

Australian Securities Exchange Announcement

8 July 2019

The Manager
Companies Announcements Office
Australian Securities Exchange
Electronic Lodgment

RELEASE OF EXPLANATORY BOOKLET

Further to its announcement on 5 July 2019, Legend Corporation Limited (ASX:LGD) (**Legend**) is pleased to announce that the Australian Securities and Investments Commission has today registered the Explanatory Booklet in relation to the previously announced scheme of arrangement (**Scheme**) for the proposed acquisition of Legend by Greenland BidCo Pty Ltd ACN 633 363 096 (**BidCo**). A copy of the Explanatory Booklet accompanies this announcement.

A printed copy of the Explanatory Booklet, as well as a proxy form will be mailed to all Legend Shareholders on the share register as at 3 July 2019. A secondary mail out of copies of the Explanatory Booklet and proxy forms will occur for any new members on the share register as at 24 July 2019.

The Explanatory Booklet includes an independent expert's report prepared by Lonergan Edwards & Associates (**Lonergan Edwards**) Lonergan Edwards has concluded that, in the absence of a superior proposal, the proposed Scheme is fair and reasonable and in the best interests of Legend shareholders. **Meeting details**

The Scheme Meeting will be held at 2.00pm (Adelaide time) on Friday, 9 August 2019 at the Adelaide Pavilion Restaurant, Veale Gardens, Cnr South Terrace and Peacock Rd, Adelaide SA 5000.

All shareholders are encouraged to vote either by attending the Scheme Meeting in person, or by lodging a proxy form, or appointing a proxy online, by 2.30pm (Melbourne time) on Wednesday, 7 August 2019. Detailed information on how to vote is contained in the Explanatory Booklet and on the proxy form.

Directors' recommendation

The Legend board of directors unanimously recommends that Legend shareholders vote in favour of the Scheme at the upcoming Scheme Meeting, in the absence of a superior proposal. Subject to that same qualification, the Legend directors intend to vote all Legend shares they hold or control in favour of the Scheme.

On behalf of the Board

Bruce Higgins

Chairman of Legend Corporation Limited

For further information contact:

Graham Seppelt

Company Secretary
Legend Corporation Limited
Phone: +61 (0)419 035 297
Email: seppelt@bold.net.au



THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.

If you are in any doubt as to how to deal with this Explanatory Booklet, please consult your legal, financial, taxation or other professional adviser immediately. If after reading this Explanatory Booklet you have any questions about the Scheme, please call Graham Seppelt, the Company Secretary on +61 419 035 297 Monday to Friday between 9.00am and 5.00pm (Adelaide time). If you have recently sold all of your Legend Shares, please disregard all enclosed documents.

LEGEND
CORPORATION

Explanatory Booklet

For the scheme of arrangement in relation to the proposed acquisition of all of your Legend Shares by Greenland BidCo Pty Ltd ACN 633 363 096 (a company controlled by funds advised by Adamantem Capital)

VOTE IN FAVOUR

**YOUR VOTE IS IMPORTANT IN DETERMINING
WHETHER THE SCHEME PROCEEDS.
YOUR DIRECTORS UNANIMOUSLY RECOMMEND
THAT YOU VOTE IN FAVOUR OF THE SCHEME,
IN THE ABSENCE OF A SUPERIOR PROPOSAL.**

The Notice of Scheme Meeting is included in Appendix 3 to this Explanatory Booklet. The Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet. The Scheme Meeting will be held at 2.00pm (Adelaide time) on Friday, 9 August 2019 at the Adelaide Pavilion Restaurant in the Veale Gardens, Cnr. South Terrace and Peacock Road, Adelaide.



Legal Adviser to Legend

MinterEllison

Financial adviser to Legend


GRESHAM

Important notices

General

You should read the whole of this Explanatory Booklet before making a decision on how to vote on the resolution to be considered at the Scheme Meeting. The notice convening the Scheme Meeting is contained in Appendix 3 to this Explanatory Booklet. The Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet.

Defined terms

Capitalised terms in this Explanatory Booklet are defined either in the Glossary in Section 11 of this Explanatory Booklet or where the relevant term is first used.

Purpose of this Explanatory Booklet

The purposes of this Explanatory Booklet are to:

- explain the terms and effect of the Scheme to Legend Shareholders;
- explain the manner in which the Scheme will be considered and, if approved, implemented;
- state any material interests of the Directors, whether as directors, members or creditors of Legend or otherwise, and the effect on those interests of the Scheme as far as that effect is different from the effect on similar interests of other persons; and
- provide the information as is prescribed by the Corporations Act and the Corporations Regulations or as is otherwise material to the decision of Legend Shareholders whether or not to vote in favour of the Scheme.

This Explanatory Booklet (other than Appendix 3) constitutes the explanatory statement for the Scheme as required by section 412(1) of the Corporations Act.

No financial product advice

The information contained in this Explanatory Booklet is not financial product or investment advice. This Explanatory Booklet has been prepared without taking into account your investment objectives, financial situation, taxation position or other particular needs. Before deciding how to vote or act, Legend Shareholders and others should consider the appropriateness of the information having regard to their own investment objectives, financial situation, taxation position and other particular needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Neither Legend nor BidCo is licensed to provide financial product advice in respect of Legend Shares or any other financial products.

Responsibility for information

The BidCo Information contained in this Explanatory Booklet has been prepared by and is the responsibility of BidCo. Legend has not independently verified any of the BidCo Information and does not make any representation or warranty (express or implied) as to, and does not assume any responsibility for, the accuracy, relevance or completeness of, the BidCo Information.

MinterEllison has prepared the general outline of taxation implications of the Scheme in Section 7 and takes responsibility for that Section.

Lonergan Edwards has prepared the Independent Expert's Report in relation to the Scheme in Appendix 1 and takes responsibility for that report.

Other than in respect of the information identified above, the information contained in the remainder of this Explanatory Booklet has been prepared by Legend and its advisers and is the responsibility of Legend. BidCo does not assume responsibility for the accuracy or completeness of any part of this Explanatory Booklet other than the BidCo Information.

Legend Shareholders outside Australia

This Explanatory Booklet has been prepared having regard to Australian disclosure requirements. These requirements may be different from those in other jurisdictions. Accordingly, the release, publication or distribution of this Explanatory Booklet in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions, and persons outside Australia who come into possession of this Explanatory Booklet should seek advice on and observe any applicable restrictions. This Explanatory Booklet and the Scheme do not in any way constitute an offer to buy securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

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

ASIC and ASX

A draft of this Explanatory Booklet was provided to ASIC for the purpose of section 411(2) of the Corporations Act, and a copy of this Explanatory Booklet has been registered by ASIC for the purpose of section 412(6) of the Corporations Act.

ASIC has examined a copy of this Explanatory Booklet. 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, it will be produced to the Court at the time of the Court hearing to approve the Scheme.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

A copy of this Explanatory Booklet has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Booklet.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SECTION 411(1) OF THE CORPORATIONS ACT

A copy of this Explanatory Booklet was submitted to the Court to obtain an order of the Court under section 411(1) of the Corporations Act directing Legend to convene the Scheme Meeting. That order was obtained at the First Court Hearing on Friday, 5 July 2019.

The fact that under section 411(1) of the Corporations Act the Court has ordered that a meeting of Legend Shareholders be convened by Legend to consider and vote on the Scheme and has directed that this Explanatory Booklet accompany the Notice of Scheme Meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how Legend Shareholders should vote on the Scheme (on this matter Legend Shareholders must reach their own decision);

(b) has prepared, or is responsible for, the content of this Explanatory Booklet; or

(c) has approved or will approve the terms of the Scheme.

NOTICE REGARDING SECOND COURT HEARING AND IF A LEGEND SHAREHOLDER WISHES TO OPPOSE THE SCHEME

The date of the Second Court Hearing to approve the Scheme is Friday, 16 August 2019.

The hearing will be at 12.00 noon (Melbourne time) at the Federal Court of Australia at the Owen Dixon Law Courts Building, 305 William Street, Melbourne.

A Legend Shareholder has the right to appear and be heard at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Legend, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Legend at its address for service at least one day before the Second Court Date.

The address for service is: c/o MinterEllison, Rialto Towers, 525 Collins Street, Melbourne VIC 3000, Attention: Alberto Colla.

Forward looking statements

Certain statements in this Explanatory Booklet are about future matters, including forward looking statements. These forward looking statements and information, including statements and information relating to Legend and the transactions contemplated by the Scheme Implementation Agreement, are not based solely on historical facts, but rather reflect the current expectations of Legend or, in relation to the BidCo Information, BidCo, concerning future results, events or other matters. These statements may sometimes be identified by the use of forward looking words or phrases such as *if, when, believe, aim, will, expect, anticipate, intend, foresee, likely, should, could, plan, may, estimate, budget, forecast, envisage, target, potential* or other similar words or phrases. Similarly, statements that describe Legend's or BidCo's objectives, plans, goals or expectations, estimates of future costs, and expenditure are or may be forward looking statements.

The statements contained in this Explanatory Booklet about the impact that the Scheme may have on the results of Legend's operations, the expected advantages and potential disadvantages of the Scheme are also forward looking statements.

These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results of Legend to be materially different from future results, performance or achievements expressed or implied by such statements. These statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Legend will operate in the future, including anticipated costs and ability to achieve goals. Therefore forward looking statements and information should be construed in light of those limitations and undue reliance should not be placed on them.

None of Legend, BidCo, their respective related entities, their respective directors, nor any other

person gives any representation, assurance or guarantee that the occurrence of the results or events expressed or implied in any forward looking statements and information in this Explanatory Booklet will actually occur.

The forward looking statements and information in this Explanatory Booklet reflect views held only at the date of this Explanatory Booklet.

Subject to any continuing obligations under law, Legend, BidCo, their respective related entities, and their respective directors disclaim any obligation or undertaking to disseminate after the date of this Explanatory Booklet any updates or revisions to any forward looking statements and information to reflect any change in expectations in relation to them or any change in the events, conditions or circumstances on which they are based.

Rounding of numerical information

Any discrepancies between totals in tables and sums of components contained in this Explanatory Booklet and between those figures and figures referred to in other parts of this Explanatory Booklet are due to rounding. Except as otherwise stated, all rounded numbers have been rounded either to one decimal place or to the nearest whole number.

Privacy and personal information

Legend will need to collect personal information to implement the Scheme. This information may include the name, contact details and security holding of Legend Shareholders, and the name of persons appointed by Legend Shareholders to act as proxy, attorney, or in the case of a Legend Shareholder who is a corporation, corporate representative at the Scheme Meeting. The primary purpose of collecting this personal information is to assist Legend in the conduct of the Scheme Meeting and to enable the Scheme to be implemented by Legend in the manner described in this Explanatory Booklet. Without this information, Legend may be impeded in its ability to carry out these purposes to full effect. The collection of certain personal information is authorised by the Corporations Act.

Personal information may be disclosed to the Share Registry, print and mail service providers, authorised securities brokers and to related entities of Legend and the parties to the Scheme Implementation Agreement.

Legend Shareholders have certain rights to access their personal information that has been collected. Legend Shareholders should contact Legend's company secretary in the first instance if they wish to request access to their personal information.

Legend Shareholders who appoint a named person to act as their proxy, attorney, or in the case of a Legend Shareholder who is a corporation, a corporate representative at the Scheme Meeting should ensure that they inform that person of the matters outlined above.

No internet site is part of this Explanatory Booklet

Legend and Adamantem Capital each maintain internet sites at <https://www.legendcorporate.com/> and <https://www.adamantem.com.au/>. Any references in this Explanatory Booklet to those or other internet sites are for information purposes only and do not form part of this Explanatory Booklet.

Date of Explanatory Booklet

This Explanatory Booklet is dated 8 July 2019.

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Important Dates and Times

All references to time in this Explanatory Booklet are references to the time in Melbourne, Australia unless otherwise stated.

Event	Date (and time)
First Court Hearing at which the Court made orders convening the Scheme Meeting	This occurred on Friday, 5 July 2019
Last time and date by which: <ul style="list-style-type: none">Proxy Forms for the Scheme Meeting must be received by the Share Registry (whether in person, by mail, by fax, or by email); orfor Legend Shareholders who choose to appoint a proxy online - online appointments of proxies must be done.	2.30pm (Melbourne time) on Wednesday, 7 August 2019
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (Melbourne time) on Wednesday, 7 August 2019
Scheme Meeting to be held at the Adelaide Pavilion Restaurant in the Veale Gardens, Corner, South Terrace and Peacock Road, Adelaide	2.00pm (Adelaide time) on Friday, 9 August 2019
<p>All dates and times in the remainder of this timetable are indicative only and, among other things, are subject to all necessary approvals from the Court and Government Agencies. Any changes to the remainder of this timetable (which may include an earlier or later date for the Second Court Hearing) will be announced through ASX and notified on Legend's website at https://www.legendcorporate.com/</p>	
Special Dividend declared (subject to the determination of the Legend Board)	Friday, 9 August 2019
Second Court Hearing to apply for orders approving the Scheme	Friday, 16 August 2019
Lodgment by Legend with ASIC of the Court orders approving the Scheme (Effective Date)	Monday, 19 August 2019
Suspension of trading in Legend Shares on ASX	4.00pm on Monday, 19 August 2019
Time and date for determining entitlements to the Special Dividend (if the Special Dividend is declared) (Special Dividend Record Date)	7.00pm on Wednesday, 21 August 2019
Time and date for determining entitlements to Scheme Consideration (Scheme Record Date)	7.00pm on Monday, 26 August 2019
Payment of Scheme Consideration and Special Dividend (if the Special Dividend is declared) to Legend Shareholders (Implementation Date)	Friday, 30 August 2019

Overview of this Explanatory Booklet

What is this Explanatory Booklet for?

This Explanatory Booklet has been sent to you to help you understand the terms of a proposed scheme of arrangement between Legend and its Shareholders (**Scheme**) under which all of your Legend Shares will be acquired by Greenland BidCo Pty Ltd (**BidCo**) (a company controlled by funds advised by Adamantem Capital) in exchange for \$0.365 cash for each Legend Share you hold (**Scheme Consideration**). The Scheme Consideration will be reduced by a fully franked special dividend of up to \$0.07 that Legend may declare and pay on implementation of the Scheme (**Special Dividend**).

The Scheme is subject to the approval of Legend Shareholders, so this Explanatory Booklet includes information relevant to your decision as a Legend Shareholder whether or not to approve the Scheme.

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

Why should you vote?

As a Legend Shareholder, you have a say in whether or not the Scheme proceeds. The Scheme will not proceed unless it is approved by the requisite majorities of Legend Shareholders – this is your opportunity to play a role in deciding the future of the business in which you have a stake.

What you should do next

Read this Explanatory Booklet

This Explanatory Booklet contains information that is material to your decision whether or not to vote in favour of the Scheme. Accordingly, you should read and carefully consider the information in this Explanatory Booklet to help you make an informed voting decision.

Legend Shareholders should refer in particular to Section 2 for guidance on the expected advantages, potential disadvantages and other considerations relevant to the Scheme. Answers to some frequently asked questions are included in Section 3.

This Explanatory Booklet does not take into account the financial situation, investment objectives and particular needs of any Legend Shareholder. If you have any queries in relation to how the Scheme may affect your specific financial situation, investment objectives or other particular needs, you should consult your legal, financial, taxation or other professional adviser before making any decision in relation to your Legend Shares and how to vote at the Scheme Meeting.

Vote on the Scheme

As a Legend Shareholder, it is your right to vote on whether or not the Scheme proceeds. Your vote is important and you are strongly encouraged to vote on the Scheme.

You can vote on the Scheme:

- by personally attending the Scheme Meeting to be held Friday, 9 August 2019, commencing at 2.00pm (Adelaide time) at the Adelaide Pavilion Restaurant located in Veale Gardens, Cnr. South Terrace and Peacock Road Adelaide; or
- by appointing a proxy, attorney or, in the case of a Legend Shareholder who is a corporation, a corporate representative to attend the Scheme Meeting and vote on your behalf.

If you wish to appoint a proxy to vote on your behalf, you can either:

- complete and return the Proxy Form which accompanies this Explanatory Booklet; or
- appoint a proxy online at www.securitytransfer.com.au using the Online Proxy ID noted on the front of your Proxy Form which accompanies this Explanatory Booklet and by following the instructions on that website.

For your proxy appointment to be effective:

- your Proxy Form must be received by the Share Registry (whether in person, by mail, by fax or by email) by 2.30pm (Melbourne time) Wednesday, 7 August 2019; or
- if you choose to appoint a proxy online – this appointment must be done by 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

Further information relating to voting is contained in Section 4, in the notice of meeting in Appendix 3 to this Explanatory Booklet and in the Proxy Form for the Scheme Meeting which accompanies this Explanatory Booklet.

Is the Scheme in the best interests of Legend Shareholders?

- ✓ The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is **FAIR AND REASONABLE** and in the **BEST INTERESTS** of Legend Shareholders.

The Independent Expert's Report is included in Appendix 1 to this Explanatory Booklet.

What do the Legend Directors recommend?

- ✓ Your Directors **UNANIMOUSLY RECOMMEND** that you vote **IN FAVOUR OF** the Scheme, in the absence of a Superior Proposal. Your Directors intend to vote all Legend Shares they hold or control **IN FAVOUR OF** the Scheme, in the absence of a Superior Proposal.

What if you have questions in relation to the Scheme?

If you have questions in relation to the Scheme, you should refer to the Frequently Asked Questions section of this Explanatory Booklet or call Graham Seppelt, the Company Secretary on +61 419 035 297 Monday to Friday between 9.00am and 5.00pm (Adelaide time). Alternatively, you may consult your legal, financial, taxation or other professional adviser.



Dear Legend Shareholder,

On behalf of the Legend Board, I am pleased to provide you with this Explanatory Booklet in relation to the proposed acquisition of Legend by Greenland BidCo Pty Ltd (**BidCo**), a company controlled by funds advised by Adamantem Capital.

Background

In October 2016, the Legend Board resolved to conduct a strategic review of Legend's business. The purposes of the strategic review were wide-ranging but included:

- assessing the inherent value of Legend Shares and whether the market price of Legend Shares, which had traded within a range of \$0.19 to \$0.25 since the start of 2016, fully reflected Legend's inherent value;
- investigating the liquidity or ease by which Legend Shares could be traded on ASX;
- examining key industries within which Legend operates to assess any potential company specific or industry risks that may be encountered by Legend; and
- exploring different corporate options available to Legend to enhance shareholder value, including growth by way of mergers and acquisitions or an outright sale of Legend.

As part of this strategic review, the Legend Board determined that the low liquidity of Legend Shares was negatively impacting shareholder value and also adversely impacting Legend's ability to access capital required to fund growth. In particular, it was unclear whether any capital raising would be able to be conducted:

- with levels of participation that would not adversely impact investor and market confidence in Legend; and
- at a price which would not be highly dilutive.

Accordingly, in the second half of 2018, the Legend Board resolved to commence a process to enhance shareholder value by seeking a strategic investment by one or more external parties, including a potential trade sale or control transaction involving Legend. As part of this process, Legend engaged with around 45 parties and a confidential information memorandum was provided to 18 parties over the course of that process.

This process culminated on 24 May 2019, when Legend announced that it had entered into a Scheme Implementation Agreement with BidCo, under which it is proposed that Adamantem, through BidCo, will acquire 100% of the issued share capital of Legend by way of a scheme of arrangement (**Scheme**). The Scheme is subject to certain conditions, including shareholder, court and FIRB approvals.

Scheme Consideration

If the Scheme proceeds, all holders of Legend Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019) will transfer all of their Legend Shares to BidCo on the Implementation Date (currently proposed to be Friday, 30 August 2019), in exchange for payment of the Scheme Consideration by BidCo.

The Scheme Consideration to be paid by BidCo is \$0.365 for each Legend Share you hold on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Legend on or before the date the Scheme is implemented.

Special Dividend

The Legend Board currently intends to declare the Special Dividend, subject to the Scheme becoming Effective. The final decision whether or not to declare the Special Dividend will be made by the Directors and will be communicated to Legend Shareholders by way of an ASX announcement immediately after the Scheme Meeting. If declared, the Special Dividend will be paid on the Implementation Date.

If the Special Dividend is declared and the Scheme is implemented, you will receive \$0.365 (**Total Cash Consideration**) for each of your Legend Shares provided that you hold all of those shares on both:

- the Special Dividend Record Date (currently proposed to be 7.00pm (Melbourne time) on Wednesday, 21 August 2019; and
- the Scheme Record Date (currently proposed to be 7.00pm (Melbourne time) on Monday, 26 August 2019

Letter from the Chairman of Legend

The Total Cash Consideration is currently expected to comprise:

- cash consideration paid by BidCo under the Scheme of \$0.365 for each Legend Share you hold on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Legend on or before the date the Scheme is implemented (**Scheme Consideration**); and
- a fully franked special dividend of up to \$0.07 for each Legend Share you hold on the Special Dividend Record Date (**Special Dividend**)

Please note that, if the Special Dividend is declared and the Scheme is implemented, you will only receive the Total Cash Consideration for each of your Legend Shares provided that you hold all of those shares on both the Special Dividend Record Date and the Scheme Record Date. If you become a Legend Shareholder after the Special Dividend Record Date, you will not receive the Special Dividend and you may receive less than the Total Cash Consideration of \$0.365 per Legend Share. Similarly, if you sell your Legend Shares prior to the Scheme Record Date you will not receive the Scheme Consideration.

If the Special Dividend is not declared and the Scheme is implemented, then you will not receive any Special Dividend. However, you will still receive the Total Cash Consideration of \$0.365 for each of your Legend Shares that you hold on the Scheme Record Date.

The table below illustrates the consistent financial outcomes for Legend Shareholders across the two above principal alternative scenarios:

Scenario	What you will receive	Total Cash Consideration
1. Legend pays a Special Dividend of \$0.07	<ul style="list-style-type: none">• \$0.295 cash from BidCo for every Legend Share you hold on the Scheme Record Date <p><i>plus</i></p> <ul style="list-style-type: none">• \$0.07 from Legend for every Legend Share you hold on the Special Dividend Record Date	\$0.365 (\$0.295 + \$0.07)
2. No Special Dividend is paid	<ul style="list-style-type: none">• \$0.365 cash from BidCo for every Legend Share you hold on the Scheme Record Date	\$0.365

Under Scenario 2, if Legend pays a Special Dividend of up to the maximum of \$0.07 per Legend Share, then in addition to the Total Cash Consideration of \$0.365, those Legend Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to a maximum of \$0.03¹ of additional value per Legend Share (subject to confirmation from the ATO via a class ruling that Legend has requested).

Legend has requested the ATO to issue a class ruling to confirm the key taxation implications of the Scheme, the availability of franking credits attaching to the Special Dividend and whether the Special Dividend forms part of the capital proceeds under the Scheme (**Class Ruling**). The ATO has not issued the Class Ruling as at the date of this Explanatory Booklet. Legend will make an announcement when the Class Ruling is published either on ASX or, if Legend is no longer listed at that time, on its website. The Class Ruling will also be available on the ATO website at www.ato.gov.au.

