareholders will have the right to appoint, remove and replace: > 2 directors to the Board of HoldCo, if Class B Shares represent 20% or more of the total shares on issue in HoldCo; and > 1 director to the Board of HoldCo, if Class B Shares represent less than 20% but more than 10% of the total shares on issue in HoldCo. Any director nominated by Class B Shareholders must be a “qualified person” (which is determined having regard to any applicable commercial or other conflicts of interest), have the necessary knowledge, skills and expertise, having regard to the business conducted by HoldCo, to serve as a Director of HoldCo and be approved by the directors appointed by the PEP Shareholders (with such approval not to be unreasonably withheld). The PEP Shareholders may, from time to time, nominate one or more Independent Directors to be appointed to the HoldCo Board. Any Independent Director so appointed may at any time be removed by the HoldCo Board. The PEP Shareholders also have the right to appoint the CEO as a Director on the following basis: > if the CEO has a direct or indirect interest in any Class B Shares and if the Class B Shareholders in aggregate hold 10% or more of the total shares on issue in HoldCo, then the CEO will be designated as a Class B Director and the rights of the Class B Shareholders to appoint Directors will be reduced by 1 Director; > if: – the CEO does not have a direct or indirect interest in any Class B Shares; or – the Class B Shareholders are not eligible to appoint a Director, then the CEO will not be designated as a PEP Director, Class B Director or Independent Director. After allowing for the appointment of any Class B Directors, the appointment of the CEO as a Director and the appointment of any Independent Directors, the PEP Shareholders will have the right to appoint, remove and replace the remaining balance of the HoldCo Board. PEP Shareholders have the right to appoint, remove and replace the Chairperson of the HoldCo Board.
Board Meetings	Other than as required under any applicable law or by any relevant Governmental Agency: > the quorum is 2 Directors, of whom at least 1 must be a PEP Director and, for such time as the Board comprises a Class B Director, at least 1 must be a Class B Director; > if a quorum is not present at a meeting of the Board, the meeting must be adjourned to the time and place determined by the Directors present provided at least 48 hours’ notice is given to each Director before the reconvened meeting; and > if the quorum requirements are not met for two consecutively scheduled Board meetings, then the next Board meeting may proceed provided there is at least one PEP Director present. Subject to certain exceptions where the PEP Directors or Class B Directors are not present at the relevant meeting or the PEP Shareholders or Class B Shareholders (as applicable) have not appointed the maximum number of Directors they are entitled to appoint to the HoldCo Board, each Director has 1 vote. The chairperson will not have a casting vote All decisions are by simple majority vote, unless expressed otherwise in the HoldCo Shareholders Deed as requiring Special Director Approval.

7. Information on Scrip Consideration

Topic	Overview
Special Director Approval	The following Board resolutions require approval which includes at least 1 Class B Director (for so long as there is at least 1 Class B Director appointed) and a majority of the PEP Directors: > the acquisition of any businesses (either by way of a share or asset acquisition) having a value of more than \$50,000,000 and which is to be funded from either: (a) the proceeds of issuing Securities; (b) through non-cash consideration in the form of Securities; or a combination of (a) and (b); or > any transfer of Shares or Securities other than in respect of a Disposal permitted under clauses 14.1(b)(i) to 14.1(b)(viii) of the HoldCo Shareholders Deed.
Shareholders Meetings	The quorum is 2 or more shareholders, of whom at least 1 is a PEP Shareholder and, where the Class B Shareholders hold 10% or more of the total shares on issue in HoldCo, at least 1 is a Class B Shareholder. Each shareholder is entitled to that number of votes which is equivalent to the number of fully paid up shares in HoldCo held by it. Subject to the Corporations Act and the HoldCo Shareholders Deed, all shareholder decisions are made by the affirmative vote of a simple majority of HoldCo Shareholders. Meetings of Class B Shareholders (Class B Meetings) will be held in order to facilitate the exercise of Class B Shareholders' rights to appoint, remove and replace directors to the HoldCo Board. Any action or resolution in a Class B Meeting will be made by the affirmative vote of a simple majority of Class B Shareholders. 2 Class B Shareholders are required to form a quorum for a Class B Meeting.
Shareholder Special Majority Resolutions	In addition to any requirements under the Corporations Act, the following decisions require approval by a majority of the votes cast by the PEP Shareholders who are present and entitled to vote and a majority of all votes cast by or on behalf of Class B Shareholders who are present and entitled to vote: > making any amendment to the HoldCo Constitution that materially adversely affects the rights of Class B Shares or the modification or abrogation of any rights attached to Class B Shares; > making any amendment to the HoldCo Shareholders Deed that materially adversely affects the rights or obligations of Class B Shareholders (other than in a way that impacts Class A Shares and Class B Shares equally); > creating any new class of securities in HoldCo that ranks ahead of the Class B Shares in a winding up; > issuing, allotting or granting any Securities other than as specifically permitted under the HoldCo Shareholders Deed; > making an application, commencing proceedings or taking steps for the voluntary winding up, liquidation or deregistration of a HoldCo Group Member; and > converting HoldCo from a public company to a proprietary company.
Special Resolution of Appointing Beneficiaries	An amendment or variation to the "conversion and termination provisions" in relation to the Nominee arrangements (see below for details of the "conversion and termination provisions") set out in clause 23.9 of the HoldCo Shareholders Deed requires approval by at least 75% of the votes cast by Appointing Beneficiaries where: > only Appointing Beneficiaries can vote on the resolution; > each Appointing Beneficiary is entitled to cast a vote for each Security held on trust for, or on behalf of, the Appointing Beneficiary under the Nominee arrangements; and > the provisions of Part 2G.2 of the Corporations Act apply as if the Appointing Beneficiary is a member of HoldCo. Pursuant to the conversion and termination provisions in relation to the Nominee arrangements, if HoldCo applies to ASIC to change its company type to a proprietary company at a time when it has more than 50 non-employee Appointing Beneficiaries: > the bare trustee arrangements set out in the HoldCo Shareholders Deed will terminate on the date on which the change of company type takes effect (Termination Date); and > the Nominee must as soon as reasonably possible (and, in any event, before the Termination Date) transfer legal title in respect of all of the Beneficial Securities held by it to the relevant Appointing Beneficiaries who must be registered in the register of members of HoldCo as the legal holders of such Beneficial Securities.

Topic	Overview
Issue of Further Shares	If HoldCo proposes to issue any new Securities after the Scheme is implemented, it must first offer the existing HoldCo Shareholders the right to subscribe for those Securities. The issue price per new Securities must be equal to Fair Market Value as determined by the Board in good faith, at the date of the Issue Notice. These pre-emptive rights on new issuances are subject to certain exceptions which permit HoldCo to issue new Securities in certain circumstances without giving other HoldCo Shareholders a right to subscribe for those new Securities, including: > in connection with the Scheme or otherwise pursuant to the transaction documents for the purposes of the HoldCo Shareholders Deed; > pursuant to a management incentive plan, employee share option plan or dividend reinvestment plan; > in connection with an IPO or as non-cash consideration for an acquisition of a business, company or assets by a HoldCo Group Member; > pursuant to certain reorganisation events, provided that the reorganisation event does not dilute the interests of any HoldCo Shareholder; > where all of the Directors of HoldCo consent in writing, provided PEP Directors are not the only Directors of HoldCo; > in connection with an issue of new Securities to PEP Shareholders or their Affiliates in connection with an emergency funding matter. If the exception for an emergency funding matter applies, the other HoldCo Shareholders will have a "catch-up" right to subscribe for or acquire from the relevant PEP Shareholders or their Affiliate, the Securities which they otherwise would have been entitled to if the pre-emptive rights exception had not applied; and > in connection with an issue of new Securities to PEP Shareholders or their Affiliates in connection with an urgent M&A funding matter. If the exception for an urgent M&A funding matter applies, the other HoldCo Shareholders will have a "catch-up" right to subscribe for or acquire from the relevant PEP Shareholders or their Affiliate, the Securities which they otherwise would have been entitled to if the pre-emptive rights exception had not applied. If HoldCo proposes to issue any new shares under the pre-emptive rights provisions (Offer Shares) and eligible HoldCo Shareholders do not take up all of the Offer Shares, then any HoldCo Shareholder who accepted their entitlement of Offer Shares in full may take up any Offer Shares not taken up by the other HoldCo Shareholders.
Disposals	A HoldCo Shareholder must not dispose of any of its shares or other Securities in HoldCo other than: > to a permitted transferee as provided for in the HoldCo Shareholders Deed; > in relation to re-transfers where a permitted transferee ceases to be a permitted transferee; > to the Nominee; > under the drag along provision; > under the tag along provision; > in a trade sale, asset sale or IPO; > under the compulsory transfer regime if there is an event of default; > under the compulsory transfer regime for Small Holdings; > if there has been an emergency funding matter, in any subsequent exercising of "catch-up" rights in accordance with the terms of the HoldCo Shareholders Deed; > if there has been an urgent M&A funding matter, in any subsequent exercising of "catch-up" rights in accordance with the terms of the HoldCo Shareholders Deed; or > as approved by Special Director Approval.
Drag Along	If the PEP Shareholders wish to sell all or a proportion of their shares in HoldCo to one or more third party buyers, they may require each other HoldCo Shareholder to sell the same proportion of their shares in HoldCo to the third party buyers on terms no less favourable than the terms offered by the third party buyers to the PEP Shareholders.

7. Information on Scrip Consideration

Topic	Overview
Tag Along	If the PEP Shareholders wish to sell all or a proportion of their Shares in HoldCo to a third party buyer, and have not issued a drag along notice, or have withdrawn such drag along notice, the other HoldCo Shareholders must be invited to sell the same proportion of their Shares to the third party buyer on terms no less favourable to the other HoldCo Shareholders than the terms offered by the third party buyer to the PEP Shareholders. The tag along rights do not apply to the following Disposals of shares or other securities in HoldCo: > Disposals to a HoldCo Shareholder who has a “catch-up” right following an issue of Securities in HoldCo in connection with an emergency funding matter or an urgent M&A funding matter; > in connection with an IPO; or > in connection with a Disposal to a permitted transferee of a HoldCo Shareholder.
Exit	The PEP Shareholders may, at any time, require the Board of HoldCo to appoint a financial adviser or investment bank to act on behalf of the HoldCo Shareholders to assist the Board with its evaluation on whether to proceed with an Exit. If an Exit is initiated by the HoldCo Board, each HoldCo Shareholder must, amongst other things, use its best endeavours to ensure that the Exit occurs in accordance with the terms approved by the HoldCo Board and must do all things required by HoldCo or the PEP Shareholder for the Exit including executing all documents, providing all information and assistance, exercising consent and approval rights (including voting rights) to achieve the Exit. A Class B Shareholder may be required to sell its Class B Shares in connection with an Exit, including to a buyer in an Exit and/or in connection with a restructuring of the HoldCo Group to facilitate the Exit. In the case of an IPO, each HoldCo Shareholder agrees to such restrictions on the number of shares in HoldCo, other HoldCo securities or shares in any special purpose vehicle established for the purpose of the IPO (as applicable) that it is permitted to realise for cash.
Compulsory Transfer	A HoldCo Shareholder (other than a PEP Shareholder) and its permitted transferees (Defaulting Shareholder) will be subject to a compulsory disposal regime where an “Event of Default” has occurred in relation to it. An Event of Default occurs where a Defaulting Shareholder: > has committed a breach of its obligations under the restrictions on Disposals which cannot be remedied or is not remedied by the Defaulting Shareholder within 20 Business Days; > has committed a breach of any of its material obligations under any Transaction Document, which cannot be remedied or is not remedied by the Defaulting Shareholder within 20 Business Days; > has breached the restraint provisions in clause 26 of the HoldCo Shareholders Deed; > has become the subject of an insolvency event; > has become a shareholder of HoldCo pursuant to a transfer of shares in breach of the HoldCo Shareholders Deed; > has become subject to a change of control that circumvents the restrictions on Disposals in the HoldCo Shareholders Deed; > that is a management HoldCo Shareholder: – is required (pursuant to a court order or otherwise) to transfer any or all of its shares to its relevant manager’s spouse or partner in connection with relationship proceedings between its relevant manager and his or her spouse or partner; or – ceases to be an affiliate of its relevant manager and its relevant manager fails to arrange for the transfer of the shares held by it to the relevant manager or another affiliate of the relevant manager approved by the Board within 20 Business Days of it ceasing to be an affiliate of the relevant manager.

Topic	Overview
Compulsory Transfer continued	If an Event of Default has occurred, the Defaulting Shareholder's shares in HoldCo (Default Sale Shares) may be sold to HoldCo, by way of a purchase, buy-back, cancellation as part of a reduction of capital or redemption, or to the PEP Shareholders or their nominee. The Sale Price of the Default Sale Shares will be: > in the case of an Event of Default relating to relationship proceedings, the Fair Market Value of the Default Sale Shares; or > in any other case, the lower of the Fair Market Value and the Net Cost of the Default Sale Shares, as determined in accordance with the HoldCo Shareholders Deed. The Fair Market Value will be determined by the HoldCo Board. If a Defaulting Shareholder disputes the Fair Market Value determined by the HoldCo Board, the Fair Market Value will be determined by an independent valuer.
Disposal of Small Holdings	After the first anniversary of the Implementation Date, the HoldCo Board may elect to require a Small Shareholder to dispose of its Class B Shares. A Small Shareholder is a Class B Shareholder who holds Class B Shares which had, at the time or times of their issue, an aggregate issue price and/or face value of \$10,000 or less. If the HoldCo Board makes such an election, the Small Shareholder must sell or otherwise dispose of its Class B Shares in the manner determined by the HoldCo Board, which may include a buy-back and cancellation of those Class B Shares or the transfer of those Class B Shares to a nominated purchaser (which may be a third party purchaser or an existing HoldCo Shareholder). In either case, the sale price for the Class B Shares will be their Fair Market Value as at the date on which the HoldCo Board gives notice that the compulsory disposal provision will apply to the Small Shareholder. That Fair Market Value will be determined by the HoldCo Board, or if a Small Shareholder disputes the Fair Market Value determined by the HoldCo Board, the Fair Market Value will be determined by an independent valuer. Under the HoldCo Shareholders Deed, each HoldCo Shareholder will be contractually obliged to take all actions required by the HoldCo Board to give effect to this compulsory disposal provision, including entering into and executing all documentation. The power of attorney given by all Class B Shareholders may be utilised by the PEP Directors to give effect to this compulsory disposal provision.
Nominee Arrangements	If requested by HoldCo, a Class B Shareholder must dispose of its Class B Shares to the Nominee. Each Class B Shareholder must comply with the directions of HoldCo for the purposes of facilitating the disposal of its Class B Shares to the Nominee. The intention of the Nominee arrangements is that the Class B Shareholders will still have the rights as set out in this table, as if the Class B Shareholder were holding the Class B Shares directly, even if they transfer legal title to their Class B Shares to the Nominee. That is, the voting, economic and other interests of the Class B Shareholders are intended to be unaffected by the Class B Shares being held by the Nominee. Clause 23 of the HoldCo Shareholders Deed sets out the terms on which this intention is to be achieved, including how the provisions in the HoldCo Shareholders Deed and the definitions in the HoldCo Shareholders Deed are intended to operate where a Class B Shareholder holds Class B Shares through the Nominee. Specifically, each Class B Shareholder: > will continue to have the benefit of, and be bound by, all the provisions of the HoldCo Shareholders Deed which would have otherwise applied to them had they held legal title to their Class B Shares directly; and > undertakes to HoldCo that it will not take any action, or omit to take any action (including actions through the Nominee they would not be permitted to take under the HoldCo Shareholders Deed) which would breach its obligations under the HoldCo Shareholders Deed. Any references in the HoldCo Shareholders Deed and the HoldCo Constitution to disposing of Class B Shares include disposals of a beneficial interest in any Class B Shareholder's Class B Shares.

7. Information on Scrip Consideration

Topic	Overview
Nominee Arrangements continued	The key terms of the custodian arrangements under the Nominee Deed in respect of the Citadel Shareholders who elect to receive Scrip Consideration (each an Appointing Beneficiary) will be as follows: > the Nominee holds the right, title and interest in the relevant Class B Shares of an Appointing Beneficiary on a separate bare trust for that Appointing Beneficiary; > the Nominee must, to the maximum extent permitted by law, act on the instructions of the Appointing Beneficiaries, with the intent that each Appointing Beneficiary exercises day-to-day control over the operation of the bare trust of which it is the Appointing Beneficiary; > the Nominee will only transfer or otherwise dispose of the property of a bare trust as the relevant Appointing Beneficiary of that bare trust or any attorney on behalf of that Appointing Beneficiary directs; > to the extent reasonably practicable, the Nominee must attend and/or vote at meetings of HoldCo Shareholders which the Nominee is instructed by an Appointing Beneficiary to attend and/or vote at (as applicable) (and in the absence of such a valid instruction, the Nominee will not attend any such meetings); > HoldCo will procure that any cash distribution or dividend that would otherwise be paid to the Nominee in respect of Class B Shares held by the Nominee as bare trustee for an Appointing Beneficiary is paid directly to the Appointing Beneficiary in place of the Nominee (or as it directs); and > each Appointing Beneficiary indemnifies HoldCo and the Nominee for all claims and liabilities which HoldCo or the Nominee incurs arising out of or in connection with: – anything done by the Nominee at the instruction of that Appointing Beneficiary; – that Appointing Beneficiary's Class B Shares being registered in the name of the Nominee; and – any breach of the HoldCo Shareholders Deed or the Nominee Deed by the Appointing Beneficiary or the Nominee on the instruction of the Appointing Beneficiary.
Restraint	During the Restraint Period, each Class B Shareholder, relevant manager and management HoldCo Shareholder (Restrained Party) undertakes to HoldCo that it will not: > become Involved within the Restraint Area in any capacity in any business or activity which offers the same or substantially similar products or services as those offered by HoldCo or by the business of any HoldCo Group Member; > directly or indirectly solicit the custom of any person who is, or was a customer of HoldCo or any HoldCo Group Member during the period which the Restrained Party (or in the case of a relevant manager, its associated management HoldCo Shareholder) is or was a HoldCo Shareholder or in the 12-month period following the date the Restrained Party (or in the case of a relevant manager, its associated management HoldCo Shareholder) ceased to be a HoldCo Shareholder in respect of the same or substantially similar products or services provided by HoldCo or by the business of any HoldCo Group Member during that 12-month period; and > directly or indirectly entice or endeavour to entice from any HoldCo Group Member any person who is, or was during the period which the Restrained Party (or in the case of a relevant manager, its associated management HoldCo Shareholder) is or was a HoldCo Shareholder or in the 12-month period following the date the Restrained Party (or in the case of a relevant manager, its associated management HoldCo Shareholder) ceased to be a HoldCo Shareholder, an employee, consultant or officer in a managerial role of any HoldCo Group Member. Unless unenforceable, the Restraint Area comprises Australia and the United Kingdom, and the Restraint Period is the period during which the Restrained Party is a Shareholder and three years after the Disposal Date.

Topic	Overview
Amendment	The HoldCo Shareholders Deed may only be amended by: > a document signed by HoldCo or the PEP Shareholders; and > if: – the amendment would materially adversely affect the rights or obligations of Class B Shareholders under the HoldCo Shareholders Deed (other than in a way that impacts Class A Shares and Class B Shares equally), a Special Majority Resolution; or – the amendment is to the “conversion and termination provisions” set out in clause 23.9 of the HoldCo Shareholders Deed, a Special Resolution of Appointing Beneficiaries.

7.3 Additional information of PEP and the PEP BidCo Group

(a) Interest in Citadel Shares

As at the date of this Scheme Booklet, none of PEP BidCo, the Fund or any of their Associates has any Relevant Interest or voting power in any Citadel Shares or any class of securities of Citadel.

(b) Dealing in Citadel Shares in the previous four months

Apart from PEP BidCo's offer to acquire all Citadel's Shares under the Scheme (as reflected in the Scheme Implementation Deed and Deed Poll), none of PEP BidCo, the Fund or any of their Associates has provided or agreed to provide consideration for any Citadel Shares under any other transaction during the period of four months before the date of this Scheme Booklet.

(c) Benefits given during previous four months

During the four months before the date of this Scheme Booklet, none of PEP BidCo, the Fund or any of their Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to vote in favour of the Scheme or dispose of Citadel Shares, where the benefit was not offered to all Citadel Shareholders.

(d) Benefits to Citadel Directors

None of PEP BidCo, the Fund or their Associates will be making any payment or giving any benefit to any current officers of Citadel as compensation for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented, other than as required under the relevant person's employment contract with Citadel as set out in Section 10.4.

(e) No interests of PEP BidCo Group directors in Citadel Shares

As at the date of this Scheme Booklet, none of the PEP BidCo Group directors have any Relevant Interest in any Citadel Shares.

(f) No other agreements or arrangements

There are no agreements or arrangements between, PEP BidCo, the Fund or their Associates and a Citadel Director in connection with, or conditional on the outcome of, the Scheme.

7. Information on Scrip Consideration

(g) Disclosure of interests and fees of certain people

Other than pursuant to existing employment agreements, consulting arrangements, directorships (including, in the case of the directors of the PEP BidCo Group, arrangements for staff participation in the Fund) no:

- > directors or proposed directors of the PEP BidCo Group; or
- > person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet,

holds, or held at any time during the last two years, any interests in:

- > the formation or promotion of the members of the PEP BidCo Group;
- > property acquired or proposed to be acquired by a member of the PEP BidCo Group in connection with its formation or promotion or the offer of Class B Shares under the Scheme; or
- > the offer of Class B Shares under the Scheme.

(h) Fees and benefits

Other than pursuant to existing employment agreements, consulting arrangements, directorships (including, in the case of the directors of the PEP BidCo Group, arrangements for staff participation in the Fund), no one has paid or agreed to pay any amount, or given or agreed to give any benefit to a director, or proposed director, of a member of the PEP BidCo Group:

- > to induce them to become, or to qualify as, a director of a member of the PEP BidCo Group; or
- > for services provided in connection with the formation or promotion of the PEP BidCo Group or the offer of Class B Shares under the Scheme.

7.4 No other information

Except as disclosed elsewhere in this Scheme Booklet, there is no other PEP BidCo Information that is material to the making of a decision in relation to the Scheme, being PEP BidCo Information that is within the knowledge of any director of PEP BidCo, at the date of this Scheme Booklet, which has not been previously disclosed to Citadel Shareholders.

A woman with dark hair, wearing a red jacket, is shown from the chest up, looking down at her hands. Her hands are raised, and she appears to be interacting with a complex, futuristic digital interface. The interface is composed of numerous small, overlapping images and data points, creating a sense of depth and complexity. A large, white, hexagonal shape is overlaid on the left side of the image, containing the text "SECTION 8" in blue and "Risks" in black. The background is dark and filled with glowing lines and points, suggesting a network or data flow. The overall aesthetic is high-tech and futuristic.

8. Risks

8.1 Introduction

The Scheme presents a number of potential risks that Citadel Shareholders should consider when deciding how to vote on the Scheme. In making your decision, you should carefully read this Scheme Booklet in its entirety. You should also carefully consider the risk factors outlined in this Section and your personal circumstances. This Section is general in nature only and does not take into account your individual objectives, financial situation, tax position or particular needs.

This Section outlines:

- (a) risks associated with the COVID-19 pandemic (refer to Section 8.2);
- (b) general investment risks (refer to Section 8.3);
- (c) specific risks associated with your current investment in Citadel Shares (refer to Section 8.4);
- (d) risks relating to HoldCo Shares (refer to Section 8.5); and
- (e) risks relating to the Scheme (refer to Section 8.6).

If the Scheme is implemented, the risks in Sections 8.2, 8.3, 8.4 and 8.5 will not apply to Citadel Shareholders who do not receive Scrip Consideration and receive the Cash Consideration, as they will not hold HoldCo Shares. The risk factors in Sections 8.2, 8.3, 8.4 and 8.5 will continue to apply to Citadel Shareholders who elect the Scrip Consideration as they will hold HoldCo Shares.

If the Scheme is not implemented, Citadel Shares will remain quoted on ASX and all Citadel Shareholders will continue to be subject to the risks in Sections 8.2, 8.3 and 8.4.

The outline of risks in this Section 8 is a summary only and should not be considered exhaustive. This Section 8 does not purport to list every risk that may be associated with an investment in Citadel now or in the future or which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 8 may be partially or completely outside the control of Citadel or PEP BidCo or their respective directors and management teams.

The risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Citadel Shareholders. Before making any Election for the Scrip Consideration, you should have a sufficient understanding of these matters having regard to your own individual risk profile, portfolio strategy, investment objectives, financial circumstances and taxation position. The Citadel Directors make no recommendation in relation to the Scrip Consideration.

You should carefully consider the risk factors discussed in this Section 8, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

8.2 COVID-19

On 11 March 2020, the World Health Organisation declared COVID-19 to have reached pandemic status.

In the medium to longer term, the direct effects of COVID-19 and measures introduced by State and Federal governments to limit transmission of the virus (such as the forced closure of businesses to facilitate 'social distancing', travel bans and quarantine requirements) will likely have a material negative impact on Australia's economic growth, including the potential for further significant impact on capital markets and share prices.

Since February 2020, the Citadel Group has been proactively managing its response in relation to COVID-19. The Citadel Group has a pandemic plan in place to reduce exposure to employees, to manage potential cases of COVID-19 within the business (should they arise) and to address operational changes required to maintain business continuity. Despite the uncertainty surrounding the COVID-19 pandemic, all parts of the Citadel Group's business have been effectively working from home since March 2020, with little to no impact to client Service Level Agreements. The Citadel Group has not experienced any cancellation of material contracts, although the Citadel Group has started to observe some delays in project implementation particularly in the United Kingdom and a lengthening of procurement cycles. To date, there has been no material impact on the Citadel Group's Health, Enterprise or Professional Service segments. The one segment of the Citadel Group which has been impacted by COVID-19 is the 'Technology' segment, which can be attributed to reduced spending during Q4 2020 from university sector clients. The Citadel Group has not accessed any Job Keeper payments to date.

8.3 General investment risks

The market price of Citadel Shares on ASX is influenced by a number of factors, including those set out below. These risk factors have been set out without regard to the impact of COVID-19, and apply independently of the COVID-19 issues addressed in Section 8.2.

- (a) change in investor sentiment and overall performance of the Australian and international stock markets;
- (b) changes in credit markets;
- (c) changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- (d) changes in government fiscal, monetary, regulatory and procurement policies, including foreign investment;
- (e) natural disasters and catastrophes, whether of a global, regional or local scale;
- (f) accounting standards which affect the financial performance and position reported by Citadel;
- (g) there may be few or many potential buyers or sellers of Citadel Shares on the ASX at any time and this may affect the volatility of the market price of Citadel Shares. It may also affect the prevailing market price at which shareholders are able to sell their Citadel Shares; and
- (h) a change to the current taxation regime may affect Citadel and Citadel Shareholders (personal tax liabilities are the responsibility of each individual investor in Citadel and Citadel is not responsible for taxation or penalties incurred by investors in Citadel).

These factors may vary across the markets in which Citadel operates and have differing effects on different parts of Citadel's business and therefore the price of Citadel Shares.

8.4 Risks specific to an investment in Citadel Shares

There are a range of business-specific risks associated with your current investment in Citadel Shares, as set out below.

Many of these risks are currently relevant to Citadel Shareholders and will only continue to be relevant to Citadel Shareholders if:

- > the Scheme does not become Effective and you retain your current investment in Citadel; or
- > the Scheme becomes Effective and you have made a valid Election for the Scrip Consideration so that you receive HoldCo Shares which give you exposure to the business of Citadel (via HoldCo and its wholly owned subsidiaries).

These risk factors have been set out without regard to the impact of COVID-19, and apply independently of the COVID-19 issues addressed in Section 8.2. While the risks set out in this Section are stated to relate to Citadel and its business, Citadel Shareholders should consider that these risks will also apply to each Citadel Group Member and their respective businesses.

- (a) **Past acquisitions:** Citadel has in part historically grown its business by acquisition (including the recent acquisitions of Wellbeing, Gruden and Noventus), and growth through acquisition strategy may remain a part of Citadel's strategy in the future. This growth has placed, and may continue to place, significant demands on management, information and reporting resources and financial and internal controls and systems. Effective management of Citadel's growth will require continued development and appropriate resourcing of these controls and systems, failing which Citadel may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plan or respond to competitive threats. There are a range of additional risks associated with strategic acquisitions, including one or more past or future acquisitions giving rise to significant actual or contingent liabilities or loss which it cannot recover under the relevant acquisition agreement, Citadel may fail to achieve expected synergies and cost savings in relation to an acquisition, customers and key employees of acquired businesses may not be retained after completion of the acquisition and the services contracts of acquired businesses may contain unusual or onerous terms, including in relation to termination rights. Any of the above factors, either individually or in combination, may have a material adverse effect on the Citadel Group's financial position and future prospects.
- (b) **IT infrastructure:** Technology is the key enabler of Citadel's services. Citadel and its clients are dependent on the effective performance, reliability and availability of Citadel's technology platforms, software, third party data centres and communications systems. Citadel may fail to successfully achieve the required development of its technology and systems to meet clients' needs, match competitors or meet regulatory requirements, which may, in turn, adversely affect its operations, relationship with clients, financial performance and financial condition.
- (c) **Key personnel:** A key driver of Citadel's performance is the recruitment and retention of effective and qualified employees. Citadel faces risks of loss of key management personnel, loss of other key employees, delay in finding suitable replacements for lost personnel and the inability to find suitably qualified personnel to meet Citadel's business needs as it grows. If any of these risks were to materialise, they could have a material adverse impact on Citadel's business, financial performance and financial condition.

8. Risks

- (d) **Competition:** Citadel operates in a competitive industry. Citadel's competitive position may be impacted by a number of factors, including the level of innovation relative to that of competitors, commercial factors including pricing and liability, its ability to keep up with technological or regulatory change, its ability to respond to client preferences for products and services and the ability to maintain strong relationships with existing clients by upholding the consistency and quality of its services. In addition, Citadel needs to respond effectively to any changes in the competitive landscape, which may evolve as a result of a number of factors, including the entry of new competitors into the market and the consolidation of existing market participants. Increased competition may adversely affect Citadel's business, financial performance and financial condition.
- (e) **Intangible assets:** Citadel has a material amount of intangible assets on its balance sheet relating to goodwill and identifiable intangible assets such as client contracts and relationships, software and licences. Under Australian Accounting Standards, goodwill and indefinite life intangible assets must be regularly tested for impairment. If impaired, Citadel would need to write down the value of its intangible assets, which would result in an expense in the income statement, thereby potentially materially impacting Citadel's financial condition and reported earnings.
- (f) **Contractual relationships with key customers:** Citadel's ability to conduct its business and generate income is derived from service, licensing and maintenance agreements with its customers (**Customer Contracts**).

Citadel is exposed to a number of potential risks relating to its Customer Contracts, including:

- > the risk that its customers exercise unilateral termination and, in some instances, suspension rights or a reduction in the scope of services, under the Customer Contracts. Certain of the Customer Contracts contain rights allowing the customer to terminate the agreement at will, subject, in most cases, to the provision of notice (which can be up to six months); and
- > the risk that the counterparties do not extend the term of the Customer Contract when those contracts fall due for renewal or extension (including by way of tender).

Materialisation of any of the above risks may adversely affect Citadel's customer revenues and have an adverse impact on Citadel's earnings and financial condition.

- (g) **Brand and reputation:** Citadel's brand and reputation are important in attracting and retaining clients. There is a risk that Citadel's brand and reputation may be tarnished by incidents such as negative publicity, a data security breach or one-off unforeseen events that negatively impact Citadel's operations. The occurrence of any such incidents may lead to client loss and the failure to attract new clients, which, in turn, may have an adverse impact on Citadel's financial performance.
- (h) **Information technology systems:** Citadel relies on its information technology systems to perform key functions critical to its ability to service its customers by providing data management solutions. The use of information technology and the effectiveness of Citadel's proprietary technology platforms are critical to Citadel's ability to deliver services to its clients and to continue to grow its business. By their nature, Citadel's information technology systems, as well as those provided by third party technology vendors, are vulnerable to damage, interruption or failure from a number of sources, including limitations in processing increasing transaction volumes, natural disasters, power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events. It is possible that the measures taken by Citadel or relevant third parties to protect its proprietary information and the private information of its clients may not be sufficient to prevent unauthorised access to, or disclosure of, sensitive financial, proprietary or personal information. Furthermore, Citadel's reliance on third parties and their systems to provide key services decreases its control over the delivery of these services and the quality and reliability of the services provided. Any damage or interruption to, or failure of, Citadel's information systems or those provided by third party technology vendors could significantly curtail, directly and indirectly, Citadel's ability to conduct its business and generate revenue and could result in significant costs being incurred, for example to rebuild systems, respond to regulatory inquiries or actions, pay damages, or take other remedial steps with respect to third parties. Further, accidental or deliberate security breaches or other unauthorised access to, or disclosure of, Citadel's or a third party technology vendor's information technology systems or customer data may subject Citadel to reputational damage, a loss of confidence in the products and services it provides, claims by customers (including service penalties), loss of customers, a disruption to services, legal action and regulatory scrutiny. Further, Citadel's software and services businesses are linked to older underlying partner information technology systems whose market share can be potentially challenged by more modern integrated solutions.
- (i) **Cyber-attacks:** Citadel may be affected by cyber-attacks, including by way of computer viruses, penetration by hackers seeking to disrupt operations or misappropriate information and other breaches of security. It is possible that the measures taken by Citadel or relevant third parties to protect its proprietary information and the private information of its clients may not be sufficient to prevent unauthorised access to, or disclosure of, sensitive financial, proprietary or personal information. Cyber-attacks could significantly curtail, directly and indirectly, Citadel's ability to conduct its business and generate revenue and could result in significant costs being incurred, for example to rebuild systems, respond to regulatory inquiries or actions, pay damages, or take other remedial steps with respect to third parties. Further, accidental or deliberate security breaches or other unauthorised access to, or disclosure of, Citadel's or a third party technology vendor's information

technology systems or customer data as a result of a cyber-attack may subject Citadel to reputational damage, a loss of confidence in the products and services it provides, claims by customers (including service penalties), loss of customers, a disruption to services, legal action and regulatory scrutiny.

- (j) **Litigation:** Citadel may in the ordinary course of business become involved in litigation and disputes, for example with its suppliers or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with suppliers, clients and/or other stakeholders. If Citadel is involved in any litigation or disputes or protracted settlement negotiations in relation to that litigation or dispute, this may disrupt Citadel's business operations, cause Citadel to incur significant legal costs, and may divert management's attention away from the daily operations of the business. Any such outcomes may have an adverse impact on Citadel's business, reputation and financial condition and financial performance.
- (k) **Development risk:** Developing software and technology is expensive and the investment in the development of these product and service offerings often involves an extended period of time to achieve a return on investment. An important element of Citadel's corporate strategy is to continue to make investments in innovation and related product and service opportunities through internal investments and the acquisition of intellectual property from companies that it has acquired. Citadel believes that it must continue to dedicate resources to its innovation efforts to develop its software and technology service offering and maintain its competitive position. However, Citadel may not receive significant revenues from those investments for several years, or may not realise such benefits at all.
- (l) **Intellectual property:** Citadel relies and expects to continue to rely on a combination of confidentiality, assignment provisions and licence agreements with its employees, consultants and third parties with whom it has relationships, as well as trade marks, copyright and patents, to protect its proprietary rights. Third parties may knowingly or unknowingly infringe Citadel's proprietary rights, and/or may challenge proprietary rights held by Citadel, and pending and future trademark and patent applications may not be approved. In addition, effective intellectual property protection may not be available in every country in which Citadel operates or intends to operate its business. In any or all of these cases, Citadel may be required to expend significant time and expense in order to prevent infringement or to enforce its rights. If the protection of its proprietary rights is inadequate to prevent unauthorised use or appropriation by third parties, its competitors may be able to more effectively mimic its products, services, and methods of operation. Any of these events could have an adverse effect on its business, financial condition and financial performance.
- (m) **Third party intellectual property:** Citadel may receive notices from third parties claiming infringement of their intellectual property rights and/or breach of its agreements with them, including from its competitors in the industries in which it operates. Such claims may require protracted negotiation, including litigation, to resolve, or the payment of monetary damages or the satisfaction of indemnification obligations in the agreements with suppliers. In addition, such claims may increase as Citadel continues to acquire new businesses and enter new markets. In such cases, if a determination was made that Citadel had infringed such third party rights, Citadel's business and financial condition may be adversely affected.
- (n) **Economic risk:** Citadel's customers and the end users of Citadel's products (including customers of Citadel's customers) may be impacted by changes in general economic conditions, such as movements in inflation and interest rates, the level of business spending and consumer confidence generally and to changes to fiscal or monetary policies, legislation and regulation. A prolonged downturn in general economic conditions either globally or in any geographic region in which Citadel operates, including as a result of COVID-19, may therefore impact demand for Citadel's products and services from its customers and end-user's willingness to use Citadel's products. Any such downturn may have a material adverse impact on Citadel's operations and financial results.
- (o) **Capital and financing risk:** Citadel has significant borrowings, primarily in the form of a loan note subscription agreement with Australia and New Zealand Banking Group Limited (as agent) and ANZ Fiduciary Services Pty Ltd (as security trustee). Citadel's debt facilities include common financial and non-financial covenants which could limit Citadel's future financial flexibility. A breach of these covenants is likely to have negative consequences for Citadel, including the possibility of early repayment of drawn debt. If that action were to be taken, there is no certainty that Citadel would have access to sufficient cash to meet its repayment obligations or be able to refinance its existing debt on commercially acceptable terms. In those circumstances, Citadel would need to seek waivers or other forms of accommodation. Alternatively, Citadel would need to procure alternative financing arrangements to refinance its existing facilities. There is a risk that Citadel's existing lender could withhold its consent to amendment or waiver of any non-compliance or, if such consent were given, that consent may be conditional on increased fees or interest or adverse terms and conditions. Citadel may, in the future, require additional debt or equity capital. There is a risk that Citadel may be unable to access additional debt or equity funding from the capital markets on favourable terms or at all. If the Scheme is implemented, all facilities may be replaced and refinanced. PEP BidCo intends to refinance the existing debt facilities of the Citadel Group with the Debt Facilities.
- (p) **Exchange rate risk:** A material portion of Citadel costs and revenues are incurred and generated in British Pounds from its operations in the United Kingdom. Citadel's financial statements are prepared and presented in Australian dollars, and, as such, future Australian dollar results may be adversely impacted by movements in the AUD/GBP exchange rate.

8. Risks

- (q) **Counterparty risk:** As part of its ongoing commercial activities, Citadel enters into commercial contracts with various third parties. There is a risk that counterparties (including customers) with whom Citadel has entered into contracts may fail to meet their contractual obligations resulting in a financial loss to Citadel and impacting on its business relationships and operations. Citadel cannot guarantee that its counterparties will fulfil these obligations or that Citadel will successfully manage counterparty credit risk. There is also a risk that one or more counterparties may not renew or extend their existing contracts with Citadel when those contracts fall due for renewal or extension (including by way of tender).
- (r) **Insurance risk:** Citadel seeks to maintain appropriate insurances for its business given its industry and operations. Insurances need to be renewed on an annual basis and those renewals may result in insurance premiums increasing with an adverse effect on the expenses and therefore the profitability of Citadel. Alternatively, those insurances may not be available on terms which are economic in light of the risks they protect against, resulting in Citadel having to self-insure such risks. If such risks ultimately arise they may have an adverse effect on the financial position and performance of Citadel.
- (s) **Dividends:** There are a range of factors that determine the payment of dividends on Citadel Shares. These include the profitability of the business, its cash reserves, future capital requirements and obligations under debt facilities. The Citadel Board will determine any future dividend levels based upon Citadel's operating results and financial standing at the time. There is no guarantee that any dividend will be paid by Citadel, or guarantee that future dividends will equal or exceed previous payments. For information relating to dividends payable by HoldCo, see Section 7.2.

8.5 Risk factors relating to HoldCo Shares

This Section 8.5 sets out some of the key risks relating to HoldCo Shares. These risks will only apply to Citadel Shareholders who elect to receive the Scrip Consideration (or a mix of the Scrip Consideration and Cash Consideration) instead of the Cash Consideration only.

Citadel Shareholders should carefully read this Scheme Booklet in its entirety and specifically consider these risks before making an Election (noting that the Citadel Directors make no recommendation in relation to the Scrip Consideration due to the speculative nature of the Class B Shares and the fact that whether the Scrip Consideration is appropriate will depend significantly on the characteristics and risk profile of the individual Citadel Shareholder).

These risks may, individually or in combination, have a material adverse effect on HoldCo's future financial performance, financial position, cash flows distributions and/or your ability to dispose of Class B Shares if you wish to do so and, consequently, on the value of your Class B Shares.

Citadel Shareholders should note that this Section 8.5 is not an exhaustive list of the risks relating to Class B Shares, and that many of these risks are outside the control of PEP BidCo and any HoldCo Group Member and either cannot be mitigated or can only be partially mitigated.

You should carefully consider these risks in light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, lawyer or other professional adviser before making an Election. There is no guarantee that PEP BidCo will achieve its stated objectives or any of its statements of current future intent as described in Section 6.6, or that any dividends or distributions will be paid to HoldCo Shareholders post implementation of the Scheme.

The risk factors that apply to an investment in HoldCo post implementation of the Scheme are materially different from those that apply to your existing investment in Citadel.

Despite the operating history of Citadel, an investment in HoldCo post implementation of the Scheme should be considered a speculative investment.

(a) Different regulatory regime

Many of the protections available to shareholders of Australian listed companies are not available to shareholders of unlisted companies. For example, ASX listed companies are subject to continuous disclosure obligations under the Listing Rules.

As HoldCo will be an unlisted public company and Citadel will be removed from the official list of the ASX following the Implementation Date, the Listing Rules and, subject to certain conditions, Australia's takeover regime will not apply and information that may have required disclosure under the Listing Rules may not be available to shareholders.

There is a risk that, because of the different regulatory regime that applies to an investment in HoldCo, HoldCo Shareholders may not realise the outcome with respect to their investment that they intended, or which might have been available were their investment in a listed entity.

A summary of some of the key types of investor protections that will no longer apply is set out in the table below.

Citadel at present	Description of lost protection following implementation
Continuous disclosure (Listing Rules – Chapter 3)	
Chapter 3 of the Listing Rules contains obligations on listed entities to immediately disclose material price sensitive information to the market.	If HoldCo has less than 100 shareholders, HoldCo will not have an obligation to provide any disclosure to HoldCo Shareholders which could be comparable to the continuous disclosure obligations currently applicable to Citadel as a listed company. Subject to limited exceptions, it is a requirement under the HoldCo Shareholders Deed, that HoldCo has no more than 50 shareholders. HoldCo intends to rely on the Nominee arrangements described in Section 7.2 to give effect to this requirement.
Securities (Listing Rules — Chapter 6)	
Chapter 6 of the Listing Rules provides that each class of equity security must be appropriate and equitable in the ASX's view. It also provides protections in relation to voting rights of holders of ordinary and preference shares.	The terms of the HoldCo Shares are not subject to ASX approval.
Changes in capital and share issues (Listing Rules — Chapter 7)	
Chapter 7 of the Listing Rules requires issuers who issue more than 15% of a listed entity's capital in a 12-month period to seek security holder approval, subject to certain exceptions. It also imposes limits on the ability of listed entities to issue securities under a rights issue, dividend or distribution plan or during a takeover unless prescribed conditions are met.	Holdings of HoldCo Shares may be more easily diluted.
Transactions with persons of influence (Listing Rules — Chapter 10)	
Chapter 10 of the Listing Rules imposes restrictions on persons in a position of influence, such as related parties, a subsidiary, or a substantial holder, from entering into certain transactions with the listed entity unless certain conditions are met. In prescribed cases, transactions of this nature will require security holder approval.	As an unlisted public company, HoldCo must comply with the provisions contained in: > Division 2 of Part 2D.1 of the Corporations Act, which excludes directors of public companies with material personal interests in certain matters attending directors meetings about, or voting on these matters; and > Chapter 2E of the Corporations Act, which requires public companies to obtain shareholder approval to provide a financial benefit to a related party, subject to certain exceptions. However, following implementation of the Scheme, HoldCo will not be subject to broader provisions contained in Chapter 10 of the Listing Rules which impose restrictions on entering into transactions with persons in a position of influence.
Significant transactions (Listing Rules — Chapter 11)	
Chapter 11 of the Listing Rules requires a listed entity to obtain the approval of security holders in certain circumstances (and where required by the ASX), if it proposes to make a significant change to the nature or scale of its activities.	A significant change to the operations of HoldCo, MidCo, PEP BidCo and/or Citadel may not require shareholder approval.

8. Risks

Australia's takeover regime (Chapter 6 of the Corporations Act)

Chapter 6 of the Corporations Act will only apply to HoldCo if it has more than 50 shareholders. As outlined above, subject to limited exceptions, it is a requirement under the HoldCo Shareholders Deed, that HoldCo has no more than 50 shareholders.

Chapter 6 of the Corporations Act sets out Australia's takeovers regime (which is supplemented by ASIC Regulatory Guides and guidance notes issued by the Australian Takeovers Panel). These provisions prohibit a person from acquiring relevant interests in the securities of a listed entity where it would have the effect of causing the person's or someone else's voting power in the company to increase from 20% or below to above 20%, or to increase from a starting point of above 20% and below 90%, unless an exception applies. Exceptions include where the person increases its voting power by way of a takeover bid or a scheme of arrangement. Chapter 6 also requires public disclosure whether a shareholder holds 5% or more of the voting shares in a company or changes that position by 1% or more.

The purpose of Chapter 6 of the Corporations Act is to ensure such increases in voting power occur in a manner which provides shareholders with sufficient time to enable them to assess an offer put to them by an acquirer, sufficient information and disclosure about the offer and allows them to have an equal opportunity to participate in the offer and any control premium offered by the acquirer.

If HoldCo has less than 50 shareholders, then there is no specific regime under the Corporations Act regulating acquisitions of shares in or assets of HoldCo. However, the HoldCo Shareholders Deed restricts HoldCo Shareholders from transferring or disposing of shares in HoldCo (see Section 7.2 of this Scheme Booklet for details).

(b) Lack of information

Citadel will not be an ASX listed company following the implementation of the Scheme and HoldCo is an unlisted public company.

This means that, after the Implementation Date, Class B Shareholders will receive significantly less information and reports about the Citadel Group than Citadel Shareholders currently receive.

Under the HoldCo Shareholders Deed, Class B Shareholders are entitled to receive a copy of the latest audited financial statements of the HoldCo Group if requested. Class B Shareholders will not however receive reports such as remuneration reports or corporate governance reports and HoldCo will not be required to comply with the extensive continuous disclosure obligations set out in Chapter 3 of the Listing Rules and, provided HoldCo has less than 100 shareholders, section 674 of the Corporations Act.

A summary of some of the key information differences is set out in the table below. The summary is not exhaustive.

Citadel at present	Description of lost protection following implementation
Financial reporting (Corporations Act — Chapter 2M)	
Chapter 2M of the Corporations Act requires public companies of every size to disclose their annual financial report and directors' report. The financial report includes the audited financial statements for the year, and the directors' declaration about the statements.	HoldCo, being a public company (but not a disclosing entity) must lodge with ASIC an annual financial report and directors' report. The financial report includes the audited financial statements for the year, and the directors' declaration about the statements.
A listed public company's annual financial report and directors' report must include additional information specified by the Corporations Act.	
A listed public company's financial statements must include a declaration by the CEO and CFO regarding those financial statements, including that they give a true and fair view.	There is no requirement for HoldCo's financial statements to include:
A listed public company's directors' report must include an 'operating and financial review' which contains information that shareholders would reasonably require to make an informed assessment of the company's operations, financial position, business strategies, and prospects for future financial years.	> a declaration by the CEO and CFO that they give a true and fair view;
If the public company is listed, they must also make their remuneration report available, which is voted on at its Annual General Meeting. A disclosing entity must also provide a financial report and directors' report for each half-year.	> an 'operating and financial review'; and
	> financial report and directors' report for each half-year.
Corporate Governance Statements (Listing Rules — Chapter 4)	
Chapter 4 of the Listing Rules requires each listed company to include in its annual report either a corporate governance statement or a website address where such statement is located.	There is no requirement for HoldCo to provide a corporate governance report.

(c) HoldCo Shareholders Deed

Citadel Shareholders who receive HoldCo Shares under the Scheme will become shareholders in HoldCo and parties to the HoldCo Shareholders Deed, which is intended to govern the relationship between investors in HoldCo. The HoldCo Shareholders Deed provides HoldCo Shareholders with certain rights and obligations in connection with, amongst other things, the governance of HoldCo and the disposal of shares and other securities in HoldCo.

(d) Exit

Consistent with usual private equity practice, the Fund may seek to 'exit' its investment in the Citadel business in the future. This is subject to the Fund's preferences, prevailing market conditions, the performance of the business and other factors which may be considered relevant at the time. As such, the time period for the Exit is currently unknown and is at the discretion of the Fund.

There is no guarantee that Class B Shareholders will be able to sell their Class B Shares if a decision to Exit is not made by the Fund. In particular, there will be no active market for the sale and purchase of Class B Shares following implementation of the Scheme and there are restrictions, in the HoldCo Shareholders Deed, on the ability of Class B Shareholders to sell or transfer their Class B Shares other than in very limited circumstances.

Conversely, there is no guarantee that Class B Shareholders will want to sell their Class B Shares at the same time as a decision to Exit is made by the Fund. Despite this, if a decision to Exit is made, Class B Shareholders will be forced to sell their Class B Shares under the HoldCo Shareholders Deed. Class B Shareholders may not agree with the exit strategy adopted by HoldCo or receive the price and return on investment they expect. For further information about the exit rights of Class B Shareholders see Section 7.2.

(e) Lack of Liquidity

HoldCo, post implementation of the Scheme, will be an unlisted public company. As such, there will be no public market for the trading of HoldCo Shares post implementation of the Scheme, nor is there expected to be any such market in the future. As noted above, there are also substantial restrictions on the ability of HoldCo Shareholders to transfer their HoldCo Shares under the HoldCo Shareholders Deed. See Section 7.2 for further information. This will result in HoldCo Shares being substantially illiquid. This may also affect the value of HoldCo Shares post implementation of the Scheme as well as your ability to dispose of them, either at all or in a timely manner.

(f) Dilution

HoldCo may need to raise additional capital through the issue of new shares in the future in order to meet the operating and/or financing requirements of itself and Citadel. HoldCo is likely to issue Securities to its management team through the establishment of a management incentive scheme. Future capital raisings, equity funded acquisitions by the HoldCo Group or issuance of shares to management undertaken in accordance with the HoldCo Shareholders Deed, may dilute the holdings of a particular Class B Shareholder relative to other HoldCo Shareholders. However, in most instances where HoldCo raises additional capital, HoldCo Shareholders will have the right to participate in such capital raisings (which would be effected at market value) to maintain their shareholding proportion in HoldCo.

In the event that further equity funding is required, existing HoldCo Shareholders may be offered to participate and, if they do not take up their proportional share of any pro rata issue of shares offered to them, have their stakes diluted relative to other HoldCo Shareholders who elected to take up their proportional share of any pro rata issue.

See Section 7.2 for further information.

(g) Leverage

One source of funding for the cash component of the Scheme Consideration is the commitments obtained by PEP BidCo under the Debt Facilities.

As PEP BidCo is an indirectly wholly owned entity of HoldCo, a HoldCo Shareholder will be exposed to the risks arising from the commitments obtained by PEP BidCo under the Debt Facilities. Specifically, a HoldCo Shareholder will be exposed to greater risks than they currently face arising from the highly leveraged position of the HoldCo Group which has a gearing (debt to equity) ratio that is significantly greater than the gearing ratio of Citadel and other similar ASX listed companies.

The Debt Facilities are to be documented under a first lien facilities agreement and a second lien subscription agreement each of which will contain certain restrictions, undertakings and events of default that reflect the risk associated with the highly leveraged position of the HoldCo Group.

8. Risks

(h) Fewer rights as minority shareholders

As Citadel Shareholders who receive Class B Shares under the Scheme will collectively have no more than approximately a 40% interest in HoldCo, they will be subject to risks that are inherent in minority shareholdings. However, Class B Shareholders will have access to certain protections provided under the HoldCo Shareholders Deed, such as pre-emptive rights on the issue of new shares, the right to be dragged on terms that are no less favourable than the terms offered to the PEP Shareholders and matters that require certain levels of HoldCo Shareholder approval (see the “Issue of Further Shares”, “Drag Along” and “Shareholder Special Majority Resolutions” sections of the table in Section 7.2 for further details). Furthermore, under the Corporations Act there are remedies available to minority shareholders against minority oppression.

Citadel Shareholders who receive Scrip Consideration under the Scheme will be issued Class B Shares, which carry with them limited voting rights under the HoldCo Shareholders Deed. Class A Shares carry rights to appoint a majority of the directors to the HoldCo Board (including the Chairman of HoldCo) so the holder of Class A Shares will be able to exercise majority voting power, and will be in a position to determine the outcome of most decisions relating to HoldCo and the HoldCo Group more generally. An individual Class B Shareholder or group of Class B Shareholders, acting together, will not be able to affect those matters relating to HoldCo. Citadel Shareholders who receive the Class B Shares under the Scheme will therefore, in most cases, be subject to the decisions made by holders of Class A Shares in relation to HoldCo and the HoldCo Group.

The HoldCo Shareholders Deed contains provisions under which Class B Shareholders may be compelled to transfer their Class B Shares. For example, the HoldCo Shareholders Deed includes a “drag along” provision, which allows holders of a majority of Class A Shares to require each other Class B Shareholder to transfer their Class B Shares to the same transferee in certain circumstances (see the “Drag Along” rights section of the table in Section 7.2 for further details).

(i) Lack of Dividends

Whilst each Class B Share and Class A Share ranks equally with each other for payment of dividends, the declaration and payment of any dividends will be at the sole discretion of the HoldCo Board.

The HoldCo Shareholders Deed provides that the parties agree and acknowledge that there is no intention, as at the date of the HoldCo Shareholders Deed, for any dividends to be declared or paid for the 2-year period commencing on the Implementation Date of the Scheme.

The HoldCo Board's determination in respect of any dividend will have regard to matters including the working capital and other capital requirements of the HoldCo Group as well as any restrictions imposed by the third party debt financing arrangements of the PEP BidCo Group from time to time.

To the extent HoldCo pays any dividends in the future, the level of franking on any dividends on Class B Shares will be affected by the level of HoldCo's available franking credits and distributable profits. HoldCo's level of franking credits may be affected by a wide range of factors, including its business performance, the jurisdictions in which Citadel makes profits and pays tax and any other franked dividends it may receive (if any). HoldCo's distributable profits may also be affected by a wide range of factors including its level of earnings. The level of franking on any dividend may vary over time and dividends may be partially, fully or not franked. The value and availability of franking credits to a Class B Shareholder will depend on that Class B Shareholder's particular circumstances.

(j) Due diligence and reliance on information

Before executing the Scheme Implementation Deed, the PEP BidCo Group undertook due diligence in respect of the Citadel Group on information provided for the purpose of considering the acquisition of Citadel and negotiating the Scheme Implementation Deed. Such investigations were carried out in a limited timeframe. PEP BidCo is satisfied that it has sufficient information to proceed with the Scheme. The PEP BidCo Group has prepared these risks on the basis of information regarding the Citadel Group that is known to the PEP BidCo Group and accordingly there may be other risks associated with the Citadel Group that are currently unknown to PEP BidCo. Additionally, there is a risk that the information currently available to the PEP BidCo Group in respect of the Citadel Group may contain inaccuracies or have changed due to changes in the economy or other risk factors outside of the control of either the PEP BidCo Group or the Citadel Group.

(k) Change of control

Upon implementation of the Scheme, a change of control in Citadel will occur.

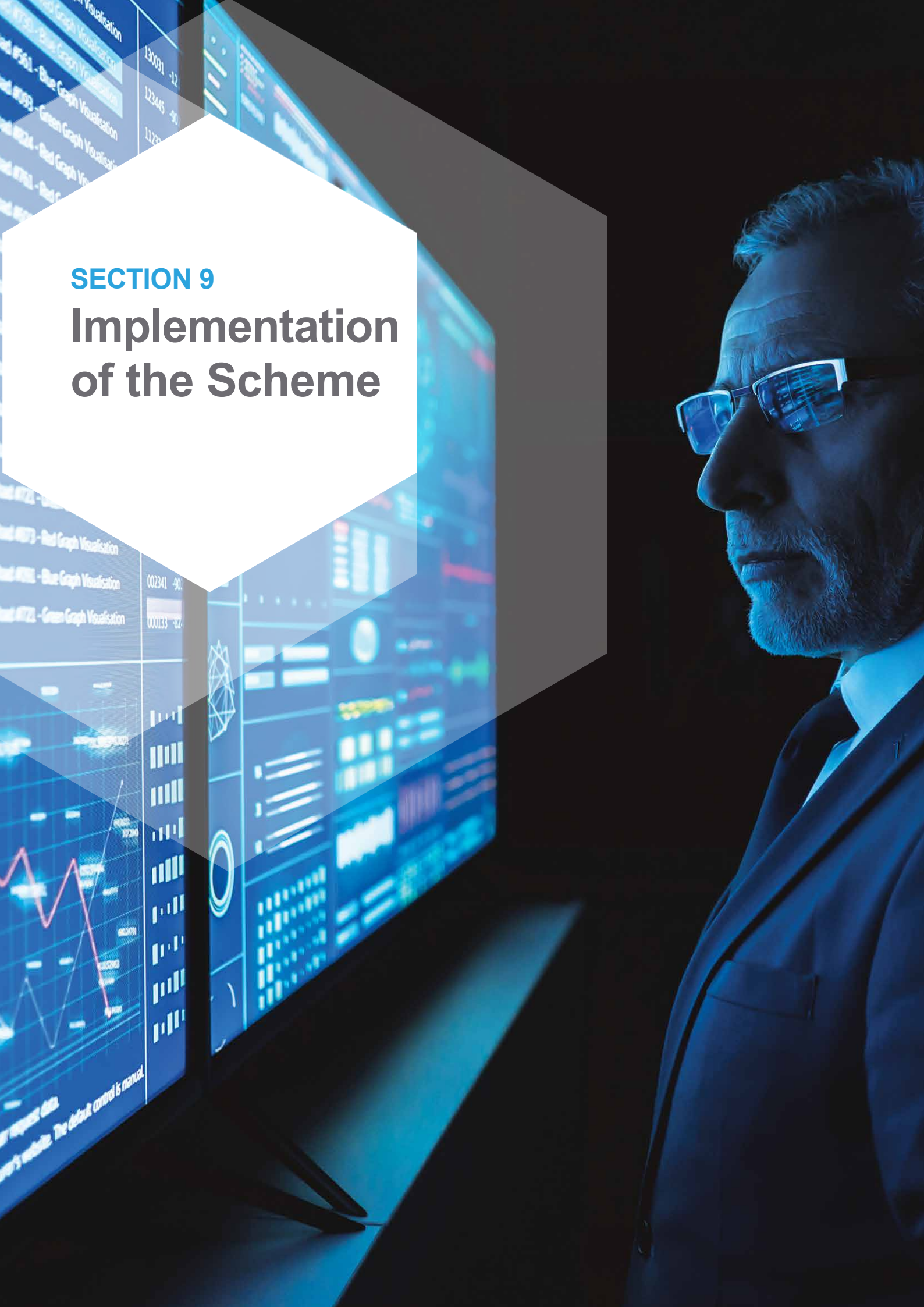
Certain material contracts to which a Citadel Group Member is a party are subject to pre-emptive rights, review or termination upon a change of control. While PEP BidCo is not aware of any counterparty that may wish to terminate a material contract, should any such contracts be terminated, the Citadel Group Member would lose the benefit of the contract and may be unable to obtain similar terms upon entry into replacement contracts (should such replacement contracts be available).

8.6 Risks relating to the Scheme

- (a) **Regulatory approval delays:** As set out in Section 9.4(e), the Scheme is subject to a number of Scheme Conditions, including approval by the Court and FIRB Approval. There is a risk that such approvals may not be obtained, or may be obtained subject to conditions upon which PEP BidCo, Citadel or both (as applicable) are not prepared to accept (acting reasonably), or may be delayed.
- (b) **Transaction costs:** PEP BidCo and Citadel will incur transaction costs in connection with the Scheme. Both PEP BidCo and Citadel will pay transaction fees and other expenses related to the Scheme, including financial advisers' fees, filing fees, legal and accounting fees, regulatory fees and mailing costs. Some of these costs may be reduced by the Scheme not being implemented, while other costs may be incurred irrespective of the Scheme outcome.

SECTION 9

Implementation of the Scheme



9. Implementation of the Scheme

All dates referred to in this Section 9 are indicative only. The actual dates on which events referred to in this Section 9 will occur will depend upon the time at which the Scheme Conditions are satisfied or, if applicable, waived. Citadel has the right to vary all dates subject to the approval of PEP BidCo, the Court and ASX where required. Any variation to the dates referred to in this Section 9 will be announced to ASX and published on Citadel's website.

9.1 Overall effect of the Scheme

The Transaction is to be implemented through the Scheme outlined in this Scheme Booklet between Citadel and Citadel Shareholders and on the terms of the Scheme Implementation Deed.

The Scheme is a statutory procedure under the Corporations Act that is commonly used to enable one company to acquire another company.

If the Scheme is approved by Citadel Shareholders at the Scheme Meeting and by the Court, and if all other necessary approvals and Scheme Conditions are satisfied or (if permitted) waived and the Scheme becomes Effective and is implemented, Citadel will become a wholly owned subsidiary of PEP BidCo and will be delisted from the ASX.

9.2 Scheme Consideration

If the Scheme is approved and implemented, Scheme Shareholders will receive the Scheme Consideration, in exchange for the transfer of their Citadel Shares to PEP BidCo. The Scheme Consideration will be provided in the manner set out in Section 9.5(g).

9.3 If the Transaction does not proceed

If the Transaction does not proceed, Citadel will remain an independent company and Scheme Shareholders will not receive the Scheme Consideration and will continue to retain their interest in Citadel and continue to collectively control Citadel. In this case, the advantages of the Scheme described in Section 4.3 will not be realised. See Section 4.4 for further details of the consequences of the Scheme not proceeding.

9.4 Scheme Implementation Deed

The Scheme Implementation Deed sets out the obligations of PEP BidCo and Citadel in connection with the implementation of the Scheme. A summary of certain key terms of the Scheme Implementation Deed is set out below. A copy of the Scheme Implementation Deed (without its annexures) is reproduced in Annexure C.

(a) Exclusivity

The Scheme Implementation Deed provides that Citadel is subject to certain exclusivity obligations during the Exclusivity Period. These are summarised below:

- (i) **'no-shop' obligation:** Citadel must not, and must procure that each member of the Citadel Group and each of their Representatives do not, directly or indirectly, solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations, discussions or proposals with any person in relation to, or that may reasonably be expected to encourage or lead to, an actual, proposed or potential Competing Proposal or which may otherwise lead to the Transaction not being completed;
- (ii) **'no-talk' obligation:** Citadel must not, and must procure that each member of the Citadel Group and each of their Representatives do not, directly or indirectly:
 - (A) facilitate, enter into, continue or otherwise participate in any negotiations or discussions with any person regarding an actual or potential Competing Proposal, which may reasonably be expected to encourage or lead to, an actual or potential Competing Proposal or which may otherwise lead to the Transaction not being completed;
 - (B) enter into any agreement, arrangement or understanding with any person regarding a Competing Proposal, which may reasonably be expected to lead to, a Competing Proposal or which may otherwise lead to the Transaction not being completed;
 - (C) communicate an intention to do any of the things referred to in paragraphs (A) or (B) above; or
 - (D) approve or recommend a Competing Proposal; and
- (iii) **'no-due diligence' obligation:** Citadel must not, and must procure that each member of the Citadel Group and each of their Representatives do not, directly or indirectly, in relation to an actual, proposed or potential Competing Proposal, make available, facilitate or permit any Third Party to access non-public information, or to undertake due diligence investigations (including without limitation access to premises used by the Citadel Group or officers or employees of the Citadel Group), in relation to the Citadel Group or its business.

9. Implementation of the Scheme

The obligations in relation to 'no-talk' and 'no-due diligence' as set out above do not prohibit Citadel or the Citadel Board from taking or refusing to take any action with respect to an actual, proposed or potential Competing Proposal (which was not solicited, invited, encouraged or initiated by Citadel in contravention of the 'no-shop' obligation) provided that the Citadel Board has determined, in good faith and acting reasonably that after receiving advice from its financial adviser, the relevant Competing Proposal is, or is reasonably likely to become, a Superior Proposal and after receiving written legal advice from its external legal advisers, that compliance with the 'no-talk' and 'no-due diligence' obligations (as applicable) would constitute, or would be reasonably likely to constitute, a breach of any of the fiduciary or statutory duties of the Citadel Directors (**Fiduciary-Out**).

Full details of the exclusivity provisions are set out in clause 11 of the Scheme Implementation Deed, set out in Annexure C.

Citadel will keep you informed of any material developments, including by making announcements via the ASX. Citadel Shareholders are encouraged to continue to monitor ASX announcements until the Scheme is implemented.

(b) Notice of Competing Proposal

During the Exclusivity Period, Citadel must promptly (and in any event no later than 48 hours of becoming aware of such matter), notify PEP BidCo in writing of:

- (i) any approach by any person to discuss or engage in any activity in relation to an actual, proposed or potential Competing Proposal;
- (ii) any negotiations or discussions, approach or attempt to initiate any negotiations or discussions, with Citadel, any member of the Citadel Group or their Representatives in respect of any inquiry, expression of interest, offer, proposal or discussion that could reasonably be expected to lead to a Competing Proposal; or
- (iii) receipt of a request for information relating to the Citadel Group, or its business or operations, in connection with formulation, development or finalisation of, or assisting in the formulation, development or finalisation of, an actual, proposed or potential Competing Proposal, or which Citadel has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Proposal.

If Citadel proposes or determines to take any action of a kind that would breach its 'no-talk' and 'no-due diligence' obligations as set out above were it not for the Fiduciary-Out, then Citadel must also notify PEP BidCo in writing no later than 1 Business Day after making that decision or determination.

Any such notification given to PEP BidCo must be accompanied by all relevant details of the relevant approach, including the identity of the person that made the approach and the material terms and conditions of the Competing Proposal (including proposed price or implied value, conditions, timing and details of any break fee) to the extent known to Citadel.

(c) Matching right

Under the Scheme Implementation Deed, Citadel has agreed that, during the Exclusivity Period, Citadel:

- (i) must not enter into any legally binding agreement, arrangement or understanding to implement a Competing Proposal; and
- (ii) must procure that no Citadel Director publicly recommends, supports or endorses an actual, anticipated, proposed or potential Competing Proposal or withdraws, changes or modifies his or her recommendation, or statement of intention to vote, in favour of the Scheme,

unless:

- (iii) the Competing Proposal is a Superior Proposal;
- (iv) Citadel has provided PEP BidCo with the material terms and conditions of the Competing Proposal, including price, conditions, details of any break fee and the identity of the Third Party making the Competing Proposal;
- (v) Citadel has given PEP BidCo at least 2 Business Days after the provision of all of the material terms and conditions of the Competing Proposal (as described above) to submit a proposal that provides an equivalent or superior outcome for Citadel Shareholders as a whole compared to the Competing Proposal (**Counterproposal**) and a further period of at least 3 Business Days to amend its Counterproposal if the Citadel Board determines in good faith that the initial Counterproposal would not provide an equivalent or superior outcome to Citadel Shareholders as a whole compared to the applicable Competing Proposal; and
- (vi) either:
 - (A) PEP BidCo has not announced or provided Citadel with a Counterproposal within the required time; or
 - (B) PEP BidCo has announced or provided a Counterproposal within the required time and the Citadel Board determines in good faith that the Counterproposal would not provide an equivalent or superior outcome to Citadel Shareholders as a whole compared to the applicable Competing Proposal and PEP BidCo has been granted the right to amend its Counterproposal as described above.

If the Citadel Board, acting in good faith, determines that the Counterproposal (including an amended Counterproposal) would provide an equivalent or superior outcome for Citadel Shareholders as a whole compared with the applicable Competing Proposal, Citadel and PEP BidCo must each use their best endeavours to agree and enter into such documentation as is necessary to give effect to and implement the Counterproposal.

For the purposes of PEP BidCo's matching right, each successive modification or variation of any actual, anticipated, proposed or potential Competing Proposal will constitute a new actual, anticipated, proposed or potential Competing Proposal and therefore the notification and matching rights described above will apply in respect of any such modification or variation.

(d) Break Fee

Citadel must pay the Break Fee to PEP BidCo in certain circumstances. These are summarised below:

- (i) **Competing Proposal:** a Competing Proposal is announced during the Exclusivity Period and, within 12 months of such announcement:
 - (A) the Competing Proposal is implemented or completed, provided that, for the purposes of the Break Fee, a Competing Proposal of the kind referred to in paragraphs (e) and (g) of the definition of "Competing Proposal" will be disregarded and the references to "10% or more" in paragraph (a) of the definition of "Competing Proposal" will be deemed to be references to "more than 20%"; or
 - (B) the proponent of that Competing Proposal (or any of its Associates) acquires a Relevant Interest in, an economic interest in or Voting Power of 50% or more of Citadel Shares and that acquisition is unconditional or Control of Citadel;
- (ii) **Change of recommendation:** during the Exclusivity Period, any Citadel Director fails to recommend the Scheme or withdraws, adversely changes or adversely qualifies his or her recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where:
 - (A) the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interests of Citadel Shareholders (other than where the reason for the Independent Expert's conclusion is due wholly or partly to the existence of a Competing Proposal); or
 - (B) Citadel is entitled to terminate the Scheme Implementation Deed as a result of PEP BidCo's material breach and has given the appropriate termination notice to PEP BidCo;
- (iii) **Material breach by Citadel:** PEP BidCo validly terminates the Scheme Implementation Deed where Citadel has materially breached any term of the Scheme Implementation Deed and, if the breach is capable of remedy, Citadel has not remedied the breach within the prescribed time.

The Break Fee is \$4,486,473 and is PEP BidCo's sole and exclusive remedy against Citadel for breach of the Scheme Implementation Deed other than in respect of any wilful or deliberate material breach of the exclusivity provisions taken in the context of the Scheme as a whole.

(e) Scheme Conditions

The Scheme is subject to the satisfaction (or, if applicable, waiver) of the Scheme Conditions which are summarised below and set out in the Scheme Implementation Deed (which is reproduced in Annexure C to this Scheme Booklet). If the Scheme Conditions are not satisfied or waived (as applicable) by the End Date (being 14 March 2021 or such other date as agreed between Citadel and PEP BidCo), the Scheme will not proceed and Citadel Shareholders will not receive the Scheme Consideration.

As at the date of this Scheme Booklet, the outstanding Scheme Conditions which must be satisfied or waived (as applicable) before the Scheme can become Effective are summarised as follows:

- (i) the Court approves the Scheme in accordance with the Corporations Act;
- (ii) Citadel Shareholders approve the Scheme by the Requisite Majorities;
- (iii) FIRB Approval is obtained before 8:00am on the Second Court Date;
- (iv) no Court or Government Agency has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme, the implementation of the Transaction or the rights of PEP BidCo in respect of the Scheme Shares to be acquired under the Scheme and none of those things is in effect as at 8:00am on the Second Court Date;
- (v) the Independent Expert does not publicly withdraw, qualify or change its opinion that the Scheme is in the best interests of Citadel Shareholders before 8:00am on the Second Court Date;
- (vi) no Citadel Prescribed Occurrence occurs before 8:00am on the Second Court Date;

9. Implementation of the Scheme

- (vii) no HoldCo Prescribed Occurrence occurs before 8:00am on the Second Court Date;
- (viii) the Citadel Scheme Warranties are materially true and correct as at 8:00am on the Second Court Date;
- (ix) the PEP BidCo Representations and Warranties are materially true and correct as at 8:00am on the Second Court Date;
- (x) the HoldCo Shareholders Deed is executed by the persons named as the parties to that document;
- (xi) Citadel has taken all necessary steps by 8:00am on the Second Court Date to ensure that all outstanding Employee Share Rights will either vest and be exercised and converted into Citadel Shares, be cash settled or lapse and be cancelled by the Effective Date;
- (xii) no prescribed cyber-security incident occurs before 8:00am on the Second Court Date; and
- (xiii) no counterparty to a prescribed material contract has given notice of its intention to terminate that contract before 8:00am on the Second Court Date.

The Scheme Conditions in paragraphs (i), (ii) and (iii) above cannot be waived.

For full details of the Scheme Conditions, see clause 3.1 of the Scheme Implementation Deed.

As at the date of this Scheme Booklet, the Citadel Directors are not aware of any reason why the Scheme Conditions should not be satisfied.

(f) Termination

As outlined in clause 16 of the Scheme Implementation Deed, the Scheme Implementation Deed may be terminated in circumstances including the following events:

- (i) by either party if:
 - (A) the Scheme has not become Effective by the End Date;
 - (B) a Scheme Condition has not been satisfied or waived (as applicable) by the date required, and, in certain circumstances, Citadel and PEP BidCo are unable to agree on a course of action;
 - (C) the Court refuses to make orders convening the Scheme Meeting or approving the Scheme and either:
 - (I) Citadel and PEP BidCo agree not to appeal the Court's decision; or
 - (II) an independent senior counsel advises that, in their opinion, an appeal would have no reasonable prospect of success;
 - (D) at any time before 8:00am on the Second Court Date the other party has materially breached any provision of the Scheme Implementation Deed (other than a breach of a warranty given by Citadel in Schedule 2 of the Scheme Implementation Deed) taken in the context of the Scheme as a whole and, if the breach is capable of remedy, the party in breach has not remedied the breach within the prescribed time; or
 - (E) agreed to in writing by Citadel and PEP BidCo;
- (ii) by PEP BidCo, if, at any time before 8:00am on the Second Court Date, any member of the Citadel Board fails to make the recommendation to Citadel Shareholders that they vote in favour of the Scheme, withdraws or adversely changes or qualifies such recommendation, or otherwise makes a public statement indicating that he or she no longer supports the Scheme (excluding a statement that no action should be taken by Citadel Shareholders pending the assessment of a Competing Proposal by the Citadel Board); and
- (iii) by Citadel at any time before 8:00am on the Second Court Date if a majority of the Citadel Board publicly recommends a Competing Proposal that is a Superior Proposal, and provided that the Competing Proposal was not solicited or facilitated by Citadel or its Representatives in breach of Citadel's 'no-shop' obligations summarised in Section 9.4(a)(i).

Full details of the termination events are detailed in the Scheme Implementation Deed contained in Annexure C. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.

(g) Representations and warranties

Citadel and PEP BidCo have given representations and warranties to each other as to information contained in this Scheme Booklet, and compliance with disclosure and other obligations, and certain other representations and warranties which are customary for a transaction of this nature. The details regarding the representations and warranties are set out in full in clause 14 of the Scheme Implementation Deed.

(h) End date

The Scheme will lapse and be of no further force or effect if the Scheme has not become Effective on or before 14 March 2021 or such later date as Citadel and PEP BidCo agree in writing.

9.5 Key steps in implementing the Scheme

(a) Preliminary steps

- (i) **Scheme Implementation Deed:** On 14 September 2020, Citadel and PEP BidCo executed the Scheme Implementation Deed under which, among other things, Citadel agreed to propose the Scheme.

On 27 October 2020, Citadel announced that Citadel and PEP BidCo entered into a deed of amendment and restatement in relation to the Scheme Implementation Deed under which the parties agreed that the maximum amount of any special dividend declared by the Citadel Board may be increased to a maximum amount of \$0.20 per Citadel Share.

A copy of the Scheme Implementation Deed (without its annexures) is reproduced in Annexure C and a summary of its key terms (including the Scheme Conditions, exclusivity, termination rights, and break fee) is set out in Section 9.4.

- (ii) **Deed Poll:** PEP BidCo, MidCo and HoldCo have executed the Deed Poll in favour of Scheme Shareholders. Subject to the Scheme becoming Effective, pursuant to the Deed Poll, PEP BidCo, MidCo and HoldCo covenant in favour of Scheme Shareholders to perform their respective obligations under the Scheme. A copy of the Deed Poll is reproduced in Annexure E.

(b) Scheme Meeting

- (i) On 29 October 2020 the Court ordered that Citadel convene the Scheme Meeting to be held virtually via an online platform on Tuesday, 1 December 2020 commencing at 11:00am (AEDT) for the purpose of Citadel Shareholders voting on the Scheme. Instructions on how to attend and vote at the Scheme Meeting via the online platform (including how to appoint a proxy, attorney or corporate representative to attend the Scheme Meeting via the online platform and vote on your behalf) are set out in Section 3 of this Scheme Booklet and in the notes for the Notice of Meeting in Annexure G to this Scheme Booklet.
- (ii) Votes cast in favour of the Scheme Resolution must be approved by the Requisite Majorities, being:
 - (A) a majority in number (more than 50%) of Citadel Shareholders present and voting (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually) at the Scheme Meeting; and
 - (B) at least 75% of the total number of Citadel Shares voted at the Scheme Meeting by Citadel Shareholders (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually).

The Court has the discretion to waive the first of these two requirements if it considers appropriate to do so.

(c) Second Court Hearing

If the Scheme is approved by the Requisite Majorities of Citadel Shareholders at the Scheme Meeting and all other Scheme Conditions have been satisfied or remain capable of being satisfied, or waived (if applicable), Citadel will apply to the Court for an order approving the Scheme. Subject to any developments relating to the COVID-19 pandemic which will be announced by Citadel to ASX, each Citadel Shareholder has the right to appear at Court at the hearing of the application by Citadel for orders approving the Scheme. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is agreed to by the Requisite Majorities of Citadel Shareholders.

(d) Effective Date

If the Court Order approving the Scheme is obtained, on or before 5:00pm (AEDT) on the first Business Day following approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, Citadel will lodge with ASIC an office copy of the Court Order. The date the office copy of the Court Order is lodged with ASIC will be the Effective Date. Citadel intends to apply to the ASX for Citadel Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date.

Once the Scheme becomes Effective, Citadel and PEP BidCo will take or procure the taking of the steps required for the Scheme to be implemented.

9. Implementation of the Scheme

(e) Determination of who is entitled to receive the Special Dividend

If a Special Dividend is declared and paid by Citadel, Citadel Shareholders who are on the Citadel Register on the Special Dividend Record Date (currently expected to be 7:00pm on Tuesday, 8 December 2020), will be entitled to receive the Special Dividend. The Special Dividend will only be paid if the Scheme becomes Effective.

(f) Transfer and registration of Scheme Shares

On the Implementation Date, the Scheme Shares held by Scheme Shareholders, together with all rights and entitlements attaching to those shares as at the Implementation Date, will be transferred to PEP BidCo without the need for any further act by any Scheme Shareholder, by Citadel executing and delivering a valid transfer or transfers of the Scheme Shares to PEP BidCo under the Corporations Act.

Prior to the Implementation Date and prior to the transfer of any Scheme Shares to PEP BidCo, PEP BidCo will deposit into the Trust Account in cleared funds an amount equal to the aggregate amount of cash comprised in the Scheme Consideration payable to Scheme Shareholders, with that amount to be held on trust for the Scheme Shareholders for the purpose of Citadel dispatching the aggregate cash comprised in the Scheme Consideration to the Scheme Shareholders to which they are entitled, either by way of cheque or electronic funds transfer to their nominated bank account.

The transfer of any Scheme Shares to PEP BidCo will only occur once:

- (i) the cash component of the Scheme Consideration has been paid by PEP BidCo in the manner set out in this Section 9.5(f); and
- (ii) PEP BidCo has confirmed in writing to Citadel by no later than 12:00pm (AEDT) (or such later time as PEP BidCo and Citadel may agree) on the Implementation Date that each Scheme Shareholder (if any) entitled to receive Class B Shares under the Scheme:
 - (A) has been issued those Class B Shares (or they have been issued to the Nominee to be held as bare trustee for those Scheme Shareholders in accordance with the Scheme); and
 - (B) has been entered in HoldCo's register of members as the holder of those Class B Shares (or, if applicable, the name of the Nominee has been so entered as the holder of those Class B Shares as bare trustee for those Scheme Shareholders in accordance with the Scheme).

(g) Provision of Scheme Consideration

(i) Cash Consideration

After PEP BidCo transfers the aggregate cash amount of the Scheme Consideration into the Trust Account, Citadel will on the Implementation Date either:

- (A) where a Scheme Shareholder has, before the Scheme Record Date, made an election in accordance with the requirements of the Citadel Share Register to receive dividend payments from Citadel by electronic funds transfer to a bank account nominated by the Scheme Shareholder, pay, or procure the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
- (B) pay, or procure the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Citadel; or
- (C) dispatch, or procure the dispatch of, a cheque drawn on an Australian bank in Australian currency for the relevant amount to the Scheme Shareholder by pre-paid ordinary post (or, if the address of the Scheme Shareholder in the Citadel Register is outside Australia, by pre-paid airmail post) to their Registered Address as at the Scheme Record Date, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with Section 9.5(g)(iii)).

If a Scheme Shareholder does not have a Registered Address, or Citadel considers the Scheme Shareholder is not known at its Registered Address and no bank account has been nominated, payments due to the Scheme Shareholder will be held by Citadel until claimed or applied under the relevant laws dealing with unclaimed money.

Where the calculation of the relevant Scheme Consideration would result in a Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

(ii) *Scrip Consideration*

If the Scheme becomes Effective, by no later than 12:00pm (AEDT) (or such later time as PEP BidCo and Citadel may agree) on the Implementation Date, HoldCo must provide the Scrip Consideration to Scheme Shareholders in accordance with the Scheme, by:

- (A) issuing to each applicable Scheme Shareholder the number of HoldCo Shares the Scheme Shareholder is entitled to receive in accordance with the terms of the Scheme and the Election of that Scheme Shareholder; and
- (B) procuring that the name and address of each such Scheme Shareholder is entered into the HoldCo register of members in respect of the HoldCo Shares to which it is entitled under the Scheme (either directly or through a Nominee as contemplated in the HoldCo Shareholders Deed).

The HoldCo Shares in respect of which a Scheme Shareholder is entitled may, in PEP BidCo's and HoldCo's absolute discretion, be issued directly to that Scheme Shareholder (such that the Scheme Shareholder will be the legal holder of the relevant HoldCo Shares) or, pursuant to and in accordance with the terms of the HoldCo Shareholders Deed, issued to the Nominee to hold as bare trustee for that Scheme Shareholder (such that the Scheme Shareholder will be the beneficial holder but not the legal holder of the relevant HoldCo Shares).

On or before the date that is 5 Business Days after the Implementation Date, PEP BidCo must send or procure the sending of a certificate to each Scheme Shareholder entitled to receive HoldCo Shares under this Scheme (if any), reflecting the issue of such HoldCo Shares.

(iii) *Joint holders*

In the case of Citadel Shares that are held by Scheme Shareholders in joint names:

- (A) any HoldCo Shares comprised in the Scheme Consideration are to be registered in the names of the joint holders;
- (B) any cheque required to be sent to Scheme Shareholders will be made payable to the joint holders of those Citadel Shares and sent at the sole discretion of Citadel, either to the holder whose name appears first in the Citadel Register as at the Scheme Record Date or to the joint holders; and
- (C) any other document required to be sent under this Scheme will be forwarded, at the sole discretion of Citadel, either to the holder whose name appears first in the Citadel Register as at the Scheme Record Date or to the joint holders.

9.6 Effect of Scheme

The Scheme binds Citadel and all Citadel Shareholders on the Citadel Register at the Scheme Record Date and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Citadel.

9.7 Enforcement of Deed Poll

Citadel undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against PEP BidCo, MidCo and HoldCo on behalf of and as agent and attorney for the Scheme Shareholders.

9.8 Establishing Scheme Shareholders

(a) Scheme Record Date

The Scheme Shareholders will be entitled to receive the Scheme Consideration in respect of Citadel Shares they hold as at the Scheme Record Date (being 5:00pm on the 2nd Business Day following the Effective Date).

(b) Dealings prior to the Scheme Record Date

To establish the identity of the Scheme Shareholders, dealings in Citadel Shares or other alterations to the Citadel Register will only be recognised if:

- (i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Citadel Register as the holder of the relevant Citadel Shares on or before the Scheme Record Date; and
- (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before the Scheme Record Date at the place where the Citadel Register is kept,

and Citadel will not accept for registration, nor recognise for any purpose (except a transfer to PEP BidCo under the Scheme and any subsequent transfer by PEP BidCo or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

9. Implementation of the Scheme

(c) Dealings after the Scheme Record Date

- (i) Citadel will not accept for registration or recognise for any purpose any transmission or transfer in respect of Citadel Shares received after the Scheme Record Date, other than to PEP BidCo or its successors in title in accordance with the Scheme and any subsequent transfer by PEP BidCo or its successors in title.
- (ii) The Citadel Register as at the Scheme Record Date will solely determine entitlements to the Scheme Consideration.
- (iii) As from the Scheme Record Date, each entry current at that date on the Citadel Register (other than entries in respect of PEP BidCo or its successors in title) will cease to have effect except as evidence of an entitlement to the Scheme Consideration in respect of Citadel Shares relating to that entry.
- (iv) All statements of holding for Citadel Shares (other than statements of holding in favour of PEP BidCo or its successors in title) will cease to have effect from the Scheme Record Date as documents of title in respect of those shares.

(d) Provision of information

- (i) Citadel must provide, or procure the provision, to PEP BidCo, details of any Election made by a Citadel Shareholder, on the Business Day after the Election Date, including the name and address of each Citadel Shareholder who has made a valid Election and the number of HoldCo Shares that HoldCo must issue to that Citadel Shareholder to meet its obligations under the Scheme in accordance with that Citadel Shareholder's Election subject to the terms of this Scheme.
- (ii) As soon as practicable after the Scheme Record Date and in any event within 1 Business Day after the Scheme Record Date, Citadel will procure the provision to PEP BidCo of details of the names, Registered Addresses and holdings of Citadel Shares for each Scheme Shareholder as shown on the Citadel Register.

(e) Warranty by Scheme Shareholders about their Scheme Shares

The Scheme provides that each Scheme Shareholder warrants to PEP BidCo and is deemed to have authorised Citadel as agent and attorney to warrant to PEP BidCo, that as at the Implementation Date:

- (i) all of its Scheme Shares which are transferred to PEP BidCo under the Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and any other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (ii) all of its Scheme Shares which are transferred to PEP BidCo under the Scheme will, on the date on which they are transferred to PEP BidCo, be fully paid;
- (iii) it has full power and capacity to sell and transfer its Scheme Shares to PEP BidCo together with any rights attaching to those Scheme Shares; and
- (iv) it has no existing right to be issued any Citadel Shares, options exercisable into Citadel Shares, convertible notes convertible into Citadel Shares or any other securities issued by Citadel.

9.9 Suspension and termination of trading in Citadel Shares

If the Scheme becomes Effective, Citadel intends to apply to ASX for Citadel Shares to be suspended from quotation on ASX from the close of trading on the Effective Date, which is expected to be 8 December 2020. Following the Implementation Date, on a date determined by PEP BidCo, Citadel intends to request ASX to remove Citadel from the official list of ASX.

9.10 Status of Scheme Shares

- (a) From the Implementation Date, PEP BidCo will be beneficially entitled to the Citadel Shares transferred to it under the Scheme pending registration by Citadel of PEP BidCo in the Citadel Register as the holder of the Citadel Shares.
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Citadel and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purposes of:
 - (i) enforcing the Deed Poll against PEP BidCo, MidCo and HoldCo; and
 - (ii) executing any document, or doing or taking any other act, necessary, desirable or expedient to give effect to the Scheme and the transactions contemplated by it, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers in relation to Scheme Shares.

Citadel may, as agent and attorney of each Scheme Shareholder entitled to HoldCo Shares, execute and deliver:

- (iii) any deed or document required by Citadel, PEP BidCo, MidCo or HoldCo that causes each Scheme Shareholder entitled to HoldCo Shares to be bound by the HoldCo Shareholders Deed, HoldCo Constitution and the Nominee Deed; and
 - (iv) any deed or document required by Citadel, PEP BidCo, MidCo or HoldCo that causes each Scheme Shareholder issued HoldCo Shares under the Scheme to be bound by the constituent documents of any trust for the Scheme Shareholder the trustee of which will hold on bare trust for the Scheme Shareholder the Scheme Shareholder's HoldCo Shares.
- (c) On the provision of the Scheme Consideration by PEP BidCo and HoldCo in the manner contemplated in Section 9.5(f) above, and until Citadel registers PEP BidCo as the holder of all Scheme Shares in the Citadel Register, each Scheme Shareholder:
 - (i) irrevocably appoints PEP BidCo as its attorney and agent (and directs PEP BidCo in such capacity) to appoint an officer or agent nominated by PEP BidCo as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Citadel, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;
 - (ii) undertakes not to attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolution (whether in person, by proxy or by corporate representative) other than as contemplated by paragraph (i) above;
 - (iii) must take all other actions in the capacity of a registered holder of Scheme Shares as PEP BidCo reasonably directs; and
 - (iv) acknowledges and agrees that in exercising the powers referred to in paragraph (i) above, PEP BidCo and an officer or agent nominated by PEP BidCo under that paragraph may act in the best interests of PEP BidCo as the intended registered holder of Scheme Shares.

A background image of a business meeting with digital overlays. In the foreground, a person's hand is visible near a laptop. In the background, another person is gesturing with their hand. The image is overlaid with various digital graphics, including line charts, bar charts, pie charts, and circular progress indicators, all in shades of blue and white. The overall theme is business and technology.

SECTION 10

Additional information

10. Additional information

10.1 Citadel Directors' interests in Citadel Shares and PEP BidCo Shares

(a) Citadel Shares

The table below lists the Relevant Interests of Citadel Directors in Citadel Shares as at the date of this Scheme Booklet.

Director	Relevant Interest in Citadel Shares	%
Peter Leahy AC Lt-Gen (Retd)	86,575	0.11%
Mark McConnell	6,308,170	8.01%
Robert Alexander	7,500	0.01%
Jayne Shaw	100,000	0.13%

Citadel Directors, and entities who are controlled by any of them, who hold Citadel Shares, will be entitled to vote at the Scheme Meeting.

Citadel Directors, or the entities controlled by them, who hold Citadel Shares on the Scheme Record Date will receive the Scheme Consideration along with the other Scheme Shareholders.

(b) Employee Share Rights

As at the date of this Scheme Booklet, no Citadel Directors have a Relevant Interest in Employee Share Rights.

Subject to obtaining shareholder approval at its Annual General Meeting scheduled for 19 November 2020, Citadel proposes to issue Mark McConnell:

- (i) 61,551 Employee Share Rights under the terms of its FY20 LTI Plan pursuant to his employment arrangements the material terms of which were previously announced to the ASX on 13 November 2019; and
- (ii) 89,148 Employee Share Rights under the terms of its FY21 LTI Plan.