Whether you will be entitled to the franking credits attached to any Special Dividend will depend on your own specific circumstances. In assessing the value and impact to them of any Special Dividend, Legend Shareholders should seek professional taxation advice based on their own individual circumstances. In particular, Legend Shareholders should note that, depending on the timing of and price at which they acquired their Legend Shares, there may be differences in the tax consequences for them. Refer to Section 7 'Taxation Implications of the Scheme and Special Dividend' for further detail.

1. Assuming a Special Dividend of \$0.07. If the Special Dividend is less than \$0.07, the franking credits attached to the Special Dividend and the Australian tax offset that Legend Shareholders may be entitled to will be commensurately less than \$0.03.

Letter from the Chairman of Legend

Premium and multiple

The Total Cash Consideration of \$0.365 per Legend Share represents:

- a 17.7% premium to the closing price of Legend Shares on 22 May 2019² of \$0.31;
- a 22.1% premium to the 1 month VWAP of Legend Shares up to and including 22 May 2019 of \$0.30;
- a 19.8% premium to the 3-month VWAP of Legend Shares up to and including 22 May 2019 of \$0.305; and
- an implied EV/EBITDA multiple of 6.5x.³

Directors' Recommendation

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.

Each of your Directors confirms that they intend to vote all Legend Shares held or controlled by them, in favour of the Scheme, in the absence of a Superior Proposal. As at the date of this Explanatory Booklet, your Directors hold or control in aggregate approximately 30.83% of all Legend Shares on issue.

Your Directors have formed the view that the Scheme is in the best interests of Legend Shareholders and represents an opportunity to realise an attractive value for your Legend Shares for the following reasons:

- the Total Cash Consideration represents a material premium to Legend's recent share price performance and an attractive implied EV/EBITDA multiple;
- the Total Cash Consideration provides an attractive opportunity for all Legend Shareholders to realise immediate and certain value for their investment in Legend given the lack of liquidity that has historically constrained trading in Legend shares. In particular, the Scheme provides an opportunity for all Legend Shareholders to realise their entire investment at a price close to the top of the range of prices at which Legend Shares have traded in the past three years;
- Legend's share price may fall if the Scheme does not proceed and no comparable proposal or Superior Proposal emerges;
- no alternative proposal has emerged since the announcement of the Scheme to ASX on 24 May 2019;
- if the Scheme does not proceed, Legend Shareholders will continue to be exposed to the risks and uncertainties associated with Legend's business rather than realising certain value for their Legend Shares in a certain timeframe; and
- you will not incur any brokerage on the transfer of your Legend Shares under the Scheme.

In forming their view that the Scheme is in the best interest of Legend Shareholders, your Directors considered the potential disadvantages of the Scheme proceeding. In particular, you may prefer to continue to participate in the future financial performance of the Legend business, noting that there can be no certainty around the future performance of Legend nor that prevailing market conditions will continue to support Legend's business. You may also believe that there is potential for a Superior Proposal to be made in relation to Legend. However, as at the date of this Explanatory Booklet, no alternative proposal has been received by the Legend Board since the announcement of the Scheme to the ASX. In this regard, as noted earlier, Legend and its advisors engaged with multiple parties throughout the second half of 2018 to explore a trade sale, a control transaction or other strategic transaction. The culmination of this competitive process was the execution of the Scheme Implementation Agreement with Adamantem and the announcement of the Scheme on 24 May 2019. Since that date and up to the date of this Explanatory Booklet, no alternative proposal has emerged.

Further information to assist you in determining whether to vote in favour of or against the Scheme is set out in Section 2 of this Explanatory Booklet.

Independent Expert

Your Directors' recommendation of the Scheme is supported by Lonergan Edwards & Associates Limited, the Independent Expert engaged by the Legend Board to prepare an opinion on whether the Scheme is fair and reasonable and in the best interests of Legend Shareholders. Lonergan Edwards has assessed the fair market value of a Legend Share, on a fully diluted controlling interest basis, to be between \$0.35 and \$0.39.

2. 22 May 2019 was the last trading day prior to Legend entering a trading halt.

3. This figure has been calculated based upon the Legend EV implied by the Total Cash Consideration of \$0.365 per Legend Share, and the Legend EBITDA adopted by the Independent Expert for valuation purposes (see paragraph 118 of the Independent Expert's Report included as Appendix 1).

Letter from the Chairman of Legend

The Scheme Consideration of \$0.365 cash per Share is within this range. Loneragan Edwards has concluded that in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of Legend Shareholders.

Further, the Independent Expert notes that the Special Dividend may give rise to additional value to those Australian resident shareholders able to access the franking credit gross up and offset in respect of franking credits attaching to the Special Dividend (though this will depend on the particular circumstances of the shareholder).⁴

Your Directors encourage you to read and consider the Independent Expert's Report, which is contained in Appendix 1 to this Explanatory Booklet.

Next Steps

For the Scheme to be implemented, the Scheme Resolution must be approved by the requisite majorities of Legend Shareholders at the Scheme Meeting. Therefore, your vote is important. The Scheme Meeting will be held at the Adelaide Pavilion Restaurant, in the Veale Gardens, Cnr. South Terrace and Peacock Road Adelaide at 2.00pm (Adelaide time) on Friday, 9 August 2019.

Your Directors strongly encourage you to vote on the Scheme (and to vote in favour of it, in the absence of a Superior Proposal). You may vote on the Scheme Resolution by attending the Scheme Meeting in person, or by appointing a proxy, attorney or in the case of a Legend Shareholder who is a corporation, a corporate representative, to attend the Scheme Meeting and vote on your behalf. If you do not wish to or are unable to attend the Scheme Meeting in person, I encourage you to vote on the Scheme Resolution by either:

- completing and returning the Proxy Form which accompanies this Explanatory Booklet; or
- appointing a proxy online at www.securitytransfer.com.au using the Online Proxy ID noted on the front of your Proxy Form which accompanies this Explanatory Booklet and by following the instructions on that website.

For your proxy appointment to be effective:

- your Proxy Form must be received by the Share Registry (whether in person, by mail, by fax or by email) by 2.30pm (Melbourne time) Wednesday, 7 August 2019; or
- if you choose to appoint a proxy online – this appointment must be done by 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

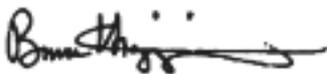
Further Information

This Explanatory Booklet sets out important information relating to the Scheme, including the reasons for your Directors' recommendation and the Independent Expert's Report. It also sets out some of the reasons why you may wish to vote against the Scheme.

Your Directors strongly encourage you to read this Explanatory Booklet carefully. You should also seek independent legal, financial, taxation or other professional advice before making an investment decision in relation to your Legend Shares. If you have any questions regarding the Scheme or this Explanatory Booklet you should contact Graham Seppelt, the Company Secretary on +61 419 035 297 Monday to Friday between 9.00am and 5.00pm (Adelaide time).

On behalf of your Directors, I thank you for your ongoing support and I look forward to your participation at the Scheme Meeting.

Yours sincerely,



Bruce Higgins
Chairman

4. Refer to paragraph 167(c) of the Independent Expert's Report included as Appendix 1 to this Explanatory Booklet.



KEY REASONS TO VOTE IN FAVOUR OF THE SCHEME

- ✓ Legend's Directors unanimously recommend the Scheme and intend to vote all Legend Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal
- ✓ The Total Cash Consideration of \$0.365 represents a material premium to the market price of a Legend Share and an attractive implied EV/EBITDA multiple
- ✓ The Independent Expert has concluded that the Scheme is 'fair and reasonable' and in the best interests of Legend Shareholders
- ✓ If the Special Dividend is paid, Legend Shareholders may be entitled to the franking credits and tax offset in respect of the franking credits attached to the Special Dividend (subject to confirmation from the ATO)
- ✓ The Scheme's all cash consideration provides access to liquidity at a price close to the top of the range of prices at which Legend Shares have traded in the past three years
- ✓ The Scheme's all cash consideration provides certainty of value in an all cash offer and a high degree of certainty of timing of the receipt of that consideration
- ✓ Legend's share price may fall if the Scheme does not proceed and no comparable proposal or Superior Proposal emerges
- ✓ No Superior Proposal has emerged



POTENTIAL REASONS TO VOTE AGAINST THE SCHEME



You may disagree with your Directors' recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests



You may prefer to participate in the future financial performance of the Legend business



You may believe it is in your best interests to maintain your current investment and risk profile



You may consider that there is potential for a Superior Proposal to emerge



The tax consequences of transferring your Legend Shares under the Scheme may not be suitable to you

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL

You should read this Explanatory Booklet in full before making any decision on the Scheme. In particular, you should refer to Section 2 for guidance on the expected advantages and potential disadvantages of the Scheme. This Explanatory Booklet does not take into account the financial situation, investment objectives and particular needs of any Legend Shareholder. You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.



SECTION ONE

Summary of the Scheme

1. Summary of the Scheme

1.1 Background

Between October 2016 and the date the Scheme was announced on 24 May 2019, the Legend Board conducted a comprehensive process to maximise shareholder value. The background to that process is set out in the Chairman's Letter and culminated on 24 May 2019 with the Legend Board announcing that it had entered into a Scheme Implementation Agreement with BidCo (a company controlled by funds managed by Adamantem Capital). This agreement sets out a framework for Legend to propose a scheme of arrangement between itself and its Shareholders under which BidCo will acquire all of the Legend Shares on issue for a cash consideration under the Scheme of \$0.365 for each Legend Share you hold on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Legend on or before the date the Scheme is implemented (**Scheme Consideration**).

The Legend Board currently intends to declare a fully franked Special Dividend of up to \$0.07 per Legend Share, subject to the Scheme becoming Effective.

A copy of the Scheme Implementation Agreement is included as Appendix 4 to this Explanatory Booklet.

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

The Scheme must be approved by the requisite majorities of Legend Shareholders at the Scheme Meeting and approved by the Court. There are also other Scheme Conditions that need to be satisfied before the Scheme proceeds. The key remaining Scheme Conditions are summarised in Section 1.5.

If all of the Scheme Conditions are satisfied or waived (as applicable), the Scheme will constitute a binding arrangement between Legend and all holders of Legend Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019) to undertake the steps required to:

- transfer all of their Legend Shares to BidCo on the Implementation Date in exchange for payment of 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 Legend Shares as at the Scheme Record Date will be bound by the Scheme whether or not they:

- attend the Scheme Meeting;
- vote at the Scheme Meeting; or
- vote against the Scheme at the Scheme Meeting.

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 Explanatory Booklet.

1.2 What you will receive under the Scheme

If the Scheme proceeds, you will receive \$0.365 for each of your Legend Shares provided that you hold each of those Legend Shares on both the Special Dividend Record Date (currently proposed to be 7.00pm (Melbourne time) on Wednesday, 21 August 2019 and the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019) (**Total Cash Consideration**). This is currently expected to comprise:

- cash consideration paid by BidCo under the Scheme of \$0.365 for each Legend Share you hold on the Scheme Record Date, less the amount of any Special Dividend that may be declared and paid by Legend on or before the date the Scheme is implemented (**Scheme Consideration**); and
- a fully franked special dividend of up to \$0.07 for each Legend Share you hold on the Special Dividend Record Date that may be declared and paid by Legend on or before the date the Scheme is implemented (noting that the Legend Board currently intends to declare and pay the special dividend) (**Special Dividend**).

On 24 May 2019, Legend and BidCo entered into a term facility agreement under which BidCo agrees to make available to Legend an unsecured and interest free loan of up to \$15,265,159, for the sole purpose of funding the aggregate amount of any Special Dividend to be paid by Legend (**Loan Agreement** and **Loan Amount** respectively). For more information regarding the Loan Agreement, please refer to Sections 6.4 and 10.10 of this Explanatory Booklet.

The Legend Board currently intends to declare a fully franked Special Dividend of up to \$0.07 per Legend Share, subject to the Scheme becoming Effective. The final decision whether or not to declare the Special Dividend will be made by the Directors and will be communicated to Legend Shareholders by way of an ASX announcement immediately after the Scheme Meeting. If declared, the Special Dividend will be paid on the Implementation Date. However, the Total Cash Consideration will be \$0.365 regardless of whether or not the Special Dividend is declared and regardless of the amount of any Special Dividend. This is because the Scheme Consideration Legend Shareholders receive from BidCo will be \$0.365 less the cash amount of any Special Dividend declared and paid by Legend.

If a Special Dividend of up to \$0.07 is paid, those Legend Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to a maximum of \$0.03⁵ of additional value per Legend Share (subject to confirmation from the ATO via the Class Ruling which Legend has requested). Whether you will be entitled to the franking credits

5. Assuming a Special Dividend of \$0.07. If the Special Dividend is less than \$0.07, the franking credits attached to the Special Dividend and the Australian tax offset that Legend Shareholders may be entitled to will be commensurately less than \$0.03.

1. Summary of the Scheme

attached to any Special Dividend will depend on your own specific circumstances. In assessing the value and impact to them of any Special Dividend, Legend Shareholders should seek professional taxation advice based on their own individual circumstances. In particular, Legend Shareholders should note that, depending on the timing of and price at which they acquired their Legend Shares, there may be differences in the tax consequences for them. Refer to Section 7 'Taxation Implications of the Scheme and Special Dividend' for further details.

If the Special Dividend is declared, please note that you will only receive the Total Cash Consideration for your Legend Shares provided that you hold all of those shares on both the Special Dividend Record Date and the Scheme Record Date. If you become a Legend Shareholder after the Special Dividend Record Date, you will not receive the Special Dividend and you may receive less than the Total Cash Consideration of \$0.365 per Legend Share. Similarly, if you sell your Legend Shares prior to the Scheme Record Date you will not receive the Scheme Consideration.

For example, if you sell your Legend Shares through an off-market transfer after the Special Dividend Record Date but before the Scheme Record Date:

- you (the 'seller') will receive the Special Dividend (if declared) and may be entitled to the franking credits attached to the Special Dividend, and will also receive any consideration for the sale but will not receive the Scheme Consideration; and
- the 'buyer' will receive the Scheme Consideration, but will not receive the Special Dividend and any franking credits attached to the Special Dividend,

which for both parties may not be the same amount in aggregate as the Total Cash Consideration.

The converse would apply in relation to any Legend Shares you acquire through an off market transfer after the Special Dividend Record Date.

1.3 Directors' recommendation and intentions

The Legend Directors unanimously recommend that Legend Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. Subject to that same qualification, each Director intends to vote all Legend Shares held or controlled by them in favour of the Scheme. As at the date of this Explanatory Booklet, your Directors hold or control in aggregate approximately 30.83% of all Legend Shares on issue.

In forming their unanimous recommendation your Directors have carefully considered the conditions, expected advantages, potential disadvantages and risks of the Scheme. These matters are described in more detail in Section 2 and in the Independent Expert's Report in Appendix 1. Your Directors consider that the expected advantages of the Scheme outweigh its potential disadvantages and risks.

1.4 Independent Expert's conclusion

Legend engaged the Independent Expert, Lonergan Edwards, to prepare a report expressing an opinion on whether the Scheme is fair and reasonable and in the best interests of Legend Shareholders.

The Independent Expert has assessed the fair market value of a Legend Share, on a fully diluted controlling interest basis, to be between \$0.35 and \$0.39. The Scheme Consideration of \$0.365 cash per Legend Share is within this range. The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and in the best interests of the Legend Shareholders.

The Independent Expert's Report is included as Appendix 1. You should read that report as part of your assessment of the Scheme. Section 2 contains a summary of the key conclusions of the Independent Expert in relation to the Scheme.

1.5 Scheme Conditions

The Scheme is subject to a number of Scheme Conditions including:

- the Scheme being approved by Legend Shareholders at the Scheme Meeting by:
 - unless the Court orders otherwise, a majority in number of the Legend Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative); and
 - at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative);
- the Court approving the Scheme;
- Legend putting in place legally binding arrangements prior to the Delivery Time on the date of the Second Court Hearing such that no Performance Rights are in existence prior to the Scheme becoming Effective;
- there being no Material Adverse Change, no Legend Prescribed Occurrences, no BidCo Prescribed Occurrences, no breach of any Legend Warranties and no breach of any BidCo Warranties prior to the Delivery Time on the date of the Second Court Hearing.

1. Summary of the Scheme

The Scheme Conditions are discussed in more detail in Section 8.3 and are set out in full in the Scheme Implementation Agreement, included as Appendix 4 to this Explanatory Booklet and in clause 3(a) of the Scheme in Appendix 2 to this Explanatory Booklet.

As at the date of this Explanatory Booklet, neither Legend, nor any of the Legend Directors are aware of any circumstances that would cause any of the Scheme Conditions not to be satisfied or which could result in termination of the Scheme Implementation Agreement.

Legend will make a statement regarding the status of all of the Scheme Conditions at the commencement of the Scheme Meeting.

1.6 Taxation implications

If the Scheme proceeds, all holders of Legend Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019) will transfer all of their Legend Shares to BidCo on the Implementation Date (currently proposed to be Friday, 30 August 2019), in exchange for payment of the Scheme Consideration.

Generally, foreign resident capital gains withholding at a rate of 12.5% of the capital proceeds applies to a transaction involving the acquisition of an asset that is an indirect Australian real property interest (i.e. the asset is "taxable Australian property") from a "relevant foreign resident". The Scheme provides that BidCo may withhold, and remit, an amount equal to 12.5% of your Scheme Consideration to the Commission of Taxation. However, based on the existing asset profile of Legend and the spread of Legend Shareholders and their residency status, this withholding is not anticipated to apply in respect of the Scheme because the Legend Shares are not indirect real property interests for the purposes of the Income Tax Assessment Act 1997.

A general outline of the taxation implications for Australian resident Legend Shareholders in relation to receiving the Special Dividend and disposing of their Legend Shares under the Scheme is provided in Section 7. The information in that Section is general in nature and should not be relied on by Legend Shareholders as tax advice. Legend Shareholders should obtain their own professional advice on the taxation implications relevant to them arising from the Special Dividend and the Scheme in their own individual circumstances. In particular, Legend Shareholders should note that, depending on the timing of and price at which they acquired their Legend Shares, there may be differences in the tax consequences for them.

1.7 Warranties provided by Legend Shareholders

The Scheme provides that Legend Shareholders who hold Legend Shares as at the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019) are taken to have warranted to Legend and BidCo that:

- all their Legend Shares (including any rights and entitlements attaching to those shares) transferred to BidCo under the Scheme will, at the date of transfer, be fully paid and free from mortgages, charges, liens, encumbrances, pledges, security interests (including any *security interests* within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Legend Shares (together with any rights and entitlements attaching to those shares) to BidCo under the Scheme; and
- they have no existing right to be issued any Legend Shares, Legend Performance Rights or any other Legend Securities, other than, in the case of any Scheme Shareholder who is also the holder of Legend Performance Rights, the right to be issued Legend Shares on the exercise of those Legend Performance Rights before the Scheme Record Date in accordance with their terms.

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

1.8 Exclusivity, break fee arrangements and competing proposals

Exclusivity and break fee arrangements

Under the Scheme Implementation Agreement:

- Legend has agreed to certain exclusivity arrangements in favour of BidCo;
- Legend has agreed in certain circumstances to pay BidCo a break fee of \$1.03 million (plus GST) (**Legend Break Fee**); and
- BidCo has agreed in certain circumstances to pay Legend a break fee of \$1.03 million (plus GST) (**BidCo Break Fee**).

The Legend Break Fee triggers do not include a situation where the Scheme does not proceed simply because Legend Shareholders do not approve the Scheme at the Scheme Meeting.

Please refer to Sections 2.5(d) and 2.5(f) for further information on these exclusivity and break fee arrangements, and to clauses 14 and 15 of the Scheme Implementation Agreement, included as Appendix 4 to this Explanatory Booklet, for the complete terms of these arrangements.

1. Summary of the Scheme

Competing proposals

Your Directors' recommendation of the Scheme is qualified as applying in the absence of a Superior Proposal. As at the date of this Explanatory Booklet, no Superior Proposal has been received and your Directors are not aware of any approach that may result in a Superior Proposal emerging. As part of the exclusivity arrangements described in Section 2.5(d) Legend has agreed not to solicit, invite or encourage any Competing Proposal. However, these restrictions do not prevent Legend from considering an unsolicited Competing Proposal. BidCo has the right (but not the obligation) to match any unsolicited Superior Proposal.

If a Competing Proposal for Legend emerges prior to the Scheme Meeting, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all your Legend Shares. If a Superior Proposal is announced, Legend may be obliged to pay a break fee of \$1.03 million (plus GST) to BidCo.

Please see Section 2.5(d) for further discussion about the implications of any Competing Proposal that may emerge.

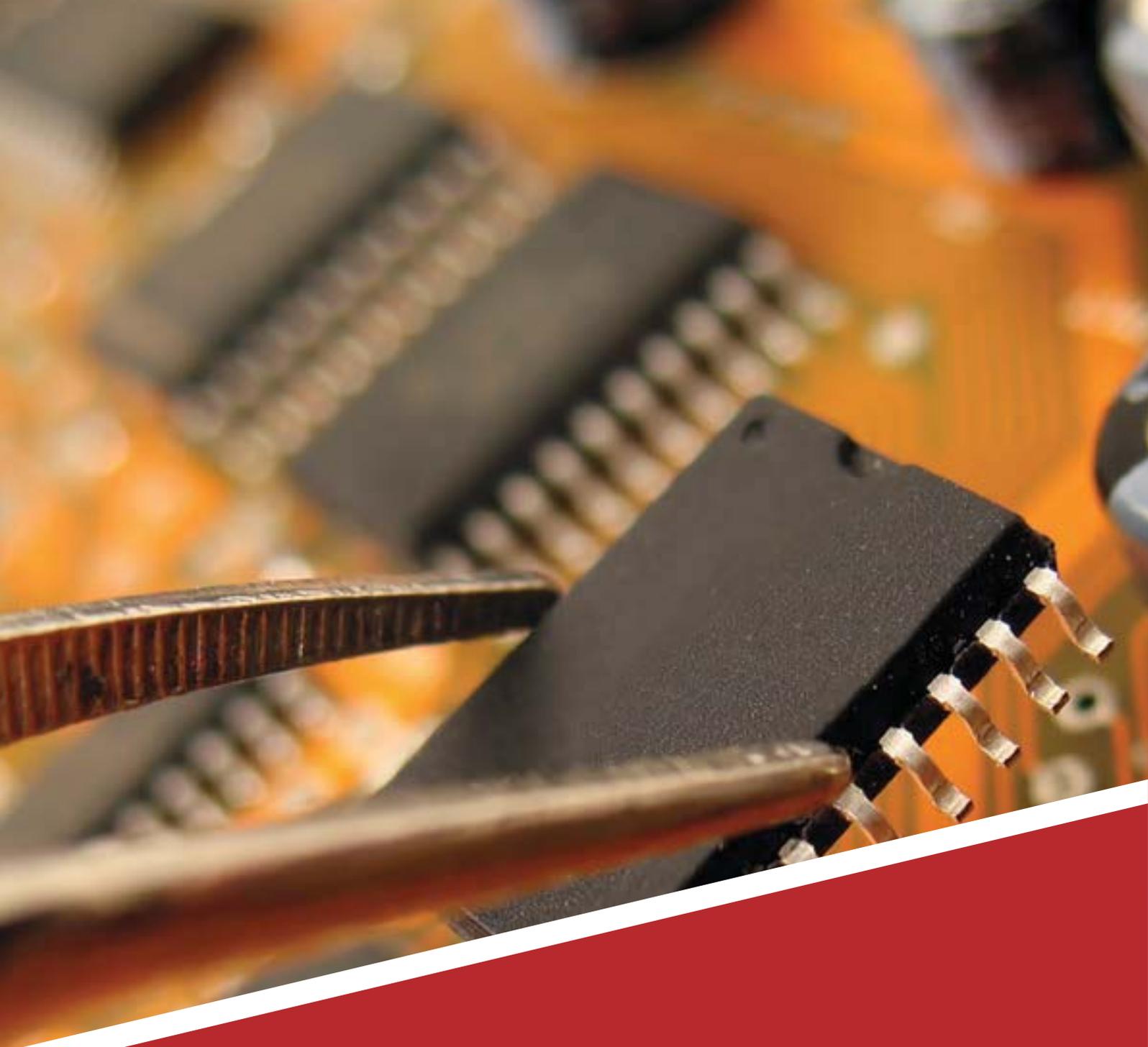
1.9 Implementation timetable

If all necessary approvals and conditions for the Scheme are satisfied or waived (as applicable), it is proposed that the Scheme will be implemented on the Implementation Date (currently proposed to be 30 August 2019). The Scheme will apply to and bind all persons registered as Legend Shareholders as at the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019). These persons are referred to in the Scheme and in this Explanatory Booklet as **Scheme Shareholders**. Importantly, the Scheme provides that the Scheme Shareholders will not have their Legend Shares transferred to BidCo unless:

- on the Business Day before the Implementation Date (currently proposed to be Friday, 30 August 2019), BidCo has deposited in cleared funds the aggregate Scheme Consideration into a trust account operated by Legend's Share Registry; and
- Legend or its Share Registry has paid from that trust account the Scheme Consideration due to each Scheme Shareholder.

Only once these steps have occurred will all Legend Shares be transferred to BidCo under the Scheme. In addition BidCo has executed a Deed Poll in favour of all Scheme Shareholders under which, subject to the Scheme becoming Effective, BidCo undertakes to pay the Scheme Consideration in accordance with the Scheme (a copy of the Deed Poll is contained in Appendix 5 to this Explanatory Booklet).

Having regard to the above matters, the Legend Board considers that Scheme Shareholders are not exposed to any risk that their Shares will be transferred to BidCo without the Scheme Consideration first having been dispatched to them. The key dates and times in relation to the Scheme are set out at the beginning of this Explanatory Booklet. Sections 8 and 9 describe in further detail the procedural aspects of the Scheme and how it will be implemented.



SECTION TWO

Relevant considerations for Legend Shareholders

2. Relevant considerations for Legend Shareholders

2.1 Introduction

The purpose of this Section is to identify significant issues for Legend Shareholders to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, Legend Shareholders should carefully consider the factors discussed below as well as the other information contained in this Explanatory Booklet.

Your Directors recommend that you consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your individual circumstances.

2.2 Directors' recommendation and intentions

The Directors of Legend as at the date of this Explanatory Booklet are:

Director's name	Position
Bruce Higgins	Chairman, Non Executive Director
Bradley Dowe	Managing Director and Chief Executive Officer
Ian Fraser	Non Executive Director

Profiles of each member of the Legend Board can be found in Legend's 2018 Annual Report which is available on ASX's website or Legend's website.

The interests of the Legend Directors in the Scheme are disclosed in Section 10 of this Explanatory Booklet.

For the reasons set out in Section 2.3, the Legend Directors unanimously believe that:

- the expected benefits of the Scheme outweigh its potential disadvantages and risks; and
- the Scheme is in the best interests of Legend Shareholders, in the absence of a Superior Proposal.

Accordingly, your Directors unanimously recommend that Legend Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

Subject to that same qualification, each Director intends to vote all Legend Shares they hold or control in favour of the Scheme. As at the date of this Explanatory Booklet, your Directors hold or control in aggregate approximately 30.83% of all Legend Shares on issue.

No Superior Proposal from another party has been received as at the date of this Explanatory Booklet.

You are not obliged to accept the Directors' recommendation. Some of the reasons why you may decide to vote against the Scheme are set out in Section 2.4.

You should note that if you decide to vote against the Scheme, the Scheme will nevertheless proceed if it is approved by the requisite majority of Shareholders, approved by the Court and if the other Scheme Conditions are satisfied or waived (see Sections 8 and 9).

2.3 Key reasons for Directors' recommendation

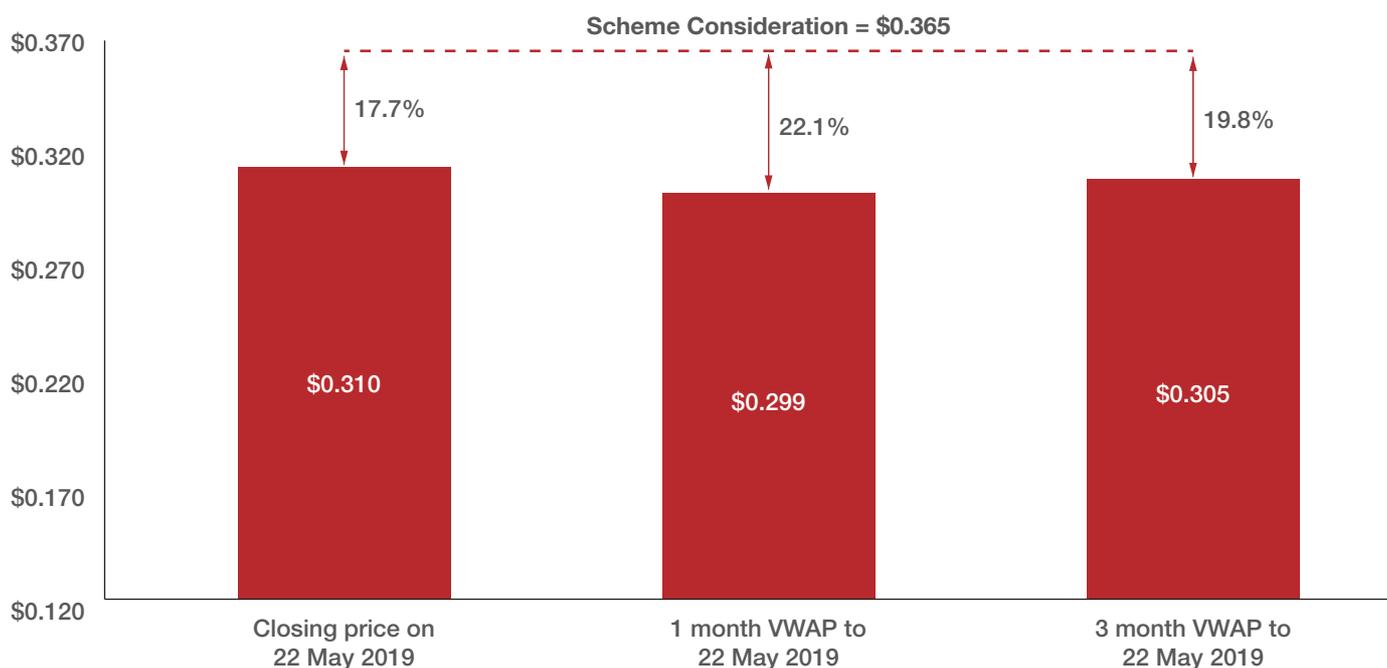
(a) The Total Cash Consideration of \$0.365 represents a material premium to the market price of a Legend Share and an attractive implied EV/EBITDA multiple

The Total Cash Consideration constitutes:

- a 17.7 % premium to the closing share price on 22 May 2019;
- a 22.1 % premium to the one-month volume-weighted average price;
- a 19.8 % premium to the three-month volume-weighted average price; and
- an implied EV/EBITDA multiple of 6.5x.⁶

6. This figure has been calculated based upon the Legend EV implied by the Total Cash Consideration of \$0.365 per Legend Share, and the Legend EBITDA adopted by the Independent Expert for valuation purposes (see paragraph 118 of the Independent Expert's Report included as Appendix 1). Note: the calculation of the Legend EV does not include the final deferred consideration payment of \$2.8 million in connection with the SCE acquisition.

2. Relevant considerations for Legend Shareholders



Accordingly, the Scheme is an opportunity for all Legend Shareholders to realise their investment in Legend at a material premium to the price at which Legend Shares traded up to and including 22 May 2019 and at an attractive implied EV/EBITDA multiple.

(b) The Independent Expert has concluded that the Scheme is ‘fair and reasonable’ and in the best interests of Legend Shareholders

Your Directors engaged Lonergan Edwards as the Independent Expert to prepare a report expressing an opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Legend Shareholders. The Independent Expert has assessed the full underlying value of Legend (including a premium for control) to be in the range of \$0.35 to \$0.39 per Legend Share. The Scheme Consideration of \$0.365 cash per Share is within that range. Accordingly, the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Legend Shareholders, in the absence of a Superior Proposal.

The Independent Expert states:⁷

“Advantages

In our opinion, the Scheme has the following benefits for Legend shareholders:

- *the Scheme Consideration of \$0.365 cash per share is consistent with our assessed value range for Legend shares on a 100% controlling interest basis. Thus, in our view, Legend shareholders are being paid an appropriate price to compensate them for the fact that control of Legend will pass to Adamantem if the Scheme is approved*
- *the Scheme Consideration represents a significant premium to the recent market prices of Legend shares prior to the announcement of the Scheme on 24 May 2019 (albeit that the premium is less than observed premiums generally paid in comparable circumstances)*
- *the Special Dividend may give rise to additional value to those Australian resident shareholders able to access the franking credit gross up and offset in respect of franking credits attaching to the Special Dividend (though this will depend on the particular circumstances of the shareholder)*
- *the Scheme provides Legend shareholders with the opportunity to realise their investment in a company in which share trading has historically been relatively low in a cost effective manner*
- *if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Legend shares is likely to trade at a significant discount to our valuation and the Scheme Consideration due to the portfolio nature of individual shareholdings.*

7. Paragraphs 14 to 16 of the Independent Expert’s Report included as Appendix 1 to this Explanatory Booklet.

2. Relevant considerations for Legend Shareholders

Disadvantages

Legend shareholders should note that if the Scheme is implemented they will no longer hold an interest in Legend. Legend shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Scheme Consideration.

Conclusion

Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. Consequently, in our view, the acquisition of Legend shares by Adamantem under the Scheme is fair and reasonable and in the best interests of Legend shareholders in the absence of a superior proposal.”

The Independent Expert's Report is included in full in Appendix 1 to this Explanatory Booklet. That report should be read in its entirety, including the assumptions on which the conclusions are based, as part of your assessment of the Scheme and before voting on the Scheme.

(c) If the Special Dividend is paid, Legend Shareholders may be entitled to the franking credits attached to the Special Dividend

The Legend Board currently intends to declare a Special Dividend of up to \$0.07 per Legend Share, subject to the Scheme becoming Effective. The final decision whether or not to declare the Special Dividend will be made by the Directors and will be communicated to Legend Shareholders by way of an ASX announcement immediately after the Scheme Meeting

If Legend pays a Special Dividend of up to the maximum of \$0.07 per Legend Share, then in addition to the Total Cash Consideration of \$0.365, those Legend Shareholders who are entitled to the franking credits attached to the Special Dividend may be entitled to an Australian tax offset of up to a maximum of \$0.03⁸ of additional value per Legend Share (subject to confirmation from the ATO via the Class Ruling that Legend has requested).

In assessing the value to them of any Special Dividend, Legend Shareholders should seek professional taxation advice based on their own individual circumstances. In particular, Legend Shareholders should note that, depending on the timing of and price at which they acquired their Legend Shares, there may be differences in the tax consequences for them. Refer to Section 7 'Taxation Implications of the Scheme and Special Dividend' for further details.

(d) The Scheme's all cash consideration provides all Legend Shareholders with access to liquidity at a price close to the top of the range of prices at which Legend Shares have traded in past three years

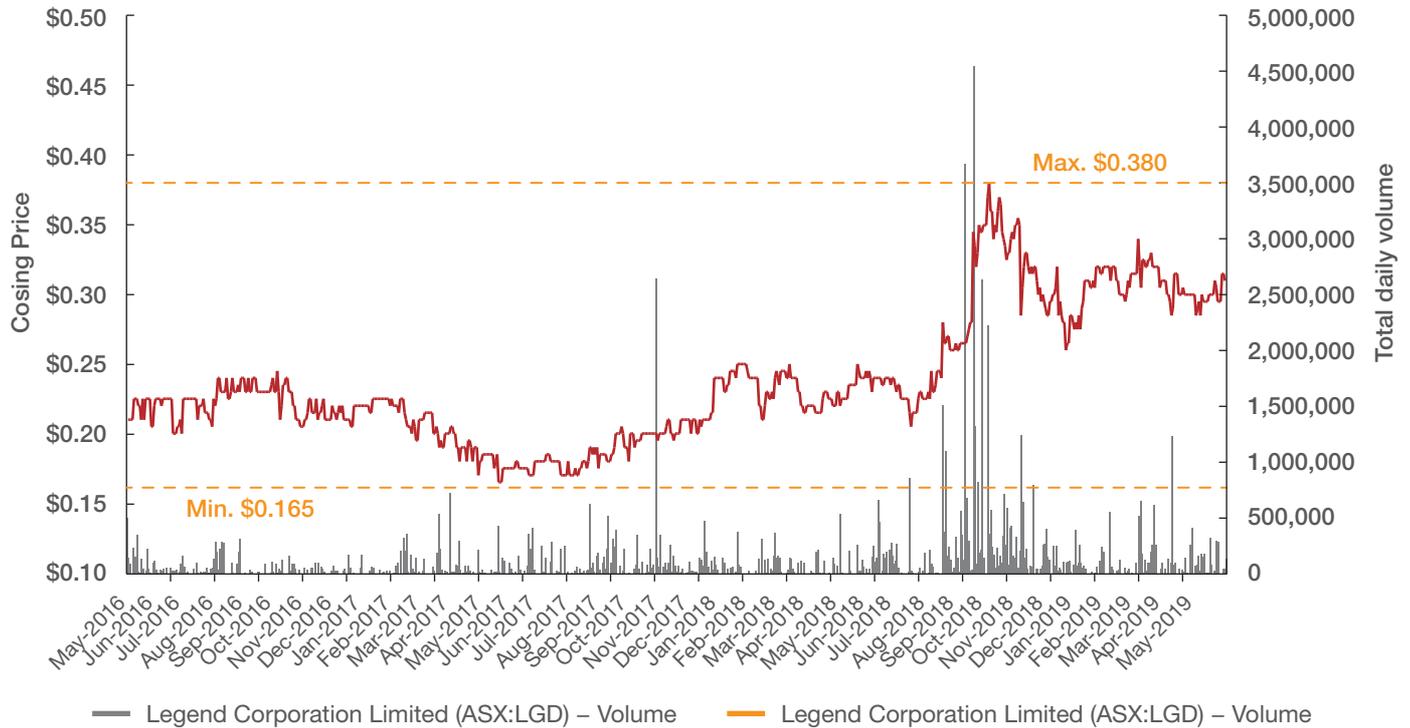
The 100% cash consideration provides all Legend Shareholders with the opportunity to realise their investment in full for \$0.365 cash per Legend Share.

The free float of Legend Shares has historically been thinly traded, with only 0.09%, on average, of Legend's currently issued share capital traded daily over the past twelve months to 22 May 2019, resulting in low liquidity for Legend Shareholders.

8. Assuming a Special Dividend of \$0.07. If the Special Dividend is less than \$0.07, the franking credits attached to the Special Dividend and the Australian tax offset that Legend Shareholders may be entitled to will be commensurately less than \$0.03.

2. Relevant considerations for Legend Shareholders

The diagram below illustrates the low liquidity of Legend Shares relative to share price over the past three years to 22 May 2019:⁹



In the three years between 22 May 2016 and 22 May 2019:

- Legend Shares did not trade at all (zero volume) for 203 out of 759 trading days (or 26.75% of the trading days in this specific period);
- averaged out across the full 759 trading days in this period, the average daily volume of Legend Shares traded was only 111,687 Shares (being 0.05% of Legend's currently issued share capital);
- on the 556 days where Legend Shares actually traded, the average daily volume of shares traded was 152,465 Shares (being 0.07% of Legend's currently issued share capital);
- on the 556 days where Legend Shares actually traded, the median daily volume of Shares traded was 60,801 Shares (being 0.03% of Legend's currently issued share capital); and
- Legend Shares traded at prices between \$0.165 and \$0.38.

Given this trading history, the Total Cash Consideration provides all Legend Shareholders with an equal opportunity to realise their investment in circumstances where Legend has been thinly traded over the past three years. Further, the Scheme provides an opportunity for all Legend Shareholders to realise their entire investment at a price close to the top of the range of prices at which Legend Shares have traded in the past three years.

(e) The Scheme's all cash consideration provides you with certainty of value for your Legend Shares and a high degree of certainty of timing of the receipt of Total Cash Consideration

The 100% cash consideration provides Legend Shareholders with certainty of value for their Shares and a high degree of certainty of timing for receipt of the Total Cash Consideration. Specifically, if all of the Scheme Conditions are satisfied or waived, as applicable (please refer to Sections 1.5 and 8.3) and if the Special Dividend is declared, you will receive the Total Cash Consideration of \$0.365 for each Legend Share you hold as at both the Special Dividend Record Date and the Scheme Record Date. However, if no Special Dividend is declared, the Scheme Consideration you will receive from BidCo will be \$0.365 for each Legend Share you hold on the Scheme Record Date.

The Legend Board remains positive about the outlook for Legend as an independent ASX listed company, including its capacity to deliver growth through organic means and/or complementary acquisitions. However, if the Scheme does not proceed:

- Legend Shareholders will continue to be subject to the risks associated with holding Legend Shares as described in Section 5.10; and
- the amount which Legend Shareholders will be able to realise for their continuing investment in Legend Shares (in terms of price), and from their Legend Shares (by way of future dividends), is uncertain.

The Scheme removes these risks and uncertainties. Specifically, the Total Cash Consideration of \$0.365 cash per Share provides certainty of value for the realisation of your current investment in Legend. In particular, the Total Cash Consideration, with its material premium, provides certainty as compared to the risks associated with continuing to hold Legend Shares.

9. Data source: S&P Capital IQ.

2. Relevant considerations for Legend Shareholders

(f) Legend's share price may fall if the Scheme does not proceed and no comparable or Superior Proposal emerges

Legend Shares closed at \$0.305 on 22 May 2019, being the last ASX trading day prior to the announcement of the Scheme on 24 May 2019. Between that date and the Last Practicable Date (being 4 July 2019), Legend Shares have risen and have traded in a range between \$0.36 and \$0.38. If the Scheme does not proceed and no comparable or Superior Proposal emerges, your Directors consider that the market price of Legend Shares on ASX may fall below current trading levels.

The Independent Expert shares this view, stating that:¹⁰

"If the Scheme is not implemented we expect that, at least in the short term, Legend shares will trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Legend shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that Legend shares last traded at \$0.31 per share on 22 May 2019 (being the last trading day prior to the announcement of the Scheme with Adamantem)

If the Scheme is not implemented those Legend shareholders who wish to sell their Legend shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than will be payable under the Scheme"

The Independent Expert's Report is included in full in Appendix 1 to this Explanatory Booklet. That report should be read in its entirety, including the assumptions on which the conclusions are based, as part of your assessment of the Scheme and before voting on the Scheme.

Further, if the Scheme does not proceed, any falls in the price of Legend Shares may be exacerbated by the relative illiquidity of Legend shares (as detailed in Section 2.4(d) above).

(g) No Superior Proposal has emerged

In late 2016, Legend announced it was commencing a strategic review of its business to explore ways to enhance shareholder value. Consistent with this stated strategy, Legend and its advisors engaged with multiple parties throughout the second half of 2018 to explore a trade sale, a control transaction or other strategic transaction. The culmination of this competitive process was the execution of the Scheme Implementation Agreement with Adamantem and the announcement of the Scheme on 24 May 2019. Since that date and up to the date of this Explanatory Booklet, no alternative proposal has emerged.

The Scheme Implementation Agreement prohibits Legend from soliciting, inviting or encouraging Competing Proposals during the Exclusivity Period. Although Legend has agreed to certain exclusivity provisions that restrict it from soliciting or inviting, or engaging with the proponent of a Competing Proposal, these restrictions do not prevent Legend from considering an unsolicited Competing Proposal that would reasonably be expected to result in a Superior Proposal. BidCo also has a right under the Scheme Implementation Agreement to match an unsolicited Competing Proposal if one is received by Legend. If a Competing Proposal for Legend emerges prior to the Scheme Meeting, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that **the Scheme is presently the most favourable proposal for all your Legend Shares**. Any change of your Directors' current recommendation in response to a Competing Proposal that is announced may result in Legend being obliged to pay a break fee of \$1.03 million (plus GST) to Adamantem.

(h) Legend shareholders will not incur any brokerage charges if the Scheme proceeds

You will not incur any brokerage charges on the transfer of your Legend Shares to BidCo under the Scheme.

It is possible that such brokerage charges would be incurred if you transferred your Legend Shares other than under the Scheme.

2.4 Potential reasons to vote against the Scheme

There are some potential reasons to vote against the Scheme that Legend Shareholders should consider in deciding how they should vote at the Scheme Meeting.

(a) You may disagree with the Legend Directors' recommendation and the Independent Expert's conclusion and believe that the Scheme is not in your best interests

You may disagree with the reasons put forward by the Legend Directors in Section 2.3 as to why they are recommending the Scheme. You may also disagree with the Independent Expert's conclusions. You are not obliged to accept the Directors' recommendation or the views of the Independent Expert. In particular, you may believe that a continuing investment in Legend as an independent ASX listed company will deliver higher returns over the long term than the \$0.365 cash per Share offered under the Scheme. You may consider that the future growth prospects of Legend are not fully reflected in the Total Cash Consideration.

(b) You may prefer to participate in the future financial performance of the Legend business

If the Scheme is implemented, you will no longer be a Legend Shareholder and will forgo any benefits that may result from being a Legend Shareholder.

10. Paragraphs 159 and 160 of the Independent Expert's Report included as Appendix 1 to this Explanatory Booklet.

2. Relevant considerations for Legend Shareholders

This will mean that you will not participate in the future performance of Legend or retain any exposure to Legend's business or assets or have the potential to share in the value that could be generated by Legend in the future. However, there is no guarantee as to Legend's future performance, as is the case with all investments.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your Legend Shares to preserve your investment in a listed company with the specific characteristics of Legend.