Please refer to Section 5.6(b) for details regarding the treatment of Employee Share Rights if the Scheme becomes Effective.

(c) PEP BidCo Shares

As at the date of the Scheme Booklet, no Citadel Director has a Relevant Interest in any securities of PEP BidCo or any of its Related Bodies Corporate.

10.2 Citadel interests and dealings in PEP BidCo Shares

Citadel has no interests, including any Relevant Interest, in any securities of PEP BidCo or any of its Related Bodies Corporate.

10.3 Citadel Directors' interests in PEP BidCo contracts

No Citadel Director has an interest in any contract entered into by PEP BidCo or any of its Related Bodies Corporate.

10.4 Payments or other benefits

As noted in Section 10.1 above, if approved by shareholders at Citadel's 2020 Annual General Meeting, Mark McConnell will hold Employee Share Rights that will be subject to the regime described in Section 5.6(b).

In addition, Mr McConnell is eligible to participate in Citadel's short-term incentive plan (**STI Plan**) for the financial year ending 30 June 2021. The STI Plan provides executives with the opportunity to earn an annual incentive award which is delivered in cash subject to the satisfaction of annual performance against key performance conditions set and assessed by the Citadel Board. In accordance with the terms of the STI Plan, in the event a change of control of Citadel occurs during the relevant performance period (which will occur if the Scheme becomes Effective), subject to him remaining employed by the Citadel Group, Mr McConnell will be entitled to receive a proportionate amount of his annual incentive award having regard to service completed and performance up until the change of control event. Where such amount is payable, payment will not be made before the Effective Date and will not exceed \$440,000 being the maximum value of Mr McConnell's annual incentive award under the STI Plan for the current performance year.

Citadel Shareholders should have regard to these arrangements when considering Mr McConnell's recommendation of the Scheme, which appears throughout this Scheme Booklet.

10. Additional information

Except as set out in this Section 10.4, no payment or other benefit is proposed to be made or given to any Director, secretary or executive officer of Citadel or of any Related Body Corporate of Citadel as compensation for loss of, or as consideration for or in connection with his or her retirement from, office as a Director, secretary or executive officer of Citadel or of a Related Body Corporate of Citadel, as the case may be, as a result of the Scheme.

If an executive's employment is terminated following the change of control, the relevant executive will have such entitlements (including in respect of compensation for loss of office) as are contemplated by their employment contract.

10.5 Agreements or arrangements with Citadel Directors

Except as set out in Section 10.4 above there is no agreement or arrangement made between Citadel and any Citadel Director and any other person in connection with or conditional on, the outcome of the Scheme.

10.6 Other interests of Citadel Directors

Except as set out in Section 10.4 above, no Citadel Director has any other interest, whether as a director, member or creditor of Citadel or otherwise, which is material to the Scheme, other than in their capacity as a holder of Citadel Shares or Employee Share Rights.

10.7 Status of regulatory conditions

As at the date of this Scheme Booklet, the Treasurer of the Commonwealth of Australia has not yet provided notice that there are no objections to the Transaction under the FATA. An update on the status of the FIRB Approval will be provided at the Scheme Meeting or via an announcement to the ASX if FIRB Approval is obtained prior to the Scheme Meeting.

10.8 No unacceptable circumstances

The Citadel Board does not consider that the Scheme involves any circumstances in relation to the affairs of Citadel that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

10.9 Implications for creditors

As at the date of this Scheme Booklet, Citadel is not aware of any material contractual disputes or litigation matters in respect of Citadel, including with its customers or other third parties. Citadel has paid and is paying all its creditors within Citadel's normal terms of trade. Each Citadel Group company is solvent and is trading in an ordinary commercial manner.

The Scheme, if implemented, is not expected to materially prejudice the Citadel Group's ability to pay its creditors.

10.10 No other material information

Otherwise than as contained or referred to in this Scheme Booklet, including the Independent Expert's Report and the information that is contained in the Annexures to this Scheme Booklet, there is no other information that is material to the making of a decision by a Citadel Shareholder in relation to the Scheme, being information that is known to any Citadel Director and which has not previously been disclosed to Citadel Shareholders.

10.11 Consents

The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:

- (a) Macquarie Capital (Australia) Limited as financial adviser to Citadel;
- (b) Link Market Services as the manager of the Citadel Register; and
- (c) Gadens as legal adviser to Citadel in relation to the Scheme.

The Independent Expert has given, and has not withdrawn, its consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report in Annexure B to this Scheme Booklet and to the references to the Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is included.

PEP BidCo has given, and has not withdrawn, its consent to be named in this Scheme Booklet and in relation to the inclusion of the PEP BidCo Information in this Scheme Booklet in the form and context in which that information is included.

Each person named in this Section 10.11:

- (a) has not authorised or caused the issue of this Scheme Booklet;
- (b) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in this Section 10.11; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section 10.11.

10.12 Supplementary information

If Citadel becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Effective Date:

- (a) a material statement in this Scheme Booklet is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter in this Scheme Booklet; or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if known about at the date of lodgement with ASIC,

depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Citadel may circulate and publish any supplementary document by:

- (e) making an announcement to ASX;
- (f) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- (g) posting the supplementary document to Citadel Shareholders at their Registered Address as shown in the Citadel Register; and/or
- (h) posting a statement on Citadel's website at www.citadelgroup.com.au,

as Citadel in its absolute discretion considers appropriate.

10.13 International Offer Restrictions

No action has been taken to register or qualify the HoldCo Shares or otherwise permit a public offering of such securities in any jurisdiction outside Australia. Based on the information available to Citadel as at the date of this Scheme Booklet, Citadel Shareholders whose Registered Addresses on the Scheme Record Date are in the following jurisdictions will be entitled to have HoldCo Shares issued to them pursuant to the Scheme, subject to the qualifications, if any, set out below or otherwise disclosed in this Scheme Booklet in respect of that jurisdiction:

- (a) Australia;
- (b) New Zealand;
- (c) United Kingdom; and
- (d) any other jurisdiction in respect of which Citadel and PEP BidCo agree in writing is lawful and not unduly onerous or impractical to issue HoldCo Shares to a Citadel Shareholder with a Registered Address in such jurisdiction if such Citadel Shareholder so elects under the Scheme.

Nominees, custodians and other Citadel Shareholders who hold Citadel Shares on behalf of a beneficial owner resident in Australia, New Zealand, or the United Kingdom may forward this Scheme Booklet (or accompanying documents) to such beneficial shareholders but may not forward this Scheme Booklet to any person in any other country without the consent of Citadel.

This Scheme Booklet does not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Scheme Booklet may not be distributed to any person, and the HoldCo Shares may not be offered or sold, in any country outside Australia except to the extent provided below.

10. Additional information

New Zealand

The HoldCo Shares are not being offered to the public within New Zealand other than to existing Citadel Shareholders with Registered Addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Scheme Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Scheme Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United Kingdom

Neither this Scheme Booklet nor any other document relating to the Scheme has been delivered for approval, to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published or is required to be published in respect of the HoldCo Shares.

Neither this Scheme Booklet nor any of the accompanying documents do, or are intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities, nor any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA). Nevertheless, any invitation or inducement to engage in investment activity received in connection with the issue of the HoldCo Shares has only been communicated, and will only be communicated, in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Citadel. In the United Kingdom, this Scheme Booklet and/or any related documents are being distributed only to, and are directed only at, persons to whom they may lawfully be distributed or directed within the circumstances described in Article 62 of the Financial Services and Markets Act 2000 (**Financial Promotion**) Order 2005 and/or any other persons to whom they may lawfully be communicated (all such persons being referred to as **Relevant Persons**).

The investments to which this Scheme Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Booklet or any of its contents.

10.14 Transaction costs

Citadel estimates that it will incur approximately \$6.5 million (plus GST) in external transaction costs related to the Scheme, which includes advisory fees, legal fees, valuation fees, Court fees and registry, printing and mailing costs.

Of this, approximately \$1.3 million (plus GST) will be incurred regardless of whether the Scheme becomes Effective or not, including Independent Expert's fees of \$140,000 plus GST.

A close-up photograph of a person's hand pointing at a digital screen displaying a complex financial chart. The chart features a candlestick pattern in the background, overlaid with a red dashed line and a white dotted line. The hand is in the foreground, with fingers extended towards the screen. The background is dark and out of focus, showing some blurred lights and colors.

SECTION 11

Glossary of Terms

11. Glossary of Terms

A\$ or \$ means the lawful currency for the time being of the Commonwealth of Australia;

AEDT means Australian Eastern Daylight Time;

All Scrip Consideration means, in respect of a Citadel Shareholder who makes an Election, an Election to receive Scrip Consideration for 100% of their Scheme Shares;

ASIC means the Australian Securities and Investments Commission;

Associate has the meaning given in section 12 of the Corporations Act;

ASX means ASX Limited ABN 98 008 624 691 and where the context requires, the financial market operated by it;

Australian Accounting Standards means:

- (a) the accounting standards referred to in section 334 of the Corporations Act; and
- (b) the generally accepted accounting principles of the accountancy profession in Australia to the extent those principles are not inconsistent with the accounting standards of the type described in paragraph (a) above;

Break Fee means \$4,486,473;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia or Melbourne, Australia;

Cash Consideration means \$5.70 cash per Citadel Share you hold on the Scheme Record Date less the amount of the Special Dividend (if declared);

Cash Payments means cash payments equal to \$5.70 per Citadel Share comprising:

- (a) the Special Dividend; and
- (b) the Cash Consideration;

Chairman means the chairman of the Scheme Meeting;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Ltd;

Citadel or Company means The Citadel Group Limited ACN 127 151 026;

Citadel Board or Citadel Directors means the board of directors of Citadel;

Citadel Group means Citadel and each of its Related Bodies Corporate and a reference to a **Citadel Group Member** or a **member of the Citadel Group** is to Citadel or any of its Related Bodies Corporate;

Citadel Information means the information in this Scheme Booklet other than the PEP BidCo Information and the Independent Expert's Report;

Citadel Prescribed Occurrence has the meaning given to the term "Target Prescribed Occurrence" in clause 1.1 of the Scheme Implementation Deed;

Citadel Register means the register of members of Citadel maintained in accordance with the Corporations Act;

Citadel Scheme Warranties means the representations and warranties of Citadel set out in clause 14.1(b) of the Scheme Implementation Deed;

Citadel Share means a fully paid ordinary share of Citadel;

Citadel Share Registry means Link Market Services Limited ABN 54 083 214 537;

Citadel Shareholder means each person registered as a holder of Citadel Shares in the Citadel Register;

Class A Share means a Class A Share in the capital of HoldCo having the rights set out in the HoldCo Shareholders Deed and the HoldCo Constitution;

Class A Shareholders means the registered holders of Class A Shares;

Class B Directors means directors of the HoldCo Board appointed by the Class B Shareholders;

Class B Share means a Class B Share in the capital of HoldCo having the rights set out in the HoldCo Shareholders Deed and the HoldCo Constitution;

Class B Shareholders means the registered holders of Class B Shares (being Scheme Shareholders who have made a valid Election to receive Class B Shares and have been issued Class B Shares);

Competing Proposal means any expression of interest, proposal, offer, agreement, transaction or arrangement (whether existing before, on or after the date of the Scheme Implementation Deed) by or with any person which, if entered into or completed substantially in accordance with its terms, would mean a person (other than PEP BidCo or funds advised or managed by PEP BidCo) would:

- (a) directly or indirectly, acquire or have a right to acquire an interest or Relevant Interest in or become the holder of 10% or more of the issued share capital of Citadel or Voting Power of 10% or more in Citadel;
- (b) directly or indirectly acquire or have a right to acquire an interest in or become the holder of 50% or more of the issued share capital in any of Citadel's Subsidiaries, including by way of takeover bid, scheme of arrangement, capital reduction, reconstruction, sale of shares or joint venture;
- (c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in, all or a material part of the assets or business of Citadel or its Subsidiaries;
- (d) acquire Control of Citadel (or a material Subsidiary of Citadel);
- (e) have the right to appoint one or more directors to the Citadel Board;
- (f) otherwise acquire or merge (including by a reverse takeover bid, joint venture or dual listed company structure) with Citadel (or a material Subsidiary of Citadel); or
- (g) require Citadel to abandon, or otherwise fail to proceed with, the Transaction;

For the purposes of the definition of "Competing Proposal", a Subsidiary or relevant business or assets will be material if the relevant Subsidiary or business or assets contributes more than 50% of the consolidated net profits or represents more than 50% of the total consolidated assets of the Citadel Group;

Control has the meaning given by section 50AA of the Corporations Act;

Corporations Act means the *Corporations Act 2001* (Cth);

Corporations Regulations means the *Corporations Regulations 2001* (Cth);

Court means the Supreme Court of Victoria, Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by Citadel and PEP BidCo;

Court Order means an order made by the Court pursuant to section 411(4)(b) of the Corporations Act approving the Scheme;

Debt Facilities has the meaning given in Section 6.5(b);

Deed Poll means the Deed Poll to be executed by PEP BidCo, MidCo and HoldCo in favour of the Scheme Shareholders, a copy of which is substantially reproduced in Annexure E;

Effective and **Effect** when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Court Order, but in any event at no time before an office copy of the Court Order is lodged with ASIC;

Effective Date means the date on which the Scheme becomes Effective;

Election means an election by a Citadel Shareholder to receive the Scrip Consideration, which election is made by following the procedure set out in Section 1.4(e) of this Scheme Booklet under 'How to make an Election to receive the Scrip Consideration';

Election Date means 5:00pm on Tuesday, 24 November 2020;

Election Form means the election form under which Scheme Shareholders can choose to receive a Scrip Consideration Option for some or all of their Citadel Shares;

Election Portal means the voting portal operated by the Citadel Share Registry for the purposes of the Scheme at <https://investors.citadelgroup.com.au>;

Employee Share Right means a right granted under the Employee Share Rights Plan to acquire by way of issue a Citadel Share subject to the terms of such plan;

Employee Share Rights Plan means Citadel's LTI Equity Plan Rules;

End Date means 14 March 2021 or such other date as Citadel and PEP BidCo may agree in writing;

Equity Funding has the meaning given in Section 6.5(b);

Exclusivity Period means the period from and including 14 September 2020, being the date of the Scheme Implementation Deed to the earlier of:

- (a) the termination of the Scheme Implementation Deed in accordance with its terms; and
- (b) the End Date;

11. Glossary of Terms

Exit has the meaning given to that term in the HoldCo Shareholders Deed;

Explanatory Statement means the explanatory statement for the purposes of section 412 of the Corporations Act, constituted by this Scheme Booklet;

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth);

FIRB Approval means the approval PEP BidCo requires from the Federal Treasurer (or the Federal Treasurer's delegate) pursuant to clause 3.1(a) of the Scheme Implementation Deed;

Foreign Scheme Shareholders means a Scheme Shareholder whose address in the Citadel Register as at the Scheme Record Date is a place outside Australia, New Zealand or the United Kingdom unless Citadel and PEP BidCo agree in writing that it is lawful and not unduly onerous or impractical to issue HoldCo Shares to the Scheme Shareholder if that Scheme Shareholder so elects under the Scheme;

Fund has the meaning given in Section 6.2(d);

Government Agency means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute;

HoldCo means Pacific Group Topco Limited ACN 644 302 492;

HoldCo Board means the board of Directors of HoldCo as constituted from time to time;

HoldCo Constitution means the constitution of HoldCo in the form set out in Annexure A to the HoldCo Shareholders Deed;

HoldCo Group means HoldCo and each of its Related Bodies Corporate and a reference to a **HoldCo Group Member** or a member of the HoldCo Group is to HoldCo or any of its Related Bodies Corporate;

HoldCo Prescribed Occurrence has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed;

HoldCo Share means a Class B Share;

HoldCo Shareholder means a shareholder of HoldCo, including Class A Shareholders and Class B Shareholders;

HoldCo Shareholders Deed means the shareholders' deed in relation to HoldCo in the form set out in Annexure F or as otherwise agreed between Citadel and PEP BidCo;

Implementation Date means the 5th Business Day after the Scheme Record Date;

Independent Director means an independent director of the HoldCo Board nominated by the PEP Shareholders;

Independent Expert means Lonergan Edwards & Associates Limited ABN 53 095 445 560;

Independent Expert's Report means the independent expert's report prepared by the Independent Expert, a copy of which is reproduced in Annexure B;

Listing Rules means the official listing rules of ASX;

Maximum Holding Threshold means 24,300,000 HoldCo Shares;

MidCo means Pacific Group Midco Pty Ltd ACN 644 072 248;

MidCo Share means a fully paid ordinary share in the capital of MidCo which is designated as a "Class B" share, having the rights specified in the constitution of MidCo;

Minimum Election Threshold means, in relation to an Election made by a Citadel Shareholder to receive the Scrip Consideration, such number of Citadel Shares which is equal to 50% of the Citadel Shares held by that Citadel Shareholder as at the Scheme Record Date;

Minimum Holding Threshold means the requirement that Citadel Shareholders (other than Foreign Scheme Shareholders) holding, in aggregate, at least 5% of Citadel Shares at the Election Date make valid Elections to receive Scrip Consideration;

Mix-and-Match means, in respect of a Citadel Shareholder who makes an Election, an Election to receive Scrip Consideration for at least 50% but less than 100% of their Scheme Shares and Cash Consideration for the remainder of their Scheme Shares;

Nominee has the meaning given in the HoldCo Shareholders Deed;

Nominee Deed has the meaning given in the HoldCo Shareholders Deed;

Notice or **Notice of Meeting** means the notice of general meeting which is contained in Annexure G;

PEP means Pacific Equity Partners Pty Limited ACN 082 283 949;

PEP BidCo means Pacific Group Bidco Pty Ltd ACN 644 075 221;

PEP BidCo Group means PEP BidCo and each of its Related Bodies Corporate and a reference to a **PEP BidCo Group Member** or a **member of the PEP BidCo Group** is to PEP BidCo or any of its Related Bodies Corporate;

PEP BidCo Information means all information (including any updates to such information) regarding the PEP BidCo Group, HoldCo and the Scheme Consideration that is provided by or on behalf of the PEP BidCo Group or HoldCo to Citadel, its Representatives or the Independent Expert to enable the Scheme Booklet to be prepared and completed in accordance with the Scheme Implementation Deed and required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60, but excluding information about the Citadel Group (except to the extent it relates to any statement of intention relating to the Citadel Group following the Effective Date);

PEP BidCo Representations and Warranties means the representations and warranties of PEP BidCo set out in clause 14.5 of the Scheme Implementation Deed;

PEP BidCo Share means a fully paid ordinary share in the capital of PEP BidCo which is designated as a “Class B” share, having the rights specified in the constitution of PEP BidCo;

PEP Director means a director of the HoldCo board appointed by the PEP Shareholders;

PEP Shareholders means the entities constituting the Fund;

Registered Address means, in relation to a Citadel Shareholder, the address shown in the Citadel Register as at the Scheme Record Date;

Related Body Corporate or **Related Bodies Corporate** has the meaning given to those terms in section 50 of the Corporations Act;

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act, as modified by any legislative instrument issued by ASIC;

Representative means, in relation to:

- (a) Citadel or its Related Bodies Corporate;
- (b) PEP BidCo or its Related Bodies Corporate; or
- (c) HoldCo or its Related Bodies Corporate,

any partner, member, director, employee, officer, agent, contractor, professional adviser (including legal, financial or accounting advisers), potential debt and equity financing source, potential co-investor, banker, auditor or other consultant and representatives of any of the foregoing;

Requisite Majorities has the meaning set out in Section 3.4;

Scheme and **Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between Citadel and Citadel Shareholders in respect of all of the Citadel Shares, a copy of which is set out in Annexure D, subject to any alterations or conditions agreed or made or required by the Court under section 411(6) of the Corporations Act and agreed to by PEP BidCo and Citadel;

Scheme Booklet means this scheme booklet, including the Annexures to it;

Scheme Conditions means the conditions set out in clause 3 of the Scheme and clause 3.1 of the Scheme Implementation Deed and summarised in Section 9.4(e);

Scheme Consideration means the consideration to be provided to each Scheme Shareholder for the transfer to PEP BidCo for each Scheme Share, being for each Citadel Share held by a Scheme Shareholder as at the Scheme Record Date:

- (a) the Cash Consideration; and/or
- (b) the Scrip Consideration;

Scheme Implementation Deed means the Scheme Implementation Deed dated 14 September 2020 between Citadel and PEP BidCo (as amended and restated on 27 October 2020), a copy of which is substantially reproduced in Annexure C;

Scheme Meeting means the meeting of Citadel Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following adjournment or postponement of that meeting;

Scheme Record Date means 5:00pm on the 2nd Business Day following the Effective Date, or such other date as PEP BidCo and Citadel agree or as may be required by ASX;

Scheme Resolution means a resolution of Citadel Shareholders to approve the Scheme, the form of which is set out in the Notice of Meeting;

Scheme Shares means all of the Citadel Shares on issue on the Scheme Record Date;

11. Glossary of Terms

Scheme Shareholder means each person registered in the Citadel Register as the holder of Scheme Shares as at the Scheme Record Date;

Scrip Consideration means, for each Citadel Share in respect of which a Scheme Shareholder makes a valid Election, 1 Class B Share;

Scrip Consideration Options means All Scrip Consideration or Mix-and-Match (as applicable);

Scrip Scale Back means the scale back in relation to the Scrip Consideration in the event that the total number of HoldCo Shares in respect of which Citadel Shareholders have made valid Elections on or before the Election Date exceeds the Maximum Holding Threshold or such other amount agreed between PEP BidCo and Citadel in writing;

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **Second Court Hearing**;

Securities has the meaning given to that term in the HoldCo Shareholders Deed;

Special Dividend means a fully franked dividend of up to and including \$0.20 per Citadel Share that the Citadel Directors may declare if the Scheme is approved by Citadel Shareholders and the Court, to be paid by Citadel on the Special Dividend Payment Date;

Special Dividend Payment Date means such date to be determined by the Citadel Board when they declare the Special Dividend currently expected to be Thursday, 17 December 2020 if the Court approves the Scheme;

Special Dividend Record Date means the time and date for determining entitlements to the Special Dividend, being 7:00pm (AEDT) on Tuesday, 8 December 2020 (or such other Business Day as Citadel and PEP BidCo agree);

Subsidiary has the meaning given to that term in section 46 of the Corporations Act;

Superior Proposal means a bona fide Competing Proposal which the Citadel Board, acting in good faith in order to satisfy what the Citadel Board reasonably considers to be its fiduciary or statutory duties and after taking advice from Citadel's legal and financial advisers, determines that:

- (a) would, if completed substantially in accordance with its terms, result in an acquisition of Control of Citadel or all or substantially all of the assets of the Citadel Group;
- (b) is reasonably likely to be completed in accordance with its terms in a timely fashion and not materially after the proposed Implementation Date (based on the Timetable), taking into account all financial, regulatory and other aspects of such proposal, including its conditionality and the ability of the proposing party to fund and consummate the transactions contemplated by the Competing Proposal; and
- (c) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Citadel Shareholders than the Transaction, taking into account all the terms and conditions of the Competing Proposal;

Third Party means a person other than PEP BidCo and its Associates;

Timetable means the indicative timetable in relation to the Scheme as set out under the heading "Important dates" at the front of this Scheme Booklet or such other indicative timetable as agreed in writing between the parties or as may be required by ASX;

Transaction means the acquisition of Citadel by PEP BidCo through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed;

Trust Account means an Australian dollar denominated trust account operated by Citadel as trustee for the benefit of the Scheme Shareholders;

UK Scheme Shareholder means each holder of Scheme Shares at the Scheme Record Date who is resident in the United Kingdom, or is holding Scheme Shares or any interest in Scheme Shares directly or indirectly on behalf of any person who is resident in, or has a Registered Address in, the United Kingdom;

United Kingdom means the United Kingdom of Great Britain and Northern Ireland;

Voting Eligibility Date means the time and date for determining eligibility to vote at the Scheme Meeting;

Voting Power has the meaning given to that term in section 610 of the Corporations Act; and

VWAP means volume-weighted average price.

A close-up, artistic photograph of a person's face, focusing on the eye area. A futuristic, metallic, circular lens or device is positioned over the right eye, emitting a bright blue light. The background is a mix of soft, out-of-focus colors in shades of purple, blue, and pink, with geometric shapes overlaid. The overall aesthetic is high-tech and digital.

ANNEXURE A

Taxation Implications of the Transaction

A. Taxation Implications of the Transaction

This summary is a general outline of the Australian income tax, goods and services tax (**GST**) and stamp duty consequences for certain Citadel Shareholders who choose to participate in the proposed Scheme resulting in a Special Dividend and the disposal of their Citadel Shares.

The summary applies to Citadel Shareholders who are Australian tax residents under Australian income tax law. This summary does not apply to Citadel Shareholders who:

- > hold their Citadel Shares as revenue assets or as trading stock;
- > acquired their Citadel Shares pursuant to an employee share scheme;
- > are entities that may be subject to special rules including a Citadel Shareholder who has changed their tax residency while holding Citadel Shares, financial institutions, insurance companies, partnerships, tax exempt entities, trusts and superannuation funds;
- > are subject to the investment manager regime under subdivision 842-I of the *Income Tax Assessment Act 1997 (ITAA 1997)* in relation to their Citadel Shares; or
- > are subject to the taxation of financial arrangement rules in Division 230 of the ITAA 1997 in relation to gains and losses on Citadel Shares.

This is a general outline only of Australian tax law at the time of the release of this Scheme Booklet, and should be read in conjunction with the rest of the Scheme Booklet. It is not intended to be an authoritative or complete statement of the laws applicable to the Citadel Shareholders and should not be relied upon by Citadel Shareholders as tax advice. Citadel Shareholders should obtain their own professional tax advice in regard to their specific circumstances.

Class Ruling

Citadel has lodged a Class Ruling application with the Australian Taxation Office (**ATO**) to confirm the income tax implications for Citadel Shareholders of the Scheme and the Special Dividend.

The Class Ruling application seeks confirmation of a number of tax outcomes including the following:

- > the availability of scrip-for-scrip roll-over relief for Citadel Shareholders who receive Scrip Consideration;
- > the Special Dividend will not constitute part of the capital proceeds received for the disposal of Citadel Shares; and
- > the ATO will not apply integrity measures to the franking credits attaching to the Special Dividend.

The Scheme is not conditional on receipt of the Class Ruling. Citadel will make an ASX announcement upon receiving the final Class Ruling.

Special Dividend

Residents

The proposed Special Dividend will be assessable to Australian resident Citadel Shareholders in the income year in which they are paid. The Special Dividend is expected to be fully franked. The franking credits attached to the Special Dividend should also be included in the assessable income of the Citadel Shareholders.

Citadel Shareholders may be entitled to a tax offset equal to the franking credit attached to the Special Dividend, provided that they satisfy certain conditions. The conditions include that the Citadel Shareholder is a 'qualified person' in relation to the Special Dividend. In order for a Citadel Shareholder to be a 'qualified person' in respect of the Special Dividend, they must hold their Citadel Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period. The prescribed period is expected to be from 25 October 2020 to 9 December 2020 (inclusive). Any Citadel Shareholder that acquires their Citadel Shares on or after 26 October 2020 will not be entitled to a tax offset for the franking credits.

Citadel Shareholders who are individuals and complying superannuation funds may be entitled to a tax refund of excess franking credits where the tax offset exceeds their tax liability in the income year. Citadel Shareholders that are companies will be able to convert any excess franking credit offset into tax losses in the income year and may also be able to credit their franking credit account.

Non-residents

The fully franked Special Dividend should be non-assessable non-exempt income for non-resident Citadel Shareholders (other than those received through a permanent establishment or those who receive the Special Dividend in carrying on business in Australia). For this reason, non-resident Citadel Shareholders should not include the Special Dividend in their assessable income.

Disposal of the Citadel Shares

Under the Scheme, the Citadel Shareholders will dispose of their Citadel Shares to PEP BidCo in exchange for Scheme Consideration, comprising of Cash Consideration and/or Scrip Consideration.

Citadel Shareholders will dispose of their Citadel Shares to PEP BidCo under the Scheme for capital gains tax (**CGT**) purposes on the Implementation Date.

Capital gain or loss

A capital gain will be derived by the Citadel Shareholder if the capital proceeds from the disposal of the Citadel Shares are more than the Citadel Shareholder's cost base in the Citadel Shares, and a capital loss will be incurred if the capital proceeds are less than the Citadel Shareholder's reduced cost base in the Citadel Shares.

Citadel Shareholders who derive a capital gain on Citadel Shares which are exchanged for Class B Shares (namely, the Scrip Consideration) may choose scrip-for-scrip roll-over relief (discussed below).

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain or net capital loss. In the event of a net capital gain, it will be included in assessable income and is subject to income tax. If a net capital loss is incurred, it may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains. Specific loss rules apply to Citadel Shareholders that are companies which may limit their ability to offset capital losses in a current or later income year.

Cost base

A Citadel Shareholder's cost base in their Citadel Shares will generally include the amount paid to acquire the Citadel Shares, as well as certain incidental costs of acquisition and disposal that are not otherwise deductible to the Citadel Shareholder. A Citadel Shareholder's reduced cost base of the Citadel Shares will be similarly determined.

Capital proceeds

The capital proceeds received by Citadel Shareholders for the disposal of their Citadel Shares under the Scheme should be \$5.70 per share, less the amount of the Special Dividend (subject to the Class Ruling).

CGT Discount

The CGT discount should be available to certain Citadel Shareholders who are either individuals, a complying superannuation fund, or trust.

If such a Citadel Shareholder acquired their Citadel Shares at least 12 months before the Implementation Date, the amount of the capital gain (after being reduced for current year capital losses and prior year capital losses, if any) is reduced by the relevant CGT discount percentage. For individuals and trusts the CGT discount rate is 50% and for complying superannuation entities 33⅓%. No CGT discount is available for Citadel Shareholders that are companies.

Non-residents

Non-resident Citadel Shareholders should generally disregard any gains or losses arising on the disposal of their Citadel Shares. Any gain, however, derived by a non-resident Citadel Shareholder, who at any time held their Citadel Shares in carrying on a business or through a permanent establishment in Australia, may be assessable in Australia.

Scrip-for-scrip roll-over relief

The ATO is expected to confirm in the Class Ruling that Australian resident Citadel Shareholders who would otherwise make a capital gain on exchanging their Citadel Shares for Class B Shares under the Scheme should be eligible to choose CGT scrip-for-scrip roll-over relief. If roll-over relief is chosen by the Citadel Shareholder, the capital gain that they would otherwise make on the disposal of those Citadel Shares will be disregarded.

Where a Citadel Shareholder chooses scrip-for-scrip roll-over relief, the cost base of the Class B Shares received in exchange for those Citadel Shares will be the cost base of the Citadel Shares. Further, the replacement Class B Shares will be taken to have been acquired on the date of acquisition of the original Citadel Shares for the purposes of determining eligibility for the CGT discount on the future disposal of the Class B Shares.

A. Taxation Implications of the Transaction

The Citadel Shareholder must choose the CGT roll-over relief before lodging their income tax return for the income year in which the Implementation Date occurs. A Citadel Shareholder will provide sufficient evidence of having chosen scrip-for-scrip roll-over relief by the way they prepare their income tax return (i.e. by excluding the disregarded capital gain from assessable income). There is no requirement for a separate notice to be lodged with the ATO.

Citadel Shareholders should seek professional taxation advice which considers their individual circumstances before making an election.

If CGT roll-over relief is not chosen

If a Citadel Shareholder incurs a capital loss or derives a capital gain on receiving the Scrip Consideration but does not choose roll-over relief, the cost base of the Class B Shares received under the Scheme will be the market value of the Citadel Shares exchanged on the Implementation Date.

A Citadel Shareholder who makes a capital gain where roll-over is not chosen, or cannot be chosen, should be able to treat the capital gain as a discount capital gain provided that certain conditions are met, including that the Citadel Shares that were disposed of must have been acquired by the Citadel Shareholder at least 12 months prior to the Implementation Date.

The Class B Shares will be acquired for CGT purposes on the Implementation Date. This date will be relevant for the purpose of qualifying for the CGT discount upon future disposal of the Class B Shares.

Stamp duty

No stamp duty should be payable by Citadel Shareholders on the disposal of their Citadel Shares under the Scheme or on the acquisition of the Class B Shares under the Scheme.

GST

No GST will be payable by Citadel Shareholders in respect of the disposal of their Citadel Shares or the acquisition of Class B shares under the Scheme.

Citadel Shareholders may be charged GST on taxable supplies from third party suppliers (including advisor fees) that relate to their participation in the Scheme. Citadel Shareholders may be entitled to input tax credits or reduced input tax credits for such costs but this will depend on the Citadel Shareholder's personal circumstances. Accordingly, Citadel Shareholders should seek independent professional advice in relation to these matters.

A woman with dark hair, wearing a dark blue cable-knit sweater over a white collared shirt, is shown in profile from the chest up. She is looking upwards and to the left, with her right hand raised and fingers slightly spread, as if gesturing or pointing. The background is a blurred office interior with large windows showing a view of a city skyline. A large, white, semi-transparent hexagonal shape is overlaid on the left side of the image, containing the text. The overall color palette is dominated by blues and whites.

ANNEXURE B

Independent Expert's Report

B. Independent Expert's Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

ABN 53 095 445 560
AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
www.lonerganedwards.com.au

The Directors
The Citadel Group Limited
Citadel House
11-13 Faulding Street
Symonston ACT 2609

27 October 2020

Subject: Proposed acquisition of The Citadel Group Limited by way of Scheme

Dear Directors

Introduction

- 1 On 14 September 2020, The Citadel Group Limited (Citadel or the Group) announced that it and Pacific Group BidCo Pty Ltd (PEP Bidco), an entity owned by funds advised by Pacific Equity Partners Pty Limited (PEP¹), had signed a Scheme Implementation Deed (the Agreement) under which PEP Bidco would acquire all of the issued shares in Citadel for an offer consideration of \$5.70 cash per Citadel share. A scrip alternative is also available to Citadel shareholders, subject to rounding and scale back mechanisms.
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Citadel and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 If the Scheme is approved and implemented, Citadel shareholders may elect to receive the offer consideration as either:
 - (a) a cash amount of \$5.70 for each Citadel share they hold on the Scheme Record Date, less the cash amount of any Special Dividend (Cash Consideration)
 - (b) one Class B share in a new entity, Pacific Group Topco Limited (HoldCo), for each Citadel share they hold on the Scheme Record Date, subject to any scrip scale back (Maximum Scrip Consideration); or
 - (c) a mix of cash and scrip, being Class B shares in HoldCo for between 50% and 100% of their shares in Citadel (subject to any scrip scale back) and \$5.70 in cash for the remainder of their Citadel shares (reduced to the extent of any Special Dividend (Mix and Match Consideration),(collectively, the Scheme Consideration).

¹ PEP is a leading Australian private equity firm. Founded in 1998, funds advised by PEP have completed 34 primary transactions and over 100 follow-on investments. The PEP funds have over A\$5 billion in assets under management.

Authorised Representatives:

Wayne Loneragan • Craig Edwards* • Hung Chu • Martin Hall • Martin Holt* • Grant Kepler* • Julie Planinic* • Nathan Toscan

* Members of Chartered Accountants Australia and New Zealand and holders of Certificate of Public Practice.
Liability limited by a scheme approved under Professional Standards Legislation

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- 4 The Maximum Scrip Consideration and Mix and Match Consideration options will be subject to a scale back provision to ensure that the total number of B Class shares in HoldCo does not exceed approximately 40% of the total HoldCo shares on issue (Scrip Scale Back). Citadel shareholders who elect to receive either the Maximum Scrip Consideration or the Mix and Match Consideration will become parties to the HoldCo Shareholders Deed.
- 5 The Maximum Scrip Consideration and Mix and Match Consideration options will only operate if Citadel shareholders (excluding ineligible foreign shareholders) holding, in aggregate, at least 5% of the total issued capital of Citadel elect to receive a whole or partial scrip alternative. In the event this criterion is not satisfied, all Citadel shareholders will receive the Cash Consideration option.
- 6 Pursuant to the Agreement, Citadel intends to pay a fully franked special dividend of up to \$0.20 per Citadel share (Special Dividend), which would enable Citadel shareholders to potentially receive an additional benefit from the attaching franking credits². Should the full Special Dividend of \$0.20 per Citadel share be paid, the Cash Consideration option and the cash element of any Mix and Match Consideration options payable under the Scheme will be reduced to \$5.50 per share.

Purpose of report

- 7 The Scheme is subject to a number of conditions precedent, including an independent expert concluding that the Scheme is in the best interests of Citadel shareholders.
- 8 In addition:
 - (a) the Directors' recommendation of the Scheme is subject to an independent expert concluding that the Scheme is in the best interests of Citadel shareholders
 - (b) as the Scheme is a change of control transaction, Australian Securities & Investments Commission's (ASIC) Regulatory Guide 111 "*Content of Expert Reports*" (RG 111) also requires the independent expert to provide an opinion on whether the Scheme is fair and reasonable.
- 9 Accordingly, the Directors of Citadel have requested Lonergan Edwards & Associates Limited (LEA) to prepare an independent expert's report (IER) stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Citadel shareholders and the reasons for that opinion.
- 10 LEA is independent of Citadel and PEP and has no other involvement or interest in the proposed Scheme.

² It remains at the discretion of the Citadel Board as to whether the Special Dividend is ultimately declared and paid. Whether a Citadel shareholder will be able to capture the full benefit of the franking credits will depend on their individual tax circumstances.

B. Independent Expert's Report



Summary of opinion

- 11 In our opinion, the Scheme is fair and reasonable and in the best interests of Citadel shareholders in the absence of a superior proposal. We have formed this opinion based on the Cash Consideration for the reasons set out below.

Value of Citadel

- 12 We have assessed the value of Citadel shares on a 100% controlling interest basis at A\$5.24 to A\$5.75 per share, as shown below:

Valuation of Citadel		
	Low A\$m	High A\$m
Enterprise value	474.0	514.5
Less net debt	(60.0)	(60.0)
Less cash cost of settling performance rights	(1.6)	(1.6)
Equity value	412.4	452.9
Shares on issue	78.7	78.7
Value per share	\$5.24	\$5.75

Value of Scheme Consideration

Cash Consideration

- 13 As stated above, the Cash Consideration (inclusive of any Special Dividend) is \$5.70 in cash per Citadel share.

Value of scrip alternatives

- 14 As noted above, Citadel shareholders can also elect to receive one of two scrip alternatives, subject to rounding and scale back mechanisms. These scrip alternatives will only operate if Citadel shareholders (excluding ineligible foreign shareholders) holding, in aggregate, at least 5% of the total issued capital of Citadel elect to receive a whole or partial scrip alternative. In the event this criterion is not satisfied, all Citadel shareholders will receive the Cash Consideration option.
- 15 As set out in Section VII, we have assessed the value of both the Maximum Scrip Consideration and the Mix and Match Consideration as providing a lower consideration to Citadel shareholders than the Cash Consideration.
- 16 Specifically, we have assessed the controlling interest value of the HoldCo shares to be received under the scrip alternatives at between \$4.30 to \$4.96 per HoldCo share (assuming payment of a Special Dividend of \$0.20 per Citadel share). The controlling interest value of the Maximum Scrip Consideration is therefore between \$4.30 to \$4.96 per Citadel share³. Adding a Special Dividend of \$0.20 per share would increase this value to \$4.50 to \$5.16 per Citadel share. Citadel shareholders should note that this value is materially less than:

³ Under the Maximum Scrip Consideration, Citadel shareholders will receive one HoldCo share for every Citadel share (subject to any scrip scale back, and provided Citadel shareholders (excluding ineligible foreign shareholders) holding, in aggregate, at least 5% of the total issued capital of Citadel elect to receive a whole or partial scrip alternative).

- (a) the Cash Consideration; and
 - (b) our valuation of Citadel shares.
- 17 Further, as Citadel shareholders who elect to receive HoldCo shares will be minority shareholders in HoldCo, and HoldCo shares will not be listed on any securities exchange, it is appropriate when valuing HoldCo shares in the hands of Citadel shareholders to apply discounts for minority interests and lack of marketability.
- 18 We have not quantified the size of these discounts because:
- (a) it is clear that the value of the scrip alternatives (even before applying any discount for minority interests and lack of marketability) are less than the Cash Consideration
 - (b) Citadel shareholders who elect to receive the scrip alternatives should only do so if they are prepared to co-invest with the PEP Funds until a future liquidity event occurs, and are prepared to accept the related voting and liquidity restrictions attaching to their investment in HoldCo.
- 19 For the purpose of our report we have therefore assumed that Citadel shareholders will act in an economically rational manner and will elect the Cash Consideration rather than either of the scrip alternatives⁴. We have evaluated the Scheme on this basis.
- 20 We note that this approach is consistent with the Citadel Board's:
- (a) recommendation of the Scheme to Citadel shareholders, in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of Citadel shareholders
 - (b) decision to make no recommendation in relation to the scrip alternatives.

Fair and reasonable opinion

- 21 Pursuant to RG 111 a scheme is "fair" if the value of the Scheme Consideration is equal to or greater than the value of the securities the subject of the Scheme.
- 22 This comparison based on the Cash Consideration is shown below:

Position of Citadel shareholders			
	Low	High	Mid-point
	\$ per share	\$ per share	\$ per share
Value of Cash Consideration	5.70	5.70	5.70
Value of 100% of Citadel	5.24	5.75	5.50
Extent to which the Cash Consideration exceeds (or is less than) the value of Citadel	0.46	(0.05)	0.20

⁴ We have been instructed that the scrip alternatives have been proposed to enable Citadel shareholders (other than ineligible foreign shareholders) to retain an interest in the Citadel business post implementation of the Scheme. We assume Citadel shareholders who effectively elect to co-invest with the PEP Funds do so in recognition of the related restrictions attaching to their investment in HoldCo.

B. Independent Expert's Report



- 23 As the Cash Consideration lies toward the top end of our assessed valuation range for Citadel shares on a 100% controlling interest basis, in our opinion, the Cash Consideration is fair to Citadel shareholders when assessed based on the guidelines set out in RG 111.
- 24 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Cash Consideration is also reasonable. As all Citadel shareholders can elect to receive the Cash Consideration, in our opinion, the Scheme is fair and reasonable.

In the best interests

- 25 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a Scheme may be “in the best interests of the members of the company” if there are sufficient reasons for shareholders to vote in favour of the Scheme in the absence of a higher offer.
- 26 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because, if the Scheme Consideration is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.
- 27 We therefore consider that the Scheme is also “in the best interests” of Citadel shareholders in the absence of a superior proposal.

Assessment of the Scheme

- 28 We summarise below the likely advantages and disadvantages of the Scheme for Citadel shareholders.

Advantages

- 29 In our opinion, the Scheme has the following benefits for Citadel shareholders:
- (a) the Cash Consideration of \$5.70 cash per share is towards the high end of our assessed value range for Citadel shares on a 100% controlling interest basis
 - (b) the Cash Consideration represents a significant premium to the recent market prices of Citadel shares prior to the announcement of the proposed Scheme on 14 September 2020
 - (c) furthermore, the premium is consistent with and/or exceeds observed premiums generally paid to target company shareholders in comparable circumstances
 - (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Citadel shares is likely to trade at a significant discount to our valuation and the Cash Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

- 30 Citadel shareholders who elect to receive the Cash Consideration should note that if the Scheme is implemented they will no longer hold an interest in Citadel. Citadel shareholders receiving the Cash Consideration option will therefore not participate in any future value created by the company over and above that reflected in the Cash Consideration.

- 31 However, as our assessed value of Citadel shares is consistent with the Cash Consideration, in our opinion, the present value of Citadel's future potential is reflected in the Cash Consideration.

Conclusion

- 32 Given the above analysis, we consider the acquisition of Citadel shares under the Scheme is fair and reasonable and in the best interests of Citadel shareholders in the absence of a superior proposal.

General

- 33 In preparing this report we have considered the interests of Citadel shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.
- 34 The impact of approving the Scheme on the tax position of Citadel shareholders depends on the individual circumstances of each investor. Citadel shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 35 The ultimate decision whether to approve the Scheme should be based on each Citadel shareholder's assessment of their own circumstances. If Citadel shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice. For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Citadel shareholders read the remainder of our report.

Yours faithfully



Craig Edwards
Authorised Representative



Martin Holt
Authorised Representative

B. Independent Expert's Report

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I Key terms of the Scheme

Terms

- 36 On 14 September 2020, The Citadel Group Limited (Citadel) announced that it and Pacific Group BidCo Pty Ltd (PEP Bidco), an entity owned by funds advised by Pacific Equity Partners Pty Limited (PEP⁵), had signed a Scheme Implementation Deed (the Agreement) under which PEP Bidco would acquire all of the issued shares in Citadel for an offer consideration of \$5.70 cash per Citadel share. A scrip alternative is also available to Citadel shareholders, subject to rounding and scale back mechanisms.
- 37 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Citadel and its shareholders (the Scheme) and is subject to a number of conditions precedent, as summarised below.
- 38 If the Scheme is approved and implemented, Citadel shareholders may elect to receive the offer consideration as either:
- (a) a cash amount of \$5.70 for each Citadel share they hold on the Scheme Record Date, less the cash amount of any Special Dividend (Cash Consideration)
 - (b) one Class B share in a new entity, Pacific Group Topco Limited (HoldCo), for each Citadel share they hold on the Scheme Record Date, subject to any scrip scale back (Maximum Scrip Consideration); or
 - (c) a mix of cash and scrip, being Class B shares in HoldCo for between 50% and 100% of their shares in Citadel (subject to any Scrip Scale Back) and \$5.70 in cash for the remainder of their Citadel shares (reduced to the extent of any Special Dividend) (Mix and Match Consideration),
- (collectively, the Scheme Consideration).
- 39 The Maximum Scrip Consideration and Mix and Match Consideration options will be subject to a scale back provision to ensure that the total number of B Class shares in HoldCo does not exceed approximately 40% of the total HoldCo shares on issue (Scrip Scale Back). Citadel shareholders who elect to receive either the Maximum Scrip Consideration or the Mix and Match Consideration will become parties to the HoldCo Shareholders Deed.
- 40 The Maximum Scrip Consideration and Mix and Match Consideration options will only operate if Citadel shareholders (excluding ineligible foreign shareholders) holding, in aggregate, at least 5% of the total issued capital of Citadel elect to receive a whole or partial scrip alternative. In the event this criterion is not satisfied, all Citadel shareholders will receive the Cash Consideration option.
- 41 Pursuant to the Agreement, Citadel intends to pay a fully franked special dividend of up to \$0.20 per Citadel share (Special Dividend), which would enable Citadel shareholders to

⁵ PEP is a leading Australian private equity firm. Founded in 1998, funds advised by PEP have completed 34 primary transactions and over 100 follow-on investments. The PEP funds have over A\$5 billion in assets under management.

potentially receive an additional benefit from the attaching franking credits⁶. Should the full Special Dividend of \$0.20 per Citadel share be paid, the Cash Consideration option and the cash element of any Mix and Match Consideration options payable under the Scheme will be reduced to \$5.50 per share.

Conditions

- 42 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are outlined in the Agreement between Citadel and PEP dated 14 September 2020:
- (a) regulatory approval from the Foreign Investment Review Board
 - (b) an independent expert issues a report which concludes that the Scheme is in the best interests of Citadel shareholders and does not publicly withdraw, qualify or change that opinion at any time before 8.00am on the Second Court Date
 - (c) Citadel shareholder approval by the requisite majorities at the Scheme meeting under the *Corporations Act 2001* (Cth) (Corporations Act)
 - (d) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act
 - (e) no Court or Government Agency has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme, the implementation of the Scheme or the rights of PEP in respect of the Citadel shares to be acquired under the Scheme and none of those things is in effect as at 8.00am on the Second Court Date
 - (f) no “Target Prescribed Occurrence” or “HoldCo Prescribed Occurrence” (as defined in clause 1.1 of the Agreement) occurs on or before 8.00am on the Second Court Date
 - (g) all “Target Scheme Warranties” and “Bidder Representations and Warranties” are true and correct as at 8.00am on the Second Court Date
 - (h) the HoldCo Shareholders Deed is executed by the persons named as the parties to that document
 - (i) Citadel has taken all necessary steps by 8:00am on the Second Court Date to ensure that all outstanding employee incentive arrangements will either vest and be exercised and converted into Citadel shares, be cash settled or lapse and be cancelled by the Effective Date
 - (j) no cybersecurity incident which results in a data breach, system shutdown or operational shutdown for more than one week occurs in respect of Citadel as at 8.00am on the Second Court Date, where such incident or shutdown is likely to have a material adverse effect on Citadel's business, assets, operations, performance or prospects
 - (k) no counterparty to any Material Contract (as defined in clause 1.1 of the Agreement) has given notice in writing to Citadel of its intention to terminate the relevant contract.

⁶ It remains at the discretion of the Citadel Board as to whether the Special Dividend is ultimately declared and paid. Whether a Citadel shareholder will be able to capture the full benefit of the franking credits will depend on their individual tax circumstances.

B. Independent Expert's Report



- 43 Citadel is also subject to the following customary exclusivity provisions:
- (a) no current arrangement or discussions regarding a competing proposal
 - (b) no shop
 - (c) no talk
 - (d) no due diligence by another third party
 - (e) notification of a competing proposal and matching right.
- 44 In the case of certain competing proposals, Citadel has the benefit of a fiduciary carve out to the “no talk” and “no due diligence” restrictions, provided there are requirements to notify competing proposals (including the identity of another bidder) and matching right restrictions.
- 45 Citadel must also procure that its Directors recommend that Citadel shareholders vote in favour of the Scheme and has warranted that its Directors intend to vote the shares they control in favour of the Scheme, subject to:
- (a) no superior proposal emerging; and
 - (b) the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Citadel shareholders.
- 46 A break fee of approximately \$4.5 million is payable by Citadel to PEP Bidco in certain circumstances as specified in the Agreement.

Resolution

- 47 Citadel shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.
- 48 If the resolution is passed by the requisite majorities, Citadel must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Citadel shareholders who hold Citadel shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

II Scope of our report

Purpose

- 49 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.
- 50 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.
- 51 PEP Bidco has no current shareholding in Citadel and has no representation on the Citadel Board. However, both a condition precedent to the Scheme and the Citadel Directors' recommendation of the Scheme are subject to an independent expert concluding that the Scheme is in the best interests of Citadel shareholders. In addition, as the Scheme (if approved and implemented) will result in 100% of the securities in Citadel being held by PEP, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is "fair" and "reasonable" to the shareholders of Citadel.
- 52 The Directors of Citadel have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Citadel by PEP Bidco under the Scheme is fair and reasonable and in the best interests of Citadel shareholders and the reasons for that opinion.
- 53 This report has been prepared by LEA for the benefit of Citadel shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Notice of Meeting and Scheme Booklet to be sent to Citadel shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Citadel shareholders.
- 54 The ultimate decision whether to approve the Scheme should be based on each Citadel shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

- 55 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.
- 56 RG 111 distinguishes "fair" from "reasonable" and considers:
 - (a) the Scheme to be "fair" if the value of the Scheme Consideration is equal to or greater than the value of the securities that are the subject of the Scheme. A comparison must be made assuming 100% ownership of the target company
 - (b) the Scheme to be "reasonable" if it is fair. The Scheme may also be "reasonable" if, despite not being "fair" but after considering other significant factors, in the opinion of

B. Independent Expert's Report



the expert, there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.

- 57 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a Scheme may be “*in the best interests of the members of the company*” if there are sufficient reasons for securityholders to vote in favour of the Scheme in the absence of a higher offer.
- 58 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it must also be “in the best interests” of Citadel shareholders.
- 59 Our report has therefore considered:
- (a) the market value of 100% of the shares in Citadel
 - (b) the value of the consideration offered by PEP Bidco
 - (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
 - (d) the extent to which a control premium is being paid to Citadel shareholders
 - (e) the extent to which Citadel shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (f) the listed market price of Citadel shares, both prior to and subsequent to the announcement of the proposed Scheme
 - (g) the likely market price of Citadel securities if the proposed Scheme is not approved
 - (h) the value of Citadel to an alternative offeror and the likelihood of a higher alternative offer being made for Citadel prior to the date of the Scheme meeting
 - (i) the advantages and disadvantages of the Scheme from the perspective of Citadel shareholders
 - (j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 60 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 61 Our report is also based upon financial and other information provided by Citadel and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 62 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Citadel securityholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due

diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

- 63 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.
- 64 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 65 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.
- 66 In forming our opinion, we have also assumed that:
 - (a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.

B. Independent Expert's Report

III Profile of Citadel

Overview

- 67 Citadel is a software and services company that provides critical software, integration and managed service solutions to a wide range of enterprise clients and government organisations in Australia and, following the acquisition of Wellbeing Software Group (Wellbeing) in early 2020, the United Kingdom (UK). Citadel's products and services are classified into two segments, being Software and Services, across four key vertical markets, being Health, Enterprise, Technology and Professional Services.

History

- 68 Citadel was formed through the merger of Jakeman Business Solutions Pty Ltd and Frontier Group Australia Pty Ltd in 2007. In 2008, the Group extended its professional service capabilities by acquiring specialist communication and collaboration solutions provider ServicePoint Australia Pty Ltd. The following year Citadel expanded into the higher education sector through the acquisition of Australian Business Academy Pty Ltd, a registered training organisation specialising in business qualifications. The Group continued to grow organically and listed on the ASX in November 2014.
- 69 Since listing on the ASX, Citadel has continued to diversify its service offering and revenue streams, and has made a number of additional acquisitions in both new and existing markets. Key acquisitions include:
- (a) **PJA Solutions Pty Ltd (PJA Solutions)** – acquired in June 2015 for \$45 million. PJA Solutions is a leading provider of managed technology services to the Australian health sector. PJA Solutions oversaw more than 30% of all data transactions associated with public laboratory pathology testing in Australia, with more than 30,000 clinicians using its AUSLAB system each month. The acquisition led to the formation of Citadel's Health vertical
 - (b) **Kapish Services Pty Ltd (Kapish)** – purchased in July 2016 for \$17.5 million. The business is a managed services provider and specialist in the support of HP TRIM and Records Manager (now called Content Manager), with a strong presence in the Federal and State Government sectors. Kapish complemented Citadel's Professional Services vertical, and expanded its capabilities across electronic content, document and records management
 - (c) **CHARM Health International Pty Ltd (CHARM)** – acquired in September 2017 for \$8.2 million. CHARM is a specialist oncology e-Health system used by leading public and private health providers of cancer care. The acquisition expanded Citadel's e-Health offerings and established a presence for the Group in oncology, a key growth area in the e-Health sector
 - (d) **Anaesthetic Private Practice Pty Ltd (APP)** – purchased in April 2018 for \$2 million. The business is a provider of cloud based software-as-a-service (SaaS) practice management and billing software for anaesthetists in private practice. The acquisition expanded Citadel's Health vertical across the anaesthetist and general e-Health sectors, whilst contributing to the Group's strategy to grow its recurring subscription revenue base
 - (e) **Gruden Holdings Pty Ltd (Gruden)** – acquired in December 2018 for \$1.7 million. Gruden is a government SaaS platform that specialises in e-Procurement for State and

Federal Government agencies. The acquisition added additional SaaS platform capabilities and introduced Citadel to new government markets

- (f) **Noventus Pty Ltd (Noventus)** – purchased in June 2019 for \$5.7 million. The business is a professional services company that operates in the defence, government, telecommunications and transportation sectors, with capabilities including systems integration and software development, systems engineering, integrated logistics support and project management
- (g) **Wellbeing** – acquired in April 2020 for \$198 million. Wellbeing is a UK software provider that specialises in patient information management and workflow solutions for the radiology and maternity sectors. This was Citadel’s largest acquisition and significantly expanded the Group’s e-Health product suite whilst adding a number of additional high quality recurring revenue streams to the business.

- 70 Citadel delivers services and products via a combination of long term, multi-year managed service contracts, SaaS subscriptions and strategic advisory services. A summary of the Group’s key contract wins over the past three years is set out below:

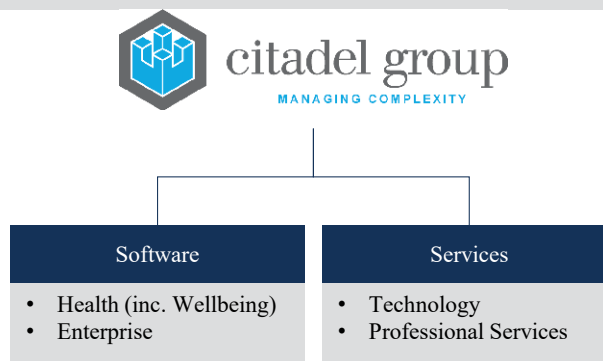
Citadel – contract award history	
Period	Key development
2018	• Nominated as sole supplier to Melbourne City Council for information management services for four years • Awarded new long term SaaS contracts for information management with a number of Local and State Government agencies in Victoria, New South Wales and Queensland • Appointed as the core supplier of audio visual content and video conference collaboration and communication technologies to Deakin University for three years
2019	• Awarded a contract to provide architecture managed services for the Australian Centre to Counter Child Exploitation • Awarded a two year contract extension related to the provision of managed services to Monash University • Awarded a five year CHARM contract with Queensland Health for a chemotherapy management information system • Awarded a three year managed services contract (with a three year extension option) related to an electronic document and records management system for the City of Yarra • Negotiated a five year electronic document and records management system support agreement with a Government client with 1,500 seats • Awarded a 10 year contract with the Queensland Department of Transport and Main Roads to provide a secure, hosted managed service for an electronic development application management system • Awarded a 10 year \$33 million technology services contract with the new Royal Adelaide Hospital
2020	• Awarded a 10 year contract extension with Queensland Health • Wellbeing was awarded a seven year contract for the National Integrated Medical Imaging System program in Ireland • Awarded a three year managed services contract for audio visual / video conferencing support with the University of Melbourne • Awarded an early extension of Department of Defence contracts to July 2021 • Awarded a building works contract worth approximately \$10 million, which is to be completed by the end of the year to 30 June 2021 (FY21) • Awarded a contract with Melbourne Genomics Health Alliance to provide hosting and managed services for the initial stages of work for the clinical genomics platform (with the option to extend for three years)

B. Independent Expert's Report

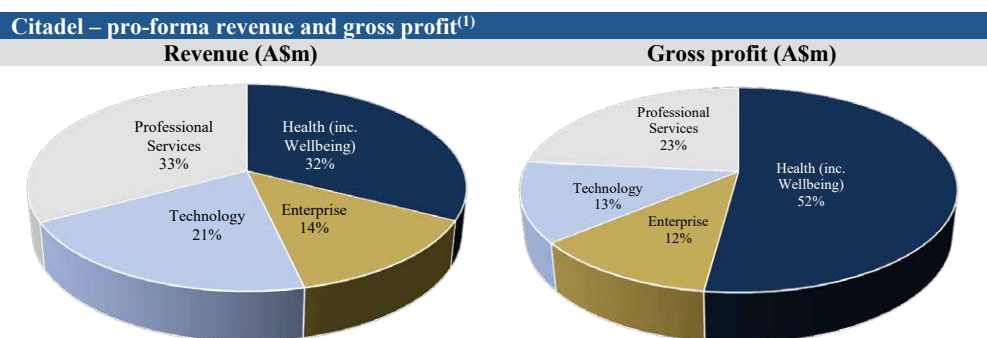
Current operations

- 71 Citadel is an enterprise software and services company that specialises in improving patient healthcare outcomes, securely managing system critical data, supporting enterprise clients to deliver critical information technology (IT) projects and services and enabling anytime, anywhere communication and collaboration. The Group's service offerings include:
- (a) health software used in the pathology, oncology, radiology and maternity verticals
 - (b) document records management systems
 - (c) the provision of specialist technical and security cleared personnel
 - (d) cloud enabled information management software; and
 - (e) the design, installation and management of complex communication and collaboration technology.
- 72 Examples of Citadel's capabilities include:
- (a) in health, Citadel owns and operates Australia's largest laboratory information system supporting over 60 laboratories and 70,000 staff. Over 50,000 transactions are conducted daily and Citadel holds over 28 years of patient histories
 - (b) for national security clients, Citadel has developed a range of big data management systems, including a national counter-terrorism fusion platform as well as a citizen-centric security and incident management digital platform designed to keep people safe
 - (c) for defence, Citadel continues to manage Australia's largest enterprise content management solution, which holds over 500 million secure objects including corporate files, reports, personnel records, and operational information. This is delivered to users wherever they may be using a range of authentication, security, workflow automation and digital integration solutions
 - (d) other enterprises, such as education providers, government agencies and financial services companies, use the Group's digital solutions to enhance collaboration and facilitate their operations through automated integration with other enterprise resource planning systems.
- 73 Citadel's products and services are classified into two segments, being Software and Services, across four key vertical markets, being Health, Enterprise, Technology and Professional Services, an overview of which is as follows:

Citadel – operations



- 74 Revenue from the Software division is primarily derived from licence fees, subscription fees, managed service fees and support and maintenance revenue, and is generally recurring in nature. One off fees are also generated by providing professional services (e.g. implementation and installation services), hardware, or upfront software licenses. Revenue generated by the Services division is typically non-recurring, with services generally provided to clients on a contracted basis for a specified timeframe or project, with the exception of managed service contracts which are recurring in nature.
- 75 Whilst the Services division (Professional Services and Technology verticals) contributes the majority of Citadel's revenue, the Software division (Enterprise and Health verticals), contributes the majority of the Group's gross profits, as shown below:



Note:

1 Pro forma results for FY20 have been adjusted to reflect a full year of contribution from Wellbeing.

Software division

Health (excluding Wellbeing)

- 76 The Health vertical specialises in creating and supporting software solutions, products and managed services for specialist clinics and hospitals across the public and private health sector. The business' products are used to optimise the operations of healthcare providers, and cover a range of clinical applications, including:

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- (a) diagnostic pathology – the virtual laboratory information system EVOLUTION™ (formerly AUSLAB™) provides a unified pathology service that is accessible 24 hours a day from any location, delivered via a flexible service model that allows personal configuration and scalability. The e-Blood laboratory information system is specifically designed for blood banking that increases the efficiency of transfusion laboratories by reducing blood wastage and improving the safety of transfusions
- (b) medical oncology and cancer care – the oncology information management platform CHARM® facilitates the therapeutic management of cancer by enhancing clinical workflow and improving collaboration between multidisciplinary teams of healthcare professionals.

Wellbeing

77 The Wellbeing business was acquired in April 2020 and has been integrated into Citadel's Health vertical⁷. Wellbeing's software provides end to end digitisation of patient information and optimises the process for healthcare professionals to access and manage patient data. The business is a market leading provider of workflow solutions in the UK covering:

- (a) radiology – CRIS® is the most popular radiology information system in the UK, supporting over 200,000 users across 700 locations. CRIS® allows radiologists to collaborate across various organisations and geographical areas, and can be integrated with related technologies to enhance workflow for radiology departments
- (b) maternity – Euroking is a maternity patient data platform and is the leading maternity information system for the UK's National Healthcare System. The platform can be fully integrated into existing hospital systems and facilitates patient record sharing across departments.

Enterprise

78 Citadel's Enterprise vertical provides software products and managed services that deliver end to end information management capabilities to large enterprises and agencies across the Federal, State and Local levels of the Australian Government. Its key software products include:

- (a) Kapish® – a production suite that allows users to integrate existing software (e.g. Microsoft Word, Microsoft Excel etc.) with the Micro Focus Content Manager records management system to import data and improve user experience. The Kapish® product is complemented by a mobile application goTRIM Pro™, which allows users to access content management systems via a mobile device
- (b) Citadel-IX™ – a cloud based SaaS content management system with a high degree of security and data governance that is provided to government organisations on a content manager as a service subscription model
- (c) AusTender and Grant Connect – two platforms used by government agencies to provide a centralised list of Australian Government business and grant opportunities, annual procurement plans, and details of grants and contracts that have been awarded.

⁷ Whilst Wellbeing is part of the Health vertical, as it is located in a different geographic region (i.e. the UK), it is reported as a separate operating segment.

Services division

Technology

- 79 The Technology vertical designs, supplies and implements technology systems to meet the business requirements of clients across tertiary education, healthcare, large enterprises, and all levels of the Australian Government. It specialises in integrated audio, visual and streaming hardware and software solutions, and also provides ongoing support and managed services for its clients' technology systems. Its managed services offering also includes AV Assist[®], an application that allows customers to be connected by video to a remote technician.

Professional Services

- 80 The Professional Services vertical is an advisory business that offers strategic advice, improved practice methodology, technologies and managed services to large enterprises, the Australian Department of Defence and all levels of the Australian Government. It also includes a labour hire and contracting business that assists clients with sourcing appropriate candidates for permanent, fixed-term and contract roles, including security cleared consultants for defence and national security agencies.

Financial performance

- 81 The financial performance of Citadel for the three years ended FY20, is set out below:

Citadel – statement of financial performance ⁽¹⁾			
	FY18 ⁽²⁾	FY19	FY20
	A\$m	A\$m	A\$m
Revenue	106.5	99.2	128.4 ⁽³⁾
Cost of sale of goods and rendering services	(51.1)	(54.4)	(72.5)
Gross profit	55.4	44.8	55.9
Administration	(18.7)	(16.8)	(22.4)
Distribution, sales and marketing	(0.9)	(2.7)	(3.6)
Occupancy	(1.7)	(1.9)	(0.8)
Underlying EBITDA⁽⁴⁾	34.1	23.3	29.2
Depreciation and amortisation	(7.4)	(8.0)	(12.2)
Underlying EBIT⁽⁴⁾	26.8	15.3	16.9
Finance costs	(1.4)	(1.0)	(2.1)
Significant items ⁽⁵⁾	-	-	(12.3)
Profit before tax from continuing operations⁽⁶⁾	25.3	14.3	2.5
Income tax expense	(5.9)	(3.4)	(1.5)
Profit after tax from continuing operations⁽⁶⁾	19.4	10.9	1.0
<i>Revenue growth</i>	7.8%	(6.9%)	29.5%
<i>Underlying EBITDA growth</i>	13.4%	(31.8%)	25.3%
<i>Gross profit margin</i>	52.0%	45.1%	43.5%
<i>EBITDA margin</i>	32.1%	23.5%	22.7%

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Note:

- 1 Rounding differences exist.
 - 2 FY18 results have been restated under Australian Accounting Standards Board (AASB) 15 – *Revenue from Contracts with Customers*.
 - 3 Underlying revenue adjusted for significant items, including contract and deferred revenue adjustments.
 - 4 Earnings before interest, tax, depreciation and amortisation (EBITDA) and earnings before interest and tax (EBIT).
 - 5 Significant items in FY20 relate to acquisition, integration, redundancy and restructure costs, and non-recurring contract adjustments.
 - 6 Citadel announced an exit from the vocational education and training sector on 31 October 2016 and ceased operations on 9 December 2016. However, minor transactions continue to be recognised for occupancy costs, which have been reported as discontinued operations up to FY20. Given the immateriality of the amounts, we have not set out the discontinued operations.
-

- 82 Over the past three years, Citadel's strategy to grow earnings has focused on increasing the share of revenue generated from the provision of higher margin SaaS and recurring software revenue based solutions. This has been undertaken by expanding the Group's software product offering through internal research and development and the acquisition of software providers in similar markets to those of Citadel.

FY18 results

- 83 FY18 revenue and EBITDA increased by 7.8% and 13.4% respectively compared to the previous year, due to a number of contract wins and contract extensions. The Group also benefitted from cross selling products from acquisitions to existing clients in its Health vertical, and signed a number of new long term contracts with clients for its Citadel-IX SaaS product.

FY19 results

- 84 Both revenue and EBITDA declined in FY19, primarily due to a combination of delays in customer project extensions that were expected to commence in the second half of the year and lower than expected expenditure from Government clients in the last three months of the year (with many contract extensions being delayed until the first half of FY20). Notwithstanding this, software and SaaS revenue increased by 23% following investment in the Group's core platform capabilities and the rollout of new products.

FY20 results

- 85 Underlying revenue and underlying EBITDA increased significantly in FY20, driven by the Health (which included three months contribution from Wellbeing), Enterprise and Professional Services verticals. Technology revenue decreased by 11.4% due to the impact of COVID-19 on the higher education industry (a key market for the Technology business), however, a new contract was won in May 2020 (\$9.7 million in revenue), with the majority of this contract to be delivered in FY21.

FY21 outlook

- 86 Whilst Citadel management have not provided specific guidance for FY21, on 27 August 2020, Citadel provided the following statement relating to FY21 as part of its FY20 financial results announcement:

“We are targeting top line organic growth from our Software division of 15% plus over the long term, and 5-10% organic growth from our Services division. Our large qualified pipeline of opportunities now exceeds \$800 million, 90% of which is software in nature. We also have a strong M&A pipeline focused on scalable software opportunities that build our current capabilities.

Our ongoing transformational program is resulting in a clear shift in the earnings mix to high quality recurring software revenue. Our dedicated executive team are driving this change strategy to deliver a business with a high percentage of recurring software-based revenues across a diverse and global client base that over the medium term will lead to improved margins.”

Financial position

87 The financial position of Citadel as at 30 June 2019 and 30 June 2020 is set out below:

Citadel – statement of financial position ⁽¹⁾		
	30 Jun 19	30 Jun 20
	A\$m	A\$m
Debtors and prepayments	25.3	19.8
Inventories	2.5	3.6
Deferred revenue	(11.0)	(15.5)
Creditors, accruals and provisions	(9.3)	(13.9)
Net working capital	7.6	(5.9)
Plant and equipment	2.1	1.9
Intangible assets (including goodwill)	84.6	263.7
Deferred tax liabilities (net)	(8.7)	(18.2)
Non-current provisions	(1.4)	(1.0)
Right of use assets / net of associated lease liabilities	-	(1.0) ⁽²⁾
Other assets and liabilities	0.1	(0.2)
Total funds employed	84.3	239.2
Cash and cash equivalents	14.0	32.5
Interest bearing liabilities	(12.0)	(80.8) ⁽³⁾
Net cash / (borrowings)	2.0	(48.3)
Net assets attributable to Citadel shareholders	86.3	191.0 ⁽⁴⁾

Note:

- 1 Rounding differences exist.
- 2 The Group adopted AASB 16 – *Leases* (AASB 16) during FY20 and as a result recognised \$5.1 million of right of use assets and \$6.2 million of additional lease liabilities as at 30 June 2020.
- 3 Includes finance lease liabilities of \$0.2 million.
- 4 The increase in net assets reflected (in part) a \$127.4 million capital raising (prior to costs) to fund the acquisition of Wellbeing, and the issue of \$9.3 million shares to the vendor of the Wellbeing business.

Net working capital

88 Citadel’s net working capital decreased from positive to negative during FY20, due to the Group’s continued shift towards annual subscriptions, which are generally characterised by low or negative working capital as cash is received in advance for products and services that are delivered over contract periods.

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Intangible assets

89 The carrying value of Citadel's intangible assets is set out below:

Citadel – intangible assets ⁽¹⁾		
	30 Jun 19	30 Jun 20
	A\$m	A\$m
Goodwill	36.4	165.0
Software and product development	36.4	56.0
Trademarks and other rights	0.7	0.7
Customer contracts and relationships	11.2	42.0
Total intangible assets	84.6	263.7

Note:

1 Rounding differences exist.

- 90 The majority of Citadel's intangible assets relate to goodwill from recent acquisitions and capitalised software and product development costs from both acquisitions and the capitalisation of development costs. With the material acquisition of Wellbeing in FY20, the level of intangible assets increased substantially.
- 91 Goodwill is tested for impairment on an annual basis using the value in use method. As at 30 June 2020, the level of goodwill and post-tax discount rates adopted for impairment testing for each business vertical were as follows:

Citadel – goodwill and post-tax discount rates		
	Goodwill	Discount
	A\$m	rate
		%
Wellbeing	130.1	14.5
Health	8.4	11.8
Enterprise	6.6	12.0
Professional Services	11.6	12.0
Technology	8.3	12.8
Total	165.0	

- 92 Citadel capitalises 100% of its annual product development costs for internally developed software, which are amortised over a useful life that varies across each product. Capitalised development costs were \$5.7 million and \$5.8 million for FY19 and FY20 respectively as shown in the following table, which also shows the amortisation of these capitalised costs and the additions due to acquisitions:

Citadel – software and product development ⁽¹⁾		
	30 Jun 19	30 Jun 20
	A\$m	A\$m
Opening balance	35.5	36.4
Capitalised development costs	5.7	5.8
Additions due to acquisitions	0.5	20.3 ⁽²⁾
Less amortisation	(5.4)	(6.5)
Closing balance	36.4	56.0

Note:

- 1 Rounding differences exist.
- 2 Relates to the acquisition of Wellbeing.

Net borrowings

- 93 As at 30 June 2020, Citadel had net borrowings of \$54.2 million⁸, comprised of interest bearing liabilities of \$86.7 million⁹ less cash of \$32.5 million. The material increase in the level of debt in FY20 in comparison to the previous year was due to the Wellbeing acquisition, which was partially funded by debt. As a result, on 27 March 2020 the Group executed a new \$100 million multicurrency¹⁰ term and revolving subscription agreement for the provision of three year debt facilities. The average effective interest rate on the debt facilities as at 30 June 2020 was 3.1% per annum.

Share capital and performance

- 94 As at 9 October 2020, Citadel had 78.7 million fully paid ordinary shares on issue. In addition there are approximately 0.388 million performance share rights on issue plus 0.151 million performance rights for the Chief Executive Officer and Managing Director pending approval at the 2020 annual general meeting. However, pursuant to the terms of the Scheme we understand that only 0.27 million of the performance rights will vest and be cash settled for an amount of approximately \$1.6 million.

Significant shareholders

- 95 As at 9 October 2020, there were three significant shareholders in Citadel:

Citadel – significant shareholders ⁽¹⁾		
Significant shareholder	Shares held	
	Million	% interest
Jakeman Holdings Pty Ltd (ATF Jakeman Family Trust)	6.7	8.6
Bryony McConnell as trustee for McBren Investments	6.3	8.0
Microequities Asset Management Pty Ltd	5.0	6.4

Note:

- 1 Excluding the relevant interest held by Citadel by virtue of various voluntary escrow deeds entered into with certain Group executive shareholders.

Share price performance

- 96 The following chart illustrates the movement in the share price of Citadel from 1 July 2017 to 11 September 2020¹¹:

⁸ This represents the \$48.3 million shown in the table in paragraph 87, plus \$5.9 million in unamortised borrowing costs (which has been netted off the \$48.3 million).

⁹ Includes finance lease liabilities of \$0.2 million.

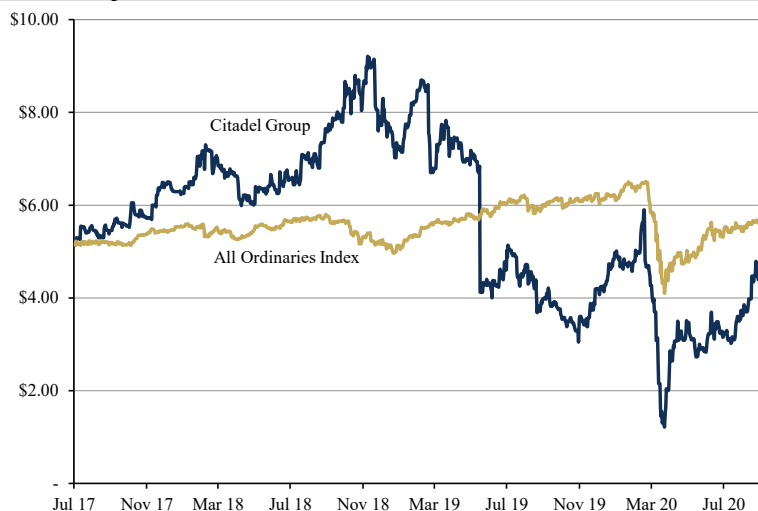
¹⁰ Which comprised an Australian dollar facility (A\$55 million) and a British pound facility (£23.2 million).

¹¹ Being the last trading day prior to the announcement of the Scheme.

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Citadel – share price history⁽¹⁾

1 July 2017 to 11 September 2020



Note:

1 Based on closing prices. The All Ordinaries Index has been rebased to the Group's last traded price on 3 July 2017 (as 1 July 2017 and 2 July 2017 were not trading days).

Source: Bloomberg.

- 97 Over the period from 1 July 2017 to 16 May 2019, the Citadel share price generally outperformed the All Ordinaries Index. However, following a trading update on 17 May 2019, where the Group announced guidance for FY19 that was below market expectations, the Citadel share price declined significantly. Whilst the share price subsequently recovered (although not to previous highs), during the COVID-19 related selloff in equity markets in Australia and globally, the Group's share price declined from a high of \$5.90 per share (reached on 18 February 2020) to a low of \$1.22 per share (on 23 March 2020). However, the Citadel share price recovered some of this decline relatively quickly and was trading around \$4.00 prior to the announcement of the Scheme.

Liquidity in Citadel shares

- 98 The liquidity in Citadel shares based on trading on the ASX over the 12 month period prior to 11 September 2020¹² is set out below:

Citadel – liquidity in shares

Period	Start date	End date	No of shares traded 000	WANOS ⁽¹⁾ outstanding 000	Implied level of liquidity Period ⁽²⁾ %	Annual ⁽³⁾ %
1 month	12 Aug 20	11 Sep 20	10,701	78,710	13.6	163.1
3 months	12 Jun 20	11 Sep 20	25,997	78,709	33.0	132.1
6 months	12 Mar 20	11 Sep 20	62,189	76,131	81.7	163.4
1 year	12 Sep 19	11 Sep 20	89,646	63,251	141.7	141.7

¹² Being the last trading day prior to the announcement of the Scheme.

Note:

- 1 Weighted average number of shares outstanding (WANOS) during relevant period.
 - 2 Number of shares traded during the period divided by WANOS.
 - 3 Implied annualised figure based upon implied level of liquidity for the period.
-

- 99 In each of the periods above, total share turnover (on an annualised basis) has been in excess of 100% of the total number of shares issued in Citadel, indicating a high level of market liquidity.

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IV Industry overview

Overview

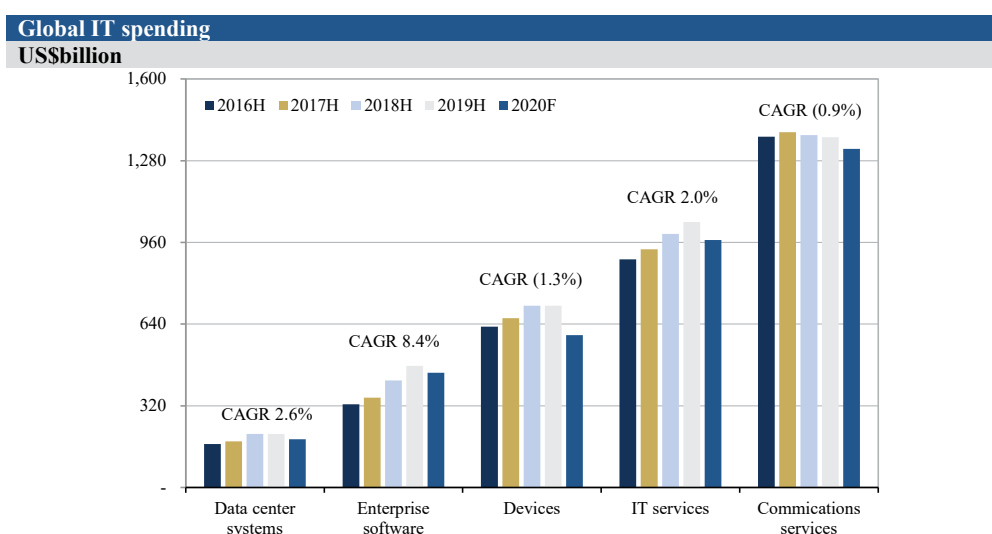
- 100 Citadel is a software and managed services company that operates across a number of subsectors within the broader IT industry. The Group's Software (Health and Enterprise verticals) and Services (Technology and Professional Services verticals) divisions both operates within the Australian IT services industry, whilst Wellbeing operates within the software segment of the UK's IT services industry.

IT industry

- 101 IT is the use of computers to store, retrieve, transmit and manipulate data or information, often in the context of a business or other enterprise. IT, and the hardware and software associated with the IT industry, are an integral part of nearly every major global industry, and play a key role in driving economic growth by increasing productivity. The IT industry can be broadly divided into:
- (a) **infrastructure** – hardware networks, data centres, facilities and related equipment used to develop, test, operate, monitor, manage and/or support IT services
 - (b) **software** – system software such as operating systems and application software that perform specific functions separate from the computer itself
 - (c) **services** – including consulting, implementation of hardware and software, IT outsourcing, infrastructure support and managed services.

Global IT industry

- 102 Over the four years to 2019, global IT spend grew at a compound annual growth rate (CAGR) of 1.0% to US\$3.8 trillion. However, certain sectors outperformed others, with enterprise software the standout with a CAGR of 8.4% over the four years to 2019, and IT services growth also relatively strong with CAGR of 2% over the four years to 2019.



Source: Gartner (2017 to 2020): IT spending forecast press releases. The above CAGRs represent the four years to 2019.

- 103 Global IT spending is projected to decrease some 7.3% to US\$3.5 trillion in 2020, largely due to cost containment across enterprises and the global downturn in economic activity resulting from COVID-19¹³. All segments of the IT industry are expected to experience a decline, with spending on devices and data centre systems to decrease significantly, despite a temporary spike at the beginning of the year, due to more people working from home, and businesses implementing continuity plans in response to the COVID-19 pandemic. However, spending is expected to recover faster than the broader economy, as enterprises accelerate their digital plans in a post COVID-19 world.
- 104 More broadly, future growth is expected to be driven by the continued investment in digital business, blockchain, the internet of things, cloud applications and the progression from big data and algorithms to machine learning and artificial intelligence.

IT services

- 105 IT services companies offer a range of service lines and specialisations, from installation and implementation of IT systems, to providing fully outsourced IT operations for businesses. Some of the key service lines are described below:
- (a) **infrastructure-as-a-service** – a standardised, highly-automated product in which computing hardware, complemented by storage and networking capabilities, is owned by a service provider and offered to customers on-demand, usually via the internet
 - (b) **business process outsourcing services** – classified as either traditional (the delegation of one or more IT-intensive business processes to an external provider) or the delivery of business process outsourcing services via the internet to multiple customers
 - (c) **consulting services** – analysing and improving the efficacy of business and technology strategies and operations. The main sub-segments are business consulting services and technology consulting services
 - (d) **implementation services** – usually project-based services, to install, develop and customise IT solutions, assets and processes, and to integrate them with established applications, infrastructure and processes
 - (e) **application managed services** – include annual or longer term contracts that provide services, processes and methodologies for maintaining, improving and managing enterprise application environments. Services may be provided on-site or off-site and cover customised and off-the-shelf software, SaaS applications and platform-as-a-service applications
 - (f) **infrastructure managed services** – the provision of outsourced asset-based IT infrastructure services
 - (g) **hardware support services** – these services are typically contract based (usually for one or three years) and may cover hardware replacement, on-site field engineering, technical support and proactive monitoring.

¹³ Source: Gartner (2020): *Gartner says worldwide IT spending to decline 7.3% in 2020* press release.

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IT services market growth drivers

106 Key factors that are driving demand for IT services include:

- (a) **increasing connectivity** – broadband and mobile internet connections have been widely adopted over the past 15 years, reflecting a range of factors including improved broadband access and performance, increasing adoption and use of smart phones and the increasing proportion of business transactions conducted online
- (b) **the rise of big data** – rising business and consumer internet usage has created an abundance of data available for businesses to analyse, which enables the study of consumer spending, behaviours and patterns. This has contributed to a greater number of businesses outsourcing data processing activities to IT service providers
- (c) **capital expenditure** – IT expenditure is influenced by cyclical and structural factors. Businesses tend to implement new IT systems during periods of high levels of business confidence and strong economic performance and defer or cancel technology upgrades during the converse. Likewise, in periods of structural change such as technological advancement (e.g. cloud computing), IT expenditure requirements tend to be greater
- (d) **increased demand from key sectors** – for instance, clients in the Government sector have considerable data and transaction requirements, and have increasingly outsourced their data processing needs, particularly in areas such as healthcare. Other key sectors that are increasing their IT outsourcing include finance, insurance, information media and telecommunications
- (e) **security** – IT security is a growing service area and has become a key priority for most medium to large organisations. Security concerns arise from the use of the internet to store and access information and from enterprises increasingly allowing employees to access company information and applications on their own mobile devices. Growth in the internet of things has specific security issues as organisations often do not have control over the source and nature of the software and hardware being used by devices connected via the internet.

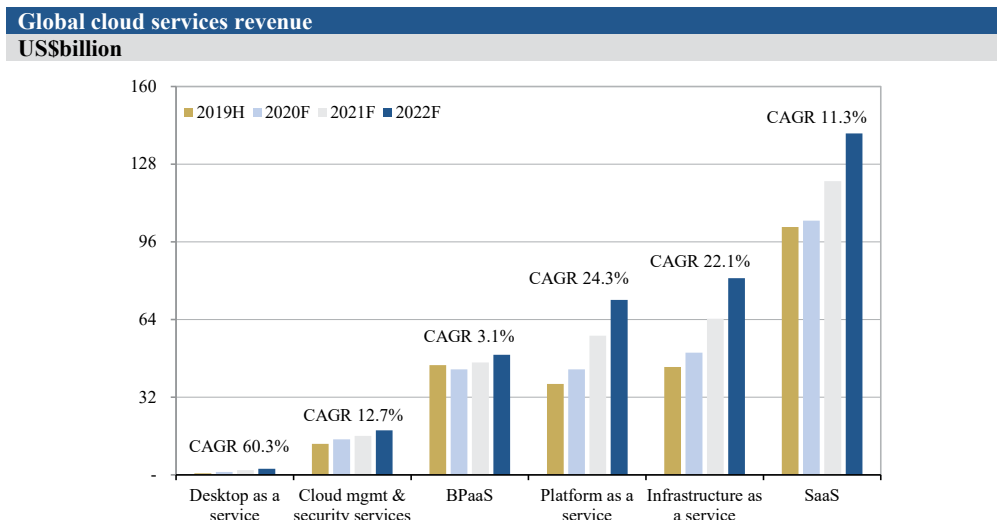
107 Subscription products and cloud services are expected to be the fastest growing sub-segment within IT services, as enterprises seek to lower upfront costs for their IT systems. For instance, notwithstanding the impact of COVID-19, global infrastructure as a service spending is expected to grow by 13.4% and 27.6% in 2020 and 2021 respectively¹⁴.

Cloud technology and SaaS

- 108 With the advancement of technology and emergence of internet based computing, IT has trended away from hardware towards software based solutions. More recently, greater bandwidth, increased broadband availability, and lower costs for memory storage have resulted in the rise of cloud technology and services, which includes the delivery of software solutions through a SaaS model.
- 109 Traditionally, infrastructure and software have been distributed as products, for which the customer paid an upfront licensing fee or purchased outright. The product was located at the customer site and could be customised and/or upgraded over time. SaaS is a software distribution model in which cloud based software applications are centrally hosted and made available to users over the internet, with licensing paid for on a subscription basis. SaaS

¹⁴ Gartner (2020): *Gartner Says World IT Spending to Decline 7.4% in 2020* press release.

represents the largest market out of all cloud services, with annual revenue expected to grow to US\$140.6 billion by 2022, as shown below:



Source: Gartner (July 2020): Gartner forecasts worldwide public cloud revenue to grow 6.3% in 2020 press release.

Australian IT industry

- 110 The Australian IT industry has expanded rapidly over the past five years due to regular upgrades and enhancements and increasing levels of outsourcing of non-essential systems operations. Industry growth has also been driven by increased online connectivity and cloud based applications.
- 111 IT services is the largest sector of the Australian IT market, whilst software is the fastest growing market segment (and the sector of the market that exhibited the lowest decline in 2020 due to COVID-19). Australian IT spending is expected to be \$88.8 billion in 2020, a decrease of 6.0% from the \$94.4 billion spent in 2019 due to the impact of COVID-19, with IT services and software forecast to account for \$32.7 billion and \$16.3 billion of the total IT spend in 2019 respectively, as shown below:

Australian IT spending						
	2018 (historical)		2019 (historical)		2020 (forecast)	
	Revenue A\$bn	Growth %	Revenue A\$bn	Growth %	Revenue A\$bn	Growth %
IT services	32.7	3.6	34.4	5.1	32.7	(4.8)
Communications services	26.7	(2.6)	26.9	0.6	25.8	(3.8)
Software	15.1	24.9	16.9	11.9	16.3	(3.6)
Devices	13.2	(0.5)	13.0	(1.6)	11.1	(14.8)
Data centre systems	3.2	16.8	3.2	2.3	2.8	(12.8)
Total end-user spend	90.9	4.4	94.4	3.8	88.8	(6.0)

Source: ChannelLife (May 2020) Gartner: Local IT spending to dip 6% in 2020.

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e-Health industry

- 112 e-Health is use of information and communication technologies in healthcare to enhance the provision of health services to patients and support healthcare practitioners. The largest segment of the global e-Health market is the electronic health records segment, which refers to the digital storage and management of patient data, often using a cloud based platform. Other e-Health product segments include e-Prescription, clinical decision support and telemedicine systems.
- 113 The rate of digital transformation in the healthcare industry has been slow and fragmented to date, and has lagged behind other industries such as transport, retail and banking. However, the recent proliferation of digital health solutions is expected to drive growth in the global e-Health market, which is forecast to increase from around US\$165 billion in 2019 to US\$270 billion by 2023 (representing a CAGR of 12.9% over this period¹⁵).
- 114 Growth in the addressable market for e-Health is driven by the rate of technological innovation within healthcare organisations, which is contingent on a number of factors that vary across regions, including availability of infrastructure and public funding, internet speed and access and patient demand for digital healthcare services. For the electronic health records segment, compliance and data privacy requirements are key factors impeding growth, due to the sensitive nature of patient data. Notwithstanding this, due to the benefits provided to national healthcare systems by allowing data to be shared seamlessly across health service providers, governments in many western countries are allocating increasing proportions of public healthcare expenditure towards electronic health records.