In particular, you may consider that, despite the risk factors relevant to Legend's potential future operations (including those set out in Section 5.10 of this Explanatory Booklet), Legend may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future. You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Legend.

(d) If the Scheme proceeds, this precludes the possibility of receiving the benefit of any future, potentially more favourable, proposal for your Legend shares

It is possible that, if Legend were to continue as a stand-alone listed company, a corporate control proposal for Legend may materialise in the future which is more favourable for Legend Shareholders than the \$0.365 cash per Share that BidCo is offering through the Scheme. Legend Shareholders are being asked to vote on the Scheme and if the Scheme proceeds, this would preclude the possibility of Legend Shareholders obtaining the benefit of any future, potentially more favourable, proposal for their Shares that could emerge if Legend were to remain an independent ASX listed company.

As at the date of this Explanatory Booklet, the Legend Directors have not received or become aware of any Competing Proposal and have no reason to believe that a Competing Proposal will emerge. Further, since the Scheme was announced on 24 May 2019 there has been a significant period of time for a Competing Proposal to emerge and none have emerged. Accordingly, the Scheme is the only corporate control proposal that has been received by the Legend Board as at the date of this Explanatory Booklet.

If a Competing Proposal for Legend emerges prior to the Scheme Meeting, your Directors will carefully consider the proposal to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all your Legend Shares.

Although Legend has agreed to certain exclusivity provisions that restrict it from soliciting or inviting, or engaging with the proponent of a Competing Proposal, these restrictions do not prevent Legend from considering an unsolicited Competing Proposal that would reasonably be expected to result in a Superior Proposal. BidCo has the right, but not the obligation, to match any competing proposal. If a Superior Proposal is announced, Legend may be obliged to pay a break fee of \$1.03 million (plus GST) to BidCo.

Please see Section 2.5(d) for further discussion about the implications of any Competing Proposal that may emerge.

(e) The tax consequences of transferring your Legend Shares pursuant to the Scheme may not be suitable to you

The tax consequences of the Scheme will depend on your personal situation. A general guide to the taxation implications is set out in Section 7 of this Explanatory Booklet. Section 7 is expressed in general terms only, and Legend Shareholders should consult with their own independent taxation advisers regarding the taxation implications of the Scheme.

2.5 Other relevant considerations

(a) The Scheme has a number of conditions

In addition to the need to obtain Shareholder approval and Court approval, the Scheme is subject to a number of other conditions. The Scheme Conditions are outlined in Sections 1.5 and 8.3 and are set out in full in clause 3.1 of the Scheme Implementation Agreement in Appendix 4 to this Explanatory Booklet and in clause 3(a) of the Scheme in Appendix 2 to this Explanatory Booklet. All these Scheme Conditions need to be satisfied (or alternatively waived, in the case of certain conditions that are capable of being waived) in order for the Scheme to proceed.

Your Directors have reviewed the Scheme Conditions and do not consider them to be unduly onerous or inconsistent with market practice for a transaction of this nature. As at the date of this Explanatory Booklet, your Directors are not aware of any matter that would result in a breach or non fulfilment of any of the Scheme Conditions.

(b) The Scheme delivers an 'all or nothing' outcome

If all of the Scheme Conditions are satisfied or waived (as applicable):

- it will bind all persons registered as Legend Shareholders as at the Scheme Record Date (being Scheme Shareholders), including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against it, meaning that all persons who are Scheme Shareholders will relinquish ownership of their Legend Shares and will be entitled to receive the Scheme Consideration; and
- Legend will become a wholly owned subsidiary of BidCo and will be delisted from ASX.

2. Relevant considerations for Legend Shareholders

Conversely if all of the Scheme Conditions are not satisfied or waived (as applicable), the status quo will be preserved, meaning that:

- Legend Shareholders will retain all of their Shares;
- the existing Legend Board and management will continue to operate Legend's business;
- the expected advantages of the Scheme, as outlined in Section 2.3, will not be realised and equally some of the potential disadvantages, as outlined in Section 2.4, will no longer be relevant; and
- Legend Shareholders will retain their current investment in Legend Shares and in doing so will continue to retain the benefits of that investment and continue to be exposed to the risks associated with that investment. Those risks include ones that are specific to Legend's business (see Section 5.10).

(c) Transaction costs

Legend Shareholders

If the Scheme proceeds, Legend Shareholders will not be required to pay any brokerage charges on the disposal of their Legend Shares under the Scheme.

Legend

As at the date of this Explanatory Booklet, Legend has incurred (or expects to incur) costs of approximately \$750,000 in developing the Scheme to the point that it is capable of being submitted to Legend Shareholders as a formal offer for their consideration. These costs include negotiations with BidCo and Adamantem Capital, facilitating Adamantem Capital's due diligence investigations, the retention of advisers, engagement of the Independent Expert and preparation of this Explanatory Booklet.

If the Scheme does not proceed and no Superior Proposal is implemented, Legend's results for the financial year ending 30 June 2020 will be negatively impacted by the transaction costs incurred in proposing the Scheme. Those transaction costs may also impact the capacity of Legend to pay a dividend or the amount of any dividend in FY2020 and potentially in subsequent financial years.

(d) Exclusivity arrangements

The following is a summary only of the exclusivity arrangements agreed to in the Scheme Implementation Agreement. The full terms of these exclusivity arrangements are set out in clause 16 of the Scheme Implementation Agreement which is included as Appendix 4 to this Explanatory Booklet.

No shop

The Scheme Implementation Agreement contains certain exclusivity restrictions that prevent Legend (and its employees and advisers) from soliciting, inviting, encouraging or initiating any Competing Proposal or any enquiries, negotiations or discussions with any person in relation to, or which would reasonably be expected to lead to, a Competing Proposal.

No talk

Legend (and its employees and advisers) must not enter into, continue or participate in any negotiations or discussions with, or enter into any agreement or understanding with, any person in relation to, or which would reasonably be expected to lead to, a Competing Proposal even if:

- the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Legend; or
- the Competing Proposal has been publicly announced.

In certain circumstances specified below, the *No Talk* prohibition will not apply in relation to a Competing Proposal, which is bona fide, and is made by or on behalf of a person that the Legend Board considers is of sufficient commercial standing. In order for the *No Talk* prohibition not to apply, the Legend Board, acting in good faith, must:

- determine that, where there is a written Competing Proposal, after consultation with its financial advisers, the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and
- determine that, after receiving written legal advice from its external legal advisers, failing to respond to that Competing Proposal would constitute or be likely to constitute a breach of the Legend Board's fiduciary or statutory duties,

provided that the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Legend or any of its representatives in a manner that would breach its obligations under the exclusivity arrangements in the Scheme Implementation Agreement.

No due diligence

Legend (and its employees and advisers) must not make available to any person, or permit any person, to receive any non-public information in relation to any member of the Legend Group in connection with that person formulating, developing or finalising a Competing Proposal.

In certain circumstances specified below, the *No due diligence* prohibition will not apply in relation to a Competing Proposal, which is bona fide, and is made by or on behalf of a person that the Legend Board considers is of sufficient commercial standing. In order for the *No due diligence* prohibition not to apply, the Legend Board, acting in good faith, must:

2. Relevant considerations for Legend Shareholders

- determine that, where there is a written Competing Proposal, after consultation with its financial advisers, the Competing Proposal is or may reasonably be expected to lead to a Superior Proposal; and
- determine that, after receiving written legal advice from its external legal advisers, failing to provide the non-public information would constitute a breach of the Legend Board's fiduciary or statutory duties,

provided that the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Legend or any of its representatives in a manner that would breach its obligations under the exclusivity arrangements in the Scheme Implementation Agreement.

Any non public information provided by Legend to a third party will be subject to:

- that third party entering into a confidentiality agreement on terms no less onerous in any material respect than the confidentiality obligations between Legend and BidCo; and
- BidCo also being provided with the non public information.

Notice of Competing Proposal

Legend must promptly notify (and in any event, within 24 hours) BidCo in writing if it (or any of its employees or advisers) receives any Competing Proposal in writing and must provide BidCo with the price and material terms and conditions of the Competing Proposal.

Matching right

Legend must not enter into any legally binding agreement under which a third party and/or Legend proposes to undertake or give effect to a Competing Proposal and must ensure that the Legend Board does not change its recommendation of the Scheme as a result of a Competing Proposal, unless Legend has given BidCo at least five Business Days after Legend has notified BidCo of such intention.

(e) Legend Break fee

Legend must pay a break fee of \$1.03 million (plus GST) (**Legend Break Fee**) to BidCo if:

- both of the following occur:
 - a Competing Proposal is publicly announced during the period commencing on 24 May 2019 and ending on 31 October 2019; and
 - within nine months of the date of the announcement of the Competing Proposal:
 - the Competing Proposal is implemented or completed substantially in the terms described in the public announcement; or
 - the proponent of the Competing Proposal acquires a Relevant Interest in at least 50% of Legend Shares; or
- any time before the Second Court Date, any member of the Legend Board:
 - withdraws or adversely modifies their recommendation of the Scheme or recommends or supports a Competing Proposal; or
 - makes any public statement to the effect that the Scheme is not, or is no longer, recommended,
- except where that act is:
 - as a result of the Independent Expert opining that the Scheme is not in the best interest of Legend Shareholders (other than where the reason for that opinion is a Superior Proposal); or
 - as a result of a failure of a Scheme Condition, other than as a result of a failure of certain specific Scheme Conditions (including there being no Legend Prescribed Occurrence, no breach of any Legend Warranties and no Material Adverse Change); or
- BidCo terminates the Scheme Implementation Agreement as a result of:
 - a material breach by Legend of its obligations under that agreement; or
 - a material breach by Legend of a Legend Warranty,
- where that breach is notified in writing by BidCo to Legend and is not remedied by Legend within 10 Business Days (or by the Delivery Time on the Second Court Date if that occurs earlier).

The Legend Break Fee trigger does not include a situation where the Scheme does not proceed simply because Legend Shareholders do not approve the Scheme at the Scheme Meeting to be held on Friday, 9 August 2019.

For a complete description of the circumstances in which the Legend Break Fee would be payable by Legend, please refer to clause 14 of the Scheme Implementation Agreement in Appendix 4 to this Explanatory Booklet.

In negotiating the amount of the Legend Break Fee and the circumstances in which it would be payable, Legend had regard to the guidelines issued by the courts and the Takeovers Panel. Your Directors consider that the Legend Break Fee arrangements are reasonable and appropriate in amount, structure and effect, and that it was appropriate to agree to their terms to secure BidCo's participation in the Scheme.

(f) BidCo Break fee

BidCo must pay a break fee of \$1.03 million (plus GST) (**BidCo Break Fee**) to Legend if:

- Legend terminates the Scheme Implementation Agreement as a result of:
 - a material breach by BidCo of its obligations under that agreement; or

2. Relevant considerations for Legend Shareholders

- a material breach by BidCo of a BidCo Warranty under that agreement, where that breach is notified in writing by Legend to BidCo and is not remedied by BidCo within 10 Business Days (or by the Delivery Time on the Second Court Date if that occurs earlier); or
- BidCo fails to pay the Scheme Consideration in accordance with the terms and conditions of the Scheme Implementation Agreement and the Deed Poll.

2.6 What are your alternatives?

The following principal alternatives are available to Legend Shareholders. Legend 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 Legend Shares.

Vote in favour of the Scheme	<p>This is the course of action unanimously recommended by your Directors, in the absence of a Superior Proposal.</p> <p>To follow your Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting. For a summary of how to vote on the Scheme, please refer to Section 4 of this Explanatory Booklet.</p>
Vote against the Scheme	<p>If, despite your 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.</p> <p>However, if all of the Scheme Conditions are satisfied or waived (as applicable), the Scheme will bind all persons registered as Legend Shareholders on the Scheme Record Date, including those who were not present at the Scheme Meeting, those who voted against the Scheme or those who did not vote.</p>
Sell your Legend Shares	<p>The existence of the Scheme does not preclude you from selling some or all of your Legend Shares on market for cash, if you wish, provided you do so before close of trading in Legend Shares on ASX on the Effective Date (currently proposed to be Monday, 19 August 2019) You will not be able to sell your Legend Shares on market after the Effective Date, as this will be the last day of trading in Legend Shares on ASX before trading in Legend Shares on ASX is suspended.</p> <p>You may however seek to sell your Legend Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be 7.00pm on Monday, 26 August 2019).</p> <p>If you are considering selling your Legend Shares, you should have regard to the prevailing trading prices of Legend Shares and compare those to the Scheme Consideration. You may ascertain current trading prices of Legend Shares through ASX's website (www.asx.com.au) or by contacting your stockbroker.</p> <p>Legend Shareholders who sell some or all of their Legend Shares:</p> <ul style="list-style-type: none">• will receive payment for the sale of their Legend Shares sooner than they would receive payment under the Scheme (noting that the proceeds of sale may vary from the Scheme Consideration amount of \$0.365 cash per Share);• may incur a brokerage charge if the Legend Shares are sold on market;• will not be able to receive the Scheme Consideration or be entitled to the benefits of any Superior Proposal, if one emerges (but only for those Legend Shares they have sold, if they have chosen to sell some but not all of their Legend Shares);• will not be eligible to receive the Special Dividend (if it is declared) for those Legend Shares sold; and• may be liable for capital gains tax on the disposal of their Legend Shares (as may also be the case for Scheme Shareholders, as to which see Section 7). <p>In addition, if you sell your Legend Shares before the Special Dividend Record Date, you will not be entitled to receive the Special Dividend or any franking credits attached to the Special Dividend (if it is declared and paid).</p>
Do nothing	<p>Legend Shareholders who do not vote at the Scheme Meeting will:</p> <ul style="list-style-type: none">• if the Scheme is implemented - have their Legend Shares compulsorily transferred to BidCo (along with the Legend Shares held by all other Legend Shareholders), by operation of the Scheme, and be entitled to receive the Scheme Consideration; and• if the Scheme is not implemented - retain their Legend Shares.



SECTION THREE

Frequently Asked Questions

3. Frequently Asked Questions

Set out below are summary answers to some frequently asked questions about the Scheme. This information is a summary only and is not intended to address all relevant issues for Legend Shareholders. This Section 2 should be read subject to, and in conjunction with, the remainder of this Explanatory Booklet.

A. Questions about the Scheme

Question	Answer	Further information
What are Legend Shareholders being asked to consider?	<p>Legend Shareholders are being asked to consider and vote on a proposal to transfer all of their Legend Shares to BidCo, in exchange for BidCo paying the Scheme Consideration per Legend Share.</p> <p>The proposal is structured as a members' scheme of arrangement between Legend and all persons who hold Legend Shares as at the Scheme Record Date (currently proposed to be 7.00pm on 26 August 2019). The proposal is referred to in this Explanatory Booklet as the Scheme.</p> <p>If the proposal proceeds, Legend will become a wholly owned subsidiary of BidCo and delisted from ASX.</p>	Section 1
Am I entitled to receive the Scheme Consideration?	<p>If you remain a Legend Shareholder as at the Scheme Record Date (currently proposed to be 7.00pm on 26 August 2019), you will be entitled to receive the Scheme Consideration in cash for each Legend Share you hold as at that date.</p>	Section 9.5
What is a members' scheme of arrangement?	<p>A members' scheme of arrangement is a statutory procedure that is commonly used for corporate reconstructions of solvent companies or to enable one company to acquire or merge with another. In this case, the Scheme is the mechanism by which BidCo proposes to acquire all Legend Shares. The Scheme requires the agreement of the Legend Shareholders by the majorities described in Section 8.2(e) and also the approval of the Court.</p>	Sections 8 and 9
Is this a takeover offer?	<p>No. However, if the Scheme is approved by Legend Shareholders and the Court and if all of the other conditions are satisfied or waived (as applicable), the outcome will be similar to a successful 100% cash takeover bid in that:</p> <ul style="list-style-type: none">• all of the Legend Shares held by Scheme Shareholders as at the Scheme Record Date will be transferred to BidCo; and• Scheme Shareholders will receive the Total Cash Consideration of \$0.365 cash per Legend Share, <p>whether or not they were present at the Scheme Meeting, and whether they voted in favour of or against, or did not vote on, the Scheme Resolution at the Scheme Meeting (subject to the matters outlined below in Part D, of these Frequently Asked Questions).</p>	Sections 8 and 9
Why has this proposed transaction been structured as a scheme of arrangement?	<p>Legend and BidCo consider that the Scheme represents the most efficient structure to implement the proposed transaction.</p> <p>This structure provides the greatest certainty that if the Scheme is approved by Legend Shareholders and approved by the Court and proceeds to implementation, 100% ownership and control of Legend will be acquired by BidCo within a specific timeframe that meets the commercial objectives of both BidCo (as the intended acquirer) and Legend (as the target company).</p>	Sections 8 and 9

Question	Answer	Further information
<p>What are the key Scheme Conditions that need to be satisfied before the Scheme can proceed?</p>	<p>The key remaining conditions that must be satisfied are:</p> <ul style="list-style-type: none"> • Legend Shareholders approving the Scheme by the requisite majorities at the Scheme Meeting; • the Court approving the Scheme; • there being no Material Adverse Change, no Legend Prescribed Occurrences, no BidCo Prescribed Occurrences, no breach of any Legend Warranties and no breach of any BidCo Warranties prior to the Delivery Time on the date of the Second Court Hearing. <p>Legend will make a statement at the commencement of the Scheme Meeting regarding the status of these conditions.</p> <p>As at the date of this Explanatory Booklet, neither Legend nor BidCo is aware of any reason why the Conditions will not be satisfied.</p>	<p>Sections 8 and 8.3</p>
<p>What happens if the Scheme is approved, all Conditions are satisfied and it is implemented?</p>	<p>If the Scheme proceeds, Legend will become a wholly owned subsidiary of BidCo and BidCo will control Legend. Legend will be de-listed from ASX. Scheme Shareholders will be paid their Scheme Consideration on the Implementation Date (currently proposed to be 30 August 2019)</p>	<p>Sections 1.5 and 8.3</p>
<p>If the Scheme is not approved, what will be the effect?</p>	<p>If the Scheme is not approved by Legend Shareholders or is not approved by the Court and you still hold any Legend Shares at either of those points in time:</p> <ul style="list-style-type: none"> • you will not receive the Scheme Consideration; • the Special Dividend will not be declared and paid by Legend; • you will retain your current investment in Legend Shares and in doing so will continue to retain the benefits of an investment in Legend Shares and continue to be exposed to the risks presently associated with this investment. These include general risks of holding shares and risks that are specific to Legend's business as described in Section 5.10; • the expected advantages of the Scheme, as outlined in Section 2.3, will not be realised; • equally some of the potential disadvantages of the Scheme identified in Section 2.4 will no longer be relevant; • Legend will have incurred substantial costs (being approximately \$750,000) and expended management time and resources for a proposed change of control transaction that does not proceed; and • your Directors consider that the price of Legend Shares on ASX may fall if no comparable or Superior Proposal emerges. 	<p>Sections 1.5 and 8.3</p>
<p>Who is Adamantem Capital and what are its intentions regarding Legend?</p>	<p>Adamantem Capital is a specialist Australian private equity firm which aims to invest in companies valued between \$100 million and \$500 million.</p> <p>Adamantem Capital has stated that it is committed to continuing the growth of Legend under private ownership, supporting its people and customers, and building on its history as a leading provider of engineering solutions to a range of industries.</p>	<p>Section 6</p>

3. Frequently Asked Questions

Question	Answer	Further information
What happens if a Competing Proposal for Legend emerges?	<p>Although no Competing Proposal has emerged as at the date of this Explanatory Booklet, it is possible that one could emerge, noting that Legend has agreed not to solicit Competing Proposals. If an unsolicited Competing Proposal for Legend is received before the Scheme Meeting, your Directors will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments which may affect your Directors' view that the Scheme is presently the most favourable proposal for all your Legend Shares.</p> <p>BidCo has a right to match any unsolicited Competing Proposal if one is received by Legend. Any change of your Directors' current recommendation in response to a Competing Proposal that is announced may result in Legend being obliged to pay a break fee of \$1.030 million (plus GST) to BidCo.</p>	Sections 1.8, 2.5 and 8.4
Can I sell my Legend Shares now?	<p>Yes. Legend Shareholders may sell their Legend Shares on ASX at the prevailing market price at any time before the close of trading on ASX on the Effective Date (currently proposed to be 19 August 2019). You will not be able to sell your Legend Shares on market after the Effective Date, as this will be the last day of trading in Legend Shares on ASX before trading in Legend Shares on ASX is suspended.</p> <p>You may however seek to sell your Legend Shares off-market after the Effective Date but before the Scheme Record Date (currently proposed to be 7.00pm on 26 August 2019).</p> <p>If you sell your Legend Shares before the Scheme Record Date you:</p> <ul style="list-style-type: none"> • will receive the proceeds from the sale of your Legend Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); • may incur a brokerage charge if you sell your Legend Shares on market; • will not be able to participate in the Scheme or a Superior Proposal, if one emerges; and • may be liable for capital gains tax on the disposal of their Legend Shares (as may also be the case for Scheme Shareholders, as to which see Section 7). <p>In addition, if you sell your Legend Shares before the Special Dividend Record Date, you will not be entitled to receive the Special Dividend or any franking credits attached to the Special Dividend (if it is declared and paid).</p>	Section 2.6
Will I be giving any warranties in respect of my Legend Shares?	<p>Yes. Each Scheme Shareholder will be deemed to have warranted to Legend and BidCo that all of their Legend Shares will, at the date of transfer under the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Legend Shares to BidCo (together with all rights and entitlements attaching to such shares).</p> <p>You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.</p>	Sections 1.7, 2.5 and 8.4
Under what circumstances can BidCo terminate the Scheme Implementation Agreement?	<p>BidCo can terminate the Scheme Implementation Agreement at any time before the Delivery Time on the Second Court Date if any Legend Director has withdrawn or adversely changed his recommendation that Legend Shareholders vote in favour of the Scheme or has recommended or made a statement supporting a Competing Proposal.</p> <p>The Scheme Implementation Agreement may be terminated in other certain circumstances, details of which are summarised in Section 8.4. If the Scheme Implementation Agreement is terminated, the Scheme will not proceed.</p>	Section 8.4

Question	Answer	Further information
I also hold Legend Performance Rights. How will these be dealt with?	If the Scheme is approved by Legend Shareholders, the Legend Board will permit the exercise of all Legend Performance Rights to allow the holders of Legend Performance Rights to receive the issue of new Legend Shares in respect of those Performance Rights and for those new Legend Shares to participate in the Scheme.	Section 8.6