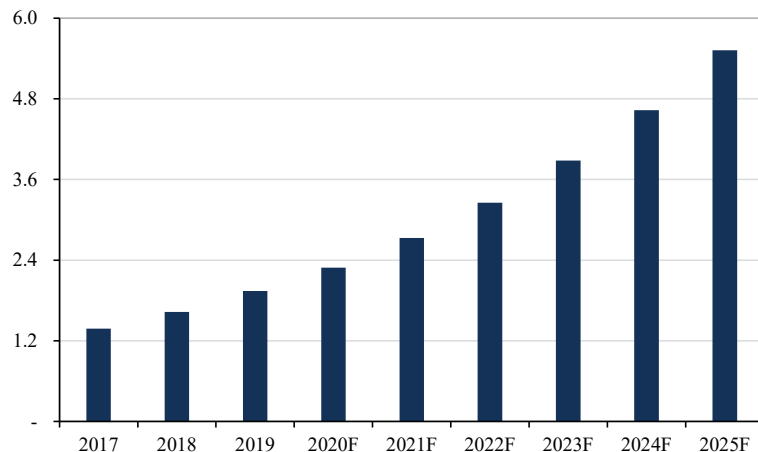
Australian market

- 115 The Australian healthcare industry has embraced digital transformation relatively quicker than most western countries, and this has been supported by the rollout of a number of Government backed programs. A key initiative has been the development of the National Digital Health Strategy, a comprehensive multiyear plan that sets out a roadmap for achieving a number of strategic priorities in digital health. The National Digital Health Strategy is managed by the Australian Digital Health Agency, which was formed in 2016 and receives almost A\$300 million of annual funding from all levels of Government¹⁶.
- 116 Continued support from Government initiatives is expected to drive strong growth in the Australian e-Health market, with industry revenue forecast to increase at a CAGR of 19.2% from US\$1.9 billion in FY19 to US\$5.8 billion by 2025, as shown below:

¹⁵ Medgadget (2020): *eHealth market size worth USD 270 billion | 12.9% CAGR by 2023* press release.

¹⁶ Australian Digital Health Agency (2019), *Annual Report* for the year ended 30 June 2019.

Australian e-Health market revenue
US\$bn



Source: Mordor Intelligence (2020): *Global E-Health Market (2020-2025)* report, LEA analysis.

UK market

- 117 The UK is one of largest healthcare systems in Europe. In 2014, the National Health Service (NHS) and National Information Board established the Personalised Health and Care 2020 strategy¹⁷, which outlined a framework, supported by £4.2 billion in Government funding, for using data and technology to improve health and care services for UK citizens. Whilst the framework intended to kick start digital transformation within healthcare, the UK has found it challenging to implement new technologies, due to the complex structure of the different healthcare systems across the four countries that comprise the UK. The result has seen the UK's rate of e-Health adoption lag other western countries, prompting a response from policymakers, including the English Health and Social Care Secretary of State, who pledged an additional £487 million towards NHS technology in 2018¹⁸.
- 118 More recently, the COVID-19 pandemic and related lockdown measures have provided opportunities for e-Health service providers in the UK, with new operators entering the market and partnering with existing health providers to meet increased healthcare demand¹⁹.
- 119 Notwithstanding implementation challenges, turnover for the UK e-Health market was US\$5.0 billion in FY19 and this is forecast to grow to US\$12.8 billion by 2025, representing a CAGR of 17%, as indicated below:

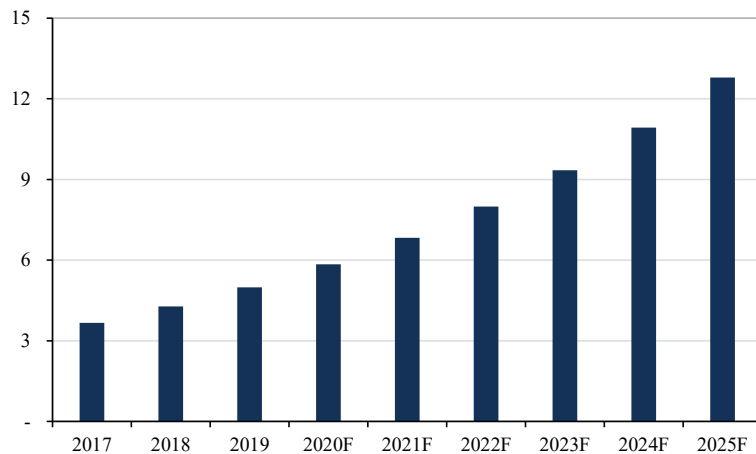
¹⁷ Key milestones included making the NHS paperless at the point of care by 2018, and adopting digital, interoperable health and social care records by 2020.

¹⁸ British Medical Journal (2018): *New health secretary pledges GBP0.5bn to transform technology in NHS* press release.

¹⁹ For example, in April 2020, US company Cerner Corporation partnered with the NHS to deploy its Millennium EHR system to a temporary 4,000 bed hospital in London.

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UK e-Health market revenue
US\$bn



Source: Mordor Intelligence (2020): *Global E-Health Market (2020-2025)* report, LEA analysis.

V Valuation methodology

Valuation approaches

- 120 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
 - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
 - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
 - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
 - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 121 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.
- 122 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future “maintainable” earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.
- 123 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, earnings before interest, tax and amortisation (EBITA), EBIT or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.
- 124 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the

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proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodology selected

- 125 Our assessment of the market value of Citadel is based upon a sum-of-the-parts approach whereby the market value of the individual business divisions is added to the realisable value of surplus assets less net debt.
- 126 The value of each of the individual business divisions has been made on the basis of market value as a going concern. The primary valuation methodology used is the capitalisation of future maintainable earnings approach (using EBITDA). Under this methodology, the normalised EBITDA of each division is capitalised at an EBITDA multiple that reflects the risk and growth prospects of that business.
- 127 In our opinion, the capitalisation of EBITDA method is the most appropriate methodology for Citadel's business divisions. This is because:
- (a) Citadel's business divisions have well established market positions and a demonstrated history of profitability, which is expected to continue
 - (b) the EBITDA multiples for listed companies exposed to similar industry sectors as Citadel's business divisions can be derived from publicly available information
 - (c) transaction evidence in the sector is generally expressed in terms of EBITDA multiples.
- 128 In order to cross-check our valuation range we have also undertaken our own DCF analysis, which considers the sensitivity of the valuation to the key value drivers (particularly revenue growth, EBITDA margins and software development expenses).
- 129 As a further cross-check, we have also considered the listed market price of Citadel shares adjusted for a premium for control.

VI Valuation of Citadel

Overview

- 130 As stated in Section V, our assessment of the market value of Citadel is based upon a sum-of-the-parts approach whereby the market value of the individual business divisions is added to the realisable value of surplus assets less net debt.
- 131 We have adopted the capitalisation of EBITDA method as our primary valuation method for each of the business divisions. Under this method the normalised EBITDA of each division is capitalised at an EBITDA multiple that reflects the risk and growth prospects of that business.
- 132 The resulting values have been cross-checked by reference to the DCF methodology and the share market trading in Citadel shares prior to the announcement of the Scheme, adjusted for a premium for control.

Revenue and EBITDA by division

- 133 We set out below a summary of underlying revenue, underlying EBITDA (as reported) and adjusted EBITDA (by division) for Citadel for FY18 to FY20:

Citadel – summary of revenue and EBITDA			
	FY18	FY19	FY20
	A\$m	A\$m	A\$m
Revenue	106.5	99.2	128.4
Less revenue attributed to minority interest	(10.0)	(8.7)	(9.1)
Add full year impact of Wellbeing	-	-	22.5
Adjusted revenue	96.5	90.5	141.8
Underlying EBITDA	34.1	23.3	29.2
Less EBITDA attributed to minority interest	(5.2)	(4.3)	(4.2)
Add full year impact of Wellbeing	-	-	9.2
Less impact of AASB 16	-	-	(2.5)
Adjusted EBITDA	28.9	19.0	31.7
Adjusted EBITDA by division			
Software	15.9	17.9	30.0
Services	23.9	12.2	13.0
Corporate costs	(10.9)	(11.1)	(11.3)
Adjusted EBITDA	28.9	19.0	31.7

- 134 The adjustments made to revenue and EBITDA are explained below:
- (a) **revenue and EBITDA attributable to minority interest** – Citadel has a 50% ownership interest in filosofh-e Pty Ltd (filosoph-e), which provides technology managed services. As Citadel has operational control of filosofh-e, Citadel's reported revenue and underlying EBITDA include 100% of the revenues and EBITDA generated by filosofh-e. We have therefore adjusted the reported results to exclude the revenue and EBITDA attributable to the minority ownership interests in filosofh-e
- (b) **full year impact of Wellbeing** – Citadel acquired Wellbeing on 3 April 2020, and accordingly its reported results for FY20 only include approximately a three-month contribution from Wellbeing. Our adjustment reflects the additional revenue and

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EBITDA which would have been generated had Wellbeing been acquired effective 1 July 2019. However, no contribution from Wellbeing is reflected in the reported and adjusted figures for FY18 and FY19

- (c) **impact of AASB 16** – the impact of adopting AASB 16 on Citadel's results was an uplift in FY20 EBITDA of approximately \$2.5 million, as rent expenses are replaced by amortisation charges (of the "right of use" asset) and interest expenses (in respect of the lease liability recognised). We have excluded the uplift in EBITDA resulting from the adoption of AASB 16 as it is driven by an accounting entry that has no impact on the underlying cash flow, profitability or value of Citadel.

EBITDA of Software division (before corporate costs)

Adjusted EBITDA

- 135 The Software division comprises the Health (including Wellbeing) and Enterprise verticals, a summary of which is as follows:

- (a) **Health** – specialising in optimising, integrating and innovating clients' health operations through specific software products and services for diagnostic laboratories and clinical applications
- (b) **Wellbeing** – specialising in providing solutions to improve workflows for healthcare professionals in the UK, with particular focus on radiology and maternity software
- (c) **Enterprise** – specialising in providing cost-effective and innovative solutions to deliver end-to-end capabilities in enterprise information management solutions.

- 136 The financial performance of the Software division is shown below:

Citadel – Software division			
	FY18 A\$m	FY19 A\$m	FY20 A\$m
Revenue			
Health (excluding Wellbeing)	18.3	19.7	19.2
Wellbeing	-	-	29.5
Enterprise	9.2	15.3	20.7
Total revenue	<u>27.5</u>	<u>35.0</u>	<u>69.4</u>
Gross margin			
Health (excluding Wellbeing)	14.9	15.9	15.9
Wellbeing	-	-	21.0
Enterprise	4.3	5.0	8.4
Total gross margin	<u>19.2</u>	<u>20.9</u>	<u>45.3</u>
Gross margin %			
Health (excluding Wellbeing)	81.4%	80.7%	83.0%
Wellbeing	na	na	71.1%
Enterprise	46.7%	32.7%	40.6%
Adjusted EBITDA			
Health (excluding Wellbeing)	13.0	13.7	13.5
Wellbeing	-	-	12.4
Enterprise	2.9	4.2	4.1
Adjusted EBITDA	<u>15.9</u>	<u>17.9</u>	<u>30.0</u>

- 137 Due to the uncertainty associated with the impact of COVID-19, Citadel has not provided earnings guidance for FY21. However, management stated at the FY20 results presentation that they “are targeting long term top line organic growth of 15%+ per annum” for the software business.

Health software (excluding Wellbeing)

- 138 The Health software business has achieved only modest growth in revenue, gross margin and EBITDA over the FY18 to FY20 period. Revenue and earnings in FY20 were negatively impacted by project delays caused by COVID-19.
- 139 However, the recent Wellbeing acquisition is considered to be highly complementary to Citadel’s existing Health division, combining Citadel’s existing market leading pathology and oncology software with Wellbeing’s radiology and maternity software. Citadel expects significant cross-sell opportunities in both the Australian and UK health markets.

Wellbeing

- 140 Whilst the Wellbeing business was only acquired on 3 April 2020, the Adjusted EBITDA figure for FY20 reflects the full year revenue and EBITDA which would have been generated had Wellbeing being acquired effective 1 July 2019. However, no contribution from Wellbeing is reflected in the above figures for FY18 and FY19.
- 141 Accordingly, to demonstrate the performance of the Wellbeing business over recent years, the following shows the historical results for the two years to 31 December 2019 (CY19), as well as the CY20 forecast disclosed at the date the acquisition was announced in February 2020 (note the figures below are shown in British pounds):

Citadel – Wellbeing			
	CY18 Actual £m	CY19 Actual £m	CY20 Forecast £m
Revenue	15.5	16.6	18.7
Gross margin	9.7	10.1	11.8
EBITDA	5.9	6.5	7.8
<i>Gross margin %</i>	<i>62.6%</i>	<i>60.8%</i>	<i>63.1%</i>
<i>EBITDA margin %</i>	<i>38.1%</i>	<i>39.2%</i>	<i>41.7%</i>

- 142 On 27 August 2020 (in the FY20 results presentation) Citadel also announced that:
- (a) Wellbeing and Citadel Heath had been combined to form a single Health Software business
 - (b) synergies arising from the Wellbeing acquisition of A\$1.5 million had been identified and implemented (with the full year benefits expected to be realised in FY21)²⁰

²⁰ If the CY20 forecast was adjusted to reflect the full year synergy benefits the EBITDA forecast would be £8.6 million.

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- (c) Wellbeing had recently been awarded a seven year contract in Ireland with the National Integrated Medical Imaging System, with revenue recognition commencing in FY21. The total contract value of this new contract is around £3.6 million (implying average revenue of around £0.5 million per annum).

- 143 Further, Citadel management have advised that COVID-19 has accelerated digital transformation in the health sector and Citadel Health is experiencing a significant increase in large scale and longer term tendering opportunities in the UK.

Enterprise software

- 144 The Enterprise software business has reported strong revenue and gross margin growth over the FY18 to FY20 period, and management expect further strong growth in FY21.
- 145 In particular, strong growth has been achieved by the Citadel-IX product (which is a secure cloud-based real time data information storage and access platform servicing large enterprise and government clients).

Impact of COVID-19

- 146 As noted in Citadel's FY20 annual report (released on 27 August 2020), the COVID-19 pandemic has only had a minor impact on Citadel. However, the services business has been more impacted than the software business, as indicated below:

*"Since February 2020, the Group has been proactively managing its response in relation to COVID-19 ... We have not seen any cancellation of material contracts, although we have started to see some delays in project implementations particularly in the UK and a lengthening of procurement cycles. Despite this, the pipeline of opportunities in software in Australia and the UK is building strongly."*²¹

*"Citadel's customer base predominantly comprises Health and Government clients on generally long-term contracts supporting business critical software applications. We have seen no material impact on Health, Enterprise or Professional Services segments. We have seen a reduction in the University sector spend in our Technology segment which we expect to see continue into FY21."*²²

*"We are pleased that the Group has been able to respond with agility to the COVID-19 pandemic, with most staff successfully working from home with little to no impact to client delivery or Service Level Agreements. We have not seen any cancellation of [material] contracts and only minor impacts across most of the business from a revenue and earnings perspective."*²³

EBITDA adopted for valuation purposes – Software division

- 147 As noted above, Citadel expects to achieve further significant revenue growth in the software division in FY21. Due to the high gross margins achieved, the growth in EBITDA is expected to exceed revenue growth.

²¹ Source: Chairman's report, FY20 Annual Report.

²² Source: Chairman's report, FY20 Annual Report.

²³ Source: Operating and Financial Review, FY20 Annual Report.

- 148 Accordingly, having regard to the above, including in particular the outlook for revenue growth in FY21 (and the longer term) and the operating leverage inherent in the business, we have adopted EBITDA for the Software division of A\$36 million for valuation purposes.

EBITDA of Services division (before corporate costs)

Adjusted EBITDA

- 149 The Services division comprises the Technology and Professional Services verticals, which comprise:

- (a) **Technology** – specialising in data, video and voice technology management, assisting clients with managing the complexities of technology across a number of industries
- (b) **Professional Services** – specialising in providing strategic advisory, consulting and managed services to deliver end-to-end capabilities as well as labour hire and contracting, particularly to Defence and National Security clients.

- 150 The financial performance of the Services division is shown below:

Citadel – Services division			
	FY18 A\$m	FY19 A\$m	FY20 A\$m
Revenue			
Technology	29.0	35.0	31.0
Professional Services	39.1	19.5	40.0
Total revenue	68.1	54.5	71.0
Gross margin			
Technology	10.6	10.4	8.8
Professional Services	19.4	8.4	12.4
Total gross margin	30.0	18.8	21.2
Gross margin %			
Technology	36.6%	29.7%	28.4%
Professional Services	49.6%	42.9%	30.9%
Adjusted EBITDA			
Technology	6.0	5.4	3.6
Professional Services	17.9	6.9	9.4
Adjusted EBITDA	23.9	12.2	13.0

Note:

- 1 Rounding differences exist.

- 151 Due to the uncertainty associated with the impact of COVID-19, Citadel has not provided earnings guidance for FY21. However, management stated at the FY20 results presentation that:
- (a) COVID-19 has the potential to negatively impact the services business in FY21 more than the software business
 - (b) management “are targeting long term top line organic growth of 5-10% per annum” for the services business.

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Technology

- 152 COVID-19 had a negative impact on the Technology division, with a reduced spend witnessed in the fourth quarter (Q4) of FY20 from University sector clients²⁴. Whilst management expect this reduction in University spend to continue into FY21, the Technology division won a large (\$9.7 million) AV/VC installation contract in May 2020 that commenced in June 2020 and will be completed in the first half of FY21²⁵.
- 153 This large contract is expected to result in higher revenues and profitability in FY21, notwithstanding the reduction in University spend.

Professional Services

- 154 The Adjusted revenue and Adjusted EBITDA of the Professional Services division fell significantly in FY19. This reflected (inter-alia):
- (a) customer-controlled project delays, which were expected to commence during the second half of FY19 (2HY19) but were delayed into 1HY20 due, in part, to the impact and timing of the Federal Government election
 - (b) Citadel not experiencing the same Q4 increase in customer spend in FY19 that had occurred in prior years.
- 155 Noventus (which Citadel acquired on 18 June 2019) contributed revenue and EBITDA of \$21.5 million and \$2.4 million respectively to the Professional Services result in FY20. The EBITDA contribution of the Professional Services business excluding Noventus in FY20 was broadly consistent with the result achieved in FY19.
- 156 However, the Professional Services vertical is expected to generate higher revenues and profitability in FY21, driven by higher expected revenues resulting from ongoing managed services contract extension works.

EBITDA adopted for valuation purposes – Services division

- 157 Based on the above and discussions with management we have adopted EBITDA for the Services division of \$14.5 million for valuation purposes. This is broadly consistent with the average EBITDA achieved in FY19 and FY20 (adjusted to reflect a full year EBITDA contribution from Noventus), and reflects the higher profit forecast by management in FY21 for the reasons outlined above.

Corporate costs

- 158 Unallocated corporate costs in FY20 were \$11.3 million and comprised:

Citadel – corporate costs	
	A\$m
Employee costs	5.1
IT costs	1.8
Premises costs	0.5
Legal, professional and insurance costs	0.9
Governance and audit costs	1.3
Administration and other costs	1.7
Total corporate costs	11.3

²⁴ Source: Operating and financial review, FY20 Annual Report.

²⁵ Source: Chairman's report, FY20 Annual Report.

- 159 After allowing for public company costs (e.g. listing fees, shareholder communication costs and Board costs, etc.) which could be saved under private ownership, we have adopted unallocated corporate costs of approximately \$10 million for valuation purposes.

EBITDA adopted for valuation purposes

- 160 Based on the above we have adopted EBITDA for valuation purposes of \$40.5 million, comprising:

EBITDA adopted for valuation purposes	
	A\$m
Software division	36.0
Services division	14.5
Corporate costs	(10.0)
Total EBITDA adopted for valuation purposes	40.5

EBITDA multiple

- 161 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

• The stability and quality of earnings • The quality of the management and the likely continuity of management • The nature and size of the business • The spread and financial standing of customers • The financial structure of the company and gearing level • The multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors • The multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors	• The future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc • The cyclical nature of the industry • Expected changes in interest rates • The asset backing of the underlying business of the company and the quality of the assets • The extent to which a premium for control is appropriate • Whether the assessment is consistent with historical and prospective earnings

- 162 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for Citadel's software and services divisions.

Listed company multiples - software

- 163 The EBITDA multiples of Australian listed software and technology companies with an enterprise value of less than \$1.0 billion²⁶ are set out below (refer to Appendix C for company descriptions):

²⁶ Those companies without positive historical or forecast EBITDA have also been excluded.

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Listed company trading multiples ⁽¹⁾				
	Enterprise value ⁽²⁾	EBITDA multiples ⁽³⁾		
	A\$m	FY20 ⁽⁴⁾	FY21 ⁽⁵⁾	FY22 ⁽⁵⁾
		x	x	x
Hansen Technologies	914	11.7	11.0	10.6
Bravura Solutions	766	13.3	12.5	11.1
Integrated Research	611	14.9	13.5	12.2
Infomedia	485	11.0	9.9	8.4
MNF Group	367	10.8	9.8	8.5
Class	241	13.2	11.2	10.1
Praemium	189	15.7	14.7	12.0
Livetiles	157	nm	nm	14.3
ReadyTech Holdings	164	11.2	10.2	9.0
Average		12.7	11.6	10.7
Median		12.5	11.1	10.6

Note:

- 1 Enterprise value and earnings multiples calculated as at 24 September 2020.
 - 2 Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, market capitalisation adjusted for material option dilution, share placements (for the purpose of reducing debt) and buy-backs, and excludes surplus assets.
 - 3 EBITDA multiples have been adjusted to exclude the impact of AASB 16.
 - 4 Historical earnings are based on latest statutory full year accounts and exclude non-recurring items, significant write downs, realised investment gains or losses and restructuring charges.
 - 5 Forecast earnings are based on Bloomberg average analyst forecasts (excluding outliers and outdated forecasts).
- nm – not meaningful.
- Source:** Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

164 In relation to the above, we note that:

- (a) the above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence from research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)²⁷. This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company
- (b) the above software and technology companies are relatively high growth (i.e. with the exception of Hansen Technologies, they are expected to exhibit compound annual earnings growth rates in excess of 10% over the three years to FY23). The implied EBITDA multiples for these companies are representative of this relatively high growth expectation
- (c) none of the above listed companies are directly comparable to Citadel's software businesses.

²⁷ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2018. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

Citadel software acquisitions

- 165 Citadel's software businesses have all been acquired since the Company's initial public offering (IPO) in late 2014. The cost of these acquisitions and the EBITDA multiples implied from these transactions are set out below:

Citadel – Software acquisitions				
Date	Target	EV A\$m	EBITDA multiple⁽¹⁾	Division / vertical
May 15	PJA Solutions ⁽²⁾	45.0	4.7 F	Software / Health
May 16	Kapish ⁽³⁾	17.5	4.4 F	Software / Enterprise
Sep 17	Charm Health ⁽⁴⁾	8.2	6.0 H	Software / Health
Apr 18	APP	2.0	4.0 F	Software / Health
Dec 18	Gruden	1.7	n/a	Software / Enterprise
Feb 20	Wellbeing	198.0	13.2 F	Software / Health

Note:

- 1 H – multiple based on historical EBITDA. F – multiple based on forecast EBITDA.
 - 2 Enterprise value and EBITDA multiple based on upfront consideration only. Additional consideration of up to \$15 million was payable dependent on earnings growth in FY16 and FY17.
 - 3 Consideration comprised upfront payment of \$12.25 million with the balance payable over the subsequent 25 months. Whilst Kapish had 180 clients, the top 20 clients accounted for approximately 50% of revenue.
 - 4 Enterprise value and EBITDA multiple based on upfront consideration only. Additional consideration was potentially payable for "agreed over-performance, staggered over the two years following completion".
- n/a – not applicable.

- 166 As noted above, the only software acquisition by Citadel of a significant size is the recent Wellbeing acquisition. In our view, this is the only relevant transaction shown above given the combined scale of the software businesses now owned by Citadel. Further, the EBITDA multiples paid for software companies have generally increased significantly over the last five years.
- 167 We also note that the Wellbeing acquisition multiple reflects the following positive investment characteristics of that business:
- (a) a market leading position in radiology and maternity workflow solutions in the UK, with a market share of 59% and 22% of the respective NHS acute trusts in England
 - (b) a diversified client list (over 150 clients in the UK, with no single client representing more than 4% of total revenue)
 - (c) long customer relationships (12+ years across top 10 customers) and average annual retention rate of 99% over the last 12 years
 - (d) a high level of recurring income (around 80%) and high profit margins (around 40% of revenue).

Other software transactions

- 168 Other transactions in the international health software sector with a value of less of US\$1 billion, and the related implied EBITDA multiples, are set out below:

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Transaction multiples					
Date ⁽¹⁾	Target	Acquirer	Interest %	Enterprise value ⁽²⁾ US\$m	EBITDA multiples ⁽³⁾ x
Oct 19	MedData	Frazier Healthcare	100	300	6.5 H
Jul 19	Convey Health	TPG	100	750	15.0 H
Nov 18	MatrixCare	ResMed	100	750	25.0 H
Dec 17	Net Health	The Carlyle Group	100	285	19.0 H
Aug 17	Symphony Health Solutions	PRA Health Sciences	100	575	14.4 H
Jul 17	Certara	EQT	100	850	17.5 H
Jul 17	Chirotouch	Waud Capital	100	176	17.4 H
May 17	Kinnser	Mediware	100	440	22.5 H
Mar 17	Bracket Global	Genstar Capital	100	525	15.0 H
Mar 16	Netsmart	GI Partners	100	950	10.0 F
Feb 6	Brightee	ResMed	100	800	18.6 H
Aug 15	Merge Healthcare	IBM	100	1,000	18.5 F

Note:

1 Date of announcement.

2 Enterprise value on a 100% basis.

3 H – multiple based on historical EBITDA. F – multiple based on forecast EBITDA.

Source: LEA analysis using data from ASX announcements, analyst reports and company annual reports.

169 In relation to the transaction evidence it should be noted that:

- except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- none of the above software businesses are directly comparable to the software businesses owned by Citadel
- the companies acquired differ materially in terms of their size and nature of operations. Accordingly, in our view, the median or average multiples implied by these transactions are not necessarily representative of the multiples which should be applied to Citadel's businesses
- the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings
- some transactions may reflect a strategic premium
- the average and median of the transaction multiples are 15.0 times and 15.4 times EBITDA respectively.

Listed company multiples – IT services companies

170 As there have been a number of acquisitions of Australian listed IT services companies (predominantly by international companies), there are only two notable Australian IT services companies listed on the ASX. The EBITDA multiples of these companies are (refer to Appendix C for company descriptions):

Listed company trading multiples ⁽¹⁾				
	Enterprise value ⁽²⁾	EBITDA multiples ⁽³⁾		
	A\$m	FY20 ⁽⁴⁾	FY21 ⁽⁵⁾	FY22 ⁽⁵⁾
		x	x	x
Data#3	722	20.3	18.2	14.4
Empired	84	6.7	4.7	3.9

Note:

- 1 Enterprise value and earnings multiples calculated as at 24 September 2020.
- 2 Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, market capitalisation adjusted for material option dilution, share placements (for the purpose of reducing debt) and buybacks, and excludes surplus assets.
- 3 EBITDA multiples have been adjusted to exclude the impact of AASB 16.
- 4 Historical earnings are based on latest statutory full year accounts and exclude non-recurring items, significant write downs, realised investment gains or losses and restructuring charges.
- 5 Forecast earnings are based on Bloomberg average analyst forecasts (excluding outliers and outdated forecasts).

Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements and LEA analysis.

171 In relation to the above, we note that:

- (a) the above multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control). Empirical evidence from research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)²⁸. This broadly translates to a premium of 20% to 25% at the EBITDA multiple or enterprise value level, although this varies depending on the level of debt funding employed in each company
- (b) there is significant difference in the range of multiples between the two ASX listed IT services, with Data#3 trading on an implied historical EBITDA multiple of 20.3 times and Empired trading on an implied historical EBITDA multiple of 6.7 times. We attribute this material difference to a number of factors, including Data#3 being considerably larger than Empired²⁹, Data#3's significant earnings growth in recent years (which is expected to continue) and the difference in service offering (Data#3 provides a greater range of software services and also derives a larger proportion of cloud based revenues than Empired)
- (c) neither of the above listed companies are directly comparable to Citadel's services business. In particular, we note that both companies have a more diversified customer base than Citadel's Service division (which has a high level of customer concentration).

²⁸ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2018. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

²⁹ As one of Australia's leading valuation firms, LEA has an extensive database of Australian company transactions, including details of prices paid, implied enterprise values and earnings multiples. This evidence indicates that:

- (a) small companies generally trade on significantly lower earnings multiples than larger companies (provided other variables such as expected earnings growth are similar); and
- (b) investors usually require a higher rate of return to compensate for the additional risks associated with small companies compared to larger ones.

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Citadel acquisitions – Service division

172 At the date of Citadel's IPO (in late 2014):

- (a) Citadel was predominately an IT services firm, as approximately 82% of forecast revenue was from the provision of such services to corporate clients and Government agencies under long term contracts
- (b) Citadel did not have a software division, and the balance of revenue (some 18%) was generated from the provision of vocational education and training (which has since been discontinued).

173 The EBITDA multiples implied from the IPO and the subsequent acquisition of Noventus are set out below:

Citadel – Services IPO / acquisition			
Announcement		Enterprise	EBITDA
Date	Target	value	multiple
		A\$m	x
Oct 14 ⁽¹⁾	IPO	76.7	7.1 F
May 19	Noventus	5.7	2.7 H

Note:

1 Date of prospectus.

174 Whilst Noventus was a relatively small bolt-on acquisition for Citadel (and, prima facie, appears to have been acquired on attractive terms), we note that the size and profitability of Citadel at the date of its IPO (FY15 forecast revenue and EBITDA was \$73.2 million and \$10.8 million respectively) was broadly similar to the current size and profitability of the Services business (FY20 revenue of \$71.0 million and EBITDA of \$13.0 million).

Other IT services transactions

175 Other transactions in the IT services sector, and the related implied EBITDA multiples, are set out below:

Transaction multiples					
Date ⁽¹⁾	Target	Acquirer	Interest %	Enterprise value ⁽²⁾ A\$m	EBITDA multiples ⁽³⁾ x
Sep 20	DWS ⁽⁴⁾	HCL Technologies	100	186	7.0 H
Jun 18	Project Assured	DWS	100	37	5.5 H
Aug 17	The Works	RXP Services	100	29	7.4 F
May 17	SMS Management & Technology	Nomura Research Institute	100	132	14.2 H
May 17	WME Group	Melbourne IT	100	39	5.6 F
Sep 16	ASG Group	Nomura Research Institute	100	348	10.6 F
Oct 15	UXC	CSC	100	470	10.2 F
Aug 15	Phoenix IT&T Consulting	Daisy Intermediate Hold.	75	26	5.2 F
Jun 15	Outware Mobile	Melbourne IT	100	67	8.6 F
Aug 14	Oakton	Dimension Data Holdings	100	171	10.6 F

Note:

- 1 Date of announcement.
- 2 Enterprise value on a 100% basis.
- 3 H – multiple based on historical EBITDA. F – multiple based on forecast EBITDA.
- 4 Transaction not completed at date of this report.

Source: LEA analysis using data from ASX announcements, analyst reports and company annual reports.

176 In relation to the transaction evidence it should be noted that:

- (a) except where noted, the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- (b) none of the above businesses are directly comparable to the service division owned by Citadel
- (c) the companies acquired differ materially in terms of their size and nature of operations. Accordingly, in our view, the median or average multiples implied by these transactions are not necessarily representative of the multiples which should be applied to Citadel's service division
- (d) the transaction multiples are calculated based on the most recent actual earnings (historical multiples) or expected future earnings for the current year at the date of the transaction (forecast multiples). The multiples are therefore not necessarily reflective of the multiple which would be derived from an assessment of each target company's "maintainable" earnings.
- (e) some transactions may reflect a strategic premium.

EBITDA multiple adopted for valuation purposes

177 We have assessed the appropriate EBITDA multiple range for the software and services divisions separately having regard to (inter-alia) the above evidence and the risks and growth prospects of each division. For the reasons stated below we believe the appropriate EBITDA multiple to apply to the software division should be significantly greater than the appropriate EBITDA multiple applied to the services division.

178 Our overall EBITDA multiple range of approximately 11.7 to 12.7 represents the weighted average EBITDA multiple applied to both divisions. It was requested that we do not disclose the EBITDA multiples adopted for each division as such disclosure may prejudice any future corporate activity should that occur.

179 However, further information on the EBITDA multiples applied to each division is discussed below.

Conclusion on EBITDA multiple – software division

180 As stated above, Wellbeing was recently acquired by Citadel at an implied EBITDA multiple of 13.2 times CY20 forecast EBITDA.

181 On a standalone basis, prima facie, it would be appropriate to apply a lower EBITDA multiple to the Health software business (excluding Wellbeing) because it has not achieved significant growth in revenue or EBITDA over recent years, and has a high level of customer concentration. However, the acquisition of Wellbeing has transformed the growth potential of

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Citadel's health software businesses due to the significant cross-selling opportunities discussed above (particularly, the ability to sell Citadel's market leading pathology and oncology software in Australia to Wellbeing's UK clients and into the UK market more generally³⁰).

182 Further, we note that:

- (a) COVID-19 has accelerated digital transformation in the health sector, and Citadel Health has reported a significant increase in larger scale and longer term tendering opportunities in the UK
- (b) the combination of an "asset light" business model and high gross margins means that software companies such as Citadel have significant operating leverage, as profitability can increase materially as a result of higher revenues
- (c) the acquisition of Wellbeing has significantly increased the scale and quality of the Citadel software business
- (d) the Enterprise software business has exhibited strong growth over recent years and (based on identified opportunities) is forecast to continue to do so.

183 Given the above, in our opinion, the appropriate EBITDA multiple for the Citadel software business (in total) would exceed the EBITDA multiple implied by the Wellbeing acquisition.

Conclusion on EBITDA multiple – services division

184 IT services businesses generally trade on materially lower EBITDA multiples than software businesses (as is evident from the listed company and transaction evidence above). This is primarily because recurring income and barriers to entry in the IT services sector are low.

185 Further, we note that:

- (a) the Citadel services business has a high level of customer concentration:
 - (i) whilst the Technology business has longstanding relationships with key customers, the top four clients accounted for approximately 40% of FY20 revenue, and the largest client accounted for over 20% of FY20 revenue
 - (ii) whilst the Professional Services business has provided services to the Department of Defence since 2005 (and the nature of the services provided creates a barrier to entry due to the need for appropriate security clearances etc.), the revenue generated from this contract accounted for most of the business' revenue in FY20 (excluding the revenue contribution from Noventus)
- (b) the remaining minimum term of the DRMS contract is relatively short³¹, but is likely to be extended due to both the length of any procurement process needed to replace Citadel as the contractor (should that occur), together with the depth and established nature of the client relationship (there have been a number of contract extensions historically)

³⁰ As noted above, there is also the potential to cross-sell Wellbeing's radiology and maternity software into the Australian market.

³¹ We have been asked not to disclose the actual contract expiry date.

- (c) most of the contracts with key customers are preferred supplier arrangements only, and do not provide guaranteed work over the life of the contracts.

Enterprise value

186 On this basis, the value of Citadel's business (on a cash and debt free basis) is as follows:

Enterprise Value		
	Low A\$m	High A\$m
EBITDA	40.5	40.5
Weighted average EBITDA multiple	11.7	12.7
Enterprise value⁽¹⁾	474.0	514.5

Note:

1 Rounding differences exist.

Net debt

187 As at 30 June 2020 Citadel had net debt (excluding AASB 16 operating lease liabilities³²) of approximately \$54.2 million, comprising:

Net debt as at 30 June 2020	
	A\$m
Interest bearing liabilities – current	3.6
Interest bearing liabilities – non-current	77.0
Lease liabilities	6.4
Less AASB 16 operating leases included in lease liabilities	(6.2)
Add back unamortised borrowing costs	5.9
Less cash	(32.5)
Net debt	54.2

188 We have considered the net debt position of Citadel following the acquisition of Wellbeing (in April 2020) up to 30 September 2020, and note that the net debt position as at 30 June 2020 reflected a low point due to, inter-alia:

- (a) the prepayment of certain software licences, support and maintenance and managed services by clients prior to 30 June 2020 (as evidenced by an increase in deferred revenue as at 30 June 2020)
- (b) the deferral of certain tax related payments due to extended payment terms provided as a result of COVID-19.

189 Having regard to the average net debt position since the acquisition of Wellbeing, we have adopted net debt for valuation purposes of A\$60 million. This excludes AASB 16 liabilities, but takes into account \$4.7 million in respect of the final dividend of 6.0 cents per share which was paid on 1 October 2020.

³² As stated in paragraph 134(c) we have reversed the impact of AASB 16 accounting entries as they have no impact on the underlying cash flow, profitability or value of Citadel.

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Other assets / (liabilities)

- 190 We are not aware of any other assets which are surplus to the business operations of Citadel, nor any other liabilities which should be deducted from our assessed business value.

Shares on issue

- 191 Citadel has 78.7 million fully paid ordinary shares on issue. In addition, there are approximately 0.388 million performance share rights on issue plus 0.151 million performance rights for the Chief Executive Officer and Managing Director pending approval at the 2020 annual general meeting. However, pursuant to the terms of the Scheme we understand that only 0.27 million of the performance rights will vest and be cash settled for an amount of \$1.6 million.
- 192 For valuation purposes we have therefore assumed 78.7 million shares on issue, and have allowed for the cash cost of settling the performance rights.

Valuation summary

- 193 Based on the above, the value of 100% of Citadel on a controlling interest basis is as follows:

Valuation of Citadel		
	Low A\$m	High A\$m
Enterprise value	474.0	514.5
Less net debt	(60.0)	(60.0)
Less cash cost of settling performance rights	(1.6)	(1.6)
Equity value	412.4	452.9
Fully diluted shares on issue	78.7	78.7
Value per share	\$5.24	\$5.75

DCF analysis

- 194 As stated above, we have also undertaken DCF analysis to cross-check the value of Citadel shares. The key base case assumptions adopted in our DCF model (which reflects a 10 year cash flow period together with a terminal value (TV) at the end of that period) are summarised below:

Key assumptions in DCF model		
Variable	Base Case assumption	Basis for assumption
Software revenue growth	12.5% p.a. (reducing to 7.5% p.a. for years 6 to 10)	- On 27 August 2020 management stated that they "are targeting long term top line organic growth of 15%+ per annum" for the software business. However, this is a target only and whilst reflective of a number of identified opportunities, is subject to significant achievement risk - Nonetheless, revenue growth is expected to be strong given factors such as the cross-selling opportunities due to the Wellbeing acquisition, and an increase in current tender opportunities - However it is reasonable to assume that the rate of revenue growth will reduce over time, as growth from a higher base is inherently harder to sustain

Key assumptions in DCF model		
Variable	Base Case assumption	Basis for assumption
Services revenue growth	5% p.a. (reducing to 3% p.a. for years 6 to 10)	On 27 August 2020 management stated that they “are targeting long term top line growth of 5-10% per annum” for the services business. However, this is a target only, and historical revenue growth has been modest.
Incremental EBITDA margin (before corporate costs)		- FY20 actual EBITDA margins before corporate costs were: - Health – 70% - Wellbeing – 41% - Enterprise – 20% - Services – 18% - EBITDA margin on incremental software revenue is high due to high gross margins
Health	70%	
Wellbeing	50%	
Enterprise	40%	
Services	18%	
Unallocated corporate costs (EBITDA)	\$10 million	Consistent with FY20 actual costs, adjusted for public company cost savings available under private ownership
Software development costs (% of software revenue)	12.5% (reducing to 10% from year 6)	- Software development cash costs ranged between 10% and 16% of software revenue over FY18 to FY20 - Costs assumed to reduce to 10% of revenue as revenue increases
Tax rate	19% UK 30% Australia	Current statutory tax rates
Discount rate	11.6% p.a.	Represents weighted average discount rate assuming 11.0% p.a. for software and 15.0% p.a. for services
TV growth rate	3% p.a.	Reflects operating leverage in software business arising from revenue growth due to nature of business (high gross margins / capital light business model)

- 195 A summary of the resulting DCF values per Citadel share based on the above base case assumptions (and related sensitivities around the base case assumptions) is shown below:

DCF value per share			
Variable	Base case assumption %	Sensitivity %	Value range \$/share
Software revenue growth (first five years) ⁽¹⁾	12.5	10.0 – 15.0	4.46 – 6.78
Services revenue growth (first five years) ⁽²⁾	5.0	3.5 – 6.5	5.36 – 5.70
Incremental EBITDA margin			
Health	70.0	60.0 – 80.0	5.30 – 5.73
Wellbeing	50.0	40.0 – 60.0	5.21 – 5.83
Enterprise	40.0	35.0 – 45.0	5.41 – 5.62
Services	18.0	16.0 – 20.0	5.47 – 5.56
Software development costs (% of revenue during first five years) ⁽³⁾	12.5	10.0 – 15.0	5.29 – 5.74
Discount rate	11.6	11.0 – 12.0	5.22 – 6.04
TV growth rate	3.0	2.5 – 3.5	5.33 – 5.73

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Note:

- 1 Revenue growth reduces by 5.0% p.a. (to 7.5% p.a. in base case) for years 6 to 10.
 - 2 Revenue growth reduces by 2.0% p.a. (to 3.0% p.a. in base case) for years 6 to 10.
 - 3 Software development costs as a percentage of revenue reduces by 2.5% (to 10.0% of revenue in base case) for years 6 to 10.
-

- 196 As noted above, the value of Citadel is particularly sensitive to the rate of growth in revenue in the software business. In this regard our base case assumption is some 16% below the stated long term revenue growth target of Citadel. In our opinion, our base case assumption reflects a reasonable balance of upside and downside value potential from the perspective of Citadel shareholders contemplating approval of the Scheme.
- 197 Based on the above, we consider our adopted valuation range of between \$5.24 and \$5.75 per Citadel share to be reasonable.

Comparison with listed market price

- 198 Empirical evidence from research undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover)³³.
- 199 In the one month and three months prior to the announcement of the Scheme, the volume weighted average price (VWAP) of Citadel shares was \$4.27 and \$3.76 respectively. We note that in the period up to 1 September 2020, Citadel shares traded with an entitlement to the FY20 final dividend of 6.0 cents per share (which was paid on 1 October 2020). During the period 2 September 2020 to 11 September 2020, the VWAP of Citadel shares was \$4.22. We note that this period better correlates with our assessed valuation of the equity in Citadel, as it reflects trading both subsequent to the FY20 results presentation on 27 August 2020 and excluding the FY20 final dividend entitlement. Adjusting this VWAP for a 30% to 35% control premium would therefore result in a “theoretical” control value of \$5.49 to \$5.70 per share (which is broadly consistent with our valuation range).

³³ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2018. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

VII Value of the Scrip Alternatives

- 200 If the Scheme is approved and implemented, as an alternative to the Cash Consideration, Citadel shareholders may elect to receive the offer consideration as either:
- (a) the Maximum Scrip Consideration, being one Class B share in HoldCo for each Citadel share they hold on the Scheme Record Date, subject to any scrip scale back; or
 - (b) the Mix and Match Consideration, being a mix of cash and scrip, being Class B shares in HoldCo for between 50% and 100% of their shares in Citadel (subject to any scrip scale back) and \$5.70 in cash for the remainder of their Citadel shares (reduced to the extent of any Special Dividend).
- 201 The Maximum Scrip Consideration and Mix and Match Consideration options will be subject to the Scrip Scale Back provision which limits total Class B share subscription in HoldCo to 24.3 million shares (around 40% of the total HoldCo shares on issue). Citadel shareholders who elect to receive either the Maximum Scrip Consideration or the Mix and Match Consideration will become parties to the HoldCo Shareholders Deed (the Deed).
- 202 The Maximum Scrip Consideration and Mix and Match Consideration options will only operate if Citadel shareholders (excluding ineligible foreign shareholders) holding, in aggregate, at least 5% of the total issued capital of Citadel elect to receive a whole or partial scrip alternative. In the event this criterion is not satisfied, all Citadel shareholders will receive the Cash Consideration option.

Controlling interest value of HoldCo shares

- 203 We understand that HoldCo's only asset will be 100% of the shares in Citadel (held via a wholly owned subsidiary of HoldCo), and that the only assets and liabilities of HoldCo will be those related to Citadel and the Scheme.
- 204 As set out in the Scheme Booklet, HoldCo intends to replace Citadel's current debt facility and will fund a significant proportion of the Cash Consideration payable to Citadel shareholders under the Scheme using a new debt facility of around \$242 million. For valuation purposes we have estimated HoldCo's net debt on completion at approximately \$210 million. This takes into account the payment of the Special Dividend by Citadel prior to completion and the transaction costs incurred by PEP Bidco in connection with the Scheme, but excludes the proportion of the debt facility available for growth initiatives and short term working capital requirements.
- 205 The balance of the Cash Consideration payable to Citadel shareholders under the Scheme is to be provided by way of an equity subscription by funds advised by PEP into HoldCo. We understand the issue price per HoldCo share will be \$5.50, consistent with an undertaking given by PEP Bidco in the Agreement that for completion of the Scheme transaction all HoldCo shares will be subscribed on the same economic terms. The issue price of \$5.50 per share reflects the Cash Consideration payable under the Scheme, less an assumed payment of the Special Dividend of \$0.20 per Citadel share.
- 206 Based on the above, in our opinion, the market value of HoldCo equity on a controlling interest basis (immediately post implementation of the Scheme and assuming payment of a Special Dividend of \$0.20 per Citadel share) is as follows:

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Valuation of HoldCo shares on a 100% controlling interest basis		
	Low A\$m	High A\$m
Enterprise value (as set out in Section VI)	474.0	514.5
Less HoldCo net debt	(210.0)	(210.0)
Equity value	264.0	304.5
HoldCo shares on issue ⁽¹⁾	61.4	61.4
Value per share	\$4.30	\$4.96

Note:

- 1 The number of HoldCo shares on issue is not expected to exceed approximately 61.4 million on completion. Citadel shareholders who elect to receive the scrip alternative will receive 1 Class B HoldCo share for every Citadel share held (subject to a scale back, and only if Citadel shareholders holding at least 5% of Citadel shares (excluding ineligible foreign shareholders) elect to receive the scrip alternative). The balance of HoldCo shares (being the Class A shares) will be held by the funds advised by PEP.

Minority interest value of HoldCo shares

- 207 Citadel shareholders who elect to receive either the Maximum Scrip Consideration or the Mix and Match Consideration will collectively hold no more than an approximate 40% interest in HoldCo.
- 208 If only 5% of Citadel shareholders (excluding ineligible foreign shareholders) elect to receive the scrip alternative (being the minimum required in order for the scrip alternative to proceed), then Citadel shareholders will collectively own approximately only 6.4% of HoldCo shares.
- 209 Citadel shareholders who elect to receive either the Maximum Scrip Consideration or the Mix and Match Consideration will therefore be minority shareholders in HoldCo. Minority shareholdings are normally discounted relative to the pro-rata value of 100% of the company to reflect the inability of the minority interest shareholder to exert a controlling influence over the major decisions, strategic direction and dividend policy of the company and the fundamental inability to access the underlying cash flows.
- 210 Whilst the Deed provides certain rights to Class B shareholders (including the right to appoint one or more directors), the situation faced by the Class B shareholders in HoldCo will fundamentally be no different to that faced by minority shareholders generally. By way of example, as stated in the Deed the intention is that no dividends will be declared or paid for a period of two years commencing on implementation of the Deed.
- 211 Furthermore, HoldCo shares will not be listed on any securities exchange, and the Deed provides for restrictions on the transfer of Class B shares. Whilst the Deed provides for a number of alternative exit mechanisms, it is however inherently uncertain when a liquidity event will occur to allow HoldCo shareholders generally to realise their shares in HoldCo.
- 212 Accordingly, when valuing HoldCo shares in the hands of Citadel shareholders who receive HoldCo shares as consideration it is appropriate to apply both a minority interest discount and a further discount to reflect the subsequent lack of negotiability / liquidity.

Minority interest discounts

- 213 The most readily available quantitative measure for calculating the appropriate discount for minority interests in widely held listed companies can be obtained by analysing the takeover premiums paid by companies which acquire control of other companies. Empirical evidence based on research undertaken by LEA³⁴ indicates that premiums paid for control are generally in the order of 30% to 35% above the market price (of listed minority shareholdings) prior to the announcement of a takeover offer (and assuming the market price does not already reflect anticipation of an imminent offer).
- 214 From this data the average discount for minority interests in widely held listed companies (relative to full underlying value or value of a 100% controlling interest) can be calculated as follows:

$$M = 1 - (1 / (1 + C))$$

Where:

M = The minority interest discount
C = The control premium

- 215 That is, a 30% to 35% control premium is equivalent to a minority interest discount of 23% to 26%. However, in practice, minority discounts of 20% to 25% are often applied.

Discounts for lack of marketability

- 216 Discounts for lack of negotiability / liquidity vary more widely, and are generally dependent on the specific circumstances.
- 217 In the case of HoldCo, as noted above, HoldCo shares will not be listed on any securities exchange, there are restrictions on the transfer of Class B shares, and it is inherently uncertain when a liquidity event will occur to allow HoldCo shareholders generally to realise their shares in HoldCo. However it is reasonable to assume that the funds advised by PEP (PEP Funds) will either seek a liquidity event in the medium term, and/or provide Class B HoldCo shareholders with the ability to realise their investment in the medium term (subject to the PEP Funds' preferences, prevailing market conditions, the performance of the Citadel business and other factors which may be considered relevant at the time). Nonetheless, some discount for lack of marketability is appropriate.

Conclusion on the Scrip Alternatives

- 218 As stated above, as Citadel shareholders who elect to receive HoldCo shares will be minority shareholders in HoldCo, and HoldCo shares will not be listed on any securities exchange, it is appropriate when valuing HoldCo shares in the hands of Citadel shareholders to apply discounts for minority interests and lack of marketability. As a result, we consider that the value of each of the scrip alternatives is significantly less than the Cash Consideration.

³⁴ LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2018. LEA's study covered approximately 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

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- 219 Citadel shareholders who elect to receive either of the scrip alternatives should also be aware that, after the first anniversary of the implementation of the Scheme, the HoldCo Board will have the power to require a Class B shareholder in HoldCo who holds shares which had, at the time of the implementation of the Scheme, an aggregate value of \$10,000 or less to dispose of their Class B shares in HoldCo at a fair market value price determined by the HoldCo Board, or if the shareholder disputes that price, at the market value of the shares as determined by an independent expert. That is, such shareholders may be forced to sell their Class B shares in HoldCo in any event after one year following the implementation of the Scheme.

VIII Evaluation of the Scheme

Approach

- 220 As noted in Section I, the Scheme provides one of two scrip alternatives to Citadel shareholders, subject to rounding and scale back mechanisms. These scrip alternatives will only operate if Citadel shareholders (excluding ineligible foreign shareholders) holding, in aggregate, at least 5% of the total issued capital of Citadel elect to receive a whole or partial scrip alternative. In the event this criterion is not satisfied, all Citadel shareholders will receive the Cash Consideration option.
- 221 As set out in Section VII, we have assessed the value of both the Maximum Scrip Consideration and the Mix and Match Consideration as providing a lower consideration to Citadel shareholders than the Cash Consideration. For the purpose of our report we have therefore assumed that Citadel shareholders will act in an economically rational manner and will elect the Cash Consideration rather than either of the scrip alternatives³⁵. We have evaluated the Scheme on this basis.
- 222 We note that this approach is consistent with the Citadel Board's:
- (a) recommendation of the Scheme to Citadel shareholders, in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of Citadel shareholders
 - (b) decision to make no recommendation in relation to the scrip alternatives.

Summary of opinion

- 223 In our opinion, the Scheme is fair and reasonable and in the best interests of Citadel shareholders in the absence of a superior proposal. We have formed this opinion based on the Cash Consideration for the reasons set out below.

Value of Citadel

- 224 As set out in Section VI we have assessed the value of Citadel at between \$5.24 and \$5.75 per share.

Value of Scheme Consideration

- 225 Unless Citadel shareholders elect to receive one of the two scrip alternatives, Citadel shareholders will receive the Cash Consideration if the Scheme is approved and implemented.
- 226 The cash consideration payable by PEP Bidco to Citadel shareholders under the Scheme is \$5.70 in cash for each Citadel share they hold on the Scheme Record Date, less the cash amount of any Special Dividend which Citadel announces before the Scheme Record Date.

³⁵ We have been instructed that the scrip alternatives have been proposed to enable Citadel shareholders (other than ineligible foreign shareholders) to retain an interest in the Citadel business post implementation of the Scheme. We assume Citadel shareholders who effectively elect to co-invest with the PEP Funds do so in recognition of the related restrictions attaching to their investment in HoldCo.

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- 227 Pursuant to the Agreement, Citadel intends to pay a fully franked special dividend of up to \$0.20 per Citadel share (Special Dividend), which would enable Citadel shareholders to potentially receive an additional benefit from the attaching franking credits³⁶. Should the full Special Dividend of \$0.20 per Citadel share be paid, the Cash Consideration option (and the cash element of any Mix and Match Consideration option) payable under the Scheme will be reduced to \$5.50 per share.
- 228 Citadel shareholders on the Scheme Record Date who do not elect to receive one of the two scrip alternatives will therefore receive a total of \$5.70 cash per share if the Scheme is implemented, regardless of whether a Special Dividend is paid. Accordingly, for the purpose of our report, we have assessed the Cash Consideration under the Scheme (being the Scheme Consideration) at \$5.70 per share³⁷.

Fair and reasonable opinion

- 229 Pursuant to RG 111 a scheme is “fair” if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme.
- 230 This comparison based on the Cash Consideration is shown below:

Position of Citadel shareholders			
	Low \$ per share	High \$ per share	Mid-point \$ per share
Value of Cash Consideration	5.70	5.70	5.70
Value of 100% of Citadel	5.24	5.75	5.50
Extent to which the Cash Consideration exceeds (or is less than) the value of Citadel	0.46	(0.05)	0.20

- 231 As the Cash Consideration lies toward the top end of our assessed valuation range for Citadel shares on a 100% controlling interest basis, in our opinion, the Cash Consideration is fair to Citadel shareholders when assessed based on the guidelines set out in RG 111.
- 232 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Cash Consideration (and therefore the Scheme Consideration) is also reasonable.

In the best interests

- 233 There is no legal definition of the expression “in the best interests”. However, RG 111 states that a Scheme may be “in the best interests of the members of the company” if there are sufficient reasons for shareholders to vote in favour of the Scheme in the absence of a higher offer.
- 234 Generally, in our experience, if a transaction is “fair” and “reasonable” under RG 111 it will also be “in the best interests” of shareholders. This is because, if the Scheme Consideration is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.

³⁶ It remains at the discretion of the Citadel Board as to whether the Special Dividend is ultimately declared and paid. Whether a Citadel shareholder will be able to capture the full benefit of the franking credits will depend on their individual tax circumstances.

³⁷ Due to the benefit of franking credits we note that the value of the Cash Consideration to some Australian resident shareholders may be greater than \$5.70 per share if a Special Dividend is paid.

- 235 We therefore consider that the Scheme is also “in the best interests” of Citadel shareholders in the absence of a superior proposal.
- 236 In assessing whether the Scheme is reasonable and in the best interests of Citadel shareholders LEA has also considered, in particular:
- (a) the extent to which a control premium is being paid to Citadel shareholders
 - (b) the extent to which Citadel shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (c) the listed market price of Citadel shares, both prior to and subsequent to the announcement of the proposed Scheme
 - (d) the likely market price of Citadel securities if the proposed Scheme is not approved
 - (e) the value of Citadel to an alternative offeror and the likelihood of a higher alternative offer being made for Citadel prior to the date of the Scheme meeting
 - (f) the advantages and disadvantages of the Scheme from the perspective of Citadel shareholders
 - (g) other qualitative and strategic issues associated with the Scheme.
- 237 These issues are discussed in detail below.

Extent to which a control premium is being paid

- 238 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company’s shares³⁸ three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). This premium range reflects the fact that:
- (a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder
 - (b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds
 - (c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company
 - (d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.
- 239 We have calculated the premium implied by the Cash Consideration by reference to the market prices of Citadel shares (as traded on the ASX) for periods up to and including 11 September 2020 (being the trading day prior to the announcement of the Scheme with PEP Bidco).

³⁸ After adjusting the pre-bid market prices for the movement in share market indices between the date of the pre-bid market price and the announcement of the takeover.

B. Independent Expert's Report



- 240 The implied offer premium based on the Cash Consideration relative to Citadel share prices up to and including 11 September 2020 is shown below:

Implied offer premium relative to recent share prices ⁽¹⁾		
	Citadel share price A\$	Implied control premium %
Closing share price on 11 September 2020 ⁽²⁾	3.98	43.2
1 month VWAP to 11 September 2020	4.27	33.5
3 months VWAP to 11 September 2020	3.76	51.6
2 September 2020 ⁽³⁾ to 11 September 2020	4.22	35.1

Note:

- 1 Rounding differences may exist.
- 2 Being the closing price on the last day of trading prior to the announcement of the Scheme.
- 3 Citadel shares first traded without an entitlement to the FY20 final dividend of 6.0 cents per share on 2 September 2020.

- 241 We note that in the period up to 1 September 2020 Citadel shares traded with an entitlement to the FY20 final dividend of 6.0 cents per share (which was paid on 1 October 2020). Accordingly, if the VWAP Citadel share prices shown above were adjusted in respect of this dividend, the relevant implied control premiums would be marginally higher than shown above³⁹.
- 242 Irrespective of such a potential adjustment however, in our opinion, the Cash Consideration provides Citadel shareholders with a premium that is consistent with and/or significantly exceeds observed premiums generally paid in comparable circumstances. Accordingly, in our view, Citadel shareholders are being fully compensated for the fact that 100% control of Citadel will pass to PEP Bidco if the Scheme is approved.

Extent to which Citadel shareholders are being paid a share of synergies

- 243 PEP is a leading Australian based private equity firm that has been operational since 1998. In that time, it has completed more than 34 primary transactions and over 100 follow-on investments. Consistent with its business model, PEP Bidco has indicated an intention to retain the Citadel head office and existing business structure subsequent to implementation of the Scheme.
- 244 Accordingly, Citadel management have estimated that any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Citadel from the ASX and related regulatory matters no longer required.
- 245 In the circumstances, in our opinion, the potential synergies arising from the transaction:
- (a) are unlikely to be material in the overall context of our assessed value of Citadel
 - (b) are more than adequately compensated for in the Cash Consideration.

³⁹ The one month VWAP implied premium and the three months VWAP implied premium would increase to around 34.8% and 53.6% respectively.

Recent share prices subsequent to the announcement of the Scheme

- 246 Shareholders should note that Citadel shares have traded on the ASX in the range of \$5.51 to \$5.66 per share in the period since the Scheme was announced up to 26 October 2020. This trading range indicates that Citadel shares have traded marginally below the Cash Consideration of \$5.70 per share.
- 247 In our view, the trading above suggests that in the absence of a superior proposal the consensus market view is that the Scheme is likely to be successful.

Likely price of Citadel shares if the Scheme is not implemented

- 248 If the Scheme is not implemented we expect that, at least in the short-term, Citadel shares will trade at a significant discount to our valuation and the Cash Consideration due to the difference between the value of Citadel shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that Citadel shares last traded at \$3.98 per share on 11 September 2020 (being the last trading day prior to the announcement of the Scheme with PEP Bidco).
- 249 If the Scheme is not implemented those Citadel shareholders who wish to sell their Citadel shares are therefore likely, at least in the short-term, to realise a significantly lower price for their shares than the Cash Consideration.

Likelihood of an alternative offer

- 250 We have been advised by the Directors of Citadel that no formal alternative offers have been received subsequent to the announcement of the Scheme on 14 September 2020. We have been further advised that the Scheme reflects the outcome of negotiations between Citadel and PEP Bidco (following an approach from PEP Bidco) and that no formal sale process in respect of Citadel was undertaken prior to entering into the Agreement with PEP Bidco.
- 251 There has effectively been (and remains) therefore an opportunity for third parties contemplating an acquisition of Citadel to table a proposal before the Citadel Board. In this regard however Citadel shareholders should note the exclusivity obligations on Citadel pursuant to the Agreement, which are summarised in Section I above and discussed in further detail in the Scheme Booklet.

Summary of opinion on the Scheme

- 252 We summarise below the likely advantages and disadvantages of the Scheme for Citadel shareholders.

Advantages

- 253 In our opinion, the Scheme has the following benefits for Citadel shareholders:
- (a) the Cash Consideration of \$5.70 cash per share is towards the high end of our assessed value range for Citadel shares on a 100% controlling interest basis
 - (b) the Cash Consideration represents a significant premium to the recent market prices of Citadel shares prior to the announcement of the proposed Scheme on 14 September 2020
 - (c) furthermore, the premium is consistent with and/or exceeds observed premiums generally paid to target company shareholders in comparable circumstances

B. Independent Expert's Report



- (d) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Citadel shares is likely to trade at a significant discount to our valuation and the Cash Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

- 254 Citadel shareholders who elect to receive the Cash Consideration should note that if the Scheme is implemented they will no longer hold an interest in Citadel. Citadel shareholders receiving the Cash Consideration option will therefore not participate in any future value created by the company over and above that reflected in the Cash Consideration.
- 255 However, as our assessed value of Citadel shares is consistent with the Cash Consideration, in our opinion, the present value of Citadel's future potential is reflected in the Cash Consideration.

Conclusion

- 256 Given the above analysis, we consider the acquisition of Citadel shares under the Scheme is fair and reasonable and in the best interests of Citadel shareholders in the absence of a superior proposal.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The *Corporations Act 2001 (Cth)* (Corporations Act) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Citadel shareholders in connection with the Scheme.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$140,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

B. Independent Expert's Report



Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 26 years and 34 years experience respectively in the provision of valuation advice (and related advisory services).

Declarations

- 3 This report has been prepared at the request of the Directors of Citadel to accompany the Scheme Booklet to be sent to Citadel shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Citadel shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, Citadel agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Citadel which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

B. Independent Expert's Report

Appendix C

Listed company descriptions

Australian listed software and technology companies

Hansen Technologies Ltd

- 1 Hansen Technologies is involved in the development, integration and support of billing systems software for the utilities, energy, pay-television and telecommunications sectors. Other activities undertaken by the company include IT outsourcing services and the development of other specific software applications. Hansen Technologies has headquarters in Australia and offices in the Americas, South Africa, Europe and the Asia Pacific, and services customers in over 90 countries around the world.

Bravura Solutions Ltd

- 2 Bravura Solutions is a global supplier of software and professional services for superannuation, pension, life insurance, investment, private wealth and funds administration companies. The company offers its products and services to a broad range of clients operating across Australia, New Zealand, UK, Europe, Africa and Asia. It delivers a comprehensive range of administration and management capabilities to meet the specific needs of local and global wealth management organisations.

Integrated Research Ltd

- 3 Integrated Research is involved in the design, development, implementation and sale of systems and applications management computer software for business computing, unified communication networks and payment networks. The company services customers in more than 60 countries through direct sales offices in the United States of America (US), UK, Germany, Singapore and Australia, and via a global, channel-driven distribution network.

Infomedia Ltd

- 4 Infomedia is a technology services developer and supplier of electronic parts catalogues and service systems to the global automotive industry. The company's revenue is predominantly sourced from the parts and service sectors of the global automotive industry as well as information management, analysis and data creation for the domestic automotive and oil industries. It is headquartered in Australia with geographic segments covering the Asia Pacific, Europe, the Middle East, Africa and the Americas.

MNF Group Ltd

- 5 MNF Group, formerly My Net Fone, is a provider of voice, data, and cloud based communication and communication enablement services to residential, business, government and wholesale customers in Australia and internationally. The Group operates a global Smart Network carrying over 6 billion voice minutes per annum, with points of presence in Los Angeles, New York, Hong Kong, Singapore, London, Frankfurt, Sydney and Auckland.

Class Ltd

- 6 Class develops and distributes cloud-based accounting, investment reporting and administration software. It is the leading provider of cloud-based administration software for self-managed super funds, with around 28% of all self-managed super funds administered on

Appendix C

Class Super. The company also provides software to streamline the administration of investment portfolios held by other entities such as companies, trusts and individuals, with more than 180,000 accounts administered using Class software.

Praemium Ltd

- 7 Praemium is a leading provider of scalable managed accounts technology, portfolio administration and financial planning tools for the wealth management industry. Its investment platform is based on separately managed accounts technology allowing wealth managers to implement investment strategy changes across a number of client accounts. The company has more than 1,000 clients and offices in Australia, UK, United Arab Emirates, Armenia, China and Hong Kong.

Livetiles Ltd

- 8 Livetiles is a global software company headquartered in New York, with operations in Seattle, San Francisco, Los Angeles, Chicago, Minneapolis, North Carolina, Rochester, London, Sligo, Zurich, Amsterdam, Sydney, Melbourne, Brisbane, Geelong and Hobart. Livetiles offers intelligent workplace software that provides developers and business users with the tools to easily create dashboards, employee portals, and corporate intranets that can be further enhanced by artificial intelligence and analytics features.

ReadyTech Holdings Ltd

- 9 ReadyTech Holdings is focused on developing people management software primarily for the education and employment industries. The company maintains a full suite of student management and profiling systems designed for tertiary education and training providers. It also offers a wide range of software products and services to enable businesses to manage human resources administration, payroll management and workplace health and safety.

Australian listed IT services companies

Data#3 Ltd

- 10 Data#3 is an Australian IT company that delivers an integrated array of solutions spanning cloud, mobility, security, data and analytics and IT lifecycle management through two segments, being Product and Services. The Product segment is engaged in providing hardware and software licenses for its customers' desktop, network and data centre infrastructure. The company's Services segment provides consulting, procurement, project services, resourcing and managed services.

Empired Ltd

- 11 Empired is an Australian IT services provider with locations in 10 cities across Australia, New Zealand and the US. The company is engaged in the design, development and integration of business knowledge, IT and creativity, with the aim of streamlining and automating business processes and delivering operational efficiencies. It operates across various industries, including retail and manufacturing, financial services and insurance, health, mining, oil and gas, utilities, transport and education.

B. Independent Expert's Report

Appendix D

Glossary

Term	Meaning
AASB	Australian Accounting Standards Board
AASB 16	AASB 16 – <i>Leases</i>
AFCA	Australian Financial Complaints Authority
Agreement	Scheme Implementation Deed between Citadel and Pacific Group Bidco Pty Ltd (an entity owned by funds advised by PEP) dated 14 September 2020
APP	Anaesthetic Private Practice Pty Ltd
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAGR	Compound annual growth rate
Cash Consideration	\$5.70 per Citadel share, less the amount of any Special Dividend paid
CHARM	CHARM Health International Pty Ltd
Citadel / the Group	Citadel Group Limited
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	Corporations Regulations 2001
CY	Calendar year
DCF	Discounted cash flow
Deed	HoldCo Shareholders Deed
DRMS	Department of Defence Document Records Management System
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax depreciation and amortisation
filosoph-e	filosoph-e Pty Ltd
FSG	Financial Services Guide
FY	Financial year
Gruden	Gruden Holdings Pty Ltd
HoldCo	Pacific Group Topco Limited
HY	Financial half year
IER	Independent expert's report
IPO	Initial public offering
IT	Information technology
Kapish	Kapish Services Pty Ltd
LEA	LonerGAN Edwards & Associates Limited
Maximum Scrip Consideration	One Class B share in HoldCo for each Citadel share
Mix and Match Consideration	A mix of between 50% and 100% of Scrip Consideration with the remainder in cash
NHS	UK National Health Service
NPV	Net present value
PE	Price earnings
PEP	Pacific Equity Partners Pty Limited
PEP Bidco	Pacific Group BidCo Pty Limited
PEP Funds	The funds managed or advised by PEP
PJA Solutions	PJA Solutions Pty Ltd
Q1 / Q2 / Q3 / Q4	Financial quarter
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
SaaS	Software-as-a-service
Scheme	Scheme of arrangement between Citadel and its shareholders

Appendix D

Term	Meaning
Scheme Consideration	Collectively, the Cash Consideration, the Scrip Consideration, and the Mix and Match Consideration
Scrip Scale Back	Class B shares in HoldCo issued to Citadel shareholders shall not exceed approximately 40% of the total shares on issue in HoldCo
Special Dividend	Up to \$0.20 per Citadel share
TV	Terminal value
UK	United Kingdom
US	United States of America
US\$	US dollar
VWAP	Volume weighted average price
WANOS	Weighted average number of shares outstanding
Wellbeing	Wellbeing Software Group

ANNEXURE C

Scheme Implementation Deed



C. Scheme Implementation Deed

Scheme Implementation Deed

The Citadel Group Limited

Pacific Group Bidco Pty Ltd

gadens

Level 13, Collins Arch
447 Collins Street
Melbourne VIC 3000
Australia

T +61 3 9252 2555
F +61 3 9252 2500

C. Scheme Implementation Deed

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Scheme Implementation Deed

Parties

1. **The Citadel Group Limited** ACN 127 151 026 of 'Citadel House', 11-13 Faulding Street, High Technology Park, Symonston, Australian Capital Territory (**Target**)
2. **Pacific Group Bidco Pty Ltd** ACN 644 075 221 of Level 31, 126-130 Phillip Street, Sydney, New South Wales 2000 (**Bidder**)

Background

- A. The Bidder and the Target have agreed that the Target will propose a members' scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which the Bidder will acquire all of the Target Shares.
- B. The parties have agreed to implement the Scheme on the terms of this Deed.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this Deed, unless the context requires otherwise:

Accounting Standards means:

- (a) the requirements of the Corporations Act about the preparation and contents of financial reports; and
- (b) the accounting standards approved under the Corporations Act, being the Australian Accounting Standards and any authoritative interpretations issued by the Australian Accounting Standards Board;

Announcement means an announcement by the Target in the form agreed between the parties prior to signing this Deed;

ASIC means the Australian Securities and Investment Commission;

ASIC Regulatory Guides means all regulatory guides published by ASIC and in force at the date of this agreement;

Associate has the meaning given to that term in section 12 of the Corporations Act;

ASX means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires;

C. Scheme Implementation Deed

ASX Listing Rules means the official listing rules of ASX, modified to the extent of any express written waiver of ASX;

ATO means the Australian Taxation Office;

Bidder Group means the Bidder and each of its Related Bodies Corporate and a reference to a **Bidder Group Member** or a **member of the Bidder Group** is to the Bidder or any of its Related Bodies Corporate;

Bidder Indemnified Parties means the Bidder, its Related Bodies Corporate and their directors, officers and employees;

Bidder Information means all information (including any updates to such information) regarding the Bidder Group, HoldCo and the Scheme Consideration that is provided by or on behalf of the Bidder Group or HoldCo to Target, its Representatives or the Independent Expert to enable the Scheme Booklet to be prepared and completed in accordance with this Deed and required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60, but excluding information about the Target Group (except to the extent it relates to any statement of intention relating to the Target Group following the Effective Date);

Bidder Representations and Warranties means the representations and warranties of the Bidder as set out in clause 14.5;

Break Fee means \$4,486,473;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia or Melbourne, Australia;

Claim means any allegation, debt, cause of action, liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise;

Class A Shares means fully paid Class A Shares in the capital of HoldCo, having the rights specified in the HoldCo Constitution and the HoldCo Shareholders Deed;

Competing Transaction means any expression of interest, proposal, offer, agreement, transaction or arrangement (whether existing before, on or after the date of this Deed) by or with any person which, if entered into or completed substantially in accordance with its terms, would mean a person (other than the Bidder or funds advised or managed by the Bidder) would:

- (a) directly or indirectly, acquire or have a right to acquire an interest or Relevant Interest in or become the holder of 10% or more of the issued share capital of the Target or Voting Power of 10% or more in the Target;
- (b) directly or indirectly acquire or have a right to acquire an interest in or become the holder of 50% or more of the issued share capital in any of the Target's Subsidiaries, including by way of takeover bid, scheme of arrangement, capital reduction, reconstruction, sale of shares or joint venture;
- (c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in, all or a material part of the assets or business of the Target or its Subsidiaries;
- (d) acquire Control of the Target (or a material Subsidiary of the Target);
- (e) have the right to appoint one or more directors to the Target Board;

- (f) otherwise acquire or merge (including by a reverse takeover bid, joint venture or dual listed company structure) with the Target (or a material Subsidiary of the Target); or
- (g) require the Target to abandon, or otherwise fail to proceed with, the Transaction;

For the purposes of the definition of "Competing Transaction", a Subsidiary or relevant business or assets will be material if the relevant Subsidiary or business or assets contributes more than 50% of the consolidated net profits or represents more than 50% of the total consolidated assets of the Target Group;

Condition means each of the conditions precedent set out in clause 3.1;

Confidentiality Agreement means the confidentiality agreement between the Target and PEP Services Pty Limited dated 7 July 2020;

Consolidated Group means a "consolidated group" or a "MEC group" as those terms are defined in section 995-1(1) of the ITAA;

Control has the meaning given to that term in section 50AA of the Corporations Act;

Controller means, in relation to a person:

- (a) a receiver, receiver and manager, administrator or liquidator (whether provisional or otherwise) of that person or that person's property); or
- (b) anyone else who (whether or not as agent for the person) is in possession, or has control, of that person's property to enforce an Encumbrance;

Corporations Act means the *Corporations Act 2001* (Cth);

Corporations Regulations means the *Corporations Regulations 2001* (Cth);

Court means the Supreme Court of Victoria, Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by the Target and the Bidder;

Court Documents means the documents required for the purposes of a Court Hearing, including (as applicable) originating process, affidavits, submissions and draft minutes of Court orders;

Court Hearing means the First Court Hearing or the Second Court Hearing (as applicable), and **Court Hearings** means both of them;

Cut-Off Time means 8.00am on the Second Court Date;

Data Room means the electronic data room operated by or on behalf of the Target and hosted by Intralinks, the index of which has been initialled by, or on behalf of, the parties for the purposes of identification;

Debt Commitment Letter means the credit-approved, executed commitment letter and accompanying term sheet from certain banks or other financial institutions addressed to the Bidder and dated on or before the date of this Deed;

Debt Financing means the debt financing incurred or intended to be incurred pursuant to the Debt Commitment Letter;

Declared Dividend means the Target's previously declared dividend of \$0.06 per Target Share in relation to the 6 months to 30 June 2020;

C. Scheme Implementation Deed

Deed means this scheme implementation deed including the recitals, any schedules and any annexures;

Deed Poll means the Deed Poll to be executed by the Bidder, MidCo and HoldCo in favour of the Scheme Participants substantially in the form set out in Annexure B or such other form as may be agreed in writing between the parties;

Disclosure Materials means the information disclosed in writing by or on behalf of the Target to the Bidder and its Representatives in:

- (a) the documents and information contained in the Data Room made available by the Target to the Bidder and its Representatives prior to the date of this Deed, the index of which has been initialled by, or on behalf of, the parties for the purposes of identification; and
- (b) any written answers to requests for further information made by the Bidder and its Representatives as contained in the Data Room prior to the date of this Deed, a copy of which has been initialled by, or on behalf of, the parties for the purposes of identification;

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax;

Effective when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but in any event at no time before an office copy of the Scheme Order is lodged with ASIC;

Effective Date means the date on which the Scheme becomes Effective;

Election has the meaning given to that term in the Scheme;

Election Form has the meaning given to that term in the Scheme;

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist;

End Date means the date which is 6 months after the date of this Deed or another date as is agreed by the Target and the Bidder in writing;

Equity Commitment Letter means a binding, executed commitment letter dated before the date of this Deed addressed to HoldCo and the Bidder;

Equity Financing means the equity financing commitments set out in the Equity Commitment Letter;

Excluded Indebtedness means any Indebtedness resulting from:

- (a) making any draw downs under any of its Existing Debt Financing Agreements for the purposes of funding any or all of the following:
 - (i) the Permitted Dividend;
 - (ii) the Declared Dividend;
 - (iii) operational working capital requirements in the ordinary course of business;

- (iv) the Transaction Costs; and
 - (v) payments to holders of Share Rights existing as at the date of this Deed in circumstances where those Share Rights are cash settled in accordance with the terms of the Share Rights Plan and for an amount that in aggregate is not in excess of the Share Rights Buyout Amount;
- (b) the entry into any finance leases in the ordinary course and consistent with past practice for the purpose of purchasing client equipment provided that entry into such finance leases are permitted under the Existing Debt Financing Agreements and the aggregate amount the subject of such finance leases does not exceed \$1,000,000;
- (c) the entry into any swap, option, hedge, forward, futures or similar transaction:
- (i) in the ordinary course in relation to customer contracts which are denominated in a foreign currency; or
 - (ii) for the purpose of repatriating funds throughout the Target Group in connection with the payment of the Permitted Dividend, the Declared Dividend or the repayment of intercompany trading loans within the Target Group,
- provided that such swap, option, hedge, forward, futures or similar transaction is permitted under the Existing Debt Financing Agreements; or
- (d) the provision or replacement of any bank guarantee to a customer or landlord of the Target Group in the ordinary course and consistent with past practice provided that the aggregate amount of such bank guarantees, together with all other bank guarantees or letters of credit on issue, does not exceed \$15,000,000;

Exclusivity Period means the period commencing on the date of this Deed and ending on the earliest of:

- (a) the End Date; and
- (b) the date this Deed is terminated in accordance with its terms;

Existing Debt Financing Default means a “default” or “review event” (in each case, howsoever described) under the Existing Debt Financing Agreements;

Existing Debt Financing Agreements means:

- (a) loan note subscription agreement dated 27 March 2020 between, among others, the Target, certain members of the Target Group, Australia and New Zealand Banking Group Limited (as agent) and ANZ Fiduciary Services Pty Ltd (as security trustee); and
- (b) transactional facilities letter of offer originally dated 27 March 2020 and as amended on 22 July 2020 between the Target, certain members of the Target Group and Australia and New Zealand Banking Group Limited (as lender);

Fairly Disclosed means, in relation to a matter, event or circumstance, disclosed to the relevant party or its Representatives to the extent, and in reasonably sufficient detail, so as to allow a reasonable and sophisticated bidder (or one of its Representatives) experienced in transactions similar to the Transaction to identify or otherwise determine the nature and scope of the relevant matter, event or circumstance;

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth);

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filosoph-E means filosoph-e Pty Ltd ACN 116 725 305;

FIRB means the Foreign Investment Review Board;

First Court Date means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard), with such hearing being the **First Court Hearing**;

Forfeited Share Rights means the Share Rights other than the Vested Share Rights.

Foreign Scheme Shareholders means a Scheme Participant whose address in the Target Share Register as at the Record Date is a place outside Australia, New Zealand or the United Kingdom unless the Target and the Bidder agree in writing that it is lawful and not unduly onerous or impracticable to issue HoldCo Shares to the Scheme Participant if the Scheme Participant so elects under the Scheme;

Government Agency means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute;

GST has the meaning given in the GST Law;

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth);

GST Law has the same meaning as in the GST Act;

Headcount Test means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Target Shareholders present and voting, either in person or proxy;

HoldCo means Pacific Group Topco Limited ACN 644 302 492;

HoldCo Constitution means the constitution adopted, or to be adopted, by HoldCo;

HoldCo Prescribed Occurrence means the occurrence of an Insolvency Event in relation to HoldCo or the Bidder;

HoldCo Shareholders Deed means the shareholders' deed in relation to HoldCo in the form set out in Annexure C or as otherwise agreed between the Target and the Bidder;

HoldCo Shares means fully paid Class B Shares in the capital of HoldCo, having the rights specified in the HoldCo Constitution and the HoldCo Shareholders Deed;

Implementation Date means the date which is 5 Business Days after the Record Date or such other date after the Record Date agreed in writing between the Target and the Bidder;

Indebtedness means any debt or other monetary liability (whether present or future, actual or contingent), together with all interest, fees and penalties accrued thereon, in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee or letter of credit or other instrument issued by a bank or financial institution in respect of financial liabilities;

- (d) bill of exchange, cheque or other negotiable instrument;
- (e) finance or capital lease or hire purchase contract;
- (f) swap, option, hedge, forward, futures or similar transaction;
- (g) redeemable share or security;
- (h) obligation to deliver assets or services paid for in advance by a financier, or any guarantee of the obligations of another person with respect to the foregoing;
- (i) all recourse and non-recourse liabilities and other liabilities (whether conditional or unconditional, present or future) arising from any transactions related to the assignment or securitisation of receivables for financing purposes to any third party, including all factoring agreements and similar agreements executed for the purpose of obtaining financing and including any amount raised pursuant to such agreements but which, in accordance with Accounting Standards, have not otherwise been recognised on the balance sheet as a liability; or
- (j) all interest and non-interest bearing loans, advances or other financing liabilities or obligations, including overdrafts and any other liabilities in the nature of borrowed money (whether secured or unsecured);

Independent Expert means an independent expert in respect of the Scheme appointed by the Target;

Independent Expert's Report means the report from the Independent Expert for inclusion in the Scheme Booklet, including any update or supplementary report, stating whether or not in the Independent Expert's opinion the Scheme is in the best interests of Target Shareholders;

Insolvency Event means, in relation to a party, any one or more of the following events or circumstances:

- (a) being in liquidation or provisional liquidation or under administration;
- (b) having a Controller or analogous person appointed to it or any of its property;
- (c) being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (d) being unable to pay its debts as and when they become due and payable, being insolvent within the meaning of section 95A of the Corporations Act or being otherwise insolvent;
- (e) becoming an insolvent under administration, as defined in section 9 of the Corporations Act;
- (f) entering into, or resolving to enter into a scheme of arrangement, a deed of company arrangement or other compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
- (g) seeking or obtaining protection from its creditors under any statute or any other law;
- (h) any analogous event or circumstance under the laws of any jurisdiction or which has a substantially similar effect; or
- (i) taking any step or being the subject of any action that is reasonably likely to result in any of the above occurring,

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unless such event or circumstance occurs as part of a solvent reconstruction, amalgamation, compromise, arrangement, merger or consolidation approved by the other party;

ITAA means the Income Tax Assessment Act 1997 (Cth);

Key Employees means those persons employed by the Target Group referred to in Document 17.3 in the Data Room;

Law means in respect of a party:

- (a) any law or any requirement under law, including at common law, in equity, under any statute, regulation, or by law, any condition of any Material Authorisation (including any fiduciary duty);
- (b) any binding decision or directive, or published policies, standards or guidelines, of any Regulatory Authority; and
- (c) any binding code of practice,

in any jurisdiction that is applicable to it;

Losses means all claims, demands, damages, losses, costs, expenses and liabilities;

Material Authorisations means each licence, authorisation, approval or permit held or required to be held by a Target Group Member, the failure to hold, have the benefit, cessation or material alteration of which would be reasonably likely to have a material adverse effect on the operational or financial performance of the relevant Target Group Member;

Material Contract means those contracts contained in folders 3.1.1.1 and 3.4.1 (other than documents 3.4.1.21.2 to 3.4.1.21.9) in the Data Room;

MidCo means Pacific Group Midco Pty Ltd ACN 644 072 248;

Permitted Dividend means a dividend declared or determined by the Target Board after the date of this Deed in accordance with clause 4.6, provided that the maximum paid or payable by Target per Target Share in respect of such dividend does not exceed \$0.20 per Target Share (which will be fully franked subject to the availability of franking credits and which, to the extent franked, will not result in the franking account of the Target being in deficit after the payment of the dividend);

PPSA means the *Personal Property Securities Act 2009* (Cth);

PPS Register means the register established under section 147 of the PPSA;

Recommendation has the meaning given to that term in clause 8.1;

Record Date means 5.00pm on the date that is 2 Business Days after the Effective Date, or such other date as may be agreed in writing between the Bidder and the Target or as may be required by ASX;

Related Body Corporate has the meaning given to that term in the Corporations Act;

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act, as modified by any legislative instrument issued by ASIC;

Regulatory Approval means any waiver, consent, approval or ruling (binding or non-binding) of a Government Agency necessary to implement the Scheme or which the parties

agree acting reasonably and in good faith should be obtained in connection with the Scheme;

Regulatory Authority means:

- (a) a government or governmental, semi-governmental or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (c) any regulatory organisation established under statute;

Representative means, in relation to:

- (a) the Target or its Related Bodies Corporate;
- (b) the Bidder or its Related Bodies Corporate; or
- (c) HoldCo or its Related Bodies Corporate,

any partner, member, director, employee, officer, agent, contractor, professional adviser (including legal, financial or accounting advisers), potential debt and equity financing source, potential co-investor, banker, auditor or other consultant and representatives of any of the foregoing;

Scheme or **Scheme of Arrangement** means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Participants substantially in the form set out in Annexure A, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target;

Scheme Booklet means, in relation to the Scheme, the information booklet to be approved by the Court and dispatched to Scheme Participants which includes the Scheme, the Deed Poll, an explanatory statement complying with the requirements of the Corporations Act, the Independent Expert's Report, a notice of meeting and proxy form and an Election Form;

Scheme Cash Consideration has the meaning given to that term in the Scheme;

Scheme Consideration has the meaning given to that term in the Scheme;

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following adjournment or postponement of that meeting;

Scheme Order means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act approving the Scheme;

Scheme Participant means each holder of a Scheme Share as at the Record Date;

Scheme Scrip Consideration has the meaning given to that term in the Scheme;

Scheme Shares means all the Target Shares on issue as at the Record Date;

Second Court Date means the first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard;

Second Court Hearing means the hearing of the application made to the Court for the Scheme Order;

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Share Right means a right granted under the Share Rights Plan to acquire by way of issue a Share subject to the terms of such plan;

Share Rights Buyout Amount means the amount equal to \$1,567,654;

Share Rights Plan means the Target's LTI Equity Plan Rules;

Subsidiary has the meaning given to that term in section 46 of the Corporations Act;

Superior Proposal means a bona fide Competing Transaction which the Target Board, acting in good faith in order to satisfy what the Target Board reasonably considers to be its fiduciary or statutory duties and after taking advice from the Target's legal and financial advisers, determines that:

- (a) would, if completed substantially in accordance with its terms, result in an acquisition of Control of the Target or all or substantially all of the assets of the Target Group;
- (b) is reasonably likely to be completed in accordance with its terms in a timely fashion and not materially after the proposed Implementation Date (based on the Timetable), taking into account all financial, regulatory and other aspects of such proposal, including its conditionality and the ability of the proposing party to fund and consummate the transactions contemplated by the Competing Transaction; and
- (c) would, if completed substantially in accordance with its terms, result in a transaction that is more favourable to Target Shareholders than the Transaction, taking into account all the terms and conditions of the Competing Transaction;

Takeovers Panel means the takeovers panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth);

Target Board means the board of directors of the Target, and a reference to a Target Board Member means any director of the Target comprising part of the Target Board;

Target Business Warranties means representations and warranties of Target set out in Schedule 2;

Target Director means any director of the Target;

Target Group means the Target and each of its Related Bodies Corporate and a reference to a **Target Group Member** or a **member of the Target Group** is to the Target or any of its Related Bodies Corporate;

Target Indemnified Parties means the Target, its Related Bodies Corporate and their directors, officers and employees;

Target Indemnity means the indemnities given by the Target in clauses 14.4 and 14.9;

Target Information means all information contained in the Scheme Booklet other than the Bidder Information, the Independent Expert's Report and any information in respect of which a statement that a Third Party assumes responsibility for that information is included in the Scheme Booklet;

Target Prescribed Occurrence means any of the following events:

- (a) the Target converting all or any of the Target Shares into a larger or smaller number of Target Shares;

- (b) the Target or another member of the Target Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares (including the Target Shares);
- (c) the Target or another member of the Target Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any outstanding share or performance rights or similar rights vest, have been exercised or converted into Target Shares in a manner other than as set out in this Deed without the prior written consent of the Bidder;
- (e) any bonus, incentive, compensation, payment or other benefit is made to Employees other than salary, wages, commissions or other benefits required to be paid under any applicable agreement or Law;
- (f) any member of the Target Group agrees to pay, makes or declares, or announces an intention to make or declare, or pays any distribution (whether by way of dividend, capital reduction or any other form of distribution of profits or return of capital and whether in cash or *in specie*) to its members other than the declaration and payment by a member of the Target Group of the Declared Dividend, the Permitted Dividend or a dividend where the recipient of that dividend is the Target or another member of the Target Group other than filosofh-E;
- (g) a member of the Target Group issuing shares, or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a performance right or an option, other than:
 - (i) to another member of the Target Group other than filosofh-E; or
 - (ii) the issuing of Target Shares pursuant to the vesting of Share Rights as permitted by clause 5;
- (h) a member of the Target Group issuing or agreeing to issue securities convertible into shares or other instruments or rights that are convertible or exercisable into shares (including Target Shares) other than to another member of the Target Group other than filosofh-E;
- (i) a member of the Target Group disposing, or agreeing to dispose, of the whole, or a substantial or material part, of the Target Group's business, assets or property ;
- (j) a member of the Target Group acquiring, or agreeing to acquire, any securities, business, assets, interest in a joint venture, entity or undertaking, the value of which in aggregate, exceeds \$1,000,000;
- (k) a member of the Target Group adopts a new constitution or makes any change to or repeals its constitution;
- (l) a member of the Target Group creating, or agreeing to create, any mortgage, charge, lien or other Encumbrance over the whole, or a substantial part, of its business or property or over a material asset of the Target Group other than in the ordinary course of business;
- (m) a member of the Target Group incurring or committing to any additional Indebtedness in excess of \$500,000 from the level of Indebtedness existing in the Target Group at the time of entry into this Deed (including borrowings, loans and advances and including make any draw downs under any of its Existing Debt

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Financing Agreements (or any other debt facility)) or liability (whether actual or contingent), but excluding any Excluded Indebtedness;

- (n) a member of the Target Group enters into or resolves to enter into a transaction with any related party of Target (other than a related party which is a Target Group Member) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
- (o) an Existing Debt Financing Default occurs;
- (p) an Insolvency Event occurring in relation to a member of the Target Group; or
- (q) a member of the Target Group resolves to be wound up;

but excludes any matter:

- (r) required to be done, or permitted under this Deed or the Scheme;
- (s) Fairly Disclosed in the Disclosure Materials;
- (t) undertaken with the written consent of the Bidder, which in the case of subparagraphs (e) and (f) above, will not be unreasonably withheld or delayed provided there are no adverse economic consequences to the Bidder from such actions; or
- (u) Fairly Disclosed in an announcement made by the Target to ASX or a document lodged with ASIC in the 3 years prior to the date of this Deed;

Target Scheme Warranties means the representations and warranties of the Target as set out in clause 14.1(b);

Target Share means a fully paid ordinary share in the capital of the Target;

Target Share Register means the register of members of the Target maintained by or on behalf of the Target in accordance with the Corporations Act;

Target Share Registry means Link Market Services Limited ABN 54 083 214 537;

Target Shareholders means each person who is registered in the Target Share Register as a holder of Target Shares;

Target Warranties means the Target Scheme Warranties and the Target Business Warranties;

Tax means any tax, levy, charge, impost, fee, deduction, goods and services tax (including GST), compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty;

Tax Demand means:

- (a) a demand or assessment from a Government Agency requiring the payment of any Tax or Duty for which Target may be liable under this Deed;
- (b) any document received from a Government Agency administering any Tax or Duty assessing, imposing, claiming or indicating an intention to claim any Tax or Duty;
- (c) a notice to a contributing member of a Consolidated Group given under section 721-15(5) of the ITAA 1997;

- (d) a notice to a member of a GST Group (as defined in the GST Act), in relation to section 444-90(1) of Schedule 1 to the ITAA; and
- (e) a lodgement of a Tax or Duty return or a request for an amendment to a lodged Tax or Duty return;

Tax Indemnity means the indemnity in clause 14.9;

Timetable means the indicative timetable in relation to the Scheme set out in Schedule 1 or such other indicative timetable as agreed in writing between the parties or as may be required by ASX;

Third Party means a person other than the Bidder and its Associates;

Transaction means the acquisition of the Target by the Bidder through the implementation of the Scheme in accordance with the terms of this Deed;

Transaction Costs has the meaning given in clause 9.1(b)(xii).

Transaction Implementation Committee means a committee to be comprised of:

- (a) one or more representatives from each of the Target and the Bidder;
- (b) one or more representatives from one or more legal and financial advisers of the Target and the Bidder; and
- (c) anyone else the parties may agree from time to time;

United Kingdom means the United Kingdom of Great Britain and Northern Ireland;

Vested Share Rights means 270,739 Share Rights.

Voting Intention has the meaning given to that term in clause 8.1(d);

Voting Power has the meaning given to that term in section 610 of the Corporations Act; and

W&I Policy means a policy of warranty and indemnity insurance that may be issued to Bidder on or after the date of this Deed in respect of the Target Warranties and Target Indemnities.

1.2 Interpretation

In this Deed, unless the context requires otherwise:

- (a) clause and subclause headings are for reference purposes only;
- (b) the singular includes the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) a reference to a person includes any other entity recognised by law and vice versa;
- (e) a reference to any time is a reference to Melbourne, Australia time;
- (f) a reference to all or any part of a statute, rule, regulation or ordinance (including an ASX Listing Rule or operating rule of a financial market or a clearing and settlement facility) (**statute**) includes that statute as amended, consolidated, re-

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enacted or replaced from time to time and a regulation or statutory instrument issued under it;

- (g) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (h) a reference to a clause described, prefaced or qualified by the name, heading or caption of a clause, subclause, paragraph, schedule, item, annexure, exhibit or attachment in this Deed means a cross reference to that clause, subclause, paragraph, schedule, item, annexure, exhibit or attachment;
- (i) any reference to a party to this Deed includes its successors and permitted assigns;
- (j) any reference to any agreement or document includes that agreement or document as amended at any time;
- (k) if something is to be or may be done on a day that is not a Business Day, then it must be done on the next Business Day;
- (l) a reference to an event, matter or circumstance being Fairly Disclosed to a party means disclosed to that party or any of its Representatives in sufficient detail so as to enable a reasonable and sophisticated buyer experienced in transactions similar to the Transaction and experienced in business similar to any business conducted by the Target Group (if disclosed by Target) to identify the nature, substance and scope of the relevant event, matter or circumstance on the Target Group;
- (m) the use of the word **includes** or **including** is not to be taken as limiting the meaning of the words preceding it;
- (n) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Deed;
- (o) the expression **at any time** includes reference to past, present and future time and performing any action from time to time; and
- (p) money amounts are stated in Australian currency unless otherwise specified.

2. Agreement to propose Scheme

- (a) The Target agrees to propose the Scheme to Target Shareholders on and subject to the terms of this Deed.
- (b) The Bidder agrees to assist the Target to propose the Scheme, on and subject to the terms of this Deed.

3. Conditions

3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme (including the obligations of the Bidder under clause 4.2) will not become binding, unless and until each of the following Conditions is satisfied or waived to the extent and in the manner set out in this clause 3:

Condition Precedent		Party entitled to benefit	Party responsible
(a)	(FIRB approval) before 8.00am on the the Second Court Date either: (i) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification to the Scheme either without conditions or with conditions acceptable to the Bidder (acting reasonably); or (ii) following notice of the proposed Scheme having been given by the Bidder to the Treasurer under the FATA, the Treasurer has ceased to be empowered to make any order under Part 3 of the FATA because the applicable time limit on making orders and decisions under the FATA has expired.	Cannot be waived	Bidder
(b)	(Independent Expert) the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Target Shareholders before the time when the Scheme Booklet is registered with ASIC and the Independent Expert does not publicly withdraw, qualify or change that opinion at any time prior to 8.00am on the Second Court Date.	Target	Both
(c)	(Shareholder approval) Target Shareholders approve the Scheme by the requisite majorities in accordance with section 411(4)(a)(ii) of the Corporations Act.	Cannot be waived	Target
(d)	(Court approval) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	Cannot be waived	Target
(e)	(No regulatory intervention) no Court or Government Agency has: (i) issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme, the implementation of the Transaction or the rights of the Bidder in	Both	Both

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Condition Precedent		Party entitled to benefit	Party responsible
	respect of the Target Shares to be acquired under the Scheme; (ii) announced, commenced or threatened to commence any action or investigation in consequence or, or in connection with, the Transaction which restrains, prohibits or prevents (or could reasonably be expected to restrain, prohibit or prevent) the Scheme, the implementation of the Transaction or the rights of the Bidder in respect of the Shares to be acquired under the Scheme, and none of those things is in effect as at 8.00am on the Second Court Date.		
(f)	(No Target Prescribed Occurrence) no Target Prescribed Occurrence occurs between the date of this Deed and 8.00am on the Second Court Date.	Bidder	Target
(g)	(No HoldCo Prescribed Occurrence) no HoldCo Prescribed Occurrence occurs between the date of this Deed and 8.00am on the Second Court Date.	Target	Bidder
(h)	(Target Scheme Warranties) the Target Scheme Warranties are true and correct in all material respects at all times between the date of this Deed and as at 8.00am on the Second Court Date, except where expressed to be operative at another time.	Bidder	Target
(i)	(Bidder Representations and Warranties) the Bidder Representations and Warranties are true and correct in all material respects at all times between the date of this Deed and as at 8.00am on the Second Court Date, except where expressed to be operative at another time.	Target	Bidder
(j)	(HoldCo Shareholders Deed) the HoldCo Shareholders Deed is executed by the persons named as the parties to that document.	Target	Both
(k)	(Employee incentive arrangements) by 8.00am on the Second Court Date the Target has taken all necessary steps to ensure that all outstanding Share Rights	Bidder	Target

Condition Precedent		Party entitled to benefit	Party responsible
	will either vest and be exercised and converted into Target Shares, be cash settled or lapse and be cancelled by the Effective Date, as contemplated by clause 5, including obtaining any necessary waiver of, or approval under, the Listing Rules in relation to the vesting and exercise or conversion, cash settlement, lapse or cancellation of the Share Rights.		
(I)	(Cybersecurity) between the date of this Deed and 8.00am on the Second Court Date, no member of the Target Group has been subject to a cyber-security incident which: (i) results in customer confidential data or information received by that Target Group Member pursuant to a contract which is material to the business of the Target Group being accessed by a third party not authorised to access such data or information under the relevant material contract other than in circumstances where: (A) the relevant customer agrees or acknowledges in writing, within a reasonable period after the unauthorised access, that the unauthorised access was not caused by the actions or omissions of the Target Group; or (B) the incident is not likely to have a material adverse effect on the business, assets, operations, performance or prospects of the Target Group as a whole; or (ii) results in a shutdown of the systems or operations of the Target Group for more than 1 week that results in a breach of customer service level requirements and where the shutdown is likely to have a material adverse effect on the business, assets, operations,	Bidder	Target

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Condition Precedent		Party entitled to benefit	Party responsible
	performance or prospects of the Target Group as a whole.		
(m)	(Material Contracts) between the date of this Deed and 8.00am on the Second Court Date. no counterparty to a Material Contract has given notice in writing to the relevant member of the Target Group of its intention to terminate the relevant Material Contract.	Bidder	Target

3.2 Duties relating to Conditions

Each of the Target and the Bidder agrees to use reasonable endeavours to procure that:

- (a) each of the Conditions for which it is the party responsible (as noted in clause 3.1):
 - (i) is satisfied as soon as practicable after the date of this Deed; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) where a party is responsible for a Condition being satisfied, there is no occurrence that would prevent a Condition from being satisfied.

3.3 Regulatory matters

Without limiting clause 3.2:

- (a) **(Regulatory Approvals process)** each party must take all steps it is responsible for as part of any Regulatory Approval process, including responding to requests for information at the earliest practicable time;
- (b) **(consultation)** each party must consult with the other party in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Government Agency relating to any Regulatory Approval
- (c) **(assistance)** each party must give the other party reasonable assistance in connection with obtaining any Regulatory Approval as well as in connection with the satisfaction of the Condition in clause 3.1(a);
- (d) **(communications with Government Agency)** each party must, if required in writing by the other party:
 - (i) provide the other party with drafts of any material written communications to be sent to a Government Agency; and
 - (ii) provide copies of any material written communications sent to or received from a Government Agency to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so.

For the avoidance of doubt, neither party is required to disclose commercially sensitive information in relation to the application for a Regulatory Approval to the other party and the party applying for a Regulatory Approval may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a third party or commercially sensitive and confidential to the applicant.

3.4 Conditional approvals

Any approvals required under the Conditions must be obtained either on an unconditional basis or subject to conditions that are acceptable to the party who is entitled to the benefit of the relevant Condition (acting reasonably), provided that the parties acknowledge that the tax conditions published at the date of this Deed in Attachment B to Guidance Note 47 issued by FIRB are accepted if imposed on the no objections notifications.

3.5 Waiver of Conditions Precedent

- (a) A Condition may only be waived in writing by the party or parties entitled to the benefit of that Condition as noted in clause 3.1 and will be effective only to the extent specifically set out in that waiver.
- (b) A party entitled to waive the breach or non-fulfilment of a Condition under this clause 3.5 may do so in its absolute discretion.
- (c) If either the Target or the Bidder waives the breach or non-fulfilment of a Condition in accordance with this clause 3.5, then that waiver does not preclude that party from suing the other for any breach of this Deed arising as a result of the breach or non-fulfilment of that Condition or arising from the same event which gave rise to the breach or non-fulfilment of that Condition.
- (d) A waiver of a breach or non-fulfilment in respect of a Condition does not constitute:
 - (i) a waiver of a breach or non-fulfilment of any other Condition arising from the same event; or
 - (ii) a waiver of a breach or non-fulfilment of that Condition resulting from any other event.

3.6 Notices

Each party must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other in writing if it becomes aware that any Condition has been satisfied and provide reasonable evidence of the same; and
- (c) promptly notify the other in writing if it becomes aware that any Condition is or has become incapable of being satisfied (having regard to the respective obligations of each party under clause 3.2(b)).

3.7 Scheme voted down because of Headcount Test

- (a) If the Condition in clause 3.1(c) is not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that section provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable and if such a notice is provided by either party, the Target must:

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- (i) apply for an order of the Court contemplated by section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test and seek Court approval of the Scheme under section 411(4)(b) of the Corporations Act, notwithstanding that the Headcount Test has not been satisfied; and
- (ii) make such admissions to the Court and file such evidence as counsel engaged by the Target to represent it in Court proceedings relating to the Scheme, in consultation with the Bidder, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test.

3.8 Failure of Condition

- (a) If:
 - (i) there is a breach or non-fulfilment of a Condition which is not waived in accordance with this Deed by the time or date specified in this Deed for the satisfaction of the Condition;
 - (ii) there is an act, failure to act or occurrence which will prevent a Condition from being satisfied by the time or date specified in this Deed for the satisfaction of the Condition (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this Deed); or
 - (iii) the Scheme has not become Effective by the End Date,the parties must consult in good faith with a view to determining whether:
 - (iv) the Scheme may proceed by way of alternative means or methods;
 - (v) to extend the relevant time for satisfaction of the Condition or to adjourn or change the date of an application to the Court; or
 - (vi) to extend the End Date.

3.9 Failure to agree

If the parties are unable to reach agreement under clause 3.8(a) within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- (a) subject to clause 3.9(b), either party may terminate this Deed (and that termination will be in accordance with clause 16.1(a)(ii)); or
- (b) if a Condition may be waived and exists for the benefit of one party only, that party only may waive that Condition or terminate this Deed (and that termination will be in accordance with clause 16.1(a)(ii) or 16.1(a)(i) as applicable),

in each case before 8.00am on the Second Court Date, and provided that, a party will not be entitled to terminate this Deed under this clause if the relevant Condition has not been satisfied as a result of a breach of this Deed by that party or a deliberate act or omission of that party.

4. Scheme

4.1 Proposal of Scheme

The Target must propose a scheme of arrangement under which:

- (a) all of the Scheme Shares held by a Scheme Participant will be transferred to the Bidder; and
- (b) each Scheme Participant who holds Scheme Shares to be transferred to the Bidder will be entitled to receive the Scheme Consideration in respect of those transferred Scheme Shares.

4.2 Scheme Consideration

Each Scheme Participant is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Participant at the Record Date subject to and in accordance with this Deed and the Scheme.

4.3 Payment of Scheme Consideration

Subject to this Deed and the Scheme, the Bidder undertakes to the Target (in its own right and separately as trustee or nominee of each Scheme Participant) that, in consideration of the transfer to the Bidder of each Scheme Share held by a Scheme Participant at the Record Date, the Bidder will, on the Implementation Date:

- (a) accept that transfer; and
- (b) provide, and procure that HoldCo provides, to each Scheme Participant, the relevant component of the Scheme Consideration,

in accordance with the Scheme.

4.4 Scheme Scrip Consideration

- (a) Subject to the Scheme becoming Effective, the Bidder must:
 - (i) issue (or procure the issue of) the Scheme Scrip Consideration to the Scheme Participants who have made valid Elections to receive the Scheme Scrip Consideration in accordance with the Scheme on terms that each HoldCo Share will rank equally in all respects with each other HoldCo Share and will have the rights set out in the HoldCo Constitution and the HoldCo Shareholders Deed; and
 - (ii) ensure that on issue each HoldCo Share will be fully paid and free from any Encumbrance.
- (b) To facilitate the issue of the Scheme Scrip Consideration to Scheme Participants, the Target must provide to the Bidder, or procure the provision to the Bidder of, a complete copy of the Target Share Register as at the Record Date (which must include the name, address and registered holding of each Scheme Participant as at the Record Date), within 2 Business Days after the Record Date. The details and information to be provided under this clause must be provided in such form as the Bidder may reasonably require.
- (c) The Bidder will not issue (nor procure the issue of) Scheme Scrip Consideration to Foreign Scheme Shareholders.

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- (d) Any fractional entitlement of a Scheme Participant to a part of a HoldCo Share will be rounded down to the nearest whole number of HoldCo Shares.

4.5 Election mechanism

- (a) The Target must ensure that an Election Form is made available to Target Shareholders with the Scheme Booklet sent to each of them.
- (b) The Election Form must include the relevant matters set out in the Scheme and must otherwise be in a form agreed between the parties in writing.
- (c) The Target must procure that, to the extent practicable, Target Shareholders who acquired Target Shares after the date of the despatch of the Scheme Booklet receive an Election Form upon request.

4.6 Permitted Dividends

- (a) Subject to clause 4.6(b), the Bidder acknowledges and agrees that at any time on or before the Implementation Date, the Target may announce, declare and pay a Permitted Dividend.
- (b) If the Target announces, declares and pays any Permitted Dividend in accordance with clause 4.6(a):
 - (i) the payment date of the Permitted Dividend will be determined by the Target provided that the Permitted Dividend is paid no later than the Implementation Date;
 - (ii) the Permitted Dividend may be franked to the maximum extent possible, subject to the franking account of the Target not being in deficit after the payment of the Permitted Dividend (and prior to the declaration of any Permitted Dividend, the Target must provide the Bidder with supporting documents evidencing (to the Bidder's reasonable satisfaction) that the franking account of the Target will not be in deficit after the payment of such); and
 - (iii) the Permitted Dividend is to be paid from profits, retained earnings or distributable reserves (or a combination of all or some of them) of the Target Group existing prior to the declaration or authorisation of such dividends and otherwise in accordance with the Corporations Act.

4.7 Deed Poll

The Bidder covenants in favour of the Target (in its own right and separately as trustee for each of the Scheme Participants) to execute and deliver and to procure that HoldCo and MidCo executes and delivers, the Deed Poll by no later than the First Court Date, and, if the Scheme becomes Effective, fully comply, and procure that HoldCo and MidCo, fully complies, with the Deed Poll.

4.8 No amendment

The Target must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of the Bidder.

5. Treatment of Share Rights

- (a) The Target must ensure that, by no later than the Effective Date, there are no outstanding Share Rights.
- (b) In order to comply with its obligation under clause 5(a), the Target must:
 - (i) in respect of the Vested Share Rights:
 - (A) cause some or all of the Vested Share Rights to vest in accordance with their terms and, following vesting, cause the relevant number of Target Shares to be issued to the relevant former holder in sufficient time to allow the relevant former holders of the relevant Share Rights to participate in the Scheme; or
 - (B) cash settle those Vested Share Rights for an amount that does not exceed the Share Rights Buyout Amount and ensure that all Vested Share Rights which are cash settled are cancelled prior to the Effective Date; and
 - (ii) take any action as may be necessary to cancel Forfeited Share Rights.

6. Steps for Implementation

6.1 General obligations

The Target and the Bidder must each:

- (a) use all reasonable endeavours and commit reasonably necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and cooperative fashion with the other party (including by attending meetings and by providing information),

to comply with their respective obligations under this clause 6, produce the Scheme Booklet and take all necessary steps and exercise all rights necessary to implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

6.2 Target's obligations

The Target must take all steps reasonably necessary to propose and (subject to all of the Conditions being satisfied or waived in accordance with their terms) implement the Scheme as soon as reasonably practicable after the date of this Deed and substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Scheme Booklet):** prepare the Scheme Booklet in accordance with clause 6.4;
- (b) **(Election Form and bank account details):**
 - (i) not finalise the Election Form without the prior written consent of the Bidder (acting reasonably);
 - (ii) ensure that the Election Form contains:

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- (A) a section which requires a Target Shareholder to provide details of bank accounts into which any future dividends on and other payments relating to HoldCo Shares are to be paid; and
 - (B) wording to the effect that a Target Shareholder, by signing and submitting an Election Form, consents to the Target providing to HoldCo such bank account details and tax file numbers or bank account details or tax file numbers previously notified by the Target Shareholder to the Target; and
- (iii) not later than the Business Day before the Implementation Date, provide HoldCo with the bank account details and tax file numbers referred to in clause 6.2(b)(ii)(B);
- (c) **(Independent Expert)**: promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **(approval of draft for ASIC)**: as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the Target Board, or of a committee of the Target Board appointed for the purpose, is held to consider approving that draft as being in a form appropriate for provision to ASIC for its review for the purposes of section 411(2) of the Corporations Act;
- (e) **(liaison with ASIC)**: as soon as reasonably practicable after the date of this Deed:
 - (i) provide an advanced draft of the Scheme Booklet, in a form approved in accordance with clause 6.2(d) or 6.3(f), to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and provide a copy of that draft to the Bidder immediately thereafter; and
 - (ii) liaise with ASIC during the period of its consideration of that draft of the Scheme Booklet and keep the Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and use reasonable endeavours, in consultation with the Bidder, to resolve any such matters (provided that, where any matters related to Bidder Information, the Target must not take any steps to address them without the prior written consent of Bidder, such consent not to be unreasonably withheld or delayed);
- (f) **(consult with the Bidder)**: consult with the Bidder as to the content and presentation of the Scheme Booklet, including:
 - (i) providing the Bidder with successive drafts of the Scheme Booklet for the purpose of enabling, and providing sufficient time for, the Bidder to review and comment on those draft documents;
 - (ii) taking all comments made by the Bidder into account in good faith when producing a revised draft of the Scheme Booklet;
 - (iii) providing to the Bidder a revised draft of the Scheme Booklet within a reasonable time before the draft of the Scheme Booklet which is provided to ASIC for review pursuant to section 411(2) of the Corporations Act is finalised; and
 - (iv) obtaining the Bidder's written consent to the inclusion of the Bidder Information (including in respect of the form and context in which the Bidder Information appears in the Scheme Booklet);

- (g) **(ASIC review)**: keep the Bidder reasonably informed of any matters raised by ASIC in relation to the Scheme Booklet and, where practical to do so, consult with the Bidder in good faith prior to taking any steps or actions to address material issues and use reasonable endeavours to take into consideration the Bidder's views in resolving any material issues raised by ASIC (provided that, where those issues relate to Bidder Information, the Target must not take any steps to address them without the Bidder's prior written consent, not to be unreasonably withheld);
- (h) **(approval of Scheme Booklet)**: as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the Target Board, or of a committee of the Target Board appointed for the purpose, is held to consider approving the Scheme Booklet for despatch to Target Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;
- (i) **(section 411(17)(b) statements)**: apply to ASIC for the production of statements in writing under section 411(17)(b) of the Corporations Act stating that ASIC does not intend to appear before the Court at the First Court Hearing and that ASIC has no objection to the Scheme;
- (j) **(Court Documents)**: consult with the Bidder in relation to the form and content of the Court Documents required for the Court Hearings held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme and consider in good faith, for the purpose of amending drafts of those Court Documents, reasonable comments from the Bidder;
- (k) **(First Court Hearing)**: lodge all documents with the Court and take all other reasonable steps to ensure that promptly after, and provided that, the approvals in clauses 6.2(h) and 6.3(g) have been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing the Target to convene the Scheme Meeting;
- (l) **(registration of Scheme Booklet)** as soon as practicable after the Court orders Target to convene the Scheme Meeting, request ASIC to register the explanatory statement included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (m) **(convening of Scheme Meeting)**: take all reasonable steps necessary to comply with the orders of the Court including, as required, despatching the Scheme Booklet to the Target Shareholders and convening and holding the Scheme Meeting;
- (n) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, Target becomes aware:
 - (i) that information included in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise); or
 - (ii) of information that is required to be disclosed to Target Shareholders under any applicable Law but was not included in the Scheme Booklet,

promptly consult with Bidder in good faith as to the need for, and the form of, any supplementary disclosure to Target Shareholders, and make any disclosure that Target considers reasonably necessary in the circumstances to ensure that the information is no longer misleading or deceptive in any material respect or contains any material omission, having regard to applicable laws and regulations;
- (o) **(Promotion)** participate in efforts reasonably requested by the Bidder to promote the merits of the Transaction and encourage the Target Shareholders to vote on

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the Scheme in accordance with the Recommendation, including meeting with key Target shareholders at the reasonable request of the Bidder, soliciting proxy votes in favour of the Scheme and, if requested to do so by Bidder, engage a proxy solicitation firm to assist in soliciting proxy votes (and the Target may independently decide to appoint a proxy solicitation firm after consulting in good faith with Bidder);

- (p) **(information):**
 - (i) keep Bidder reasonably informed on the status of proxy forms for the Scheme Meeting, including over the period commencing 10 Business Days before the Scheme Meeting and ending on the deadline for receipt of proxy forms;
 - (ii) keep Bidder reasonably informed on the status of Elections by Target Shareholders;
 - (iii) provide to the Bidder all necessary information, and procure that the Target Share Registry provide all necessary information, in each case in a form reasonably requested by the Bidder, for the purpose of understanding legal and beneficial ownership of Target Shares and proxy appointments and directions received by Target prior to the Scheme Meeting; and
 - (iv) keep Bidder reasonably informed of such other information as the Target Group may receive concerning the voting intentions of Target Shareholders
- (q) **(Court approval application if parties agree that Conditions are capable of being satisfied):** if the resolution submitted to the Scheme Meeting is passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act and, if necessary, the parties agree on the Business Date immediately following the Scheme Meeting that it can be reasonably expected that all of the Conditions (other than the Condition in paragraph (d) in clause 3.1) will be satisfied or waived prior to the proposed Second Court Date, apply to the Court for orders approving the Scheme;
- (r) **(Conditions certificate)** at the Second Court Hearing, provide to the Court (through its counsel):
 - (i) a certificate signed by one of the Target Directors and made in accordance with a resolution of the Target Board or of a committee of the Target Board appointed for the purpose confirming (in respect of matters within the Target's knowledge) whether or not the Conditions for which it is responsible, as noted in clause 3.1 (other than paragraph (d)), have been satisfied or waived in accordance with clause 3.5, a draft of which must be provided to the Bidder by 5.00pm on the Business Day prior to the Second Court Date; and
 - (ii) any certificate provided to it by the Bidder under clause 6.3(h);
- (s) **(implementation of Scheme):** if the Scheme is approved by the Court:
 - (i) subject to the ASX Listing Rules, lodge with ASIC an office copy of the Scheme Order in accordance with section 411(10) of the Corporations Act no later than 1 Business Day after the date on which it receives such office copy;
 - (ii) determine entitlements to the Scheme Consideration as at the Record Date in accordance with the Scheme;

- (iii) execute proper instruments of transfer of and effect and register the transfer of the Scheme Shares to the Bidder on the Implementation Date; and
- (iv) do all other things contemplated by or necessary to give effect to the Scheme and the Scheme Order;
- (t) **(suspension of trading)**: apply to ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date;
- (u) **(listing)** take all reasonable steps to maintain the Target's listing on ASX, notwithstanding any suspension of the quotation of Target's Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC, and take any action as reasonably requested by the Bidder to obtain the approval of ASX to the de-listing of the Target following implementation of the Scheme;
- (v) **(regulatory notifications)**: in relation to the Regulatory Approvals, lodge with any Government Agency within the relevant time periods all documentation and filings required by law to be so lodged by the Target in relation to the Transaction;
- (w) **(compliance with laws)**: do everything reasonably within its power to ensure that all transactions contemplated by this Deed are effected in accordance with all applicable laws and regulations; and
- (x) **(other things necessary)** promptly do all other things contemplated by or reasonably necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

6.3 Bidder's obligations

The Bidder must take all steps reasonably necessary to assist the Target to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable, including taking each of the following steps:

- (a) **(Bidder Information)**: provide to the Target, in a form appropriate for inclusion in the Scheme Booklet, all Bidder Information that is required by all applicable Law, the ASX Listing Rules and ASIC Regulatory Guide 60 for inclusion in the Scheme Booklet, which the Bidder Information must (without limiting the above):
 - (i) contain all information necessary to enable the Target to ensure that the Scheme Booklet complies with the requirements of the Corporations Act, the Corporations Regulations and ASIC Regulatory Guide 60;
 - (ii) not be misleading or deceptive in any material respect (whether by omission or otherwise) including in the form and context in which it appears in the Scheme Booklet; and
 - (iii) be updated by all such further or new material information which may arise after the Scheme Booklet has been despatched until the date of the Scheme Meeting which is necessary to ensure that it is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (b) **(Regulatory notification)**: in relation to the Regulatory Approvals, lodge with any Government Agency within the relevant time periods all documentation and filings required by Law to be so lodged by the Bidder in relation to the Transaction;
- (c) **(Independent Expert)**: subject to the Independent Expert agreeing to reasonable confidentiality restrictions, promptly provide all assistance and information

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reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;

- (d) **(review of Scheme Booklet)**: as soon as reasonably practicable after delivery, review the drafts of the Scheme Booklet prepared by the Target and provide comments on those drafts in good faith;
- (e) **(Court Documents)**: provide any assistance or information reasonably requested by the Target or its Representatives in connection with the preparation of the Court Documents, including reviewing the drafts of the Court Documents prepared by the Target and providing reasonable comments in a timely manner on those drafts;
- (f) **(approval of draft for ASIC)**: as soon as reasonably practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, procure that a meeting of the appropriate representatives of the Bidder is held to consider approving those sections of that draft that relate to the Bidder Information as being in a form appropriate for provision to ASIC for review;
- (g) **(approval of Scheme Booklet)**: as soon as reasonably practicable after the conclusion of the review by ASIC of the Scheme Booklet, procure that a meeting of the appropriate representatives of the Bidder is held to consider approving those sections of the Scheme Booklet that relate to the Bidder Information as being in a form appropriate for despatch to Target Shareholders, subject to Court approval;
- (h) **(Conditions certificate)** before 8.00am on the Second Court Date, provide to the Target for provision to the Court at the Second Court Hearing a certificate confirming (in respect of matters within the Bidder's knowledge) whether or not the Conditions for which the Bidder is responsible, as noted in clause 3.1 (other than paragraph (d)), have been satisfied or waived in accordance with clause 3.5, a draft of which must be provided to the Target by 5.00pm on the Business Day prior to the Second Court Date;
- (i) **(Deed Poll)**: by no later than the Business Day prior to the First Court Hearing, execute and deliver to the Target the Deed Poll and procure that HoldCo and MidCo executes and delivers to the Target the Deed Poll;
- (j) **(Representation)**: procure that, if requested by the Target, the Bidder is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act; and
- (k) **(compliance with Laws)**: do everything reasonably within its power to ensure that all transactions contemplated by this Deed are effected in accordance with all applicable Laws.

6.4 Scheme Booklet

- (a) **(Preparation)**: As soon as reasonably practicable after the date of this Deed and substantially in accordance with the Timetable, the Target must prepare the Scheme Booklet in compliance with:
 - (i) all applicable Laws, in particular the Corporations Act, the Corporations Regulations, ASIC Regulatory Guide 60 and the ASX Listing Rules; and
 - (ii) this clause 6.4;
- (b) **(Content)**: The Scheme Booklet will include:
 - (i) the terms of the Scheme;

- (ii) the notice of Scheme Meeting and any other notice of meeting in respect of any resolution that is necessary, expedient or incidental to give effect to the Scheme together with a proxy form for the Scheme Meeting and for any ancillary meeting;
 - (iii) the Election Form;
 - (iv) the Target Information;
 - (v) the Bidder Information;
 - (vi) a copy of this Deed (without the schedules or annexures);
 - (vii) a copy of the executed Deed Poll; and
 - (viii) a copy of the Independent Expert's Report;
- (c) **(Drafts):** The Target must make available to the Bidder drafts of the Scheme Booklet for the purpose of enabling the Bidder to review and comment on those draft documents (accepting that any review of the Independent Expert's Report by the Bidder is limited to review for factual accuracy of those parts that include information relating to the Bidder), consult with the Bidder in relation to the form and content of those drafts (other than the Bidder Information), and consider in good faith, for the purposes of amending those drafts, comments from the Bidder on those drafts. The Bidder acknowledges and agrees that the Target has ultimate discretion with respect to the preparation, form and content of the Scheme Booklet, other than the Independent Expert's Report and as expressly provided in this Deed with respect to the Bidder Information;
- (d) **(Bidder Information):** The Target must seek approval from the Bidder for the form and context in which the Bidder Information appears in the Scheme Booklet, which approval the Bidder must not unreasonably withhold or delayed, and the Target must not lodge the Scheme Booklet with ASIC until such approval is obtained from the Bidder;
- (e) **(Not misleading or deceptive):**
- (i) the Target must take all reasonable steps to ensure that the Scheme Booklet (other than the Bidder Information) is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date it is despatched to Target Shareholders, including undertaking customary verification processes; and
 - (ii) the Bidder must take all reasonable steps to ensure that the Bidder Information is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date on which the Scheme Booklet is despatched to Target Shareholders, including undertaking customary verification processes;
- (f) **(New information):**
- (i) the Target must provide to the Bidder all such further or new information of which the Target becomes aware that arises after the Scheme Booklet has been despatched to the date of the Scheme Meeting where this is or may be necessary to ensure that the Scheme Booklet continues to comply with the Corporations Act, the Corporations Regulations, ASIC Regulatory Guide 60 and the ASX Listing Rules and is not misleading or deceptive in any material respect (whether by omission or otherwise); and

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- (ii) the Bidder must provide to the Target all such further or new information of which the Bidder becomes aware that arises after the Scheme Booklet has been despatched to the date of the Scheme Meeting where this is or may be necessary to ensure that the Bidder Information continues to comply with the Corporations Act, the Corporations Regulations, ASIC Regulatory Guide 60 and the ASX Listing Rules and is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (g) **(Responsibility statements):** The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect that:
 - (i) the Bidder is responsible for the Bidder Information contained in the Scheme Booklet (and no other part of the Scheme Booklet) and, to the maximum extent permitted by law, the Target will not be responsible for any Bidder Information and will disclaim any liability for Bidder Information appearing in the Scheme Booklet; and
 - (ii) the Target is responsible for the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Bidder Information, the Independent Expert's Report or any other report or letter issued to Target by a third party. The Bidder, to the maximum extent permitted by law, will not be responsible for the content of the Scheme Booklet (other than the Bidder Information) and will disclaim any liability for that content appearing in the Scheme Booklet;
- (h) **(Dispute):** If the Bidder and the Target disagree on the form or content of the Scheme Booklet, they must consult in good faith to try and settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:
 - (i) if the disagreement relates to the form or content of the Bidder Information contained in the Scheme Booklet, the Target will make any amendments as the Bidder, acting in good faith, reasonably requires; and
 - (ii) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Target Board will, acting reasonably and in good faith, decide the final form or content of the disputed part of the Scheme Booklet; and
- (i) **(Acknowledgement):** The Bidder and the Target each agree that the efficient preparation of the Scheme Booklet and the implementation of the Scheme are in the interests of the Target Shareholders and the Bidder and that they will use all reasonable endeavours and utilise all necessary resources (including management resources and the resources of external advisers) to comply with their respective obligations under this clause 6.4 and to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

6.5 Transaction Implementation Committee

- (a) The parties must establish a Transaction Implementation Committee as soon as reasonably practical after the date of this Deed. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by the parties to:
 - (i) facilitate satisfaction of the Conditions;
 - (ii) discuss the parties' progress in relation to clauses 6.2 and 6.3;
 - (iii) implement the Scheme in accordance with this Deed; and

- (iv) subject to clause 6.7, ensure the smooth transition of the management of the business and affairs of the Target Group to the Bidder following the implementation of the Scheme.
- (b) The Transaction Implementation Committee will meet on a fortnightly basis from the date of this Deed until the Scheme is fully implemented unless otherwise agreed by the parties.
- (c) The Transaction Implementation Committee will consider all matters relevant to ensuring that the Scheme becomes Effective, including the following:
 - (i) the structure and timing for accomplishing the Scheme in accordance with the Timetable; and
 - (ii) communication strategies, including with any Regulatory Authority, Target employees, Target Shareholders and the media.
- (d) Notwithstanding the above:
 - (i) each party may act in its own interests; and
 - (ii) each member of the Transaction Implementation Committee may act in the interests of the party they represent in participating in the Transaction Implementation Committee.
- (e) At meetings of the Transaction Implementation Committee, the Target must report to the Bidder on the quantum of Third Party costs in respect of the Transaction that it has incurred.

6.6 Existing financing and security

- (a) The Target must cooperate with, and undertake all steps reasonably required or requested in connection with any repayment of existing debt of the Target Group as may be required in connection with the Transaction, including:
 - (i) liaising with the Bidder in good faith in relation to the using of the existing cash reserves of the Target for this purpose;
 - (ii) issuing prepayment, cancellation and other notices or consent requests in relation to existing Target Group debt facilities and closing out any hedging positions;
 - (iii) using all reasonable endeavours to procure:
 - (A) deeds of release, discharges of real property mortgages and registrations on the PPS Register (or any other relevant security register in other jurisdictions as applicable) from secured parties in relation to any Encumbrance granted by a member of the Target Group in favour of that party and procuring the return of any title documents held by a secured party; and
 - (B) the termination or replacement of any letters of credit, bank guarantees, financial undertakings or similar instruments outstanding in connection with such repayment, discharge or termination,
 subject always to:
 - (iv) the Target not being required to actually effect such repayment until the Implementation Date; and

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- (v) no member of the Target Group being required to take any action that would breach any existing contractual obligations or result in the loss of legal privilege.
- (b) The Bidder agrees to reimburse the Target for reasonable fees, costs and expenses reasonably incurred in complying with this clause 6.6 on provision of written evidence of the payment of such fees, costs and expenses.

6.7 Debt financing cooperation

During the period from the date of this Deed to the earlier of the Implementation Date and the termination of this Deed in accordance with its terms:

- (a) the Target Group entities shall furnish at least 10 Business Days prior to the Implementation Date all documentation and other information with respect to the Target Group entities required by bank regulatory authorities under applicable “know-your-customer” and anti-money laundering rules and regulations; and
- (b) the Target Group entities shall use commercially reasonable efforts to provide, and shall cause the respective directors, managers, officers, employees and other representatives of the Target Group entities to provide, in each case in a timely manner, all reasonable cooperation and assistance to Bidder in connection with the arrangement of the Debt Financing that may be reasonably requested by the Bidder, including using commercially reasonable efforts to:
 - (i) make appropriate officers and employees available for participation in a reasonable number of meetings with prospective financings sources at reasonable times and upon reasonable notice;
 - (ii) make available to the Bidder and its financing sources such financial and operating data and other information with respect to the Target Group entities as is reasonably requested by Bidder or the financiers in respect of the Debt Financing (including customary rating agency presentations, bank information memoranda, marketing materials and similar documents in connection with the syndication of the Debt Financing);
 - (iii) reasonably cooperating with marketing efforts of the Bidder and its financing sources for any portion of the Debt Financing;
 - (iv) obtaining surveys, title insurance and legal opinions at the expense of and as reasonably requested by the Bidder; and
 - (v) using reasonable efforts to obtain consents of accountants for use of their reports in any marketing materials relating to the Debt Financing,

provided, in each case that no member of the Target Group shall be required to incur any liability in connection with any Debt Financing prior to implementation of the Scheme.

- (c) The Bidder must indemnify and hold harmless the Target (in its own right and separately as trustee or nominee for each of the other Target Indemnified Parties) and each other Target Indemnified Parties from and against any and all Losses suffered or incurred by any of them in connection with the Debt Financing (including, to avoid doubt, any Alternative Financing) or the Equity Financing and any information utilised in connection therewith in each case other than to the extent any of the foregoing arises from any fraud or wilful misconduct by that Target Indemnified Party.
- (d) No Target Group Member or Target Indemnified Party will be required to execute, other than subject to the Scheme becoming Effective, any credit agreements,

pledge or security documents or legal opinions in connection with the Debt Financing (including, to avoid doubt, any Alternative Financing) or the Equity Financing.

- (e) Nothing in this clause 6.7 shall require the Target's cooperation to the extent that it would:
 - (i) unreasonably interfere with the ongoing business or operations of the Target (having regard to, among other things, the reasonableness of the notice given to the Target of any requested assistance or cooperation);
 - (ii) cause any Condition in clause 3.1 to not be satisfied or otherwise cause any breach of this Deed;
 - (iii) require any member of the Target Group to take any action that would reasonably be expected to conflict with or violate any member of the Target Group's constituent documents or any Law or regulation; or
 - (iv) require any member of the Target Group to take any action that would breach any existing contractual obligations or result in the loss of legal privilege.
- (f) The Bidder agrees to reimburse the Target for reasonable fees, costs and expenses reasonably incurred in complying with this clause 6.7 on provision of written evidence of the payment of such fees, costs and expenses.

6.8 Alternative financing

- (a) Notwithstanding anything to the contrary contained in this agreement, a Debt Commitment Letter may be superseded at the option of Bidder after the date of this agreement but prior to the Implementation Date by instruments (**Replacement Financing Letters**) that replace the existing Debt Commitment Letters and/or contemplate co-investment by or financing from one or more debt financing sources or other or additional parties, provided that:
 - (i) the terms of any Replacement Financing Letter shall not reduce the aggregate amount of the Debt Financing below an amount necessary to fund the aggregate Scheme Consideration payable for all the Scheme Shares, expand upon the conditions precedent to the Debt Financing as set forth in the Debt Commitment Letters or otherwise be reasonably likely to prejudice the Bidder's or HoldCo's ability to pay or provide the Scheme Consideration in accordance with this Deed and the Deed Poll; and
 - (ii) neither the arrangement or negotiation of any Replacement Financing Letters nor the terms thereof shall be expected to delay the Implementation Date.
- (b) For the purposes of this agreement:
 - (i) the references to "Debt Financing" shall include the financing contemplated by the Debt Commitment Letters as permitted by this clause 6.8 to be amended, modified or replaced; and
 - (ii) the references to "Debt Commitment Letters" shall include such documents (including any fee letter in connection with such Debt Commitment Letters) as permitted by this clause 6.8 to be amended, modified or replaced,

in each case from and after such amendment, modification and replacement.

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6.9 No partnership or joint venture

Subject to this Deed, nothing in this clause 6 requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this Deed constitutes the relationship of a partnership or a joint venture between the parties.

7. Court proceedings

7.1 Conduct

- (a) The Target and the Bidder are entitled to separate representation at all Court proceedings relating to the Scheme.
- (b) Each party must give all undertakings to the Court in all proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this Deed.
- (c) Nothing in this Deed gives the Target or the Bidder any right or power to give undertakings to the Court for or on behalf of the other party without that party's prior written consent.

7.2 Appeal and other proceedings

- (a) If the Court refuses to make an order convening the Scheme Meeting or approving the Scheme, the Target will appeal the Court's decision, except to the extent that:
 - (i) the parties agree otherwise; or
 - (ii) either party obtains the advice of an independent senior counsel who states that, in his or her view, an appeal would have no reasonable prospect of success,in which case either party may terminate this Deed in accordance with clause 16.1(a)(ii).
- (b) The Bidder and the Target must defend, or cause to be defended, any lawsuit or other legal proceeding brought against it challenging this Deed or the completion of the Scheme, unless the Target has, in good faith, determined that such action is not in the best interest of Target Shareholders.

8. Target Board recommendation

8.1 Target Board recommendation and voting intention

- (a) The Target must ensure that the Announcement and the Scheme Booklet state that all Target Directors unanimously recommend that Target Shareholders vote in favour of the Scheme (**Recommendation**) which Recommendation must not be qualified in any way other than by words to the effect that the recommendation to vote in favour of the Scheme is made "in the absence of a Superior Proposal" and "subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interest of Target Shareholders".
- (b) For the avoidance of doubt, the Target will not have failed to comply with clause 8.1(a) merely because any Target Director recommends Target Shareholders elect

to receive Scheme Cash Consideration and makes no recommendation in relation to the Scheme Scrip Consideration.

- (c) The Bidder agrees that each Target Director, may, subject to the terms of this Deed, publicly (or otherwise) withdraw, change or in any way qualify their Recommendation if:
 - (i) the Target receives a Competing Transaction and the Target Directors who are entitled to vote on the resolution unanimously determine, after all of the Bidder's rights under clause 11.6 have been exhausted, that the Competing Transaction constitutes a Superior Proposal; or
 - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any updates of its report) that the Scheme is not in the best interests of Target Shareholders.
- (d) The Target must ensure that the Announcement and the Scheme Booklet state that each Target Director intends to cause any Target Shares in which they have a Relevant Interest to be voted in favour of the Scheme (**Voting Intention**), subject to:
 - (i) there being no Superior Proposal; and
 - (ii) the Independent Expert concluding and continuing to conclude that the Scheme is in the best interest of Target Shareholders.
- (e) The Bidder agrees that each Target Director may, subject to the terms of this Deed, publicly (or otherwise) withdraw, change or in any way qualify his or her Voting Intention if:
 - (i) the Target receives a Competing Transaction and the Target Directors who are entitled to vote on the resolution unanimously determine, after all of the Bidder's rights under clause 11.6 have been exhausted, that the Competing Transaction constitutes a Superior Proposal is made; or
 - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any updates of its report) that the Scheme is not in the best interest of Target Shareholders.
- (f) The Target must procure that each of the Target Directors acts in accordance with his or her obligations under this clause 8.1.

8.2 Confirmation

The Target represents and warrants to the Bidder that each Target Director has confirmed their Recommendation and Voting Intention and their agreement not to do anything inconsistent with their Recommendation and Voting Intention (including withdrawing, changing or in any way qualifying their Recommendation or Voting Intention) other than in the circumstances referred to in clause 8.1(c) or 8.1(e).

8.3 Withdrawal or change of recommendation

Without limiting clause 11, if circumstances arise which may lead to one or more Target Directors changing, withdrawing or modifying his or her Recommendation as permitted under this Deed or if the Target receives notice from a Target Director that he or she proposes to withdraw, change or modify his or her Recommendation to vote in favour of the Scheme:

- (a) the Target must promptly notify the Bidder in writing; and

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- (b) the parties must consult in good faith for 2 Business Days after the date on which the notification in clause 8.3(a) is received by the Bidder (**Consultation Period**) to consider and to determine whether there are any steps that can be taken to avoid such withdrawal, change or modification (as applicable). The Recommendation cannot be withdrawn, changed or modified under clause 8.1(c) until the end of the Consultation Period.

9. Conduct before the Implementation Date

9.1 Conduct

Subject to clause 9.2, from the date of this Deed up to and including the Implementation Date:

- (a) the Target must, and must cause each Target Group Member to:
 - (i) conduct the business of the Target Group:
 - (A) in the ordinary course consistent with past practice and in substantially the same manner in which such business has been conducted in the 12 months prior to the date of this Deed; and
 - (B) substantially in accordance with the budget for the Target Group in respect of the financial year ending 30 June 2021 a copy of which is included in the Disclosure Materials;
 - (ii) use all reasonable endeavours to:
 - (A) maintain and preserve the Target Group's relationships with all joint venturers, customers, contractors, landlords, investors and suppliers and Government Agencies and others having material business dealings with any member of the Target Group;
 - (B) enforce any contract to which a member of the Target Group is party, and not waive any breach by any counterparty to any such contract, where such a failure to enforce such contract or where a waiver of such breach would, or would be reasonably likely to, result in a material reduction to the earnings of the Target Group; and
 - (C) retain the services of all officers and Key Employees;
 - (iii) use all reasonable endeavours to ensure that all assets of the Target Group are maintained in the normal course consistent with past practice;
 - (iv) use all reasonable endeavours to pursue all new business opportunities in the ordinary course and keep the Bidder updated in respect of the same;
 - (v) pay the dividend announced by the Target on the ASX on 27 August 2020 on 1 October 2020;
 - (vi) ensure that there is no material decrease in the amount of cash in the Target Group other than in the ordinary course of business and consistent with budgets and projections Fairly Disclosed to the Bidder prior to the date of this Deed;

- (vii) comply in all material respects with all material contracts to which a member of the Target Group is a party, and with all Laws, authorisations and licences applicable to each member of the Target Group;
 - (viii) maintain such policies of insurance as are appropriate to the Target Group's operations, property and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses and assets;
 - (ix) keep the Bidder informed of any current, pending or threatened Tax or Duty audits, reviews or investigations or Tax Demands relating to any Target Group Member, and procure that no member of the Target Group settles, compromises or otherwise deals with such audits, reviews or investigations or Tax Demands without the prior written consent of the Bidder (which must not be unreasonably withheld or delayed);
 - (x) elect one month interest periods under the Existing Debt Financing Agreements;
- (b) the Target must not and must ensure that no member of the Target Group:
- (i) terminates or materially amends a Material Contract;
 - (ii) acquires, leases or disposes of, agrees to acquire, lease or dispose of or offers, proposes or announces a bid or tender for, any securities, business, assets, interest in a joint venture, entity or undertaking, the value of which, in aggregate, exceeds \$1,000,000 (which includes, for the avoidance of doubt, any potential acquisition opportunities specified in the Disclosure Materials unless the Bidder has given its prior written consent, in which case the relevant transaction must not be on materially different terms to those agreed to by the Bidder), but excluding:
 - (A) any tender for a new customer business opportunity submitted in the ordinary course or in connection with the renewal of any existing contract on materially the same terms;
 - (B) the expiration of any lease of real property existing as at the date of this Deed in accordance with the terms of the relevant lease and the replacement of such expired lease with an appropriate new lease for the same or similar premises on market terms; and
 - (C) the extension or renewal of any lease of real property existing as at the date of this Deed on the same terms and in the ordinary course and consistent with past practice;
 - (iii) incurs, creates, assumes, gives a commitment to incur, guarantee or otherwise become liable or responsible for:
 - (A) any Indebtedness which in aggregate is in excess of \$500,000, but excluding
 - (I) any Excluded Indebtedness; and
 - (II) any corporate guarantee given in relation to another Target Group Member other than philosoph-E; or
 - (B) any capital expenditure in relation to property, plant and equipment in excess of \$500,000 (in aggregate), which for the avoidance of doubt, excludes, to the extent Fairly Disclosed in the Disclosure

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Materials, any expenditure in relation to R&D development time or ERP spend which has been capitalised;

- (iv) provides financial accommodation to, or guarantees or indemnifies the obligations of, any person other than a Target Group Member (irrespective of what form that financial accommodation, guarantee or indemnity takes);
- (v) defers the purchase price or other payment in relation to the acquisition of any asset or service of greater than \$500,000;
- (vi) enters into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments other than:
 - (A) in the ordinary course in relation to customer contracts which are denominated in a foreign currency; or
 - (B) for the purpose of repatriating funds throughout the Target Group in connection with the payment of the Permitted Dividend, the Declared Dividend or the repayment of intercompany trading loans within the Target Group;
- (vii) makes any Tax election (including any change of residence) or settles or compromises any liability relating to Tax, unless that election, settlement or compromise is required by Tax law, is supported by an opinion of the Target Group's tax advisers, or is in the ordinary course of business and is consistent with past practices;
- (viii) either:
 - (A) enters into or offers to enter into a new employment contract with a potential employee of the Target Group;
 - (B) enters into or offers to enter into a new employment contract or amends (other than as part of any annual salary review conducted in the ordinary course) an employment contract with an existing employee of the Target Group; or
 - (C) terminates an employment contract with an existing employee of the Target Group (other than for cause),in each case, in respect of which the base salary payable to that existing or potential employee is in excess of \$200,000 per annum;
- (ix) other than in the ordinary course of business and consistent with past practice, increases the remuneration (including any short term incentives and long term incentives) of or benefits (including with regard to superannuation benefits) provided to or pay any bonus or issue any incentive options to, or otherwise varies the employment or appointment arrangements with, any of the Key Employees;
- (x) other than as set out in in clause 5 of this Deed or as set out in Documents 17.1 and 17.4 in the Data Room:
 - (A) accelerates the rights of any of its employees or officers to compensation or benefits of any kind (including under any employee share or incentive plans);

- (B) pay or agree to pay any bonus or incentive payments to its employees, including the Key Employees;
 - (C) amend the terms of any option, performance right, incentive or share plan (including the terms of the Share Rights);
 - (D) pays any of its directors or Key Employees a termination or retention payment; or
 - (E) creates, or agrees to create, issue any securities under, or become liable for any obligations under, or provides, or agrees to pay or provide, any bonuses or benefits to any employee or officer that such employee or officer is not entitled to as at the date of this Deed;
- (xi) enters into, or varies, any enterprise bargaining agreement or similar collective employment agreement;
 - (xii) pay, incur or agree to pay or incur transaction costs (being any investment banking, financial adviser, legal, accounting, share registry and other costs payable to other advisers or third party service providers, and any payments to employee that relate to the Transaction such as deal or retention bonuses) other than in accordance with the transaction cost estimates and arrangements set out in the document with the reference 7.20 in the Data Room (**Transaction Costs**);
 - (xiii) waives or forgives any loans made to any officer or employee of any member of the Target Group;
 - (xiv) enter into or resolve to enter into a joint venture or partnership with any person;
 - (xv) terminate or fail to renew the policies of insurance (to the extent that the policy is capable of renewal by the Target Group) held by the Target Group that are in force as at the date of this Deed other than in circumstances where a policy is replaced with another policy with substantially similar coverage;
 - (xvi) changes its accounting policies other than as required by applicable Accounting Standards;
 - (xvii) enters into a contract or commitment restraining a member of the Target Group from competing with any person or conducting activities in any market;
 - (xviii) commence, threaten in writing, settles or compromise any legal proceedings, claim, investigation, arbitration or other like proceeding against that Target Group Member involving the possible payment or receipt of amounts that exceed \$500,000; or
 - (xix) authorises, commits or agrees to do any of the matters set out above; and
- (c) not take any action that constitutes a Target Prescribed Occurrence or that could reasonably be expected to result in a Target Prescribed Occurrence.

9.2 Permitted activities

- (a) The obligations of the Target under clause 9.1 do not apply in respect of any matter:

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- (i) expressly required to be done or procured by the Target under this Deed or the terms of the Scheme or otherwise expressly permitted to be done by the Target under this Deed;
 - (ii) required by any Law or an order of any Court or Government Agency;
 - (iii) Fairly Disclosed in the Disclosure Materials or in an announcement to ASX or a document lodged with ASIC in the 3 years prior to the date of this Deed; or
 - (iv) agreed in writing by the Bidder (such agreement not to be unreasonably withheld or delayed).
- (b) For the avoidance of doubt, nothing in clause 9.1 restricts the ability of the Target to respond to a Competing Transaction to the extent expressly permitted in accordance with clause 11 11.

9.3 Access and information

Between the date of this Deed and the Implementation Date, the Target must:

- (a) procure that at least two members of the Target's senior management team meet with representatives of the Bidder on a fortnightly basis for no longer than 1 hour to assist with, among other things:
 - (i) keeping Bidder fully informed of the matters contemplated by clause 9.4 and 9.3(c) below; and
 - (ii) providing the Bidder with access to the people it has requested under clause 9.3(c) below;
- (b) provide Bidder with copies of the following materials, promptly following the relevant meeting at which the relevant materials are considered:
 - (i) the minutes of the Target Board held between the date of this Deed and the Implementation Date; and
 - (ii) any reports of the Chief Executive Officer and the Chief Financial Officer provided to the Target Board,

provided that the Target has no obligation under this clause 9.3(b) to provide Bidder with, and may redact or withhold in its entirety, any information about, or otherwise in connection with the Target Board's consideration of the Transaction, any advice provided to the Target Board in connection with the Transaction and information in connection with any Competing Transaction;

- (c) provide the Bidder and its Representatives with reasonable, non-disruptive access during normal business hours and on reasonable notice to the Target's officers and advisers which the Bidder reasonably requires for the purposes of:
 - (i) keeping Bidder informed of material developments relating to the Target Group including the Target Group's financial position (including its cash flow and working capital position), trading and operational performance;
 - (ii) implementing the Scheme;
 - (iii) preparing for carrying on the business of the Target Group following implementation of the Scheme; and
 - (iv) any other purpose which is agreed in writing between the parties,

provided in every case that such access, in the reasonable opinion of the Target, does not place an unreasonable burden on the ability of the Target to operate its business, and provided that nothing in this clause 9.3 requires the Target to provide the Bidder with any information:

- (d) in breach of confidentiality obligations owed to third parties or applicable privacy laws;
- (e) where the Target reasonably considers that the provision of such documents, records or other information would result in the loss of legal professional privilege; or
- (f) concerning the consideration of the Scheme or of any actual or potential Competing Transaction by the Target Directors.

9.4 Business Updates

From the date of this Deed up to and including the Implementation Date, the Target must use reasonable endeavours to notify the Bidder in writing of any of the following matters of which the Target becomes aware:

- (a) events, facts, matters or circumstances which have had, or are reasonably likely to have, a material adverse effect on:
 - (i) the financial or operational performance of, or the reputation of, the Target Group (taken as a whole); or
 - (ii) the Target Group's relationships with Government Agencies or the counterparties to Material Contracts;
- (b) developments in relation discussions with potential new customers or existing customers in relation to extensions of existing contracts including the Material Contracts and the opportunities with the counterparties as set out in Document 17.2 contained in the Data Room;
- (c) proposed or potential changes to the composition of the Target's executive management team (including the Key Employees); and
- (d) any material breach of this Deed by the Target.

9.5 Confidentiality

The parties acknowledge that all information that is provided pursuant to clause 9.3 will be provided subject to the terms of the Confidentiality Agreement.

9.6 Change of control

- (a) As soon as practicable after the date of this Deed, the parties must seek to identify any change of control or similar provisions in leases and material contracts to which the Target or a member of the Target Group is a party which may be triggered by the implementation of the Scheme.
- (b) In respect of any lease or material contract identified under clause 9.6(a), the parties agree that:
 - (i) the Target and the Bidder will agree upon a proposed course of action and then jointly initiate contact with the relevant landlord or counterparty and request that they provide any consents required;

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- (ii) neither the Bidder nor its Representatives may contact any landlord or counterparty without the Target's express written approval; and
- (iii) each party must cooperate with, and provide reasonable assistance to, the other party to obtain such consents as expeditiously as possible, including by:
 - (A) promptly providing any information reasonably required by landlords or counterparties; and
 - (B) making its Representatives available, where necessary, to meet with landlords or counterparties to deal with issues arising in relation to the change of control of the Target.
- (c) For the avoidance of doubt, a failure by a member of the Target Group to obtain any landlord or third party consent will not constitute a breach of this Deed by the Target and, together with any consequences that arise, will be disregarded when assessing the operation of any other provision of this Deed.

10. Actions on and following the Implementation Date

- (a) On the Implementation Date, after the Target or the Target Share Registry has commenced the despatch of the Scheme Consideration to Scheme Participants or the Scheme Shares have been registered in the name of the Bidder (whichever is earlier), subject to receipt by the Target of signed consents to act, the Target must take all actions necessary (and in accordance with the constitution of the relevant member of the Target Group, the Corporations Act and the ASX Listing Rules) to appoint the persons nominated by the Bidder as new Target directors and new directors of each Target Subsidiary.
- (b) Without limiting clause 10(a), on the Implementation Date, but subject to receipt by the Target of written notices of resignation to the effect that the outgoing directors have no claim against any member of the Target Group, the Target must procure that:
 - (i) the incumbent Target Directors (other than those specified in writing by the Bidder to the Target) resign from the Target Board;
 - (ii) to the extent specified in writing by the Bidder to the Target, the incumbent directors of each Subsidiary of the Target resign from their office; and
 - (iii) to the extent specified in writing by the Bidder to the Target, those directors appointed by, or who represent, the Target Group on the board of any entity in which any member of the Target Group holds securities resign from office.

11. Exclusivity

11.1 Termination of existing discussions

- (a) The Target represents and warrants that, as at the time of execution of this Deed, the Target Group is not (including through its Representatives) in any negotiations or discussions, and it has ceased any existing negotiations or discussions, in respect of any Competing Transaction with any Third Party.
- (b) Unless otherwise agreed by the Bidder, the Target must:

- (i) promptly enforce the terms of any confidentiality agreement, deed or undertaking (or similar document) entered into with a person other than the Bidder in the 18 months prior to the date of this Deed in relation to any potential Competing Transaction; and
- (ii) not waive, and must promptly enforce, any standstill obligations of any such person.

11.2 No shop

During the Exclusivity Period, the Target must not, and must procure that each member of the Target Group and each of their Representatives do not, directly or indirectly:

- (a) solicit, invite, encourage or initiate any Competing Transaction or any enquiries, negotiations, discussions or proposals with any person in relation to, or that may reasonably be expected to encourage or lead to, an actual, proposed or potential Competing Transaction or which may otherwise lead to the Transaction not being completed; or
- (b) solicit, invite, encourage or initiate approaches, enquiries, discussions or proposals with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may be reasonably be expected to lead to, an actual, proposal or potential Competing Transaction,

or communicate any intention to do any of those things.

11.3 No talk

Subject to clause 11.7, during the Exclusivity Period, the Target must not, and must procure that each member of the Target Group and each of their Representatives do not, directly or indirectly:

- (a) facilitate, enter into, continue or otherwise participate (including by way of responding) in any negotiations or discussions with any person:
 - (i) regarding an actual or potential Competing Transaction;
 - (ii) which may reasonably be expected to encourage or lead to, an actual or potential Competing Transaction; or
 - (iii) which may otherwise lead to the Transaction not being completed, even if not directly or indirectly solicited, invited, encouraged or initiated by the Target or its Representatives, or that person has publicly announced the Competing Transaction;
- (b) enter into any agreement, arrangement or understanding with any person:
 - (i) regarding a Competing Transaction; or
 - (ii) which may reasonably be expected to lead to, a Competing Transaction; or
 - (iii) which may otherwise lead to the Transaction not being completed, even if not directly or indirectly solicited, invited, encouraged or initiated by the Target or its Representatives, or that person has publicly announced the Competing Transaction;
- (c) communicate to any person an intention to do any of the things referred to in clause 11.3(a) or 11.3(b); or

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- (d) approve or recommend a Competing Transaction.

11.4 No due diligence

- (a) Subject to clause 11.7, without limiting clause 11.3, during the Exclusivity Period, the Target must not, and must ensure that neither it, nor any member of the Target Group or any of their Representatives directly or indirectly, in relation to an actual, proposed or potential Competing Transaction, makes available, facilitates or permits any Third Party to access non-public information, or to undertake due diligence investigations (including without limitation access to premises used by the Target Group or officers or employees of the Target Group), in relation to the Target Group or its business.
- (b) If the Target proposes that any non-public information relating to the business or operations of the Target Group which has not been provided to the Bidder be provided to a Third Party while validly relying on the exception in clause 11.7 then the Target must promptly, and in any event within 2 Business Days after providing it to the Third Party, provide a copy of such information to the Bidder.

11.5 Notice of Competing Transaction

- (a) During the Exclusivity Period, the Target must promptly (and in any event no later than 48 hours) of becoming aware of such matter, notify the Bidder in writing of:
 - (i) any approach by any person to discuss or engage in any activity in relation to an actual, proposed or potential Competing Transaction;
 - (ii) any negotiations or discussions, approach or attempt to initiate any negotiations or discussions, with the Target, any member of the Target Group or their Representatives in respect of any inquiry, expression of interest, offer, proposal or discussion that could reasonably be expected to lead to a Competing Transaction;
 - (iii) receipt of a request for information relating to the Target Group, or its business or operations, in connection with formulation, development or finalisation of, or assisting in the formulation, development or finalisation of, an actual, proposed or potential Competing Transaction, or which the Target has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Transaction.
- (b) If the Target proposes or determines to take any action of a kind that would breach its obligations under clause 11.3 or 11.4 were it not for clause 11.7, then the Target must notify the Bidder in writing no later than 1 Business Day after making that decision or determination.
- (c) A notice given under clause 11.5(a) must be accompanied by all relevant details of the relevant approach, including the identity of the person that made the approach and the material terms and conditions of the Competing Transaction (including proposed price or implied value, conditions, timing and details of any break fee) to the extent known to the Target.
- (d) The Bidder agrees that:
 - (i) any information received under clause 11.5(a) is Confidential Information (as such term is defined in the Confidentiality Agreement) and subject to the terms of the Confidentiality Agreement; and
 - (ii) it must not, and must ensure that its Representatives do not, contact the Third Party that made the actual, proposed or potential Competing

Transaction for any purpose relating to the Scheme, the Competing Transaction or any similar transaction.

11.6 Matching right

- (a) Without limiting clauses 11.2 and 11.3, during the Exclusivity Period, the Target:
 - (i) must not enter, and must procure that no member of the Target Group enters, into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, the Target or both proposes or propose to undertake or give effect to an actual, anticipated, proposed or potential Competing Transaction; and
 - (ii) must procure that no Target Director publicly recommends, supports or endorses an actual, anticipated, proposed or potential Competing Transaction or withdraws, changes or modifies his or her Recommendation or Voting Intention,unless:
 - (iii) the Target Board acting in good faith and in order to satisfy what the Target Board considers to be its statutory or fiduciary duties (having received a written opinion from its external legal and financial advisers), determines that the Competing Transaction constitutes a Superior Proposal;
 - (iv) the Target has provided the Bidder with the material terms and conditions of the actual, anticipated, proposed or potential Competing Transaction, including price, conditions, details of any break fee and the identity of the Third Party making the actual, anticipated, proposed or potential Competing Transaction; and
 - (v) either:
 - (A) the Bidder has not announced or provided the Target a Counterproposal by the expiry of the Matching Period; or
 - (B) the Bidder has announced or provided to the Target a Counterproposal by the expiry of the Matching Period and the Target Board has determined, acting in good faith, that Counterproposal would not provide an equivalent or superior outcome to the Target Shareholders as a whole compared with the Competing Transaction and the Bidder has been granted the right to amend the Counterproposal in accordance with clause 11.6(f).
- (b) The Target acknowledges and agrees that each successive modification or variation of any actual, anticipated, proposed or potential Competing Transaction will constitute a new actual, anticipated, proposed or potential Competing Transaction for the purposes of the requirements under clause 11.5 and clause 11.6.
- (c) If the Target provides the Bidder a notice under clause 11.6(a)(iv), the Bidder will have the right (but not the obligation) at any time during the period of 2 Business Days after receipt of that notice (**Matching Period**) to amend the terms of the Transaction including increasing the amount of consideration offered under the Transaction or proposing a new proposal (**Counterproposal**), and if the Bidder does so, the Target must procure that the Target Board, acting in good faith, consider the Counterproposal and determines whether the Counterproposal would provide an equivalent or superior outcome for Target Shareholders as a whole compared with the applicable Competing Transaction, taking into account all of the terms and conditions of the Counterproposal;

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- (d) The Target must procure that the Target Board promptly, and in any event within 48 hours, notifies the Bidder of its determination in relation to the Counterproposal in writing, stating reasons for that determination.
- (e) If the Target Board, acting in good faith, determines that the Counterproposal would provide an equivalent or superior outcome for Target Shareholders as a whole compared with the applicable Competing Transaction, taking into account all of the terms and conditions of the Counterproposal, then:
 - (i) the Target and the Bidder must use their best endeavours to agree the amendments to this Deed and, if applicable, the Scheme and Deed Poll that are reasonably necessary to reflect the Counterproposal and to implement the Counterproposal, in each case as soon as reasonably practicable; and
 - (ii) the Target must use its best endeavours to procure that each of the Target Directors recommends the Counterproposal and not the applicable Competing Transaction.
- (f) If the Target Board determines in good faith that the Counterproposal would not provide an equivalent or superior outcome to the Target Shareholder as a whole compared to the applicable Competing Transaction, then the Bidder may take steps to amend the Counterproposal to address the reasons given by the Target within a further period of 3 Business Days after the receipt of notice under clause 11.6(d). If the Bidder does so to the Target's reasonable satisfaction, then clause 11.6(e) applies to that Counterproposal.

11.7 Fiduciary exception

- (a) Clauses 11.3 and 11.4 do not apply to the extent that they restrict the Target or the Target Board from taking or refusing to take any action with respect to an actual, proposed or potential Competing Transaction (which was not solicited, invited, encouraged or initiated by the Target in contravention of clause 11.2) provided that the Target Board has determined, in good faith and acting reasonably that:
 - (i) after receiving advice from its financial adviser, the relevant Competing Transaction is, or is reasonably likely to become, a Superior Proposal; and
 - (ii) after receiving written legal advice from its external legal advisers, that compliance with clauses 11.3 or 11.4 (as applicable) would constitute, or would be reasonably likely to constitute, a breach of any of the fiduciary or statutory duties of the Target Directors.
- (b) If the Target proposes that any non-public information be provided to a Third Party while relying on the exception in clause 11.7(a), then:
 - (i) before the Target provides such information, the Third Party must enter into an agreement which contains obligations on the recipient that are no less onerous in any respect than the obligations imposed on PEP Services Pty Limited by the Target in connection with this Transaction; and
 - (ii) any non-public information provided to that Third Party must also be provided to the Bidder.

11.8 Exception

Nothing in this clause 11 prevents the Target from:

- (a) taking any action in good faith to comply with its continuous disclosure obligations; or

- (b) continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to its business generally.

12. Break Fee

12.1 Background

This clause 12 has been agreed in circumstances where:

- (a) the Target believes that the Scheme will provide significant benefits to, the Target and Target Shareholders, and the Bidder and the Target acknowledge that, if they enter into this Deed and the Scheme is subsequently not implemented, the Bidder will incur significant costs, including those set out in clause 12.5;
- (b) the Bidder requested that provision be made for the Break Fee, without which the Bidder would not have entered into this Deed;
- (c) the Target believes it is appropriate for it to agree to the payment referred to in this clause to secure the Bidder's entry into this Deed and participation in the Scheme; and
- (d) both parties have received legal advice on this Deed and the operation of this clause.

12.2 Payment by Target to Bidder

Subject to clauses 12.3, 12.4 and 13, the Target agrees to pay the Break Fee to the Bidder without withholding or set off if:

- (a) a Competing Transaction is announced during the Exclusivity Period and, within 12 months of such announcement:
 - (i) the Competing Transaction is implemented or completed, but for the purposes of this clause 12.2(a)(i), paragraphs (e) and (g) of the definition of "Competing Transaction" will be ignored and the references to "10% or more" in paragraph (a) of the definition of "Competing Transaction" will be deemed to be references to "more than 20%"; or
 - (ii) the proponent of that Competing Transaction (or any of its Associates) acquires a Relevant Interest in, an economic interest in or Voting Power of 50% or more of the Target Shares and that acquisition is unconditional or Control of the Target;
- (b) during the Exclusivity Period, any Target Director fails to recommend the Scheme or withdraws, adversely changes or adversely qualifies his or her Recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where:
 - (i) the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interest of Target Shareholders (other than where the reason for the Independent Expert's conclusion is due wholly or partly to the existence of a Competing Transaction; or
 - (ii) the Target is entitled to terminate this Deed pursuant to clause 16.1(a)(i) and has given the appropriate termination notice to the Bidder; or

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- (c) the Bidder validly terminates this Deed in accordance with clause 16.1(a)(i).

12.3 No amount payable if Scheme becomes Effective

- (a) Notwithstanding the occurrence of any event in clause 12.2, if the Scheme becomes Effective:
 - (i) no amount is payable by the Target under clause 12.2; and
 - (ii) if any amount has already been paid under clause 12.2 it must be refunded by the Bidder within 10 Business Days after the Scheme becomes Effective.
- (b) The Target can only ever be liable to pay the Break Fee once.
- (c) The Break Fee is not payable merely because the resolution submitted to the Scheme Meeting in respect of the Scheme is not approved by the majorities required under section 411(4)(a)(ii) of the Corporations Act.

12.4 Timing of payment

- (a) A demand by the Bidder for payment of the Break Fee under clause 12.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account into which the Target must pay the Break Fee.
- (b) The Target must pay the Break Fee to the Bidder under clause 12.2 without withholding or set-off within 10 Business Days of receipt by the Target of a valid demand for payment from the Bidder under clause 12.4(a).

12.5 Nature of payment

- (a) The Break Fee is an amount intended to compensate the Bidder for:
 - (i) fees for legal, financial and other professional advice in planning and implementing the Transaction (excluding success fees);
 - (ii) costs of management and directors' time in planning and implementing the Transaction;
 - (iii) out-of-pocket expenses incurred by the Bidder and its respective employees, advisers and agents in planning and implementing the Transaction;
 - (iv) damage to the Bidder's reputation associated with a failed transaction and the implications of that damage to the Bidder's business; and
 - (v) reasonable opportunity costs incurred by the Bidder in pursuing the Transaction or in not pursuing alternative acquisitions or strategic initiatives.

- (b) The parties agree that the costs incurred are and will be of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 12.2.

12.6 Limitation of liability

- (a) The parties acknowledge and agree that other than in respect of any wilful or deliberate material breach of clause 11 taken in the context of the Scheme as a whole:
 - (i) the maximum liability of the Target to the Bidder under or in connection with this Deed including in respect of any breach of this Deed will be the Break Fee and in no event will the aggregate liability of the Target under or in connection with a breach of this Deed exceed an amount equal to the Break Fee; and
 - (ii) the payment by the Target of the Break Fee represents the sole and absolute amount of liability of the Target to the Bidder under or in connection with this Deed and no further damages, fees, expenses or reimbursements of any kind will be payable by the Target to the Bidder in connection with this Deed.
- (b) For the avoidance of doubt, clause 12.6(a) does not apply to clauses 14.3, 14.4(b) and 14.9 which are subject to clause 14.10.

13. Modifications required to Break Fee or exclusivity

13.1 Modifications following regulatory intervention

If any of the following occurs:

- (a) a Government Agency finds that all or any part of the payment required to be made under clause 12 or an exclusivity arrangement under clause 11 is unacceptable or unenforceable; or
- (b) as a result of an application to the Takeovers Panel, the Takeovers Panel indicates that, in the absence of a written undertaking under section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the amount of the Break Fee or the circumstances in which it is to be paid or the circumstances in relation to an exclusivity arrangement under clause 11, it will make a declaration of unacceptable circumstances,

then, subject to clause 13.3:

- (c) the parties must amend clause 11 or clause 12 (or both) to the extent required to give effect to the requirements of the Government Agency or the Takeovers Panel (as the case may be) and (in circumstances referred to in clause 13.1(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clause 13.1(a) or clause 13.1(b) nor the amendment of clause 11 or clause 12 (or both) will be taken to be a breach of, or permit any party to terminate, this Deed.

13.2 Conduct during proceedings

- (a) During the course of any Takeovers Panel or court proceedings (including any appeal or review thereof) referred to in clause 13.1, the parties must take all

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reasonable steps to ensure that any such declaration or determination has the minimum effect possible.

- (b) The parties must not make or cause or permit to be made any application to a court of the Takeovers Panel for or in relation to a determination referred to in clause 13.1.

13.3 No requirement to act unless decision final

The parties are only required to take steps under 13.1(c) in relation to any requirement of a Government Agency or the Takeovers Panel if:

- (a) no appeal or review proceeding is available from the decision to impose that requirement or the period for lodging an appeal or commencing review proceedings has expired without an appeal having been lodged or review proceedings commenced; or
- (b) the Bidder and the Target agree in writing not to appeal or seek review of the decision to impose that requirement.

13.4 Appeals and review of regulatory decisions

Nothing in this Deed requires either party to appeal or seek review of any decision of a Government Agency or the Takeovers Panel referred to in clause 13.1(a) or clause 13.1(b). If either the Bidder or the Target wishes to appeal or seek review of any such decision, then the other must make submissions in the course of those proceedings supporting the review made by the first party.

13.5 Determination by Government Agency

If a Government Agency determines that payment of all or any part of the Break Fee is unacceptable, unlawful or involves a breach of the fiduciary or statutory duties of the members of the Target Board (**Impugned Amount**) and either no appeal from that determination is available or the period for lodging an appeal has expired without having an appeal having been lodged then:

- (a) the obligation of the Target to pay the Break Fee does not apply to the extent of the Impugned Amount; and
- (b) if the Bidder has received any part of the Impugned Amount, it must refund it within 5 Business Days after that determination is made or the period for lodging has expired, whichever is later.

13.6 Obligations of parties

No party must undertake, or be involved in undertaking or supporting, any action that would trigger the operation of clause 13.1 or clause 13.5.

14. Representations and warranties

14.1 Target Scheme Warranties

- (a) The Target represents and warrants to the Bidder (on its own behalf and separately as trustee for each of the Bidder Indemnified Parties) each of the matters set out in clause 14.1(b) as at the date of this Deed and on each subsequent date until the Cut-Off Time (except that where any statement is expressed to be made only at a particular date it is given only at that date).

- (b) The Target represents and warrants that:
- (i) **(status)**: it is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) **(authorisation)**: the execution and delivery of this Deed by the Target has been properly authorised by all necessary corporate action and the Target has full corporate power and lawful authority to execute and deliver this Deed and to perform or cause to be performed its obligations under this Deed;
 - (iii) **(validity of obligations)**: this Deed constitutes legal, valid and binding obligations on the Target which are enforceable against it in accordance with its terms;
 - (iv) **(no contravention)**: the entry into, its compliance with its obligations and the exercise of its rights under, this Deed do not and will not conflict with:
 - (A) its constituent documents or cause a limitation on its powers or the powers of its directors to be exercised; or
 - (B) any applicable Law;
 - (v) **(continuous disclosure)**: the Target is not in breach of its continuous disclosure obligations under the ASX Listing Rules and is not relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from disclosure (other than the transaction contemplated by this Deed);
 - (vi) **(compliance with law)**: each member of the Target Group has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and authorisations necessary for it to conduct its respective businesses as presently being conducted;
 - (vii) **(regulatory filings)**: so far as the Target is aware having made due enquiries, no document or announcement which the Target has lodged or filed with, or otherwise given to, any Government Agency (or which has been so lodged, filed or given on its behalf or on behalf of any member of the Target Group) since the date 3 years before the date of this Deed and which is currently publicly available or otherwise in the public domain, was misleading or deceptive in any material respect (whether by omission or otherwise) as at the date that document or announcement was lodged or filed with or given to the Government Agency;
 - (viii) **(provision of information to the Independent Expert)**: all information provided by or on behalf of the Target to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
 - (ix) **(reliance)**: the Target Information in the Scheme Booklet will be included in good faith on the understanding that the Bidder and its directors will rely on that information for the purposes of considering and approving the Bidder Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme;
 - (x) **(Target Information)**: the Target Information provided under this Deed and included in the Scheme Booklet as at the date of the Scheme Booklet will

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not contain any material statement which is misleading or deceptive in any material respect (whether by omission or otherwise) nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the ASX Listing Rules and all regulatory guidance and other requirements of ASIC;

- (xi) **(Target Prescribed Occurrence)**: Other than as Fairly Disclosed to Bidder in the Disclosure Materials, no Target Prescribed Occurrence has occurred between 30 April 2020 and the date of this Deed;
- (xii) **(Scheme Booklet)**: as at the date the Scheme Booklet is despatched to Target Shareholders, the Scheme Booklet registered by ASIC under section 412(6) of the Corporations Act (excluding the Bidder Information and the Independent's Expert Report) will not be misleading or deceptive in any material respect (whether by omission or otherwise);
- (xiii) the Target will, as a continuing obligation (but in respect of Bidder Information only to the extent Bidder provides the Target with updates to the Bidder Information), ensure that the Scheme Booklet is updated or supplemented to include all further or new information which arises and the Target becomes aware of after the Scheme Booklet has been despatched to Target Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission);
- (xiv) **(disclosure)**: the Disclosure Materials have been prepared in good faith and the Target is not aware that it has:
 - (A) withheld from the Disclosure Materials any information in its possession:
 - (I) which would reasonably be expected to be material to the financial position or financial performance of the business of the Target Group; or
 - (II) which could reasonably be expected to be material to the Bidder's evaluation of the Target Group and merits of the Transaction (including full details of all fees, costs and expenses which Target (or any other Target Group Member) has paid or agreed to pay, or may become liable to pay, to advisers in connection with the Transaction);
 - (B) included in the Disclosure Materials any information that is misleading in any material respect (including by omission);
- (xv) **(Indebtedness)**: the Target has provided the Bidder complete and accurate information relating to the level of Indebtedness as at the date of this Deed as well as the current and estimated (as at the Implementation Date) Transaction Costs;
- (xvi) **(securities)**: as at the date of this Deed:
 - (A) the total issued capital of the Target is:
 - (I) 78,710,046 Target Shares; and
 - (II) 363,860 Share Rights,

and there are no other options, performance rights, shares, convertible notes or other securities (or obligations, offers or agreements to issue any of the foregoing);

- (B) all the issued securities of each Target Group Member (other than Target) are held by either Target or a another Target Group Member that is directly or indirectly wholly-owned by Target; and
 - (C) no Target Group Member has issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into shares and no Target Group Member is under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any shares, options, warrants, performance rights or other securities or instruments in a Target Group Member other than as set out in clause 14.1(b)(xvi)(A);
- (xvii) **(no Insolvency Event)**: no member of the Target Group is subject to an Insolvency Event;
 - (xviii) **(Target Prescribed Occurrence)**: no Target Prescribed Occurrence has occurred;
 - (xix) **(material contracts)**: as at the date of this Deed, neither it nor any member of the Target Group is in material default under any material document (including the Material Contracts), agreement or instrument binding on it or its assets nor has anything occurred which is, or would with the giving of notice or lapse of time, constitute an event of default, prepayment event or similar event, or give another party a termination right or right to accelerate any right or obligation, under any such material document or agreement with such an effect;
 - (xx) **(material customers or suppliers)**: as at the date of this Deed, the Target is not aware of any facts or circumstances that will cause a third party, as a result of the entry into this Deed and the implementation of the Transaction to exercise a right to terminate a contract which is material to the business of the Target Group or vary the performance of any material obligation of the Target Group under any such contract; and
 - (xxi) **(regulatory approvals)**: so far as the Target is aware having made due enquiries, no Regulatory Approval is required to be obtained by the Target in order for it to execute, deliver and perform this Deed, other than those approvals set out in clause 3.1, and so far as the Target is aware having made due enquiries, as at the date of this Deed, no regulatory action of any nature has been taken that would prevent or restrict its ability to perform its obligations under this Deed.

14.2 Qualifications on Target Warranties

The Target Warranties and the indemnity in clause 14.3 are subject to matters that:

- (a) are expressly permitted or required under this Deed or the Scheme;
- (b) have been Fairly Disclosed in the Disclosure Materials;
- (c) have been Fairly Disclosed in an announcement made by the Target to the ASX or a document lodged with ASIC in 3 years prior to entry into this Deed;
- (d) would have been Fairly Disclosed to the Bidder had the Bidder conducted searches 10 Business Days before the date of this Deed of:

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- (i) the public records maintained by:
 - (A) ASIC;
 - (B) the High Court of Australia, Federal Court of Australia, the Supreme Courts of Victoria, the Australian Capital Territory, New South Wales, South Australia, Western Australia and Queensland; or
 - (C) IP Australia; or
- (ii) the PPS Register; or
- (e) as at the date of this Deed are within the actual knowledge of the Bidder, which for the purposes of this clause will be taken to be limited to the facts, matters and circumstances of which the following individuals are actually aware as at the date of this Deed:
 - (i) David Brown; and
 - (ii) Rohan Wolfers.

14.3 Target Business Warranties

The Target represents and warrants to Bidder (on its own behalf and separately as trustee for each of the Bidder Indemnified Parties) each of the Business Warranties on the date of this Deed and as at the Implementation Date.

14.4 Target's indemnity

- (a) Subject to clause 12.6 and clause 14.2, the Target agrees with the Bidder (on the Bidder's own behalf and separately as trustee for each of the Bidder Indemnified Parties) to indemnify and keep indemnified the Bidder Indemnified Parties from and against all Losses incurred by the Bidder Indemnified Parties as a result of any breach of any of the Target Scheme Warranties.
- (b) Subject to clause 14.2 and clause 14.10, the Target agrees with the Bidder (on the Bidder's own behalf and separately as trustee for each of the Bidder Indemnified Parties) to indemnify and keep indemnified the Bidder Indemnified Parties from and against all Losses incurred by the Bidder Indemnified Parties as a result of any breach of any of the Target Business Warranties.

14.5 Bidder warranties

- (a) The Bidder represents and warrants to the Target (on the Target's own behalf and separately as trustee or nominee for each of the other Target Indemnified Parties) each of the matters set out in clause 14.5(b) as at the date of this Deed and on each subsequent day until the Cut-Off Time (except that where any statement is expressed to be made only at a particular time it is given only at that date).
- (b) The Bidder represents and warrants that:
 - (i) **(status)**: the Bidder is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) **(authorisation)**: the execution and delivery of this Deed has been properly authorised by all necessary corporate action and the Bidder has full corporate power and lawful authority to execute and deliver this Deed and to perform or cause to be performed its obligations under this Deed;

- (iii) **(validity of obligations)**: this Deed constitutes legal, valid and binding obligations on the Bidder which are enforceable against it in accordance with its terms;
- (iv) **(no contravention)**: the entry into, its compliance with its obligations and the exercise of its rights under, this Deed do not and will not conflict with:
 - (A) its constituent documents or cause a limitation on its powers or the powers of its directors to be exercised; or
 - (B) any applicable Law;
- (v) **(new information)**: it will, as a continuing obligation, provide to the Target all further or new information which arises after the Scheme Booklet has been dispatched to Target Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Bidder Information is not misleading or deceptive in any material respect (including by way of omission);
- (vi) **(compliance with law)**: each member of the Bidder Group has complied in all material respects with all Australian and foreign laws and regulations applicable to it and orders of Australian and foreign governmental agencies having jurisdiction over it;
- (vii) **(no dealing with Target Shareholders)**: neither it nor, so far as the Bidder is aware having made reasonable enquires, any of its Associates has any agreement, arrangement or understanding with any Target Shareholder under which that Target Shareholder (or an Associate of that Target Shareholder) would be entitled to receive consideration for their Target Shares different from the Scheme Consideration or under which the Target Shareholder agrees to vote in favour of the Scheme or against a Competing Transaction;
- (viii) **(provision of information to the Independent Expert)**: all information provided by or on behalf of the Bidder Group (including HoldCo) to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (ix) **(reliance)**: the Bidder Information provided to the Target in accordance with clause 6.3(a) for inclusion in the Scheme Booklet will be provided in good faith on the understanding that each of the Target Indemnified Parties will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the requirements of the Corporations Act;
- (x) **(Bidder Information)**: the Bidder Information provided under this Deed and included in the Scheme Booklet as at the date of the Scheme Booklet will not contain any material statement which is misleading or deceptive in any material respect nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, the ASX Listing Rules and all regulatory guidance and other requirements of ASIC;
- (xi) **(reasonable basis)**: all factual information the Bidder has provided to the Target prior to this Deed is, to the best of the Bidder's knowledge having made due enquiries, accurate in all material respects and not misleading in any material respect (whether by omission or otherwise);

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- (xii) **(HoldCo Shares)**: on issue, each HoldCo Share will be fully paid and free from all Encumbrances;
- (xiii) **(HoldCo issued capital)** unless agreed with the Target, on or prior to the Implementation Date:
 - (A) no HoldCo Share will be issued other than as Scheme Scrip Consideration; and
 - (B) no ordinary share in the capital of HoldCo will be issued at an issue price that is less than \$5.50 per share;
- (xiv) **(Insolvency Event)**: no member of the Bidder Group is subject to an Insolvency Event;
- (xv) **(Equity Commitment Letter)**: the Equity Commitment Letter has been duly executed by the parties to that letter and constitutes legally binding obligations of those parties that are enforceable in accordance with their respective terms and the Equity Commitment Letter has not been terminated;
- (xvi) **(ongoing effect)**: as a continuing obligation, without the prior written consent of the Target:
 - (A) the Bidder will not, and will procure HoldCo does not, amend the Equity Commitment Letter in any respect which will, or is reasonably likely to, prejudice the Bidder's or HoldCo's ability to pay or provide the Scheme Consideration in accordance with this Deed and the Deed Poll; and
 - (B) the Bidder will not, and will procure HoldCo does not, waive any of their rights under the Equity Commitment Letter in any respect which will, or is reasonably likely to, prejudice the Bidder's or HoldCo's ability to pay or provide the Scheme Consideration in accordance with this Deed and the Deed Poll;
- (xvii) **(Debt Commitment Letter)**: the Debt Commitment Letter has been duly executed by the Bidder and constitutes legally valid and binding obligations on, and rights of, the Bidder that are enforceable in accordance with its terms and the Debt Commitment Letter has not been terminated (other than as permitted under this Deed);
- (xviii) **(ongoing effect)**: as a continuing obligation, without the prior written consent of the Target or otherwise as permitted under clause 6.8:
 - (A) the Bidder will not, and will procure HoldCo does not, amend the Debt Commitment Letter in any respect which will, or is reasonably likely to, prejudice the Bidder's or HoldCo's ability to pay or provide the Scheme Consideration in accordance with this Deed and the Deed Poll; and
 - (B) the Bidder will not, and will procure HoldCo does not, waive any of their rights under the Debt Commitment Letter in any respect which will, or is reasonably likely to, prejudice the Bidder's or HoldCo's ability to pay or provide the Scheme Consideration in accordance with this Deed and the Deed Poll;
- (xix) **(Scheme Consideration)**: the Bidder has a reasonable basis to expect that it will, by the Implementation Date have available to it sufficient cash amounts (whether from internal cash reserves or external funding

arrangements, including equity and debt financing or a combination of both) to satisfy the Bidder's obligation to provide or procure the provision of the Scheme Consideration in accordance with its obligations under this Deed, the Scheme and the Deed Poll; and

- (xx) **(regulatory approvals)**: so far as the Bidder is aware having made due enquiries, no Regulatory Approval is required to be obtained by the Bidder in order for it to execute, deliver and perform this Deed, other than those approvals set out in clause 3.1, and so far as the Bidder is aware having made due enquiries, as at the date of this Deed, no regulatory action of any nature has been taken that would prevent or restrict its ability to perform its obligations under this Deed.

14.6 Qualifications on Bidder Representations and Warranties

The Bidder Representations and Warranties in clause 14.5 and the indemnity in clause 14.7 are subject to matters that, as at the date of this Deed, are within the actual knowledge of the Target which for the purposes of this clause will be taken to be limited to the facts, matters and circumstances of which the following individuals are actually aware as at the date of this Deed:

- (a) Mark McConnell;
- (b) Jennifer Martin; and
- (c) Spencer Chipperfield.

14.7 Bidder indemnity

Subject to clause 14.6, the Bidder agrees with the Target (on the Target's own behalf and separately as trustee for each of the Target Indemnified Parties) to indemnify and keep indemnified the Target Indemnified Parties from and against all Losses incurred by the Target Indemnified Parties as a result of any breach of any of the representations and warranties in clause 14.5.

14.8 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstances which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 14.

14.9 Tax indemnity

Subject to clause 14.10, the Target agrees to indemnify and keep indemnified the Bidder and HoldCo from and against, and must pay the Bidder on demand the amount of all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings attributable to:

- (a) Tax or Duty payable by a member of the Target Group (whether payable before, on or after implementation of the Scheme) to the extent that such Tax or Duty relates to:
 - (i) any period, or part period, up to and including the implementation of the Scheme;
 - (ii) any act, transaction, event or omission, or any misstatement, executed, performed or made on or prior to implementation of the Scheme; or
 - (iii) a failure by a member of the Target Group to comply with any law relating to Tax or Duty ;

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- (b) the loss or limitation, including any reduction in the rate of use, of any tax attributes of the Target Group at the implementation of the Scheme; or
- (c) Tax costs incurred by or on behalf of a member of the Target Group to the extent that such Tax costs arise from or relate to any of the matters for which the Target is liable under clause 14.9(a) and/or 14.9(b).

14.10 W&I Policy and limitations on claims in connection with a Target Warranty or Target Indemnity

Notwithstanding any provision to the contrary in this Deed:

- (a) the Bidder agrees that it will not be entitled to make, and that it will not make, and irrevocably waives any right it may have to make, any Claim for breach of a Target Warranty or under a Target Indemnity, except to the extent required to permit a Claim under the W&I Policy (if any) and then only on the basis that the Target will have no liability whatsoever for such Claim;
- (b) the Bidder covenants in favour of the Target that, prior to the Scheme becoming Effective and subject to the Bidder taking out a W&I Policy, it will:
 - (i) not do anything that causes any right of the insured under the W&I Policy not to have full force and effect upon its terms;
 - (ii) not novate or assign its rights under the W&I Policy other than where permitted by the terms of the W&I Policy; and
 - (iii) comply with the terms of the W&I Policy relating to deliverables required to satisfy conditions in the W&I Policy;
- (c) the Bidder must ensure that any W&I Policy includes terms to the effect that:
 - (i) the insurer irrevocably waives its rights to bring any Claim against any Target Indemnified Party by way of subrogation, claim for contribution or otherwise; and
 - (ii) the Bidder acknowledges that each Target Indemnified Party is entitled to directly enforce such waivers and that in respect of the waivers, the Bidder contracts in its own right as an agent of each Target Indemnified Party;
- (d) the Bidder acknowledges and agrees that:
 - (i) there is no excess, premium or any other amount payable by any member of the Target Group or a Target Indemnified Party under the W&I Policy (if any);
 - (ii) clause 14.10(d)(i) above applies regardless of whether or not it takes out a W&I Policy and regardless of whether any W&I Policy that the Bidder does take out lapses, is or becomes void or is voided or rescinded or does not respond to or otherwise apply to cover any Claim for breach of a Target Warranty or under a Target Indemnity;
 - (iii) it indemnifies and must hold harmless each Target Indemnified Party in respect of any Loss or Claim arising out of or otherwise in connection with any exercise or attempted or purported exercise by an insurer (under any W&I Policy, the general law, statute or otherwise) of any rights of subrogation or claim for contribution; and
 - (iv) in the event that it takes out a W&I Policy, it will promptly provide Target with a copy of such policy; and

- (e) the Target acknowledges and agrees that:
 - (i) the Bidder is under no obligation to take out a W&I Policy;
 - (ii) if the Bidder takes out a W&I Policy and provides a copy of such policy to it, it shall keep the terms of such policy confidential in accordance with the Confidentiality Agreement; and
 - (iii) it will cooperate with the Bidder and provide all reasonable assistance requested by Bidder in connection with the purchase of a W&I Policy, including the provision of access to the Data Room to the insurance broker engaged by the Bidder, any underwriter of the W&I Policy or any of their respective advisers (in each case, if and when requested by Bidder, but subject to the proviso that each such person first enters into a confidentiality agreement with the Target on reasonable and customary terms or agrees to be bound by the confidentiality obligations under the Confidentiality Agreement as if they were a party to that agreement) provided that, to the extent the Target's management is requested to respond to any queries from the Bidder in relation to the W&I Policy, the insurance broker engaged by the Bidder or any underwriter of the W&I Policy or from the Bidder to the extent they arise due to queries from the insurance broker engaged by the Bidder or any underwriter of the W&I Policy, the Bidder has first considered those queries and responded to them to the extent it is reasonably able to.