B. Questions about the Scheme Consideration

Question	Answer	Further information
What will I receive if the Scheme is implemented?	If the Scheme is approved and implemented, Legend Shareholders will receive the Scheme Consideration for each Legend Share they hold, provided they are registered in the Share Register on the Scheme Record Date (currently proposed to be 7.00pm on 26 August 2019).	Section 1.2
When and how will I receive my Scheme Consideration?	<p>If all approvals and conditions for the Scheme are satisfied or waived (as applicable), the Scheme Consideration will be paid to Scheme Shareholders on the Implementation Date (currently proposed to be 30 August 2019).</p> <p>If you have validly registered your bank account details with the Share Registry (by the Scheme Record Date), you will have your Scheme Consideration credited directly to your bank account. Otherwise, you will have your Scheme Consideration sent by cheque to your address shown on the Share Register.</p>	Section 9.5
How is BidCo funding the Scheme Consideration?	<p>BidCo has in place binding debt and equity commitments sufficient to meet its obligations to pay the Scheme Consideration under the Scheme.</p> <p>For further information on the BidCo Group and BidCo's funding arrangements please refer to Section 6.4 of this Explanatory Booklet.</p>	Section 6.4
What are the Australian tax implications of the Scheme?	<p>The tax implications for the Scheme Shareholders if the Scheme is approved and implemented will depend on the specific taxation circumstances of each Scheme Shareholder.</p> <p>Generally, foreign resident capital gains withholding at a rate of 12.5% of the capital proceeds applies to a transaction involving the acquisition of an asset that is an indirect Australian real property interest (i.e. the asset is "taxable Australian property") from a "relevant foreign resident". The Scheme provides that BidCo may withhold, and remit, an amount equal to 12.5% of your Scheme Consideration to the Commission of Taxation. However, based on the existing asset profile of Legend and the spread of Legend Shareholders and their residency status, this withholding is not anticipated to apply in respect of the Scheme because the Legend Shares are not indirect real property interests for the purposes of the Income Tax Assessment Act 1997.</p> <p>Section 7 of this Explanatory Booklet provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for Scheme Shareholders who dispose of their Legend Shares under the Scheme.</p> <p>You should consult with your tax adviser regarding the tax consequences of disposing of your Legend Shares in accordance with the Scheme in light of current tax laws and your particular circumstances.</p>	Section 7
Will I have to pay brokerage fees or stamp duty?	<p>No, you will not have to pay brokerage or stamp duty if your Legend Shares are acquired by BidCo under the Scheme.</p> <p>If you dispose of your Legend Shares before the Scheme Record Date, brokerage fees may be payable.</p>	Section 2.5(c)

3. Frequently Asked Questions

C. Questions about the Special Dividend

Question	Answer	Further information
What is the Special Dividend?	<p>The Legend Board has announced an intention to declare and pay a fully franked Special Dividend of up to \$0.07 per Legend Share if the Scheme becomes Effective.</p> <p>The Special Dividend has not yet been declared by the Legend Board and remains at the absolute discretion of the Legend Board. The decision whether or not to declare the Special Dividend will be made by the Directors and will be communicated to Legend Shareholders by way of an ASX announcement immediately after the Scheme Meeting.</p> <p>If the Special Dividend is declared by the Legend Board, it will form part of the Total Cash Consideration to be received by Legend Shareholders if the Scheme becomes Effective. If the Special Dividend is not declared by the Legend Board or if the Special Dividend is declared but is less than \$0.07 but the Scheme nevertheless becomes Effective, the Total Cash Consideration will remain unchanged at \$0.365 per Legend Share.</p>	Section 1.2
Am I eligible to receive the Special Dividend?	If the Special Dividend is declared, the Scheme becomes Effective, and you hold Legend Shares on the Special Dividend Record Date, you will be eligible to receive the Special Dividend for each Legend Share that you hold on that date.	Section 7.1
When will I receive the Special Dividend?	<p>If the Scheme becomes Effective and the Special Dividend is declared, the Special Dividend will be paid to Legend Shareholders on the Implementation Date.</p> <p>The Special Dividend (if declared) will be conditional on the Scheme becoming Effective.</p> <p>If the Scheme does not become Effective, the Special Dividend will not be paid to Legend Shareholders.</p>	Section 1.2
Will I receive any further dividends from Legend?	Under the Scheme Implementation Agreement, Legend is permitted to pay a fully franked special dividend of up to \$0.07 per Legend Share. No further dividends will be paid by Legend.	Section 1.2
What is the Class Ruling?	<p>Legend has requested the ATO to issue the Class Ruling to confirm the key taxation implications of the Scheme, the availability of franking credits attaching to the Special Dividend and whether the Special Dividend forms part of the capital proceeds under the Scheme. The ATO has not issued the Class Ruling as at the date of this Explanatory Booklet. Legend will make an announcement when the Class Ruling is published either on ASX or, if Legend is no longer listed at that time, on its website. The Class Ruling will also be available on the ATO website at www.ato.gov.au.</p> <p>The expected taxation implications for Legend Shareholders are summarised in Section 7.2 of this Explanatory Booklet.</p>	Section 7.2
Will the Special Dividend be franked?	Legend intends that the Special Dividend (if declared) will be fully franked.	Section 7.3

Question	Answer	Further information
Will I get the benefit of the franking credits attached to the Special Dividend?	<p>If the Special Dividend is declared, Legend Shareholders who hold Legend Shares on the Special Dividend Record Date may receive franking credits of up to \$0.03 per Legend Share (the amount of franking credits will depend on the amount of the Special Dividend), subject to confirmation by the Commissioner of Taxation in a Class Ruling. The implications of receiving these franking credits will depend upon the tax profile of the recipient Legend Shareholder. If you are an Australian resident for tax purposes and satisfy the qualified person rules, you may be able to access franking credits attached to the Special Dividend. In some instances, the franking credits received may be refundable to you. If you are not an Australian resident for tax purposes, you should not be able to access franking credits attached to the Special Dividend, but the Special Dividend should not be subject to Australian tax.</p> <p>Further information is provided at Section 7.3. The comments in Section 7.3 are general in nature and should not be relied upon as advice for your affairs. It is recommended that you consult your financial, legal, taxation or other professional adviser with respect to the potential tax consequences of receiving the Special Dividend.</p>	Section 7.3
Why is the Special Dividend up to \$0.07? Why is the Special Dividend not a higher amount?	<p>The amount of the Special Dividend of up to \$0.07 has been determined by the Legend Board having regard to:</p> <ul style="list-style-type: none"> the level of profits (realised and unrealised) and retained earnings of Legend (on a standalone basis); and the requirements of Section 254T of the Corporations Act. <p>In this regard, the Legend Board has concluded that a Special Dividend amount of up to \$0.07 is appropriate having regard to the above considerations.</p>	

D. Questions about the Total Cash Consideration

Question	Answer	Further information
Will I receive the Total Cash Consideration?	<p>If the Special Dividend is declared and paid, you will only receive the Total Cash Consideration for Legend Shares for which you are the registered holder as at both:</p> <ul style="list-style-type: none"> the Special Dividend Record Date; and the Scheme Record Date. <p>For example, if you sell your Legend Shares through an off-market transfer after the Special Dividend Record Date but before the Scheme Record Date:</p> <ul style="list-style-type: none"> you (the 'seller') will receive the Special Dividend (if declared) and may be entitled to the franking credits attached to the Special Dividend, and will also receive any consideration for the sale but will not receive the Scheme Consideration; and the 'buyer' will receive the Scheme Consideration, but will not receive the Special Dividend and any franking credits attached to the Special Dividend, <p>which for both parties may not be the same amount in aggregate as the Total Cash Consideration.</p> <p>The converse would apply in relation to any Legend Shares you acquire through an off market transfer after the Special Dividend Record Date.</p>	Section 2.2

3. Frequently Asked Questions

E. Questions about your Directors' recommendations and intentions

Question	Answer	Further information
What do the Legend Directors recommend?	The Legend Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The reasons for this recommendation are set out in Section 2.2 of this Explanatory Booklet.	Section 2.2
How are the Legend Directors going to vote?	Each Director intends to vote all Legend Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal.	Section 2.2
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Legend Shareholders, in the absence of a Superior Proposal.</p> <p>The Independent Expert has assessed the full underlying value of Legend (including a premium for control) to be in the range of \$0.35 to \$0.39 per Legend Share. The Scheme Consideration of \$0.365 cash per Share is within that range.</p> <p>The Independent Expert's Report is at Appendix 1 to this Explanatory Booklet.</p>	<p>Sections 1.4 and 2.3</p> <p>The Independent Expert's Report at Appendix 1.</p>

F. Questions about voting

Question	Answer	Further information
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 2.00pm (Adelaide time) on 9 August 2019 at Adelaide Pavilion Restaurant, Veale Gardens, Cnr. South Terrace and Peacock Road, Adelaide.	<p>Section 4.1</p> <p>Appendix 3</p>
What am I being asked to vote on?	As a Legend Shareholder, you are entitled to vote on whether the Scheme should proceed at the Scheme Meeting.	Section 1.1
What voting majority is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be approved by:</p> <ul style="list-style-type: none"> a majority in number (more than 50%) of Legend Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative) (Headcount Test); and at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative). <p>The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.</p> <p>The Court must also approve the Scheme before it can become Effective.</p>	Section 8.2
Am I entitled to vote?	If you are registered as a Legend Shareholder on the Share Register at 7.00pm on Wednesday, 7 August 2019, you will be entitled to attend and vote at the Scheme Meeting.	Section 4
Is voting compulsory?	<p>Voting is not compulsory. However, the Scheme will only be successful if it is approved by the required majorities of Legend Shareholders and therefore voting is important and Legend Directors encourage you to vote.</p> <p>If the Scheme is approved, you will be bound by the Scheme whether or not you were present at the Scheme Meeting, whether or not you voted and whether or not you voted in favour of it or against it.</p>	Section 4

Question	Answer	Further information
How do I vote?	You may vote in person by attending the Scheme Meeting to be held at 2.00pm (Adelaide time) on 9 August 2019 at Adelaide Pavilion Restaurant, Veale Gardens, Cnr. South Terrace and Peacock Road, Adelaide.	Section 8
How do I vote if I'm unable to attend the Scheme Meeting or if I don't wish to attend the meeting in person?	<p>If you are unable to attend the Scheme Meeting or if you don't wish to attend the meeting in person, you may vote by completing and lodging the Proxy Form. The Proxy Form can be lodged in person, by mail, by fax or by email. Alternatively, you may choose to appoint a proxy online.</p> <p>You can also vote by appointing a corporate representative (if you are a corporate shareholder) or an attorney.</p> <p>Full details of how to vote and how to lodge a Proxy Form, corporate representative appointment or power of attorney or appoint a proxy online are set out in Section 4.3 of this Explanatory Booklet.</p>	Section 4
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting will be available during or shortly after the Scheme Meeting and will be announced to ASX shortly after the conclusion of the Scheme Meeting. Even if the Scheme Resolution is passed at the Scheme Meeting, the Scheme will only proceed if Court approval of the Scheme is obtained and all of the Conditions are satisfied or waived.	
What should I do if I wish to support the Scheme?	If you support the Scheme you should attend the Scheme Meeting, either in person or by proxy, and vote for the Scheme Resolution.	Section 4
What should I do if I wish to oppose the Scheme?	<p>If you do not support the Scheme:</p> <ul style="list-style-type: none"> • you should attend the Scheme Meeting, either in person or by proxy, and vote against the Scheme Resolution; and/or • if Shareholders pass the Scheme Resolution at the Scheme Meeting, you may wish to oppose the approval of the Scheme, by filing and serving a notice of opposition and any other supporting documents on Legend by at least one day before the second Court Date and attending the Second Court Hearing. 	Section 9.3
Can I be bound by the Scheme if I do not vote or if I vote against its approval?	Yes, if the Scheme is approved and implemented your Legend Shares will be transferred to BidCo and you will receive the Scheme Consideration for each of your Legend Shares, even if you were not present at the Scheme Meeting, you did not vote or you voted against the Scheme.	Section 8.2
What are my options?	As a Legend Shareholder you have the option of voting on the Scheme, selling your shares prior to the Scheme Record Date and/or not voting on the Scheme. Further detail is set out in Section 2.6.	Section 2.6

3. Frequently Asked Questions

G. General questions

Question	Answer	Further information
Do I have to sign anything in relation to the Scheme?	<p>No. If the Scheme becomes Effective and the Scheme is implemented, Legend will automatically have authority to sign a transfer document on behalf of all Scheme Shareholders.</p> <p>You should be aware that, if you are a Scheme Shareholder, you will be deemed to have warranted to Legend, and authorised Legend to warrant to BidCo on your behalf, that:</p> <ul style="list-style-type: none">• all of your Legend Shares are fully paid and free from all encumbrances (for example, mortgages or other Security Interests); and• you have full power and capacity to transfer your Legend Shares to BidCo. <p>You should ensure that these warranties can be given by you prior to, and remain correct as at, the Implementation Date.</p>	Section 9.5
What will happen if the Scheme is approved by the Court?	<p>If the Court makes orders approving the Scheme, Legend will lodge with ASIC an office copy of the Court orders given under section 411(4)(b) of the Corporations Act approving the Scheme. It is anticipated that this will occur on the Business Day immediately following the Second Court Hearing.</p>	Section 9.4
What happens on the Implementation Date?	<p>On the Implementation Date, BidCo will acquire all of the Legend Shares and you will have your Total Cash Consideration dispatched to you.</p>	Section 9
What other information is available and who can help answer my questions about the Scheme?	<p>If you have any questions about the Scheme or you would like additional copies of this Explanatory Booklet, please contact Graham Seppelt, the Company Secretary on +61 419 035 297 Monday to Friday between 9.00am and 5.00pm (Adelaide time).</p> <p>For information about your individual financial or taxation circumstances please consult your financial, legal, taxation or other professional adviser.</p>	



SECTION FOUR

How to Vote

4. How to Vote

4.1 Scheme Meeting

The notice convening the Scheme Meeting is contained in Appendix 3 to this Explanatory Booklet. A personalised Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet. The Proxy Form contains an Online Proxy ID that you will need if you wish to appoint your proxy online.

The Scheme Meeting will be held at the Adelaide Pavilion Restaurant, Veale Gardens, Cnr. South Terrace and Peacock Road, Adelaide at 2.00pm (Adelaide time) on Friday, 9 August 2019.

For the Scheme to be approved by Legend Shareholders, votes in favour of the Scheme must be received from:

- a majority in number (more than 50%) of Legend Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative).

The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting.

The purpose and effect of the Scheme are as summarised earlier and are more particularly described in Section 8 of this Explanatory Booklet.

4.2 Your vote is important

Your Directors urge all Legend Shareholders to vote on the Scheme at the Scheme Meeting. The Scheme affects your Shareholding and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

Your Directors encourage all Legend Shareholders to vote in favour of the Scheme either by personally attending the Scheme Meeting to be held on Friday, 9 August 2019 at the Adelaide Pavilion Restaurant or by appointing a proxy, an attorney or, in the case of a Legend Shareholder who is a corporation, a corporate representative to attend the Scheme Meeting and vote on your behalf.

You may appoint a proxy to vote on your behalf by either:

- completing and returning the Proxy Form which accompanies this Explanatory Booklet; or
- appointing a proxy online via www.securitytransfer.com.au using the Online Proxy ID noted on the front of your Proxy Form which accompanies this Explanatory Booklet and by following the instructions on that website.

For your proxy appointment to be effective:

- your Proxy Form must be received by the Share Registry (whether in person, by mail, by fax, by email or by lodging your proxy online) by 2.30pm (Melbourne time) Wednesday, 7 August 2019; or
- if you choose to appoint a proxy online – this appointment must be done by 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

Further information on your voting alternatives is provided in Section 2.6.

4.3 How to vote

(a) Voting entitlement

If you are registered as a Legend Shareholder by the Share Registry at the Voting Entitlement Time (7.00pm (Melbourne time) on Wednesday, 7 August 2019) you will be entitled to vote at the Scheme Meeting.

Voting at the Scheme Meeting will be conducted by poll.

(b) Voting in person

Legend Shareholders wishing to vote in person or their attorneys or, in the case of a Legend Shareholder who is a corporation, corporate representatives should attend the Scheme Meeting and bring a form of personal identification (such as their driver's licence).

Legend Shareholders, their attorneys or in the case of Legend Shareholders who are corporations, corporate representatives who plan to attend the Scheme Meeting in person are asked to arrive at the venue 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, so that their shareholding may be checked against the Share Register and attendances noted. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

To vote in person at the Scheme Meeting, you, your attorney or, in the case of a Legend Shareholder who is a corporation, your corporate representative must attend the Scheme Meeting to be held at the Adelaide Pavilion Restaurant located in the Veale Gardens, Corner South Terrace and Peacock Road, Adelaide.

4. How to Vote

Voting by attorney

If a Legend Shareholder executes or proposes to execute any document, or do any act, by or through an attorney which is relevant to that Legend Shareholder's shareholding in Legend, that Legend Shareholder must deliver the instrument appointing the attorney to the Share Registry for notation.

Legend Shareholders wishing to vote by attorney at the Scheme Meeting must, if they have not already presented an appropriate power of attorney to Legend for notation, deliver to the Share Registry (at the address or facsimile number provided in Section 4.3(c) of this Explanatory Booklet) the original instrument appointing the attorney or a certified copy of it by 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

Any power of attorney granted by a Legend Shareholder will, as between Legend and that Legend Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Legend Shareholder is lodged with Legend.

Voting by corporate representative

To vote in person at the Scheme Meeting, a Legend Shareholder who is a corporation may appoint an individual to act as its representative.

To vote by corporate representative at the Scheme Meeting, a Legend Shareholder who is a corporation should obtain a *Certificate of Appointment of Corporate Representative* from the Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged at the registration desk on the day of the Scheme Meeting.

The appointment of a representative may set out restrictions on the representative's powers.

The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

The chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if they have not produced a certificate or other satisfactory evidence of their appointment.

(c) Voting by proxy

Legend Shareholders wishing to appoint a proxy to vote on their behalf at the Scheme Meeting must either complete and sign or validly authenticate the personalised Proxy Form which accompanies this Explanatory Booklet or lodge their proxy online. A person appointed as a proxy may be an individual or a body corporate.

Proxies attending the Scheme Meeting should bring some form of personal identification (such as their driver's licence) and are asked to arrive at the venue 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, so that their shareholding may be checked against the Share Register and attendances noted.

Completed Proxy Forms must be delivered to Legend's Share Registry by 2.30pm (Melbourne time) on Wednesday, 7 August 2019 in any of the following ways:

By post in the enclosed reply paid envelope (or the self-addressed envelope, for Shareholders whose registered address is outside Australia) provided to the Share Registry:

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007

By hand delivery¹¹ to the Share Registry at:

Security Transfer Australia Pty Ltd
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

By fax to the Share Registry on +61 8 9315 2233

By email to the Share Registry at registrar@securitytransfer.com.au

Alternatively you may choose to appoint a proxy online as follows:

Online if you wish to appoint your proxy online, you should do so by visiting www.securitytransfer.com.au and using the Online Proxy ID noted on the front of your Proxy Form which accompanies this Explanatory Booklet and by following the instructions on that website. Online appointments of proxies must be done by 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

11. Please note that hand deliveries may only be made Monday to Friday between the hours of 9.00am to 5.00pm (Melbourne time).

4. How to Vote

Undirected proxies

If a Legend Shareholder nominates the chairman of the Scheme Meeting as that Legend Shareholder's proxy, the person acting as chairman of the Scheme Meeting must act as proxy under the appointment in respect of any or all items of business to be considered at the Scheme Meeting.

If a proxy appointment is signed or validly authenticated by that Legend Shareholder but does not name the proxy or proxies in whose favour it is given, the chairman of the Scheme Meeting may at his election act as proxy in respect of any or all items of business to be considered at the Scheme Meeting.

Proxy appointments in favour of the Chairman of the Scheme Meeting, the company secretary or any Legend Director which do not contain a direction as to how to vote will be voted in support of the Scheme resolution at the Scheme Meeting (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

The Chairman intends to vote undirected proxies of which he is appointed as proxy in favour of the resolution to approve the Scheme (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).

4.4 Further information

Please refer to the notice of Scheme Meeting in Appendix 3 to this Explanatory Booklet for further information on voting procedures and details of the resolutions to be voted on at the Scheme Meeting.

LEGEND



SECTION FIVE

Profile of Legend

5. Profile of Legend

5.1 Introduction

Legend is an Australian engineering products business, operating in a range of end markets including electrical, rail, power, mining, semiconductor, information technology, telecommunications, medical, defence and industrial & commercial gas markets. The company's operations span Australia and New Zealand and it also exports to around 40 countries. As at 31 May 2019 the company has approximately 328 employees.

Legend's strategy involves identification of customer demand for specialist components, tools and consumables. Legend innovates, designs, manufactures and supplies a vast range of products (over 20,000 product lines) to satisfy its customers' requirement for both 'specialist' high quality, engineered products certified to standard together with higher volume 'commodity-type' products providing a 'one stop shop' supported by industry leading levels of service, availability and on time delivery.

Legend also provides accredited laboratory, repair and calibration services.

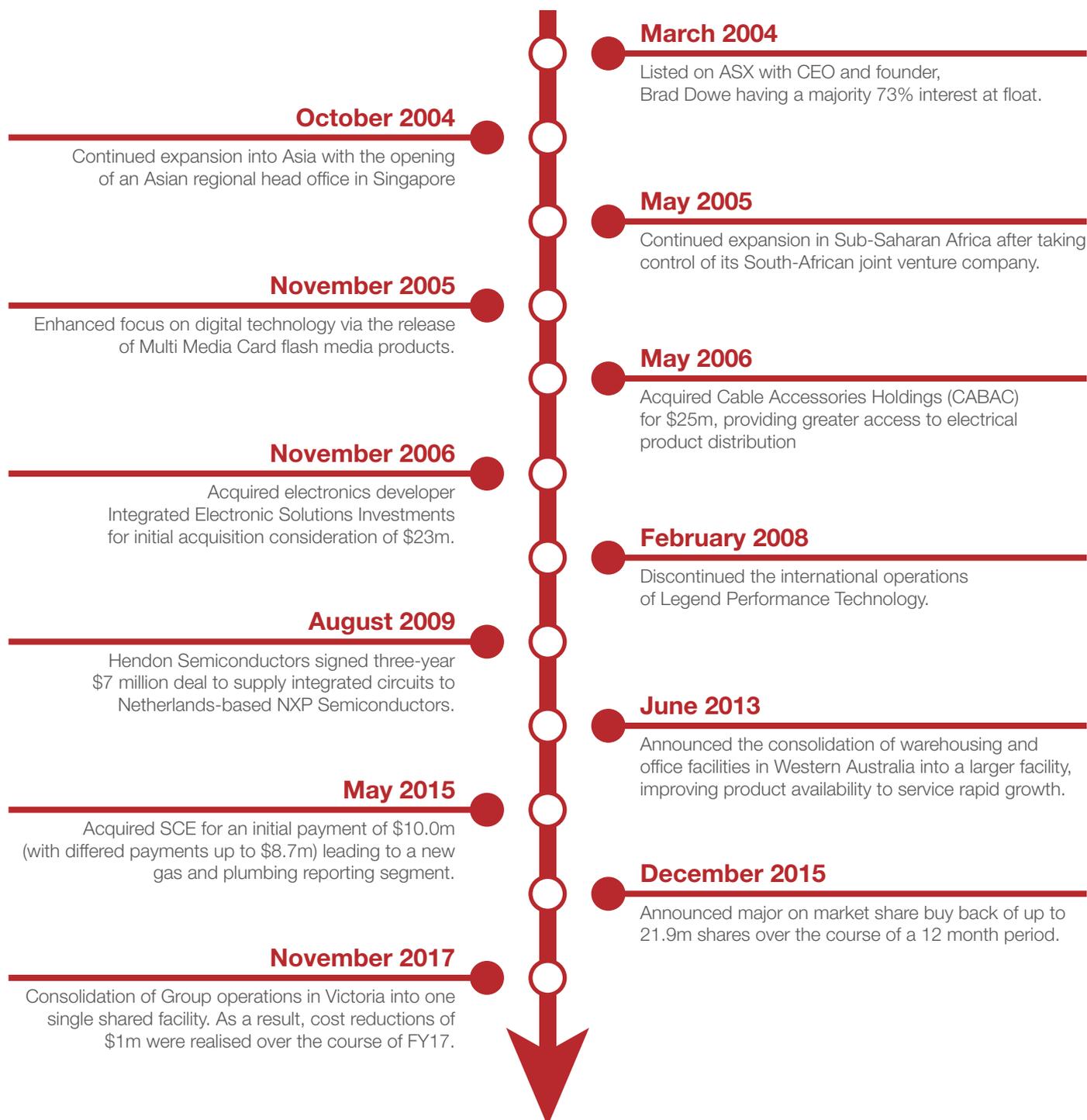
Legend operates across three segments, which house a range of popular brands:

- **Electrical, Power and Infrastructure (EP&I):** manufactures and distributes a range of house branded electrical and power connectivity products, tools, consumables, information technology and test and measurement products for a diverse array of end markets.
- **Innovative Electrical Solutions (IES):** designs and manufactures a wide range of electronics based medical, electrical, lighting, energy control, commercial electrical and test and measurement products for the healthcare, electrical, defence and oil and gas end markets.
- **Gas and Plumbing (G&P):** supplies a range of global brand components and systems for industrial and commercial gas applications, HVAC, refrigeration and plumbing end markets.

Legend has 30 years of trade history as a low cost, on time supplier and has grown the business across new product lines and geographies both organically and via strategic acquisitions.

5. Profile of Legend

5.2 History



5.3 Overview of operations

Legend operates through eight business divisions arranged into three reporting segments, which together service a range of markets including electrical, rail, power, mining, semiconductor, information technology, telecommunications, medical, defence and industrial and commercial gas markets.

(a) Electrical, Power and Infrastructure

Electrical, Power and Infrastructure (EP&I) accounted for 56% of FY18 EBITDA and 67% of FY18 Revenue.

This segment includes channel brands such as CABAC, Legend Performance Technology and Legend Power Systems. The segment has been expanded through the acquisition of Celemetrix in 2018.

5. Profile of Legend

CABAC provides cable accessories, tools, consumables, energy management, test & measurement and data through the national network of electrical wholesale organisations that service engineering construction, residential, commercial and infrastructure building industries.

Legend Performance Technology provides fibre & copper data connectivity, enclosures, structured cable, data tools, made to order data looms to data centre contractors, telecommunications, IT, specialist AV, security, specialist fibre, point-of-Sale markets and related contractors.

Legend Power Systems provides medium and high voltage cable connectivity & terminations, linesman tools, electrical safety, consumables and solar accessories to power generation, transmission, distribution, rail, primary resources engineering markets and direct to utilities and related contractors.

Commsforce provides fibre telco test & measurement and fibre network management equipment to a network of wholesale organisations throughout Australia and to power utilities and related contractors.

Celemetrix provides calibration, service and repair of test & measurement equipment direct to major telcos and all areas of IT & industry telecommunications network and power utilities.

A summary of the key attributes of EP&I operating segment is as follows:

EP&I				
Division	Key products/services	Channels to market	Key brands	
	<ul style="list-style-type: none"> • Designs, manufactures and distributes over 9,000 product lines • Cable accessories, tools and consumables • Energy management • Test and measurement equipment 	<ul style="list-style-type: none"> • National network of electrical wholesale organisations that service engineering construction, residential, commercial and infrastructure building industries 	    	    
	<ul style="list-style-type: none"> • Fibre and copper data connectivity • Racks, enclosures and structured cable systems • Made to order fibre looms to computer room, data centre contractors and telco providers 	<ul style="list-style-type: none"> • Serves data and data centre contractors, telecommunications, IT, specialist audio visual, security, specialist fibre, point-of-sale markets and related contractors 	  	  
	<ul style="list-style-type: none"> • Medium / high voltage cable connectivity, joints and terminations, linesman tools, electrical safety and consumables • Specialised lugs and jointing systems and assemblies to specified requirements of utilities and infrastructure contractors 	<ul style="list-style-type: none"> • Serves the power generation, transmission, distribution, rail and primary resources engineering markets • Supplies direct to utilities and related contractors 	    	    

5. Profile of Legend

EP&I			
Division	Key products/services	Channels to market	Key brands
 CABAC New Zealand	<ul style="list-style-type: none"> Similar product suite to CABAC and Legend Power Systems 	<ul style="list-style-type: none"> Distributes products through a network of wholesale organisations throughout New Zealand Supplies to power utilities and related contractors 	  
 COMMSFORCE Leaders in Technology Solutions  CELEMETRIX the art of measurement	<ul style="list-style-type: none"> Sales of telecommunications test and measurement equipment Calibration, service and repair of test and measurement equipment 	<ul style="list-style-type: none"> Products and services supplied direct to major telcos and all areas of IT and industry telecommunications network and power utilities through its Melbourne, Sydney, Brisbane and New Zealand offices 	     

(b) Innovative Electrical Solutions

Innovative Electrical Solutions (IES) accounted for 18% of FY18 EBITDA and 6% of FY18 Revenue.

This segment includes Hendon Semiconductors (**Hendon**) and PCWI.

Hendon designs and manufactures a wide range of electronics based medical, electrical, lighting, energy control, commercial electrical and test & measurement and semiconductor products.

PCWI designs and manufactures test & measurement equipment used in oil, gas, water and medical applications.

A summary of the key attributes of the IES operating segment is as follows:

IES			
Business	Key products/services	Channels to market	Key brands
 LEGEND DEFENCE INDUSTRIES	<ul style="list-style-type: none"> Provides advanced engineering solutions Past projects include design and manufacture of components for the Collins Class submarines and manufacture of the Thick Film Hybrid of the sonobuoy system device used by Australian military aircraft 	<ul style="list-style-type: none"> Supplies customised products directly to the Australian Defence Force prime contractors 	Key clients are defence prime contractors
 Hendon semiconductors	<ul style="list-style-type: none"> Provides advanced engineering solutions Designs and manufactures a wide range of electronics based healthcare, electrical, lighting, energy control and test and measurement products 	<ul style="list-style-type: none"> Supplies customised products directly to healthcare, electronic, defence and lighting clients Products are represented by CABAC to electrical wholesalers 	Products are made for other sales channels

5. Profile of Legend

(c) Gas and Plumbing

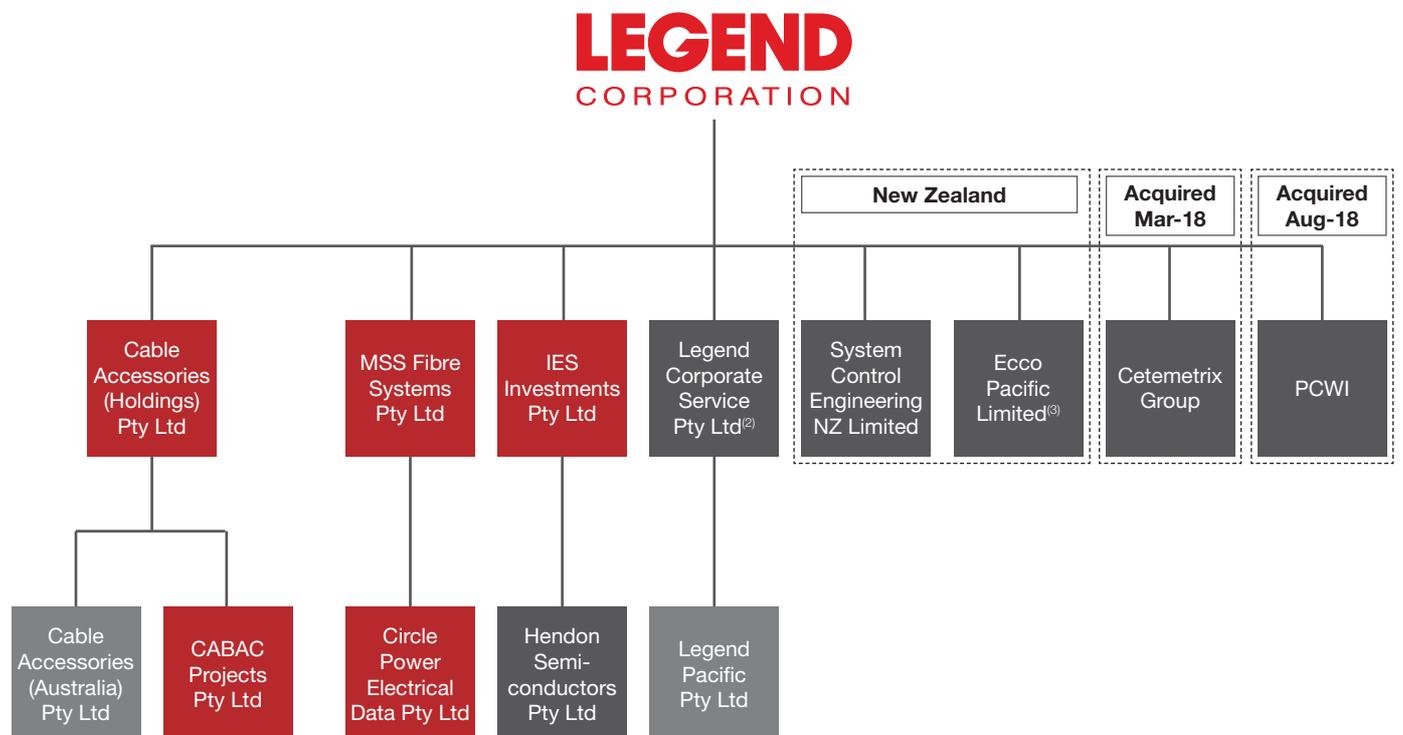
Gas and Plumbing (G&P) accounted for 26% of FY18 EBITDA and 27% of FY18 Revenue.

This segment consists of System Control Engineering (SCE) and is a leading supplier of tools, components and consumables to industrial and commercial gas applications, refrigeration and air conditioning applications, operating for more than 50 years. The segment was created through the acquisition of SCE in 2015.

A summary of the key attributes of the G&P operating segment is as follows:

G&P			
Business	Key products/services	Channels to market	Key brands
	<ul style="list-style-type: none"> Commercial and industrial boilers and furnaces Residential and commercial heating, hot water, refrigeration and air-conditioning tools, components, consumables, test and measurement Energy utility and commercial gas regulation and metering 	<ul style="list-style-type: none"> Supplies a wide range of components, tools, test and measurement products and customised systems directly to industrial and commercial contractors and wholesalers 	

5.4 Legend Group Structure⁽¹⁾



■ Trading Entity

■ Dormant or holding entity only

■ Holding entity for patents and trademarks

Note: 1. All entities within the Group 100% owned. 2. Incorporates CABAC, Legend Performance Technology and Legend Power sales divisions. 3. Incorporates CABAC NZ and Legend Power NZ sales divisions

5. Profile of Legend

5.5 Historical financial information

(a) Summary P&L

A\$'000, 30 June FYE	FY17	FY18	HY19
Revenue	100,204	114,901	67,745
COGS	(55,346)	(65,515)	(37,607)
Gross profit	44,858	49,386	30,138
Total expenses	(34,411)	(36,954)	(22,203)
EBITDA	10,447	12,432	7,935
D&A and Impairments	(3,465)	(2,441)	(1,579)
EBIT	6,982	9,991	6,356
Interest & facility fees	(1,148)	(1,122)	(563)
PBT	5,834	8,869	5,803
Tax expense	(2,093)	(2,891)	(1,745)
NPAT	3,741	5,978	4,058

(b) Balance sheet

A\$'000	FY17	FY18	HY19
Assets			
Current assets			
Cash and cash equivalents	7,318	6,706	6,602
Trade & other receivables	20,309	29,479	22,353
Inventories	27,949	32,522	35,911
Other current assets	916	855	1,132
Total current assets	56,492	69,562	65,998
Non-current assets			
P,P&E	6,130	6,764	6,446
Deferred tax assets	1,687	2,118	2,282
Intangible assets	50,565	58,189	59,641
Total non-current assets	58,382	67,069	68,369
Total assets	114,874	136,631	134,367
Liabilities			
Current liabilities			
Trade and other payables	14,245	23,102	20,856
Short-term provisions	4,648	5,310	5,541
Short-term borrowings	3,700	5,412	5,412
Other current liabilities	516	1,046	1,080
Total current liabilities	23,109	34,870	32,889
Non-current liabilities			
Trade and other payables	4,554	2,722	–
Long term borrowings	15,436	22,311	22,205
Deferred tax liability	2,063	3,368	3,516
Other non-current liabilities	177	663	623
Total non-current liabilities	22,230	29,064	26,344
Total liabilities	45,339	63,934	59,233

5. Profile of Legend

A\$'000	FY17	FY18	HY19
Equity			
Issues Capital	74,083	74,083	74,083
Reserves	11,105	14,267	16,704
Accumulated losses	(15,653)	(15,653)	(15,653)
Total equity	69,535	72,697	75,134

(c) Cash flow

A\$'000	FY17	FY18	HY19
Cash flow from operations (OCF)	10,535	6,516	4,427
Cash flow from investing	(1,847)	(12,925)	(2,793)
Capital expenditure net of sale	(847)	(551)	(452)
Acquisitions (including deferred payments) net of cash acquired	(1,000)	(12,391)	(4,341)
Cash flows from financing activities	(6,336)	5,770	(1,733)
Cash at the beginning of the financial year	4,980	7,318	6,706
Net increase/(decrease) in cash	2,338	(612)	(104)
Cash at the end of the financial year	7,318	6,706	6,602

5.6 Material changes in the financial position of Legend

Other than:

- the accumulation of profits in the ordinary course of trading; or
- as disclosed by Legend in the announcement made to ASX on 12 June 2019 referred to in Section 5.9,

no member of the Legend Board is aware of any material change to the financial position of Legend since 22 February 2019 being the date of its half year financial report for the half year ended 31 December 2018.

A copy of Legend's half year financial report for the half year ended 31 December 2018, together with Legend's audited full year financial reports for the financial years ended 30 June 2018 and 30 June 2017 respectively and any continuous disclosure notice given by Legend after the lodgement of the half year financial report for the half year ended 31 December 2018 may be obtained from Legend's website at www.legendcorporate.com, ASX's website (www.asx.com.au) or Legend will provide a copy free of charge to anyone who requests a copy before the Scheme is approved by the Court.

5.7 Legend capital structure

(a) Legend Shares on issue

As at the date of the Explanatory Booklet, there were 216,723,693 Legend Shares on issue.

(b) Legend Performance Rights on issue

As at the date of the Explanatory Booklet, there were 1,100,000 Legend Performance Rights on issue.

(c) Substantial shareholders

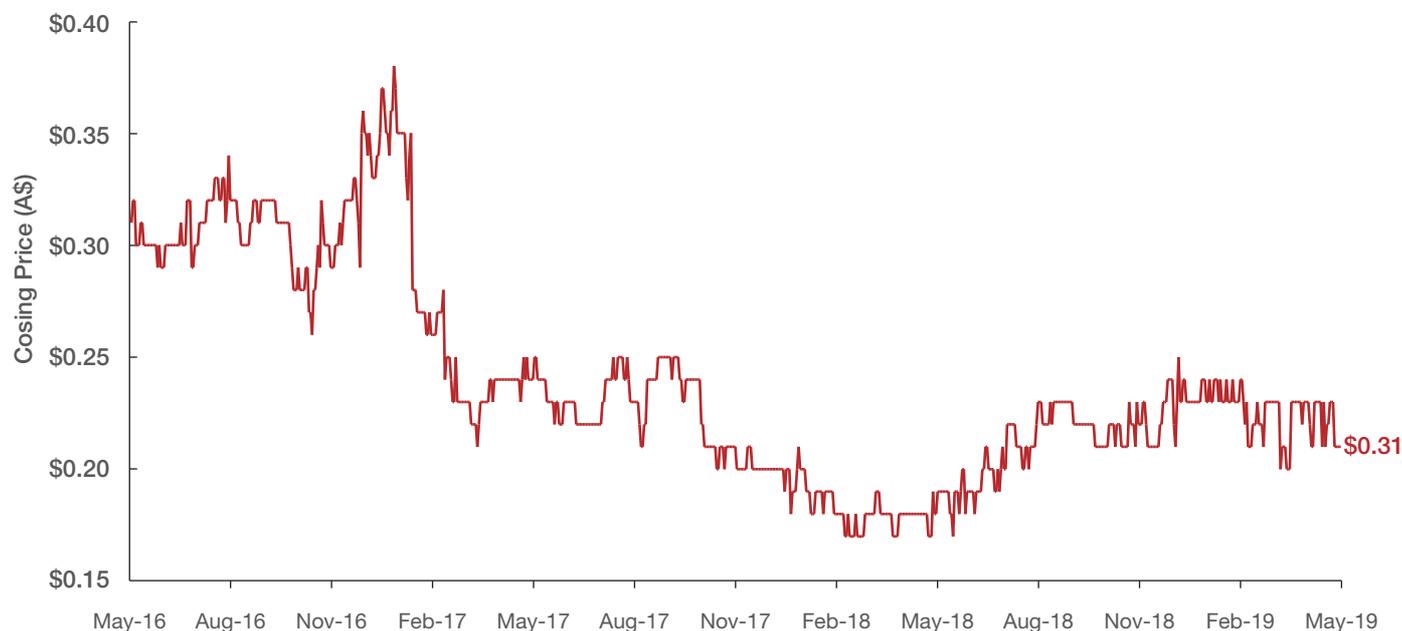
Based on Appendix 3Ys and substantial holding notices lodged with ASX, as at the Last Practicable Date, Legend Shareholders who control a parcel of 5% or more of the total issued Legend Shares are as set out in the table below.

Shareholder name	Legend Shares held	% of issued Legend Shares
Mr Bradley Dowe	62,294,154 ¹²	28.74%
Tiga Trading Pty Ltd & Thorney Holdings Pty Ltd & Thorney Pty Ltd	35,761,705	16.48%
Keith Knowles	19,178,243	8.85%
EGP Capital Pty Ltd	13,500,000	6.23%

5. Profile of Legend

5.8 Recent Legend Share performance

The following chart illustrates the movement in the share price of Legend from 22 May 2016 to 22 May 2019.



Source: FactSet financial data and analytics.

5.9 Outlook

On 12 June 2019, Legend announced to the ASX a trading update including FY19 guidance. Legend's ASX announcement is replicated below:

"The Directors of Legend Corporation Limited ('Legend' or 'the Group') advise Net Profit After Tax (NPAT) for the year ending 30 June 2019 is forecast at approximately \$7.3 million compared to \$6.0 million for the prior corresponding period (pcp).

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY19 is forecast to be in the range of \$15.4 to \$15.7 million, compared to \$12.4 million pcp.

These forecasts exclude transaction costs incurred to date and expected to be incurred to 30 June due to work on the Scheme Implementation Agreement (SIA) and proposed Scheme of Arrangement (Scheme) preparation announced on 24th May 2019.

Legend CEO Brad Dowe, commenting on the expected results said '*Legend continues to enjoy solid growth in our organic business. PCWI and Gas & Plumbing performance is particularly pleasing. Unfortunately, the Commsforce business, a unit of the Celemetrix group has made very little contribution to earnings due to lower than expected sales and deferrals of telco purchase programs*'."

If the Scheme does not proceed, Legend intends to continue to explore other alternatives arising from its strategic review process including investigating complementary acquisitions that would seek to deliver enhanced shareholder returns.

12. Consisting of an indirect interest in 58,717,778 Legend Shares held by Dowe Holdings Pty Ltd, an indirect interest in 3,250,000 Legend Shares held by Dowe Family Superannuation Pty Ltd and an indirect interest in 326,376 Legend Shares held by Backstop Pty Ltd.

5. Profile of Legend

5.10 Risks

Introduction

Your Legend Directors consider that it is appropriate for Legend Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of Legend, as well as the value of Legend, the Legend Shares and its ability to pay dividends.

Legend Shares carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The market price of Legend Shares and future distributions made to Legend Shareholders will be influenced by a number of factors, including factors beyond the control of Legend Directors and management which may include changes in the factors listed below.

If the Scheme is implemented, you will receive the Scheme Consideration, cease to be a Legend Shareholder and also no longer be exposed to the risks set out below.

In making your decision to vote on the Scheme Resolution, you should read this Explanatory Booklet carefully. This Section 5.10 is a summary only, does not present the risks in any order of importance, and does not purport to list every risk that may be associated with a continuing investment in Legend.

General Risks

(a) Share market conditions

There are risks associated with an investment in financial products quoted on a stock exchange. Share price movements could affect the value of any investment in Legend.

The performance of Legend and the price at which Legend Shares may trade on ASX may be determined by a range of factors. These include movements in the local and international equity and bond markets and general investor sentiment in those markets, recommendations by brokers and analysts, inflation, interest rates, exchange rates, general economic conditions and outlooks, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, the announcement of new technologies and changes in the supply of and demand for relevant stocks. Certain of these factors could affect the trading price of Legend Shares, regardless of operating performance.

(b) General equity market risks

As an entity with listed ordinary shares on ASX, the market price of Legend Shares is influenced by a variety of general business cycles and economic and political factors in Australia, including economic growth, interest rates, exchange rates, inflation, employment levels, changes in government fiscal, monetary and regulatory policy in relevant jurisdictions and changes to accounting or financial reporting standards.

(c) Economic conditions

Economic conditions, both domestic and global, may affect the performance of Legend. Adverse changes in such things as global and country-by-country economic growth, the level of economic activity and inflation, interest rates, insurance market conditions, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of Legend and may result in material adverse impacts on the business and operating results of Legend.

(d) Liquidity and realisation risk

There may be few or many potential buyers or sellers of Legend Shares on ASX at any time. This may affect the volatility of the market price of Legend Shares. It may also affect the prevailing market price at which shareholders are able to sell their Legend Shares.

(e) Taxation risks

A change to the current taxation regime may affect Legend and Legend Shareholders. Personal tax liabilities are the responsibility of each individual investor in Legend. Legend is not responsible for taxation or penalties incurred by investors in Legend.