14.11 Survival of warranties

Each Target Warranty and each Bidder Representation and Warranty:

- (a) is severable;
- (b) will survive the termination of this Deed; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this Deed.

14.12 Survival of indemnities

Each indemnity in this Deed (including those in clauses 14.3 and 14.7) will:

- (a) be severable;
- (b) be a continuing obligation;
- (c) constitute a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this Deed; and
- (d) survive the termination of this Deed.

15. Releases

15.1 Release of Bidder Indemnified Parties

- (a) Subject to the Corporations Act, the Target releases its rights, and agrees with the Bidder that it will not make a claim, against any Bidder Indemnified Party (other than the Bidder and its Related Bodies Corporate) as at the date of this Deed and from time to time in connection with:

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- (i) Bidder's execution or delivery of this Deed or the Deed Poll;
- (ii) any breach of any representations and warranties, covenant or obligation of the Bidder or any other member of the Bidder Group in this Deed;
- (iii) the implementation of the Scheme; or
- (iv) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Bidder Indemnified Party has not acted in good faith or has engaged in wilful misconduct, gross negligence or fraud. Nothing in this clause 15.1 limits the Target's rights to terminate this Deed under clause 16.1.

- (b) The Bidder receives and holds the benefit of this clause to the extent it relates to each Bidder Indemnified Party on behalf of each of them.

15.2 Release of Target Indemnified Parties

- (a) Subject to the Corporations Act, the Bidder releases its rights, and agrees with the Target that it will not make a claim, against any Target Indemnified Party (other than the Target and its Related Bodies Corporate) as at the date of this Deed and from time to time in connection with:

- (i) Bidder's execution or delivery of this Deed or the Deed Poll;
- (ii) any breach of any representations and warranties, covenant or obligation of the Target or any other member of the Target Group in this Deed;
- (iii) the implementation of the Scheme; or
- (iv) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Target Indemnified Party has not acted in good faith or has engaged in wilful misconduct, gross negligence or fraud. Nothing in this clause 15.2 limits the Bidder's rights to terminate this Deed under clause 16.1.

- (b) The Target receives and holds the benefit of this clause to the extent it relates to each Target Indemnified Party on behalf of each of them.

15.3 Directors' and officers' insurance

Subject to the Scheme becoming Effective and subject to the Corporations Act and clause 15.4, the Bidder undertakes in favour of the Target and each other person who is a Target Indemnified Party that it will:

- (a) for a period of 7 years from the Implementation Date, ensure that the constitutions of the Target and each other member of the Target Group continue to contain the rules that are contained in those constitutions at the date of this Deed that provide for each member of the Target Group to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of that company to any person other than a member of the Target Group; and

- (b) procure that the Target and each other member of the Target Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that the directors' and officers' run-off insurance cover for those directors and officers is maintained, subject to clause 15.4, for a period of 7 years from the retirement date of each director and officer.

15.4 Period of undertaking

The undertakings contained in clause 15.3 are given:

- (a) subject to any Corporations Act restriction or any restriction in the law of a jurisdiction in which an entity is incorporated, and will be read down accordingly; and
- (b) until the earlier of the end of the relevant period specified in that clause or the relevant member of the Target Group ceasing to be part of the Bidder Group.

15.5 Benefit of undertaking for Target Group

The Target acknowledges that it receives and holds the benefit of clause 15.3 to the extent it relates to each director and officer of a member of the Target Group on behalf of each of them.

15.6 Bidder acknowledgement regarding insurance

The Bidder acknowledges that, notwithstanding any other provision of this Deed, the Target may, prior to the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for up to a period of 7 years, subject to such the terms of that run-off insurance being acceptable to the Bidder (acting reasonably), and that any actions to facilitate that insurance or in connection therewith will not be a Target Prescribed Occurrence or breach any provision of this Deed.

16. Termination

16.1 Termination

- (a) Either party may terminate this Deed by written notice to the other party:
 - (i) at any time prior to the Cut-Off Time if the other party has materially breached this Deed (including a breach of a Target Scheme Warranty or a Bidder Representation and Warranty or in relation to a Target Prescribed Occurrence but excluding a breach of a Target Business Warranty or any failure by the Target to give the Bidder a notice required by clause 9.4(d) or clause 14.8 in relation to any Target Business Warranty) taken in the context of the Scheme as a whole, provided that the Bidder or the Target (as the case may be) has, if practicable, given notice to the other setting out the relevant circumstances and the breach:
 - (A) is not capable of being remedied; or
 - (B) is capable of being remedied, but has not been remedied to the satisfaction of the Bidder or the Target (as the case may be) within 10 Business Days (or any shorter period ending at the Cut-Off Time or 5.00pm on the day before the Second Court Date if clause 3.9 applies) after the time the notice is given;
 - (ii) in accordance with and pursuant to clause 3.9 or clause 7.2(a);

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- (iii) if the Scheme has not become Effective on or before the End Date; or
 - (iv) if agreed to in writing by the Bidder and the Target.
- (b) The Bidder may terminate this Deed by written notice to the Target until the Cut-Off Time if any member of the Target Board fails to make the Recommendation, withdraws their Recommendation, adversely changes or qualifies their Recommendation, or otherwise makes a public statement indicating that he or she no longer supports the Scheme (excluding a statement that no action should be taken by the Target Shareholders pending the assessment of a Competing Transaction by the Target Board).
- (c) The Target may terminate this Deed by written notice to the Bidder until the Cut-Off Time if at any time before the Cut-Off Time, a majority of the Target Board publicly recommends a Competing Transaction that is a Superior Proposal, and provided that the Competing Transaction was not solicited or facilitated by the Target or its Representatives in breach of the Target's obligations in clause 11.2.

16.2 Notice of termination

Where a party has a right to terminate this Deed, that right will be validly exercised if the party delivers a notice, in writing, to the other party stating that it terminates this Deed and the provision under which it is terminating the Deed.

16.3 Consequences of termination

If this Deed is terminated by either party, or if this Deed otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this Deed, other than the obligations set out in this clause and in clauses 12 to 15 and clauses 17 to 24 (inclusive) will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this Deed.

16.4 Damages

Subject to the limitations in clause 12.6 and clause 14.10, and in addition to the right of termination under clause 16.1, where there is no appropriate remedy for the breach in this Deed (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this Deed.

17. Public announcements

17.1 Announcement of Transaction

Immediately after the execution of this Deed, the Target must issue a public announcement of the Transaction in a form previously agreed between the parties.

17.2 Required disclosure

Where a party is required by Law or the ASX Listing Rules to make any announcement or to make any disclosure in connection with the Scheme, it must use all reasonable endeavours, to the extent possible, to consult with the other party prior to making the relevant disclosure.

17.3 Subsequent announcements

Subject to clauses 17.1 and 17.2, no party may make any public announcement or disclosure in connection with the Scheme (including disclosure to a Government Authority)

other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable. Nothing in this clause requires the giving of prior notice or the taking of any action if doing so would lead to a party breaching an applicable Law or the ASX Listing Rules.

18. Confidentiality

18.1 Confidentiality Agreement

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party on, before or after the date of this Deed.

18.2 Survival of obligations

The rights and obligations of the parties to the Confidentiality Agreement survive termination (for whatever reason) of this Deed.

19. GST

19.1 Definitions

Unless the context requires otherwise, words and expressions used in this clause 19 have the same meaning as in *A New Tax System (Goods and Services) Tax Act 1997* (Cth).

19.2 Consideration is GST exclusive

Unless otherwise expressly stated, all prices or other sums payable or Consideration to be provided under or in accordance with this Deed are exclusive of GST.

19.3 Payment of GST

- (a) If GST is imposed on any Supply made under or in accordance with this Deed, the Recipient of the Taxable Supply must pay to the Supplier an additional amount equal to the GST payable on or for the Taxable Supply, subject to the Recipient receiving a valid Tax Invoice in respect of the Supply at or before the time of payment.
- (b) Payment of the additional amount must be made at the same time and in the same way as payment for the Taxable Supply is required to be made in accordance with this Deed.

19.4 Reimbursement of expenses

If this Deed requires a party (the **First Party**) to pay for, reimburse, set off or contribute to any expense, loss or outgoing (**Reimbursable Expense**) suffered or incurred by the other party (the **Other Party**), the amount required to be paid, reimbursed, set off or contributed by the First Party will be the sum of:

- (a) the amount of the Reimbursable Expense net of Input Tax Credits (if any) to which the Other Party is entitled in respect of the Reimbursable Expense (**Net Amount**); and
- (b) if the Other Party's recovery for the First Party is a Taxable Supply, any GST payable in respect of that Supply,

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such that after the Other Party meets the GST liability, it retains the Net Amount.

20. Withholding tax

- (a) The Target must withhold any amounts required by Law to be withheld from the Permitted Dividend payable to Target Shareholders (without gross-up of any kind).
- (b) If Bidder is required by Subdivision 14-D of Schedule 1 of the Taxation Administration Act 1953 (Cth) (Subdivision 14-D) to pay amounts to the ATO in respect of the acquisition of Target Shares from certain Target Shareholders, Bidder is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Target Shareholders, and remit such amounts to the ATO. The aggregate sum payable to Target Shareholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Target Shareholders shall be taken to be in full and final satisfaction of the amounts owing to those Target Shareholders.
- (c) The Target agrees that Bidder may approach the ATO to obtain clarification as to the application of Subdivision 14-D to the Transaction and will provide all information and assistance that Bidder reasonably requires in making that approach.
- (d) The Bidder agrees:
 - (i) to provide the Target a reasonable opportunity to review the form and content of all materials to be provided to the ATO, to take into account Target's comments on those documents and more generally in relation to Bidder's engagement with the ATO and to participate in any discussions and correspondence between the Target and the ATO in connection with the application of Subdivision 14-D to the Transaction; and
 - (ii) not to contact any Target Shareholders in connection with the application of Subdivision 14-D to the Transaction without Target's prior written consent.
- (e) The parties agree to consult in good faith as to the application of Subdivision 14-D, including taking into account any clarification provided by the ATO following the process specified above in this clause 20. The parties agree to take all actions that they agree (each acting reasonably) are necessary or desirable following that consultation which may include, without limitation, making amendments to this deed and the Scheme) to ensure that relevant representations are obtained from the Target Shareholders.

21. Costs

21.1 Costs

Subject to clauses 19 and 21.2 and except as otherwise provided in this Deed, each party must pay its own costs and expenses (including taxes) in connection with the negotiation, preparation, execution, delivery and performance of this Deed.

21.2 Stamp duty

The Bidder must:

- (a) pay all stamp duty and any related fines, penalties, interest, costs and brokerage in respect of or in connection with this Deed, the performance of this Deed, or any

instruments entered into under this Deed and in respect of a transaction effected by or made under the Scheme and this Deed, including the transfer of Scheme Shares under the Scheme; and

- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with clause 21.2(a).

22. Enforcement of rights conferred on non-parties

Solely to the extent that this Deed purports to grant a right or benefit to a person (**Relevant Person**) who is not a party to this Deed:

- (a) if that right or benefit is also granted to the Target, the Target executes this Deed as agent for the Relevant Person (as well as in the Target's own capacity) and, despite the fact that the Relevant Person is not a party to this Deed, the Target may enforce the obligations corresponding to the Relevant Person's right or benefit as agent for, and for the benefit of, the Relevant Person;
- (b) if that right or benefit is also granted to the Bidder, the Bidder executes this Deed as agent for the Relevant Person (as well as in the Bidder's own capacity) and, despite the fact that the Relevant Person is not a party to this Deed, the Bidder may enforce the obligation corresponding to the Relevant Person's right or benefit as agent for, and for the benefit of, the Relevant Person; and
- (c) for the purposes of enforcement, the obligation corresponding to the Relevant Person's right or benefit is taken to be owed to the Relevant Person.

23. Notices

- (a) Any notice or communication in respect of this Deed (**Notice**) may be served by delivery in person, by post or by email to the address or email address of a party specified in this Deed or most recently notified by a party to the sender.
- (b) Any Notice to a party must be in writing and signed by either:
 - (i) the sender or, if a corporate party, an authorised officer of the sender; or
 - (ii) the party's solicitor.
- (c) A Notice:
 - (i) if delivered in person, will be deemed served upon delivery;
 - (ii) if posted, will be deemed served 2 Business Days after posting; and
 - (iii) if sent by email, will be deemed served that day unless the sender receives an automated message generated by the recipient's mail server (**Failure Message**) that the email has not been delivered within two hours. For the avoidance of doubt any response generated by or at the instigation of the recipient (including an 'out of office' message) will not be a Failure Message,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is deemed to have been served at 9.00am on the next Business Day.

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- (d) The address for service for Notices for the parties are:

Target

Attention: Spencer Chipperfield
Address: Level 19, 459 Collins Street, Melbourne VIC 3000

Email: Spencer.Chipperfield@citadelgroup.com.au

with a copy to:

Gadens in accordance with the following:

Address: Level 13, Collins Arch, 447 Collins Street, Melbourne VIC 3000

Email: Jeremy.Smith@gadens.com and Jol.Rogers@gadens.com

For the attention of: Jeremy Smith and Jol Rogers

Bidder

Attention: David Brown / Rohan Wolfers
Address: Level 31, 126 Phillip Street, Sydney NSW 2000

Email: david.brown@pep.com.au and rohan.wolfers@pep.com.au

with a copy to:

Clayton Utz in accordance with the following:

Address: Level 15, 1 Bligh Street, Sydney NSW 2000

Email: nananda@claytonutz.com

For the attention of: Niro Ananda

23.2 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this Deed may be served by any method contemplated by this clause 23 or in accordance with any applicable law.

24. General provisions

24.1 Assignment

A party must not transfer any right or liability under this Deed without the prior consent of each other party, except where this Deed provides otherwise.

24.2 Governing law and jurisdiction

- (a) This Deed is governed by and construed under Victorian law.
- (b) Any legal action in relation to this Deed against any party or its property may be brought in any court of competent jurisdiction of Victoria.

- (c) By execution of this Deed, each party irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

24.3 Amendments

Any amendment to this Deed has no force or effect, unless effected by a deed executed by the parties.

24.4 Entire understanding

This Deed contains the entire understanding between the parties concerning the subject matter of the agreement and supersedes all prior communications between the parties other than the Confidentiality Agreement.

24.5 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this Deed, except for the representations or inducements expressly set out in this Deed.
- (b) Each party acknowledges and confirms that it does not enter into this Deed in reliance on any representation or other inducement by or on behalf of any other party, except for the representations or inducements expressly set out in this Deed.

24.6 Further assurances

Each party must execute any document and perform any action necessary to give full effect to this Deed, whether before or after performance of this Deed.

24.7 Continuing performance

- (a) The provisions of this Deed do not merge with any action performed or document executed by any party for the purposes of performing this Deed.
- (b) Any representation in this Deed survives the execution of any document for the purposes of, and continues after, performance of this Deed.
- (c) Any indemnity agreed by any party under this Deed:
 - (i) constitutes a liability of that party separate and independent from any other liability of that party under this Deed or any other agreement; and
 - (ii) survives and continues after performance of this Deed.

24.8 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this Deed or any part of it.

24.9 Waivers

Any failure by a party to exercise any right under this Deed does not operate as a waiver. The single or partial exercise of any right by that party does not preclude any other or further exercise of that or any other right by that party.

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24.10 Remedies

The rights of a party under this Deed are cumulative and not exclusive of any rights provided by law.

24.11 Severability

Any clause of this Deed which is invalid in any jurisdiction, is invalid in that jurisdiction to that extent, without invalidating or affecting the remaining clauses of this Deed or the validity of that clause in any other jurisdiction.

24.12 Counterparts

This Deed may be executed in any number of counterparts, all of which taken together are deemed to constitute the same document.

Schedule 1 – Timetable

Event	Date
Lodge Scheme Booklet with ASIC and ASX	12 October 2020
First Court Date	29 October 2020
Printing and despatch of Scheme Booklet	30 October 2020
Scheme Meeting held	1 December 2020
Second Court Date	7 December 2020
Lodge Court order with ASIC (Effective Date)	8 December 2020
Record Date	10 December 2020
Implementation Date	17 December 2020

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Schedule 2 – Target Business Warranties

1. Definitions and interpretation

1.1 Definitions

Accounts means the consolidated audited financial statements (including the notes thereto) contained in the financial report in respect of the Target Group for the period to the Accounts Date

Accounts Date means 30 June 2020.

Anti-Corruption Laws means:

- (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended;
- (b) the Criminal Code Act 1995 (Cth); and
- (c) any similar applicable law that has as its objective the prevention of corruption, including without limitation legislation enacted in furtherance of the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions 1997.

Anti-Money Laundering Laws means anti-money laundering laws and counter-terrorism financing and regulations applicable to the Target Group from time to time, including without limitation the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

Development includes carrying out:

- (a) building work, plumbing or drainage work,
- (b) operational work;
- (c) reconfiguring a lot; or
- (d) making a making a change of use of premises.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Regulatory Authority and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.

Employee Share Plan means the Share Rights Plan and the rules governing the Target Group's Employee Share Scheme.

Environment means:

- (a) ecosystems and their constituent parts, including people and communities;
- (b) all natural and physical resources;
- (c) the qualities and characteristics of locations, places and areas, however large or small, that contribute to their biological diversity and integrity, intrinsic or attributed scientific value or interest, amenity, harmony and sense of community; and

- (d) the social, economic, aesthetic and cultural conditions that affect, or are affected by, things mentioned in paragraphs (a) to (c).

Environmental Law means any statute or common law regulating or otherwise relating to the Environment.

Governmental Official means, whether in Australia or elsewhere:

- (a) an officer, agent or employee of a government, government-owned enterprise (or any agency, department or instrumentality thereof), political party or public international organisation;
- (b) a candidate for government or political office; or
- (c) an agent, officer, or employee of any entity owned by a government.

GST Law has the meaning given in the GST Act.

Intellectual Property Rights means all intellectual and industrial property rights of whatever nature throughout the world conferred under statute, common law or equity, whether existing now or at any time in the future, and includes rights in respect of or in connection with trade marks, service marks (including good will in those marks), business names, trade names, domain names, designs, software (including proprietary source code), inventions (including patents), business processes or methods, circuit layouts, copyright and analogous rights, rights to have confidential information, know-how and similar intellectual property and industrial rights, whether or not registered or registrable, and includes pending applications for such rights and the right to apply for or renew the registration of such rights.

Management Accounts means the monthly unaudited historical financial information of the Target Group for the period 1 July 2016 to 31 July 2020 and Wellbeing for the period 1 July 2016 to 31 July 2020 as set out in the folder 7.6 of the Data Room.

Material Authorisations means each licence, authorisation, approval or permit held or required to be held by a Target Group Member, the failure to hold, have the benefit, cessation or material alteration of which would be reasonably likely to have a material adverse effect on the operational or financial performance of the relevant Target Group Member.

Permitted Encumbrance means

- (a) a charge or lien arising in favour of a Regulatory Authority by operation of statute in the ordinary course of the business of the Target Group;
- (b) any mechanics', workmen's or other like lien arising in the ordinary course of the business of the Target Group;
- (c) any retention of title arrangement or purchase money security interest (including arising from any lease of goods or consignment arrangement), in each case, arising in favour of a trade supplier to the business of the Target Group in the ordinary course of that business;
- (d) a PPS Lease (as defined in the PPSA);
- (e) any Security Interest within the meaning of section 12(3) of the PPSA;
- (f) any Encumbrance registered by Bidder;
- (g) any Encumbrance created in the ordinary course of business after the execution of this Deed that does not secure the payment of Indebtedness;

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- (h) any Encumbrance approved in writing by Bidder; and
- (i) any Encumbrance relating to any specific Indebtedness that is agreed by Bidder as not being paid out in connection with implementation of the Scheme.

Personal Information means information or an opinion (including information or an opinion forming part of a database), whether true or not, and whether recorded in a tangible form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

Planning Law means any statute or common law regulating or otherwise relating to Development.

Privacy Laws means the Privacy Act 1988 (Cth), the Australian Privacy Principles contained in Schedule 1 to the Privacy Act 1988 (Cth), and all other applicable federal, state, local and foreign laws (only as they apply to a Target Group Member) pertaining to the collection, storage, use, disclosure and transfer of Personal Information.

Records means originals and copies, in any material form, of all minute books, statutory books and registers, books of account and copies of taxation returns

Sanctioned Person means at any time:

- (a) any person or entity listed on any Sanctions-related list of designated or blocked persons;
- (b) any person resident in, or entity organised under the laws of, a country or territory that is the subject of comprehensive Sanctions (including Cuba, Iran, Democratic People's Republic of Korea, Sudan, Syria, and the Crimea region); or
- (c) any person or entity majority-owned or controlled by or acting on behalf of any of the foregoing.

Sanctions means those economic and financial sanctions and trade embargoes imposed, administered or enforced from time to time by:

- (a) the Australian government, including those arising under the Charter of the United Nations Act 1945 (Cth), the Autonomous Sanctions Act 2011 (Cth), the Anti-Money Laundering Laws or administered by the Department of Foreign Affairs and Trade or AUSTRAC;
- (b) the European Union and implemented by its member States;
- (c) the United Nations Security Council;
- (d) Her Majesty's Treasury of the United Kingdom; or
- (e) the U.S. government, including those administered by the U.S. Treasury, Office of Foreign Assets Control.

Tax Law means any Law relating to either Tax or Duty as the context requires.

Wellbeing means Wellbeing Software Group Holdings Limited.

Wellbeing Accounts means the consolidated audited financial statements (including the notes thereto) contained in the financial report in respect of Wellbeing for the period to the Accounts Date.

WHS Laws means all safety-related:

- (a) laws;
- (b) guidance materials;
- (c) mandatory codes of practice;
- (d) other compliance codes; and
- (e) directions on safety, standards or notices issued by any relevant Regulatory Authority,

relevant and applicable to occupational health and safety, work health and safety, dangerous goods, rail safety or electricity safety.

Work Safety Authority means a Regulatory Authority with responsibility for the investigation and enforcement of work health and safety legislation, amongst other functions.

2. Business Warranties

2.1 (Existence and Authority)

- (a) Each Target Group Member is a validly existing corporation registered under the laws of its place of incorporation.
- (b) The Target has full capacity, corporate power and lawful authority to execute, deliver and perform this Deed and the Scheme.
- (c) Each Target Group Member:
 - (i) has the power to own its assets and carry on the Business as it is being carried on as at the date of this Deed.
 - (ii) is duly registered and authorised to do business in those jurisdictions which, by the nature of its business and assets, makes registration or authorisation necessary; and
 - (iii) has conducted the Business in compliance with the constitution or other constituent documents of that Target Group Member.
- (d) The execution of this Deed of itself does not result in a breach of or default under any agreement or deed or any write, order or injunction, rule or regulation to which the Target or any Target Group member is a party or to which they are bound.
- (e) This Deed is a valid and binding obligation on the Target and is enforceable against it in accordance with its terms.
- (f) So far as the Target is aware, there are no facts or circumstances that will cause a Third Party, as a result of the entry into this Deed and the implementation of the Transaction to exercise a right to terminate a contract which is material to the business of the Target Group or vary the performance of any material obligation to the Target under any such contract or exercise a right to acquire, or require the disposal of, any material assets of the Target Group.

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- (g) As at the date of this Deed, no Insolvency Event has occurred or is reasonably likely to occur in the near term in relation to the Target or another Target Group Member, nor has any regulatory action of any nature of which it is aware been taken that would reasonably be likely to prevent or restrict the Target's ability to fulfil its obligations under this Deed or under the Scheme.

2.2 (Capital structure)

- (a) As at the date of this Deed, the total issued capital of the Target is 78,710,046 Target Shares and 363,860 Share Rights.
- (b) No Target Group Member has issued or granted (or agreed to issue or grant) any other shares or other securities, options, warrants, rights or instruments which are still outstanding and may convert into, or give the holder the right to be issued, shares in a Target Group Member.
- (c) No Target Group Member is under any obligation to issue, and no person has any right to require or call for the issue or grant of, any share or other securities, options, warrants, rights or instruments issuable in any Target Group member (whether such obligation or right is conditional or otherwise).
- (d) No Target Group member has granted any option, right or other entitlement under any employee incentive scheme or plan (or similar arrangement) to acquire, by way of issue or transfer, or, subject to satisfaction of vesting or performance condition, to retain, a share or security in any Target Group Member, except as Fairly Disclosed in the Disclosure Materials as being issued under the Employee Share Plan.

2.3 (Target Group)

- (a) The structure diagram in the Disclosure Materials with the identification number 1.1.19 contained in the Data Room includes details of all members of the Target Group and the details included are true and accurate in all respects.
- (b) No Target Group Member holds shares, options, units, securities or interests in, or is a member of, any company, trust, partnership, incorporated or unincorporated joint venture or association, or other entity.
- (c) All related party arrangements between each Target Shareholder and the Target Group and between each Target Indemnified Party and the Target Group have been Fairly Disclosed in the Disclosure Materials.

2.4 (Financial Information)

- (a) The Accounts:
 - (i) comply with applicable statutory requirements and were prepared with due care and in good faith in accordance with the Accounting Standards and in accordance with the requirements of the Corporations Act and any other applicable laws;
 - (ii) give a true and fair view of the financial position and the assets and liabilities of the Target Group as at the Accounts Date and of the financial performance of the Target Group for the 12 month period ending on the Accounts Date; and

- (iii) are not affected by any unusual, abnormal, extraordinary or non-recurring items, other than those items specifically disclosed in those financial statements.
- (b) The Wellbeing Accounts:
 - (i) comply with applicable statutory requirements and were prepared with due care and in good faith in accordance with the Accounting Standards and applicable laws;
 - (ii) give a true and fair view of the financial position and the assets and liabilities of Wellbeing as at the Accounts Date and of the financial performance of Wellbeing for the 18 month period ending on the Accounts Date;
 - (iii) to the extent they are required to be disclosed by the applicable Accounting Standards, include proper and adequate reserves and provisions for all liabilities, and including Tax, that are sufficient to cover all liabilities of Wellbeing in respect of all periods up to and including the Accounts Date;
 - (iv) are not affected by any unusual, abnormal, extraordinary or non-recurring items, other than those items specifically disclosed in those financial statements; and
 - (v) accurately disclose all material liabilities (actual, prospective or contingent) to the extent they are required to be disclosed by the applicable Accounting Standards
- (c) Bearing in mind the purpose for which they have been prepared and the fact that they are unaudited and have not taken into account any adjustments that are customary or required for the purpose of preparing year end consolidated statutory accounts, the Management Accounts:
 - (i) do not materially misstate:
 - A. the assets, the liabilities and the financial position of the Target Group as at the date to which they have been prepared;
 - B. the financial position and state of affairs of the Target Group as at the date to which they have been prepared;
 - C. the financial performance of the Target Group for the period in respect of which they have been prepared; and
 - D. have been prepared in good faith and with reasonable care and diligence.

2.5 (Conduct of business)

- (a) Since the Accounts Date, the Target Group has conducted its businesses and operations:
 - (i) in the ordinary course and has not entered into material contracts or arrangements outside of the ordinary course of the business of the Target Group;

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- (ii) in accordance with material legal and contractual obligations; and
 - (iii) in a manner generally consistent (subject to any applicable laws, regulations and regulatory approvals) with the manner in which each such business and operation had been conducted in the 12 month period prior to the Accounts Date.
- (b) Between the Accounts Date and the date of this Deed:
 - (i) no Target Group Member has implemented any new accounting or valuation method for the business of any Target Group Member, or the assets, property or of that business, which has had or could reasonably be expected to have a material adverse effect on the Target Group;
 - (ii) no member of the Target Group undertook any actions which would have resulted in a breach of clause 9 had it been operative during that period;
 - (iii) no Target Group Member has incurred or undertaken any actual or contingent liabilities or obligations, including Tax, except in the ordinary and usual course of business;
 - (iv) there has not been incurred or agreed to be incurred any operational expense which is of an unusual or non-recurring nature or abnormal amount having regard to the customary business practices applicable to the industries in which the Target Group operates and which would have a material adverse effect on the Target Group;
 - (v) no Target Group Member has entered into any agreements, arrangements or understandings affecting a Target Group Member or the business of any Target Group Member that are unusual, abnormal, contain onerous provisions, or could not be fulfilled or performed without undue or unusual expenditure of money or effort on the part of any Target Group Member;
 - (vi) so far as the Target is aware, there has been no event, occurrence, fact or circumstance affecting the business, condition (financial or otherwise), liabilities, results of operations, or prospects of any Target Group Member which may materially and adversely affect the business of the Target Group; and
 - (vii) no Target Group Member has written down any of its material assets.
- (c) The Target is not aware of any information relating to the Target Group or its respective businesses or operations (having made reasonable enquiries) as at the date of this Deed that has or could reasonably be expected to give rise to a material adverse change that has not been Fairly Disclosed in an announcement by the Target to the ASX or in the Disclosure Materials.

2.6 (Key contracts and other arrangements)

- (a) All contracts, agreements and arrangements set out in folder 3 and folder 4 of the Data Room (**Key Contracts**) have been Fairly Disclosed in the Disclosure Material and the copies of all Key Contracts included in the Disclosure Material are current, accurate and complete (when considered with any and all amendments, variations, supplements, correspondences,

addendums, annexures, appendices, extensions and/or renewals in respect of such Key Contracts that are also included in the Disclosure Material).

- (b) Each Key Contract is valid, binding and enforceable upon and against each member of the Target Group that is a party thereto and each other party thereto.
- (c) No Target Group Member is in breach of, or default under, any material provision of any Key Contract.
- (d) No Target Group Member has received or given any notice in respect of any actual, alleged or potential breach of any Key Contract, nor are there any facts, matters or circumstances which may reasonably be expected to result in such a notice being given.
- (e) No party to any Key Contract has terminated, suspended or reduced the supply of, or demand for, services provided by or to a Target Group Member under a Key Contract or altered the terms of a Key Contract in any way which has had or is likely to have a material adverse impact on the business and activities of the Target Group as at the Implementation Date, and Target is not aware that any such termination, suspension, reduction in scope, or alteration of a Key Contract is threatened or is reasonably likely.
- (f) No member of the Target Group is in material default under any Key Contract binding on it or its assets nor has anything occurred which is or would with the giving of notice or the lapse of time constitute an event of default, prepayment event or similar event or give another party a termination right or right to accelerate any right or obligation under any such document.
- (g) No Target Group Member is a party to any material agreement or arrangement that:
 - (i) is not on arm's length terms;
 - (ii) was not entered into in the ordinary course of business; or
 - (iii) contains a non-compete undertaking.
- (h) No Target Group Member has received any notice, advice or correspondence from a counterparty to a Key Contract:
 - (i) with respect to the non-renewal or non-extension of the term of that Key Contract; or
 - (ii) confirming or suggesting that a Key Contract will be renewed or extended only on materially amended terms.
- (i) No Target Group Member has received any written notice of any Claims in relation to the products or services it provides.

2.7 (Financing arrangements)

- (a) There are no:
 - (i) agreements or arrangements entered into by any member of the Target Group for the borrowing of money or the incurrence of any debt or other indebtedness (whether contingent or otherwise), or

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- the granting of Encumbrances or other security (other than Permitted Encumbrances);
- (ii) debentures, bonds, notes or similar debt instruments issued by any member of the Target Group (whether by one instrument or by all of the instruments in a series);
 - (iii) guarantees, letters of comfort, indemnities or other commitments of financial support which have been given or issued in favour of any Third party in respect of any Indebtedness incurred by any member of the Target Group, and no member of the Target Group has requested that any bank or other financial institution give or issue any such guarantee, letter of comfort, indemnity or other commitment of financial support;
 - (iv) bank guarantees, letters of credit, trade instruments or similar credit support which have been issued in respect of, or at the request of, any member of the Target Group or any arrangements related thereto (including cash-backing);
 - (v) interest rate swaps, foreign currency forward contracts or other derivative contracts to which any member of the Target Group is a party or by which any member of the Target Group is bound; or
 - (vi) financing arrangements that restrict the sale or disposal of any member of the Target Group (or any assets thereof).
- (b) No member of the Target Group has given any guarantee, letter of comfort or other commitments of financial support, or granted any Encumbrance, in respect of any obligation or liability of any Third party.
- (c) No outstanding acceleration demands have been made under, or in respect of, any of the financing or security arrangements to which any member of the Target Group is a party or by which any member of the Target Group (or any assets thereof) is bound.
- (d) So far as the Target is aware:
- (i) no action has been taken or threatened by any person to enforce any Encumbrance of any kind over any assets of any member of the Target Group; and
 - (ii) there are no facts, matters or circumstances that would or may entitle any person to take such action.
- (e) There is no existing or unremedied material breach of, nor any default, event of default, cancellation event, review event, prepayment event or similar event currently subsisting under, any financing or security arrangements.
- (f) Where a member of the Target Group has received funding or financial support from a Regulatory Authority, no calls or demands have been made to repay those amounts and no member of the Target Group has been notified or is aware that any such funding or financial support is required to be repaid.
- (g) No Target Group Member is liable to repay an investment or other grant or subsidy made to it by any person (including a Government Agency). No matter (including the execution and performance of this Deed) exists that might entitle a body to require repayment of, or refuse an application for, the whole or part of a grant or subsidy.

2.8 (Documents and Records)

- (a) The Records:
 - (i) contain all relevant material details, which are accurate, of all matters required to be entered by all applicable laws; and
 - (ii) give a reasonably and materially accurate view of the Target Group's operations, assets and the contractual position of the Target Group.
- (b) All material documents relating to any Target Group Member (including documents of title and copies of all agreements to which a Target Group Member is a party) which are the property of a Target Group Member or ought to be in its possession, are in its possession or under its control.
- (c) Each material document or filing which is required by law to be delivered or made to any Regulatory Authority by a Target Group Member in connection with the operation of the Target Group has been duly delivered or made.

2.9 (Assets)

- (a) The Target Group owns, or has the right to use all of the assets that are necessary for the conduct of the Business as at the date of this Deed and at Implementation Date.
- (b) All the material tangible assets of the Target Group are:
 - (i) the absolute property of a member of the Target Group under a contract pursuant to which such member of the Target Group is entitled to use the relevant asset(s) on the terms and conditions of such contract (each such contract being an **Asset Contract**);
 - (ii) not the subject of any lease or hire purchase agreement or agreement for purchase on deferred terms;
 - (iii) in the exclusive possession or under the control of a member of the Target Group, its agent or nominee;
 - (iv) other than pursuant to an Asset Contract, not the subject of any agreements or arrangements to dispose or not dispose or that otherwise restrict their use or disposal.
- (c) The Target Group owns, or has the right to use (on terms no less favourable to the Target Group than the terms applicable as at the date of this Deed), all of the assets that are necessary for the carrying on of the Business and operations of the Target Group as such Business and operations are currently carried on.
- (d) No member of the Target Group has received any notice, order or direction from any Regulatory Authority or Third party in respect of any of its assets or the use of such assets, nor is the Target aware of any facts, matters or circumstances which may result in such a notice being given.
- (e) Subject to fair wear and tear and age and use of such plant and equipment, each item of material plant and equipment owned or used by the Target Group:

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- (i) is capable of performing the function for which it is intended to be used and are not dangerous, inefficient, out-of-date, unsuitable or in need of renewal or replacement;
 - (ii) has been properly serviced throughout its life; and
 - (iii) is in good repair and condition and satisfactory working order for its age and is in satisfactory working order and has been regularly and properly maintained.
 - (iv) so far as the Target is aware, has been maintained in accordance with industry best practice standards; and
 - (v) so far as the Target is aware, complies with all applicable laws and standards in all material respects and has not been repaired or modified in a way which would adversely impact a warranty provided by a supplier of that item of plant and equipment.
- (f) The Target Group has good title to all equipment that is the subject of a lease, hire or rental agreement, free and clear of all Encumbrances (other than a Permitted Encumbrance).

2.10 (Properties)

- (a) The Target Group does not hold freehold title to any real property.
- (b) The Disclosure Materials includes copies of all agreements or other documents pursuant to which a member of the Target Group leases (or sub-leases) or licences, occupies or otherwise uses any parcel of real property (all such agreements and other documents, being the **Property Leases**, and all such parcels of real property, being the **Leased Properties**), and the copies of such Property Leases included in the Disclosure Material are current, accurate and complete (and include any and all amendments, variations, supplements, addendums, annexures, appendices, extensions and/or renewals in respect of such Property Leases).
- (c) No member of the Target Group has any interest in land other than the interests in the Leased Properties (together, the **Properties**).
- (d) No member of the Target Group is party to any agreement or arrangement in relation to the ownership (including purchase or sale), occupation, lease, licence or use of any real property other than in respect of the Properties.
- (e) Each of the Property Leases is valid, binding, enforceable and subsisting, and (where necessary to be binding and enforceable against successors in title) registered.
- (f) No member of the Target Group has received:
 - (i) any notice to vacate or notice to quit in respect of any of the Properties;
 - (ii) any notice in respect of the compulsory acquisition or resumption of any of the Properties (or any part thereof);
 - (iii) any notice requiring material work to be done or expenditure to be made in respect of any of the Properties or any footpath or road adjoining any of the Properties for which a Target Group member is responsible;

- (iv) any notice in respect of any contemplated, pending or threatened condemnation or change to the planning, zoning or other ordinances in respect of any of the Properties;
- (v) any notice in respect of any actual, alleged or potential breach of any Property Lease or the termination or intended termination of any Property Lease; or
- (vi) any order, direction, notice or proposal from any Regulatory Authority affecting or in respect of any of the Properties or the use thereof,

nor is the Target aware of any facts, matters or circumstances which may result in any such notice, order, direction or proposal being given.

- (g) So far as the Target is aware, all buildings or other improvements on the Properties are in such condition and state of repair as to be substantially fit for the purpose for which they are used by the Target Group and such use is permitted under applicable Planning Law.
- (h) So far as the Target is aware, each material consent required under any legislation for any development or use carried out by the Target Group or any Property has been properly obtained and all conditions or restrictions imposed in any such consent have been observed and performed in all material respects.
- (i) No member of the Target Group is in default, or would be in default but for the requirements of notice or lapse of time, under any Property Lease, and the Target is not aware of any grounds for termination, rescission, avoidance or repudiation of any Property Lease.
- (j) The relevant members of the Target Group are not overdue in the payment of rent, fees, rates and other amounts payable by them in respect of the Properties (including under the Property Leases).
- (k) Other than in relation to those Properties in respect of which a member of the Target Group has granted a sub-lease to a Third Party, the relevant members of the Target Group have exclusive occupation and right of quiet enjoyment in respect of each of the Properties.
- (l) Other than in relation to those Properties in respect of which a member of the Target Group has granted a sub-lease to a Third Party, none of the Properties are subject to any sub-lease, licence, tenancy or right of occupation in favour of any person other than a Target Group Member.
- (m) None of the Properties is subject to any restrictive covenant or exception or reservation which may adversely affect its use.
- (n) So far as Target is aware:
 - (i) there are no disputes, Claims or actions relating to any of the Properties or the use thereof; and
 - (ii) there is no intention on the part of any counterparty to a Property Lease to:
 - A. terminate the Property Lease;
 - B. not renew or extend the Property Lease at expiry or only renew or extend the Property Lease at expiry on

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terms materially more favourable to such counterparty than the current terms; or

- C. seek to increase the rent, fees, rates or other amounts payable by the relevant member(s) of the Target Group under the Property Lease (whether at expiry of the Property Lease or otherwise) other than in accordance with any rent adjustment provisions under the terms of the relevant Property Lease.

2.11 (Environment and Planning)

- (a) The Target Group has fully complied with all obligations under any Environmental Law or Planning Law.
- (b) The present use of each of the Property Leases complies in all material respects with any applicable planning scheme or plan and with all other applicable statutory, local body and other regulations and requirements, including any approval, consent, licence or permit required for the operation of the business.
- (c) So far as the Target is aware, there are no known or suspected factors affecting any of the Properties that will, or would reasonably be likely to, give rise to any liability for any Target Group Member under any Environmental Law.
- (d) No Target Group Member has received notice under or in respect of any Environmental Law (including notice of any actual or alleged breach of, or investigation in respect to, any Environmental Law), nor is Target aware of any facts, matters or circumstances which may result in such a notice being given.
- (e) The Target Group has not assumed, undertaken, provided an indemnity with respect to, or otherwise become subject to, any liability of any other person relating to Environmental Law other than in accordance with this Deed.
- (f) So far as Target is aware, the business carried on by each Target Group Member is conducted, and has been conducted during the three years prior to the date of this Deed, in compliance with Environmental Law in all material respects.
- (g) So far as the Target is aware:
 - (i) the Target has not received any outstanding written notices, orders, directions or declarations from or by any Regulatory Authority to a Target Group Member in respect of any Environmental Law or Planning Law applicable to any of the Properties that will, or would reasonably be likely to, have a material adverse effect on the Target Group; and
 - (ii) all approvals, authorisations, licences, consents and permits that are material to and required for the conduct of the Business and the conduct of all activities carried out on the Properties pursuant to an Environmental Law or Planning Law have been obtained and complied with.
- (h) So far as Target is aware, Target has obtained each Material Authorisation under Environmental Law (**Environmental Permit**) required for the operation of the business carried on by each Target Group Member and the use of the Properties. So far as Target is aware, each Environmental Permit:

- (i) is current; and
 - (ii) has been complied with in all material respects (including compliance with conditions); and
 - (iii) is not the subject of any dispute, challenge, opposition or appeal by any third party or Regulatory Authority.
- (i) So far as Target is aware, there is no current proposal to revoke, suspend, modify or not renew any Environmental Permit, or to serve a notice from a Regulatory Authority in relation non-compliance with Environmental Law on any Target Group Member, and no event has occurred that could lead to any Environmental Permit being revoked, suspended, modified or not renewed.

2.12 (Intellectual property rights)

- (a) The Disclosure Materials contain reasonable particulars of material Intellectual Property Rights owned or used by any member of the Target Group (**Business Intellectual Property**), as well as any terms and conditions attaching to the use of the Business Intellectual Property.
- (b) In respect of the Business Intellectual Property that is owned by a member of the Target Group:
 - (i) such Business Intellectual Property is valid, subsisting and enforceable, and free and clear of all Encumbrances;
 - (ii) no member of the Target Group has assigned, licensed or otherwise disposed of or allowed to lapse any right, title or interest in such Business Intellectual Property;
 - (iii) the relevant members of the Target Group have taken all reasonable steps to obtain and maintain appropriate registrations for such Business Intellectual Property (to the extent such Business Intellectual Property is registrable), including the payment of all applicable application and renewal fees;
 - (iv) the Target Group has taken all reasonable steps to record and protect such Business Intellectual Property, to the extent that it is unregistrable;
 - (v) the terms on which the Business Intellectual Property is licensed within the Target Group does not compromise or otherwise adversely affect the validity, subsistence or enforceability of any of the Business Intellectual Property; and
 - (vi) so far as the Target is aware there are no Claims, challenges, disputes or proceedings that have been brought or threatened by any Third party or Regulatory Authority in relation to such Business Intellectual Property that may adversely affect the right to use, enforce or assign or licence such Business Intellectual Property, including opposition proceedings, non-use proceedings, or amendment, rectification, revocation or cancellation proceedings, and no member of the Target Group has received notice of, nor are there any facts, matters or circumstances that could rise to, any such Claims, challenges, disputes or proceedings; and
 - (vii) so far as the Target is aware no Third party:

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- A. has infringed, attacked or opposed, in the 5 years prior to the date of this Deed, or is infringing, attacking or opposing, as at the date of this Deed, such Business Intellectual Property; or
 - B. has any right to use, assign or licence any such Business Intellectual Property, or any right which would otherwise restrict or have the potential to restrict the use by the Target Group (or any member thereof) of such Business Intellectual Property; or
 - C. has threatened to allege or has alleged in the 5 years prior to the date of this Deed, or is threatening to allege or is alleging as at the date of this Deed, that any such Business Intellectual Property infringes Intellectual Property Rights owned by or licensed to that Third party.
- (c) A member of the Target Group has the exclusive right, enforceable against its employees, consultants and independent contractors, to claim full ownership of and all rights in and title to all Business Intellectual Property generated by those persons in the course of, or in connection with, their employment or engagement with or by the Target Group. The Target Group has taken steps to ensure that such Intellectual Property Rights do not breach or infringe any Intellectual Property Rights of Third Parties or breach any obligation of confidence owed to any Third party.
- (d) So far as the Target is aware, the use of the Business Intellectual Property by or on behalf of the Target Group does not:
 - (i) breach or infringe any Intellectual Property Rights of any Third party;
 - (ii) breach any obligation of confidence owed to any Third party; or
 - (iii) breach any law, regulation, rule or policy in force in any jurisdiction, where such breach or infringement or material risk of breach or infringement will, or is reasonably likely to, have a material adverse effect on the operational or financial performance of the Target Group (taken as a whole).
- (e) In respect of Business Intellectual Property that is used but not owned by the Target Group, a member of the Target Group has a current licence to use such Business Intellectual Property and:
 - (i) such licence is valid, binding and enforceable;
 - (ii) no member of the Target Group is in breach of such licence; and
 - (iii) the licensor has not given a notice to terminate such licence nor, so far as the Target is aware, does the licensor intend to give such notice.
- (f) The Intellectual Property Rights owned by the Target Group or used by the Target Group under valid, binding, enforceable and sub-licensable licences from Third Parties together comprise all of the Intellectual Property Rights necessary for the carrying on of the businesses and operations of the Target Group as such businesses and operations are currently carried on.

- (g) There are no material royalties, fees, damages, compensation or other amounts payable by any member of the Target Group in connection with the use of Intellectual Property Rights owned by Third Parties.

2.13 (Privacy)

- (a) Any collection, use or disclosure of Personal Information in connection with the business conducted by the Target Group:
 - (i) is consistent with any privacy statement or privacy policy issued by the Target Group; and
 - (ii) complies with all Privacy Laws by which the members of the Target Group are bound.
- (b) Each Target Group Member has reasonable safeguards in place to protect Personal Information in its possession or control from unauthorised access by Third Parties.
- (c) As far as the Target is aware, within the 2 years preceding the date of this Deed:
 - (i) there have been no material security breaches relating to, or material violations regarding, or unauthorised access, use, processing or disclosure of any Personal Information or sensitive data held or stored by a Target Group Member;
 - (ii) there have been no material cyber security incidents; and
 - (iii) Group has complied in all material respects with applicable data protection and privacy laws.

2.14 (Information technology)

- (a) The data, records and information technology and telecommunications systems, hardware and software owned or validly licensed (under a current, enforceable licence) by the Target Group (collectively, the **Systems**):
 - (i) comprise all the data, records and information technology and telecommunications systems, hardware and software necessary for the carrying on of the Business and operations of the Target Group as such Business and operations are currently carried on; and
 - (ii) with the exception of Systems which are dependent on Third Party hosting platforms, are under the sole control of the Target Group and not shared with or used by or on behalf of or accessible by any other person.
- (b) Each Target Group Member either owns or is validly licensed to use the software comprised in the Systems.
- (c) Each Target Group Member has a disaster recovery plan in place in the event of a material System failure or disruption.
- (d) The Target Group has at all times had reasonable and appropriate security measures in place to protect the confidential information of the Business and any personal information maintained or processed by or for the Target Group

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against loss and against unauthorised access, use, modification, disclosure or other misuse, that have been regularly tested and reviewed

- (e) No action is necessary to enable Systems to continue to be used by the Target Group to the same extent and in the same manner as they are used as at the date of this Deed.
- (f) No member of the Target Group is in breach of any agreement under which a member of the Target Group is licensed to use Systems where such breach may result in any member of the Target Group ceasing to be entitled to use those Systems.
- (g) So far as the Target is aware, the software utilised by the Target Group:
 - (i) is free of material defects and complies with all applicable laws;
 - (ii) is capable of being used for the functions and purposes for which it was designed and/or for which it is currently utilised by the Target Group in all material respects;
 - (iii) is not materially deficient (for example, requiring urgent repair, upgrade or replacement to enable) for the present operation of the Business;
 - (iv) so far as the Target is aware, do not infringe on the Intellectual Property Rights of any person; and
 - (v) to the extent has been developed by employees or contractors of the Target Group, the Target Group owns the copyright in the software.

2.15 (Employees and contractors)

- (a) The Disclosure Material contains accurate details of the commencement date, position title, employing entity, salaries and wages, participation (if any) in an applicable incentive arrangement, redundancy or termination entitlements, applicable allowances, applicable enterprise agreement (if any), modern award coverage (if any), and accrued long service leave, annual leave, leave loading and personal leave for each employee (of a member of the Target Group) (**Employee**) as at the relevant dates specified in such disclosure.
- (b) No member of the Target Group is involved in bargaining for a proposed enterprise agreement.
- (c) No member of the Target Group has given a commitment (whether legally binding or otherwise) to increase or supplement the wages, salaries, incentives, annual leave and leave loading, long service leave, personal/carer's leave or any other remuneration, compensation, gratuities or benefits of any Employee beyond the amounts and entitlements specified in the Disclosure Materials.
- (d) Each member of the Target Group has complied with all of its obligations under any relevant and applicable laws and regulations relating to Employees (including employment and industrial laws and regulations, anti-discrimination laws, and WHS Laws) and any applicable industrial agreements and awards.
- (e) All Employees who were or are employed and paid as fixed-term employees were or are properly, accurately and lawfully characterised by their Target Group employer as fixed-term employees.

- (f) So far as the Target is aware, all independent contractors engaged by the Target Group (or otherwise in respect of the Business) are properly, accurately and lawfully categorised as independent contractors and there is no reasonable basis for such individuals to claim they are employees at law.
- (g) The Target Group does not engage any contractors or casual workers whose engagement with the Business would deem them to be employees of the respective company at law or otherwise entitle them to leave or other entitlements or protections given to employees.
- (h) Each member of the Target Group has kept adequate and suitable records regarding its Employees and, in respect of each member of the Target Group incorporated in Australia, such records meet the applicable record keeping obligations under the *Fair Work Act 2009* (Cth) or the *Fair Work Regulations 2009* (Cth) (if any) and recording keeping obligations under any applicable law, enterprise agreement or modern award.
- (i) No member of the Target Group is a party to any collective bargaining agreement, workplace agreement or other contract with a trade union or industrial organisation, labour union, labour organisation, works council, group of employees or individual employees in respect of Employees and their employment and no industrial awards, collective bargaining agreements or workplace agreements apply to any Employees.
- (j) No member of the Target Group has been involved in any labour or industrial dispute with any union or industrial organisation, labour organisation, works council, group of employees or Employee at any time within the 3 years preceding the date of this Deed.
- (k) There is no actual or pending or (so far as the Target is aware) threatened Claim, dispute, demand, legal proceedings or cause of action by an Employee against any member of the Target Group and, so far as Target is aware, there are no facts, matters or circumstance which may give rise to any such Claim, dispute, demand, charge, complaint, audit, investigation, legal proceeding or cause of action against any member of the Target Group.
- (l) The Disclosure Material contains details of all Claims, disputes and, legal proceedings made or threatened against a member of the Target Group by current or past Employees during the 2 year period prior to the date of this Deed.
- (m) No member of the Target Group has made any offer of work to, or any appointment of, a new individual (or any company controlled by an individual as a senior executive, or as an independent contractor) for a term of 12 months or more or for payment of \$100,000 or more per annum, that remains capable of acceptance and that cannot be terminated without penalty on less than 1 months' notice.
- (n) No employee who receives a salary or remuneration in excess of \$100,000 per annum has provided a notice of resignation.
- (o) No member of the Target Group is a party to any written employment or service agreement with any current member of key management personnel for the purposes of the Corporations Act other than those agreements disclosed in full in the Disclosure Material.
- (p) Other than as contemplated in this Deed, no Employee is, or may become, entitled to any bonus, compensation, payment or other benefit:

C. Scheme Implementation Deed

- (i) on execution of, or in connection with, this Deed or the transactions contemplated hereby; or
 - (ii) which is triggered by a change of control of the Target, or by the termination or cessation of that Employee's employment with the relevant member of the Target Group.
- (q) No member of the Target Group operates or has adopted, or has resolved or agreed to operate or adopt, any incentive plan in which Employees participate or may participate, except the Employee Share Plans.
- (r) Details of all investigations or Claims relating to health and safety issues which have occurred, been made or carried out in the last 3 years before the date of this Deed and affecting any member of the Target Group or any Employees have been Fairly Disclosed in the Disclosure Material.
- (s) The members of the Target Group have complied with all their obligations to make superannuation or pension contributions which they are required to make on behalf of Employees including employees under the extended definition provided in Section 12 of the Superannuation Guarantee Administrative Act, (where applicable).
- (t) Each member of the Target Group has complied with all applicable requirements of the *Superannuation Guarantee (Administration) Act 1992* (Cth).
- (u) The prescribed minimum level of superannuation support for each Employee, including employees under the extended definition provided in Section 12 of the *Superannuation Guarantee Administrative Act 1992* (Cth) (**Superannuation Guarantee Administrative Act**), has been provided by each member of the Target Group so as not to incur a superannuation guarantee charge prescribed by the *Superannuation Guarantee (Administration) Act 1992* (Cth).
- (v) There are no overdue contributions due to be paid on the part of any member of the Target Group or any Employee, including employees under the extended definition provided in Section 12 of the Superannuation Guarantee Administrative Act, that are outstanding and unpaid.
- (w) Provisions have been made by each member of the Target Group for any outstanding and unpaid superannuation benefits currently due to an Employee, including employees under the extended definition provided in Section 12 of the Superannuation Guarantee Administrative Act, or his or her dependants or beneficiaries.
- (x) No member of the Target Group contributes to any defined benefit fund in respect of the Employees and no member of the Target Group is liable to contribute in respect of any defined benefit fund.
- (y) Each member of the Target Group:
 - (i) has not been subject to a Work Safety Authority investigation or prosecution in the last 3 years;
 - (ii) has not at any time received an Improvement Notice or prohibition notice from Work Safety Authority; and
 - (iii) is not currently subject to an investigation or prosecution by a Work Safety Authority and, so far as the Target is aware, no facts,

matters or circumstances exist which may give rise to any potential investigation or prosecution by a Work Safety Authority.

- (z) Each member of the Target Group:
 - (i) has current workers' compensation insurance, a certificate of currency, and has paid all its workers compensation insurance up to date; and
 - (ii) is not currently the subject of any workers' compensation claim that has not already been Fairly Disclosed in the Disclosure Material, and the Target is not aware of any future claim or any facts, matters or circumstances which may give rise to a potential future claim, and details of all workers' compensation claims during the last 3 years have been Fairly Disclosed in the Disclosure Material.
- (aa) Each member of the Target Group has complied with applicable legislation, including any Tax Law and any agreement binding on it, in respect of independent contractors.
- (bb) The Target Group has complied with every contractual, statutory, legal or fiscal obligation (including every code of practice, collective agreement and award) applying to the employment of any of its past or present Employees.
- (cc) Each member of the Target Group has:
 - (i) paid all wages, salaries, bonuses, commissions, wage premiums, fees, expense reimbursement, severance, and other compensation that have become due and payable to its Employees, consultants, independent contractors, and other individual service providers (in each case both past and present) pursuant to any law, contract, or policy; and
 - (ii) has, in all material respects, correctly calculated, accrued and paid entitlements for leave including annual leave and leave loading, long service leave, personal/carer's leave, compassionate/bereavement leave, public holidays, family and domestic violence leave, maternity and parental leave, and community service leave for its Employees (both past and present) pursuant to any law (including any applicable industrial instrument, modern award or the *Fair Work Act 2009* (Cth)), contract or policy.

2.16 (Litigation and disputes)

- (a) No Target Group Member is, at the date of this Deed, a party to or the subject of any pending Claim, litigation, prosecution, mediation, arbitration or other proceedings with any other person which is or may be materially prejudicial to the financial position of the Target Group taken as a whole (**Material Proceedings**).
- (b) No member of the Target Group is subject to any outstanding or unsatisfied settlement, judgment, decree, award, order or other decisions of any court, quasi-judicial body or Regulatory Authority.

C. Scheme Implementation Deed

- (c) No member of the Target Group has given any undertaking or assurance (whether legally binding or otherwise) to any court or Regulatory Authority under any anti-trust or similar legislation in any jurisdiction.
- (d) There are no unsatisfied or outstanding judgments, awards, orders, decrees, Claims or demands against any member of the Target Group.

2.17 (Compliance with laws and authorisations)

- (a) Each Target Group Member holds all Material Authorisations required to carry on its business as such business is currently conducted.
- (b) Each member of the Target Group has complied in all material respects with all Australian and foreign laws, regulations and administrative requirements applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them, and have complied in all material respects with the requirements of, all material licenses, authorisations, consents, permissions and permits (**Material Authorisations**) necessary for them to conduct the business of the Target Group as presently being conducted.
- (c) So far as the Target is aware, all Material Authorisations are valid and subsisting and no other circumstances which are likely to prejudice the continuance or renewal of them, and the Target Group has complied with all material conditions of the Material Authorisations.
- (d) The Target is not aware of any action to revoke, prevent the renewal of or impose any conditions on, or any right to terminate that would arise from implementation of the Transaction, any Material Authorisation.

2.18 (Insurance)

- (a) In respect of the insurances effected in respect of the Target Group:
 - (i) the insurances provide usual insurance coverage for the business activities undertaken by the Target Group; and
 - (ii) the Target Group has not carried out any business activities in respect of which it does not have usual insurance coverage.
- (b) The Disclosure Material Fairly Discloses reasonable particulars of all current insurance policies and cover notes taken out in respect of the Target Group (or a member thereof) or the businesses or operations conducted thereby (or any such business or operation) (**Insurances**).
- (c) Each Insurance is in full force and effect in accordance with its terms and all applicable premiums have been paid by the due date for payment.
- (d) So far as the Target is aware, nothing has been done or omitted to be done:
 - (i) that would make any Insurance void or voidable or that would permit an insurer to cancel the policy or refuse or materially reduce a claim or materially increase the premium payable under any Insurance or otherwise alter the terms of the policy; or
 - (ii) by a member of the Target Group so as to make void or voidable any Insurance or to permit an insurer to refuse or reduce a current claim by a member of the Target Group under any Insurance.

- (e) As at the date of this Deed:
 - (i) there are no outstanding claims made by a member of the Target Group or any person on its behalf under any Insurance or an insurance policy previously taken out by or for the benefit of any member of the Target Group;
 - (ii) so far as the Target is aware, there are no threatened or pending claims under any Insurance and there are no facts, matters or circumstances which could give rise to an entitlement to make a claim under any Insurance.
- (f) The members of the Target Group have notified insurers of all material claims, facts, matters and circumstances as required by the notification provisions under each Insurance.
- (g) No member of the Target Group has made a claim under any Insurance that has been rejected or denied by the insurer.
- (h) Each member of the Target Group has in place all insurances required by law or contract to be taken out by it, subject to excesses and deductibles.
- (i) No member of the Target Group has been notified by any insurer that it is required or it is advisable for it to carry out any maintenance, repairs or other works in relation to any of its assets.

2.19 (Anti-Corruption and Anti-Money Laundering)

- (a) So far as the Target is aware, each Target Group Member and their respective directors, officers and Employees are, and have been, in compliance with Anti-Corruption Laws in all material respects.
- (b) So far as the Target is aware, the operations of each Target Group Member are, and have been, conducted at all times in compliance with all applicable Anti-Money Laundering Laws.
- (c) So far as the Target is aware, no Target Group Member and none of their respective directors or officers, is or has been the subject of any pending or threatened investigation, audit, suspension, inquiry or enforcement proceeding regarding any offence or alleged offence under any applicable Anti-Corruption Laws and Anti-Money Laundering Laws or similar law or regulation, and so far as the Target is aware:
 - (i) no such investigation, inquiry or proceeding has been threatened or is pending; and
 - (ii) there are no circumstances reasonably likely to give rise to any such investigation, inquiry or proceeding.
- (d) So far as the Target is aware, no Target Group Member has been the subject of any penalty, fine or loss of privileges by any Regulatory Authority for violation of any Anti-Corruption Laws and Anti-Money Laundering Laws nor, so far as the Target is aware, is there any investigation by any Regulatory Authority for any such violations.
- (e) So far as the Target is aware, no Government Official is associated with, or owns an interest, whether direct or indirect, in any of the Target Group Members, or has any legal or beneficial interest in the Transaction.

C. Scheme Implementation Deed

- (f) So far as the Target is aware, none of the Target Group Members or their respective representatives has violated applicable Anti-Corruption Laws, nor has any Target Group Member or respective representatives offered, paid, promised to pay, or authorized the payment of any money or anything of value to any Government Official or to any person, directly or indirectly for the purpose of:
 - (i) influencing any act or decision of a Government Official in his official capacity;
 - (ii) inducing such Government Official to do or omit to do any act in violation of his lawful duties;
 - (iii) securing any improper advantage;
 - (iv) inducing such Government Official to influence or affect any act or decision of any Regulatory Authority;
 - (v) assisting any Target Group Member in obtaining or retaining business for or with, or directing business to, any Target Group Member; or
 - (vi) obtaining an improper business advantage, in violation of applicable Anti- Corruption Laws.
- (g) So far as the Target is aware, the Target Group Members have been managed with effective controls that are sufficient to provide reasonable assurances that violations of applicable Anti-Corruption Laws will be prevented, detected and deterred.

2.20 (Taxes and duties)

- (a) Any Tax or Duty arising under any Tax Law due and payable:
 - (i) in respect of any income, gains or profits (however calculated), transaction or assets of a member of the Target Group for all periods up to the Implementation Date;
 - (ii) in respect of any event, omission or instrument executed or performed on or prior to the Implementation Date; and
 - (iii) in respect of payments made by a member of the Target Group to another person that must be withheld from that payment prior to the Implementation Date,will have been so withheld (if applicable) and paid prior to the Implementation Date in accordance with the requirements of the relevant Tax Law.
- (b) Each member of the Target Group has complied with all material obligations imposed on them by any Tax Law or as requested by any Regulatory Authority.
- (c) Each member of the Target Group has maintained proper and adequate records to enable it to comply in all material respects with its obligations to:
 - (i) prepare and submit any applications, information, notices, computations, returns and payments required in respect of any Tax Law;

- (ii) prepare any accounts necessary for compliance with any Tax Law; and
 - (iii) retain necessary records as required by any Tax Law.
- (d) Each member of the Target Group has up to and including the Implementation Date submitted any necessary applications, information, notices, computations and returns to the relevant Regulatory Authority in respect of any Tax or Duty.
- (e) Any information, notice, computation and return that has been submitted by any member of the Target Group to a Regulatory Authority in respect of any Tax or Duty:
 - (i) discloses all material facts required to be disclosed under any Tax Law; and
 - (ii) is not misleading in any material particular.
- (f) The Target is not aware of any current, pending or threatened Tax or Duty audit, review or investigation relating to any member of the Target Group.
- (g) There are no disputes between any member of the Target Group and any Regulatory Authority in respect of any Tax or Duty and the Target is not aware of facts, matters or circumstances that may give rise to a dispute between any member of the Target Group and any Regulatory Authority in respect of any of Tax or Duty.
- (h) No member of the Target Group will have a franking or imputation account deficit immediately at or any time after the Implementation Date as a result of any act, omission or transaction relating to periods prior to the Implementation Date. No act or omission of any member of the Target Group at or before the Implementation Date will cause any member of the Target Group to be liable for franking deficit tax pursuant to section 205-45 of the Tax Act at or after the Implementation Date.
- (i) All transactions and other dealings between the Target Group and related parties for the purposes of the Tax Law have been (and can be demonstrated to have been) conducted at arm's length.
- (j) No member of the Target Group has ever received notice that it may be subject to Tax in a jurisdiction where it does not currently file tax returns or pay Tax, asserting that members of the Target Group are or may be subject to taxation in any such jurisdiction.
- (k) No debt owed by any member of the Target Group has been, or has been agreed to be, released, waived, forgiven or otherwise extinguished in circumstances which would have attracted any Tax or the operation of the debt forgiveness rules or limited recourse debt rules under the Tax Law.
- (l) No member of the Target Group has knowingly entered into or been a party to any transaction which contravenes any anti-avoidance or integrity provisions of any Tax Law (including but not limited to Part IVA of the Tax Act).
- (m) Any material ruling, determination or election requested, received or made by any member of the Target Group in respect of Tax or Duty:
 - (i) has been Fairly Disclosed in the Disclosure Material; and

C. Scheme Implementation Deed

- (ii) has at all times been complied with in all material respects by that member of the Target Group.
- (n) No agreement extending the period for assessment or collection of any Tax or Duty of any member of the Target Group has been executed or filed with any Regulatory Authority (excluding, for the avoidance of doubt, requests by the Target for extensions of time for tax filings or payments).
- (o) All registrations required to be maintained by any member of the Target Group with any Regulatory Authority in relation to Tax or Duty are and have at all times been maintained by that member of the Target Group.
- (p) Each member of the Target Group has at all relevant times appointed a public officer, pursuant to section 252 of the Tax Act, where required under the applicable Tax Laws.
- (q) No member of the Target Group has entered into or been a party to an arrangement, agreement or indemnity whereby it is liable to reimburse or indemnify another party in respect of Tax or Duty, and no Target Group Member has any liability for Taxes of another person as a transferee or successor.
- (r) The Target does not have a tainted share capital account or a share capital account that is taken to be tainted under any Tax Law and has not taken any action, up to and including the Implementation Date, that would cause its share capital account to be a tainted share capital account, nor has an election been made at any time up to and including the Implementation Date, to untaint the Target's share capital account.
- (s) No member of the Target Group has made any election or made any choice under Division 230 of the Tax Act.
- (t) No member of the Target Group has been in breach of the benchmark franking percentage rules, where relevant.
- (u) The Target has been the Head Company of the Target Consolidated Group at all times since formation of the Target Consolidated Group.
- (v) The Target Consolidated Group is not and has never been a MEC Group (having the meaning given in given by section 995-1 of the Tax Act) for the purposes of Part 3-90 of the Tax Act.
- (w) No member of the Target Group has been a member of a Consolidated Group other than the Target Consolidated Group.
- (x) No tax attributes of the Target Group as at the Implementation Date are subject to any losses, limitations or restrictions due to prior changes in the control or ownership of the Target Consolidated Group.
- (y) No member of the Target Group is a party to any document, instrument, contract, agreement, deed or transaction in respect of which it is or will become liable to pay GST in circumstances where such member of the Target Group has no express entitlement to increase the consideration payable under the agreement, instrument, contract, agreement, deed or transaction or otherwise seek reimbursement so that such member of the Target Group retains the amount it would have retained but for the imposition of GST.
- (z) There is no contract, arrangement or understanding requiring a member of the Target Group to pay any amount in respect of GST on a supply which

does not contain a provision enabling it as recipient to require the other party to the contract, arrangement or understanding to provide to the member of the Target Group a tax invoice for any GST on that supply prior to the due date for payment for that supply.

- (aa) No member of the Target Group is, or has ever been the representative member of a GST group.
- (bb) Each member of the Target Group:
 - (i) that is required to be registered for GST under the GST Law is so registered;
 - (ii) has complied in all respects with the GST Law;
 - (iii) is not in default of any obligation to make or lodge any payment or GST return or notification under the GST Law and had otherwise complied with the GST Law; and
 - (iv) has adequate systems established for it to ensure it complies with the GST Law.
- (cc) No member of the Target Group:
 - (i) has paid any amount on account of, or in respect of, GST to any entity which it was not contractually required to pay; or
 - (ii) is, and has never been, a member (including a joint venture operator) of a GST joint venture.
- (dd) All transactions and instruments for which a member of the Target Group is the person statutorily liable to pay the stamp duty, or where a member of the Target Consolidated Group has agreed to pay the stamp duty, have been lodged with the relevant Regulatory Authority, are stamped, are not insufficiently stamped, the stamp duty has been paid and there is no requirement to upstamp on the account of an interim assessment.
- (ee) No event has occurred, or will occur, as a result of anything provided for in this Deed, or as a result of this Deed itself, as a result of which any Duty from which a member of the Target Group may have obtained an exemption or other relief may become payable on any document, instrument, contract, agreement, deed or transaction.
- (ff) All amounts required to be deducted or withheld by the Target Group under any Tax Law from any payment made, or deemed by any applicable Tax Law to be made (including but not limited to withholding tax in respect of royalties, dividends, interest and salary and wages, as well as other amounts required to be withheld under the Pay As You Go (PAYG) withholding provisions) by the Target Consolidated Group on or prior to the Implementation Date have been deducted or withheld and, where required by the Tax Law to be paid to a Government Authority, have been duly paid.
- (gg) Members of the Target Group have maintained, with respect to transfer pricing, proper intercompany agreements, and concurrent and supporting documentation, as required under the applicable Tax Law.
- (hh) Members of the Target Group are not party to any agreement or arrangement relating to the apportionment, sharing, assignment or allocation of any Tax, Duty, Tax asset or Duty asset.

C. Scheme Implementation Deed

- (ii) No fact, matter or circumstances exist which has prevented or might prevent members of the Target Group from obtaining any future income tax benefit provided for on the Implementation Date. All tax losses recorded in any tax working papers included in the Disclosure Materials (and whether disclosed in the Accounts or not) would be available to the Target Group to use to reduce assessable income or capital gains at the Implementation Date if the current tax year for the Target had sufficient income for that tax year.
- (jj) No member of the Target Group has any amended assessments to which an extended or refreshed period of review could apply under section 155-70 of the Taxation Administration Act 1953 in respect of GST.

2.21 (Accuracy of Information)

- (a) The Disclosure Materials have been collated and prepared in good faith, and the Target is not aware of any information contained in the Disclosure Material that is false or misleading in any material respect (including by omission) as at the date of collation or preparation.
- (b) The Target has not intentionally withheld from the Disclosure Material any information which would reasonably be expected to be material to a reasonable and sophisticated buyer's evaluation of the Target Group, including details of all material liabilities of the Target Group and the aggregate amount of all fees, costs and expenses which the Target or any other Target Group Member has paid or agreed to pay, or may become liable to pay, in connection with the Transaction.
- (c) The Target has provided (and Fairly Disclosed) complete and accurate information in relation to the Transaction Costs, any Competing Transactions as at the date of this Deed and any other transaction where such retainer or mandate is current, or under which the Target Group still has obligations.
- (d) The historical and factual information contained in Disclosure Material is accurate and complete in all material respects and all forecasts, budgets, projections or similar forward looking materials contained in the Disclosure Material are genuine operational documents of the Target Group.

Signing page

Executed as a deed.

Dated 2020

Executed by The Citadel Group Limited
under section 127 of the Corporations Act by its
duly authorised officers:

Signature of Director

Signature of Director/Secretary

Name of Director
(Block Letters)

Name of Director/Secretary
(Block Letters)

C. Scheme Implementation Deed

Executed by Pacific Group Bidco Pty Limited under section 127 of the Corporations Act by its duly authorised officers:

Signature of Director

Signature of Director/Secretary

Name of Director
(Block Letters)

Name of Director/Secretary
(Block Letters)

Annexure A – Scheme of Arrangement

Not reproduced here – see Annexure D of this Scheme Booklet

C. Scheme Implementation Deed

Annexure B – Deed Poll

Not reproduced here – see Annexure E of this Scheme Booklet

Annexure C – HoldCo Shareholders Deed

Not reproduced here – see Annexure F of this Scheme Booklet

ANNEXURE D

**Scheme of
Arrangement**

D. Scheme of Arrangement

Scheme of Arrangement

The Citadel Group Limited

Scheme Participants

gadens

Level 13, Collins Arch
447 Collins Street
Melbourne VIC 3000
Australia

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D. Scheme of Arrangement

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Scheme of Arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001 (Cth)*.

Parties

1. The Citadel Group Limited ACN 127 151 026 of 'Citadel House', 11-13 Faulding Street, High Technology Park, Symonston, Australian Capital Territory 2609 (**Target**)
2. Each holder of Scheme Shares as at the Record Date (**Scheme Participants**)

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this Scheme, unless the context requires otherwise:

Accrued Interest has the meaning given to that term in clause 5.4(a);

Aggregate HoldCo Elected Shares means the total number of HoldCo Shares the subject of all Elections;

ASIC means the Australian Securities and Investment Commission;

ASX means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires;

Available HoldCo Shares means 24,300,000 HoldCo Shares or such other amount agreed between the Bidder and the Target in writing;

Bidder means Pacific Group Bidco Pty Ltd ACN 644 075 221;

Bidder Shares means fully paid ordinary shares in the capital of the Bidder which are designated as a "Class B" shares, having the rights specified in the constitution of the Bidder;

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Australia;

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Ltd;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Court means the Supreme Court of Victoria, Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by the Target and the Bidder;

Cut-Off Time means 8.00am on the Second Court Date;

D. Scheme of Arrangement

Declared Dividend means the Target's previously declared dividend of \$0.06 per Target Share in relation to the 6 months to 30 June 2020.

Deed Poll means the Deed Poll dated 27 October 2020 executed by the Bidder, MidCo and HoldCo under which the Bidder, MidCo and HoldCo covenant in favour of the Scheme Participants to perform the actions attributable to them respectively under this Scheme;

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the Scheme Order, but in any event at no time before an office copy of the Scheme Order is lodged with ASIC;

Effective Date means the date on which the Scheme becomes Effective;

Election means an election by a Target Shareholder to receive Scheme Scrip Consideration in accordance with the provisions of clause 5.2(b);

Election Date means 5.00pm on the fifth Business Day before the date of the Scheme Meeting or such other date as the Target and the Bidder agree in writing;

Election Form means a form issued by the Target for the purposes of a Scheme Participant (other than Foreign Scheme Shareholders) making an Election;

End Date means the date which is 6 months after the date of the Scheme Implementation Deed or another date as is agreed by the Target and the Bidder in writing;

Foreign Scheme Shareholders means a Scheme Participant whose address in the Target Share Register as at the Record Date is a place outside Australia, New Zealand the United Kingdom unless the Target and the Bidder agree in writing that it is lawful and not unduly onerous or impractical to issue HoldCo Shares to the Scheme Participant if that Scheme Participant so elects under this Scheme;

Government Agency means any government or any public, statutory, governmental (including a local government), semi-governmental or judicial body, entity, department or authority and includes any self-regulatory organisation established under statute;

HoldCo means Pacific Group Topco Limited ACN 644 302 492;

HoldCo Constitution means the constitution adopted, or to be adopted, by HoldCo;

HoldCo Shareholders Deed means the shareholders' deed in relation to HoldCo in the form set out in Annexure C of the Scheme Implementation Deed or as otherwise agreed between the Target and the Bidder;

HoldCo Shares means fully paid ordinary shares in the capital of HoldCo which are designated as a "Class B" shares, having the rights specified in the HoldCo Constitution and the HoldCo Shareholders Deed;

Implementation Date means the 5th Business Day after the Record Date or such other date after the Record Date agreed in writing between the Target and the Bidder;

MidCo means Pacific Group Midco Pty Ltd ACN644 072 248;

MidCo Shares means fully paid ordinary shares in the capital of MidCo which are designated as a "Class B" shares, having the rights specified in the constitution of MidCo;

Nominee has the meaning given in the HoldCo Shareholders Deed;

Nominee Deed has the meaning given in the HoldCo Shareholders Deed;

Permitted Dividend means the dividend referred to in clause 4.6 of the Scheme Implementation Deed;

Record Date means 5.00pm on the date that is 2 Business Days after the Effective Date, or such other date as may be agreed in writing between the Bidder and the Target or as may be required by ASX;

Registered Address means, in relation to a Target Shareholder, the address shown in the Target Share Register as at the Record Date;

Related Body Corporate has the meaning given to that term in the Corporations Act;

Scaleback Arrangements the provisions of this Scheme providing for the scaleback of HoldCo Shares to be issued pursuant to this Scheme in accordance with clause 5.6;

Scaleback HoldCo Shares has the meaning given in clause 5.6(b);

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Participants, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target;

Scheme Cash Consideration means, in respect of each Scheme Share for which Scheme Scrip Consideration is not payable under the Scheme, \$5.70 cash for each Scheme Share held by a Scheme Participant, less the amount per Target Share of any Permitted Dividend for every Scheme Share held by that Scheme Participant, but for the avoidance of doubt, not less the amount per Target Share of the Declared Dividend;

Scheme Consideration means the consideration to be provided to each Scheme Participant for the transfer to the Bidder of each Scheme Share, being for each Target Share held by a Scheme Participant as at the Record Date being:

- (a) the Scheme Cash Consideration; and/or
- (b) the Scheme Scrip Consideration;

Scheme Implementation Deed means the scheme implementation deed between the Bidder and the Target dated 14 September 2020 pursuant to which the Target agreed to propose the Scheme to Target Shareholders, and each of the Bidder and the Target agreed to take certain steps to give effect to the Scheme;

Scheme Meeting means the meeting of Target Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following adjournment or postponement of that meeting;

Scheme Order means the order of the Court made for the purposes of section 411(4)(b) of the Corporations Act approving the Scheme;

Scheme Participant means each holder of a Scheme Share as at the Record Date;

Scheme Scrip Consideration means 1 HoldCo Share for each Scheme Share held on the Record Date by a Scheme Participant in respect of which a valid Election is made in accordance with this Scheme, subject to the Scaleback Arrangements and the other conditions in this Scheme;

Scheme Shares means all of the Target Shares on issue as at the Record Date;

D. Scheme of Arrangement

Scheme Transfer means, for each Scheme Participant, a proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares;

Second Court Date means the first day of the Second Court Hearing or, if the Second Court Hearing is adjourned for any reason, the first day on which the adjourned application is heard;

Second Court Hearing means the hearing of the application made to the court for the Scheme Order;

Separate Account has the meaning given to that term in clause 5.4(c);

Share Right means a right granted under the Share Rights Plan to acquire by way of issue a Share subject to the terms of such plan;

Share Rights Plan means the Target's LTI Equity Plan Rules;

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd;

Target Share Register means the register of members of the Target maintained by or on behalf of the Target in accordance with the Corporations Act;

Target Share Registry means Link Market Services Limited ABN 54 083 214 537;

Target Shares means a fully paid ordinary share in the capital of the Target;

Target Shareholders means each person who is registered in the Target Share Register as a holder of Target Shares;

Trust Account means an Australian dollar denominated trust account operated by the Target as trustee for the benefit of the Scheme Participants;

UK Scheme Participant means each holder of Scheme Shares at the Record Date who is resident in the United Kingdom, or is holding Scheme Shares or any interest in Scheme Shares directly or indirectly on behalf of any person who is resident in, or has a registered address in, the United Kingdom; and

United Kingdom means the United Kingdom of Great Britain and Northern Ireland.

1.2 Interpretation

In this Scheme, unless the context requires otherwise:

- (a) clause and subclause headings are for reference purposes only;
- (b) the singular includes the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) a reference to a person includes any other entity recognised by law and vice versa;
- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) any reference to a party to this document includes its successors and permitted assigns;

- (g) any reference to any agreement or document includes that agreement or document as amended at any time;
- (h) the use of the word **includes** or **including** is not to be taken as limiting the meaning of the words preceding it;
- (i) the expression **at any time** includes reference to past, present and future time and performing any action from time to time;
- (j) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (k) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day;
- (l) a reference to a time of day is a reference to Melbourne time;
- (m) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day; and
- (o) an agreement, representation or warranty by two or more persons binds them jointly and severally and is for the benefit of them jointly and severally.

2. Preliminary

2.1 Target

- (a) The Target is a public company limited by shares, incorporated in Australia and registered in New South Wales.
- (b) The Target is admitted to the official list of ASX and Target Shares are quoted for trading on ASX.
- (c) As at the date of the Scheme Implementation Deed, the Target's issued securities are:
 - (i) 78,710,046 Target Shares; and
 - (ii) 363,860 Share Rights.

2.2 Bidder

The Bidder is an Australian proprietary company limited by shares and registered in New South Wales.

2.3 General

- (a) The Target and the Bidder have agreed by executing the Scheme Implementation Deed to implement this Scheme.
- (b) This Scheme attributes actions to the Bidder, MidCo and HoldCo but does not itself impose an obligation on them to perform those actions, as the Bidder, MidCo and HoldCo are not parties to this Scheme. The Bidder, MidCo and HoldCo have executed the Deed Poll for the purposes of covenanting in favour of the Scheme Participants to perform (or procure the performance of) their respective obligations

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as contemplated by this Scheme, including to provide (or procure the provision of) the Scheme Consideration to the Scheme Participants.

2.4 Summary of the Scheme

If the Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to the Bidder, the Bidder, MidCo and HoldCo will provide or procure the provision of the Scheme Consideration to the Scheme Participants in accordance with this Scheme;
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder; and
- (c) the Target will enter the name of the Bidder in the Target Share Register in respect of all Scheme Shares transferred to the Bidder in accordance with this Scheme with the result that the Bidder will hold all Target Shares.

3. Conditions

3.1 Condition precedent

- (a) The Scheme is conditional on, and will not become Effective until, the satisfaction of each of the following conditions precedent:
 - (i) all of the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the condition precedent in clause 3.1(d) of the Scheme Implementation Deed relating to Court approval of the Scheme) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by the Cut Off Time;
 - (ii) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms as at the Cut Off Time;
 - (iii) the Court having approved the Scheme pursuant to section 411(4)(b) of the Corporations Act, without modification or with modifications which are agreed to in writing between the Target and the Bidder;
 - (iv) such other conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing between the Bidder and the Target having been satisfied; and
 - (v) the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) approving this Scheme coming into effect pursuant to section 411(10) of the Corporations Act on or before the End Date.
- (b) The satisfaction of the conditions referred to in clause 3.1(a) of this Scheme is a condition precedent to the operation of clauses 4 and 5.

3.2 Certificate

- (a) The Target and the Bidder must each provide to the Court, on the Second Court Date, a certificate, or such other evidence as the Court may request, confirming (in respect of matters within their knowledge) whether or not the conditions precedent in clauses 3.1(a)(i) and 3.1(a)(ii) above have been satisfied or waived as at the Cut Off Time.

- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that the conditions precedent in clauses 3.1(a)(i) and 3.1(a)(ii) above were satisfied, waived or taken to be waived.

3.3 Effective Date

Subject to clause 3.4, this Scheme takes effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

3.4 Termination and End Date

Without limiting any rights under the Scheme Implementation Deed, if:

- (a) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Effective Date has not occurred on or before the End Date,

then, unless the Bidder and the Target otherwise agree in writing, the Scheme will lapse and each of the Bidder and the Target are released from any further obligation to take steps to implement the Scheme.

4. Implementation

4.1 Lodgement of Court order

Following the approval of the Scheme by the Court in accordance with section 411(4)(b) of the Corporations Act, the Target will, as soon as possible and in any event by no later than 5.00pm on the first Business Day after the Court approves the Scheme, lodge with ASIC an office copy of the Scheme Order in accordance with section 411(10) of the Corporations Act.

4.2 Transfer of Scheme Shares held by Scheme Participants

On the Implementation Date:

- (a) subject to:
 - (i) the payment by the Bidder of the Scheme Cash Consideration in the manner contemplated by clause 5.4(a); and
 - (ii) the Bidder confirming in writing to the Target by no later than 12.00pm (or such later time as the Bidder and the Target may agree in writing) on the Implementation Date that the Scheme Scrip Consideration has been provided in the manner contemplated by clause 5.5(a) (**Bidder Confirmation Certificate**),

the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to the Bidder, without the need for any further act by any Scheme Participant (other than acts performed by the Target or its officers as agent and attorney of the Scheme Participants under clause 8.6 or otherwise), by:

- (iii) the Target delivering to the Bidder a duly completed and executed Scheme Transfer to transfer all the Scheme Shares to the Bidder, executed on behalf of the Scheme Participants by the Target; and

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- (iv) the Bidder duly executing such Scheme Transfer and delivering it to the Target for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(iv), the Target must enter, or procure the entry of, the name of the Bidder in the Target Share Register in respect of the Scheme Shares transferred to the Bidder in accordance with this Scheme.

5. Scheme Consideration

5.1 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to the Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clauses 5.4 and/or 5.5 of this Scheme (as applicable).

5.2 Election procedure

- (a) Unless the applicable terms of this Scheme are satisfied, the Scheme Consideration will be in the form of Scheme Cash Consideration.
- (b) Each Target Shareholder (other than a Foreign Scheme Shareholder) will be entitled to make an Election. All Elections will take effect in accordance with this Scheme to the extent that any Target Shareholder who makes an Election qualifies as a Scheme Participant.
- (c) Despite clause 5.2(a), and subject to clauses 5.2(d) and 5.2(e), a Scheme Participant, other than a Foreign Scheme Shareholder, may elect to receive at least 50% of its Scheme Consideration in the form of the Scheme Scrip Consideration, subject to the Scaleback Arrangements, if the Scheme Participant validly completes and returns an Election Form in accordance with the instructions specified in the form so that it is received on or before the Election Date.
- (d) UK Scheme Participants will be entitled to make Elections to receive Scheme Scrip Consideration in accordance with clause 5.2(b) on the following basis:
 - (i) UK Scheme Participants who make Elections to receive Scheme Scrip Consideration will be:
 - (A) offered 1 Bidder Share for each Scheme Share held on the Record Date by that UK Scheme Participant in respect of which a valid Election is made;
 - (B) deemed to irrevocably and unconditionally accept the offer contemplated in clause 5.2(d)(i)(A) and direct the Bidder to issue the Bidder Shares to MidCo, in exchange for MidCo offering to issue to that UK Scheme Participant 1 MidCo Share for each Bidder Share offered to that UK Scheme Participant under the terms of clause 5.2(d)(i)(A); and
 - (C) deemed to irrevocably and unconditionally direct MidCo to issue the MidCo Shares to HoldCo, in exchange for HoldCo issuing to the UK Scheme Participant 1 HoldCo Share for each MidCo Share offered to that UK Scheme Participant under the terms of clause 5.2(d)(i)(B); and

- (ii) if the UK Scheme Participant attempts in any way to revoke or renege on the deemed acceptance or directions set out in clause 5.2(d)(i), its Election will be deemed invalid with immediate effect and it will be entitled to receive only Scheme Cash Consideration in respect of all of its Scheme Shares.
- (e) All Scheme Participants will receive Scheme Cash Consideration and no Scheme Participants will be entitled to receive Scheme Scrip Consideration unless Target Shareholders (other than a Foreign Scheme Shareholder) holding, in aggregate, at least 5% of the issued Target Shares at the Election Date make valid Elections to receive the Scheme Scrip Consideration in accordance with clause 5.2(b).
- (f) If a Scheme Participant elects to receive:
 - (i) less than 50% of its Scheme Consideration in the form of the Scheme Scrip Consideration, then that Scheme Participant will receive Scheme Cash Consideration in respect of all of its Scheme Shares; or
 - (ii) at least 50% but not more than 100% of its Scheme Consideration in the form of the Scheme Scrip Consideration, then, subject to the Scaleback Arrangements, that Scheme Participant will receive the Scheme Cash Consideration in respect of the remaining number of Scheme Shares held by that Scheme Participant.
- (g) A Target Shareholder which makes an Election may vary, withdraw or revoke that Election by lodging a replacement Election Form so that it is received on or before the Election Date.
- (h) An Election must be made in accordance with the terms and conditions of the Election Form and this clause 5.2, and an Election not so made will not be a valid election for the purpose of this Scheme and will not be recognised by the Bidder or the Target for any purpose (provided that the Bidder may, with the agreement of the Target, waive this requirement and may, with the agreement of the Target, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Election, and any such decision will be conclusive and binding on the Bidder, the Target and the relevant Scheme Participant).
- (i) Clause 5.3 will apply to any Target Shareholder who makes an Election but who qualifies as a Foreign Scheme Shareholder.
- (j) Subject to clause 5.2(k), if a Target Shareholder makes an Election, that Election will be deemed to apply in respect of the Target Shareholder's entire registered holding of Target Shares at the Record Date, regardless of whether the Target Shareholder's holding of Target Shares at the Record Date is greater or less than the Target Shareholder's holding at the time it made its Election.
- (k) A Target Shareholder who is noted on the Target Share Register as holding one or more parcels of Target Shares as trustee or nominee for, or otherwise on account of, another person, may make separate Elections under this clause 5.2 in relation to each of those parcels of Target Shares (subject to providing to the Bidder and the Target any substantiating information they reasonably require), and if it does so it will be treated as a separate Scheme Participant in respect of each such parcel in respect of which a separate Election is made (and in respect of any balance of its holding), provided that if, at the Record Date, it holds fewer Shares than it held at the time that it made the Election, then, unless it has at the time of any sale of Target Shares notified the Target whether the Target Shares sold relate to any such separate Election (and if so which separate Election the Target Shares sold relate to), it will be treated as not having made a valid Election in respect of any of its Target Shares (or will be treated in any other manner that the Bidder and the

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Target agree is fair to the Target Shareholder in all the circumstances acting reasonably).

5.3 Foreign Scheme Shareholders

HoldCo will be under no obligation to issue, and must not issue, any HoldCo Shares under the Scheme to Foreign Scheme Shareholders.