Specific risks relating to Legend

(f) Reliance on key personnel

Legend currently employs a number of key management personnel, and Legend's future depends on retaining and attracting suitably qualified personnel. While it is not currently anticipated, one or any number of these key personnel may cease employment or engagement with Legend.

The loss of any such key personnel could have the potential to have a detrimental impact on Legend until the skills that are lost are adequately replaced. There is no guarantee that Legend would be able to replace such personnel, and a failure to do so could materially affect Legend's business, operating results and financial prospects.

5. Profile of Legend

(g) Intellectual property

Legend's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. Intellectual property that is important to Legend includes, but is not limited to, patents, designs, know-how, trademarks, domain names, its website, business names and logos. Such intellectual property may not be capable of being legally protected or actions taken to protect the intellectual property may not be adequate. It may be the subject of unauthorised disclosure or be unlawfully infringed (and Legend may not be able to detect such unauthorised disclosure or unlawful infringement), or Legend may incur substantial costs in asserting or defending its intellectual property rights and such actions may ultimately prove to be unfavourable or unsuccessful.

There is a risk that third parties may allege that Legend's technology uses intellectual property derived by them or from their technology without their consent or permission. Legend may be subject to claims which could result in disputes or litigation, which could result in liability for monetary damages, cause delays and increased costs, which could in turn have an adverse impact on the operations, reputation and financial performance of Legend.

(h) Technology changes

The information, communication and technology industries are constantly evolving with new technologies and products which could act as substitutes for the products and services offered by Legend. In addition, the behaviours of consumers of those technologies and products are constantly evolving. There is no guarantee that Legend can effectively keep up with changes in technological developments and failure to keep pace with changes in technology could result in Legend finding it increasingly difficult to compete in its chosen target segments. If there are new or improved products that are superior, or perceived by the market to be superior, to those of Legend then this may adversely impact on Legend's ability to compete in its chosen market segments. In addition, if there are changes in behaviours of consumers in the use of technologies and products (including continued increased customer demand for data and therefore bandwidth), and Legend is not able to effectively keep up with such changes in behaviours of consumers, then it could result in Legend finding it increasingly difficult to compete in its chosen target segments.

(i) Sustainability of growth

The continued strong growth in sales and profitability of Legend is dependent on a number of factors, including the retention of existing business and on new customer contract wins, coupled with the inherent uncertainty of future revenue streams arising from key developments in the industries within which Legend operate. This organic growth is conditional on the continued performance of Legend's various channels to market, the ongoing achievement of sales objectives by Legend's sales teams and the provision of consistent high quality customer service.

If any of these growth factors were negatively impacted and growth was impaired then the financial performance and reputation of Legend's business would be negatively impacted.

(j) Reliance on key relationships and customers

Legend's business relies on a number of business relationships and customers and is particularly reliant on its relationship with and revenue from a few key customers. While Legend currently enjoys a strong relationship with these key customers, Legend's financial performance may be impacted if these relationships were to deteriorate for any reason.

(k) Competition

The industry in which Legend operates is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than currently available to Legend. The market share of Legend's competitors may increase or decrease as a result of various factors such as developing new technologies and adopting pricing strategies specifically designed to gain market share. These competitive actions may reduce the prices Legend is able to charge for its services and products, and or reduce the volume of products Legend is able to sell, which would negatively impact the financial performance of Legend and could materially affect Legend's financial performance or cash flows.

(l) Litigation risk

As with any company, Legend is exposed to the risks of litigation which may have a material adverse effect on its financial position. This includes the risk that a third party may accuse Legend of infringing the third party's intellectual property rights. To the extent that such claims or litigation are not covered by insurance, an adverse outcome in litigation or the cost of initiating or responding to potential or actual claims or litigation may have a material adverse impact on financial performance.

As at the date of this Explanatory Booklet, Legend is not aware of any material contractual disputes or litigation matters in respect of Legend, including with its customers or other third parties.

(m) Regulatory risks

Legend is subject to various laws and regulations. Amendments to current laws and regulations governing Legend's operations, and in particular information, communication and technology laws and regulations, or more stringent implementation thereof could have a material adverse impact on Legend and cause increases in expenses, capital expenditure or costs. Further, changes to relevant laws and regulations can give rise to periods of uncertainty which may negatively impact Legend.

5. Profile of Legend

(n) Insurance risk

Legend has insurance policies in place with policy specifications and insured amounts that Legend considers appropriate for its business. Potential losses arising from events such as floods, terrorism or other similar catastrophic events, which may also include other force majeure events, may be either uninsurable or, in the judgement of Legend, not insurable on a financially reasonable basis, or may not be insured at full replacement cost or may be subject to higher excesses/deductibles.

In the event that there are insufficient insurance arrangements in place in respect of a particular event, Legend may be exposed to material losses that may impact its financial position or performance.

(o) Cash flow risk and liquidity

Legend's ability to service its debt and other obligations depends on the future performance and cash flow of its business which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond its control. Legend's historical financial results have been, and it is anticipated that Legend's future financial results will continue to be, subject to fluctuations. Cash flows can vary, Legend's business will continue to be subject to fluctuations and Legend's business may not generate sufficient cash flow from operations to enable it to satisfy its debt and other obligations. Any inability to secure sufficient debt funding (including to refinance on acceptable terms) or to service its existing and new debt may have a material adverse effect on Legend's financial performance and prospects.

(p) Major shareholder risk

Legend currently has a number of substantial shareholders on its share register. There is a risk that these shareholders, future substantial shareholders, or other large shareholders may sell their shares at a future date. This could cause the price of Legend Shares to decline.

(q) Other specific risks

Other areas of risk faced by Legend include:

- cyber risk;
- contractual risk, being the nature of the performance, payment terms and indemnity requirements in contracts with customers;
- financial risks arising from fraud, regulatory breaches and bad debts; and
- foreign exchange risks.

Legend has in place what it considers are appropriate policies and procedures to help manage these risks, and Legend continually updates and develops those policies. In addition, as a result of considering the Scheme, Legend is exposed to risks associated with potential business distraction.

5.11 Public information available for inspection

Legend is a "disclosing entity" for the purposes of section 111AC(1) of the Corporations Act, and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Legend to notify ASX of information about specified matters and events as they arise for the purpose of ASX making that information available to participants in the market. Legend has an obligation under the Listing Rules (subject to some exceptions) to notify ASX immediately upon becoming aware of any information concerning it, which a reasonable person would expect to have a material effect on the price or value of Legend Shares. Pursuant to the Corporations Act and the Listing Rules, Legend is required to prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a statement and report from the Legend Directors and an audit or review report, respectively. Copies of each of these documents and ASX notifications can be obtained free of charge on the Legend website at <https://www.legendcorporate.com/> or by visiting ASX website at <https://www.asx.com.au/asx/statistics/announcements.do>.

ASIC also maintains a record of documents lodged with it by Legend and these may be obtained from the ASIC website at www.asic.gov.au.

Additionally, copies of documents lodged with ASIC in relation to Legend may be obtained from or inspected at an ASIC service centre. Please note ASIC may charge a fee in respect of such services. The following documents are available for inspection free of charge prior to the Scheme Meeting and during normal business hours at the registered office of Legend (being 1 Butler Drive, Hendon, South Australia 5014):

- Legend's company register;
- Legend's constitution; and
- Legend's annual reports for FY2015, FY2016, FY2017, FY2018 and for HY2019.



SECTION SIX

Profile of Adamantem Capital and Bidco

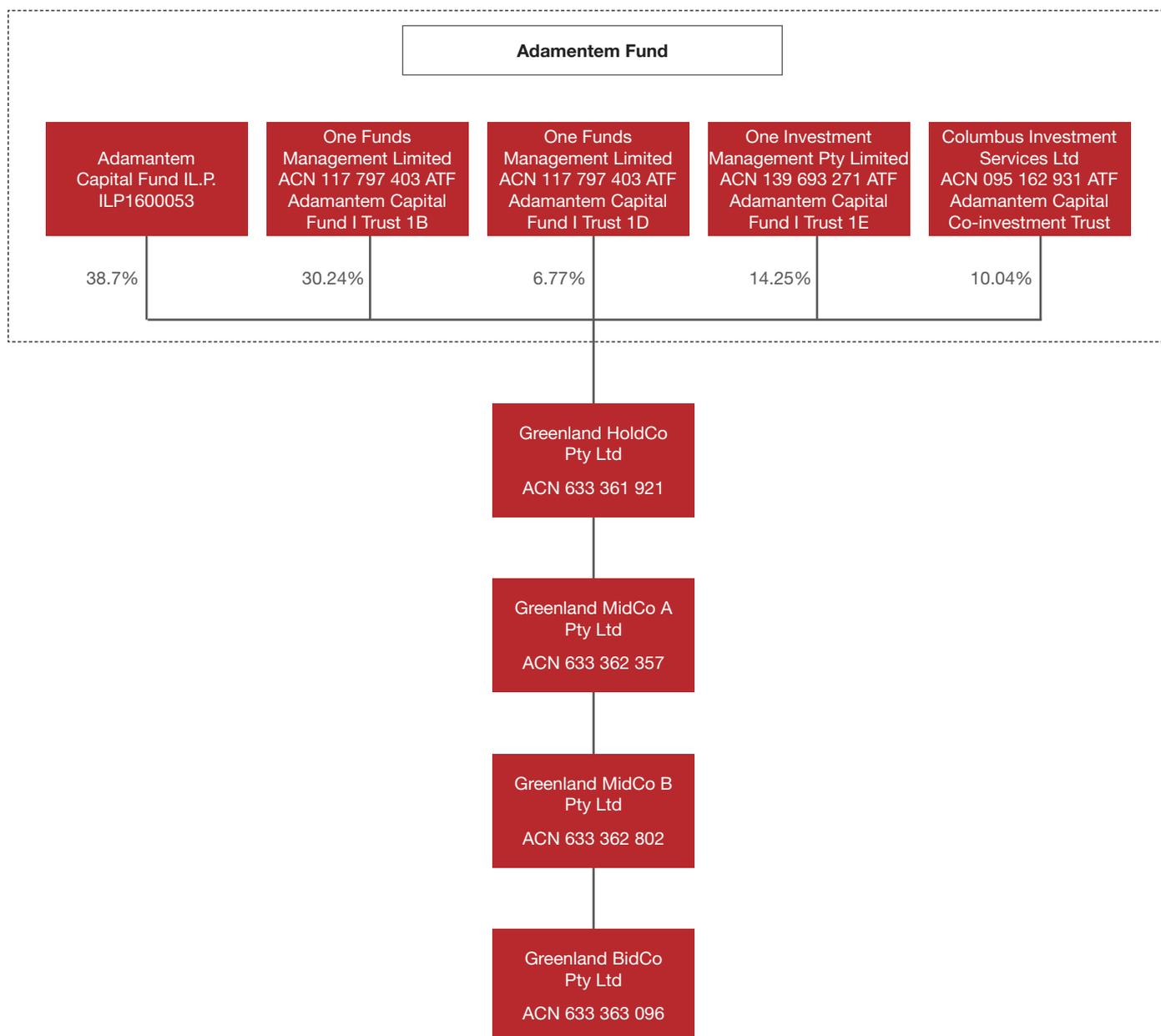
6. Profile of Adamantem Capital and Bidco

6.1 Introduction

The information contained in this Section 6 has been prepared by BidCo. The information concerning the BidCo Group and the intentions, views and opinions contained in this section are the responsibility of BidCo. Legend and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.2 Overview of the BidCo entities

BidCo is a wholly owned subsidiary of MidCo B, which in turn is a wholly owned subsidiary of MidCo A, which in turn is a wholly owned subsidiary of HoldCo. Each member of the BidCo Group is directly or indirectly owned by entities comprising the Adamantem Fund as shown in the diagram below.



BidCo is a special purpose company that was incorporated on 9 May 2019 for the purpose of acquiring all of the Scheme Shares under the Scheme. BidCo is an unlisted private Australian company and has not undertaken any trading activities. All of the shares in BidCo are owned by MidCo B. If the Scheme becomes effective, BidCo will hold all of the Scheme Shares on the Implementation Date.

MidCo B is a special purpose company that was incorporated on 9 May 2019 for the purpose of holding all of the shares in BidCo. MidCo B is an unlisted private Australian company and has not undertaken any trading activities. All of the shares in MidCo B are owned by MidCo A.

6. Profile of Adamantem Capital and Bidco

MidCo A is a special purpose company that was incorporated on 9 May 2019 for the purpose of holding all of the shares in MidCo B. MidCo A is an unlisted private Australian company and has not undertaken any trading activities. All of the shares in MidCo A are owned by HoldCo.

HoldCo is a special purpose company that was incorporated on 9 May 2019 for the purpose of holding all of the shares in MidCo A. All of the shares in HoldCo are held by the entities comprising the Adamantem Fund.

The Adamantem Fund comprises funds managed and advised by Adamantem Capital.

6.3 Adamantem Capital

The Adamantem Investors are managed and advised by Adamantem Capital.

Adamantem Capital is an Australian private equity firm focused on investing in mid-market opportunities in Australia and New Zealand (typically companies with an enterprise value between A\$100 million and \$500 million). Adamantem Capital was founded in October 2016 and is based in Sydney. The Adamantem Investors comprise the Adamantem Fund which has committed capital of approximately \$590 million.

Adamantem Fund currently has ownership stakes in the following businesses:

- Heritage Lifecare (July 2017) – Heritage Lifecare is one of the largest providers of residential aged care and retirement services in New Zealand.
- Hygain Holdings (November 2017) – Hygain manufactures and sells specialised horse feed and supplements to the horse racing, breeding and equestrian market segments through wholesalers and independent retailers.
- Servian (July 2018) – Servian is Australia's leading specialised data and analytics consultancy firm.
- Zenitas Healthcare (December 2018) – Zenitas Healthcare is a community-based healthcare provider specializing in the provision of in-home and in-clinic care solutions to reduce the reliance on high cost acute and post-acute institutional care.
- Hellers (February 2019) – Hellers is New Zealand's leading producer of processed meats including sausages, bacon, ham, and other small goods. Hellers also produces other value-added products including frankfurters, salami, burger patties, meatballs, poultry and cold cuts.

Further information about Adamantem Capital is available from its website at: <https://adamantem.com.au/>.

6.4 Funding Arrangements for the Scheme Consideration

(a) Overview

The Scheme Consideration is 100% cash. Under the terms of the Deed Poll, BidCo has covenanted in favour of each Scheme Shareholder to pay the Scheme Consideration into a trust account for the benefit of the Scheme Shareholders no later than the Business Day before the Implementation Date, conditional upon the Scheme becoming effective.

If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration of \$0.365 per Scheme Share. Legend may declare a Special Dividend of up to \$0.07 per Share which will reduce the amount of the Scheme Consideration by the amount of the Special Dividend. BidCo has entered into a facility agreement with Legend to provide an unsecured, interest free loan to Legend to fund the payment of the Special Dividend (**Loan Agreement**). Legend can only access the Loan Agreement if the Scheme becomes Effective. The Loan Agreement has been negotiated on arm's length commercial terms.

On a fully diluted basis, including Legend Shares issued as a result of the vesting and exercise of all Legend Performance Rights currently on issue, BidCo estimates that it will need approximately \$80 million to satisfy its payment obligations under the Scheme and to fund the Loan Agreement (**Maximum Cash Consideration**).

Payment of the Scheme Consideration and BidCo's funding of the Loan Agreement will be funded by a combination of:

- equity subscriptions in HoldCo (**Equity Funding**); and
- debt facilities committed by Westpac Banking Corporation, Investec Australia Finance Pty Limited and The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch under a syndicated facility agreement (**Debt Facilities**).

The proceeds available to BidCo under the Debt Facilities, together with the Equity Funding, are in excess of the amount that could be required to fund the Maximum Cash Consideration and the proposed refinancing of certain existing debt facilities of Legend.

On the basis of the Equity Funding and Debt Facilities (described in further detail below), BidCo believes that it has reasonable grounds for holding the view, and holds the view, that it will be able to satisfy its obligation to pay the aggregate Scheme Consideration as and when it is due under the terms of the Scheme and be able to satisfy its obligation to fund the Special Dividend (if required).

6. Profile of Adamantem Capital and Bidco

(b) Equity subscriptions

BidCo and HoldCo, together, have a legally binding equity commitment letter from the Adamantem Investors dated 23 May 2019 (Equity Commitment Letter) under which the Adamantem Investors commit to provide cash funding to HoldCo of such amounts as are necessary to enable HoldCo to directly or indirectly fund BidCo for it to meet its obligations to pay the Scheme Consideration and the associated costs of the Proposed Transaction (less any amounts to be drawn under the Debt Facilities in connection with implementation of the Scheme).

The Equity Commitment Letter provides that the entities comprising the Adamantem Investors commit to provide cash funding to HoldCo in an amount equal to each entity's relevant proportion as set out in the Equity Commitment Letter and reproduced below. Each entity is severally responsible for providing the Equity Funding to HoldCo under the Equity Commitment Letter in the proportions set out below.

Adamantem Investors	Portion of equity commitment
Adamantem Capital Fund I L.P. ILP1600053	38.70%
One Funds Management Limited ACN 117 797 403 as trustee for Adamantem Capital Fund I Trust 1B	30.24%
One Funds Management Limited ACN 117 797 403 as trustee for Adamantem Capital Fund I Trust 1D	6.77%
One Investment Management Pty Limited ACN 139 693 271 as trustee for Adamantem Capital Fund I Trust 1E	14.25%
Columbus Investment Services Ltd ACN 095 162 931 as trustee for Adamantem Capital Co-Investment Trust	10.04%

Mr Gary Uren, who BidCo intends to appoint as Chief Executive Officer of Legend following implementation of the Scheme (see Section 6.5(a) below), has also agreed to invest in HoldCo. The proportion of Mr Uren's equity commitment compared to the Adamantem Investors will be determined closer to the date on which the Scheme is implemented, but is currently anticipated to be approximately 2% of the issued capital of HoldCo. Mr Uren's investment will result in a slight decrease to the percentage shareholding of each of the Adamantem Investors set out in the structure diagram in Section 6.2 following implementation of the Scheme.

(c) Debt Facilities

BidCo has executed a senior syndicated facility agreement with Westpac Banking Corporation, Investec Australia Finance Pty Limited and The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch under which the Debt Facilities are made available to BidCo for the purpose of, among other things:

- funding the acquisition of the Scheme Shares;
- refinancing certain existing debt facilities of the Legend business; and
- paying certain other costs and expenses in connection with the Scheme.

The Debt Facilities are comprised of, among other facilities, an amortising term loan facility (Facility A) and a bullet term loan facility (Facility B), which have a combined limit of A\$54,250,000.

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 Legend Shareholders and the Court approving the Scheme).

As at the date of this Explanatory Booklet, 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.

6.5 Intentions if the Scheme is implemented

This section sets out the intentions of BidCo in relation to the continuation of the business, any major changes to the business, and the future employment of the present employees of Legend and any redeployment of the fixed assets of Legend, in each case if the Scheme is implemented. The intentions of BidCo are the same as the intentions of the BidCo Group and Adamantem.

The statements in this Section 6.5 regarding BidCo's intentions are based on information concerning Legend and the general business environment which are known to BidCo at the time of the preparation of the Explanatory Booklet. Final decisions regarding these matters will be made in light of all material information, facts and circumstances at the relevant time if the Scheme is implemented. Accordingly, it is important to recognise that the statements set out in this Section 6.5 are statements of current intention only and may change as new information becomes available or circumstances change.

6. Profile of Adamantem Capital and Bidco

(a) Immediate plans

The Scheme will result in Legend being delisted from the ASX and all the current directors being replaced by directors nominated by BidCo.

It is currently intended that following implementation of the Scheme, Mr Gary Uren will be appointed Chief Executive Officer of Legend and Mr Bradley Dowe will step down as Chief Executive Officer and Managing Director. Mr Uren has over 30 years of relevant industry experience working in similar businesses across Australia, New Zealand, Europe, the UK, the Middle East and North America, most recently at Atkore International, formerly a portfolio business of Clayton, Dubillier & Rice and now a public company (NYSE: ATKR). As noted above, Mr Uren has also agreed to co-invest in Legend with the Adamantem Investors which will result in him having an equity interest of approximately 2% in the business.

BidCo recognises that the Legend business has grown under an experienced and dedicated management team, with a demonstrated track record of in-house product development, and strong supplier relationships. Apart from Mr Bradley Dowe, BidCo understands that the other key executives of Legend have agreed to remain with the business following implementation of the Scheme.

Other than changes which result from Legend ceasing to be a publicly listed company, BidCo does not have any present intention to make any material changes to Legend's work force.

If the Scheme is implemented, BidCo presently intends for Legend to maintain its operational headquarters in Sydney, New South Wales.

(b) Longer term plans

BidCo views Legend as a scalable platform into multiple sales channels and believes that it can leverage Legend's market leading warehouse and logistics systems, strong service reputation and preferred supplier status with all major electrical wholesalers to expand product ranges and improve sales volume.

BidCo intends to undertake a fulsome review of Legend's business and operations to determine the best way to operate the business going forward. BidCo also intends to actively pursue complementary acquisition and expansion opportunities available to Legend. BidCo believes that it will be able to improve the overall efficiency and profitability of the Legend Group over time. Any further decisions around the future of Legend and intentions for the Legend business will be made after, and informed by, the results of the review.

6.6 BidCo's interests in Legend Shares

(a) Interest in Legend Shares

As at the date of this Explanatory Booklet, none of BidCo or any of its Associates has a Relevant Interest or voting power in any Legend Shares.

(b) Dealing in Legend Shares in previous four months

None of BidCo or any of its Associates has provided or agreed to provide consideration for any Legend Shares under any other transaction during the period of four months before the date of this Explanatory Booklet.

6.7 Other material information

(a) Benefits to Legend Shareholders

During the four months before the date of this Explanatory Booklet, none of BidCo or any of its 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 Legend Shares,

where the benefit was not offered to all Legend Shareholders.

(b) Benefits to Legend officers

None of BidCo or its Associates will be making any payment or giving any benefit to any current officers of Legend as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices dependent on the Scheme being implemented.



SECTION SEVEN

Taxation implications of the Scheme and Special Dividend

7. Taxation implications of the Scheme and Special Dividend

7.1 Introduction

This Section provides a summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications for Legend Shareholders who receive the Special Dividend and participate in the Scheme resulting in the disposal of their Legend Shares to BidCo.

This Section is relevant for Legend Shareholders who hold their Legend Shares on capital account.

This Section does not consider the Australian tax consequences for Legend Shareholders:

- who hold their Legend Shares as trading stock or as revenue assets;
- who are non-residents and hold their Legend Shares in the course of carrying on a business at or through a permanent establishment in Australia;
- who may be subject to special tax rules, such as financial institutions, insurance companies, partnerships, (except where expressly stated), tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated); or
- who are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997 (Cth)* in relation to gains and losses on their Legend Shares.