5.4 Provision of Scheme Cash Consideration

- (a) The Bidder must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit) in cleared funds into the Trust Account an amount equal to the aggregate amount of the total Scheme Cash Consideration payable to Scheme Participants, such amount to be held by the Target on trust for Scheme Participants for the purposes of paying the aggregate Scheme Cash Consideration to the Scheme Participants in accordance with clause 5.4(b) (except that any interest on the amount deposited (less bank fees and other charges) (**Accrued Interest**) will be for the account of the Bidder).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.4(a), the Target must pay or procure the payment of the Scheme Cash Consideration to each Scheme Participant from the Trust Account by doing any of the following:
 - (i) where a Scheme Participant has, before the Record Date, made an election in accordance with the requirements of the Target Share Register to receive dividend payments from the Target by electronic funds transfer to a bank account nominated by the Scheme Participant, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (ii) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to the Target; or
 - (iii) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank in Australian currency for the relevant amount to the Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Target Share Register is outside Australia, by pre-paid airmail post) to their Registered Address as at the Record Date, such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with clause 5.5).
- (c) In the event that:
 - (i) either:
 - (A) a Scheme Participant does not have a Registered Address; or
 - (B) the Target as trustee for the Scheme Participants believes that a Scheme Participant is not known at the Scheme Participant's Registered Address,and no account has been notified in accordance with clause 5.4(b)(i) or clause 5.4(b)(ii) or a deposit into such account is rejected or refunded; or
 - (ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.9(a),

the Target as the trustee for the Scheme Participants may credit the amount payable to the relevant Scheme Participant to a separate bank account of the Target (**Separate Account**) to be held until the Scheme Participant claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic). To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Participant claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic).

Until such time as the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic), the Target must hold the amount on trust for the relevant Scheme Participant, but any interest or other benefit accruing from the amount will be to the benefit of the Bidder. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Participant when credited to the Separate Account or Trust Account (as applicable). The Target must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

- (d) To the extent that there is a surplus in the amount held by the Target as the trustee for the Scheme Participants in the Trust Account, that surplus may be paid by the Target as the trustee for the Scheme Participants to the Bidder following the satisfaction of the Target's obligations as the trustee for the Scheme Participants under this clause 5.4.
- (e) The Target must pay any Accrued Interest to any account nominated by the Bidder following satisfaction of the Target's obligations under this clause 5.4.

5.5 Provision of Scheme Scrip Consideration

- (a) Subject to the Scaleback Arrangements, before 12.00pm (or such later time as the Bidder and the Target may agree in writing) on the Implementation Date, HoldCo must:
 - (i) issue the HoldCo Shares to the Scheme Participants entitled to receive the Scheme Scrip Consideration in accordance with this Scheme or issue those HoldCo Shares to the Nominee to be held as bare trustee for those Scheme Participants in accordance with this Scheme: and
 - (ii) procure that the name of each Scheme Participant entitled to receive Scheme Scrip Consideration under this Scheme or the Nominee (as applicable) is entered into HoldCo's register of members as the holder of those HoldCo Shares.
- (b) The HoldCo Shares in respect of which a Scheme Participant is entitled may, in the Bidder's and HoldCo's absolute discretion, be issued directly to that Scheme Participant (such that the Scheme Participant will be the legal holder of the relevant HoldCo Shares) or, pursuant to and in accordance with the terms of the HoldCo Shareholders Deed, issued to the Nominee to hold as bare trustee for that Scheme Participant (such that the Scheme Participant will be beneficial holder but not the legal holder of the relevant HoldCo Shares).

5.6 Scaleback Arrangements

- (a) If the Aggregate HoldCo Elected Shares are less than or equal to the Available HoldCo Shares, each Scheme Participant (or Nominee on that Scheme Participant's behalf) who is entitled to be issued HoldCo Shares will receive the number of HoldCo Shares the subject of their valid Elections in full, subject to the other conditions in this Scheme.

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- (b) If the Aggregate HoldCo Elected Shares exceed the Available HoldCo Shares, each Scheme Participant (or Nominee on that Scheme Participant's behalf) who is entitled to be issued HoldCo Shares will receive the number of HoldCo Shares calculated in accordance with the formula below (**Scaleback HoldCo Shares**), and that Scheme Participant will receive the Scheme Cash Consideration in respect of the remaining number of HoldCo Shares that would otherwise have been issued to that Scheme Participant (or Nominee on that Scheme Participant's behalf):

$$\text{Scaleback HoldCo Shares} = A \left(\frac{B}{C} \right)$$

where:

A is the number of HoldCo Shares the subject of the Scheme Participant's valid Election;

B is the Available HoldCo Shares; and

C is the Aggregate HoldCo Elected Shares.

5.7 Joint holders

In the case of Scheme Shares held in joint names:

- (a) to the extent that the Scheme Consideration comprises Scheme Scrip Consideration, any HoldCo Shares to be issued under this Scheme will be registered in the names of the joint holders;
- (b) to the extent that the Scheme Consideration comprises Scheme Cash Consideration, any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of the Target, either to the holder whose name appears first in the Target Share Register as at the Record Date or to the joint holders; and
- (c) any other document required to be sent under this Scheme will be forwarded, at the sole discretion of the Target, either to the holder whose name first appears in the Target Share Register as at the Record Date or to the joint holders.

5.8 Fractional entitlements

Where the calculation of Scheme Consideration to be provided to a Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent or a fraction of a HoldCo Share, that fractional entitlement will be rounded down to the nearest whole cent or HoldCo Share as the case may be.

5.9 Unclaimed monies

- (a) The Target may cancel a cheque sent under this clause 5 if the cheque:
- (i) is returned to the Target; or
- (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (a) During the period of 12 months commencing on the Implementation Date, upon request in writing from a Scheme Participant to the Target (or the Target Share Registry) (which request may not be made until the date which is 20 Business

Days after the Implementation Date), the Target must reissue a cheque that was previously cancelled under clause 5.9(a).

- (b) The *Unclaimed Money Act 2008 (Vic)* will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 3 of the *Unclaimed Money Act 2008 (Vic)*).
- (c) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of the Bidder

5.10 Status of HoldCo Shares

- (a) Subject to this Scheme becoming Effective, HoldCo, MidCo and the Bidder must:
 - (i) issue (or procure the issue of) the HoldCo Shares required to be issued under this Scheme on terms such that each such HoldCo Share will rank equally in all respects with each other HoldCo Share; and
 - (ii) ensure that each HoldCo Share required to be issued under this Scheme is duly issued and is fully paid and free from any mortgage, charge, lien, encumbrance or other security interests or arrangements (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009 (Cth)*).
- (b) On or before the date that is 5 Business Days after the Implementation Date, the Bidder must send or procure the sending of a certificate to each Scheme Participant entitled to receive HoldCo Shares under this Scheme, reflecting the issue of such HoldCo Shares.

5.11 Order of a court or Government Agency

If:

- (a) written notice is given to the Target (or the Target Share Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that requires payment to a third party of a sum in respect of such Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant by the Target in accordance with this clause 5, then the Target may procure that payment is made in accordance with that order or direction; or
- (b) written notice is given to the Target (or the Target Share Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that prevents the Target from making a payment to a particular Scheme Participant in accordance with clause 5.4(b), or such payment is otherwise prohibited by applicable law, the Target may retain an amount equal to the amount which would otherwise be payable to that Scheme Participant under clause 5.4(b) until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by the Target (or the Target Share Registry) will constitute the full discharge of the Target's obligations under clause 5.4(b) with respect to the amount so paid or retained until, in the case of clause 5.11(b), it is no longer required to be retained.

5.12 Withholding

- (a) If the Bidder determines, having regard to legal advice, that Bidder is either:
 - (i) required by law to:

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- (A) withhold any amount from a payment to a Scheme Participant; or
- (B) not issue a security (or any securities) to a Scheme Participant; or
- (ii) liable to pay an amount to the Commissioner of Taxation under section 14-200 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (amounts required to be paid for CGT non-resident withholding) in respect of the acquisition of Scheme Shares from a Scheme Participant,

then the Bidder is entitled to:

- (iii) withhold the relevant amount before making the payment to the Scheme Participant; or
 - (iv) not issue the relevant security (or securities) to the Scheme Participant until permitted to do so,

(and payment of the reduced amount or issue of the reduced number of securities shall be taken to be full payment of the relevant amount or issue of the relevant securities for the purposes of this Scheme, including clause 5.4 and clause 5.5).
- (b) The Bidder must pay any amount so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Participant, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Participant.

6. Dealings in Scheme Shares

6.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares or other alterations to the Target Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Scheme Shares at or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before the Record Date at the place where the Target Share Register is kept,

and the Target will not accept for registration, nor recognise for any purpose (except a transfer to the Bidder under this Scheme and any subsequent transfer by the Bidder or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) **(Register of transfers):** The Target must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) on or before the Record Date (provided that for the avoidance of doubt nothing in this clause 6.2 requires the Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a 'marketable parcel' (as that term is defined in the Settlement Rules)).

- (b) **(No registration after Record Date):** The Target will not accept for registration or recognise for any purpose any transmission or transfer in respect of Target Shares received after the Record Date, other than to the Bidder in accordance with this Scheme and any subsequent transfer by the Bidder or its successors in title.
- (c) **(Maintenance of Target Share Register):** For the purposes of determining entitlements to the Scheme Consideration, the Target must maintain the Target Share Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been delivered to the Scheme Participants and the Bidder has been entered in the Target Share Register as the holder of all the Scheme Shares. The Target Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Record Date):** From the Record Date until registration of the Bidder in respect of all Scheme Shares under clause 4, no Scheme Participant may dispose or otherwise deal with Target Shares (or purport to do so) in any way except as set out in this Scheme and any attempt to do so will have no effect and the Target will be entitled to disregard any such disposal or dealing.
- (e) **(Statements of holding from Record Date):** All statements of holding for Target Shares will cease to have effect from the Record Date as documents of title in respect of those shares (other than statements of holding in favour of the Bidder and its successors in title). From the Record Date, each entry current at that date on the Target Share Register (other than entries in respect of the Bidder or its successors in title) will cease to have effect except as evidence of an entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (f) **(Provision of Scheme Participant details):**
 - (i) The Target must provide, or procure the provision, to the Bidder, details of any Election made by a Target Shareholder, on the Business Day after the Election Date, including the name and address of each Target Shareholder who has made a valid Election and the number of HoldCo Shares that HoldCo must issue to that Target Shareholder to meet its obligations under the Scheme in accordance with that Target Shareholder's Election subject to the terms of this Scheme.
 - (ii) As soon as practicable after the Record Date and in any event within 1 Business Day after the Record Date, the Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant as shown in the Target Share Register are available to the Bidder in the form the Bidder reasonably requires.

7. Quotation of Shares

- (a) The Target will apply to ASX to suspend trading on the ASX in Target Shares with effect from the close of trading on the Effective Date.
- (b) On the date after the Implementation Date to be determined by the Bidder, and only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), the Target will apply:
 - (i) for termination of the official quotation of Target Shares on ASX; and
 - (ii) to have itself removed from the official list of ASX.

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8. General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) the Target may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which the Bidder has consented in writing; and
- (b) each Scheme Participant agrees to any such alterations or conditions to which counsel for the Target has consented.

8.2 Binding effect of Scheme

This Scheme binds the Target and all Scheme Participants (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or who voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of the Target.

8.3 Scheme Participants' agreements and acknowledgements

Each Scheme Participant:

- (a) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;
- (b) agrees to any variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;
- (c) agrees to, on the direction of the Bidder, destroy any share certificates relating to their Scheme Shares;
- (d) to the extent they are to receive HoldCo Shares as a component of the Scheme Consideration to which they are entitled, agrees to become a shareholder of HoldCo and to be bound by the HoldCo Constitution and the HoldCo Shareholders Deed; and
- (e) acknowledges and agrees that this Scheme binds the Target and all Scheme Participants (including those who did not attend the Scheme Meeting or did not vote at that meeting or voted against this Scheme at that Scheme Meeting),

without the need for any further act by the Scheme Participant.

8.4 Warranties by Scheme Participants

- (a) Each Scheme Participant warrants to the Bidder and is deemed to have authorised the Target as agent and attorney for the Scheme Participant by virtue of this clause 8.4(a) to warrant to the Bidder, that as at the Implementation Date:
 - (i) all of its Scheme Shares which are transferred to the Bidder under this Scheme, including any rights and entitlements attaching to those Scheme Shares, will, at the time of transfer, be free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other security interests or arrangements (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and any other interests of third parties

of any kind, whether legal or otherwise, and restrictions on transfer of any kind;

- (ii) all of its Scheme Shares which are transferred to the Bidder under this Scheme will, on the date on which they are transferred to the Bidder, be fully paid;
 - (iii) it has full power and capacity to transfer its Scheme Shares to the Bidder together with any rights attaching to those Scheme Shares; and
 - (iv) it has no existing right to be issued any Target Shares, options exercisable into Target Shares, convertible notes convertible into Target Shares or any other securities issued by the Target.
- (b) The Target undertakes that it will provide the warranties in clause 8.4(a) to the Bidder as agent and attorney of each Scheme Participant.

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attached to the Scheme Shares) transferred under this Scheme will, at the time of transfer of them to the Bidder, vest in the Bidder free from all mortgages, charges, liens, assignments, encumbrances, title retentions, preferential rights or trust arrangements, claims, covenants, profit a prendre, easements, pledges, or any other 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 or otherwise, and free from any restrictions on transfer of any kind.
- (b) On and from the Implementation Date, immediately after the Bidder and HoldCo satisfy their respective obligations in clauses 5.4(a) and 5.5(a), the Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by the Target of the Bidder in the Target Share Register as the holder of the Scheme Shares.

8.6 Authority given to Target

- (a) Scheme Participants will be deemed to have authorised the Target to do and execute all acts, matters, things and documents on the part of each Scheme Participant necessary for or incidental to the implementation of this Scheme, including executing and delivering, as agent and attorney of each Scheme Participant:
 - (i) a Scheme Transfer in relation to its Scheme Shares as contemplated by clause 4.2;
 - (ii) any deed or document required by the Target, the Bidder, MidCo or HoldCo that causes each Scheme Participant entitled to HoldCo Shares to be bound by the HoldCo Shareholders Deed, HoldCo Constitution and the Nominee Deed; and
 - (iii) any deed or document required by the Target, the Bidder, MidCo or HoldCo that causes each Scheme Participant issued HoldCo Shares under this Scheme to be bound by the constituent documents of any trust for the Scheme Participant the trustee of which will hold on bare trust for the Scheme Participant the Scheme Participant's HoldCo Shares.
- (b) Each Scheme Participant, without the need for any further act, irrevocably appoints the Target and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purposes of:

D. Scheme of Arrangement

- (i) enforcing the Deed Poll against the Bidder, MidCo and HoldCo, and the Target undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against the Bidder, MidCo and HoldCo on behalf of and as agent and attorney for each Scheme Participant; and
- (ii) executing any document necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including a Scheme Transfer of its Scheme Shares,

and the Target accepts such appointment. The Target, as attorney and agent of each Scheme Participant, may sub-delegate its functions, authorities or powers under this clause 8.6 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

8.7 Appointment of sole proxy

Immediately after the Bidder and HoldCo satisfy their respective obligations in clauses 5.4(a) and 5.5(a) and until the Target registers the Bidder as the holder of all Scheme Shares in the Target Share Register, each Scheme Participant:

- (a) is deemed to have irrevocably appointed the Bidder as its attorney and agent (and directed the Bidder in such capacity) to appoint an officer or agent nominated by the Bidder as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of the Target, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;
- (b) undertakes not to otherwise attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in their names or sign or vote on any resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as the Bidder reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), the Bidder and an officer or agent nominated by the Bidder under clause 8.7(a) may act in the best interests of the Bidder as the intended registered holder of Target Shares.

8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Participant to the Target binding or deemed binding between the Scheme Participant and the Target relating to the Target or the Target Shares (including any email addresses, instructions relating to communications from the Target, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from the Target) will be deemed from the Implementation Date (except to the extent determined otherwise by the Bidder in its sole discretion) by reason of this Scheme, to be made by the Scheme Participants to the Bidder and be a binding instruction, notification or election to the Bidder in respect of HoldCo Shares provided to that Scheme Participant until that instruction, notification or election is revoked or amended in writing addressed to the Bidder at its registry.

9. General

9.1 Further assurances

- (a) The Target must do (on its own behalf and on behalf of each Scheme Participant) anything necessary (including executing agreements and documents) or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (b) Each Scheme Participant consents to the Target doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.
- (c) Each Scheme Participant acknowledges and agrees that this Scheme binds the Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of the Target.

9.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to the Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Target's registered office or at the office of the Target Share Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Scheme Participant will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.3 Governing law and jurisdiction

- (a) This Scheme is governed by and construed under Victorian law.
- (b) Each party irrevocably, generally and unconditionally submits to the non-exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

9.4 Variations, alterations and conditions

The Target may, with the consent of the Bidder, consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

9.5 No liability when acting in good faith

Neither the Target nor the Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

9.6 Stamp duty

The Bidder must:

- (a) pay all stamp duty and any related fines, penalties, interest, costs and brokerage in respect of or in connection with this Scheme, the performance of this Scheme, or any instruments entered into under this Scheme and in respect of a transaction effected by or made under this Scheme, including the transfer of Scheme Shares under the Scheme; and

D. Scheme of Arrangement

- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with clause 9.6(a).

A photograph of two men in a server room. The man on the left is wearing a light pink shirt and a black tie, and the man on the right is wearing a light blue shirt and a black tie. They are both looking down at a silver laptop held by the man on the right. In the background, there are several server racks filled with electronic equipment. A large white hexagonal shape is overlaid on the left side of the image, containing the text 'ANNEXURE E' and 'Deed Poll'.

ANNEXURE E

Deed Poll

E. Deed Poll

Deed Poll

Pacific Group Bidco Pty Ltd

Pacific Group Midco Pty Ltd

Pacific Group Topco Limited

gadens

Level 13, Collins Arch
447 Collins Street
Melbourne VIC 3000
Australia

T +61 3 9252 2555
F +61 3 9252 2500

Ref JJS:JDR:SOW: 22007315

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Deed Poll

Parties

1. **Pacific Group Bidco Pty Ltd** ACN 644 075 221 of Level 31, 126-130 Phillip Street, Sydney, New South Wales 2000 (**Bidder**)
2. **Pacific Group Midco Pty Ltd** ACN 644 072 248 of Level 31, 126-130 Phillip Street, Sydney, New South Wales 2000 (**MidCo**)
3. **Pacific Group Topco Limited** ACN 644 302 492 of Level 31, 126-130 Phillip Street, Sydney, New South Wales 2000 (**HoldCo**)

In favour of each person registered as a holder of Target Shares as at the Record Date (**Scheme Participants**)

Background

- A. The Target and the Bidder entered into the Scheme Implementation Deed under which the Target agreed, subject to the satisfaction or waiver of certain conditions, to propose the Scheme to the Scheme Participants.
- B. The effect of the Scheme will be to transfer all Scheme Shares to the Bidder in exchange for the Scheme Consideration.
- C. The Bidder, MidCo and HoldCo are making this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform their respective obligations under the Scheme, including to provide or procure the provision of the Scheme Consideration in accordance with the Scheme.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this Deed Poll, unless the context requires otherwise:

Deed Poll means this deed poll including any recitals, any schedules and any annexures;

First Court Date means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard (or if the application as adjourned or subject to appeal for any reason, the day on which the adjourned application is heard);

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between the Target and the Scheme Participants substantially in the form set out in Annexure A of the Scheme Implementation Deed, subject to any alterations or conditions agreed or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by the Bidder and the Target; and

Terms defined in the Scheme have the same meanings in this Deed Poll.

1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to "this Scheme" are to be read as references to "this Deed Poll".

1.3 Nature of Deed Poll

The parties acknowledge and agree that:

- (a) this Deed Poll may be relied upon and enforced by any Scheme Participants in accordance with its terms even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints the Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against the parties.

2. Conditions precedent and termination

2.1 Conditions

The obligations of the parties under this Deed Poll are subject to the Scheme becoming Effective.

2.2 Termination

If:

- (a) the Scheme has not become Effective on or before the End Date or any later date as the Court, with the written consent of the Bidder and the Target, may order; or
- (b) the Scheme Implementation Deed is terminated in accordance with its terms,

then this Deed Poll and the obligations of the parties under this Deed Poll will automatically terminate and the terms of this Deed Poll will be of no further force or effect unless the parties and the Target agree in writing.

2.3 Consequences of termination

If this Deed Poll is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) the parties are released from their obligations to further perform this Deed Poll, except those obligations contained in clause 6; and
- (b) each Scheme Participant retains any rights, powers or remedies it has against the parties in respect of any breach of this Deed Poll by the parties which occurred before termination of this Deed Poll.

3. Scheme Consideration

3.1 Undertaking

Subject to clause 2, each of the Bidder, MidCo and HoldCo undertake in favour of each Scheme Participant to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme; and
- (b) undertake or procure the undertaking of all other actions attributed to them under the Scheme, as if named as a party to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

3.2 Status of HoldCo Shares

The Bidder, MidCo and HoldCo undertake in favour of each Scheme Participant that the HoldCo Shares which are provided to Scheme Participants in accordance with the Scheme will be duly issued, fully paid and free from any mortgage, charge, lien, encumbrance or other security interests or arrangements (including any "security interests" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth) and will have the rights attaching to them as set out in the HoldCo Shareholders Deed and HoldCo Constitution.

4. Representations and warranties

Each party represents and warrants in favour of each Scheme Participant that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transaction contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) it is solvent and no resolutions have been passed nor has any other step been taken or legal proceedings commenced or threatened against it for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets (or any event under any law which is analogous to, or which has a substantially similar effect to, any of the events referred to in this paragraph);
- (e) this Deed Poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (f) this Deed Poll does not conflict with or result in the breach of, or any default under:
 - (i) any provision of its constituent documents; or
 - (ii) any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5. Continuing obligations

This Deed Poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) the parties have fully performed their obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 2.2.

6. Stamp duty

The Bidder must:

- (a) pay or procure the payment of all stamp duty and any related fines, penalties, interest in respect of or in connection with this Deed Poll, the performance of this Deed Poll, or any instruments entered into under this Deed Poll and in respect of a transaction effected by or made under the Scheme and this Deed Poll, including the transfer by the Scheme Participants of Scheme Shares to the Bidder under the Scheme; and
- (b) indemnify each Scheme Participant on demand against any liability arising from its failure to comply with clause 6(a).

7. Notices

- (a) Any notice or communication in respect of this Deed Poll (**Notice**) may be served by delivery in person, by post or by email to the address or email address of a party specified in this Deed Poll or most recently notified by a party to the sender.
- (b) Any Notice to a party must be in writing and signed by either:
 - (i) the sender or, if a corporate party, an authorised officer of the sender; or
 - (ii) the party's solicitor.
- (c) A Notice:
 - (i) if delivered in person, will be deemed served upon delivery;
 - (ii) if posted, will be deemed served 2 Business Days after posting; and
 - (iii) if sent by email, will be deemed served that day unless the sender receives an automated message generated by the recipient's mail server (**Failure Message**) that the email has not been delivered within two hours. For the avoidance of doubt any response generated by or at the instigation of the recipient (including an 'out of office' message) will not be a Failure Message,

but if the delivery or receipt is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is deemed to have been served at 9.00am on the next Business Day.

E. Deed Poll

- (d) The address for service for Notices for the parties are:

Bidder, MidCo and HoldCo

Attention: David Brown / Rohan Wolfers
Address: Level 31, 126 Phillip Street, Sydney NSW 2000
Email: david.brown@pep.com.au and rohan.wolfers@pep.com.au

in each case, with a copy to:

Clayton Utz in accordance with the following:

Address: Level 15, 1 Bligh Street, Sydney NSW 2000
Email: nananda@claytonutz.com
For the attention of: Niro Ananda

8. General provisions

8.1 Variation

This Deed Poll cannot be varied, altered or amended unless the variation is agreed to in writing by the Bidder, MidCo and HoldCo and:

- (a) if before the First Court Date, the variation, alteration or amendment is agreed to in writing by the Target; and
- (b) if on or after the First Court Date, the variation, alteration or amendment is agreed to in writing by the Target and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the parties must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

8.2 Assignment

- (a) The rights and obligations of each Scheme Participant and the parties under this Deed Poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt, or purport, to do so without the prior written consent of the parties and the Target.
- (b) Any purported dealing in contravention of clause 8.2(a) is invalid.

8.3 Further assurances

The parties must execute any document and perform any action necessary (on their own behalf and on behalf of each Scheme Participant) to give full effect to this Deed Poll and the transactions contemplated by it.

8.4 Governing law and jurisdiction

- (a) This Deed Poll is governed by and construed under the laws of Victoria.
- (b) Any legal action in relation to this Deed Poll against a party or its property may be brought in any court of competent jurisdiction of Victoria.
- (c) By execution of this Deed Poll, the parties irrevocably, generally and unconditionally submit to the non-exclusive jurisdiction of any court specified in this clause in relation to both itself and its property.

8.5 Waivers

- (a) A Scheme Participant waives a right under this Deed Poll only by written notice that it waives that right. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.
- (b) A failure, delay, relaxation or indulgence by a Scheme Participant in exercising any power or right conferred on that party by this Deed Poll does not operate as a waiver of the power or right.
- (c) No Scheme Participant may rely on words or conduct of either the Bidder, MidCo or HoldCo as a waiver of any right unless the waiver is in writing and signed by the Bidder, MidCo or HoldCo, as appropriate.
- (d) A single or partial exercise of the power or right does not preclude a further exercise of it or the exercise of any other power or right under this Deed Poll.
- (e) A waiver of a breach does not operate as a waiver of any other breach.

8.6 Remedies

The rights, powers and remedies of the parties and the Scheme Participants under this Deed Poll are cumulative and are in addition to, and do not exclude any other rights, powers and remedies provided by law.

8.7 Severability

Any clause of this Deed Poll which is invalid in any jurisdiction, is invalid in that jurisdiction to that extent, without invalidating or affecting the remaining clauses of this Deed Poll or the validity of that clause in any other jurisdiction.

E. Deed Poll

Signing page

Executed as a deed poll.

Dated 27 October 2020

Executed by Pacific Group Bidco Pty Limited under section 127 of the Corporations Act by its duly authorised officers:



Signature of Director

David Brown

Name of Director
(Block Letters)



Signature of Director

Rohan Wolfers

Name of Director
(Block Letters)

Executed by Pacific Group Midco Pty Limited under section 127 of the Corporations Act by its duly authorised officers:



Signature of Director

David Brown

Name of Director
(Block Letters)



Signature of Director

Rohan Wolfers

Name of Director
(Block Letters)

Executed by Pacific Group Topco Limited under section 127 of the Corporations Act by its duly authorised officers:



Signature of Director

David Brown

Name of Director
(Block Letters)



Signature of Director

Rohan Wolfers

Name of Director
(Block Letters)

The background is a vibrant, abstract digital illustration. It features a complex network of glowing circuit lines in shades of blue, purple, and pink. Several translucent, glowing spheres in similar colors are scattered throughout the scene, some appearing to float or move. The overall aesthetic is high-tech and futuristic, with a strong emphasis on light and color gradients.

ANNEXURE F

HoldCo Shareholders Deed

F. HoldCo Shareholders Deed

CLAYTON UTZ

Shareholders Deed

Pacific Group Topco Limited

The parties set out in Schedule 1

Clayton Utz
Lawyers
Level 15 1 Bligh Street
Sydney NSW 2000
GPO Box 9806
Sydney NSW 2001
Tel +61 2 9353 4000
Fax +61 2 8220 6700
www.claytonutz.com

Our reference 14242/18450/80171028

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F. HoldCo Shareholders Deed

CLAYTON UTZ

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F. HoldCo Shareholders Deed

CLAYTON UTZ

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Shareholders Deed

Date 2020

Parties Pacific Group Topco Limited ACN 644 302 492 of Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 (**Company**)

The parties set out in Schedule 1 (each, an **Initial PEP Shareholder**)

Background

- A. The Company is an Australian unlisted public company limited by shares and was incorporated on 14 September 2020 with the name Pacific Group Topco Limited.
- B. As at the date of this Deed, the Initial PEP Shareholders hold 100% of the Class A Shares in the Company.
- C. PEP intends for the Company to (through an indirect wholly owned subsidiary) acquire and hold 100% of the issued shares in the Target by way of a scheme of arrangement under part 5.1 of the Act (**Scheme**).
- D. Following the entry into of this Deed and prior to the Scheme becoming effective, PEP will subscribe for additional Class A Shares in the Company.
- E. The consideration offered to securityholders of the Target under the Scheme includes Class B Shares in the Company.
- F. This Deed sets out the terms and conditions upon which:
 - (a) the holdings of Shareholders are regulated;
 - (b) the Shareholders agree to conduct the Business of the Company; and
 - (c) the Shareholders agree to finance, control and manage the Company and its Subsidiaries.

The Parties agree

1. Definitions and interpretation

1.1 Definitions

In this Deed except where the context otherwise requires:

Acceptance Period has the meaning given in clause 10.2(a)(vi).

Accession Deed means a deed in substantially the form of the deed forming Schedule 2 or any other form required by the Board.

Act means the *Corporations Act 2001* (Cth).

Accounting Standards means, at any time:

- (a) the requirements of the Act about the preparation and contents of financial reports;
- (b) accounting standards approved under the Act; and

- (c) Australia's equivalent to the International Financial Reporting Standards as approved by the Australian Accounting Standards Board.

Affiliate means in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person; or
- (c) directly or indirectly under the common Control of the Primary Person and another person or persons,

and:

- (a) with respect to PEP, includes an Investor Advisor and an Investor Affiliate;
- (b) for the avoidance of doubt, a general partner is deemed to Control a limited partnership; and
- (c) with respect to a Class B Shareholder or Management Shareholder that is an individual:
 - (i) any Family Entity of that individual;
 - (ii) any self-managed superannuation fund for that individual, the trustee of which is that individual, that individual and their spouse, or a Family Entity of that individual; and
 - (iii) a spouse of the individual;

Appointing Beneficiary means a Non-PEP Shareholder who has appointed the Nominee to hold Shares on Bare Trust for it in accordance with clause 23 and the Nominee Deed.

Auditor means the person appointed from time to time to the office of the auditor of the Company.

Audited Financial Statements means the audited consolidated profit and loss account, consolidated balance sheet and statement of cash flow.

Australian Accounting Standards means:

- (a) the accounting standards referred to in section 334 of the Act; and
- (b) the generally accepted accounting principles of the accountancy profession in Australia to the extent those principles are not inconsistent with the accounting standards of the type described in paragraph (a) above.

Bare Trust means a trust established under the Nominee Deed under which the Nominee holds Beneficial Securities for an Appointing Beneficiary.

Beneficial Holder means a Non-PEP Shareholder on whose behalf the Nominee holds Shares as bare trustee.

Beneficial Securities means in relation to a Beneficial Holder, means the Shares held by the Nominee as bare trustee for that Beneficial Holder.

Board means the board of Directors as constituted from time to time.

Board Meeting means a duly constituted meeting of the Board.

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Business means the business of the Company Group.

Business Day means any day other than a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

Business Hours means between 9.00am and 5.00pm on a Business Day.

Business Plan and Budget means, from time to time, the business plan for the conduct of the Business and budget for one or more Financial Years, which will be in a form, and include such statements, reports, forecasts and projections and other information, as the Board determines from time to time.

CEO means any person from time to time appointed to, or acting in the capacity of, the position of chief executive officer of the Company.

CEO Director has the meaning given in clause 4.2(d).

CFO means any person from time to time appointed to, or acting in the capacity of, the position of chief financial officer of the Company.

Chairperson means any person from time to time appointed to, or acting in the capacity of, the position of chairperson of the Board.

Change of Control means:

- (a) the person or persons that have Control of a Shareholder cease(s) to have Control of that Shareholder; or
- (b) a person or persons who did not have Control of a Shareholder gain(s) Control of that Shareholder.

Claim means any allegation, debt, cause of action, Liability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise.

Class A Share means an Ordinary Share in the capital of the Company which is designated as a Class A Share and has the rights set out in this Deed.

Class B Director means a Director appointed by the Class B Shareholders pursuant to this Deed or designated as a Class B Director under clause 4.2(d)(i).

Class B Meetings has the meaning given in clause 5.6.

Class B Share means an Ordinary Share in the capital of the Company which is designated as a Class B Share and has the rights set out in this Deed.

Class B Shareholder means each person holding the legal or beneficial interest to any Class B Shares who is a party to this Deed, including any Shareholder who executes an Accession Deed as a "Class B Shareholder".

Class C Share means a Share in the capital of the Company which is designated as a Class C Share.

Class C Shareholder means each person holding the legal or beneficial interest to any Class C Shares who is a party to this Deed, including any Shareholder who executes an Accession Deed as a "Class C Shareholder".

Company Group means the Company, its Subsidiaries and each of its or their interests in joint ventures or other entities (including trusts), from time to time, and where the context allows, includes any one or more of such entities (each a **Company Group Member**).

Company Note means a loan note issued by the Company on such terms reasonably determined by the Board at a minimum interest rate equal to the higher of the FBT benchmark interest rate or Division 7A benchmark interest rate.

Competitor means, from time to time, any person who:

- (a) has a business in Australia or any country in which the Company Group operates which is similar to or the same as a business operated by the Company Group or which otherwise directly or indirectly competes with any business operated by the Company Group from time to time (including any new business a Company Group Member is actively taking steps to establish or acquire, or which the Business Plan and Budget at that time contemplates will be established or acquired);
- (b) is an Affiliate of a person referred to in paragraph (a) of this definition;
- (c) is a person in whom a person referred to in paragraph (a) of this definition has an Interest; or
- (d) has an Interest in a person referred to in paragraphs (a), (b) or (c) of this definition.

Confidential Information means:

- (a) all commercial, financial, legal and technical and other advice, correspondence, material, memoranda, opinions, know-how and information concerning the Business made available at any time (whether in written or electronic form or orally) by any party including information relating to secret processes, technical know-how, techniques, trade secrets, discoveries, inventions, ideas, research, engineering methods, practices, systems, formulae, drawings, trade secrets and special purpose computer programmes, financial, marketing and other confidential information and data subsisting in or relating to the Business or belonging to any Company Group Member;
- (b) notes, summaries, compilations, conclusions, calculations, computer records (including data, copies, models, reproductions and recordings) or other material in whatever form made or derived in whole or in part by a party from, or from inspection or evaluation of, any information of the type referred to in paragraph (a);
- (c) the nature, existence and contents of any meetings, discussions, negotiations or agreements between the Parties and their respective advisers in relation to the Business, the Company Group or this Deed;
- (d) the fact of or reasons for any termination of discussions or negotiations between the Parties and their respective advisers in relation to the Company Group; and
- (e) the existence and contents of this Deed, the Nominee Deed, the Constitution, the Transaction Documents or the constitutional documents of any Company Group Member.

Constitution means the Constitution of the Company in the form set out in Annexure A to this Deed, as amended from time to time after the date of this Deed in accordance with this Deed.

Control has the meaning given in section 50AA of the Act and:

- (a) in the case of a corporation, includes the power (whether it is legally enforceable or not) to control, whether directly or indirectly, the composition of a majority of the board of directors of that corporation or the voting rights of the majority of the voting shares of the corporation;
- (b) in the case of a trust or partnership, includes the power (whether it is legally enforceable or not) to control, whether directly or indirectly, the appointment or

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removal of the trustee of the trust or general partner of the partnership, the composition of a majority of the board of directors of the trustee or general partner or the voting rights of the majority of the securities of the trust or partnership; and

- (c) in the case of a limited partnership, a general partner is deemed to Control the limited partnership of which it is the general partner,

and **Controlled** has a corresponding meaning.

Cost means, in respect of a Share:

- (a) where the Company issued that Share to the relevant Shareholder, the issue price paid (or deemed paid) for that Share; or
- (b) where the relevant Shareholder acquired that Share by way of purchase, the price it paid to acquire that Share (unless the Share was acquired from an Affiliate of the relevant Shareholder, in which case it is the earliest in time price paid to acquire that Share by any Affiliate of the relevant Shareholder from a person that was not an Affiliate of the relevant Shareholder).

Deed means this deed including its recitals, schedules and annexures.

Default Notice has the meaning given in clause 20.1(b).

Default Sale Shares has the meaning given in clause 20.1(b).

Defaulting Shareholder has the meaning given in clause 20.1(a)(i).

Director means a person from time to time appointed to, or acting in the capacity of, the office of director of the Company, and includes any alternate director duly appointed and acting as a director.

Disclosee has the meaning given in clause 27.1.

Dispose in relation to a person and any property means:

- (a) to sell, offer for sale, transfer, assign, surrender, gift, create an Encumbrance or option over, declare oneself a trustee of or part with the benefit of or otherwise dispose of that property (or any direct or indirect legal or beneficial interest in or over any rights in respect of any part of it);
- (b) to do anything which has the effect of placing a person in substantially the same position as if the person had done any of the things specified in paragraph (a); or
- (c) to attempt to do any of the things specified in paragraph (a),

and **Disposal** has a corresponding meaning.

Disputing Shareholder has the meaning given in clauses 8.3(c), 10.2(b), 20.3 or 21.6 (as applicable).

Dividend includes a dividend, bonus or other distribution in kind or in cash and, for the avoidance of doubt, excludes a return of capital.

Drag Along Notice means a notice given in accordance with clause 15.2.

Drag Price has the meaning given in clause 15.2(c).

Drag Proportion has the meaning given in clause 15.2(b).

Drag Sale Terms has the meaning given in clause 15.2(c).

Dragged Shares has the meaning given in clause 15.2(d).

Drag Transaction means a Disposal of Shares in accordance with clause 15.

Emergency Funding means funding provided by PEP in accordance with the provisions of clause 9.4(j).

Emergency Funding Shares has the meaning given in clause 9.4(j).

Emergency Funding Catch-up Offeree has the meaning given in clause 9.4(j)(iii).

Emergency Funding Catch-up Shares has the meaning given in clause 9.4(j)(iii).

Emergency Funding Catch-up Share Price has the meaning given in clause 9.4(j)(iv).

Employee means any person who is in full-time or part-time employment of a Company Group Member.

Employee Share Option Plan means an equity incentive plan established by the Company or another Company Group Member for Employees of the Company Group.

Encumbrance includes any mortgage, charge, pledge, lien, encumbrance, assignment, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favour of any person by way of security for the payment of a debt or any other monetary obligation.

Engage In means:

- (a) to carry on, participate in, provide finance (other than debt funding in the course of a genuine finance business to third parties), to provide services to (including license intellectual property rights to or from but excluding the provision of services as part of a bona fide business which provides services or arms-length terms to members of the public) or otherwise be directly or indirectly involved in, contribute to or have an economic interest in, directly or indirectly (including through any interposed body corporate, trust, partnership, entity or other person) and in any capacity whatsoever, including as a shareholder, unitholder, security holder, director, consultant, advisor, contractor, principal, agent, manager, employee, beneficiary, partner, associate, trustee or financier; or
- (b) managing, advising or influencing, whether for direct remuneration or benefit or otherwise, including influencing through any association or arrangement with any person in which any economic interest or over which influence, (absolute or partial) is held,

and **Engaging In** has a corresponding meaning.

Event of Default means, in relation to a Shareholder (other than a PEP Shareholder) or a Relevant Manager:

- (a) a breach of any of their obligations under or in relation to clause 14, which cannot be remedied or which remains un remedied for 20 Business Days after the Company has notified the Shareholder or Relevant Manager of the breach;
- (b) a breach of any other of their material obligations under any Transaction Document, which cannot be remedied or which remains un remedied for 20 Business Days after the Company has notified the Shareholder or Relevant Manager of the breach;
- (c) a breach of clause 26;

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- (d) the Shareholder or Relevant Manager becomes the subject of an Insolvency Event;
- (e) the Shareholder becomes a Shareholder pursuant to a transfer of Shares in breach of this Deed;
- (f) a Change of Control occurs in relation to the Shareholder that circumvents the restrictions on Disposals set out in clause 14;
- (g) if it is a Management Shareholder:
 - (i) it is required (pursuant to a court order or otherwise) to transfer any or all of its Shares to its Relevant Manager's spouse or partner in connection with Relationship Proceedings between its Relevant Manager and his or her spouse or partner; or
 - (ii) it ceases to be an Affiliate of its Relevant Manager and its Relevant Manager fails to arrange for the transfer of the Shares held by it to the Relevant Manager or another Affiliate of the Relevant Manager approved by the Board within 20 Business Days of it ceasing to be an Affiliate of the Relevant Manager.

Event of Default Date means, in relation to a Shareholder or a Relevant Manager, the date that the Company becomes aware that the Shareholder or the Relevant Manager has committed an Event of Default.

Excess Emergency Funding Shares means, in respect of an issuance under clause 9.4(j), the amount of Emergency Funding Shares equal to the difference between the number of Emergency Funding Shares actually issued to PEP or an Affiliate of PEP under the issuance and the amount of Emergency Funding Shares that would have been issued to PEP or an Affiliate of PEP had they been issued at the Emergency Funding Catch-up Share Price.

Excess M&A Shares means, in respect of an issuance under clause 9.4(k), the amount of M&A Shares equal to the difference between the number of M&A Shares actually issued to PEP or an Affiliate of PEP under the issuance and the amount of M&A Shares that would have been issued to PEP or an Affiliate of PEP had they been issued at the M&A Catch-up Share Price.

Exit Event or Exit means:

- (a) an IPO;
- (b) Share Sale; or
- (c) a Trade Sale.

Exit Notice has the meaning given in clause 18.1.

Fair Market Value means the fair market value of a Security as determined by the Board, or if a Referral Notice is validly issued, the value determined under clause 22.

Family Entity means, in respect of a Class B Shareholder or Manager, a company or trust of which the Class B Shareholder or Manager has Control and of which the ultimate beneficial owners (or, in the case of a trust, the beneficiaries or potential beneficiaries) are the Class B Shareholder or Manager and/or a Relative(s) of the Class B Shareholder or Manager and/or charities.

Financial Adviser has the meaning given in clause 18.1.

Financial Year in relation to **the Company Group** means the period commencing on the date of incorporation of **the Company** and ending on the following 30 June, or such other period for a financial year as may be determined by the Board under applicable law.

Fixed Rate Return Instrument means any preference share or other Security issued by the Company which has a fixed interest rate, coupon, dividend or other fixed return and is not convertible into an Ordinary Share.

Governmental Agency means any government or any governmental, semi-governmental or administrative department, entity, agency, authority, commission, corporation or body (including those constituted or formed under any statute) where the department, entity, agency, authority, commission, corporation or body is subject to the control or direction of the Commonwealth of Australia or a State or Territory of Australia.

Immediately Available Funds means cash, bank cheque, electronic funds transfer to an account nominated by the payee in writing, or any other form of payment that the payer and the payee agree in writing.

Implementation Date means the date on which the Scheme is implemented in accordance with its terms.

Inconsistent Instrument means any power of attorney or any other instrument signed, executed or issued by or on behalf of a Shareholder at any time, whether before on or after the date of this Deed, conferring on persons other than the attorney appointed under clause 24 (whether jointly or severally or jointly and severally) rights which contradict or are inconsistent with some or all of the rights contained in the power of attorney granted under clause 24.

Independent Directors has the meaning given in clause 4.3(a).

Instruction has the meaning given in the Nominee Deed.

Insolvency Event means:

- (a) a "**controller**" (as defined in section 9 of the Act), manager, trustee, administrator or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, a personal insolvency agreement or any other assignment, composition or arrangement (formal or informal) with a person's creditors or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;

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- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Interest means:

- (a) an economic interest other than a passive ownership interest in securities in an entity which comprise 5% or less of the aggregate number of securities in that entity (on a fully-diluted basis) which does not confer any control, information or governance rights of any type; or
- (b) otherwise Engaging In,

whether held directly or indirectly or through any interposed entity, fund vehicle or other person.

Investor Advisor means any entity that from time to time provides investment advice, whether directly or indirectly, to PEP.

Investor Advisor Group means with respect to an Investor Advisor, that Investor Advisor and its Related Bodies Corporate and **Investor Advisor Group Company** is to be construed accordingly.

Investor Affiliate means:

- (a) any Investor Advisor Group Company (other than the Investor Advisor);
- (b) any partnership, limited partnership, venture capital limited partnership, trust, managed investment scheme, limited liability company or body corporate or other fund or entity of which any Investor Advisor Group Company or any person assuming the rights and obligations of such Investor Advisor Group Company, is the manager, trustee, responsible entity, general partner or investment advisor (**Investor Fund**);
- (c) any person Controlled by an Investor Fund; and
- (d) any partner, limited partner, unitholder, shareholder, trustee, responsible entity or custodian of any of the entities, funds, trusts or other things set out in any of paragraphs (a) to (c) above from time to time.

Invitation to Tag means in respect of the Shareholders, an invitation in the form contemplated by clause 16.2.

Involved includes direct or indirect involvement including as a principal, agent, partner, employee, shareholder, unitholder, director, trustee, beneficiary, manager, contractor, subcontractor, consultant, adviser or financier.

IPO means an initial public offering of shares in the Company, shares in any Subsidiary or shares in a company of which the Company is or will be a wholly owned subsidiary in conjunction with an application for the quotation of those shares on the Stock Exchange.

Liability means all liabilities, obligations, damages, losses, costs, interest, fees, penalties, fines, assessments, forfeiture and expenses of whatever description (whether actual, contingent, current or prospective), and irrespective of when the act, event or thing giving rise to the liabilities, obligations, damages, losses, costs, interest, fees, penalties, fines, assessments, forfeiture and expenses occurs.

M&A Catch-up Offeree has the meaning given in clause 9.4(k)(i).

M&A Catch-up Share Price has the meaning given in clause 9.4(k)(ii).

M&A Catch-up Shares has the meaning given in clause 9.4(k)(i).

M&A Funding means funding provided by PEP in accordance with the provisions of clause 9.4(k).

M&A Shares has the meaning given in clause 9.4(k).

Management Incentive Plan means equity plans or other equity incentive agreements or arrangements of the Company providing eligible Managers with an opportunity to acquire Securities.

Management Shareholder means a holder of Securities issued pursuant to the Management Incentive Plan.

Manager means a person that is:

- (a) invited by the Board to participate in a Management Incentive Plan; and
- (b) an employee, executive director or non-executive director of any Company Group Member at the time the Manager (or any Affiliate of the Manager) becomes a Management Shareholder,

and who is or becomes a party to this Deed as a "Manager" by executing an Accession Deed.

Member means a person whose name is entered in the register of members of the Company as a holder of a Share.

ND Deed of Adherence has the meaning given in the Nominee Deed.

Net Cost means Cost less any capital returned to the Shareholder on the relevant Share by way of a return of capital or otherwise.

Nominated Affiliate has the meaning given in clause 9.6.

Nominee means the independent third party trustee company appointed from time to time by the Company under clause 23 and the Nominee Deed to hold Shares on bare trust in accordance with clause 23 and the Nominee Deed.

Nominee Deed means the document entitled "Nominee Deed" entered into on or about the date of this Deed between the Company, the Nominee and the initial Appointing Beneficiaries as of that date.

Nominee Transfer means a transfer of legal title to Shares:

- (a) by a Non-PEP Shareholder to the Nominee to be held under a Bare Trust, either at the request of the Board or with the prior written consent of the Board;
- (b) in connection with the replacement of the Nominee in accordance with the Nominee Deed; or
- (c) by the Nominee to an Appointing Beneficiary if the Nominee is required to do so under this Deed or the transfer otherwise has the approval of the Board.

Non-contributing Shareholder has the meaning given in clause 10.2(e).

Non-PEP Shareholders has the meaning given in clause 23.1(a).

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Objectives means the objectives of the Company Group set out in clause 3.2.

Observer has the meaning given in clause 4.11.

Ordinary Shares means ordinary shares in the capital of the Company having the rights and entitlements set out in the Constitution, including the Class A Shares and the Class B Shares.

Oversubscribing Shareholder has the meaning given in clause 10.2(e)(ii).

Parties means each of the parties to this Deed and any other person that executes an Accession Deed and becomes a party to this Deed, in accordance with this Deed, from time to time and **Party** means any one of them.

PEP means the Initial PEP Shareholders and any of their respective Affiliates who hold Shares, from time to time (and each a **PEP Shareholder**).

PEP Director means a Director appointed by the PEP and their Permitted Transferees.

Permitted Transferee of a Shareholder means:

- (a) in relation to a Shareholder that is not an individual, a Related Entity of the Shareholder;
- (b) in relation to a Shareholder that is an individual, a Relative of the Shareholder;
- (c) in relation to a Class B Shareholder that is an Appointing Beneficiary, the Nominee in its capacity as bare trustee for the Class B Shareholder; and
- (d) in relation to a Shareholder that is a PEP Shareholder who is a trustee, custodian, responsible entity or general partner of a trust or partnership, includes the person who is a replacement trustee, custodian, responsible entity or general partner of the same trust or partnership as well as that PEP Shareholder's Affiliate.

Qualified Person means a person who is not subject to any commercial or other conflict of interest in relation to the Business or operations of the Company Group, excluding any conflict arising solely from the person holding or having a relevant interest (as defined in the Act) in any Class B Shares. It is acknowledged that as at the date of this Deed, a Qualified Person shall include any person who is a director of the Target.

Referral Notice has the meaning given in clauses 8.3(c), 10.2(b), 20.3 or 21.6 (as applicable).

Related Body Corporate has the meaning given in section 9 of the Act and includes, with respect to any person, any other person which, directly or indirectly, Controls, is Controlled by, or is under common Control with, such first person.

Related Entity means, in relation to an entity (the *first entity*):

- (a) a Related Body Corporate of the first entity; or
- (b) a Controlled entity of the first entity;
- (c) an entity of which the first entity is a Controlled entity;
- (d) a Controlled entity of another entity of which the first entity is also a Controlled entity; and
- (e) in relation to a PEP Shareholder, includes any Affiliate of PEP.

Relationship Proceedings means any proceedings for divorce or nullity of marriage by or against a Relevant Manager or, in the case of de facto relationships, an application under

applicable law for property orders, and includes substantially similar types of proceedings instituted in any jurisdiction.

Relative means a spouse, former spouse, mother, father, brother, sister or child.

Relevant Manager means:

- (a) in relation to a Manager who is invited to participate in the Management Incentive Plan, the person nominated by the Company at the date of issue of Securities to them as their Relevant Manager; and
- (b) in relation to any Management Shareholder who acquires Securities as a Permitted Transferee of the Management Shareholder transferring Securities, the person who is the Relevant Manager of the transferor.

Relevant Proportion means, in relation to a Shareholder:

- (a) when used in relation to all Shareholders, the proportions which their respective aggregate holdings of Shares bear to the aggregate of all of the issued Shares; or
- (b) when used in relation to less than all the Shareholders, the proportions which their respective aggregate holdings of Shares bear to the aggregate holdings of Shares of those Shareholders,

provided that, in each case:

- (c) where the context requires a 'Relevant Proportion' to be determined with reference to a particular class of Shares, the proportionate holdings for the purposes of the above definition are to be determined with reference to the relevant parties' holdings of that particular class, that is, only Shares of the particular class will comprise the numerator and denominator for purposes of the calculation.

Relevant Transaction has the meaning given in clause 14.7.

Reorganisation Event means:

- (a) a bonus issue of Shares;
- (b) a subdivision or consolidation of Shares; or
- (c) any other reorganisation or reconstruction of share capital where the Company neither pays nor receives cash.

Restrained Party has the meaning given in clause 26.1.

Restraint means the prohibitions and restraints contained in clause 26.

Restraint Area means:

- (a) Australia and the United Kingdom, or if that area is determined to be unenforceable, then;
- (b) Australia, or if that area is determined to be unenforceable, then;
- (c) Australian Capital Territory, New South Wales, Victoria, Western Australia, and Queensland, or if that area is determined to be unenforceable, then;
- (d) Australian Capital Territory, New South Wales, Victoria and Queensland, or if that area is determined to be unenforceable, then;

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- (e) Australian Capital Territory, New South Wales and Victoria.

Restraint Period means:

- (a) the period during which the Restrained Party is a Shareholder and three years after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (b) the period during which the Restrained Party is a Shareholder and two years after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (c) the period during which the Restrained Party is a Shareholder and one year after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (d) the period during which the Restrained Party is a Shareholder and six months after the Disposal Date, unless that period is held invalid for any reason by a court of competent jurisdiction; then
- (e) the period during which the Restrained Party is a Shareholder.

Sale Price has the meaning given in clause 20.1(c).

Scheme means the scheme of arrangement under Part 5.1 of the Act under which a Company Group Member acquires 100% of the issued shares in the Target.

Scheme Implementation Deed means the scheme implementation deed dated 14 September 2020 between The Citadel Group Limited and Pacific Group Bidco Pty Ltd ACN 644 075 221 in relation to the Scheme.

Secondary Acceptance Period has the meaning given in clause 10.2(e)(ii).

Securities means Shares, options, Fixed Rate Return Instruments, any security with rights of conversion into equity and/or all other securities of the Company within the meaning of section 92(3) of the Act other than debentures with no rights of conversion into equity and no rights of economic participation in the Company Group beyond a market interest rate.

Sensitive Information means confidential information received from contractual counterparties under the terms of agreements between Company Group Members and customers.

Share Capital means all of the Shares on issue, from time to time.

Share Sale means a sale of the Share Capital.

Shareholder means a person that is from time to time a registered holder of Shares who is a Party to this Deed whether as an original party or by acquiring Shares and duly executing and delivering an Accession Deed in accordance with this Deed.

Shares means shares in the capital of the Company and includes Ordinary Shares.

Simple Majority of Class B Shareholders means, in relation to a Class B Meeting, a majority of all votes cast by or on behalf of Class B Shareholders who are present at the Class B Meeting and entitled to vote on the resolution concerned.

Small Holding Securities means the Class B Shares held by a Small Shareholder.

Small Holding Transaction means a Disposal of Small Holdings Securities in accordance with clause 21.

Small Shareholder means a Class B Shareholder who holds Class B Shares which had, at the time or times of their issue, an aggregate issue price and/or face value (as applicable) of \$10,000 or less.

Special Director Approval means a Board approval which includes at least 1 Class B Director (for so long as there is at least 1 Class B Director appointed), and a majority of the PEP Directors.

Special Majority Resolution means a resolution approved by:

- (a) a majority of the votes cast by the PEP Shareholders who are present (in person or by proxy) at the meeting of Shareholders and entitled to vote on the resolution concerned; and
- (b) a majority of all votes cast by or on behalf of Class B Shareholders who are present at the meeting of Shareholders and entitled to vote on the resolution concerned.

Special Resolution of Appointing Beneficiaries in relation to an amendment or variation of all or any part of clause 23.9, means a resolution that has been passed by at least 75% of the votes cast by Appointing Beneficiaries where:

- (a) only Appointing Beneficiaries can vote on the resolution;
- (b) each Appointing Beneficiary is entitled to cast a vote for each Security held on trust for, or on behalf of, the Appointing Beneficiary under the bare trustee arrangements set out in clause 23.9; and
- (c) the provisions of Part 2G.2 of the Act apply as if the Appointing Beneficiary is a member of the Company.

Stock Exchange means the Australian Securities Exchange or any other recognised stock exchange.

Subsidiary in relation to any person, has the meaning given in the Act but so that:

- (a) an entity will also be deemed to be a Subsidiary of a company if that entity is required by the Australian Accounting Standards to be consolidated with that company;
- (b) a trust may be a Subsidiary, for the purposes of which any units or other beneficial interests will be deemed shares; and
- (c) a corporation or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Tag Option has the meaning given in clause 16.2(d).

Tag Price has the meaning given in clause 16.2(c).

Tag Proportion has the meaning given in clause 16.2(b).

Tag Terms has the meaning given in clause 16.2(c).

Tag Transaction means a Disposal of Shares in accordance with clause 16.

Tagged Shares has the meaning given in clause 16.2(d).

Target means The Citadel Group Limited ACN 127 151 026.

F. HoldCo Shareholders Deed

CLAYTON UTZ

Tax means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or accessed as being payable by any authority together with any fines, penalties and interest in connection with them.

Termination Date has the meaning given in clause 23.9.

Third Party means a party other than a party or an Affiliate of the party.

Third Party Buyer a buyer (or a proposed buyer) of Securities who is a Third Party in relation to the seller (or proposed seller) of those Securities.

Trade Sale means the sale of the whole or substantially all the Business or the sale of all or substantially all of the assets of the Company Group, whether by way of a sale of assets of the Company, or by a sale of assets or shares of any Subsidiary of the Company.

Transaction Documents means:

- (a) this Deed;
- (b) the Constitution;
- (c) Nominee Deed; and
- (d) any other agreement or document that the Parties agree is a Transaction Document.

Trustee means the trustee or responsible entity of any Shareholder that is a trust.

Valuer means an independent chartered accountant nominated by, at the request of the Board, the managing partner (or similar officer or partner) in Australia of KPMG, Deloitte, PwC, Ernst & Young or any other independent firm of chartered accountants nominated by the President of the Institute of Chartered Accountants in Australia. The Shareholders must promptly sign a deed of release in the form required by the President of the Institute of Chartered Accountants in Australia.

Valuer's Certificate has the meaning given in clause 22.1(a)(ii).

1.2 Interpretation

In this Deed:

- (a) headings are for convenience only and do not affect interpretation;

and unless the context indicates a contrary intention:

- (b) the expression "**person**" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to a right or obligation of any 2 or more persons (including in respect of the PEP Shareholders, the Class B Shareholders and the Management Shareholders (as applicable)) confers that right, or imposes that obligation, severally, not jointly or jointly and severally;
- (d) a reference to any Party includes that Party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (e) a reference to any document (including this Deed) is to that document as varied, notated, ratified or replaced from time to time;

- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) without limiting clause 14, a reference to a person Disposing of any Securities, includes Disposing of a beneficial interest in any of those Securities and instructing any trustee or other nominee (including the Nominee) to Dispose of a legal and/or beneficial interest in any of those Securities;
- (h) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;
- (i) references to Parties, clauses, schedules, exhibits or annexures are references to Parties, clauses, schedules, exhibits and annexures to or of this Deed, and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (j) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (k) the word "**includes**" in any form is not a word of limitation;
- (l) a reference to "\$" or "**dollar**" is to the currency of Australia;
- (m) references to payments to any Party to this Deed will be construed to include payments to another person upon the direction of such Party;
- (n) all payments to be made under this Deed must be made by unendorsed bank cheque or other Immediately Available Funds;
- (o) if any day appointed or specified by this Deed for the payment of any money or doing of any thing falls on a day which is not a Business Day, the day so appointed or specified shall be deemed to be the next Business Day;
- (p) this Deed must not be construed adversely to a Party just because that Party prepared it or caused it to be prepared;
- (q) a reference to writing includes typewriting, printing, lithography, photography and any other mode of representing or reproducing words, figures or symbols in a permanent and visible form; and
- (r) if any calculations relating to the issue or transfer of Shares under this Deed result in a number that is, or includes, a fraction, that fraction will be rounded upwards to the nearest whole number.

1.3 Paramouncy

To the extent permitted by law:

- (a) the Parties must ensure that the Constitution or other governing document of the Company is consistent with this Deed; and
- (b) if there is any inconsistency between the Constitution or other governing document of the Company and this Deed:
 - (i) in relation to rights attaching to Shares which are set out in the Constitution, the Constitution prevails; and
 - (ii) otherwise, this Deed prevails.

- (c) if a Shareholder gives the Company a notice specifying an inconsistency and requesting an amendment to the Constitution that will remove that inconsistency, each Shareholder must take all necessary steps to amend the Constitution to make the Constitution consistent with this Deed.

1.4 Notices, consents and approvals

Unless otherwise provided in this Deed, where this Deed requires or allows a notice, consent or approval to be given the consent or approval:

- (a) must be given in writing unless this Deed expressly allows the notice, consent or approval to be given in another form;
- (b) may be given on a conditional basis; and
- (c) may be given or withheld in the absolute discretion of the party whose consent or approval is required unless otherwise specified.

2. Capital Structure and effect

2.1 Initial capital structure

- (a) As at the date of this Deed, the only Shareholders in the Company are the Initial PEP Shareholders.
- (b) Following entry into this Deed and on or before the Implementation Date, the Initial PEP Shareholders and its Affiliates will subscribe for additional Class A Shares in the Company pursuant to clause 9.4(a) and the terms of the Scheme.

2.2 Effect

This document comes into effect on and from the Implementation Date, except for this clause 2, and clauses 1, 27, 29, 30, 31, 32, 33 and 34 which each come into effect on the date of this Deed.

2.3 Failure to achieve Scheme Implementation

Unless the Initial PEP Shareholders agree otherwise in writing, this Deed terminates if:

- (a) the Scheme fails and cannot be implemented for any reason; or
- (b) the Scheme Implementation Deed is terminated for any reason.

3. Business and objectives

3.1 Nature of Business

The Company Group will not carry on any other business apart from the Business unless authorised in accordance with this Deed.

3.2 Objectives

The Parties agree that the primary objectives of the Company Group are to:

- (a) carry on the Business as varied from time to time in accordance with this Deed; and
- (b) maximise the sustainable value of the Company Group for the Shareholders.

3.3 Parties' duties

To the maximum extent permitted by law, no Party shall owe any other Party any duty or obligations in relation to the Business or the Company except as set out in this Deed.

3.4 No partnership

This Deed is to be interpreted so as to not create or give rise to a relationship of agency, partnership or of a fiduciary nature between the Parties.

4. The Board

4.1 Number of Directors

The Board must consist of a maximum of ten Directors or such other maximum number as determined by the Board.

4.2 Appointment of Directors

- (a) The PEP Shareholders have the right to appoint, remove and replace up to the maximum number of Directors which may be appointed to the Board in accordance with clause 4.1 after allowing for, if applicable:
 - (i) any Directors which may be appointed by the Class B Shareholders in accordance with clauses 4.2(b) or 4.2(c);
 - (ii) the appointment of the CEO Director under clause 4.2(d)(ii); and
 - (iii) the appointment of any Independent Directors.
- (b) Subject to the remainder of this clause 4.2, for so long as the Class B Shareholders in aggregate hold 20% or more of the Share Capital, the Class B Shareholders have the right to, by written notice to the Company, appoint, remove and replace two Directors to the Board.
- (c) Subject to the remainder of this clause 4.2, for so long as the Class B Shareholders in aggregate hold 10% or more of the Share Capital, the Class B Shareholders have the right to, by written notice to the Company, appoint, remove and replace one Director to the Board.
- (d) In addition to its rights to appoint Directors under clause 4.2(a), the PEP Shareholders have the right to appoint the CEO as a Director on the following basis:
 - (i) if the CEO has a direct or indirect interest in any Class B Shares and if the Class B Shareholders in aggregate hold 10% or more of the Share Capital, then the CEO will be designated as a Class B Director and the rights of the Class B Shareholders under clauses 4.2(b) and 4.2(c) to appoint Directors will be reduced by one Director;
 - (ii) if:
 - A. the CEO does not have a direct or indirect interest in any Class B Shares; or
 - B. the Class B Shareholders are not eligible to appoint a Director under clause 4.2(b) or 4.2(c),
 then the CEO will not be designated as a PEP Director, Class B Director or Independent Director.

- (e) Any person nominated as a proposed Director by the Class B Shareholders must:
 - (i) be a Qualified Person;
 - (ii) have the necessary knowledge, skills and expertise, having regard to the Business, to serve as a Director of the Company; and
 - (iii) be approved by the PEP Directors (with such approval not to be unreasonably withheld).
- (f) All Class B Directors must be Australian citizens who ordinarily reside in Australia.
- (g) All Class B Directors will be required to enter into appointment agreements with the Company that will require the Class B Director to immediately resign if that Class B Director ceases to be a Qualified Person or an Australian citizen who ordinarily resides in Australia.
- (h) A Class B Shareholder that is the subject of an Insolvency Event:
 - (i) may not exercise rights with respect to the appointment, removal or replacement of a Director under clauses 4.2(b) or 4.2(c); and
 - (ii) will be excluded for the purposes of calculating the percentage holding of one or more Shareholders within a class of Shares.
- (i) If one or more Class B Shareholders have appointed one or more Class B Directors and cease to be eligible to make such appointment under this clause 4.2, they must immediately remove the relevant Class B Director.

4.3 Appointment and removal of Independent Directors

- (a) The PEP Shareholders may, from time to time, nominate independent Directors (**Independent Directors**).
- (b) An Independent Director will be appointed by the Board, provided that an individual appointed as Independent Director must have suitable experience in respect of general commercial matters and corporate governance to be able to effectively participate on the Board.
- (c) An Independent Director appointed under this clause 4.3 may at any time be removed by Board.

4.4 Structure of initial Board

The initial Board from the Implementation Date will comprise (subject to the Company receiving each relevant consent to act):

- (a) any PEP Director or PEP Directors which PEP has appointed as at the Implementation Date in accordance with this Deed; and
- (b) any Class B Director or Class B Directors which the Class B Shareholders (if applicable) have validly appointed as at the Implementation Date in accordance with this Deed.

4.5 Appointment of Chairperson

- (a) PEP has the right to appoint, remove and replace the Chairperson.
- (b) The initial Chairperson of the Company will be that person appointed by PEP as the initial Chairperson as at the Implementation Date in accordance with this Deed.

4.6 Eligibility/appointment/removal formalities

To the extent permitted by the Corporations Act, no person may be appointed, removed or replaced as a Director (or Chairperson) other than in accordance with this Deed.

4.7 Removal of Directors

A person will be automatically removed as a Director of the Company if the person is, or becomes, ineligible to be a Director in accordance with this Deed, any applicable law or under the provisions of the Constitution.

4.8 Subsidiaries and Subsidiary Boards

- (a) The board of directors of each Subsidiary will consist of up to two Directors, or any other number the Board may determine from time to time. As at the Implementation Date, the Shareholders acknowledge that each Subsidiary board will comprise the CEO, with one vacancy for the CFO.
- (b) Each Shareholder and the Company agree and must procure that each Subsidiary operates consistently with the Business Plan and Budget and the decisions of the Board, and that each Subsidiary does not do or commit to any action or undertaking without the approval of the Board where such approval is required in respect of the Company under this Deed.

4.9 Directors' Interests

- (a) A Director is not disqualified from holding office or position with PEP or any of PEP's Affiliates or Related Entities. A Director may:
 - (i) be or become a director or otherwise hold office or any position in any entity promoted by PEP or in which PEP may be interested; and
 - (ii) contract or make any arrangement with PEP or any of PEP's Affiliates or Related Entities.
- (b) A Director who has a material personal interest in a matter that relates to the Business (other than as a result of such Director's relationship with PEP or any of PEP's Affiliates or Related Entities) must give the other Directors notice of that interest and abstain from voting on that matter unless the Directors who are eligible to vote on the relevant matter unanimously agree otherwise.
- (c) Subject to applicable law, a Director may act in the interests of their nominating Shareholder(s), the funds managed or advised by their nominating Shareholder(s) or its Affiliates and their direct and indirect investors, if any, and a Director will not be in breach of their duties to the Company or any Company Group Member solely because the Director has regard to or acts in the interests of their nominating Shareholder(s), the funds managed or advised by their nominating Shareholder(s) or their Affiliates, or their direct and indirect investors, if any, provided that the Director must act in the best interests of the Company as a whole at all times.

4.10 Alternate Directors

- (a) Any Director may, by notice in writing to the Company, appoint a person to be his or her alternate Director to act in his or her place at such times as the Director may determine, provided that alternative Director must be a Qualified Person and approved by the Board. The person to be appointed as an alternate director may be, but does not need to be, a Director.
- (b) An alternate director:

- (i) will be entitled to attend and vote at meetings of the Board, if the appointing Director does not attend that meeting;
 - (ii) is entitled to exercise the vote or votes of each Director the alternate Director represents as an alternate (in addition to any votes that the alternate Director may have as a Director in his or her own right, if applicable);
 - (iii) is entitled to receive notice of Board Meeting, materials and other information in connection with any Board meeting in the same way that Directors are entitled to receive notice of such meetings, materials and information;
 - (iv) who attends a Board Meeting is counted, for quorum purposes, as a Director for each Director on whose behalf the alternate Director is attending the meeting (in addition to being counted as a Director in his or her own right, if applicable).
- (c) The appointment of the alternate director will cease on the earliest of:
 - (i) automatically on the alternate Director's appointing Director ceasing to be a Director;
 - (ii) on a date specified for that cessation in the notice of appointment of the alternate Director (if any); or
 - (iii) on the alternate Director's appointing Director providing notice in writing to the Company revoking the appointment.

4.11 Observer

- (a) The Board may consent to a Shareholder's request from time to time to appoint one or more persons as observers (each an **Observer**) to attend any meeting of the Board or any other board of directors meeting of any Group Company provided the Observers right to attend any meetings is subject to complying with the terms specified by the Board in relation to their appointment (including any confidentiality arrangements).
- (b) Any Observer will be entitled to attend, but not vote at, any meetings of the board of directors of any Group Company in respect of which the Observer has been appointed.
- (c) The Company will, or will procure that the relevant Group Company deliver all notices, written materials and other information given to Directors in connection with any meetings of the board of directors which an Observer is entitled to attend to the Observer at the same time that those materials or information are given to the directors of the relevant Group Company.

4.12 Directors' Remuneration

The Company may pay (at its discretion) any Directors' fees.

4.13 Expenses of Directors and Observers

A Director or Observer is entitled to be reimbursed out of the funds of the relevant Company Group Member for reasonable travelling, accommodation and other expenses which the Director or Observer incurs when travelling to or from meetings of the Board or board Meetings of any other Company Group Member (or a committee of the Board or board of any other Company Group Member) or when otherwise engaged on the business of a Company Group

Member subject to, and in accordance with, any policy adopted by the Board from time to time relating to such expenses.

4.14 Board Meetings

- (a) Board Meetings shall be held at least once a quarter or as determined by the Board, from time to time.
- (b) Each Director must be given at least 3 Business Days prior written notice of any Board Meeting (unless all Directors otherwise agree). The notice must provide reasonable details of the matters to be considered at the meeting and the business to be put to the vote of the Directors as well as the matters required by clause 4.14(c).
- (c) The notice of a Board Meeting must include an agenda accompanied by:
 - (i) a report from the Company on the trading performance in each month since the last Board Meeting, in a form determined by the Board, from time to time; and
 - (ii) a copy of all papers to be considered at that meeting.
- (d) All Board Meetings to be held must permit Directors to participate through technological means such as video conference or teleconference. If the technological link fails, the meeting shall be adjourned until the failure is rectified.
- (e) If a Board Meeting is held in two or more places linked together by any technology:
 - (i) a Director present at one of the places is taken to be present at the meeting unless and until the Director states to the Chairperson of the meeting that the Director is discontinuing his or her participation in the meeting; and
 - (ii) the Chairperson of the meeting may determine at which place the meeting will be taken to have been held.

4.15 Quorum for Board Meetings

Other than as required under any applicable law or by any relevant Governmental Agency:

- (a) the quorum for a meeting of the Board is two Directors, of whom at least one must be a PEP Director and, for such time as the Board comprises a Class B Director, at least one must be a Class B Director;
- (b) if a quorum is not present at all times during a Board Meeting, the meeting must be adjourned and reconvened at such time and place as determined by the Directors present (provided that notice of the time, date and place of the reconvened meeting must be given to each Director not less than 48 hours before the meeting); and
- (c) if the quorum requirements referred to in clause 0 are not met for two consecutively scheduled Board Meetings under clause 4.15(b), then the next Board Meeting may proceed provided there is at least one PEP Director present.

4.16 Directors' voting rights

At a meeting of the Board:

- (a) on each resolution, subject to clauses 4.17 and 4.18, each Director has 1 vote;

- (b) the Chairperson, if any, will not have a casting vote in addition to his or her deliberative vote; and
- (c) all decisions are by simple majority vote, unless otherwise expressly provided in this Deed.

4.17 Absent PEP Directors

In relation to any resolution of the Board in respect of which:

- (a) a PEP Director is not present at the relevant meeting of the Board and is not able to vote on the resolution and there is no alternate Director appointed by that PEP Director who is present at the meeting and able to vote on the resolution; and/or
- (b) the PEP Shareholders have not appointed the maximum number of Directors they are entitled to appoint at that time in accordance with clause 4.2(a),

each PEP Director or alternate Director for a PEP Director who is present at the meeting and able to vote on the resolution will have an additional vote or votes equal to:

- (c) the aggregate number of PEP Directors described in clause 4.17(a) plus the number of additional Directors which the PEP Shareholders are entitled to appoint in accordance with paragraph clause 4.2(a) but have not; *divided by*
- (d) the number of PEP Directors and alternate directors for PEP Directors present at the meeting and able to vote on the resolution.

Fractional voting entitlements must be recognised and counted when cast.

4.18 Absent Class B Directors

In relation to any resolution of the Board in respect of which:

- (a) a Class B Director is not present at the relevant meeting of the Board and is not able to vote on the resolution and there is no alternate Directors appointed by that Class B Director present at the meeting and able to vote on the resolution; and/or
- (b) Class B Shareholders have not appointed the maximum numbers of Directors they are entitled to appoint at that time in accordance with clause 4.2(b) or 4.2(c) (as applicable),

each Class B Director or alternate director for a Class B Director appointed by the Class B Shareholders who is present at the meeting and able to vote on the resolution will have an additional vote or votes equal to:

- (c) the aggregate number of Class B Directors described in clause 4.18(a) plus the number of additional Directors which the Class B Shareholders are entitled to appoint in accordance with clause 4.2(b) but have not; *divided by*
- (d) the number of Class B Directors and alternate directors for Class B Directors, in each case appointed by the Class B Shareholders, present at the meeting and able to vote on the resolution.

Fractional voting entitlements must be recognised and counted when cast.

4.19 Written resolutions

- (a) A written resolution circulated to all the Directors, and signed by those Directors who would be capable of approving the relevant resolution if it was considered at a Board meeting duly convened in accordance with this Deed will be as valid and

effective as a resolution duly passed at a meeting of the Board called and held in accordance with this Deed.

- (b) The document may be in counterparts, signed by one or more Directors and may be circulated by facsimile or email or such other technology platform or document exchange system approved from time to time by the Board.

4.20 Board decisions

- (a) No resolution of the Directors will be carried:
 - (i) unless, subject to the Act or if clause 4.20(b) applies, it is passed by a majority of votes entitled to be cast at the time of the vote; and
 - (ii) if the passing of the resolution, or the circumstances surrounding it, are inconsistent with the provisions of this Deed.
- (b) The following Board resolutions require a Special Director Approval:
 - (i) the acquisition of any businesses (either by way of a share or asset acquisition) having a value of more than \$50,000,000 and which is to be funded from either: (a) the proceeds of issuing Securities; (b) through non-cash consideration in the form of Securities; or a combination of (a) and (b); or
 - (ii) any transfer of Shares or Securities other than as contemplated by clauses 14.1(b)(i) to 14.1(b)(viii) (inclusive).

4.21 Committees

- (a) The Board may constitute committees of the Board from time to time. Such committees will have authority to approve any matters delegated to it by the Board.
- (b) The composition of such committees will be as determined by the Board from time to time.
- (c) The Directors may, at any time and from time to time, revoke or vary any and all powers delegated the Board to any committee in terms of this clause 4.21.

5. Shareholders

5.1 Shareholders' meetings

Subject to the Act, the Board may call a meeting of Shareholders at a time and place as the Directors resolve.

5.2 Quorum for Shareholders' meetings

- (a) A quorum for a meeting of Shareholders is constituted by the presence of two or more Shareholders, of whom at least one is a PEP Shareholder and, where the Class B Shareholders hold 10% or more of the Shares, at least one is a Class B Shareholder.
- (b) No business may be transacted at any meeting of Shareholders unless a quorum is present at the commencement of the meeting, except for the adjournment of the meeting.
- (c) If a quorum is not present within 30 minutes after the time appointed for a meeting of Shareholders, the meeting shall be adjourned to the date 5 Business Days from

the date of the original meeting, at the same time and place of the original meeting and the quorum for that re-convened meeting of Shareholders is the presence of one PEP Shareholder.

5.3 Chairperson

The Chairperson of a general meeting does not have a casting vote.

5.4 Shareholder voting rights

- (a) Each Shareholder is entitled to cast votes by reference to the number of fully paid Shares held by it.
- (b) If the number of Shareholders who are required to approve a matter sign and date a document (or two or more documents which are in identical terms) which was sent to all Shareholders and contains a statement to the effect that they are in favour of the matter set out in the document, then the matter is taken to have been approved (as of the date of the last signature required to reach the number of Shareholders required to approve such matter).

5.5 Shareholder decisions

- (a) No resolution of Shareholders will be carried:
 - (i) unless, subject to the Act or clause 5.5(c) applies, it is passed by a majority of votes entitled to be cast at the time of the vote;
 - (ii) if the passing of the resolution, or the circumstances surrounding it, are inconsistent with the provisions of this Deed.
- (b) A Shareholder may have regard to and represent the interests of that Shareholder and may act on the wishes of that Shareholder in exercising any power to vote in relation to the Company.
- (c) The Company may not, and must ensure that each Company Group Member does not take any action or pass any resolution in respect of any of the matters set out in Schedule 3 unless the action or resolution has been approved by a Special Majority Resolution.

5.6 Meetings of Class B Shareholders

- (a) Meetings of Class B Shareholders (**Class B Meetings**) will be held in order to facilitate the exercise of Class B Shareholders' rights to appoint, remove and replace directors under clauses 4.2(b) and 4.2(c).
- (b) The provisions of clauses 5.2 and 5.4 and apply to Class B Meetings, with the following changes:
 - (i) any action or resolution in a Class B Meeting will be made by the affirmative vote of a Simple Majority of Class B Shareholders;
 - (ii) a quorum for Class B Meeting is constituted by the presence of two or more Class B Shareholders; and
 - (iii) only Class B Shareholders are permitted to vote at a Class B Meeting.

6. Management of the Company Group

6.1 Management

- (a) Subject to applicable law and this Deed, the overall direction and management of the Company and each other Company Group Member is vested in the Board including the formulation of policies to be applied in the conduct of the Business.
- (b) The Board and the board of each other Company Group Member must ensure that the Business is managed in accordance with this Deed, the Constitution and the Business Plan and Budget.
- (c) Decisions which are not part of the day to day management of the Company Group must be made at meetings of the Board. Any Director may make a submission to the Board specifying matters for determination by the Board which are not within the day to day management of the Company Group.
- (d) The CEO and such other persons as the Board determines from time to time are authorised by the Company to manage the Business and implement the Business Plan and Budget on a day to day basis, subject to any directions of the Board and subject to this Deed. The Board may revoke or vary such authorisation in its absolute discretion and at any time and from time to time.

6.2 Executives

- (a) The Board may remove and replace the CEO, CFO and any other direct report of the CEO.
- (b) The CEO will report to and serve under the direction of the Board and is subject to any lawful direction or delegation (or revocation of a prior delegation) from the Board.
- (c) The CFO will report to and serve under the direction of the CEO (or as the Board otherwise resolves) and will be responsible for managing the financial affairs of the Business on a day to day basis in accordance with the Business Plan and any policies approved by the Board from time to time.

6.3 Compliance, Corporate Governance and Risk Management

The Company must establish and comply with, and each other Company Group Member must comply with, a compliance, corporate governance and risk management plan which:

- (a) is appropriate for a group of companies conducting the Business; and
- (b) is of a standard which is at least comparable with that generally accepted in the markets in which the Business operates.

6.4 Company covenants

The Company undertakes to each Shareholder to do or cause to be done the following:

- (a) take out and maintain insurance policies in respect of all risks that a prudent person would insure against in relation to the conduct of a business similar to the Business including indemnity insurance policies in respect of the assets of the Company and review those policies annually so as to ensure that the policies are maintained so as to achieve the objective in this clause 6.4;
- (b) subject to the provisions of the Act, take out and, at all times maintain directors' and officers' liability insurance in relation to all Directors and officers of the Company

and its Subsidiaries providing cover in the amount and of a level reasonably required by the Boards; and

- (c) that the Company and each of its Subsidiaries will enter into deeds of access and indemnity with each Director and officer of the Company and each of its Subsidiaries, which deeds shall provide for indemnification of the Director or officer, access to company books by the Director or officer for the purpose of defending an action against the Director or officer for breach of duty and maintenance of directors' and officers' insurance for the Director or officer, after he or she ceases to be a Director or officer, each to the maximum extent permitted by law.

7. Reporting and records

7.1 Information

- (a) The Company Group must maintain books and records as required by law.
- (b) Each Director must at all times be given reasonable access to:
 - (i) inspect the assets of the Company;
 - (ii) inspect and take copies of documents relating to the Business, including the accounts of the Company; and
 - (iii) discuss the affairs, finances and accounts of the Company with its officers, employees, agents, representatives or contractors and the Auditor.
- (c) Each Director may disclose all information (confidential or otherwise) about the affairs, finances and accounts of the Company to the Shareholder appointing him or her.

7.2 Information to PEP

- (a) The Company, and the CEO and CFO, must promptly deliver to, or as directed by, PEP such financial and other information relating to the Company Group as PEP may request, including any information required by any financiers or prospective financiers of the Company or the Company Group.
- (b) The Company must provide to each PEP Shareholder, upon written request, full access to:
 - (i) inspect the assets of the Company Group;
 - (ii) inspect and take copies of documents relating to the Business or the Company Group; and
 - (iii) discuss the affairs, finances and accounts of the Company Group with the Company Group's officers, employees, agents, representatives or contractors and the Auditor.

7.3 Information to Class B Shareholders and Management Shareholders

The Company must provide a copy of the latest Audited Financial Statements of the Company Group on request by a Class B Shareholder or a Management Shareholder, within a reasonable time of the request.

7.4 Exception

Notwithstanding clause 7.1 and 7.2, each Shareholder acknowledges and agrees that the Company Group holds and maintains Sensitive Information by virtue of its agreements with customers and agrees not to request any such Sensitive Information, and the Company is not required to disclose any Sensitive Information to any Shareholder including the PEP Shareholders.

7.5 Business Plan and Budget

- (a) At least 1 month before the commencement of each Financial Year following the Implementation Date, the Company must procure that the CEO, in consultation with the Board, prepares and distributes to the Directors a draft Business Plan and Budget for the upcoming Financial Year.
- (b) The Directors must consider the draft Business Plan and Budget and, subject to compliance with clause 7.6, approve a Business Plan and Budget for the next Financial Year before commencement of the relevant Financial Year.
- (c) The Company must ensure that the Company Group conducts its Business in each Financial Year in accordance with the Business Plan and Budget approved and adopted by the Board for that financial Year, or as may be amended by the Board from time to time in accordance with clause 7.6.

7.6 Variation of Business Plan and Budget

The Board may, at their discretion, agree to amend the Business Plan and Budget at any time during a Financial Year.

8. Dividends

8.1 Decision to pay Dividend

Subject to the Act, a decision to pay and the amount of any Dividend will be at the sole discretion of the Board, subject to:

- (a) retention of such reasonable and proper reserves for working capital requirements, possible future acquisitions, capital expenditure, debt amortisation or other actual or contingent liabilities or commitments of the Company Group as the Board considers reasonably appropriate; and
- (b) such Dividend not resulting in a breach of any covenant or undertaking of the Company Group to any bank or financial institution or under any other material contract of the Company Group.

8.2 Entitlement to Dividend

- (a) Each Shareholder (as at the relevant record date) will be entitled to receive its Relevant Proportion of any Dividend declared by the Board.
- (b) The Parties agree and acknowledge that, as at the date of this Deed, there is no intention for any Dividends to be declared or paid for a period of 2 years commencing on the Implementation Date.

8.3 Dividend reinvestment plan

- (a) The Board may elect to establish a dividend reinvestment plan providing each Shareholder with the right to elect to apply the proceeds of any Dividend payable to

it in respect of its Shares towards subscription for further Shares in the same class in the Company.

- (b) Shares to be issued pursuant to a dividend reinvestment plan established under clause 8.3(a) will be issued at Fair Market Value, as determined by the Board in good faith (**Issue Price**).
- (c) If a Shareholder (**Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Fair Market Value, it must give the Company a notice (**Referral Notice**) within 2 Business Days of receiving notice from the Board of the Issue Price for the Shares to be issued pursuant to the dividend reinvestment plan, specifying the grounds on which it disagrees with the calculation of the Fair Market Value. If the Company receives a Referral Notice in accordance with this clause 8.3(c) the independent valuation process in clause 22 will apply.

9. Further funding and issue of Securities

9.1 No obligation

No Shareholder will be obliged to provide any funds of any nature whatsoever to or on behalf of any Company Group Member, whether by way of loans or subscription for Securities or debentures, provide any form of financial accommodation to or on behalf of any Company Group Member, or guarantee or secure the obligations of any Company Group Member.

9.2 Further funding

If the Company Group requires capital including for the purposes of business development, capital expenditure or any other growth opportunity, the Company must, prior to seeking funding from Shareholders as contemplated by the remainder of this clause 9, use all reasonable endeavours to utilise the cash reserves of the Company Group in the first instance, and if such cash is not sufficient, use all reasonable endeavours to utilise debt funding (subject to availability of commercially acceptable terms).

9.3 Issues of Shares

- (a) If, in the reasonable opinion of the Board, the procurement of further funding by the Company as contemplated by clause 9.2 is not in the commercial best interests of the Company or following exhausting the options contemplated under clause 9.2, the Company may issue further Securities to the Shareholders in accordance with clause 9.3(b).
- (b) The Company must not issue any Securities unless the issue is:
 - (i) an issue of Securities permitted in accordance with clause 9.4; or
 - (ii) issue of Securities pursuant to a pro rata offer in accordance with clause 10.

9.4 Permitted Issues

For the purposes of clause 9.3(b)(i), the Company may issue Securities (or agree to issue or grant any option or right to issue Securities, or enter into a contract, arrangement or understanding with a similar economic effect) if the issue is approved by the Board and is:

- (a) an issue of Class A Shares to PEP Shareholders as contemplated by clause 2 and consistent with the Scheme;
- (b) an issue of Class B Shares to shareholders of the Target pursuant to the Scheme;

- (c) an issue of Securities to a Manager (or an Affiliate of a Manager) by way of incentives including pursuant to, or as contemplated by, the Management Incentive Plan;
- (d) an issue of Securities to Employees pursuant to an Employee Share Option Plan (including upon exercise of options or performance rights or conversion of instruments into Securities (if applicable) granted under the Employee Share Option Plan);
- (e) an issue of Securities pursuant to a dividend reinvestment plan established under clause 8.3;
- (f) an issue of Securities to Third Party investors pursuant to an IPO;
- (g) an issue of Securities as non-cash consideration for an arms' length, bona fide acquisition of a company, business or assets by a Company Group Member provided that any issue of Securities under this clause 9.4(g) is not to PEP or an Affiliate of PEP and does not involve Class B Shares being issued to a person other than an existing Class B Shareholder;
- (h) an issue of Securities under a Reorganisation Event provided that the Reorganisation Event does not dilute the interests of any Shareholder;
- (i) an issue of Securities to which all of the Directors consent in writing, provided PEP Directors are not the only Directors of the Company;
- (j) an issue of Securities to PEP or an Affiliate of PEP (**Emergency Funding Shares**), if the Board determines (acting reasonably), that an urgent injection of funds is appropriate in order to:
 - (i) ensure that the Company Group does not breach (or ceases to breach) the covenants and conditions of its external debt financing, or is otherwise required by its external debt financiers; or
 - (ii) ensure that the Company Group does not experience (or ceases to experience) an Insolvency Event,
 provided however that:
 - (iii) the process set out in clause 10 is followed after such injection of funds to give all other Shareholders (each Shareholder an **Emergency Funding Catch-up Offeree**) the opportunity to subscribe for further Securities, or to acquire Securities from PEP or its Affiliate, to maintain their Relevant Proportion prior to the injection of funds by PEP or its Affiliate and having regard to any additional Securities issued to the Shareholders of the Emergency Funding Shares under clause 9.4(j)(iv) (**Emergency Funding Catch-up Shares**);
 - (iv) if the issue price for the Emergency Funding Catch-up Shares determined under clause 10 (**Emergency Funding Catch-up Share Price**) is less than the issue price of the Emergency Funding Shares, then the Company must, as soon as reasonably practicable after the determination of the issue price of the Emergency Funding Catch-up Shares, do all things necessary to ensure that the PEP Shareholders' holdings of Securities reflect the number of Emergency Funding Shares that would have been issued to the Shareholders of the Emergency Funding Shares had they been issued at the Emergency Funding Catch Up-Share Price, including issuing additional Securities for nil or nominal consideration; and

- (v) if the Emergency Funding Catch-up Share Price is greater than the issue price of the Emergency Funding Shares, then the Shareholders of the Emergency Funding Shares must, as soon as reasonably practicable after the determination of the Emergency Funding Catch-up Share Price, transfer to the Emergency Funding Catch-up Offerees in their Relevant Proportions (as determined immediately prior to the issuance of Emergency Funding Shares) the Excess Emergency Funding Shares for nil consideration; or
- (k) an issue of Securities to PEP or an Affiliate of PEP (**M&A Shares**), if the Board determines (acting reasonably) that an injection of equity funding is required to implement an arms' length, bona fide acquisition of a company, business or assets by a Company Group Member and the timing required to implement the process set out in clause 10 would adversely affect the prospects of the Company Group implementing the transaction provided however that:
 - (i) the process set out in clause 10 is followed after such injection of funds to give all other Shareholders (each Shareholder an **M&A Catch-up Offeree**) the opportunity to subscribe for further Securities, or to acquire Securities from PEP or its Affiliate, to maintain their Relevant Proportion prior to the injection of funds by PEP or its Affiliate and having regard to any additional Securities issued to the Shareholders of the M&A Shares under clause 9.4(k)(iii) (**M&A Catch-up Shares**);
 - (ii) if the issue price for the M&A Catch-up Shares determined under clause 10 (**M&A Catch-up Share Price**) is greater than the issue price of the M&A Shares, then the Shareholders of the M&A Shares must, as soon as reasonably practicable after the determination of the issue price of the M&A Catch-up Shares, transfer to the M&A Catch-up Offerees in their Relevant Proportions (as determined immediately prior to the issuance of M&A Shares) the Excess M&A Shares for nil consideration; and
 - (iii) if the M&A Catch-up Share Price is less than the issue price of the M&A Shares, then the Company must, as soon as reasonably practicable after the determination of the issue price of the M&A Catch-up Shares, do all things necessary to ensure that the PEP Shareholders' holdings of Shares reflect the number of M&A Shares that would have been issued to the Shareholders of the M&A Shares had they been issued at the M&A Catch Up-Share Price, including issuing additional Shares for nil or nominal consideration.

9.5 Classes of Securities

- (a) Other than as expressly provided in this Deed, Class A Shares and Class B Shares rank equally, and the rights and obligations attaching to Class A Shares and Class B Shares are identical.
- (b) If at any time a:
 - (i) Class A Share or Class C Share is issued or transferred to a Class B Shareholder, it will automatically and immediately convert to a Class B Share; or
 - (ii) Class A Share or Class B Share is issued or transferred to a Class C Shareholder (that, for the avoidance of doubt, is not also a Class B Shareholder), it will automatically and immediately convert to a Class C Share;
 - (iii) Class B Share or Class C Share is issued or transferred to a PEP Shareholder, it will automatically and immediately convert to a Class A Share.

- (c) Class A Shares, Class B and Class C Shares will otherwise not convert to another class of Security.
- (d) Subject to compliance with the Act and other applicable laws, the conversion of any Securities in-to any other class of Securities will not constitute a cancellation, redemption or termination of the Securities or the issue, allotment or creation of new Securities, but will have the effect of varying the status of, and the rights attaching to, the Securities so that they become Securities of the class into which they are converted. For clarity, any Securities that are converted in accordance with this clause 9.5 remains on issue at all times throughout the Conversion.

9.6 Nominated Affiliate

Subject to compliance with clauses 9.7, 11 and 12 a PEP Shareholder may nominate an Affiliate (**Nominated Affiliate**) to exercise its right to make an offer to subscribe for new Securities under clauses 9 and 10, and the Company must, subject to receipt of the relevant subscription amount and compliance with clauses 9 and 10, issue to the Nominated Affiliate the number of new Securities allocated to the PEP Shareholder.

9.7 Accession Deed

The Board must not allot or issue any Securities to any person that is not a Shareholder until the proposed allottee has executed, and delivered to the Company, an Accession Deed. If a proposed allottee executes or delivers an Accession Deed the Parties accept such a person as a party to this Deed.

10. Pro rata issue of Shares

10.1 Pro rata offer to Shareholders

For purposes of clause 9.3(b)(ii), the Board may resolve to issue Securities, provided that those Securities are offered to all Shareholders in accordance with this clause 10.

10.2 Basis of Issue

The Company must ensure that the issue is conducted on the following basis:

- (a) the Company must in the first instance, offer each Shareholder in each class of Securities its Relevant Proportion of the total number of Securities to be issued in that class. The Company must serve notice on the holders of each class of Shares (**Issue Notice**) specifying:
 - (i) the terms of issue;
 - (ii) the issue price per new Securities in the relevant class which must be equal to Fair Market Value as determined by the Board in good faith, at the date of the Issue Notice;
 - (iii) the total number of new Securities to be issued (as well as the total number of new Securities to be issued in each class);
 - (iv) the number of new Securities for which the Shareholder would need to subscribe to maintain its Relevant Proportion noting that Shareholders have the right to accept for the whole or part of their entitlement;
 - (v) if some or all of the new Securities will be:

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- A. Ordinary Shares, the number of new Securities which constitutes the Shareholder's Relevant Proportion of those Ordinary Shares; and/or
 - B. any other class of Securities, the number of new Securities for which the Shareholder would need to subscribe in order to maintain the Shareholder's existing Relevant Proportion (after accounting for any Ordinary Shares to be issued), and
- (vi) the date on which acceptance of the offer must be received by the Company which date must not be less than 5 Business Days after the date of the Issue Notice (**Acceptance Period**).
- (b) if a Shareholder (**Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Fair Market Value of the new Securities, it must give the Company a notice (**Referral Notice**) within 2 Business Days of receiving the Issue Notice, specifying the grounds on which it disagrees with the calculation of the Fair Market Value of the new Securities. If the Company receives a Referral Notice in accordance with this clause 10.2(b) the independent valuation process in clause 22 will apply and the Issue Notice will be reissued following the determination of the Fair Market Value of the Securities under clause 22 and will constitute the Issue Notice for the purpose of this clause 10;
- (c) the issue must be for cash;
- (d) if a Shareholder accepts the offer made to it pursuant to clause 10.1 in respect of some or all of the Securities offered to it, the Shareholder must pay the agreed subscription amount at such time and in such manner that the Company directs the Shareholder in writing or as set out in the offer (not being less than 10 Business Days after the date of the Issue Notice;
- (e) in the event a Shareholder (**Non-contributing Shareholder**) does not take up all or any part of its entitlement within the Acceptance Period:
- (i) that Non-contributing Shareholder will cease to have any right to apply to subscribe for the Securities which have not been taken up; and
 - (ii) subject to clause 10.2(h), any other Shareholder who accepted their entitlement in full within the Acceptance Period (each an **Oversubscribing Shareholder**), may give notice to the Company within 5 Business Days after the expiry of the Acceptance Period (**Secondary Acceptance Period**) that it wishes to subscribe for the Securities not taken up by the Non-contributing Shareholders in which case the Oversubscribing Shareholders may subscribe for the new Securities not taken up by the Non-contributing Shareholders (in which case, at the conclusion of the Secondary Acceptance Period, those new Securities will be issued to the Oversubscribing Shareholders in accordance with the Relevant Proportions of Shares held by the Oversubscribing Shareholders);
- (f) the Company may issue any new Securities that are not subscribed for by Shareholders in accordance with clauses 10.2(a) to 10.2(e) to any Shareholder or Shareholders or any Third Party or Third Parties approved by the Board within 40 Business Days after the expiry of the later of the Acceptance Period and the Secondary Acceptance Period (as applicable) on terms no more beneficial to the subscriber than those set out in the offer made pursuant to clause 10.1; and
- (g) if the Company does not issue the new Securities within 40 Business Days after the expiry of the Acceptance Period or the Secondary Acceptance Period (as applicable), it may not issue those new Shares without first complying again with clause 10.2; and

- (h) a PEP Shareholder may subscribe for Securities that another PEP Shareholder has elected not to subscribe for and, provided that a PEP Shareholder subscribes for such Securities within 3 Business Days after the expiry of the Acceptance Period, such Securities will not be included in the Securities offered under clause 10.2(e)(ii).

11. Maximum number of Members

Notwithstanding any other provision of this Deed, except the approval of the PEP Shareholders or in connection with an IPO pursuant to clause 19:

- (a) the Company must not issue Securities to a person who is not a Member; and
- (b) no party may Dispose of any Securities to a person who is not a Member,

if that issue or Disposal of Securities would result in there being more than 50 Members (calculated assuming that at the time of that issue or Disposal of Securities, all Securities convertible into Shares or another class of Securities have been converted into Shares by their holders).

12. No requirement to prepare disclosure document

Any person's rights to be offered Shares, to subscribe for or transfer or otherwise Dispose of Shares under this Deed are subject to those rights not requiring a Company Group Member to issue a disclosure document (including a prospectus) or a product disclosure statement, undertake any registration or filing with any Government Agency or take any comparable action, whether under Chapter 6D or Chapter 7 of the Act or any comparable legislation in any other jurisdiction, unless the Board determines otherwise. Neither the Company nor any other Party will be in breach of this Deed if it fails to offer or issue any Shares to any person, or give any notice which would constitute an offer of any Shares to any person, in circumstances where such offer or issue of Shares would require the taking of any action described in this clause 12.

13. Management and employee equity

13.1 Incentive Plans

- (a) As soon as practicable following the Implementation Date, the Board will consider the adoption by the Company of a Management Incentive Plan and an Employee Share Option Plan. This may include:
 - (i) the subscription of Securities by Managers; and/or
 - (ii) the issue, to Managers, of incentive securities rights that are convertible or exercisable into Securities; or
 - (iii) the issue, to Employees, of incentive securities rights that are convertible or exercisable into Securities.
- (b) If the Management Incentive Plan or Employee Share Option Plan involves the issue of Shares or Securities that are convertible or exercisable into Shares, then prior to the Shares being issued or transferred to the Manager or Employee, the Manager or Employee must execute an Accession Deed in order to become a Shareholder.
- (c) Any Shares issued to Management Shareholders under the Management Incentive Plan will be designated as Class C Shares. Subject to any voting rights prescribed by the Act, Class C Shares are non-voting shares.

14. Restrictions on Disposal and Deemed Disposals

14.1 Restrictions on disposals of interests

- (a) A Shareholder may not Dispose of any Shares except in accordance with this Deed.
- (b) A Shareholder may not Dispose of its Shares other than if the Disposal is:
 - (i) permitted under clause 14.2 (Permitted Transfers);
 - (ii) required under clause 14.3 (Change of Permitted Transferee);
 - (iii) made in accordance with clauses 15 (Drag Along) or 16 (Tag Along);
 - (iv) made as part of an Exit pursuant to clause 18, including an IPO pursuant to clause 19;
 - (v) made pursuant to clause 20 (Compulsory Transfer);
 - (vi) made pursuant to clause 21 (Disposal of Small Holdings);
 - (vii) by PEP or an Affiliate of PEP to an Emergency Funding Catch-up Offeree or an M&A Catch-up Offeree pursuant to clause 9.4(j) or 9.4(k); and
 - (viii) in respect of a Nominee Transfer pursuant to clause 23; or
 - (ix) approved by way of a Special Director Approval.
- (c) Each Shareholder must take all such actions as they are permitted to do by law so that any purported Disposal of Shares which does not comply with this Deed will be of no force or effect.
- (d) Each Share certificate issued by the Company must include a statement that:

"Transfer and disposal of Shares in the Company are subject to restrictions contained in the Shareholders Agreement relating to the Company dated [●] and its Constitution."

14.2 Permitted Transfers

Subject to clause 23 and 14.3:

- (a) any Disposal of Shares by a Class B Shareholder to a Permitted Transferee of that Shareholder subject to such party signing an Accession Deed; and
- (b) any Disposal of Shares by a PEP Shareholder to Permitted Transferee of that PEP Shareholder subject to such party signing an Accession Deed.

14.3 Change of Permitted Transferee

In the event that any person to whom Shares are Disposed of pursuant to clause 14.2 ceases to be within the required relationship to the original transferor then, that person must, within 15 Business Days of so ceasing, Dispose of all such Shares to the person who originally transferred them or to any person falling within the required relationship to the original transferor on the same terms (except as to consideration) as they were originally transferred.

14.4 Accession Deed

Notwithstanding any other clause in this Deed, a Disposal of Shares to a person that is not a Shareholder is void and of no effect unless and until the proposed transferee has executed, and delivered to the Company and each Shareholder, an Accession Deed.

14.5 Related parties

- (a) If a Class B Shareholder Disposes of any Class B Shares to a Permitted Transferee or the Nominee, or purports to Dispose of any Class B Shares other than in compliance with this Deed, that Class B Shareholder remains liable in respect of all covenants, warranties, undertakings and obligations given by it under this Deed (including in respect of those Class B Shares).
- (b) Each Class B Shareholder must ensure that each Permitted Transferee complies with all of its obligations under this Deed.

14.6 Deemed release

Despite any other provision of this Deed, on completion of any sale or other Disposal of Securities or Shares by any Shareholder other than PEP, after which the relevant Shareholder will no longer hold any Securities or Shares, the Company, PEP and its Affiliates and the other Shareholders will be deemed to be unconditionally released from all Liabilities to that Shareholder and any other Claims by that Shareholder of any nature whatsoever, actual or contingent, in respect of any prior breach by the Company, PEP, its Affiliates or any other Shareholder of any of their respective obligations under this document (whether that Liability or Claim is known at the relevant time or not).

14.7 Obligations on certain conversions and Disposals of Securities

If the Company wishes to undertake a conversion, buy back, redemption or cancellation of any Securities in accordance with this Deed, the Constitution, an incentive plan or the terms of issue of any Securities (**Relevant Transaction**), each party (in all relevant capacities) must do and perform, and procure that any Directors appointed or nominated by it and/or its Affiliates do and perform, all acts and enter into all documents which are within its power (in any capacity), and use its best endeavours to procure others to do and perform all acts and enter into all documents, which are requested by the Board to give effect to the Relevant Transaction, including:

- (a) voting in favour of the Relevant Transaction at any Board and Shareholder's meetings that may be required;
- (b) if the Relevant Transaction includes a buy back and/or cancellation of any Securities, entering into any buy back agreement or cancellation agreement that may be required to effect the buy back and/or cancellation;
- (c) lodging all necessary documents to effect the Relevant Transaction and giving all necessary notifications of the Relevant Transaction to regulatory authorities; and
- (d) performing those acts necessary to complete the Relevant Transaction in accordance with its terms including paying the price for the Securities and delivering the certificate(s) and, if necessary, executed transfer(s) for the Securities.

To avoid doubt, nothing in this clause 14.7 requires:

- (e) any Director to take any action which would breach any of his or her statutory duties;

- (f) any Shareholder to Dispose of its Securities in circumstances where it is not otherwise required to do so under this document, the Constitution, an incentive plan or the terms of issue of any Securities; or
- (g) any Shareholder to agree to the Disposal of its Securities at a price that is less than that specified in, or on terms which are otherwise inconsistent with a express provision of, this document, the Constitution, an incentive plan or the terms of issue of those Securities (if any) (as applicable to the Shareholder and the Securities which are subject to the Relevant Transaction).

15. Drag Along Rights

15.1 Drag Along

If PEP wishes to Dispose of any of its Shares to one or more Third Party Buyers pursuant to simultaneous transactions in a manner permitted under this Deed, then it may give a Drag Along Notice to each Shareholder, with a copy to the Company.

15.2 Drag Along Notice

A Drag Along Notice must state:

- (a) the identity of the proposed Third Party Buyer (except where the identity of the Third Party Buyer is unknown due to the proposed sale being by way of auction or dual-track Exit process);
- (b) the number of Shares proposed to be sold by PEP and the percentage of the total number of Shares held by PEP proposed to be sold (in each case, a **Drag Proportion** of the relevant class of Shares, as applicable);
- (c) the sale price (which need not be a cash price) for each Class A Share to be sold by PEP (except where the sale price is unknown due to the proposed sale being by way of auction or dual-track Exit process, in which case a minimum sale price must be specified or where the sale price is unknown due to the proposed sale being by way of IPO, in which case a price range must be specified) (**Drag Price**), which need not be cash consideration, and any other terms of the proposed sale (including any representations, warranties and indemnities to be given) by PEP to the Third Party Buyer (**Drag Sale Terms**); and
- (d) that PEP requires each other Shareholder to sell the Drag Proportion of their Shares (**Dragged Shares**) to the Third Party Buyer at the Drag Price per Share and on terms no less favourable to the other Shareholders than the terms contained in the Drag Sale Terms.

15.3 Effect of Drag Notice

If a Drag Notice is given (and has not been withdrawn pursuant to clause 15.4), then:

- (a) each Shareholder (other than PEP) must sell its Dragged Shares to the Third Party Buyer on the terms stated in the Drag Along Notice;
- (b) the Parties must do all things and execute such documentation as is reasonably necessary or is reasonably required by PEP to effect the proposed sale to the Third Party Buyer, including taking all steps necessary to obtain any approvals required from any Governmental Agency;
- (c) PEP must not complete the proposed sale to the Third Party Buyer unless at the same time, the Third Party Buyer offers to buy all the Dragged Shares on the terms stated in the Drag Notice;

- (d) each Shareholder agrees that, except as otherwise expressly provided for in any relevant transaction documentation, each Shareholder must pay its pro rata share (based on the proceeds from the sale of its Shares as a proportion of all proceeds from the sale of Shares at the same time) of all expenses incurred by the PEP Shareholders and the Group Companies (as the case may be) in connection with the relevant transaction, but only to the extent such expenses are not otherwise paid by the Company or another person; and
- (e) subject to clause 17(a), PEP may require each Shareholder to give reasonable representations and warranties under any agreements relating to the purchase of such Dragged Shares, the Business or the Company Group, provided that:
 - (i) such representations and warranties are given on an equivalent basis by PEP; and
 - (ii) all reasonable endeavours are used to procure a warranty and indemnity insurance policy on a no-recourse basis and on market terms in respect of such representations and warranties.

15.4 Withdrawal of Drag Notice

- (a) A Drag Notice may be withdrawn by PEP at any time by written notice to each Shareholder, with a copy to the Company.
- (b) PEP may issue more than one Drag Notice.

15.5 Power of Attorney

Each Shareholder other than PEP irrevocably appoints the Company as its attorney in accordance with clause 24 on default by it of performance of its obligations under this clause 15.

15.6 Ongoing value of the Business

Each Management Shareholder acknowledges that:

- (a) if the Third Party Buyer wishes to offer the Manager participation in a management incentive plan relating to the Business after the Third Party Buyer's acquisition, then the Manager will consider such opportunity in good faith and with a view to maximising the total value of the Business to that Third Party Buyer; and
- (b) to achieve a successful Exit Event the Manager is likely to be required to commit to continue working in the Business in an executive capacity, on market terms, as reasonably required by PEP following the Exit Event.

16. Tag Along

16.1 Invitation to Tag

If PEP intends to Dispose of any of its Class A Shares to a Third Party Buyer, and has not issued a Drag Notice, or has withdrawn such Drag Notice, it must give an Invitation to Tag to the Shareholders other than PEP with a copy to the Company.

16.2 Contents of Invitation to Tag

An Invitation to Tag must state:

- (a) the identity of the proposed Third Party Buyer (except where the identity of the Third Party Buyer is unknown due to the proposed sale being by way of auction or dual-track Exit process);
- (b) the number of Shares proposed to be sold by PEP and the percentage of the total number of Shares held by PEP proposed to be sold (in each case, a **Tag Proportion** of the relevant class of Share, as applicable);
- (c) the sale price for each Share (except where the sale price is unknown due to the proposed sale being by way of auction or dual-track Exit process, in which case a minimum sale price must be specified or where the sale price is unknown due to the proposed sale being by way of IPO, in which case a price range must be specified) (**Tag Price**) to be sold by PEP (which need not be cash consideration) and any other terms of the proposed sale (including any representations, warranties and indemnities to be given) by PEP to the Third Party Buyer (**Tag Terms**);
- (d) that the Shareholder has an option (**Tag Option**) to direct PEP to include in the sale to the Third Party Buyer the Tag Proportion of Shareholder's Shares, as applicable (the **Tagged Shares**), at the Tag Price per Tagged Share and on terms no less favourable (subject to clause 17(a)) to the Shareholder than the terms contained in the Tag Terms; and
- (e) the period during which the Tag Option may be exercised, which must not be less than 10 Business Days from the date of the Invitation to Tag.

16.3 Exercise of Tag Option

A Tag Option may be exercised by notice in writing to PEP (with a copy to the Company) within the exercise period stated in the Invitation to Tag. Any exercise of a Tag Option must be for all Tagged Shares and is irrevocable.

16.4 Effect of exercise of Tag Option

If a Shareholder exercises its Tag Option:

- (a) that Shareholder must sell all Tagged Shares to the Third Party Buyer on the terms stated in the Invitation to Tag;
- (b) the Parties must do all things and execute such documentation as is reasonably necessary or is reasonably required by PEP to effect the proposed sale to the Third Party Buyer;
- (c) PEP must not complete the proposed sale to the Third Party Buyer unless at the same time, the Third Party Buyer offers to buy all the Tagged Shares for which a valid notice of exercise has been provided on the terms stated in the respective Invitation to Tag;
- (d) that Shareholder agrees that, except as otherwise expressly provided for in any relevant transaction documentation, each Shareholder who sells Tagged Shares at the same time that PEP sells its relevant Shares must pay its pro rata share (based on the proceeds from the sale of its Tagged Shares as a proportion of all proceeds from the sale of Shares at the same time) of all expenses incurred by the PEP Shareholders selling Tagged Shares and the Group Companies (as the case may be) in connection with the relevant transaction, but only to the extent such expenses are not otherwise paid by the Company or another person; and
- (e) subject to clause 17(a), PEP may require each Shareholder to give reasonable representations and warranties under any agreements relating to the purchase of such Tagged Shares, the Business or the Company Group, provided that:

- (i) such representations and warranties are given on an equivalent basis to PEP; and
- (ii) all reasonable endeavours are used to procure a warranty and indemnity insurance policy on a no-recourse basis and on market terms in respect of such representations and warranties.

16.5 Power of attorney

Each Shareholder other than PEP irrevocably appoints the Company as its attorney in accordance with clause 24 on default by it of performance of its obligations under clause 16.

16.6 Tag Option does not apply to certain Disposals

For the avoidance of doubt, this clause 16 does not apply to the following Disposals of Shares:

- (a) Disposals to an Emergency Funding Catch-up Offeree or an M&A Catch-up Offeree under clauses 9.4(j) or 9.4(k);
- (b) in connection with an IPO under clause 19; or
- (c) in connection with a Disposal to a Permitted Transferee.

17. Management Shareholders – Drag and Tag Sale Terms

- (a) For the purposes of clauses 15.3(e) and 16.4(e), a Management Shareholder and/or their Relevant Manager may be required to give additional representations and warranties without such representations and warranties being given on an equivalent basis by PEP or the Class B Shareholders, provided that the Company procures a warranty and indemnity insurance policy on a no-recourse basis and on market terms in respect of such representations and warranties.
- (b) For the purposes of clauses 15.2(d) and 16.2(d), the giving of additional representations and warranties by a Management Shareholder or their Relevant Manager under clause 17(a) will not be considered as terms less favourable to the Management Shareholder than the terms contained in the Drag Sale Terms or Tag Terms (as relevant).

18. Exit Process

18.1 Exit Notice

The PEP Shareholders may, at any time, (which right, for the avoidance of doubt, may be exercised more than once) give a notice to the Company (**Exit Notice**), requiring the Board to appoint a financial adviser or investment bank of good standing (**Financial Adviser**) to act on behalf of the Company and all Shareholders to:

- (a) assist the Board with its evaluation on whether to proceed with an IPO, a Share Sale or Trade Sale or whether to commence preparations concurrently for more than one of those options, in order to obtain the highest valuation of the Company Group and the best return on exit for Shareholders; and
- (b) if the Board decides to proceed with an Exit, to manage the process of preparing for an IPO and/or conducting an auction offer for a Share Sale and/or Trade Sale.

18.2 Exit Assistance

If the Board decides to proceed with an Exit, without prejudice to their other obligations:

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- (a) each party must (and the Company must procure that the other Company Group Members) use their best endeavours to ensure that the Exit occurs in accordance with the terms approved by the Board;
- (b) each Shareholder must exercise all rights it has in relation to the Company Group and its Securities to ensure that the Exit is achieved in accordance with the terms approved by the Board, and no Shareholder will object to the Exit or the process by which the Exit is implemented in accordance with the terms approved by the Board;
- (c) each Shareholder must, and must procure that each Director appointed by it and/or its Affiliates, approve all matters appropriate to ensure that the Exit occurs in accordance with the terms approved by the Board and must not withhold, deny or delay any consent or approval right it has in connection with an Exit;
- (d) each party must (and the Company must procure that the other Company Group Members) do all things, execute all documents and provide all such information and assistance as may be required by the Company or the PEP Shareholders (including preparing any necessary materials for, and giving presentations to, Third Parties and potential financiers, facilitating and supporting any due diligence process required (including providing information requested by the PEP Shareholders), assistance in obtaining Governmental Agency and third party approvals and consents required for the Exit and undertaking any action required clause 19 if the Exit is an IPO) to facilitate the Exit; and
- (e) the Company must appoint financial, legal, taxation, accounting and other advisers nominated by the PEP Shareholders to advise on, and assist with, the Exit.

18.3 IPO

If the Board decides to proceed with an IPO, then clause 19 will apply.

18.4 Trade Sale

- (a) If the Board decides to conduct a Trade Sale, the Company and each Shareholder (and each Shareholder must procure that the Directors) must co-operate and use its best endeavours to do all acts, matters and things within its power to effect the Trade Sale.
- (b) If a Trade Sale is implemented and required by the Company, the parties must (including that the Company must procure that the other Group Companies, and each Shareholder must procure that each director of the Group Companies) do all things and execute all documents necessary to ensure that:
 - (i) the Company distributes the proceeds of the Trade Sale to the Shareholders in accordance with their entitlements under this Deed, the Constitution and the terms of the Shares (net of any applicable tax or other costs and expenses to be paid on behalf of the Group Companies or the Shareholders and net of all amounts which the Board determines should be retained by a Group Company or any third party escrow agent on account of any future contingent payments, including in support of any indemnity or post-completion adjustment (**Retained Amounts**)) as soon as reasonably practicable after completion of the Trade Sale;
 - (ii) as soon as reasonably practicable (which may be at multiple times), the Company distributes so much of the Retained Amounts as are no longer required to be retained on account of any future contingent payments (net of any applicable tax or other costs and expenses to be paid on behalf of the Shareholders); and
 - (iii) if required by PEP, any Group Company is wound up.

18.5 Share Sale

If the Board decides to conduct a Share Sale, the provisions of clause 15 may be applied in connection with the implementation of that Share Sale (with any required modifications to reflect the Exit process).

18.6 Agent for receipt of proceeds

In connection with any Tag Transaction, Drag Transaction or Exit, the Company or any PEP Shareholder may:

- (a) make appropriate arrangements to preserve the confidentiality of the details of the consideration received by each Shareholder in connection with the Tag Transaction, Drag Transaction or Exit; and
- (b) without limiting clause 18.6(a), act as, or appoint any other person with their consent to act as, agent for receipt of the proceeds to be paid to some or all Shareholders in connection with the Tag Transaction, Drag Transaction or Exit.

If the Company acts as, or appoints another person to act as, agent for the receipt of proceeds in accordance with this clause 18.6, distribution of those proceeds in accordance with directions received from the relevant Shareholders will constitute a full payment and distribution of the proceeds and neither the Company nor any other person will be liable to see to the receipt of those proceeds, in the absence of fraud or wilful misconduct.

18.7 Impact of Exit Notice on Permitted Transfers

The issue of an Exit Notice under this clause 17 does not limit the rights of Shareholders to under clauses 14, 15 and 16.

18.8 Power of attorney

Each Shareholder other than PEP irrevocably appoints the Company as its attorney in accordance with clause 24 on default by it of performance of its obligations under this clause 17.

19. IPO

19.1 IPO

- (a) If the Board determines to pursue an IPO (including as part of a dual track Exit process), each Shareholder and each Relevant Manager will undertake the reasonable requests of the Board including:
 - (i) giving all reasonable undertakings and enter into any reasonable escrow arrangements in relation to their Shares as may reasonably be required by the relevant Stock Exchange, Financial Adviser or underwriters or brokers to the IPO;
 - (i) applying to the Stock Exchange for admission of the Company or IPO vehicle, as applicable, to its official list and official quotation of the relevant shares on that stock exchange;
 - (ii) exchanging its Securities for securities in the relevant IPO vehicle or any other company which is proposed by the Board to become (and following such exchange will become) the ultimate holding company of the Company Group provided that such change does not have a materially adverse effect on that Shareholder's interest in the Company Group;

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- (iii) appointing appropriately qualified professional advisors;
- (iv) Disposing of some or all of its Securities (to a newly incorporated sale vehicle or otherwise) and surrendering the certificates (if any) for its Securities, in each case as requested by the Board; and allowing, and doing all things reasonably required by the Board to give effect to, the redemption, buy back, purchase and/or cancellation by the Company of all or some of its Securities, provided that the price per Security (net of costs, if applicable) for any such Disposal, redemption, buy back, purchase or cancellation is the same for all Securities of the same class issued on the same terms (and for the purpose of determining this price, Class A Shares, Class B Shares and Class C Shares will be taken to be in the same class of Securities and on the same terms);
- (v) appointing an appropriate board of directors to the Company or IPO vehicle having regard to any advice from the Financial Adviser appointed in connection with the IPO, including an appropriate number of independent non-executive directors for the Company's or IPO vehicle's listed state;
- (vi) if a Relevant Manager, consider in good faith and with a view to maximising the total value of the Business, giving all reasonable undertakings and committing to continue working in the Business in an executive capacity, on market terms, as reasonably required by PEP;
- (vii) if recommended by the underwriters, joint lead managers or Financial Adviser in relation to the IPO, do all things reasonably necessary to effect a change in the number and mix of Shares issued by the Company (or its Subsidiary) provided that such change does not have a materially adverse effect on that Shareholder's interest in the Company Group;
- (viii) if recommended by the underwriters, joint lead managers or Financial Adviser in relation to the IPO, reinvest the recommended proportion of Shares held by it immediately prior to completion of the IPO;
- (ix) assist the Company in preparing a prospectus or similar disclosure document;
- (x) do all things reasonably necessary to obtain requisite Stock Exchange and shareholder approvals, as well as other regulatory approvals, for the IPO, including procuring the passing of all appropriate resolutions of a Company Group Member in general meeting (including any class meeting) or by its directors (subject to their fiduciary obligations);
- (xi) meeting the financial reporting requirements of the Stock Exchange or trading system (including as to trading history, extracts from audited accounts of prior years, cash flow and profit forecasts, working capital reports and indebtedness statements);
- (xii) agreeing to amendments to this document, the Constitution and the constitutional documents of other Group Companies, as appropriate in connection with the IPO; and
- (xiii) provide all reasonable assistance for marketing activities, including road shows,

in each case to achieve an IPO on the terms and structure identified by the Board.

- (b) Each Manager Shareholder and each Relevant Manager acknowledges and agrees that for purposes of clauses 19.1(a)(i) and 19.1(a)(viii) it will be reasonable for each Manager Shareholder to be required to reinvest or agree to restrictions on transfer

of a material proportion of the aggregate value of the Shares held by it immediately prior to completion of the IPO.

19.2 Participation in IPO

Subject to clause 19.3, any Shareholder may participate as a selling Shareholder in an IPO and the Company must (or if applicable must ensure that the IPO vehicle and/or any other relevant offering entity will) allow the Shareholder to Dispose of its Securities or its securities in the IPO vehicle (as applicable) in the IPO (without imposing any obligation on the Company to ensure or facilitate any such Disposal of Securities or other securities).

19.3 Restrictions and escrow

Each Shareholder agrees to:

- (a) such restrictions on the number of Securities in the Company or IPO vehicle, as applicable, it is permitted to realise for cash as part of an IPO; and
- (b) if the Shareholder:
 - (i) (in the case of a Class B Shareholder, together with its Permitted Transferees) has a Relevant Proportion of 10% or greater at the time of the IPO; or
 - (ii) is a Management Shareholder,
 such escrow arrangements for its Securities in the Company or IPO vehicle, as applicable, on completion of the IPO,

as the Board may reasonably require, having regard to the advice of the financial adviser and joint lead managers on what is reasonably required or desirable for a successful IPO.

19.4 Relationship deed

If an IPO is undertaken, the Parties must procure that the relevant listed entity (be that the Company or the IPO vehicle) enters into a relationship deed with the PEP Shareholders which includes the following terms:

- (a) the PEP Shareholders will be entitled to collectively appoint up to 3 directors to the board of the listed entity for so long as the PEP Shareholders hold at least 20% of its issued share capital of the relevant listed entity and 2 directors to the board of the listed entity for so long as the PEP Shareholders hold at least 10% of its issued share capital;
- (b) for so long as the PEP Shareholders are entitled to appoint any directors to the board of the relevant listed entity,
 - (i) the PEP Shareholders will also be entitled to appoint up to 3 observers to attend each board meeting of the relevant listed entity;
 - (ii) the relevant listed entity must, on written request of a PEP Shareholder, provide the PEP Shareholder with:
 - A. board packs including monthly trading updates;
 - B. consolidated Audited Financial Statements and quarterly unaudited financial and management reports; and

- C. any other information reasonably requested by the PEP Shareholders for accounting purposes or to otherwise manage their investment in the relevant listed entity; and
- (c) the listed entity agrees to give a cleansing statement under section 708A of the Act on the request of any PEP Shareholder who is party to the relationship deed and holds not less than the proportion of the shares in the listed entity (as agreed by the Company and PEP) if it proposes to sell-down its securities in the listed entity.

19.5 Consent rights

- (a) No Shareholder may use, and each Shareholder must procure that any Directors or other directors of the Company Group appointed or nominated by it and/or its Affiliates (as applicable) do not use, any consent or approval rights conferred on that Shareholder, those Directors and/or those other directors, whether under this document or any Transaction Document, to prevent, prejudice, hinder or delay the performance by any party of any of its obligations under clauses 15, 16, 17 or this clause 19 or any transaction contemplated by any of those clauses (or any obligation or other matter reasonably incidental to giving effect to such matters).
- (b) If a Shareholder or any Director or other director referred to in clause 19.5(a), fails to give consent or approval within 2 Business Days of a request to do so by the PEP Shareholders or any director of a Company Group Member appointed or nominated by the PEP Shareholders and the failure to give that consent or approval would result in (or would be reasonably likely to result in) the prevention, prejudicing, hindering or delaying of the performance by any party of any such obligations or any such transaction:
 - (i) if the consent or approval is the consent or approval of a Shareholder, the consent or approval will be deemed to have been given at 5.00pm on the 2nd Business Day following the request being made; or
 - (ii) if the consent or approval is the consent or approval of a Director or director of a Company Group Member appointed or nominated by the Shareholder and/or its Affiliates (as applicable), the Shareholder must immediately remove, or procure that the relevant Company Group Member removes, the relevant director and replaces him or her with a person willing and able to give the relevant consent or approval.

19.6 Company's obligations

Without limiting the generality of clause 19.1 above, the Company must:

- (a) pay the costs of preparing the prospectus (or other relevant offer document), advisory fees, underwriting commissions (if any), expenses of due diligence investigations, Stock Exchange fees, fees of the relevant regulatory authorities, legal fees, expert's fees, printing expenses and postage expenses;
- (b) use its best endeavours to satisfy all terms and conditions of admission to listing imposed by the Stock Exchange; and
- (c) use reasonable endeavours to maximise liquidity for all Shareholders in connection with the IPO.

19.7 Power of attorney

Each Shareholder other than the PEP Shareholders irrevocably appoints the Company as its attorney in accordance with clause 24 on default by it of performance of its obligations under this clause 19.

20. Compulsory Transfer

20.1 Right to purchase Shares following Event of Default

- (a) PEP (or at PEP's election, its nominee, including the Company) may purchase another Shareholder's Shares in accordance with this clause 20 if:
 - (i) another Shareholder commits an Event of Default (**Defaulting Shareholder**); and
 - (ii) within three months of the Event of Default Date, PEP notifies the Defaulting Shareholder in writing that it wishes to purchase all or any portion of the Defaulting Shareholder's Shares.
- (b) Shares sold under clause 20.1(a) (**Default Sale Shares**) may be sold to:
 - (i) the Company by way of a purchase, buy back, cancellation as part of a reduction of capital or redemption of the relevant Share (subject to applicable law); and/or
 - (ii) PEP or its nominee (which may include any other Shareholder and/or any third party),

in such combination, as determined by the Board. The Company must notify the relevant Shareholder promptly of any such determination (a **Default Notice**).
- (c) The sale price for Default Sale Shares will be an amount equal to:
 - (i) in the case of an Event of Default within limb (g)(i) of the definition of 'Event of Default' (Relationship Proceedings), the Fair Market Value of the Default Sale Shares measured as at the Event of Default Date, as determined by the Board in good faith; or
 - (ii) in any other case, the lower of the Fair Market Value and the Net Cost of the Default Sale Shares measured as at the Event of Default Date, as determined by the Board in good faith,

(**Sale Price**).
- (d) Despite any other provision of this clause 20, where a Shareholder or their Relevant Manager commits an Event of Default within limb (g) of the definition of 'Event of Default', the Company and the PEP will act reasonably in exercising their rights under this clause 20.

20.2 Default Notice

If a Defaulting Shareholder is required to dispose of its Default Sale Shares, the Default Notice must specify for each Default Sale Share:

- (a) the Sale Price payable for the Default Sale Shares on disposal;
- (b) any conditions and other terms of the disposal required by the Board;
- (c) the Company's reasonable best estimate of the date for completion of the disposal;
- (d) the documents required to be signed by the relevant Shareholder to give effect to the disposal of the Default Sale Shares, copies of which must accompany the Default Notice; and

- (e) such other arrangements as the Board reasonably requires to give effect to the disposal of the Default Sale Shares.

20.3 Referral to Valuer

If a Defaulting Shareholder (**Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Sale Price specified in the Default Notice, it must give the Company a notice (**Referral Notice**) within 2 Business Days of receiving the Default Notice specifying the grounds on which it disagrees with the calculation of the Sale Price. If the Company receives a Referral Notice in accordance with this clause 20.3 the independent valuation process in clause 22 will apply.

20.4 Suspension of rights

- (a) If an Event of Default occurs, the rights in this clause 20 are without prejudice to any other rights any other party may have.
- (b) With effect from the date that the Defaulting Shareholder receives a notice stating that it is a Defaulting Shareholder in accordance with clause 20.1, all rights, voting rights and entitlements held by the Defaulting Shareholder are immediately suspended.
- (c) Each suspension under clause 20.4(b) continues in respect of any Shares held by the Defaulting Shareholder until the Event of Default has been remedied to the reasonable satisfaction of the Company.
- (d) For the purposes of this clause 20.4, a Defaulting Shareholder will be deemed to have remedied a breach of clause 14 relating to the Disposal of Shares if the Shares the subject of that breach are transferred back to the Defaulting Shareholder and no loss has been suffered by any Shareholder other than the Defaulting Shareholder as a result of the breach.
- (e) The Defaulting Shareholder's obligations under this Deed continue to apply during the period of any suspension of rights under this clause 20.4.

20.5 Payment of Sale Price and completion

- (a) Upon the sale or disposal of Default Sale Shares, the PEP Shareholders or their nominee or the Company or the Company's nominee, as appropriate, must pay the Sale Price to the Defaulting Shareholder:
 - (i) where the disposal is to the Company, in accordance with clause 20.6; or
 - (ii) where the disposal is to another person, in Immediately Available Funds; and
- (b) the Defaulting Shareholder must do anything (including execute any document) reasonably required by the PEP Shareholders (or their nominee) (or the Company or the Company's nominee, as appropriate) to give effect to the sale of the Default Sale Shares free from any Encumbrances.

20.6 Payment of Sale Price by Company

The Company must pay the Sale Price for any Default Sale Shares acquired by it pursuant to this clause 20:

- (a) in Immediately Available Funds (to be paid within 10 Business Days of the completion of the acquisition of the Default Sale Shares); or

- (b) in the case of the Manager Shareholders only, if and to the extent that the Company is not able to pay, or it would not reasonably be considered prudent to pay, the Sale Price in Immediately Available Funds as determined by the Board in its absolute discretion, by issuing a Company Note for all or part of the Sale Price.

20.7 Power of attorney

In consideration of each other Shareholder entering into this Deed, a Defaulting Shareholder that has received a notice from the PEP Shareholders in accordance with clause 20.1(a)(ii) irrevocably appoints the Company to be its attorney in accordance with clause 24 for the purposes of giving effect to the transactions contemplated by this clause 20 on default by it of any of its obligations under clause 20.

20.8 Other remedies

The rights and remedies contained in this clause 20 are in addition to and not to the exclusion of any other rights or remedies that a party may have against a party in default of this Deed.

20.9 Authorisations

The Parties must do all things necessary to ensure that the Company may acquire any Default Sale Shares as contemplated by this clause 20.

21. Disposal of Small Holdings

21.1 Disposal of Small Holdings

- (a) After the first anniversary of the Implementation Date of the Scheme, the Board may at any time serve written notice (**Small Holding Disposal Notice**) on a Small Shareholder that it requires the Small Shareholder to Dispose of all of its Securities on the terms in this clause 21.
- (b) For the avoidance of doubt, under this clause 21:
 - (i) Small Shareholders may be requested by the Board to Dispose of their Small Holding Securities at different times and in different manners (subject to the price per Small Holding Security being the Fair Market Value of that Small Holding Security at the date of the relevant Small Holding Disposal Notice and no Small Shareholder being required to Dispose of only some of its Securities); and
 - (ii) Small Holding Disposal Notices may be given at multiple times.

21.2 Small Holding Disposal Notice

A Small Holding Disposal Notice must state:

- (a) how the Board requires the Small Shareholder to Dispose of its Small Holding Securities, including whether the Small Holding Securities will be bought-back, redeemed, cancelled (including by way of capital reduction) and/or transferred to another Shareholder or third party nominated by the Board;
- (b) the Fair Market Value per Class B Share comprising of the Small Holding Securities subject to the Small Holding Disposal Notice; and
- (c) the date or dates on which the Disposal of the Small Shareholder's Small Holding Securities will be completed.

21.3 Effect of Small Holding Disposal Notice

- (a) If a Small Holding Disposal Notice is given, each Small Shareholder must Dispose of its Small Holding Securities on the terms stated in the Small Holding Disposal Notice (or any amended Small Holding Disposal Notice given by the Company in accordance with clause 21.3(b)).
- (b) A Small Holding Disposal Notice is revocable and may be amended by the Company (in each case, with the consent of the Board and by written notice to the relevant Small Shareholder) without the consent of the Small Shareholder.

21.4 Co-operation

The Company and all Shareholders:

- (a) must take all actions requested by the Board to give effect to a Small Holding Transaction; and
- (b) must enter into and execute all documents as required by the Board in connection with a Small Holding Transaction.

21.5 Small Holding price

The price payable for a Small Holding Shareholder's Small Holding Securities will be the aggregate Fair Market Value of the Small Holding Securities, as determined by the Board in good faith, at the date of the relevant Small Holding Disposal Notice or any other price agreed between the Small Shareholder and the Company (with Board approval).

21.6 Referral to a Valuer

If a Small Holding Shareholder (**Disputing Shareholder**), acting reasonably, disagrees with the Board's determination of the Fair Market Value of the Small Holding Securities specified in the Small Holding Disposal Notice, it must give the Company a notice (**Referral Notice**) within 2 Business Days of receiving the Small Holding Disposal Notice specifying the grounds on which it disagrees with the calculation of the Fair Market Value. If the Company receives a Referral Notice in accordance with this clause 21.6 the independent valuation process in clause 22 will apply.

21.7 Completion of a Small Holding Transaction

Completion of a Small Holding Transaction must occur on the date or dates specified in the Small Holding Disposal Notice or any other date determined by the Board and notified to the relevant Small Shareholder.

21.8 Power of attorney

Each Class B Shareholder irrevocably appoints the Company as its attorney in accordance with clause 24 on default by it of performance of its obligations under this clause 21.

22. Valuer

22.1 Appointment of Valuer

- (a) The Board must as soon as reasonably practicable and in any event not more than 3 Business Days after the date of receipt of a Referral Notice, appoint an appropriate Valuer to:
 - (i) determine the Fair Market Value in accordance with clause 22.2; and

- (ii) as soon as reasonably practicable and, in any event, no later than 15 Business Days following the Valuer's appointment, issue a certificate (**Valuer's Certificate**) specifying the Sale Price or Fair Market Value (as applicable) of Securities, expressed as a price per Share or other Security (as applicable), and provide a report to the Company setting out the results of its valuation, including an explanation of the methodologies used to conduct the valuation.
- (b) The Company and each Shareholder must provide all information and assistance reasonably requested by the Valuer.
- (c) The Valuer acts as an independent expert and not as an arbitrator when valuing Shares.

22.2 Process for Valuation

- (a) The Valuer must be instructed to conduct the valuation:
 - (i) in accordance with the terms of this Deed;
 - (ii) as at the date specified by the Board;
 - (iii) in accordance with the valuation standards, practices and principles generally accepted in the Commonwealth of Australia;
 - (iv) on the basis of an arm's length transaction between an informed and willing seller and an informed and willing buyer under no compulsion to sell or buy, respectively;
 - (v) assuming a reasonable period within which to negotiate the sale considering the state of the market on the valuation date;
 - (vi) assuming no account is taken of any prospective purchaser with unique attributes;
 - (vii) assuming the buyer would not have the benefit of any uncommon sale terms which would serve to increase or decrease the value of the Shares or the Company Group;
 - (viii) if relevant, assuming no allowance for any charges, mortgages or amounts owing on the Shares, or for any expenses or taxation which may be incurred or payable in effecting a sale (although an allowance will be made for any Encumbrances, restrictions or outgoings of an onerous nature which are specific to the Shares and which would affect value if they would not be discharged in the ordinary course prior to a transfer.
- (b) The Valuer must determine the Sale Price or Fair Market Value of Shares as follows:
 - (i) value the whole Company as if it were being sold to a third party, in accordance with the Accounting Standards and having regard to the profit, strategic positioning, future prospects and undertaking of the Business;
 - (ii) determine the price per Share on the basis of the proportion that the value of relevant parcel of Shares in question bears to the total value of Shares on issue; and

- (iii) in respect of Securities issued to PEP or an Affiliate of PEP pursuant to clauses 9.4(j) (Emergency Funding) or 9.4(k) (M&A Funding), the price per Security must be determined at the time immediately prior to the time at which PEP or its relevant Affiliate agreed to provide such Emergency Funding or M&A Funding (as applicable).

22.3 Valuation binding

The Valuer's Certificate is conclusive and binding on the Shareholders and the Company and is not subject to review or appeal except in the case of manifest error.

22.4 Costs of Valuer

The Parties agree that the costs of the Valuer in connection with the valuation are to be:

- (a) borne by the Disputing Shareholder if:
 - (i) the Valuer determined a specific dollar value and the Fair Market Value as determined by the Valuer is equal to or less than the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice; or
 - (ii) the Valuer determined a range of values and the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice is within the range of values determined by the Valuer or is higher than the highest endpoint of the range of values determined by the Valuer; or
- (b) borne by the Company if:
 - (i) the Valuer determined a specific dollar value and the Fair Market Value as determined by the Valuer is greater than the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice; or
 - (ii) the Valuer determined a range of values and the proposed Fair Market Value determined by the Board that was the subject of the relevant Referral Notice is not within the range of values determined by the Valuer or is lower than the lowest endpoint of the range of values determined by the Valuer.

23. Bare Trusts

23.1 Issue or Disposal to Nominee

- (a) If requested by the Company (with Board approval), a Shareholder other than the PEP Shareholders (**Non-PEP Shareholders**) must Dispose of the Class B Shares that it holds to the Nominee.
- (b) Each Non-PEP Shareholder must comply with the directions of the Company for the purposes of facilitating the Disposal of its Shares to the Nominee in accordance with this clause 23, including executing a ND Deed of Adherence.

23.2 Intended operation of this clause

- (a) The Parties confirm that the principle to which this clause 23 is intended to give effect is that the voting, economic and other interests of a Non-PEP Shareholder under this Deed and in respect of the Non-PEP Shareholder's holding of Shares should, assuming that the Nominee and Non-PEP Shareholder act in accordance

with this Deed and the Nominee Deed, be neither enhanced nor impaired as a consequence of appointing the Nominee as bare trustee in respect of that Non-PEP Shareholder's Shares.

- (b) Each party must take all actions within its power and authority, including giving relevant instructions to the Nominee and, in the case of an Appointing Beneficiary, exercising its rights in its capacity as appointor of the Nominee as bare trustee for it, to give effect to the principle in clause 23.2(a).
- (c) Clauses 23.3 to 23.7 (both inclusive) are to be interpreted subject to, and in a manner is consistent with, the principle in clause 23.2(a).
- (d) This clause 23 applies separately in relation to the Nominee in its capacity as bare trustee for each Appointing Beneficiary.

23.3 Appointing Beneficiary rights and obligations

- (a) Each Appointing Beneficiary will continue to have the benefit of, and be bound by, all the provisions of this Deed which would have applied to the Appointing Beneficiary by virtue of, or in relation to, that Appointing Beneficiary's holding of the its Beneficial Securities had it not transferred legal title to its Beneficial Securities to the Nominee (**Relevant Rights and Obligations**), subject to the terms of this Deed and the Nominee Deed.
- (b) The Relevant Rights and Obligations will so far as possible have application to the Nominee and the relevant Appointing Beneficiary in the same way as they would have continued to apply to the Appointing Beneficiary if it held legal title to its Beneficial Securities.
- (c) Each Appointing Beneficiary undertakes to the Company that it will not:
 - (i) take any action, or omit to take any action (including the giving of any Instruction to the Nominee or failing to give any Instruction to the Nominee) which would breach its obligations under this Deed;
 - (ii) fail to give, or delay in giving, any Instruction to the Nominee which is required to enable the Appointing Beneficiary or the Nominee to comply with their respective obligations under this Deed or the Nominee Deed; or
 - (iii) give an Instruction to the Nominee which has the effect of cancelling or superseding an Instruction given on behalf of the Appointing Beneficiary by an attorney acting on behalf of the Appointing Beneficiary under clause 23.1.

23.4 Definitions

- (a) Where the context requires to give effect to clauses 23.2 and 23.3 and without limiting any other provision of this Deed, including clause 23.4(b), any reference in this Deed to a Non-PEP Shareholder who is an Appointing Beneficiary is to be taken to also include a reference to the Nominee as bare trustee for that Appointing Beneficiary.
- (b) If a Non-PEP Shareholder is an Appointing Beneficiary, then for the purposes of any references in this Deed to:
 - (i) the Shares of, or held by, the Non-PEP Shareholder (or any comparable expression, including for the purposes of determining the Relevant Proportion of the Non-PEP Shareholder), the Non-PEP Shareholder is to be regarded as holding legal title to its Beneficial Securities; and

- (ii) the Non-PEP Shareholder taking an action in respect of any Shares, is taken to also include a reference to the Nominee taking that action as bare trustee for the Non-PEP Shareholder.
- (c) If a Non-PEP Shareholder is:
 - (i) a Class B Shareholder, that Shareholder will continue to be a Class B Shareholder for the purposes of this Deed irrespective of whether legal title to all or any of the Shareholder's Class B Shares is held by the Nominee; and
 - (ii) a Management Shareholder or Class C Shareholder, that Shareholder will continue to be a Management Shareholder or a Class C Shareholder for the purposes of this Deed irrespective of whether legal title to all or any of the Shareholder's Class C Shares is held by the Nominee.
- (d) Obligations under this Deed or the Constitution on a Non-PEP Shareholder who is an Appointing Beneficiary to exercise voting rights or take other actions as the registered holder of Shares are to be interpreted as obligations to ensure that the Nominee takes the relevant actions.
- (e) The Nominee is not itself to be regarded for the purposes of this Deed as:
 - (i) as a Class B Shareholder, Class C Shareholder or Management Shareholder; or
 - (ii) otherwise as a holder of any Shares who has independent obligations in their capacity as such.

23.5 Voting and dividends

- (a) Instructions may be given by each Appointing Beneficiary to the Nominee (as the person legally entitled to voting rights, dividends and distributions in respect of those Shares) in accordance with this Deed and the Nominee Deed:
 - (i) in relation to voting, Disposals and other dealings in respect of the Appointing Beneficiary's Beneficial Securities; and
 - (ii) in respect of the payment of dividends and distributions.
- (b) Each Appointing Beneficiary directs the Company to pay dividends and distributions in respect of its Beneficial Securities as it directs in accordance with the Nominee Deed. This clause 23.5 does not affect the right of an Appointing Beneficiary to change such a direction from time to time.

23.6 Disposals of Securities

- (a) References to a Disposal of Class B Shares in this Deed and the Constitution include a Disposal of a beneficial interest in Beneficial Securities and any Disposal of the legal title to those Shares by the Nominee (at the Appointing Beneficiary's direction, or by the Company or another attorney on behalf of the Appointing Beneficiary acting under power of attorney, or otherwise).
- (b) An Appointing Beneficiary must not direct the Nominee to Dispose of, nor otherwise procure the Disposal of, legal or beneficial title to any of its Beneficial Securities to itself or any other person unless it would be entitled in accordance with this Deed to Dispose of these Shares in that manner in the relevant circumstances if it held legal title to them.

- (c) Where this Deed permits the Company to issue or any other party to transfer, sell or otherwise Dispose of Shares to any person, that provision includes permission to issue, transfer, sell or otherwise Dispose of Shares to the Nominee as bare trustee for the Appointing Beneficiary.
- (d) An Appointing Beneficiary may Dispose of Shares to a Permitted Transferee under clause 14.1(b)(i) on the basis that the Nominee is directed to transfer beneficial title to the relevant Beneficial Securities to the Permitted Transferee (that is, the Appointing Beneficiary may Dispose of only the beneficial interest in its Beneficial Securities without a Disposal of legal title from the Nominee).

23.7 Additional Securities

- (a) If an Appointing Beneficiary becomes entitled to receive any additional Shares, whether by way of issue or Disposal (and whether under this Deed or otherwise), then unless the Board has approved another holding arrangement in relation to the relevant transaction, the issue or Disposal must be made in favour of the Nominee on the basis that the Shares are to be held by the Nominee as bare trustee for the Appointing Beneficiary and will be Beneficial Securities of the Appointing Beneficiary.
- (b) An offer to an Appointing Beneficiary to participate in an issue of Shares or other transaction on the basis that legal title to the relevant Securities will be issued to the Nominee as bare trustee for the Appointing Beneficiary will not be regarded for that reason alone as being on different terms from the terms offered to other Shareholders.

23.8 Notices

All notices or communications under this Deed or the Nominee Deed which are provided to the Nominee in its capacity as bare trustee for a particular Appointing Beneficiary must also be provided at the same time to the relevant Appointing Beneficiary.

23.9 Conversion and termination

- (a) If the Company applies to the Australian Securities and Investments Commission to change its type to a proprietary company at a time when it has more than 50 non-employee Appointing Beneficiaries:
 - (i) the bare trustee arrangements contemplated in this clause 23 will terminate on the date on which the change of company type takes effect (**Termination Date**); and
 - (ii) the Nominee must as soon as reasonably possible (and, in any event, before the Termination Date) transfer legal title in respect of all of the Beneficial Securities held by it to the relevant Appointing Beneficiaries who must be registered in the register of members of the Company as the legal holders of such Beneficial Securities.
- (b) Notwithstanding any other provision of this Deed, the provisions of clause 23.9 must not be amended or varied unless such amendment or variation has been approved by a Special Resolution of Appointing Beneficiaries.

23.10 Liability of Nominee

Each party acknowledges that, subject to the terms of the Nominee Deed, the Nominee is obliged to act in accordance with the directions of the Appointing Beneficiaries in relation to their respective Beneficial Securities. Each party agrees that any breach of this Deed or the Constitution which arises as a result of the Nominee complying with a direction given by an Appointing Beneficiary (**Directed Breach**) is to be construed for all purposes as a breach by

the relevant Appointing Beneficiary for which the Appointing Beneficiary is personally liable (including in accordance with the Nominee Deed) and not by the Nominee and without limiting the foregoing:

- (a) the Nominee is released from any Claim or Liability in respect of any Directed Breach; and
- (b) each party (other than the Nominee) covenants not to claim, sue or take any action against the Nominee in respect of any Directed Breach.

23.11 Limitation of Nominee's liability

- (a) Each party acknowledges that the Nominee enters into this Deed in its capacity as bare trustee of the Bare Trusts and in no other capacity.
- (b) Any Liability of the Nominee arising under or in connection with this Deed is limited to, and can be enforced against the Nominee only to the extent to which it can be satisfied out of, the assets of the Bare Trust from which the Nominee is actually indemnified for the Liability or to the extent that the Nominee is actually indemnified for the Liability under the Nominee Deed. This limitation of the Nominee Liability applies despite any other provision of this Deed and extends to all liabilities of the Nominee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or the Nominee Deed.
- (c) No party may sue the Nominee in any capacity other than as trustee of a Bare Trust, including seeking the appointment of a receiver (except in relation to property of a Bare Trust), a liquidator, an administrator, or any similar person to the Nominee nor may any party prove in any liquidation, administration or arrangement of or affecting the Nominee (except in relation to property of the relevant Bare Trust).
- (d) The provisions of this clause 23.11 do not apply to any Liability of the Nominee to the extent that it is not satisfied under the Nominee Deed or by operation of law or there is a reduction in the extent of the Nominee's indemnification out of the assets of the relevant Bare Trust, in each case as a result of the Nominee's fraud, negligence or breach of trust.
- (e) No attorney, agent, receiver or receiver and manager appointed in accordance with this Deed has authority to act on behalf of the Nominee in a way which exposes the Nominee to any personal liability.

24. Power of Attorney

24.1 Appointment

If a Non-PEP Shareholder is in breach of its obligations in clauses 4.2, 15, 16, 19, 20, 21 or 23, then for so long as such breach is continuing, or if the Non-PEP Shareholder does not comply promptly with a request made of it under any of those clauses which is reasonably necessary to give effect to a transaction, action or matter contemplated in those clauses, that Shareholder hereby severally and irrevocably appoints the Company as its agent and attorney with power to complete any action, matter, or transaction (including Disposal) contemplated in clauses 4.2, 15, 16, 19, 20, 21 or 23 including the power to execute all necessary documentation and the power to vote (to the exclusion of that Shareholder) at any meeting of Shareholders in relation to any such action, matter or transaction (including Disposal).

24.2 Validity

- (a) Each Non-PEP Shareholder declares that all acts and things done by the Company in exercising its powers under this power of attorney will be as good and valid as if they had been done by the Shareholder and agrees to ratify and confirm whatever is done in exercising powers under this power of attorney.

- (b) Each Non-PEP Shareholder agrees that it will not challenge the validity of any act carried out by an attorney on its behalf appointed under this clause.
- (c) Each Non-PEP Shareholder indemnifies the attorney appointed under this clause against, and agrees to reimburse and compensate the attorney for, all liabilities arising in any way in connection with the exercise in accordance with this Deed of any of the powers and authorities under the appointment in this clause.

24.3 Benefits

The Company is expressly authorised to do any act as a result of which a benefit is conferred on it or its appointor.

24.4 Irrevocable

Each Non-PEP Shareholder declares that this power of attorney is given for valuable consideration and is irrevocable whilst that person remains a Shareholder.

24.5 Inconsistent Instruments

Each Non-PEP Shareholder will not issue, sign or execute any Inconsistent Instrument and undertakes to immediately revoke any powers given in such Inconsistent Instrument which contradict or are inconsistent with the powers granted under this power of attorney. If a Non-PEP Shareholder fails to revoke an Inconsistent Instrument the attorney appointed under this clause is authorised to revoke the powers given in the Inconsistent Instrument which contradict or are inconsistent with the powers granted in this power of attorney.

24.6 Specific Performance

Each Non-PEP Shareholder acknowledges that its obligations under this clause may be of a special, unique or invaluable nature such that an award of damages or an account of profits may be inadequate to compensate the PEP Shareholders for a failure by the Non-PEP Shareholders to comply with this clause. Each Non-PEP Shareholder therefore acknowledges that the PEP Shareholders will have a right to seek an ex parte, interlocutory or final injunction to prohibit or restrain any Non-PEP Shareholder from any violation or suspected or threatened violation of this clause. Each Non-PEP Shareholder also acknowledges that the PEP Shareholders will have a right to seek an order for specific performance to require the Non-PEP Shareholders to comply with this clause.

25. Disclaimers

25.1 No representation about acquisition or investment

None of PEP, the Company or any of their respective representatives makes:

- (a) any representation or warranty to any other Shareholder in relation to any acquisition by the Company Group, the value of any Securities or other securities in any Company Group Member at any time, the proposed business strategy of any Company Group Member, the Business performance or the potential Exit strategy or returns achievable on an Exit; or
- (b) any recommendation on the suitability of an acquisition by any Company Group Member or on the suitability of an investment in the Company by any PEP Shareholder or Class B Shareholder.

25.2 No liability accepted for Shareholders investing

To the maximum extent permitted by law, the Company, PEP and their representatives (other than any Class B Shareholder who is such a representative) disclaim all Liability in relation to

the matters referred to in clause 25.1 and no Class B Shareholder may take any action against the Company, PEP or any of their representatives for any Liability suffered as a result of PEP's or any other Class B Shareholder's decision to invest in the Company, in relation to any matter referred to in clause 25.1(a) or as a result of PEP lawfully performing its obligations and/or exercising its rights under this Deed.

25.3 Independent investigations, assessment and advice

Each Class B Shareholder:

- (a) acknowledges and agrees that it has entered into this Deed on the basis of its own independent investigation and assessment and after making its own enquiries; and
- (b) confirms that it has received independent legal, accounting and tax advice in relation to the terms and conditions of this Deed (including the escrow arrangements contemplated by clause 19.3 and clause 25.2).

26. Restraint

26.1 Restraint

- (a) Subject to this clause 26, for the purposes of promoting the commercial objectives of the Company Group and the Business, each Class B Shareholder, Relevant Manager and associated Management Shareholder (each a **Restrained Party** and together the **Restrained Parties**) undertakes to the Company that during the Restraint Period, each Restrained Party will not, and must procure that each of its Affiliates does not:
 - (i) become Involved within the Restraint Area in any capacity in any business or activity which offers the same or substantially similar products or services as those offered by the Business or by the business of any Company Group Member;
 - (ii) directly or indirectly solicit the custom of any person who is, or was a customer of the Business or any Company Group Member during the period which the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) is or was a Shareholder or in the 12 month period following the date the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) ceased to be a Shareholder in respect of the same or substantially similar products or services provided by the Business or by the business of any Company Group Member during that 12 month period; or
 - (iii) directly or indirectly entice or endeavour to entice from any Company Group Member any person who is, or was during the period which the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) is or was a Shareholder or in the 12 month period following the date the Restrained Party (or in the case of a Relevant Manager, its associated Management Shareholder) ceased to be a Shareholder, an employee, consultant or officer in a managerial role of any Company Group Member.
- (b) Each Restrained Party will procure that its Related Entities comply with the undertaking.

26.2 Acknowledgment

Each Restrained Party acknowledges that:

- (a) each Restraint is reasonable in the circumstances and necessary to protect the goodwill of the Business;
- (b) damages are not an adequate remedy if a Restrained Party breaches this clause 26;
- (c) it has received independent legal advice as to the operation and effect of this clause 26; and
- (d) this clause 26 survives termination of this Deed.

26.3 Deletion of restrictions

If any part of the Restraint goes beyond what is reasonable in the circumstances and necessary to protect the goodwill of the Business but would be reasonable and necessary if any activity were deleted or a period or area were reduced, then the Restraint applies with that activity deleted or period or area reduced by the minimum amount necessary to make the Restraint reasonable in the circumstances.

26.4 Severance

Each part of the Restraint has effect as a separate and severable restriction and is to be enforced accordingly.

26.5 Exceptions

This clause 26 does not restrict a Restrained Party from:

- (a) any action (including any economic interest) or omission which has been approved by the PEP Shareholders (acting reasonably and in good faith);
- (b) holding Shares;
- (c) holding or acquiring (either directly or indirectly) in aggregate not more than 5% of the issued ordinary shares in the capital of any body corporate listed on a recognised Stock Exchange;
- (d) holding interests in a Competitor as a result of investing in a managed investment fund in respect of which the relevant Restrained Party has no investment decision making capacity; or
- (e) recruiting a person through a recruitment agency (unless the agency targets employees of the Company Group) or in response to a bona fide published advertisement that is targeted to a wide audience of potential applicants.

26.6 Injunctive relief

The Company, PEP or any Company Group Member may apply for injunctive relief if it believes a Restrained Party or any of their respective Affiliates is likely to breach this clause 26 or if a Restrained Party or any of their respective Affiliates has breached or threatened to breach this clause 26.

27. Confidentiality

27.1 Confidential information not to be disclosed

A Party in receipt of Confidential Information under this Deed (**Disclosee**) must use that information only for the purposes for which it was provided by the relevant disclosing party to the Disclosee and not:

- (a) make public or disclose that Confidential Information to any third party; or
- (b) make or allow to be made copies of or extracts of all or any part of the Confidential Information except for the purposes of this Deed.

27.2 Permitted disclosure

Confidential Information may be disclosed by a Disclosee, despite clause 27.1, where:

- (a) the Confidential Information was at the time immediately before the first disclosure to or observation by the Disclosee already in the lawful possession of the Disclosee;
- (b) the Confidential Information is or becomes part of the public domain (other than by an act of the Disclosee in breach of this Deed);
- (c) the Confidential Information is disclosed to a party by a person who is not a Party to this Deed and that information was not obtained directly or indirectly from the Disclosee;
- (d) the Confidential Information is disclosed to an employee, agent or adviser of the Disclosee who needs to know, but only where such employees, agents or advisers have been required to keep the information confidential;
- (e) the Confidential Information is disclosed in proceedings before any court or tribunal arising out of, or in connection with, this Deed;
- (f) the Confidential Information is disclosed to the extent required by lawful requirement of:
 - (i) any Governmental Agency having jurisdiction over a Party to this Deed or its Related Entities; or
 - (ii) any Stock Exchange having jurisdiction over a Party to this Deed or its Related Entities;
- (g) the disclosure is required under any law, or administrative guidelines, directives, requirements or policies having force of law;
- (h) the party who first provided the Confidential Information to the Disclosee consents to the disclosure of the information by the Disclosee;
- (i) the Confidential Information is disclosed to any Related Body Corporate of a Party, but only where such Related Body Corporate has been required to keep the information confidential;
- (j) Confidential Information is disclosed to investment banks, brokers or accounting firms by the PEP Shareholders for the purposes of seeking the proposals contemplated under clause 17;
- (k) the Confidential Information is disclosed to an Affiliate of PEP or any potential limited partners or investors in such Affiliate on a confidential basis; or
- (l) the Confidential Information is disclosed to a financier of the Company Group or any bona fide prospective purchaser (or financier of such a purchaser) of some or all of the Securities held by the Disclosee, but only where such person has been required to keep the information confidential.

27.3 Announcements concerning this Deed

The Parties will not make any public announcement or statement concerning the existence or the terms and conditions of this Deed unless and to the extent:

- (a) **(court)**: required by an order of a court or tribunal arising out of, or in connection with, this Deed;
- (b) **(regulatory body)**: required by lawful requirement of any Governmental Agency or Stock Exchange having jurisdiction over a Party to this Deed or its Related Entities;
- (c) **(law)**: required under any law; or
- (d) **(consent)**: where the announcement or statement has been made following the procedures under clause 27.4.

27.4 Procedure for making announcements

In the case of written announcements or other written publicity to be issued or made by the Parties concerning the making or the contents of this Deed, or concerning the Business, or concerning any Company Group Member, the Party intending to make the announcement or to issue the publicity must:

- (a) first deliver a copy of the proposed announcement or publicity to the other Parties;
- (b) give the other Parties 5 Business Days (or such shorter period as may reasonably be required in case of emergency or as required by law) to provide comment on the announcement or publicity before either:
 - (i) permitting the making of the announcement or issuing the publicity; or
 - (ii) refusing to grant its consent to the making of the announcement or issuing the publicity; and
- (c) if the consent is not refused, promptly after making the announcement or issuing the publicity give a written copy of the final version of the announcement of publicity to the other Parties.

27.5 Survival of Termination

The rights and obligations of the Parties set out in this Deed with respect to Confidential Information survive termination of this Deed.

28. Representations and warranties

28.1 Representations and warranties

Each Party makes the following representations and warranties on the date of this Deed or when it becomes a party to the Agreement (as the case may be):

- (a) **(registration)**: if the Party is a corporation, the corporation is established with limited liability, registered (or taken to be registered) and validly existing under the Act;
- (b) **(power)**: the Party has full power and has been duly authorised in accordance with its constituent documents to enter into and perform its obligations under this Deed in accordance with the terms of this Deed;

- (c) **(Authorisation)**: all consents, licences, approvals and authorisations of every Government Agency required to be obtained by it in connection with the execution, delivery and performance of this Deed are valid and subsisting;
- (d) **(binding obligations)**: this Deed constitutes legal, valid and binding obligations on the Party;
- (e) **(transaction permitted)**: the execution, delivery and performance by the Party of this Deed does not and will not violate, breach or result in a contravention of:
 - (i) any law;
 - (ii) any authorisation, ruling, consent, judgment, order or decree of any Governmental Agency;
 - (iii) the constitution of the Party;
 - (iv) the trust deed establishing the trust of which the Party is the trustee;
 - (v) any partnership agreement to which the Party is a party; or
 - (vi) any Encumbrance or document which is binding upon the Party; and
- (f) **(information)**: all information provided by a Party to the other Parties under or in connection with this Deed is true in all material respects and is not, by omission or otherwise, misleading in any material respect.

29. Termination

29.1 Automatic Termination

Subject to clause 29.2, this Deed will terminate automatically:

- (a) subject to clause 19, on the date of completion of an IPO;
- (b) by agreement of all Parties;
- (c) for any Shareholder, when it ceases to hold, directly or indirectly, any Shares in the capital of the Company, at which time that Shareholder will have no further rights or obligations under this Deed, except in respect of any prior breach of this Deed;
- (d) upon the appointment of a receiver or a liquidator to the Company, whether voluntarily or involuntarily;
- (e) on the date when the Company is wound up; or
- (f) on the day on which an agreement to sell all of the Shares is completed.

29.2 Consequences of termination

On termination of this Deed this Deed is at an end as to its future operation, except that termination:

- (a) will be without prejudice to any obligations of the Parties which accrued prior to that termination and which remain unsatisfied; and
- (b) will not affect any provision of this Deed which is expressed to come into effect on, or to continue in effect after, termination.

29.3 Winding up the Company

If the Company is to be wound up the proceeds of the winding up must be distributed to the Shareholders of the Company at that time in accordance with the provisions of the Constitution.

30. Specific performance

30.1 Injunction

Each Shareholder and the Company agree that specific performance and injunctive relief would be appropriate remedies in the event of any breach or threatened breach of this Deed. Without limiting the generality of the foregoing, should any controversy arise concerning a sale or disposition of any Shares, an injunction may be issued restraining any sale or disposition pending the determination of such controversy and the resolution thereof shall be enforceable in a court of equity by a decree of specific performance. The remedies specified in this clause 30.1 shall be cumulative and not exclusive, and shall be in addition to any other remedies which the Parties may have.

30.2 Confirmation

Each Party confirms to each other Party that, for the purposes of entering into the transactions contemplated by this Deed:

- (a) it has entered into such transactions entirely on the basis of its own assessment of the risks and effect thereof, except as expressly set out in this Deed it is owed no duty of care or other obligation by any other Party in respect thereof; and
- (b) insofar as it is owed any duty or obligation (not expressly set out in this Deed) (whether in contract, tort or otherwise) by such other Party it hereby waives, to the extent permitted by law, any rights which it may have in respect of such duty or obligation.

31. Limitation of liability - Trustee

31.1 Defined terms

In this clause 31:

- (a) **Trustee** means any entity which is or becomes a party to this Deed in the capacity as trustee or responsible entity of a Trust.
- (b) **Trust** means the trust of which the Trustee is the trustee or responsible entity.
- (c) **Trustee Liability** means any liability or obligation (of any kind including, without limitation, for negligence, in tort, in equity, or under statute) of the Trustee which arises in any way under or in connection with this Deed or its performance, or any representation, warranty, conduct, omission, agreement or transaction made under or in connection with this Deed or its performance.

31.2 Scope and limitation of liability

- (a) The Trustee enters into this Deed in its capacity as trustee of the Trust and in no other capacity.
- (b) The Parties acknowledge that the Trustee incurs the Trustee Liabilities solely in its capacity as trustee of the Trust and agree that (to the maximum extent permitted by law) the Trustee will cease to have any Trustee Liability if the Trustee ceases for any reason to be trustee of the Trust.

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- (c) A Trustee Liability may be enforced against the Trustee only to the extent to which:
 - (i) the Trustee is actually indemnified in respect of that Trustee Liability out of the property of the Trust; and
 - (ii) there is sufficient property held by the Trustee as trustee at the time, which is available to meet that indemnity (after all Trust assets have been allocated to meet the indemnity and any other valid Claims).
- (d) Subject to clause 31.2(e), no person will be entitled to:
 - (i) claim from or commence proceedings against the Trustee in respect of any Trustee Liability in any capacity other than as trustee of the Trust;
 - (ii) enforce or seek to enforce any judgment in respect of any Trustee Liability against any property of the Trustee other than property held by the Trustee as trustee of the Trust;
 - (iii) take any steps to procure or support the appointment of a liquidator, administrator or any other similar office holder to the Trustee on the basis of a Trustee Liability, or prove in any liquidation, administration or arrangement of or affecting the Trustee; or
 - (iv) in respect of a Trustee Liability, appoint or take any steps to procure or support the appointment of a receiver or receiver and manager to any property of the Trustee, other than property which is held by it in its capacity as trustee of the Trust.
- (e) The restrictions in clauses 31.2(c) and 31.2(d) do not apply to any Trustee Liability to the extent to which there is, whether under the trust deed in relation to the relevant Trust or by operation of law, a reduction in the extent of the Trustee's indemnification, or in respect of which the Trustee is not entitled to be indemnified, out of the property of the Trust, as a result of the Trustee's fraud, negligence or breach of trust.
- (f) Each other party to this Deed agrees that no act or omission of the Trustee (including any related failure to satisfy any Trustee Liabilities) will constitute fraud, negligence or breach of trust of the Trustee for the purposes of clause 31.2(e) to the extent to which the act or omission was caused or contributed to by any failure of that party to fulfil its obligations relating to the Trust or by any other act or omission of that party.
- (g) No attorney, agent or other person appointed in accordance with this Deed has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability, and no act or omission of such a person will be considered fraud, negligence or breach of trust of the Trustee for the purposes of clause 31.2(e).
- (h) This limitation of the Trustee's Liability applies despite any other provisions of this Deed and extends to all Trustee Liabilities of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed or its performance.
- (i) The Trustee is not obliged to do or refrain from doing anything under this Deed (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in clauses 31.2(a) to 31.2(h) (both inclusive).
- (j) Clauses 31.2(a) to 31.2(i) (both inclusive) survive the termination or expiry of this Deed.

32. Limitation of liability – General Partner

32.1 Defined terms

In this clause 32:

General Partner means the general partner, or the general partner of a general partner, of an Investor Affiliate from time to time.

32.2 Scope and limitation of liability

- (a) Each General Partner enters into this Deed as general partner of a relevant PEP Shareholder and in no other capacity.
- (b) The obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, a General Partner under or in respect of this Deed (Obligations) are incurred by that General Partner solely in its capacity as general partner of its PEP Shareholder, and a General Partner will cease to have any obligation under this Deed if the General Partner ceases for any reason to be the general partner of its PEP Shareholder. Each General Partner must, prior to ceasing to be the general partner of its PEP Shareholder, cause any successor of it as the general partner of its PEP Shareholder to execute such documents required by the Company to ensure that this Deed is binding on its successor.
- (c) No General Partner will be liable to pay or satisfy any Obligations except out of the assets, property and right, real and personal, of any value whatsoever against which it is entitled to be indemnified in respect of any liability incurred as general partner of its PEP Shareholder (**LP Assets**).
- (d) If a party does not recover all money owing to it arising from non-performance or breach of the Obligations, it may not seek to recover the shortfall by applying to have any General Partner wound up or proving in the winding up of a General Partner.
- (e) Notwithstanding anything in this clause 32, each General Partner is liable and is not released to the extent that a Liability under this Deed arises out of a General Partner's own fraud, negligence or default, which disentitles it from an indemnity out of the LP Assets in relation to the relevant Liability.
- (f) No attorney or agent appointed in accordance with this Deed has the authority to act on behalf of a PEP Shareholder in a way which exposes that PEP Shareholder to any Liability in excess of any amount for which a PEP Shareholder may be liable under clause 32.2(a).

33. PEP Shareholders and PEP Directors

33.1 Disposals of Shares

- (a) Where a clause in this Deed refers to 'PEP' acquiring or being offered Shares, the PEP Shareholders may elect as between themselves which PEP Shareholder or Affiliates will acquire those Shares.
- (b) In clauses 14 and 15, the reference to the proportion of Shares being sold or Disposed of is a reference to the proportion of Shares held by all of the PEP Shareholders in aggregate.

33.2 Provision of information to PEP Shareholders

Any information or notice that is to be provided to 'PEP' under this Deed is to be provided to each PEP Shareholder.

34. Other provisions

34.1 Amendment

Subject to clauses 5.5(c), this Deed may only be amended by a document signed by:

- (a) the Company; or
- (b) the PEP Shareholders.

34.2 Notices

Any communication under or in connection with this Deed (including, without limitation, any request for information or assistance in accordance with the terms of this Deed):

- (a) must be in writing;
- (b) (in the case of email) must be in pdf or other format that is a scanned image of the original of the communication, including a handwritten signature, and be attached to an email that states that the attachment is a communication under this Deed;
- (c) are taken to be received by the addressee:
 - (i) **(in the case of prepaid post)** on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting by airmail to an address outside Australia;
 - (ii) **(in the case of fax)** at the local time (in the place that fax is received) that then equates to the time that fax is sent as shown on the transmission report produced by the machine from which that fax is sent confirming transmission of that fax in its entirety, unless that local time is outside Business Hours, when that communication is taken to be received at 9.00 am on the next Business Day;
 - (iii) **(in the case of email)** unless the party sending the email knows or reasonably ought to suspect that the email and the attached communication were not delivered to the addressee's domain specified in the email address notified for the purposes of this clause 34.1, 24 hours after the email was sent; and
 - (iv) **(in the case of delivery by hand)** on delivery at the address of the addressee as provided in this clause, unless that delivery is made outside Business Hours, when that communication is taken to be received at 9.00 am on the next Business Day, and
- (d) must be addressed as set out opposite the party's name in Schedule 1, or as otherwise notified by that party to the other parties from time to time.

34.3 No recourse

Notwithstanding anything that may be expressed or implied in this Deed, no recourse under this Deed may be pursued against any past, current or future representative (including any past, current or future, employee, agent, officer, director, auditor, adviser, partner, Affiliate, consultant, shareholder, member, general or limited partner or other beneficial owner, joint

venturer or contractor) of any PEP Shareholder or any of their respective Affiliates and representatives, whether by the enforcement of any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal Liability whatsoever attaches to, may be imposed on or will otherwise be incurred by any such person for any obligation of a PEP Shareholder or any other person under this Deed for any Claim based on, in respect of or by reason of such obligations or their creation. The provisions of this clause 34.3 survive the termination of this Deed indefinitely.

34.4 Governing Law

This Deed is governed by and must be construed according to the law applying in New South Wales, Australia.

34.5 Jurisdiction

Each Party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Deed; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any Claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 34.5(a).

34.6 Waiver

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this Deed by a Party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this Deed.
- (b) A waiver or consent given by a Party under this Deed is only effective and binding on that Party if it is given or confirmed in writing by that Party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

34.7 Nominee Transfer

Provided that clauses 14.4, 11, and 12 are observed but despite anything to the contrary in this Deed, nothing in this Deed:

- (a) prevents or limits the ability of the Nominee to, or the Company to require that the Nominee or a Class B Shareholder, undertake a Nominee Transfer at any time; or
- (b) confers on any other Shareholder any rights with respect to any Nominee Transfer, including any rights under clause 16.

34.8 Further acts and documents

Each Party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that Party) required by law or reasonably requested by another Party to give effect to this Deed.

34.9 Consents

A consent required under this Deed from a Party may be given or withheld, or may be given subject to any conditions, as that Party (in its absolute discretion) thinks fit, unless this Deed expressly provides otherwise.

34.10 Assignment

A Shareholder cannot assign, novate or otherwise transfer any of its rights or obligations under this Deed without the prior consent of each other Party.

34.11 Counterparts

This Deed may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart constitutes an original of this Deed, and all together constitute one agreement.

34.12 No representation or reliance

- (a) Each Party acknowledges that no Party (nor any person acting on a Party's behalf) has made any representation or other inducement to it to enter into this Deed, except for representations or inducements expressly set out in this Deed.
- (b) Each Party acknowledges and confirms that it does not enter into this Deed in reliance on any representation or other inducement by or on behalf of any other Party, except for representations or inducements expressly set out in this Deed.

34.13 Expenses

Except as otherwise provided in this Deed, each Party must pay their own costs and expenses incurred in connection with negotiating, preparing and executing this Deed.

34.14 Share Sale and Trade Sale costs

Each Shareholder will be liable for its proportionate share of all Share Sale and Trade Sale costs unless a Company Group Member agrees to bear any Share Sale or Trade Sale costs (which will, to the extent that the Board determines that it is practicable, be set off from the proceeds payable to the Shareholder in the Share Sale or Trade Sale). For the purpose of this clause 34.14, a Shareholder's proportionate share of the Share Sale or Trade Sale costs is the proportion that the proceeds to that Shareholder in connection with the Share Sale or Trade Sale, bears to the total proceeds in connection with the Share Sale or Trade Sale.

34.15 IPO costs

Unless the Board determines that any IPO costs will be borne by each Shareholder pro rata to their proceeds in the IPO, the Company will pay the IPO costs. Each Party will be liable for any individual costs incurred by it.

34.16 Aborted Exit

If a Share Sale, Trade Sale or an IPO is aborted prior to its completion, the Company will pay all Share Sale, Trade Sale Costs and IPO Costs to the maximum extent permitted by law.

34.17 PEP costs

The Company must reimburse PEP for all reasonable out-of-pocket expenses associated with or incidental to the monitoring of the Company or otherwise incurred by PEP or Affiliate of PEP in connection with activities to assist with achieving the Objectives, including all travelling, hotel and other comparable expenses and the costs of any third-party external advisers

retained by PEP or Affiliate of PEP (such expenses to be reimbursed by the Company to PEP or its Affiliate within 10 Business Days of receipt of a statement of account in respect of those expenses).

34.18 Entire agreement

To the extent permitted by law, in relation to its subject matter, this Deed:

- (a) embodies the entire understanding of the Parties, and constitutes the entire terms agreed by the Parties; and
- (b) supersedes any prior written or other agreement of the Parties.

34.19 Indemnities

- (a) Each indemnity in this Deed is a continuing obligation, separate and independent from the other obligations of the Parties, and survives termination, completion or expiration of this Deed.
- (b) It is not necessary for a Party to incur expense or to make any payment before enforcing a right of indemnity conferred by this Deed.
- (c) A Party must pay on demand any amount it must pay under an indemnity in this Deed.

34.20 Severance

If any provision or part of a provision of this Deed is held or found to be void, invalid or otherwise unenforceable (whether in respect of a particular party or generally), it will be deemed to be severed to the extent that it is void or to the extent of voidability, invalidity or unenforceability, but the remainder of that provision will remain in full force and effect.

34.21 GST

- (a) Any payment or other consideration referred to in any other provision of this Deed for any supply that may be made under this Deed (**Consideration**) is set out or calculated to be exclusive of GST.
- (b) Where any amounts that may be payable under this Deed are calculated by reference to a cost, expense or other amount paid or incurred by a party, the amount so payable must be reduced by the amount of any input tax credits to which the party incurring such cost, expense or other amount is entitled in connection with any acquisition relating to such cost, expense or other amount.
- (c) If GST is payable in relation to a supply made under this Deed, the party required to provide that Consideration (**Recipient**) to another party (**Supplier**) must pay an additional amount equal to the amount of that GST. Any such additional amount must be provided at the same time as this Deed requires the first part of the Consideration for the taxable supply to be provided and is subject to the Supplier issuing a tax invoice to the Recipient for that supply at or before such time.
- (d) If the GST payable in relation to a supply made under this Deed varies from the additional amount paid by the Recipient under clause (c) in respect of that supply, then the Supplier will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from the Recipient (as appropriate).
- (e) Except where the context suggests otherwise, terms used in this clause 34.21 have the meanings given by *A New Tax System (Goods and Services Tax) 1999* (Cth).

F. HoldCo Shareholders Deed

CLAYTON UTZ

Schedule 1 - Initial PEP Shareholders

	Name	Notice Details
1.	Pacific Equity Partners Fund VI GP (Jersey) Limited as General Partner of Pacific Equity Partners Fund VI L.P.	Address: c/- Ocorian Limited, 26 New Street, St Helier, JE2 3RA, Jersey Email: Claire.LeBrocq@ocorian.com Attention: Claire Le Brocq
2.	Pacific Equity Partners Fund VI (Australasia) Pty Limited as Trustee of the Pacific Equity Partners Fund VI (Australasia) Unit Trust	Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 Email: Sam.Kong@pep.com.au Attention: Sam Kong
3.	Pacific Equity Partners Fund VI-A (Australasia) Pty Limited as Trustee of the Pacific Equity Partners Fund VI-A (Australasia) Unit Trust	Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 Email: Sam.Kong@pep.com.au Attention: Sam Kong
4.	Eagle Coinvestment Pty Limited as Trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust A	Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 Email: Sam.Kong@pep.com.au Attention: Sam Kong
5.	Eagle Coinvestment Pty Limited as Trustee for Pacific Equity Partners Fund VI Executives Coinvestment Trust B	Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 Email: Sam.Kong@pep.com.au Attention: Sam Kong
6.	PEP Investment Pty Limited	Address: Level 31, 126 - 130 Phillip Street, Sydney NSW 2000 Email: Sam.Kong@pep.com.au Attention: Sam Kong

Schedule 2 - Accession Deed

THIS DEED POLL is made the day of

by _____ of _____

(Acceding Party)

RECITAL

This Deed Poll is supplemental to a Shareholders Agreement dated [] 20[] between [*to be inserted*]
("Shareholders Agreement").

OPERATIVE PART

1. The Acceding Party:
 - (a) confirms that it has been supplied with a copy of the Shareholders Agreement; and
 - (b) covenants with all present parties thereto (whether original or by accession) ("**Parties**") to observe, perform and be bound by all the terms of the Shareholders Agreement to the intent and effect that the Acceding Party will be deemed with effect from the date on which the Acceding Party is registered as a Shareholder of the Company to be a party to the Shareholders Agreement.
2. The Address of the Acceding Party for the purposes of the Shareholders Agreement will, until substituted in accordance therewith, be as follows:

[]
3. [The Acceding Parties are acceding to the Shareholders agreement as Shareholder [and a Relevant Manager]].
4. This Deed Poll will be governed by and construed in accordance with the laws of the State of New South Wales.

EXECUTED as a deed poll.

Executed by [insert name] ACN [] by or in the presence of:

Signature of Director

Signature of Secretary/other Director

Name of Director in full

Name of Secretary/other Director in full

Schedule 3 - Matters requiring Special Majority Resolution

1. **(Amendment of the Constitution)** The making of any amendment to the Constitution that materially adversely affects the rights of Class B Shares or the modification or abrogation of any rights attached to any Class B Shares whether issued or unissued.
2. **(Amendment of this Deed)** The making of any amendment to this Deed that materially adversely affects the rights or obligations of Class B Shareholders under this Deed (other than in a way that impacts Class A Shares and Class B Shares equally).
3. **(Class of securities)** Creating any new class of securities in the Company that ranks ahead of the Class B Shares in a winding up.
4. **(New Securities)** Issuing, allotting or granting any Securities other than as contemplated by clauses 9 and 10.
5. **(Winding up)** The making of an application or the commencement of any proceedings or the taking of any other steps for the voluntary winding up, liquidation or deregistration of a Company Group Member.
6. **(Changing company type)** The conversion of the Company from a public company to a proprietary company.

EXECUTED as a deed.

EXECUTED by **PACIFIC GROUP TOPCO LIMITED** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of director

Full name of director

Full name of director

F. HoldCo Shareholders Deed

CLAYTON UTZ

EXECUTED by **PACIFIC EQUITY PARTNERS
FUND VI GP (JERSEY) LIMITED** as General
Partner of **PACIFIC EQUITY PARTNERS FUND
VI L.P.** by:

Signature of witness

Full name of witness

Signature of authorised signatory

Full name of authorised signatory

EXECUTED by **PACIFIC EQUITY PARTNERS FUND VI (AUSTRALASIA) PTY LIMITED AS TRUSTEE OF THE PACIFIC EQUITY PARTNERS FUND VI (AUSTRALASIA) UNIT TRUST** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

EXECUTED by **PACIFIC EQUITY PARTNERS FUND VI-A (AUSTRALASIA) PTY LIMITED AS TRUSTEE OF THE PACIFIC EQUITY PARTNERS FUND VI-A (AUSTRALASIA) UNIT TRUST** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

EXECUTED by **EAGLE COINVESTMENT PTY LIMITED AS TRUSTEE FOR PACIFIC EQUITY PARTNERS FUND VI EXECUTIVES COINVESTMENT TRUST A** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Signature of company secretary/director

Full name of director

Full name of company secretary/director

F. HoldCo Shareholders Deed

CLAYTON UTZ

EXECUTED by **EAGLE COINVESTMENT PTY LIMITED AS TRUSTEE FOR PACIFIC EQUITY PARTNERS FUND VI EXECUTIVES COINVESTMENT TRUST B** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Full name of director

Signature of company secretary/director

Full name of company secretary/director

EXECUTED by **PEP INVESTMENT PTY LIMITED** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Full name of director

Signature of company secretary/director

Full name of company secretary/director

Annexure A - Constitution

Constitution of Pacific Group Topco Limited

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F. HoldCo Shareholders Deed

CLAYTON UTZ

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Pacific Group Topco Limited

Constitution

Preliminary

1. Definitions

In this Constitution:

Attending Shareholder means, in relation to a meeting of Shareholders, the Shareholder present at the place of the meeting, in person or by proxy, by attorney or, where the Shareholder is a body corporate, by Corporate Representative.

Board means the Directors of the Company from time to time.

Business Day means a day except a Saturday, Sunday or public holiday in the state or territory in which the Company is taken to be registered for the purposes of the Corporations Act.

Class A Share an Ordinary Share in the capital of the Company which is designated as a Class A Share and has the rights set out in this Constitution.

Class B Share an Ordinary Share in the capital of the Company which is designated as a Class B Share and has the rights set out in this Constitution.

Class C Share a Share in the capital of the Company which is designated as a Class C Share and has the rights set out in this Constitution.

Company means Pacific Group Topco Limited.

Company Group means the Company, its subsidiaries and each of its or their interests in joint ventures or other entities (including trusts), from time to time, and where the context allows, includes any one or more of such entities (each a **Company Group Member**).

Conversion means in relation to a Share, the variation of the rights attaching to the Share and if relevant, the splitting or consolidating of the Share into a larger or smaller number of Shares respectively, such that following the variation, the Share has the same rights as the class of Share into which it is converted and is treated in all respects as being in that class of Share into which it has converted from that time and **Convert**, **Convertible**, **Converted** and **Converting** have corresponding meanings.

Corporate Representative means a person authorised in accordance with the Corporations Act (or a corresponding previous law) by a Shareholder which is a body corporate to act as its representative at a meeting of Shareholders.

Corporations Act means the Corporations Act 2001 (Commonwealth).

Director means a person who is, for the time being, a director of the Company including, where appropriate, an alternate director of the Company.

Executive Director means a Director who is an employee (whether full-time or part-time) of the Company or of any related body corporate of the Company.

Incentive Plan means an equity incentive plan established by the Company or another Company Group Member for the employees of the Company Group and/or other persons and approved by the Board in accordance with the Shareholders Deed.

Jointly Held means, in relation to a Share, a Share which the Register records 2 or more persons as the holders of that Share.

Legal Costs of a person means legal costs calculated on a solicitor-and-client basis incurred by that person in defending or resisting any proceedings (whether criminal, civil, administrative or judicial), appearing before or responding to actions taken by any court, tribunal, government authority or agency, other body or commission, a liquidator, an administrator, a trustee in bankruptcy or other authorised official, where that proceeding, appearance or response relates to a Liability of that person.

Liability of a person means any liability including negligence (except a liability for legal costs) incurred by that person in or arising out of the discharge of duties as an officer of the Company or in or arising out of the conduct of the business of the Company, including as result of appointment or nomination by the Company or a subsidiary as a trustee or as a director, officer or employee of another body corporate.

Non-Executive Directors means all Directors other than Executive Directors.

Notice means a notice given pursuant to, or for the purposes of, this Constitution or the Corporations Act.

Ordinary Share means a Class A Share, a Class B Share or any other ordinary share in the capital of the Company having the rights set out in this Constitution.

Personal Representative means the legal personal representative, executor or administrator of the estate of a deceased person.

Register means the register of Shareholders kept pursuant to the Corporations Act and, where appropriate, includes any branch register.

Relevant Officer means a person who is, or has been, a Director or Secretary.

Secretary means a person appointed as, or to perform the duties of, secretary of the Company for the time being.

Share means a share (of any class) in the capital of the Company.

Shareholder means a person whose name is entered in the Register as the holder of a Share and "registered holder" has a corresponding meaning.

Shareholders Deed means the Shareholders Deed relating to the Company, entered into by the Company and its then Shareholders (or beneficial owners of the Company's Shares, if applicable) from time to time.

Transmission Event means:

- (a) if a Shareholder is an individual, the death or bankruptcy of that Shareholder or that Shareholder becoming of unsound mind or becoming a person whose property is liable to be dealt with pursuant to a law about mental health; or
- (b) if a Shareholder is a body corporate, the deregistration of that Shareholder pursuant to the laws of the jurisdiction of its registration or the succession by another body corporate to the assets and liabilities of the Shareholder.

2. Words or expressions defined in the Shareholders Deed

In this Constitution, if the Shareholders Deed is in force, unless the contrary intention appears:

- (a) a word or expression defined in the Shareholders Deed (but not defined in this Constitution) has the same meaning as in the Shareholders Deed when used in this Constitution; and
- (b) a word or expression defined in the Shareholders Deed and also defined in this Constitution has the meaning given to it by this Constitution.

3. Interpretation

Headings are for convenience only and do not affect interpretation. Unless the context indicates a contrary intention, in this Constitution:

- (a) a word importing the singular includes the plural (and vice versa);
- (b) a word indicating a gender includes every other gender;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) the word "includes" in any form is not a word of limitation;
- (e) a reference to a partly paid Share is a reference to a Share on which there is an amount unpaid;
- (f) a reference to a call or an amount called in respect of a Share includes an amount that, by the terms of issue of a Share or otherwise, is payable at one or more fixed times;
- (g) a reference to something being "written" or "in writing" includes that thing being represented or reproduced in any mode in a visible form;
- (h) a notice or document required by this Constitution to be signed may be authenticated by any other manner permitted by the Corporations Act or any other law; and
- (i) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements.

4. Application of Corporations Act

- (a) Unless the context indicates a contrary intention, in this Constitution:
 - (i) a reference to the Corporations Act is to the Corporations Act in force in relation to the Company after taking into account any waiver, modification or exemption which is in force either generally or in relation to the Company; and
 - (ii) a word or phrase given a meaning in the Corporations Act has the same meaning in this Constitution where it relates to the same matters as the matters for which it is defined in the Corporations Act, unless that word or phrase is otherwise defined in this Constitution.
- (b) The replaceable rules in the Corporations Act do not apply to the Company.

5. Currency

- (a) The Board may:

- (i) differentiate between Shareholders as to the currency in which any amount payable to a Shareholder is paid (whether by way of or on account of dividends, repayment of capital, participation in surplus property of the Company or otherwise);
 - (ii) determine to pay a distribution in a currency other than Australian dollars and the amount payable will be converted from Australian dollars in any manner, at any time and at any exchange rate as the Board thinks fit; and
 - (iii) in deciding the currency in which a payment is to be made to a Shareholder, have regard to the registered address of the Shareholder, the register on which a Shareholder's Shares are registered and any other matters as the Board considers appropriate.
- (b) Payment in another currency of an amount converted under this Article is as between the Company and a Shareholder adequate and proper payment of the amount payable.
 - (c) An amount payable to a Shareholder, whether by way of or on account of dividend, return of capital, participation in the property of the Company on a winding up, Exit or otherwise, may be paid in accordance with Article 5(a) and the Board may fix a date up to 30 days before the payment date as the date on which any applicable exchange rate will be determined for that purpose.

6. Conflicts with the Shareholders Deed

- (a) In this Constitution, where there is a reference to the Shareholders Deed and for such time as there is no Shareholders Deed in force, the relevant Article will be read as if it did not contain any reference to the Shareholders Deed, and if it is not capable of being so read, will be disregarded in its entirety.
- (b) For as long as the Shareholders Deed is in force, if there is an inconsistency between any provision of this Constitution and the Shareholders Deed, the provisions of the Shareholders Deed will prevail to the extent of the inconsistency and the Shareholders must amend this Constitution to remove the inconsistency.
- (c) An inconsistency will be taken to exist between this Constitution and the Shareholders Deed for the purposes of Article 6(b) if:
 - (i) the subject matter of the relevant provisions in this Constitution and the Shareholders Deed is the same and those provisions specify differing requirements; or
 - (ii) the action required to be taken or not taken (as the case may be) under the relevant provisions in this Constitution and the Shareholders Deed is the same but those provisions specify requirements which both cannot be satisfied by taking, or omitting to take, that action in the same way.
- (d) To avoid doubt:
 - (i) if this Constitution and the Shareholders Deed require an action to be taken, including obtaining an approval or consent, at different standards of performance or other relevant thresholds:
 - A. and the Shareholders Deed contains the higher standard of performance or other relevant threshold (as determined finally by the Board), the standard of performance or other relevant threshold in the Shareholders Deed must be complied with; or

- B. this Constitution contains the higher standard of performance or other relevant threshold (as determined finally by the Board), only the standard of performance or other relevant threshold in the Shareholders Deed must be complied with; and
- (ii) any provision of this Constitution which is expressly stated to be subject to the Shareholders Deed does not limit or otherwise prejudice any other provision being subject to the Shareholders Deed in accordance with Article 6(a).
- (e) A holder of any Shares who, for any reason except where the holder is a nominee holder as bare trustee for a beneficial holder who is a party to the Shareholders Deed, is not at any time a party to the Shareholders Deed must comply with the Shareholders Deed as if it were a party to it as a Shareholder or beneficial owner of Shares.

7. Conflicts with Incentive Plan

- (a) If there is an inconsistency between any provision of this Constitution and an Incentive Plan, the provisions of the Incentive Plan will prevail to the extent of the inconsistency.
- (b) An inconsistency will be taken to exist between this Constitution and an Incentive Plan for the purposes of Article 7(a) if:
 - (i) the subject matter of the relevant provisions in this Constitution and the Incentive Plan is the same and those provisions specify differing requirements; or
 - (ii) the action required to be taken or not taken (as the case may be) under the relevant provisions in this Constitution and the Incentive Plan is the same but those provisions specify requirements which both cannot be satisfied by taking, or omitting to take, that action in the same way.
- (c) To avoid doubt:
 - (i) if this Constitution and an Incentive Plan require an action to be taken, including obtaining an approval or consent, at different standards of performance or other relevant thresholds:
 - A. and the Incentive Plan contains the higher standard of performance or other relevant threshold (as determined finally by the Board), the standard of performance or other relevant threshold in the Incentive Plan must be complied with; or
 - B. this Constitution contains the higher standard of performance or other relevant threshold (as determined finally by the Board), only the standard of performance or other relevant threshold in the Incentive Plan must be complied with; and
 - (ii) any provision of this Constitution which is expressly stated to be subject to an Incentive Plan does not limit or otherwise prejudice any other provision being subject to each Incentive Plan in accordance with Article 7(a).

8. Enforcement

- (a) Each Shareholder submits to the non-exclusive jurisdiction of the courts of New South Wales, the Federal Court of Australia and the courts competent to determine appeals from those courts with respect to any proceedings that may be brought at any time relating to this Constitution.
- (b) If at any time any provision of this Constitution is or becomes illegal, invalid or unenforceable in any respect pursuant to the law of any jurisdiction, then that does not affect or impair:
 - (i) the legality, validity or enforceability in that jurisdiction of any other provision of this Constitution; or
 - (ii) the legality, validity or enforceability pursuant to the law of any other jurisdiction of that or any other provision of this Constitution.

Capital

9. Issue of securities

- (a) Subject to the Corporations Act, Shareholders Deed and any rights and restrictions attached to a class of Shares or other securities, the Company may by resolution of the Board issue Shares, options to acquire Shares, and other securities with rights of conversion to Shares on any terms, to any person, at any time and for any consideration, as the Board resolves.
- (b) Subject to the Shareholders Deed, the Company may issue preference Shares (including those which may be, or at the option of either or both the Company and the holder are, liable to be redeemed) and may convert any issued Shares into preference Shares, if the rights of the holders of the preference Shares are as set out in Article 13 or are approved in accordance with the Corporations Act.

10. Class A Shares

- (a) Class A Shares are a separate class of Ordinary Shares that may be issued by the Company.
- (b) The provisions of this Constitution and the Shareholders Deed (if in force) apply to Class A Shares.
- (c) A Class A Share is Convertible in accordance with Article 14 in the circumstances provided for such Conversion in the Shareholders Deed.

11. Class B Shares

- (a) Class B Shares are a separate class of Ordinary Shares that may be issued by the Company.
- (b) The provisions of this Constitution and the Shareholders Deed (if in force) apply to Class B Shares.
- (c) A Class B Share is Convertible in accordance with Article 14 in the circumstances provided for such Conversion in the Shareholders Deed.

12. Class C Shares

- (a) Class C Shares are a separate class of Shares that may be issued by the Company on terms to be determined by the Board.
- (b) The provisions of this Constitution and the Shareholders Deed (if in force) apply to Class C Shares.
- (c) A Class C Share is Convertible in accordance with Article 14 in the circumstances provided for such Conversion in the Shareholders Deed.
- (d) A Class C Share is a non-voting Share.

13. Preference Shares Rights

If the Company at any time proposes to issue any preference Shares with the terms set out in this Article 13, each preference Share confers on the holder:

- (a) the right to convert the preference Share into an Ordinary Share if and on the basis the Board resolves under the terms of issue;
- (b) the right to receive a dividend at the rate or of the amount (which may be fixed or variable) and on the conditions (including conditions which may be changed or reset at certain times or upon certain events) that the Board resolves under the terms of issue unless, and to extent that, the Board resolves under the terms of issue that there is no right to receive a dividend, and any such dividend:
 - (i) is non-cumulative unless, and to the extent that, the Board resolves otherwise under the terms of issue;
 - (ii) will rank for payment in priority to Ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
 - (iii) will rank for payment in relation to Shares in any other class of Shares as the Board resolves under the terms of issue;
- (c) in addition to the rights (if any) to receive a dividend, the right to participate equally with the Ordinary Shares in the distribution of profits (or other amounts) available for dividends if and on the basis the Board resolves under the terms of issue;
- (d) if, and to the extent that any dividend on the preference Share is cumulative, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share at the date of winding up or reduction of capital or, in the case of a redeemable preference share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;
- (e) if, and to the extent that any dividend on the preference Share is non-cumulative, and if, and to the extent that, the Board resolves under the terms of issue, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share for the period commencing on the dividend payment date which has then most recently occurred and ending on the date of winding up or reduction of capital or, in the case of a redeemable preference share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;

F. HoldCo Shareholders Deed

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- (f) the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of any amount (which may include the amount paid or agreed to be considered as paid on the preference Share) that the Board resolves at the time of issue, and payment of such amount:
 - (i) will rank for payment in priority to Ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
 - (ii) will rank for payment in relation to any other class of Shares as the Board resolves under the terms of issue;
- (g) the right to a bonus issue or capitalisation of profits in favour of preference Share holders only, if and to the extent the Board resolves under the terms of issue;
- (h) in addition to the rights pursuant to Articles 13(b), 13(c), 13(d), 13(e), 13(f) and 13(g), the right to participate with the Ordinary Shares in profits and assets of the Company, including on a winding up, if and to the extent that the Board resolves under the terms of issue;
- (i) the right to receive notices, reports and accounts and to attend and be heard at all meetings of Shareholders on the same basis as the holders of Ordinary Shares;
- (j) no right to vote at meetings of Shareholders except on the questions, proposals or resolutions or during the periods of time or in the circumstances that the Board resolves under the terms of issue, which, unless the Board resolves otherwise under the terms of issue, are:
 - (i) on any matter considered at a meeting if, at the date of the meeting, the dividend on the preference Shares is in arrears;
 - (ii) on a proposal to reduce the share capital of the Company;
 - (iii) on a resolution to approve the terms of a buy-back agreement;
 - (iv) on a proposal that affects rights attached to the preference Shares;
 - (v) on a proposal to wind up the Company;
 - (vi) on a proposal for the disposal of the whole of the property, business and undertaking of the Company; and
 - (vii) on any matter considered at a meeting held during the winding up of the Company; and
- (k) if voting on any matter in respect of which the holder is entitled to vote is by poll the right to cast the number of votes specified in, or determined in accordance with, the terms of issue for the preference Share.

In the case of a redeemable preference Share, the Company must if required by the terms of issue for that Share but subject to the Corporations Act, at the time and place for redemption specified in, or determined in accordance with, those terms of issue, redeem that Share and, subject to the giving or receiving of a valid redemption notice or other document (if any) required by those terms of issue, pay to or at the direction of the registered holder the amount payable on redemption of that Share.

14. Conversion of Shares

Subject to Article 15, the Corporations Act, the Shareholders Deed and the terms of issue of each class of shares, the Company may by resolution convert or reclassify shares from one class to another. The Conversion of any Share into any other class of Share will not constitute

a cancellation, redemption or termination of the Share or the issue, allotment or creation of new Shares, but will have the effect of varying the status of, and the rights attaching to, the Share so that it becomes a Share of the class into which it Converts.

15. Class rights

- (a) Subject to the Corporations Act, the Shareholders Deed, each Incentive Plan and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class:
 - (i) by a special resolution passed at a meeting of the Shareholders holding Shares in that class; or
 - (ii) with the written consent of Shareholders who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.
- (b) Article 53 applies to a meeting held pursuant to Article 15(a)(i).
- (c) The issue of any new Shares ranking equally, or any conversion of existing securities to Shares ranking equally, with existing Shares is not a variation of the rights conferred on the holders of the existing Shares, unless otherwise provided by the terms of issue of the existing Shares or required by the Corporations Act.
- (d) The issue of any new Shares ranking in priority, or any conversion of existing securities to Shares ranking in priority, to an existing class of preference Shares is a variation of the rights conferred on the holders of the existing preference Shares, unless the issue or conversion is expressly permitted by the terms of the existing preference Shares.

16. Alterations of capital

- (a) The Company may by resolution convert Shares from one class to another, subject to the Corporations Act, this Constitution, the Shareholders Deed and the terms of issue of a class of Shares.
- (b) The Company may reduce, alter or buy-back its share capital in any manner provided by the Corporations Act. The Board may do anything which is required to give effect to any resolution authorising a reduction, alteration or buy-back of the share capital of the Company, including where a Shareholder becomes entitled to a fraction of a Share on a consolidation or subdivision:
 - (i) making cash payments;
 - (ii) ignoring fractions;
 - (iii) appointing a trustee to deal with any fractions on behalf of Shareholders; and
 - (iv) rounding up each fractional entitlement to the nearest whole Share by capitalising any amount available for capitalisation pursuant to Article 74 even though only some Shareholders participate in the capitalisation.

17. Registered holder

- (a) Except as required by law, this Constitution or the Shareholders Deed, the Company is not required to recognise any interest in, or right in respect of, a Share except an absolute right of legal ownership of the Shareholder registered as the holder of that Share, regardless of whether the Company has notice of the interest or right.

- (b) If the Company registers two or more persons as the registered holders of a Share, those persons are taken to hold that Share as joint tenants.

18. Certificates

- (a) Subject to the Corporations Act, the Company may issue certificates for Shares, cancel any certificates for Shares, and replace lost or destroyed or defaced certificates for Shares, on the basis and in the form which the Board resolves.
- (b) Only the Shareholder whose name appears first in the Register in respect of a Jointly Held Share is entitled to a certificate in respect of that Share and delivery of the certificate to that person is delivery to all holders of that Share.

Calls

19. Making of calls

- (a) Subject to the Corporations Act and the terms of issue of a Share, the Company may by resolution of the Board make calls on the registered holders of a Share for any amount unpaid on that Share which is not by the terms of issue of that Share made payable at fixed times, on any terms and at any times as the Board resolves, including payment by instalments.
- (b) The Company may when it issues Shares make calls payable for one or more Shareholders for different amounts and at different times as the Board resolves.
- (c) The Company may by resolution of the Board revoke or postpone a call or extend the time for payment of a call, at any time prior to the date on which payment of that call is due.
- (d) A call is made at the time of or as specified in the resolution of the Board authorising the call.

20. Notice of calls

- (a) The Company must give notice of a call to the Shareholder upon whom the call is made at least 10 Business Days (or any other period of notice required by any terms of issue of the relevant Shares) before the due date for payment. The notice must specify the amount of the call, the time or times and place of payment and any other information as the Board resolves.
- (b) The non-receipt of a notice of a call by, or the accidental omission to give notice of a call to, any Shareholder does not invalidate the call.

21. Payment of calls

- (a) Each Shareholder must pay to the Company the amount of each call in the manner, at the time and at the place specified in the notice of the call.
- (b) The registered holders of a Jointly Held Share are jointly and severally liable in respect of all payments which are required to be made in respect of that Share.
- (c) If the terms of issue of a Share require an amount to be paid in respect of a Share on the date of issue or any other fixed date, the Shareholder of that Share must pay that amount to the Company at that time and that amount is treated for the purposes of this Constitution as if a call for that amount had been properly made by the Board of which appropriate notice has been given.

- (d) In a proceeding to recover a call, or an amount payable due to the failure to pay or late payment of a call, proof that:
- (i) the name of the person is entered in the Register as a registered holder of the Share on which the call was made;
 - (ii) there is a record in the minute books of the Company of the resolution making the call or the fixed amount payable by the terms of issue of the relevant Shares; and
 - (iii) notice of the call was given or taken to be given to the person in accordance with this Constitution,

is conclusive evidence of the obligation of that person to pay the call.

22. Prepayment of calls

The Company may by resolution of the Board:

- (a) accept from a Shareholder the whole or part of the amount unpaid on a Share even if no part of that amount has been called;
- (b) agree to pay interest on the whole or any part of the amount so accepted, from the date of acceptance to the date on which the amount becomes payable, at any rate agreed between the Board and the Shareholder paying the amount; and
- (c) unless otherwise agreed between the Company and the Shareholder, repay the whole or any part of the amount so accepted at any time.

23. Interest payable

- (a) If an amount called or otherwise payable to the Company in respect of a Share is not paid before or on the time for payment, the person who owes the amount must pay to the Company:
 - (i) interest on the unpaid part of the amount from the date payment is due to the date of payment at the rate that the Board resolves; and
 - (ii) all costs and expenses that the Company incurs due to the failure to pay or the late payment.
- (b) Interest pursuant to Article 23(a) accrues daily and may be capitalised at any interval that the Board resolves.
- (c) The Company may by resolution of the Board waive payment of some or all of the interest, costs or expenses payable pursuant to Article 23(a).

Forfeiture and liens

24. Forfeiture procedure

The Company may by a resolution of the Board forfeit a Share of a Shareholder if:

- (a) that Shareholder does not pay a call or other amount payable in respect of that Share on or before the date for its payment;

- (b) the Company gives that Shareholder notice in writing:
 - (i) requiring the Shareholder to pay that call or other amount, any interest on it and all costs and expenses that the Company has incurred due to the failure to pay; and
 - (ii) stating that the Share is liable to be forfeited if that Shareholder does not pay to the Company, at the place specified in the notice, the amount specified in the notice, within 10 Business Days (or any longer period specified) after the date of the notice; and
- (c) that Shareholder does not pay that amount in accordance with that notice.

25. Effect of forfeiture

- (a) A person whose Shares have been forfeited:
 - (i) ceases to be a Shareholder in respect of the forfeited Shares;
 - (ii) has no claims or demands against the Company in respect of those Shares;
 - (iii) has no other rights or entitlements in respect of those Shares, except the rights that are provided by the Corporations Act or saved by this Constitution;
 - (iv) remains liable to pay, and must immediately pay, to the Company all amounts that at the date of forfeiture were payable by the person to the Company in respect of those Shares; and
 - (v) must pay to the Company interest at the rate that the Board resolves on those amounts from the date of forfeiture until and including the date of payment of those amounts.
- (b) When a Share has been forfeited, the Company must give notice in writing of the forfeiture to the Shareholder registered as its holder before the forfeiture and record the forfeiture with the date of forfeiture in the Register. Failure by the Company to comply with any requirement in this Article does not invalidate the forfeiture.
- (c) A statement in writing from the Company that is signed by a Director or Secretary that a Share was forfeited on a specified date is sufficient evidence of the forfeiture of that Share and the right and title of the Company to sell, dispose or reissue that Share.
- (d) Subject to the Corporations Act, the Company may by resolution of the Board waive any or all of its rights pursuant to Article 24 or this Article 25 on any terms the Board resolves, and at any time before a sale, disposition, reissue or cancellation of a forfeited Share, cancel the forfeiture on any terms as the Board resolves.

26. Liens on Shares

- (a) Unless the terms of issue of a Share provide otherwise, the Company has a first ranking lien on a Share, the proceeds of sale of that Share, and all dividends and entitlements determined in respect of that Share, for:
 - (i) any amount due and unpaid in respect of that Share which has been called or is payable on a fixed date;

- (ii) any amount which remains outstanding under loans made by the Company to acquire that Share under an employee incentive scheme, to the extent permitted by the Corporations Act;
 - (iii) all amounts that the Company is required by law to pay, and has paid, in respect of that Share; and
 - (iv) all interest and expenses due and payable to the Company in respect of the unpaid amounts.
- (b) The Company may by resolution of the Board waive any or all of its rights pursuant to Article 26(a) on any terms that the Board resolves.
 - (c) The Company's lien on a Share is released if a transfer of that Share is registered by the Company without the Company giving written notice of the lien to the transferee of that Share.

27. Company payments

- (a) A Shareholder or the Personal Representative of a deceased Shareholder must pay to the Company on written demand an amount equal to all payments that the Company makes to a government or taxation authority in respect of the Shareholder, the death of the Shareholder, the Shareholder's Shares or any distributions made in respect of the Shareholder's Shares (including dividends), where the Company is either:
 - (i) obliged by law to make the relevant payment; or
 - (ii) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxation authority that the Company is obliged by law to make the relevant payment.
- (b) The Company is not obliged to notify a Shareholder in advance of its intention to make a payment pursuant to Article 27(a).
- (c) An amount payable by a Shareholder to the Company pursuant to Article 27(a) is treated for the purposes of this Constitution as if it is a call properly made by the Board of which notice has been given on the date on which the written demand is given by the Company to the Shareholder or the Personal Representative of a deceased Shareholder.
- (d) The Company may refuse to register a transfer of any Share by a Shareholder or that Shareholder's Personal Representative until all amounts paid or payable by the Company in respect of that Share pursuant to any law has been paid to the Company by the Shareholder or the Shareholder's Personal Representative.
- (e) Nothing in this Article 27 affects any right or remedy which any law confers on the Company.

28. Dealing with Shares

- (a) The Company may sell, otherwise dispose of or reissue, a Share which has been forfeited to any person on any terms and in any manner as the Board resolves.
- (b) Subject to the Corporations Act, the Company may cancel a Share which has been forfeited pursuant to the terms on which the Share is on issue.

- (c) For the purposes of enforcing a lien, the Company may sell the Shares which are subject to the lien in any manner the Board resolves, with or without giving any notice to the Shareholder of those Shares.
- (d) Nothing in this Article 28 affects any right or remedy which any law confers on the Company.

29. Proceeds of sale

- (a) The Company must apply the proceeds of any sale of any Shares pursuant to Article 28(a) and 28(c) in the following order:
 - (i) the expenses of the sale;
 - (ii) the amounts due and unpaid in respect of those Shares; and
 - (iii) subject to the terms of issue of the Shares and any lien pursuant to Article 26 for an amount unpaid in respect of the Shares, the balance (if any) to or at the direction of the person entitled to the Shares immediately prior to the sale, on delivery by that person of any evidence of ownership of or entitlement to those Shares as the Board requires.
- (b) The Company is not required to pay interest on any amount payable pursuant to Article 29(a)(iii).

30. Sale procedure

- (a) The Company may:
 - (i) effect a transfer of Shares sold pursuant to Article 28; and
 - (ii) receive the consideration (if any) given for Shares sold pursuant to Article 28.
- (b) The validity of the sale of Shares pursuant to Article 28 may not be called into question by any person after the transfer has been registered, and the buyer of the Shares need not enquire as to the validity of the sale or the application of the sale proceeds by the Company.
- (c) The title of the buyer of Shares sold pursuant to Article 28 is not affected by any irregularity or invalidity in connection with the sale.
- (d) The sole remedy (if any) of any person aggrieved by a sale of Shares pursuant to Article 28 is in damages only and against the Company exclusively.
- (e) A certificate in writing from the Company signed by a Director or Secretary that a Share was sold, disposed of or reissued in accordance with Article 28 is conclusive evidence of those matters.

Transfer of Shares

31. Transfers

- (a) Subject to this Constitution, the Shareholders Deed, each Incentive Plan and any restrictions attached to a Share, a Shareholder may transfer one or more Shares that Shareholder holds by a written instrument of transfer in any usual form or in any other form approved by the Board that is otherwise permitted by law. A Shareholder must comply with the Shareholders Deed or the relevant Incentive Plan (as applicable to the Shareholder and the Shares which are being transferred) when transferring Shares in the Company.
- (b) An instrument of transfer of a Share referred to in Article 31(a) must be:
 - (i) executed by or on behalf of the transferor and the transferee, unless the Board has resolved that the execution of the transferee is not required;
 - (ii) duly stamped, if required by law; and
 - (iii) delivered to the Company, at the place where the Register is kept, together with the certificate (if any) of the Share to be transferred and any other evidence as the Board may require to prove the title of the transferor to that Share, the right of the transferor to transfer that Share, and the proper execution of the instrument of transfer.
- (c) A person transferring a Share remains the registered holder of that Share until a transfer for that Share has been registered and the transferee is entered in the Register as the holder of that Share.
- (d) The Company must not charge a fee to register a transfer of a Share in accordance with this Constitution.

32. Refusal to register transfers

- (a) The Company may refuse to register a transfer of Shares where the Corporations Act permits the Company to do so and the Board so resolves.
- (b) If permitted by the Corporations Act and the Board so resolves, the Company may refuse to register an instrument of transfer of Shares where:
 - (i) the transfer is not in registrable form;
 - (ii) the Company has a lien on any of the Shares transferred;
 - (iii) the registration of the transfer may breach an Australian law or a court order;
 - (iv) the transfer does not comply with the terms of an Incentive Plan; or
 - (v) the Company is otherwise permitted or required to do so pursuant to the terms of issue of the Shares.
- (c) The Company must refuse to register a transfer of Shares where the Corporations Act or a law about stamp duty requires the Company to do so.
- (d) Failure by the Company to give notice of refusal to register any transfer as may be required pursuant to the Corporations Act does not invalidate the refusal to register the transfer.

- (e) Subject to Article 32(f), but notwithstanding Articles 32(a) and 32(b) or any other provision of this Constitution, other than Article 32(c), the Company may not refuse to register a transfer of Shares if the transfer is to:
 - (i) a person entitled to the benefit of a mortgage, charge, pledge or other security interest or encumbrance (**Security Interest**) over the Share (whether or not as an agent, trustee or nominee for a person entitled to the benefit of the Security Interest); or
 - (ii) a person who purchases the Share from the holder of that Share or person entitled to the benefit of a Security Interest (or person acting as agent, trustee or nominee on its behalf),

pursuant to or in connection with the enforcement of that Security Interest in respect of the Share, provided that the Company receives an instrument of transfer signed by the transferee and the holder of the Security Interest as referred to in this Article and otherwise in accordance with Article 31 of this Constitution.
- (f) If the Shareholders Deed is in force, and notwithstanding Articles 32(a) and 32(b) or any other provision of this Constitution, other than Articles 32(c), the Company must not decline to register a transfer of a Share that complies with the terms of the Shareholders Deed, and must not register a transfer that does not comply with the terms of the Shareholders Deed.

Transmission of Shares

33. Transmission on death

- (a) If the registered holder of a Share which is not Jointly Held dies, the Company must recognise only the Personal Representative of that registered holder as having any title to or interest in, or any benefits accruing in respect of, that Share.
- (b) If a registered holder of a Share which is Jointly Held dies, the Company must recognise only the surviving registered holders of that Share as having any title to or interest in, or any benefits accruing in respect of, that Share.
- (c) The estate of a deceased Shareholder is not released from any liability in respect of the Shares that are registered in the name of that Shareholder.
- (d) Where 2 or more persons are jointly entitled to any Share as a consequence of the death of the registered holder of that Share, they are taken to be Joint Holders of that Share.
- (e) Notwithstanding Articles 33(a) and 33(b), the Company may register or give effect to a transfer of Shares to a transferee who dies before the transfer is registered or given effect to by the Company.

34. Transmission Events

- (a) Subject to the Bankruptcy Act 1966 (Commonwealth) and the Corporations Act, a person who establishes to the satisfaction of the Board that it is entitled to a Share because of a Transmission Event may:
 - (i) elect to be registered as a Shareholder in respect of that Share by giving a signed notice in writing to the Company; or
 - (ii) transfer that Share to another person.

- (b) A transfer pursuant to Article 34(a) is subject to all of the provisions of this Constitution, the Shareholders Deed and each Incentive Plan (as applicable) relating to transfers of Shares.

Proceedings of Shareholders

35. Written resolutions of Shareholders

While the Company has only one Shareholder, the Company may pass a resolution by that Shareholder signing a record in writing of that resolution.

36. Annual general meeting

Annual general meetings of the Company are to be held in accordance with the Corporations Act.

37. Calling meetings of Shareholders

- (a) The Company may by resolution of the Board call a meeting of Shareholders to be held at the time and place (including 2 or more venues using technology which gives Attending Shareholders as a whole a reasonable opportunity to participate) and in the manner that the Board resolves.
- (b) No Shareholder may call or arrange to hold a meeting of Shareholders except where permitted by the Corporations Act.

38. Notice of meetings of Shareholders

- (a) Where the Company has called a meeting of Shareholders, notice of the meeting and any proxy form for the meeting may be given in the form and in the manner in which the Board resolves, subject to any requirements of the Corporations Act.
- (b) A person may waive notice of any meeting of Shareholders by written notice to the Company.
- (c) A person who has not duly received notice of a meeting of Shareholders may, before or after the meeting, notify the Company of the person's agreement to anything done or resolution passed at the meeting.
- (d) A person's attendance at a meeting of Shareholders waives any objection which that person may have had to a failure to give notice, or the giving of a defective notice, of the meeting, unless the person at the beginning of the meeting objects to the holding of the meeting.
- (e) Subject to the Corporations Act, anything done (including the passing of a resolution) at a meeting of Shareholders is not invalid because either or both a person does not receive notice of the meeting or a proxy form, or the Company accidentally does not give notice of the meeting or a proxy form to a person.

39. Quorum

- (a) No business may be transacted at a meeting of Shareholders except, subject to Article 40, the election of the chairperson of the meeting unless a quorum for a meeting of Shareholders is present at the time when the meeting commences.
- (b) If the Shareholders Deed is in force, a quorum for a meeting of Shareholders is as set out in the Shareholders Deed. Otherwise, a quorum for a meeting of Shareholders consists of:
 - (i) if the number of Shareholders entitled to vote is 2 or more - 2 of those Shareholders;
 - (ii) if only one Shareholder is entitled to vote - that Shareholder, present at the meeting.
- (c) Each individual present may only be counted once towards a quorum. If a Shareholder has appointed more than one proxy or attorney or Corporate Representative, only one of them may be counted towards a quorum.
- (d) If the Shareholders Deed is in force, if a quorum for a meeting of Shareholders, including a re-convened meeting of Shareholders, is not present within the time stipulated in the Shareholders Deed, the relevant provisions in the Shareholders Deed will apply. Otherwise, if a quorum is not present within 30 minutes after the time appointed for the commencement of:
 - (i) a meeting of Shareholders, the meeting is dissolved unless the chairperson of the meeting or the Board adjourn the meeting to a date, time and place determined by that chairperson or the Board; and
 - (ii) an adjourned meeting of Shareholders, the meeting is dissolved.

40. Chairperson of meetings of Shareholders

- (a) Subject to Articles 40(b) and 40(c), the chairperson of the Board must chair each meeting of Shareholders.
- (b) If at a meeting of Shareholders:
 - (i) there is no chairperson of the Board; or
 - (ii) the chairperson of the Board is not present within 15 minutes after the time appointed for the commencement of a meeting of Shareholders or is not willing to chair all or part of the meeting,

the Directors who are or will be present at the meeting may (by majority vote) elect one of their number or, in the absence of all the Directors or if none of the Directors present is willing to act, the Attending Shareholders may elect one of their number, to chair that meeting.
- (c) A chairperson of a meeting of Shareholders may, for any item of business at that meeting or for any part of that meeting, vacate the chair in favour of another person nominated by him or her (**Acting Chair**). Where an instrument of proxy appoints the chairperson as proxy for part of proceedings for which an Acting Chair has been nominated, the instrument of proxy is taken to be in favour of the Acting Chair for the relevant part of the proceedings.

41. Conduct of meetings of Shareholders

- (a) Subject to the Corporations Act, the chairperson of a meeting of Shareholders is responsible for the general conduct of that meeting and for the procedures to be adopted at that meeting.
- (b) The chairperson of a meeting of Shareholders may make rulings without putting the question (or any question) to the vote if that action is required to ensure the orderly conduct of the meeting.
- (c) The chairperson of a meeting of Shareholders may determine the procedures to be adopted for proper and orderly discussion or debate at the meeting, and the casting or recording of votes at the meeting.
- (d) The chairperson of a meeting of Shareholders may determine any dispute concerning the admission, validity or rejection of a vote at the meeting.
- (e) The chairperson of a meeting of Shareholders may, subject to the Corporations Act, at any time terminate discussion or debate on any matter being considered at the meeting and require that matter be put to a vote.
- (f) The chairperson of a meeting of Shareholders may refuse to allow debate or discussion on any matter which is not business referred to in the notice of that meeting or is not business of the meeting permitted pursuant to the Corporations Act without being referred to in the notice of meeting.
- (g) The chairperson of a meeting of Shareholders may refuse any person admission to, or require a person to leave and remain out of, the meeting if that person:
 - (i) in the opinion of the chairperson, is not complying with the reasonable directions of the chairperson;
 - (ii) has any audio or visual recording or broadcasting device;
 - (iii) has a placard or banner;
 - (iv) has an article the chairperson considers to be dangerous, offensive or liable to cause disruption;
 - (v) behaves or threatens to behave in a dangerous, offensive or disruptive manner;
 - (vi) refuses to produce or to permit examination of any article, or the contents of any article, in the person's possession; or
 - (vii) is not entitled pursuant to the Corporations Act, the Shareholders Deed, each Incentive Plan or this Constitution to attend the meeting.
- (h) If the chairperson of a meeting of Shareholders considers that there are too many persons present at the meeting to fit into the venue where the meeting is to be held, the chairperson may nominate a separate meeting place using any technology that gives Attending Shareholders as a whole a reasonable opportunity to participate.
- (i) The chairperson of a meeting of Shareholders may delegate any power conferred by this Article 41 to any person.
- (j) Nothing contained in this Article 41 limits the powers conferred by law on the chairperson of a meeting of Shareholders.

42. Attendance at meeting of Shareholders

- (a) Subject to this Constitution, the Shareholders Deed and any rights and restrictions attached to a class of Shares, a Shareholder who is entitled to attend and cast a vote at a meeting of Shareholders, may attend and vote in person or by proxy, by attorney or, if the Shareholder is a body corporate, by Corporate Representative.
- (b) The chairperson of a meeting of Shareholders may require a person acting as a proxy, attorney or Corporate Representative at that meeting to establish to the chairperson's satisfaction that the person is the person who is duly appointed to act. If the person fails to satisfy this requirement, the chairperson may exclude the person from attending or voting at the meeting.
- (c) A Director is entitled to receive notice of and to attend all meetings of Shareholders and all meetings of a class of Shareholders and is entitled to speak at those meetings.
- (d) A person who is requested by the Board to attend a meeting of Shareholders or a meeting of a class of Shareholders is, regardless of whether that person is a Shareholder, entitled to attend that meeting and, at the request of the chairperson of the meeting, is entitled to speak at that meeting.

43. Authority of Attending Shareholders

- (a) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the person so appointed has the same rights to speak, demand a poll, join in demanding a poll or act generally at a meeting of Shareholders to which the appointment relates, as the appointing Shareholder would have had if that Shareholder was present at the meeting.
- (b) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the appointment is taken to confer authority to:
 - (i) vote on any amendment moved to a proposed resolution and on any motion that a proposed resolution not be put or any similar motion; and
 - (ii) vote on any procedural motion, including any motion to elect the chairperson of the meeting of Shareholders to which the appointment relates, to vacate the chair or to adjourn the meeting,even though the appointment may refer to specific resolutions and may direct the proxy, attorney or Corporate Representative how to vote on particular resolutions.
- (c) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the appointment is taken to confer authority to attend and vote at a meeting which is rescheduled, postponed or adjourned to another time or changed to another place, even though the appointment may refer to a specific meeting to be held at a specified time or place.

44. Multiple appointments

- (a) If more than one attorney or Corporate Representative appointed by a Shareholder is present at a meeting of Shareholders and the Company has not received notice of any revocation of any of the appointments:

- (i) an attorney or Corporate Representative appointed to act at that particular meeting may act to the exclusion of an attorney or Corporate Representative appointed pursuant to a standing appointment; and
 - (ii) subject to Article 44(a)(i), an attorney or Corporate Representative appointed pursuant to the most recent appointment may act to the exclusion of an attorney or Corporate Representative appointed earlier in time.
- (b) An appointment of a proxy of a Shareholder is revoked (or, in the case of a standing appointment, suspended for that particular meeting of Shareholders) if the Company receives a further appointment of a proxy from that Shareholder which would result in there being more than 2 proxies of that Shareholder entitled to act at the meeting. The appointment of proxy made first in time is the first to be treated as revoked or suspended by this Article 44(b).
- (c) The appointment of a proxy for a Shareholder is not revoked by an attorney or Corporate Representative for that Shareholder attending and taking part in a meeting of Shareholders to which the appointment relates, but if that attorney or Corporate Representative votes on a resolution at that meeting, the proxy is not entitled to vote, and must not vote, as the Shareholder's proxy on that resolution.

45. Voting at meeting of Shareholders

- (a) A resolution put to the vote at a meeting of Shareholders must be decided on a show of hands, unless a poll is demanded in accordance with Article 48 and that demand is not withdrawn.
- (b) The Board may determine that Shareholders entitled to attend and vote at a meeting of Shareholders or at a meeting of a class of Shareholders may vote at that meeting without an Attending Shareholder in respect of that person being present at that meeting (and voting in this manner is referred to in this Article 45(b) as direct voting). The Board may determine rules and procedures in relation to direct voting, including the class of Shareholders entitled to cast a direct vote, the manner in which a direct vote may be cast, the circumstances in which a direct vote will be valid and the effect of a Shareholder casting both a direct vote and a vote in any other manner. Where a notice of meeting specifies that direct voting may occur by eligible Shareholders, a direct vote cast by an eligible Shareholder is taken to have been cast by that person at the meeting if the rules and procedures for direct voting determined by the Board (whether set out in the notice of meeting or otherwise) are complied with.
- (c) Subject to this Constitution, the Shareholders Deed and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Shareholders, each Attending Shareholder having the right to vote on the resolution has one vote, provided that where a person is entitled to vote in more than one capacity, that person is entitled only to one vote.
- (d) Subject to this Constitution, the Shareholders Deed and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Shareholders, each Attending Shareholder having the right to vote on the resolution has one vote for each fully paid up Share held by that Attending Shareholder or by the Shareholder that the Attending Shareholder represents.
- (e) Subject to this Constitution, the Shareholders Deed and any rights or restrictions attached to a class of Shares, where the Board has determined other means (including electronic) permitted by law for the casting and recording of votes by Shareholders on any resolution to be put at a meeting of Shareholders, each Shareholder having a right to vote on the resolution has one vote for each fully paid up Share that the Shareholder holds.

- (f) An objection to a right to vote at a meeting of Shareholders or to a determination to allow or disregard a vote at the meeting may only be made at that meeting (or any resumed meeting if that meeting is adjourned). Any objection pursuant to this Article 45(f) must be decided by the chairperson of the meeting of Shareholders, whose decision, made in good faith, is final and conclusive.
- (g) Subject to the Shareholders Deed, except where a resolution at a meeting of Shareholders requires a special majority pursuant to the law, the Shareholders Deed or each Incentive Plan, the resolution is passed if more votes are cast by Shareholders entitled to vote in favour on the resolution than against it.
- (h) In the case of an equality of votes on a resolution at a meeting of Shareholders, the chairperson of that meeting does not have a casting vote on that resolution.
- (i) Unless a poll is demanded and the demand is not withdrawn, a determination by the chairperson of a meeting of Shareholders following a vote on a show of hands that a resolution has been passed or not passed is conclusive, without proof of the number or proportion of the votes recorded in favour or against the resolution.

46. Voting by representatives

- (a) A person who is entitled to be registered as the holder of a Share because of a Transmission Event may vote in respect of that Share at a meeting of Shareholders provided that person has satisfied the Board of that entitlement not less than 48 hours before the time appointed for the commencement of that meeting. Any vote by that person so entitled must be accepted to the exclusion of the vote of the registered holder of that Share.
- (b) The parent or guardian of an infant Shareholder may vote at a meeting of Shareholders upon production of any evidence of the relationship or of the appointment of the guardian as the Board may require and any vote so made by the parent or guardian of an infant Shareholder must be accepted to the exclusion of the vote of the infant Shareholder.
- (c) The validity of any resolution passed at a meeting of Shareholders is not affected by the failure of any proxy or attorney to vote in accordance with directions (if any) of the appointing Shareholder.
- (d) If a proxy of a Shareholder purports to vote in a way or circumstances that contravene the Corporations Act, on a show of hands the vote of that proxy is invalid and the Company must not count it. If a poll is demanded, votes which the Corporations Act require a proxy of a Shareholder to cast in a given way must be treated as cast in that way.
- (e) Subject to this Constitution and the Corporations Act, a vote cast at a meeting of Shareholders by a person appointed by a Shareholder as a proxy, attorney or Corporate Representative is valid despite:
 - (i) a Transmission Event occurring in respect of that Shareholder; or
 - (ii) the revocation of the appointment (or the authority pursuant to which the appointment was executed),
 if no notice in writing of that matter has been received by the Company before the time appointed for the commencement of that meeting.
- (f) A vote cast at a meeting of Shareholders by a person appointed by a Shareholder as a proxy, attorney or Corporate Representative is valid despite the transfer of the Share in respect of which the appointment is made, if the transfer is not registered before the commencement of that meeting.

47. Restrictions on voting rights

- (a) If there is more than one Shareholder of a Jointly Held Share present at a meeting of Shareholders (either in person, by proxy, attorney or Corporate Representative), only the vote by the Shareholder who is present (either in person, by proxy, attorney or Corporate Representative) whose name appears first in the Register in respect of that Share will count.
- (b) The authority of a proxy or attorney for a Shareholder to speak or vote at a meeting of Shareholders in respect of the Shares to which the authority relates is suspended while the Shareholder is present in person at that meeting.
- (c) If a Shareholder has appointed two proxies in respect of a meeting of Shareholders and each proxy attends that meeting, neither of those proxies may vote:
 - (i) on a show of hands; or
 - (ii) on a poll if the number or proportion of the Shareholder's vote for which the proxies have been appointed exceeds the total number or proportion of votes that could be cast by the Shareholder.
- (d) An Attending Shareholder is not entitled to vote on any resolution in respect of any Shares on which any calls due and payable in respect of those Shares have not been paid.
- (e) An Attending Shareholder is not entitled to vote on a resolution at a meeting of Shareholders where that vote is prohibited by the Corporations Act or an order of a court of competent jurisdiction.
- (f) The Company must disregard any vote on a resolution at a meeting of Shareholders purported to be cast by an Attending Shareholder where that person is not entitled to vote on that resolution. A failure by the Company to disregard a vote on a resolution as required by this Article 47(f) does not invalidate that resolution or any act, matter or thing done at the meeting, unless that failure occurred by wilful default of the Company or of the chairperson of that meeting.

48. Polls

- (a) A poll on a resolution at a meeting of Shareholders may be demanded by a Shareholder only in accordance with the Corporations Act or by the chairperson of that meeting.
- (b) No poll may be demanded at a meeting of Shareholders on the election of a chairperson of that meeting, or unless the chairperson of the meeting otherwise determines, the adjournment of that meeting.
- (c) A demand for a poll may be withdrawn.
- (d) A poll demanded on a resolution at a meeting of Shareholders for the adjournment of that meeting must be taken immediately. A poll demanded on any other resolution at a meeting of Shareholders must be taken in the manner and at the time and place the chairperson of the meeting directs.
- (e) The result of a poll demanded on a resolution of a meeting of Shareholders is a resolution of that meeting.
- (f) A demand for a poll on a resolution of a meeting of Shareholders does not prevent the continuance of that meeting or that meeting dealing with any other business.

49. Proxies

- (a) A Shareholder who is entitled to attend and vote at a meeting of Shareholders may appoint a person as proxy to attend and vote for the Shareholder in accordance with the Corporations Act but not otherwise.
- (b) A proxy appointed in accordance with the Corporations Act to attend and vote may only exercise the rights of the Shareholder on the basis and subject to the restrictions provided in the Corporations Act.
- (c) A form of appointment of proxy is valid if it is in accordance with the Corporations Act or in any other form (including electronic) which the Board may determine or accept.
- (d) If the name of the proxy or the name of the office of the proxy in a proxy appointment of a Shareholder is not filled in, the proxy of that Shareholder is:
 - (i) the person specified by the Company in the form of proxy in the case that Shareholder does not choose; or
 - (ii) if no person is so specified, the chairperson of that meeting.

50. Receipt of appointments

- (a) An appointment of proxy or attorney for a meeting of Shareholders is effective only if the Company receives the appointment (and any authority pursuant to which the appointment was signed or a certified copy of the authority) not less than 48 hours before the time appointed for the commencement of the meeting or, in the case of an adjourned meeting, resumption of the meeting.
- (b) Where a notice of meeting specifies an electronic address or other electronic means by which a Shareholder may give the Company a proxy appointment, a proxy given at that electronic address or by that other electronic means is taken to have been given by the Shareholder and received by the Company if the requirements set out in the notice of meeting are complied with.

51. Adjournments

- (a) Subject to the Shareholders Deed, the chairperson of a meeting of Shareholders may at any time during the meeting adjourn the meeting or any business, motion, question or resolution being considered or remaining to be considered at the meeting or any discussion or debate, either to a later time at the same meeting or to an adjourned meeting to be held at the time and place determined by the chairperson.
- (b) If the chairperson of a meeting of Shareholders exercises the right to adjourn that meeting pursuant to Article 51(a), the chairperson may (but is not obliged to) obtain the approval of Attending Shareholders to the adjournment.
- (c) No person other than the chairperson of a meeting of Shareholders may adjourn that meeting.
- (d) The Company may give such notice of a meeting of Shareholders resumed from an adjourned meeting as the Board resolves. Failure to give notice of an adjournment of a meeting of Shareholders or the failure to receive any notice of the meeting does not invalidate the adjournment or anything done (including the passing of a resolution) at a resumed meeting.

- (e) Only business left unfinished is to be transacted at a meeting of Shareholders which is resumed after an adjournment.

52. Cancellations and postponements

- (a) Subject to the Corporations Act and the Shareholders Deed, the Company may by resolution of the Board cancel or postpone a meeting of Shareholders or change the place for the meeting, prior to the date on which the meeting is to be held.
- (b) Article 52(a) does not apply to a meeting called in accordance with the Corporations Act by Shareholders or by the Board on the request of Shareholders, unless those Shareholders consent to the cancellation or postponement of the meeting.
- (c) The Company may give such notice of a cancellation or postponement or change of place of a meeting of Shareholders as the Board resolves. Failure to give notice of a cancellation or postponement or change of place of a meeting of Shareholders or the failure to receive any notice of the meeting does not invalidate the cancellation, postponement or change of place of a meeting or anything done (including the passing of a resolution) at a postponed meeting or the meeting at the new place.

53. Meetings of a class of Shareholders

Subject to the Shareholders Deed, all the provisions of this Constitution relating to a meeting of Shareholders apply so far as they are capable of application and with any necessary changes to a meeting of a class of Shareholders required to be held pursuant to this Constitution or the Corporations Act except that:

- (a) a quorum is 2 Attending Shareholders who hold (or whose Shareholder that they represent holds) Shares of the class, or if only one person holds all the Shares of the class, that person (or an Attending Shareholder representing that person); and
- (b) any Attending Shareholder who holds (or whose Shareholder that they represent holds) Shares of the class may demand a poll.

Directors

54. Appointment and removal of Directors

- (a) The number of Directors (not counting alternate directors of the Company) must be not less than 3 nor more than:
- (i) if the Shareholders Deed is in force, the maximum number of directors permitted under the Shareholders Deed; or
 - (ii) in any other circumstance, unless the Company resolves otherwise, 10 Directors.
- (b) Subject to Article 54(a) if the Shareholders Deed is in force, a director may only be appointed or removed in accordance with the applicable provisions of the Shareholders Deed. Otherwise:
- (i) the Company may by resolution appoint or remove a director; and
 - (ii) the Board may appoint any natural person to be a director, either to fill a casual vacancy or as an additional Director.
- (c) Subject to the Shareholders Deed, the Company in general meeting may by resolution remove a Director from office as a Director provided that if the Director

was appointed to represent the interests of particular Shareholders, the resolution to remove the Director does not take effect until a replacement Director to represent those Shareholders' interests has been appointed.

- (d) A Director need not be a Shareholder.

55. Termination of office

A person ceases to be a Director if the person:

- (a) fails to attend Board meetings (either personally or by an alternate director) for a continuous period of 3 months without the consent of the Board;
- (b) resigns by notice in writing to the Company;
- (c) retires and is not re-elected;
- (d) is removed from office pursuant to the Corporations Act;
- (e) is an Executive Director and ceases to be an employee of the Company or of a related body corporate of the Company;
- (f) becomes an insolvent under administration;
- (g) becomes of unsound mind or a person whose property is liable to be dealt with pursuant to a law about mental health; or
- (h) is not permitted to be a director, or to manage a corporation, pursuant to the Corporations Act.

56. Alternate directors

- (a) Subject to the Shareholders Deed, a Director may:
 - (i) without the need for approval of other Directors, appoint another Director; and
 - (ii) with the approval of a majority of the other Directors, appoint a person who is not a Director,as an alternate director of that Director for any period. An alternate director need not be a Shareholder.
- (b) The appointing Director may terminate the appointment of his or her alternate director at any time.
- (c) A notice of appointment, or termination of appointment, of an alternate director by the appointing Director is effective only if the notice is in writing and signed by that Director and is effective when given to the Company.
- (d) An alternate director is entitled to receive notice of Board meetings and, subject to this Constitution and the Corporations Act, to attend, count in the quorum of, speak at, and vote at a Board meeting at which his or her appointing Director is not present.
- (e) Subject to this Constitution, the Shareholders Deed, the Corporations Act, and the instrument of appointment of an alternate director, an alternate director may exercise all the powers (except the power pursuant to Article 56(a)) of a Director, to the extent that that his or her appointing Director has not exercised them.

- (f) The office of an alternate director is terminated if the appointing Director ceases to be a Director.
- (g) Subject to Article 57(g), the Company is not required to pay any remuneration or benefit to an alternate director.
- (h) An alternate director is an officer of the Company and not an agent of his or her appointing Director.

57. Remuneration and benefits of Directors

- (a) Subject to the Shareholders Deed, the Company may pay or provide to the Non-Executive Directors fees in an amount or value determined by the Board which does not in any financial year exceed in aggregate the amount last determined by the Company in general meeting (or until so determined, as the Board determines). This Article does not apply to any payments made pursuant to Articles 57(f), 57(g), 57(h), 57(i) and 61.
- (b) The fees pursuant to Article 57(a) may be a fixed sum for attendance at each Board meeting or may be a share of the fixed amount or value determined by the Board pursuant to Article 57(a). If the fees are a share of such fixed amount or value, those fees are to be allocated among the Non-Executive Directors on an equal basis having regard to the proportion of the relevant year for which each of them held office, or as the Board otherwise resolves.
- (c) The fees pursuant to Article 57(a) may be provided in cash or any other manner agreed between the Company and the relevant Non-Executive Director. The Board must determine the manner in which the value of any non-cash benefit is to be calculated.
- (d) The fees of a Non-Executive Director are taken to accrue from day to day, except that fees in the form of a non-cash benefit are taken to accrue at the time the benefit is provided to the Director, subject to the terms on which the benefit is provided.
- (e) Subject to the Shareholders Deed and any agreement with the Company, the Company may pay to each Executive Director an amount of remuneration determined by the Board.
- (f) If any Director, with the approval of the Board, performs extra or special services, the Company may, subject to the Corporations Act and the Shareholders Deed, pay additional remuneration or provide benefits to that Director as the Board resolves.
- (g) Subject to the Shareholders Deed, the Company must pay all reasonable travelling, accommodation and other expenses that a Director or alternate director properly incurs in attending meetings of the Board, committees of the Board, meetings of Shareholders, or otherwise in connection with the business of the Company.
- (h) Subject to the Corporations Act and the Shareholders Deed, the Company may establish and contribute to a fund, trust or scheme for the benefit of:
 - (i) past or present employees or Directors of the Company or a related body corporate of the Company; or
 - (ii) the dependants of, or persons connected with or nominated by, any person referred to in Article 57(h)(i).
- (i) Subject to the Corporations Act and the Shareholders Deed, the Company may, or may agree to, pay provide or make any payment or other benefit to a Director, a director of a related body corporate of the Company or any other person in

connection with that person's or someone else's retirement, resignation from or loss of office, or death while in office.

58. Interests of Directors

- (a) If:
 - (i) the Shareholders Deed is in force; and
 - (ii) the Shareholders Deed includes provisions governing the rights and obligations of interested directors,
 then:
 - (iii) these provisions will apply as if set out in this Article 58; and
 - (iv) the remainder of this Article 58 will continue to apply to the extent that it is not inconsistent with the terms of the Shareholders Deed.
- (b) A Director is not disqualified by reason only of being a Director (or the fiduciary obligations arising from that office) from:
 - (i) holding an office (except auditor) or place of profit or employment in the Company or a related body corporate of the Company;
 - (ii) holding an office or place of profit or employment in any other company, body corporate, trust or entity promoted by the Company or in which it has an interest;
 - (iii) being a member, creditor or otherwise be interested in any body corporate (including the Company), partnership or entity, except auditor of the Company;
 - (iv) entering into any agreement or arrangement with the Company; or
 - (v) acting in a professional capacity (or being a member of a firm which acts in a professional capacity) for the Company, except as auditor of the Company.
- (c) Each Director must comply with Corporations Act in relation to the disclosure of the Director's interests.
- (d) Subject to the Shareholders Deed, a Director who has a material personal interest in a matter that is being considered at a Board meeting must not be present while the matter is being considered at the meeting nor vote on the matter, except where permitted by the Corporations Act.
- (e) Subject to the Shareholders Deed, if a Director has an interest in a matter, then subject to Article 58(d), Article 58(f) and this Constitution:
 - (i) that Director may be counted in a quorum at the Board meeting that considers matters that relate to the interest provided that Director is entitled to vote on at least one of the resolutions to be proposed at that Board meeting;
 - (ii) that Director may participate in and vote on matters that relate to the interest;

- (iii) the Company may proceed with any transaction that relates to the interest and the Director may participate in the execution of any relevant document by or on behalf of the Company;
 - (iv) the Director may retain the benefits pursuant to any transaction that relates to the interest even though the Director has the interest; and
 - (v) the Company cannot avoid any transaction that relates to the interest merely because of the existence of the interest.
- (f) If an interest of a Director is required to be disclosed pursuant to Article 58(c), Article 58(e)(iv) applies only if the interest is disclosed before the transaction is entered into.

Officers

59. Managing Director

- (a) The Board may appoint one or more Directors as a managing director of the Company, for any period and on any terms (including, subject to Article 57, as to remuneration) as the Board resolves. Subject to any agreement between the Company and the managing director, the Board may vary or terminate the appointment of a managing director of the Company at any time, with or without cause.
- (b) The Board may delegate any of its powers to a managing director of the Company for any period and on any terms (including the power to further delegate) as the Board resolves. The Board may revoke or vary any power delegated to a managing director of the Company.
- (c) A managing director of the Company must exercise the powers delegated to him or her in accordance with any directions of the Board.
- (d) A person ceases to be a managing director if the person ceases to be a Director.

60. Secretary

The Board must appoint at least one Secretary and may appoint additional Secretaries. The Board may appoint Secretaries for any period and on any terms (including as to remuneration) as the Board resolves. Subject to any agreement between the Company and the Secretary, the Board may vary or terminate the appointment of a Secretary at any time, with or without cause.

61. Indemnity and insurance

- (a) To the extent permitted by law, the Company must indemnify each Relevant Officer against a Liability of that person and the Legal Costs of that person.
- (b) The indemnity pursuant to Article 61(a):
 - (i) is enforceable without the Relevant Officer having first to incur any expense or make any payment;
 - (ii) is a continuing obligation and is enforceable by the Relevant Officer even though the Relevant Officer may have ceased to be an officer of the Company; and

- (iii) applies to Liabilities and Legal Costs incurred both before and after this Article became effective.
- (c) To the extent permitted by law, the Company may make a payment (whether by way of advance, loan or otherwise) to a Relevant Officer in respect of Legal Costs of that person.
- (d) To the extent permitted by law, the Company may:
 - (i) enter into, or agree to enter into; or
 - (ii) pay, or agree to pay, a premium for,a contract insuring a Relevant Officer against a Liability of that person and the Legal Costs of that person.
- (e) To the extent permitted by law, the Company may enter into an agreement or deed with a Relevant Officer or a person who is, or has been, an officer of the Company or a subsidiary of the Company, pursuant to which the Company must do all or any of the following:
 - (i) keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
 - (ii) indemnify that person against any Liability and Legal Costs of that person;
 - (iii) make a payment (whether by way of advance, loan or otherwise) to that person in respect of Legal Costs of that person; and
 - (iv) keep that person insured in respect of any act or omission by that person while a Relevant Officer or an officer of the Company or a subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

Powers of the Board

62. General powers

- (a) The Board has the power to manage the business of the Company and may exercise to the exclusion of the Company in general meeting all powers of the Company which are not, by the law or this Constitution or the Shareholders Deed, required to be exercised by the Company in general meeting.
- (b) Subject to the Shareholders Deed, a power of the Board can only be exercised by a resolution passed at a meeting of the Board in accordance with Article 67, a resolution passed by signing a document in accordance with Article 66, or in accordance with a delegation of the power pursuant to Article 59, 64 or 65. A reference in this Constitution to the Company exercising a power by a resolution of the Board includes an exercise of that power in accordance with a delegation of the power pursuant to Article 59, 64 or 65.

63. Execution of documents

- (a) If the Company has a common seal, the Company may execute a document if that seal is fixed to the document and the fixing of that seal is witnessed by one Director and either another Director, a Secretary, or another person appointed by the Board for that purpose.

- (b) The Company may execute a document without a common seal if the document is signed by one Director and either another Director, a Secretary, or another person appointed by the Board for that purpose.
- (c) The Board may determine the manner in which and the persons by whom cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable or transferable instruments in the name of or on behalf of the Company, and receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed.

64. Committees and delegates

- (a) Subject to the Shareholders Deed, the Board may delegate any of its powers to a committee of the Board, a Director, an employee of the Company or any other person. A delegation of those powers may be made for any period and on any terms (including the power to further delegate) as the Board resolves. The Board may revoke or vary any power so delegated.
- (b) A committee or delegate must exercise the powers delegated in accordance with any directions of the Board.
- (c) Subject to the terms of appointment or reference of a committee, Article 67 applies with the necessary changes to meetings and resolutions of a committee of the Board.

65. Attorney or agent

- (a) The Board may appoint any person to be attorney or agent of the Company for any purpose, for any period and on any terms (including as to remuneration) as the Board resolves. Subject to the terms of appointment of an attorney or agent of the Company, the Board may revoke or vary that appointment at any time, with or without cause.
- (b) The Board may delegate any of their powers (including the power to delegate) to an attorney or agent. The Board may revoke or vary any power delegated to an attorney or agent.

Proceedings of Directors

66. Written resolutions of Directors

- (a) Subject to the Shareholders Deed, the Board may pass a resolution without a Board meeting being held if notice in writing of the resolution is given to all Directors and a majority of the Directors entitled to vote on the resolution (not being less than the number required for a quorum at a meeting of Directors) sign a document containing a statement that they are in favour of the resolution set out in the document.
- (b) A resolution pursuant to Article 66(a) may consist of several documents in the same form each signed by one or more Directors and is effective when signed by the last of the Directors constituting the majority of the Directors. A facsimile transmission or other document produced by electronic means under the name of a Director with the Director's authority is taken to be a document signed by the Director for the purposes of Article 66(a) and is taken to be signed when received by the Company in legible form.

- (c) For the purposes of Article 66(a), the reference to Directors includes any alternate director who is appointed by a Director who is at the relevant time on leave of absence approved by the Board but does not include any other alternate directors.

67. Board Meetings

- (a) Subject to this Constitution, the Board may meet, adjourn and otherwise regulate its meetings as required by the Shareholders Deed and, in other cases, as it thinks fit.
- (b) A Director may call a Board meeting at any time. On request of any Director, a Secretary of the Company must call a meeting of the Directors. If the Shareholders Deed is in force, the convening of a meeting must comply with the Shareholders Deed in respect of notice or any other requirements.
- (c) Notice of a Board meeting must be given to each Director (except a Director on leave of absence approved by the Board) and an alternate director appointed by a Director on leave of absence approved by the Board. Notice of a Board meeting may be given in person, or by post or by telephone, fax or other electronic means.
- (d) A Director or alternate director may waive notice of a Board meeting by giving notice to that effect to the Company in person or by post or by telephone, fax or other electronic means.
- (e) A person who attends a Board meeting waives any objection that person and:
 - (i) if the person is a Director, any alternate director appointed by that person; or
 - (ii) if the person is an alternate director, the Director who appointed that person as alternate director,

may have to a failure to give notice of the meeting.
- (f) Anything done (including the passing of a resolution) at a Board meeting is not invalid because either or both a person does not receive notice of the meeting or the Company accidentally does not give notice of the meeting to a person.
- (g) For the purposes of the Corporations Act, each Director, by consenting to be a Director or by reason of the adoption of this Constitution, consents to the use of each of the following technologies for the holding of a Board meeting:
 - (i) telephone;
 - (ii) video;
 - (iii) any other technology which permits each Director to communicate with every other participating Director; or
 - (iv) any combination of these technologies.

A Director may withdraw the consent given pursuant to this Article 67(g) in accordance with the Corporations Act.
- (h) If a Board meeting is held in 2 or more places linked together by any technology:
 - (i) a Director present at one of the places is taken to be present at the meeting unless and until the Director states to the chairperson of the meeting that the Director is discontinuing his or her participation in the meeting; and

- (ii) the chairperson of that meeting may determine at which of those places the meeting will be taken to have been held.
- (i) If the Shareholders Deed is in force, a quorum for a meeting of the Board is as set out in the applicable provisions of the Shareholders Deed. Otherwise, until otherwise determined by the Board, a quorum for a Board meeting is 2 Directors entitled to vote on a resolution that may be proposed at that meeting. A quorum for a Board meeting must be present at all times during the meeting. Each individual present is counted towards a quorum in respect of each appointment as an alternate director of another Director in addition (if applicable) to being counted as a Director.

68. Chairperson of the Board

- (a) The appointment, removal and replacement of the chairperson is as determined by the Shareholders Deed..
- (b) Subject to Article 68(c), the chairperson of the Board must chair each Board meeting.
- (c) If at a Board meeting:
 - (i) a chairperson has not been elected pursuant to Article 68(a); or
 - (ii) the chairperson of the Board is not present within 15 minutes after the time appointed for the holding of a Board meeting or is not willing to chair all or part of that meeting,

the deputy chairperson of the Board (if any) must, or if there is no deputy chairperson or the deputy chairperson is not willing to act, the Directors present must elect one of their number to, chair that meeting or part of the meeting.
- (d) A person does not cease to be a chairperson of the Board or deputy chairperson of the Board if that person retires as a Director at a meeting of Shareholders and is re-elected as a Director at that meeting (or any adjournment of that meeting).

69. Board resolutions

- (a) Subject to the Shareholders Deed, a resolution of the Board is passed if more votes are cast by Directors entitled to vote in favour of the resolution than against it.
- (b) Subject to the Shareholders Deed and Articles 56 and 58 and this Article 69, each Director present in person or by his or her alternate director has one vote on a matter arising at a Board meeting.
- (c) Subject to the Corporations Act and the Shareholders Deed, the chairperson of a Board meeting will not have a casting vote in addition to any vote the chairperson has in his or her capacity as a Director.

70. Valid proceedings

- (a) An act at any Board meeting or a committee of the Board or an act of any person acting as a Director is not invalidated by:
 - (i) a defect in the appointment or continuance in office of a person as a Director, a member of the committee or of the person so acting; or
 - (ii) a person so appointed being disqualified or not being entitled to vote,

if that circumstance was not known by the Board, committee or person (as the case may be) when the act was done.

- (b) If the number of Directors is below the minimum required by this Constitution, the Board must not act except in emergencies, to appoint Directors up to that minimum number or to call and arrange to hold a meeting of Shareholders.

Dividends and Profits

71. Determination of dividends

- (a) Subject to the Corporations Act, the Shareholders Deed, this Constitution and the rights or restrictions attached to a class of Shares, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend, the time for the payment of the dividend and the method of payment of the dividend.
- (b) Subject to the Shareholders Deed and the rights or restrictions attached to a class of Shares, the Board may determine that dividends be paid on Shares of one class but not another class, and at different rates for different classes of Shares.
- (c) The Company is not required to pay any interest on a dividend.

72. Entitlements to dividends

- (a) A dividend in respect of a Share must be paid to the person whose name is entered in the Register as the holder of that Share as at the time the Board has fixed for that purpose, or if no such time is fixed, on the date on which the Dividend is paid.
- (b) Subject to any rights or restrictions attached to a class of Shares and Article 72(c), the person entitled to a dividend on a Share is entitled to:
 - (i) if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
 - (ii) if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.
- (c) If an amount is paid on a Share during the period to which a dividend relates, the Board may resolve that only the proportion of that amount equal to the proportion which the period from the date of payment to the end of the period to which the dividend relates bears to the total period to which the dividend relates, counts as part of the amount for the time being paid on the Share, unless the terms of issue of the Shares provides otherwise.
- (d) If a transfer of a Share is registered after the time determined for entitlements to a dividend on that Share but before the dividend is paid, the person transferring that Share is entitled to that dividend.
- (e) The Company may retain the whole or part of any Dividend on which the Company has a lien and apply that amount in total or part satisfaction of any amount secured by that lien.

73. Dividend plans

- (a) Subject to the Shareholders Deed, the Company may establish a bonus share plan on any terms as the Board resolves, pursuant to which participants may elect in respect of all or part of their Shares to be issued financial products of the Company or another body corporate or trust credited as fully paid instead of receiving a cash dividend from the Company in respect of those Shares.
- (b) Subject to the Shareholders Deed, the Company may establish a dividend reinvestment plan on any terms as the Board resolves, pursuant to which participants may elect in respect of all or part of their Shares to apply the whole or any part of a dividend from the Company, or any other amount paid or payable to Shareholders, in subscribing for or purchasing financial products of the Company or another body corporate or trust.
- (c) The Board is under no obligation to admit any Shareholder as a participant in any plan nor to comply with any request made by a Shareholder who is not admitted as a participant in a plan.
- (d) The Board may implement, amend, suspend or terminate a plan established pursuant to this Article 73.

74. Capitalisation of profits

- (a) Subject to the Corporations Act, the Shareholders Deed and the rights or restrictions attached to a class of Shares, the Company may by resolution of the Board:
 - (i) capitalise any amount, being the whole or part of profits of the Company or otherwise available for distribution to Shareholders; and
 - (ii) apply that amount for the benefit of Shareholders in full satisfaction of their interest in the capitalised amount, in the same proportions as the Shareholders would be entitled to receive it if distributed by way of dividend or in accordance with either the terms of issue of any Shares or the terms of any plan for the issue of Shares or other securities for the benefit of officers or employees of the Company.
- (b) The Board may fix the time for determining entitlements to an application of a capitalised amount pursuant to Article 74(a). The Board may decide to apply a capitalised amount pursuant to Article 74(a) in any or all of the following ways:
 - (i) in paying up an amount unpaid on Shares already issued;
 - (ii) in paying up in full any unissued Shares or other securities in the Company;
 - (iii) any other method permitted by law.
- (c) The Board may do all things necessary to give effect to a resolution pursuant to Article 74(a) and 74(b), including:
 - (i) making cash payments in cases where Shares or other securities become issuable in fractions or ignore amounts or fractions less than a particular value;
 - (ii) vesting any cash or assets in a trustee on trust for the Shareholders entitled to an application of a capitalised amount pursuant to Article 74(a); and

- (iii) authorising any person to make, on behalf of all Shareholders entitled to a application of a capitalised amount pursuant to Article 74(a), an agreement with the Company providing for either or both the issue of securities or the payment by the Company on their behalf of an amount pursuant to Article 74(b), and in executing any such document the person acts as agent and attorney for those Shareholders.

75. Distributions of assets

- (a) Subject to the Shareholders Deed, the method of payment by the Company of a dividend or a return of capital by a reduction of capital, a share buy-back or otherwise, may include any or all of the payment of cash, the issue of shares or other financial products and the transfer of assets (including shares or other financial products in another body corporate or trust).
- (b) Subject to the Shareholders Deed, if the Board has determined that the Company pay a dividend or return capital by a reduction of capital, a share buy-back or otherwise, wholly or partly by the distribution (either generally or to specific Shareholders) of specific assets (including by the issue or transfer of shares or other financial products), the Board may:
 - (i) settle any issue concerning the distribution in any way the Board resolves;
 - (ii) round amounts up or down to the nearest whole number, or ignore amounts or fractions less than a particular value;
 - (iii) value assets for distribution and determine that the Company pay cash to any Shareholder on the basis of that valuation;
 - (iv) vest assets in a trustee on trust for the Shareholders entitled to any financial products as a result of that distribution; and
 - (v) authorise any person to make, on behalf of all Shareholders entitled to any financial products as a result of that distribution, an agreement with the relevant body corporate or trust providing for the issue or transfer to them of those financial products (including an agreement to become a member of that body corporate) and, in executing any such document, the person acts as agent and attorney for those Shareholders.

76. Payments

- (a) Subject to the Shareholders Deed, the Company may pay a person entitled to an amount payable in respect of a Share (including a dividend) by any of the following means, in the Board's discretion, at the sole risk of the person so entitled:
 - (i) crediting an account nominated in writing by that person and acceptable to the Board;
 - (ii) cheque made payable to bearer, to the person entitled to the amount or any other person the entitled person directs in writing and who is acceptable to the Board; or
 - (iii) any other manner as the Board resolves.
- (b) If the Company decides to make a payment by crediting accounts and an account is not nominated by a Shareholder in accordance with Article 76(a)(i), the Company may hold the amount payable in a separate account of the Company until the Shareholder nominates an account in accordance with Article 76(a)(i).

- (c) The Company may post a cheque referred to in Article 76(a)(ii) to:
 - (i) the address in the Register of the Shareholder of the Share, or in the case of a Jointly Held Share, the address of the Shareholder whose name appears first in the Register in respect of the Share; or
 - (ii) any other address which the entitled person directs in writing.
- (d) The Company may make a payment of an amount payable in respect of a Share (including a dividend) in Australian dollars or any other currency determined by the Board. The Company may make payments in different currencies to different Shareholders. The Board may determine the appropriate exchange rate and time of calculation of the amount of a payment made in a currency other than Australian dollars. A determination of the Board pursuant to this Article 76(d) is final in the absence of manifest error.
- (e) If more than one Shareholder of a Jointly Held Share gives a permitted nomination or direction pursuant to Article 76(a), only the nomination or direction by the Shareholder whose name appears first in the Register in respect of that Share is valid.
- (f) Any one of the Shareholders of a Jointly Held Share may give receipt of any payment to those Shareholders in respect of that Share.

Notices

77. Notices to Shareholders

- (a) The Company may give Notice to a Shareholder or a person entitled to a Share because of a Transmission Event by any of the following means in the Board's discretion:
 - (i) delivering it to that Shareholder or person;
 - (ii) delivering it or sending it by post to the address of the Shareholder in the Register or the alternative address (if any) nominated by that Shareholder or person for that purpose;
 - (iii) sending it to the fax number or electronic address (if any) nominated by that Shareholder or person for that purpose;
 - (iv) if permitted by the Corporations Act, notifying that Shareholder of the notice's availability by an electronic means nominated by the Shareholder for that purpose; or
 - (v) any other means permitted by the Corporations Act.
- (b) The Company must send all documents to a Shareholder whose address for Notices is not within Australia by air-mail, air courier, fax or electronic transmission.
- (c) Any Notice given or document delivered by the Company to the Shareholder whose name appears first in the Register in respect of a Jointly Held Share is taken to be notice or delivery to all holders of that Share.
- (d) Notice to a person entitled to a Share because of a Transmission Event is taken to be notice to the registered holder of that Share.

- (e) Subject to the Corporations Act, a Notice to a Shareholder is sufficient, even if:
 - (i) a Transmission Event occurs in respect of that Shareholder (regardless of whether that person is a registered holder of a Jointly Held Share); or
 - (ii) that Shareholder is an externally administered body corporate,and regardless of whether the Company has notice of that event.
- (f) A person entitled to a Share because of a transfer, Transmission Event or otherwise, is bound by every Notice given in respect of that Share.
- (g) Any Notice required or allowed to be given by the Company to one or more Shareholders by advertisement is, unless otherwise stipulated, sufficiently advertised if advertised once in a daily newspaper circulating in the states and territories of Australia.

78. Notice to Directors

The Company may give Notice to a Director or alternate director by:

- (a) delivering it to that person;
- (b) sending it by post to the usual residential address of that person or the alternative address (if any) nominated by that person for that purpose;
- (c) sending it to the fax number or electronic address (if any) nominated by that person for that purpose; or
- (d) any other means agreed between the Company and that person.

79. Notice to the Company

A person may give Notice to the Company by:

- (a) delivering it or by sending it by post to the registered office of the Company;
- (b) delivering it or by sending it by post to a place nominated by the Company for that purpose;
- (c) sending it to the fax number at the registered office of the Company nominated by the Company for that purpose;
- (d) sending it to the electronic address (if any) nominated by the Company for that purpose; or
- (e) any other means permitted by the Corporations Act.

80. Time of service

- (a) A Notice sent by post or air-mail is taken to be given on the day after the date it is posted.
- (b) A Notice sent by fax or other electronic transmission is taken to be given when the transmission is sent provided that in the case of notice to the Company or a Director or an alternate director, the sender meets any action required by the recipient to verify the receipt of the document by the recipient.

- (c) A Notice given in accordance with Article 77(a)(iv) is taken to be given on the day after the date on which the Shareholder is notified that the Notice is available.
- (d) A certificate by a Director or Secretary to the effect that a Notice by the Company has been given in accordance with this Constitution is conclusive evidence of that fact.

81. Notice requirements

The Board may specify, generally or in a particular case, requirements in relation to Notices given by any electronic means, including requirements as to:

- (a) the classes of, and circumstances in which, Notices may be sent;
- (b) verification (whether by encryption code or otherwise); and
- (c) the circumstances in which, and the time when, the Notice is taken to be given.

82. Winding up

- (a) Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, any surplus assets of the Company remaining after the payment of its debts must be divided among the Shareholders in the proportions which the amount paid (including amounts credited) on the Shares of a Shareholder is of the total issue price of the Shares of all Shareholders.
- (b) Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution:
 - (i) distribute among the Shareholders the whole or any part of the property of the Company; and
 - (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.
- (c) The liquidator of the Company may settle any issue concerning a distribution pursuant to this Article 82 in any way. This may include:
 - (i) rounding amounts up or down to the nearest whole number or ignoring fractions;
 - (ii) valuing assets for distribution and paying cash to any Shareholder on the basis of that valuation; and
 - (iii) vesting assets in a trustee on trust for the Shareholders entitled to the distribution.
- (d) A Shareholder need not accept any property, including shares or other securities, in respect of which there is any liability on the part of the Shareholder.

The background image shows a person's hands interacting with a tablet. The tablet screen displays a bar chart with several vertical bars of varying heights. A white pen is held in the foreground, pointing towards the tablet. The scene is brightly lit, with a warm, golden light source in the upper right corner creating a soft glow. The overall composition is modern and professional, suggesting a business or financial context.

ANNEXURE G

Notice of Scheme Meeting

G. Notice of Scheme Meeting

NOTICE OF SCHEME MEETING

The Citadel Group Limited

ACN 127 151 026

Notice is hereby given that by an order of the Federal Court of Australia made on Thursday, 29 October 2020 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) a meeting of the holders of ordinary shares in The Citadel Group Limited ACN 127 151 026 (**Citadel**) will be held on Tuesday, 1 December 2020 at 11:00am (AEDT) virtually through an online platform at <https://agmlive.link/CGL203>.

IMPORTANT INFORMATION REGARDING PARTICIPATION AT THE SCHEME MEETING IN LIGHT OF COVID-19

In order to minimise the health risks created by the COVID-19 pandemic, and in accordance with Federal and State government directions and restrictions with respect to non-essential gatherings of people and the Treasurer's determination⁴⁸ regarding electronic shareholder meetings, the Scheme Meeting is scheduled to be held virtually. Citadel Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

Citadel Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting through an online platform at <https://agmlive.link/CGL203>. The online platform enables participants to view the Scheme Meeting live, vote on the resolution contained in this Notice of Meeting in real time and ask questions online. Further details are provided in the explanatory notes to this Notice of Meeting and the Citadel Online Platform Guide.

The Citadel Online Platform Guide provides details about how to ensure your browser is compatible with the online platform, as well as a step by step guide to successfully login and navigate the site. The Citadel Online Platform Guide will be released to the ASX and is also available at <https://investors.citadelgroup.com.au>.

Citadel Shareholders are encouraged to consider appointing a proxy to attend and vote at the Scheme Meeting via the online platform on their behalf in the event they are not able to participate in the virtual Scheme Meeting. Further details on how to appoint a proxy are provided in the explanatory notes to this Notice of Meeting.

If it becomes necessary to make further alternative arrangements for holding the Scheme Meeting, we will ensure Citadel Shareholders are given as much notice as possible.

Any changes to the dates and the conduct of the Scheme Meeting will be announced by Citadel to the ASX.

PURPOSE OF MEETING

The purpose of the meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without any modifications, alterations or conditions agreed in writing between Citadel and PEP BidCo and approved by the Court or any modifications, alterations or conditions as are thought just by the Court to which Citadel and PEP BidCo agree in writing) to be made between Citadel and Citadel's ordinary shareholders (**Scheme**), to effect the acquisition of Citadel by PEP BidCo.

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with this Notice of Meeting, forms part of this Scheme Booklet.

BUSINESS OF THE MEETING

Resolution – Approval of the Scheme of Arrangement

To consider, and if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):

- (a) the scheme of arrangement proposed between The Citadel Group Limited and the holders of its fully paid ordinary shares (**Scheme**), the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Meeting forms part) is approved (with or without any modifications, alterations or conditions agreed in writing between Citadel and PEP BidCo and approved by the Court or any modifications, alterations or conditions as thought just by the Court to which Citadel and PEP BidCo agree in writing); and*

48. See paragraph 5 of *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020* (and any extension of such Determination), which modifies the relevant provisions of the Corporations Act to permit shareholder meetings to be held electronically without persons being physically present in the same place.

G. Notice of Scheme Meeting

(b) *the directors of Citadel are authorised, subject to the terms of the Scheme Implementation Deed:*

- (i) *to agree to any modifications, alterations or conditions with PEP BidCo;*
- (ii) *to agree to any modifications, alterations or conditions as are thought just by the Court; and*
- (iii) *subject to approval of the Scheme by the Court, to implement the Scheme with any such modifications, alterations or conditions.”*

By order of the Board



Spencer Chipperfield
Company Secretary and General Counsel

30 October 2020

EXPLANATORY NOTES

This Notice of Meeting relates to the Scheme and should be read in conjunction with the balance of the Scheme Booklet. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme, including the information prescribed by the Corporations Act and the Corporations Regulations.

1. Terminology

Capitalised terms used in this Notice of Meeting but not defined in it have the same meaning as set out in the Glossary of Terms in Section 11 of the Scheme Booklet, unless the context requires otherwise.

2. Quorum

The constitution of Citadel provides that the quorum for a meeting of Citadel Shareholders is 3 members present and entitled to vote.

3. Chairman

The Court has directed that Peter Leahy AC Lt-Gen (Retd) act as chairman of the Scheme Meeting or, failing him, Robert Alexander.

4. Requisite Majorities

The Scheme can only proceed if, at the Scheme Meeting, the Scheme is approved by Citadel Shareholders. For this to occur, the Scheme Resolution must be approved by:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of Citadel Shareholders present and voting at the Scheme Meeting (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually); and
- (b) at least 75% of the votes cast on the Scheme Resolution by Citadel Shareholders (whether virtually or by appointing a proxy, attorney or corporate representative to attend and vote at the Scheme Meeting virtually).

5. Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without any modifications or conditions ordered by the Court) must be approved by an order of the Court. If the Scheme Resolution is passed at the Scheme Meeting by the Requisite Majorities and the conditions precedent in the Scheme of Arrangement are satisfied or waived (if applicable), Citadel intends to apply to the Court for the necessary orders to approve the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the Court Order must be lodged with ASIC.

6. Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, Citadel Shares will be taken to be held by the persons who are registered as Citadel Shareholders at 7:00pm (AEDT) on Sunday, 29 November 2020. Only those holders of Citadel Shares entered in the Citadel Register at that time will be entitled to attend and vote at the Scheme Meeting. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

7. Voting at the meeting

In order to minimise the health risks created by the COVID-19 pandemic, and in accordance with Federal and State government directions and restrictions with respect to non-essential gatherings of people and the Treasurer's determination⁴⁹ regarding electronic shareholder meetings, the Scheme Meeting is scheduled to be held virtually. Citadel Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical meeting.

If you are eligible to vote at the Scheme Meeting, you may:

- > vote during the Scheme Meeting via the online platform using the instructions below;
- > appoint one or two proxies to attend the virtual Scheme Meeting via the online platform and vote online at the Scheme Meeting on your behalf (if you would like to appoint more than one proxy please contact the Citadel Share Registry on +61 1300 407 677);
- > appoint an attorney to attend the virtual Scheme Meeting via the online platform and vote online at the Scheme Meeting on your behalf; or
- > if you are a body corporate, appoint a corporate representative to attend the virtual Scheme Meeting via the online platform and vote online at the Scheme Meeting on your behalf.

Voting will be conducted by poll.

(a) Jointly held Citadel Shares

Where there are joint registered holders of any Citadel Shares, only one of them may vote at the Scheme Meeting.

If more than one of the joint holders of any Citadel Shares attempts to vote online at the Scheme Meeting, only the vote of the holder whose name stands first in the Citadel Register in respect of the jointly held Citadel Shares will be counted.

(b) How to participate in the Scheme Meeting

The Scheme Meeting will be held virtually.

Citadel Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting through an online platform at <https://agmlive.link/CGL203>. The online platform enables participants to view the Scheme Meeting live, vote on the resolution contained in this Notice of Meeting in real time and ask questions online.

The Citadel Online Platform Guide provides details about how to ensure your browser is compatible with the online platform, as well as a step by step guide to successfully login and navigate the site. The Citadel Online Platform Guide will be released to the ASX and is also available at <https://investors.citadelgroup.com.au>.

49. See paragraph 5 of *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020* (and any extension of such Determination), which modifies the relevant provisions of the Corporations Act to permit shareholder meetings to be held electronically without persons being physically present in the same place.

G. Notice of Scheme Meeting

We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting using the instructions below:

- > enter the link <https://agmlive.link/CGL203> into your web browser on an online device;
- > if you are a Citadel Shareholder, you will need your Shareholder Number and postcode; and
- > if you are a proxyholder, you will need your Proxy Number issued by the Citadel Share Registry.

Online voting will be open between the commencement of the Scheme Meeting at 11:00am (AEDT) on 1 December 2020 and the time at which the Chair announces the closure of voting.

(c) Voting by proxy

If you wish to appoint a proxy or you are unable to attend the Scheme Meeting via the online platform you may appoint one or two proxies to attend and vote at the Scheme Meeting on your behalf. You may do this online at www.linkmarketservices.com.au or, if you have received a hardcopy proxy form, by following the instructions on the proxy form.

A proxy need not be a Citadel Shareholder and may be an individual or a body corporate. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy, as discussed below.

If you do not instruct your proxy on how to vote, your proxy may vote as they see fit at the Scheme Meeting.

If you wish to appoint a proxy online at www.linkmarketservices.com.au you should follow the instructions below:

- > select 'Investor Login' and in the 'Single Holding' section enter The Citadel Group Limited or the ASX code CGL in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN), postcode and security code which is shown on the screen and click 'Login'; and
- > select the 'Voting' tab and then follow the prompts. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

The online proxy facility may not be suitable for some shareholders who wish to appoint two proxies with different voting directions. If you would like to do so please contact the Citadel Share Registry on +61 1300 407 677.

For those Citadel Shareholders who are submitting a hardcopy proxy form rather than using the online proxy facility, the completed proxy form may be lodged:

- > by mailing the completed proxy form to the Citadel Share Registry at The Citadel Group Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or
- > by faxing the completed proxy form to the Citadel Share Registry on +61 02 9287 0309.

Proxy instructions must be received by the Citadel Share Registry or lodged online by no later than 11:00am (AEDT) on Sunday, 29 November 2020 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

If a proxy form is completed, whether using a hardcopy proxy form or using the online proxy facility, under power of attorney or other authority, the original or certified copy of the power of attorney or other authority must accompany the completed proxy form or be mailed, faxed or delivered in person per the details above, unless the power of attorney or other authority has previously been given to the Citadel Share Registry.

Any faxed proxy form:

- > must be in legible writing; and
- > will be regarded as received by the addressee at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is not a Business Day, or is after 5:00pm on a Business Day in the place of receipt, when that communication will be regarded as received at 9:00am on the next Business Day.

If a proxy appointment is signed by a Citadel Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman of the Scheme Meeting will act as proxy.

If you choose to appoint a proxy to attend and vote on your behalf at the Scheme Meeting, you may still attend and participate in the Scheme Meeting via the online platform but you will not be entitled to vote at the Scheme Meeting unless you have revoked the proxy instructions as set out below.

Proxy instructions validly received will remain valid, and votes cast by the proxy at the Scheme Meeting in accordance with the instructions will be valid, unless you revoke your proxy instructions via the online platform prior to the commencement of the Scheme Meeting or otherwise provide notice of the revocation of your proxy instructions to the Citadel Share Registry so they are received by no later than 11:00am (AEDT) on Sunday, 29 November 2020 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Proxy instructions can be revoked by notice to the Citadel Share Registry, provided that the revocation of the instructions is received by the Citadel Share Registry by the times and dates stated above, by sending a letter to the Citadel Share Registry which:

- > sets out your registered name, address, the details of the Scheme Meeting for which you wish to revoke your proxy and the statement 'I wish to revoke my proxy'; and
- > is signed in accordance with the signing instructions set out in the proxy form.

If you wish to amend your proxy, you may lodge a replacement proxy online at www.linkmarketservices.com.au by following the instructions below:

- > select 'Investor Login' and in the 'Single Holding' section enter The Citadel Group Limited or the ASX code CGL in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN), postcode and security code which is shown on the screen and click 'Login'; and
- > select the 'Voting' tab and then follow the prompts,

or by contacting the Citadel Share Registry on +61 1300 407 677,

(in each case, provided that the replacement proxy instructions are received by the Citadel Share Registry no later than 11:00am (AEDT) on Sunday, 29 November 2020 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting)).

(d) Undirected proxies

Proxy appointments in favour of the Chairman of the Scheme Meeting, the company secretary or any Citadel Director which do not contain a direction will be voted in favour of the Scheme at the Scheme Meeting.

(e) Voting by attorney

You may appoint an attorney to attend and vote at the Scheme Meeting via the online platform on your behalf.

If you choose to appoint an attorney to attend and vote at the Scheme Meeting on your behalf, you may still attend and participate in the Scheme Meeting via the online platform but you will not be entitled to vote at the Scheme Meeting unless you have revoked the appointment of the attorney as set out below.

If you wish to appoint an attorney to attend and vote at the Scheme Meeting on your behalf the original or a certified copy of the power of attorney under which the attorney has been appointed must be received by the Citadel Share Registry no later than 11:00am (AEDT) on Sunday, 29 November 2020 (or if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). The authority may be:

- > mailed to the Citadel Share Registry at The Citadel Group Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or
- > faxed to the Citadel Share Registry on +61 02 9287 0309.

Attorney appointments of which notice has been validly received will remain valid, and votes cast by the attorney at the Scheme Meeting will be valid, unless notice of the revocation of the appointment is received by the Citadel Share Registry by 11:00am (AEDT) on Sunday, 29 November 2020 (or if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting).

Attorney appointments can be revoked, provided that the revocation of the appointment is received by the Citadel Share Registry by the times and dates stated above, by sending a letter to the Citadel Share Registry which:

- > sets out your registered name, address, the details of the Scheme Meeting for which you wish to revoke your appointment and the statement 'I wish to revoke my power of attorney'; and
- > is signed in accordance with the signing instructions set out in the proxy form.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require your name, Shareholder Number and postcode in order to access the online platform.

G. Notice of Scheme Meeting

(f) Voting by corporate representative

If you are a body corporate, you may appoint a corporate representative to attend and vote at the Scheme Meeting via the online platform on your behalf. The appointment must comply with section 250D of the Corporations Act.

A corporate representative must provide written evidence of their appointment to the Citadel Share Registry (which would include an 'Appointment of Corporate Representative Form' which can be downloaded from https://www.linkmarketservices.com.au/corporate/forms/holding-management/App_Corp_Rep_140312.pdf) which must be received by the Citadel Share Registry by no later than 11:00am (AEDT) on Sunday, 29 November 2020 (or if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). Evidence may be:

- > provided to the Citadel Share Registry via email at vote@linkmarketservices.com.au;
- > mailed to the Citadel Share Registry at The Citadel Group Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235; or
- > faxed to the Citadel Share Registry on +61 02 9287 0309.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting via the online platform will require your name, Shareholder Number and postcode in order to access the online platform.

Corporate Directory

Company

The Citadel Group Limited ACN 127 151 026

'Citadel House', 11-13 Faulding Street
High Technology Park
Symonston ACT 2609

Telephone: (02) 6124 0800

www.citadelgroup.com.au

Directors

Mr Peter Leahy AC Lt-Gen (Retd) – Non-executive Chairman

Mr Mark McConnell – Managing Director

Mr Robert Alexander – Non-executive Director

Ms Jayne Shaw – Non-executive Director

Company Secretary

Mr Spencer Chipperfield

Share Registry

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000

Legal Adviser

Gadens

Level 13, Collins Arch
447 Collins Street
Melbourne VIC 3000

Financial Adviser

Macquarie Capital (Australia) Limited

Level 35, South Tower
80 Collins Street
Melbourne VIC 3000

Citadel Shareholder Information Line

+61 1300 407 677

8:30am to 5:30pm (AEDT)
Monday to Friday



citadel group
MANAGING COMPLEXITY