Legend Shareholders who are tax residents in a country other than Australia should take into account the tax consequences of the Special Dividend and the Scheme under the tax laws of their country of residence, as well as under Australian tax law.

The information contained in this Section is general in nature and should not be relied upon by Legend Shareholders as tax advice. This Section is not intended to be a complete statement of the taxation law applicable to the particular circumstances of every Legend Shareholder. Legend Shareholders should obtain their own professional advice on the taxation consequences of receiving the Special Dividend and disposing of their Legend Shares under the Scheme.

The information contained in this Section is based on the taxation law at the date of this Explanatory Booklet. The taxation consequences outlined in this Section may alter if there is a change in the taxation law after the date of this Explanatory Booklet.

In relation to the income tax comments, Sections 7.2, 7.3 and 7.4 relate to Legend Shareholders who are Australian tax residents. Section 7.5 relates to Legend Shareholders who are not Australian tax residents and do not hold their Legend Shares in the course of carrying on a business in Australia at or through a permanent establishment in Australia.

7.2 Class Ruling application

Legend has requested the ATO to issue a class ruling to confirm the availability of franking credits attaching to the Special Dividend and whether the Special Dividend forms part of the capital proceeds under the Scheme (**Class Ruling**).

The ATO has not issued the Class Ruling as at the date of this Explanatory Booklet. Legend will make an announcement when the Class Ruling is published either on ASX or, if Legend is no longer listed at that time, on its website. The Class Ruling will also be available on the ATO website at www.ato.gov.au.

It is anticipated that the Commissioner's views to be expressed in the Class Ruling will be generally consistent with the information in this Section. However, it is possible that the Commissioner may reach different conclusions. Accordingly, it is important that this Section be read in conjunction with the Class Ruling to be issued by the ATO.

7.3 Taxation consequences of the Special Dividend

Australian tax resident Legend Shareholders who receive the Special Dividend must include the Special Dividend in their assessable income.

It is expected that the Special Dividend will be fully franked.

Where the Legend Shareholder is a 'qualified person' in relation to the Special Dividend and the franking integrity rules do not apply, they must also include the amount of the attached franking credits in their assessable income and will be entitled to a tax offset equal to the amount of the attached franking credits.

A Legend Shareholder will be a 'qualified person' if they hold their Legend Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the relevant share's acquisition or disposal) during a prescribed period. The usual holding period is modified where the 'related payment rule' applies. The 'related payment rule' applies if a Legend Shareholder is under an obligation to pass the benefit of the Special Dividend to one or more other persons. It is likely that the Commissioner will consider that the 'related payment rule' applies as a consequence of the impact of the Special Dividend on the amount of the Scheme Consideration.

Where the 'related payment rule' applies, the prescribed period for the Special Dividend is the period commencing 45 days before the day on which the shares become ex the Special Dividend (ie 22 August 2019) and ending on the day before the Scheme Record Date. Accordingly, Legend Shareholders could only satisfy the 'related payment rule' in relation to particular Legend Shares if they acquired those Legend Shares on or before 8 July 2019.

7. Taxation implications of the Scheme and Special Dividend

Legend Shareholders will be considered to hold their Legend Shares 'at-risk' on a particular day provided that they have more than 30% of the ordinary financial risks of loss and opportunities for gain from owning those shares. This will be a matter for each individual Legend Shareholder to determine in their own circumstances.

The 'holding period rule' does not apply to Legend Shareholders that are individuals where their total franking credit tax offset entitlement does not exceed A\$5,000 for the year of income in which the Special Dividend are paid.

The ability of Legend Shareholders to benefit from the franking credit tax offset will depend on their status and specific circumstances. The following comments are provided on the basis that Legend Shareholders are a 'qualified person' in relation to the Special Dividend and that the Commissioner confirms that the various franking integrity rules do not apply. If either of these requirements are not met then there will be no franking credit tax offset.

The Class Ruling request will confirm:

- the relevant qualification period for the purposes of Legend Shareholders satisfying the 'holding period rule' in relation to the Special Dividend; and
- that the Commissioner will not seek to apply any specific integrity provisions so as to prevent Legend Shareholders from receiving the benefit of the franking credits.

Australian resident individuals and complying superannuation funds

Legend Shareholders who are individuals or complying superannuation funds will be entitled to a tax offset equal to the amount of the franking credits attached to the Special Dividend. Where these Legend Shareholders have franking credit tax offsets in excess of their total income tax liability they may be entitled to a refund equal of the excess.

Australian resident companies

Legend Shareholders that are Australian resident companies will be entitled to a tax offset equal to the amount of the franking credits attached to the Special Dividend and accordingly, should not pay any additional income tax on the Special Dividend. Where an Australian resident company Legend Shareholder has an excess of franking credits, they may be able to convert the excess tax offsets into carried forward tax losses.

A franking credit will arise in the franking account of these Legend Shareholders equal to the amount of the franking credits attached to the Special Dividend.

Australian resident trusts (other than an Attribution managed investment trust (AMIT))

Where Legend Shares are held by an Australian resident trust (other than an AMIT) and Australian resident beneficiaries are presently entitled to trust income of the trust including the Special Dividend, the benefit of the franking credit attached to the Special Dividend may also pass through to Australian resident beneficiaries. The income tax treatment of the Special Dividend and attached franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

Where the Legend Shareholder is an Australian resident trust (other than an AMIT) and there are no beneficiaries presently entitled to the Special Dividend, the Trustee will be liable for any income tax attributable to the Special Dividend and be entitled to a tax offset equal to the attached franking credits.

Australian resident AMITs

Where Legend Shares are held by an Australian resident AMIT, the beneficiaries of the AMIT will be attributed the income of the AMIT including the Special Dividend based on their clearly defined rights in the AMIT. The attached franking credits will flow to the relevant beneficiary in proportion to the attributed Special Dividend. The income tax treatment of the Special Dividend and attached franking credits in the hands of those beneficiaries will depend on the tax status of the beneficiaries.

Australian resident partnerships

Where Legend Shares are held by an Australian resident partnership, the Special Dividend and the benefit of the franking credit attached to the Special Dividend may also pass through to Australian resident partners. The income tax treatment of the Special Dividend and attached franking credits in the hands of those partners will depend on the tax status of the partners.

7. Taxation implications of the Scheme and Special Dividend

7.4 Taxation consequences of disposal of Legend Shares by Australian residents

Under the Scheme, Legend Shareholders will dispose of their Legend Shares to BidCo in exchange for the Scheme Consideration for the Legend Shares held by the Legend Shareholder.

Capital gains tax event

The disposal of Legend Shares to BidCo under the Scheme will give rise to a capital gains tax (**CGT**) event at the time Legend Shareholders transfer their Legend Shares to BidCo under the Scheme (i.e. at the Implementation Date).

Calculation of capital gain or loss

Legend Shareholders will make a capital gain on the disposal of their Legend Shares to the extent that the capital proceeds received in respect of the disposal of their Legend Shares exceeds their cost base. Conversely, Legend Shareholders will make a capital loss to the extent that the capital proceeds in respect of the disposal of their Legend Shares is less than their reduced cost base in respect of those Legend Shares.

Capital proceeds

The capital proceeds on the disposal of the Legend Shares should be the Scheme Consideration received by Legend Shareholders. The Class Ruling should confirm whether the capital proceeds for the disposal of Legend Shares include the amount of the Special Dividend.

If the capital proceeds do not include the amount of the Special Dividend for the Legend Shares exchanged for Scheme Consideration, the capital proceeds will be the cash amount, being \$0.365, less the amount of the Special Dividend (if any).

If in the alternative, the Commissioner considers that the Special Dividend forms part of the capital proceeds, the capital proceeds will be equal to \$0.365, but note the potential further implications set out below under the heading 'Anti-overlap' on the treatment of capital gains and capital losses.

Cost base

The cost base (or reduced cost base) of each Legend Share held by the Legend Shareholder will broadly be the original amount paid to acquire the Legend Share plus any incidental costs of acquisition and disposal plus any ownership costs not claimed as an income tax deduction, less any previous capital returns made by Legend.

CGT Discount

The CGT discount should be available to Legend Shareholders who are individuals, trusts or complying superannuation funds and have held their Legend Shares for at least 12 months before the Implementation Date.

Broadly, the CGT discount rules enable the Legend Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3% for complying superannuation funds.

The CGT discount is not available to Legend Shareholders that are companies.

Capital losses

A capital loss on the disposal of Legend Shares may be used to offset any other capital gains derived by the Legend Shareholders for the relevant year of income (including any capital gain derived by Legend Shareholders on other Legend Shares) or may be carried forward to offset capital gains in future income years. Specific capital loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances. Legend Shareholders should obtain their own tax advice in relation to the operation of these rules.

Anti-overlap

Where the Special Dividend forms part of the capital proceeds, the amount of any capital gain made by a Legend Shareholder will be reduced by the amount of the Special Dividend which is assessable to the Legend Shareholder. If the amount of the Special Dividend exceeds the capital gain, the capital gain is reduced to zero. However, the capital gain made by the Legend Shareholder will not be reduced by the amount of the franking credit that is included in the Legend Shareholder's assessable income as a result of the receipt of the Special Dividend by the Legend Shareholder. If a Legend Shareholder makes a capital loss and the Special Dividend forms part of the capital proceeds, the Legend Shareholder's capital loss is not adjusted.

7. Taxation implications of the Scheme and Special Dividend

7.5 Taxation consequences of disposal of Legend Shares by foreign residents

Legend Shareholders who are not Australian tax residents and do not hold their Legend Shares in the course of carrying on business in Australia at or through a permanent establishment are not required to include the Special Dividend in their assessable income and are not entitled to a franking credit tax offset. Non-resident Legend Shareholders should not be subject to Australian dividend withholding tax to the extent that the Special Dividend is franked.

Any capital gain or loss derived on the disposal of Legend Shares by Legend Shareholders who are not Australian residents are disregarded provided that the Legend Shares are not held by the non-resident in carrying on business in Australia at or through a permanent establishment. This is because the Legend Shares are not *indirect real property interests* for the purposes of the *Income Tax Assessment Act 1997*.

Generally, foreign resident capital gains withholding at a rate of 12.5% of the capital proceeds applies to a transaction involving the acquisition of an asset that is an indirect Australian real property interest (i.e. the asset is “taxable Australian property”) from a “relevant foreign resident”. The Scheme provides that BidCo may withhold, and remit, an amount equal to 12.5% of your Scheme Consideration to the Commission of Taxation. However, based on the existing asset profile of Legend and the spread of Legend Shareholders and their residency status, this withholding is not anticipated to apply in respect of the Scheme because the Legend Shares are not indirect real property interests for the purposes of the *Income Tax Assessment Act 1997* (Cth).

7.6 Stamp Duty

No stamp duty should be payable by Legend Shareholders on the disposal of Legend Shares under the Scheme.

7.7 GST

No GST will be payable by Legend Shareholders in respect of the receipt of the Special Dividend or the disposal of their Legend Shares under the Scheme.

Legend Shareholders may however be charged GST on costs (such as advisor fees) that relate to their participation in the Scheme. Legend Shareholders may be entitled to full or partial input tax credits for any GST payable on such costs, but this will depend on each Legend Shareholder’s individual circumstances. Legend Shareholders should seek independent advice in this regard.



SECTION EIGHT
The Scheme
in further detail

8. The Scheme in further detail

8.1 Introduction

This Section:

- discusses the purpose and effect of the Scheme;
- provides a summary of the conditions and approvals required for the Scheme to proceed; and
- provides a summary of the rights of Legend and BidCo to withdraw from the Scheme.

If the Scheme Conditions for the Scheme are satisfied or waived (as applicable), the manner in which the Scheme will be implemented is described in Section 9.

8.2 Scheme

(a) Purpose

The purpose of the Scheme is to give effect to a proposed arrangement between Legend and Scheme Shareholders. That arrangement in turn contemplates that BidCo will acquire 100% ownership and control of Legend, in exchange for payment of the Scheme Consideration to the Scheme Shareholders. If the Scheme becomes Effective, Legend will become a wholly-owned and controlled subsidiary of BidCo and will be delisted from ASX.

The terms of the Scheme are set out in Appendix 2 to this Explanatory Booklet.

(b) Legal effect

If the Scheme becomes Effective, it will constitute a binding arrangement between Legend and each Scheme Shareholder under which:

- all Legend Shares held by each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against it) will be transferred to BidCo free of any security interest (in accordance with, without limitation, section 32(1) of the *Personal Property Securities Act 2009* (Cth) and Regulation 7.1 of the *Personal Property Securities Act Regulations 2010* (Cth)), without the need for any action on the part of the Scheme Shareholders; and
- each Scheme Shareholder (including those who were not present at the Scheme Meeting, those who did not vote on the Scheme and those who voted against it) will receive the Scheme Consideration, subject to any security interest which attaches to the Scheme Consideration in accordance with section 32(1) of the *Personal Property Securities Act 2009* (Cth), as consideration in full for the transfer of all of their Legend Shares to BidCo.

(c) Scheme Meeting

At the First Court Hearing on Friday, 5 July 2019, the Court ordered Legend to convene a meeting of Legend Shareholders to consider and vote on the Scheme.

The resolution to be considered at the Scheme Meeting is contained in the Notice of Scheme Meeting in Appendix 3 to this Explanatory Booklet.

(d) Eligibility to vote at the Scheme Meeting

Each person who is registered on the Share Register as a Legend Shareholder as at the Voting Entitlement Time (7.00pm on Wednesday, 7 August 2019) is entitled to attend and vote at the Scheme Meeting, either in person, by proxy or attorney or, in the case of a Legend Shareholder who is a corporation, by a corporate representative.

Section 4 provides full details of how to vote at the Scheme Meeting. The Proxy Form for the Scheme Meeting accompanies this Explanatory Booklet.

(e) Voting majority required

The Scheme will only become Effective and be implemented if it is:

- approved by the requisite majority of holders of Legend Shareholders at the Scheme Meeting; and
- approved by the Court at the Second Court Hearing.

Approval of the Scheme by Legend Shareholders requires the resolution at the Scheme Meeting to be approved by:

- a majority in number (more than 50%) of Legend Shareholders present and voting at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative) (**Headcount Test**); and
- at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, by corporate representative).

The Court has the power to approve the Scheme even if the Headcount Test has not been satisfied. For example, the Court may do so if there is evidence that the result of the vote has been unfairly influenced by activities such as share splitting.

(f) Your warranties under the Scheme

To the extent permitted by law, the Scheme Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests, and interests of third parties of any kind, whether legal or otherwise.

8. The Scheme in further detail

Each Scheme Shareholder is deemed to have warranted to Legend, and appointed and authorised Legend as its attorney and agent to warrant to BidCo, that:

- all their Legend Shares (including any rights and entitlements attaching to those shares) transferred to BidCo under the Scheme will, at the date of transfer, be fully paid and free from mortgages, charges, liens, encumbrances, pledges, security interests (including any *security interests* within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Legend Shares (together with any rights and entitlements attaching to those shares) to BidCo under the Scheme; and
- they have no existing right to be issued any Legend Shares, Legend Performance Rights or any other Legend Securities, other than, in the case of any Scheme Shareholder who is also the holder of Legend Performance Rights, the right to be issued Legend Shares on the exercise of those Legend Performance Rights before the Scheme Record Date in accordance with their terms.

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

(g) Deed Poll

BidCo has executed a Deed Poll in favour of the Scheme Shareholders in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the Deed Poll is set out in Appendix 5 to this Explanatory Booklet.

8.3 Scheme Conditions

The Scheme is subject to the conditions noted in paragraphs (a), (b) and (c) below, all of which, other than Court approval, must be satisfied or waived (as applicable) by no later than the Delivery Time on the Second Court Date. These Scheme Conditions are set out in full in clause 3 of the Scheme Implementation Agreement, a copy of which is reproduced in Appendix 4 to this Explanatory Booklet.

(a) Scheme Conditions that apply for the benefit of BidCo

The following Scheme Conditions apply under the Scheme Implementation Agreement for the sole benefit of BidCo and can only be waived by BidCo:

- **(No Legend Prescribed Occurrences)** No Legend Prescribed Occurrence occurs between 24 May 2019 and the Delivery Time on the Second Court Date.
- **(Legend Warranties)** The Legend Warranties being true and correct in all material respects on 24 May 2019 and at the Delivery Time on the Second Court Date.
- **(Legend Performance Rights)** Legend has at the Delivery Time on the Second Court Date:
 - put in place legally binding arrangements so that all Legend Performance Rights outstanding at the date of the Scheme Implementation Agreement have either:
 - vested and been exercised prior to the Scheme becoming Effective on terms agreed by Legend and BidCo; or
 - otherwise been dealt with as agreed by Legend and BidCosuch that no Legend Performance Rights are in existence prior to the Scheme becoming Effective; and
 - complied with its obligations in respect of the Legend Performance Rights under clause 5 of the Scheme Implementation Agreement.
- **(No Material Adverse Change)** No Material Adverse Change occurs between 24 May 2019 and the Delivery Time on the Second Court Date.
- **(Third Party Consents)** All consents, approvals or waivers of rights by the counterparties under any Material Contracts that are required as a result of a change of control of Legend following the implementation of the Scheme are obtained in a form and subject to conditions acceptable to BidCo (acting reasonably), and such consents, approvals or waivers have not been withdrawn, cancelled or revoked before the Delivery Time on the Second Court Date.

(b) Scheme Conditions that apply for the benefit of Legend

The following Scheme Conditions apply under the Scheme Implementation Agreement for the sole benefit of Legend and can only be waived by Legend:

- **(No BidCo Prescribed Occurrences)** No BidCo Prescribed Occurrence occurs between 24 May 2019 and the Delivery Time on the Second Court Date.
- **(BidCo Warranties)** The BidCo Warranties being true and correct in all material respects on 24 May 2019 and at the Delivery Time on the Second Court Date.

8. The Scheme in further detail

(c) Scheme Conditions that apply for the benefit of BidCo and Legend

The following Scheme Conditions apply under the Scheme Implementation Agreement for the benefit of both BidCo and Legend and can only be waived by both BidCo and Legend:

- **(Regulatory Approvals - ASIC & ASX)** Before the Delivery Time on the Second Court Date, ASIC and ASX issue or provide such consents, waivers, relief or approvals as are necessary or which Legend and BidCo agree are desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before the Delivery Time on the Second Court Date.
- **(Regulatory Approvals - FIRB)** Before the Delivery Time on the Second Court Date, either:
 - the Treasurer (or his delegate) has provided a notice in writing (without any term or condition which BidCo reasonably considers unacceptable) stating or to the effect that, in terms of Australia's foreign investment policy, the Australian Government does not object to BidCo acquiring the Scheme Shares under the Scheme; or
 - by reason of lapse of time, the Treasurer is no longer empowered under the FATA to make an order prohibiting the acquisition of the Scheme Shares by the Bidder under the Scheme.
- **(Restraints)** No temporary restraining order, preliminary or permanent injunction or other order, in each case issued by a court of competent jurisdiction in Australia in a proceeding brought by a Government Agency preventing or delaying the Proposed Transaction, unless such order or injunction has been disposed of to the reasonable satisfaction of Legend and BidCo acting reasonably and in good faith, is in effect at the Delivery Time on the Second Court Date.

(d) Non waivable conditions

The following Scheme Conditions under the Scheme Implementation Agreement are not capable of waiver:

- **(Shareholder approval)** The Scheme is approved by Legend Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- **(Court approval)** The Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party.

8.4 Termination rights

(a) Mutual termination rights

Either party may terminate the Scheme Implementation Agreement by written notice to the other at any time before the Delivery Time on the Second Court Date if:

- the other is in material breach of any of its obligations under the Scheme Implementation Agreement and has failed to remedy that breach within 10 Business Days (or any shorter period ending on the Delivery Time on the Second Court Date) after it is given notice by the first party specifying the breach and requesting it to be rectified;
- the Court refuses to make any order directing Legend to convene the Scheme Meeting, provided that both Legend and BidCo have met and consulted in good faith and agreed that they do not wish to proceed with the Scheme;
- the Effective Date for the Scheme has not occurred on or before the End Date; or
- any condition precedent to the Scheme is not satisfied or waived (if capable of being waived) or is not capable of being satisfied by the required date and the parties have not reached agreement to overcome the non-satisfaction, in which case the party entitled to terminate the Scheme Implementation Agreement will depend on the condition that is not capable of being satisfied.

(b) BidCo termination rights

In addition to the mutual termination rights, BidCo may terminate the Scheme Implementation Agreement by written notice to Legend at any time before the Delivery Time on the Second Court Date if at any time before then any Legend Director:

- fails to recommend the Scheme;
- withdraws, adversely revises or adversely modifies their recommendation of the Proposed Transaction; or
- makes a public statement indicating that they no longer recommend the Proposed Transaction or recommends, endorses or supports a Competing Proposal.

(c) Legend termination rights

In addition to the mutual termination rights, Legend may also terminate the Scheme Implementation Agreement by written notice to BidCo at any time before the Delivery Time on the Second Court Date if at any time before then each of that number of Legend Directors as constitutes a majority of the Legend Board publicly recommend a Superior Proposal having followed the appropriate procedure under the Scheme Implementation Agreement.

8. The Scheme in further detail

8.5 Status of conditions and termination rights

As noted in Section 8.3(c), the implementation of the Scheme is conditional on FIRB Approval. FIRB approval was received on 14 June 2019.

As at the date of this Explanatory Booklet, neither Legend nor BidCo is aware of any circumstances which would cause any of the Scheme Conditions not to be satisfied or which could result in termination of the Scheme Implementation Agreement.

Legend will make a statement regarding the status of the Scheme Conditions at the commencement of the Scheme Meeting.

8.6 Arrangements for Legend Performance Rights

As at the Last Practicable Date, Legend has on issue 1,100,000 Legend Performance Rights issued to two Performance Rights Holders as follows:

- 600,000 Legend Performance Rights (of which 100,000 have vested) issued to Mr Hamish McEwin (Chief Financial Officer of Legend), who is also a Legend Shareholder (with a shareholding of 219,338 Legend Shares); and
- 500,000 Legend Performance Rights issued to Mr Mathew Wegener, a contractor who was formerly engaged by Legend. Mr Wegener is the founding director and former shareholder of the Celemetrix and CommsForce businesses which were acquired by Legend in February 2018.

Under the Scheme Implementation Agreement Legend has agreed with BidCo to take all necessary actions to permit each Performance Rights Holder to exercise his Legend Performance Rights by accelerating the vesting of all unvested Legend Performance Rights.

Subject to the Scheme being approved by Legend Shareholders at the Scheme Meeting and the Scheme becoming Effective, Legend will issue to the Performance Rights Holders such number of Legend Shares to which they are entitled.

Therefore, the Legend Shares issued to the Performance Rights Holders in accordance with the above arrangements will form part of the Scheme Shares and Performance Rights Holders will be entitled to receive the Scheme Consideration and any Special Dividend, provided that, as at the Scheme Record Date and Special Dividend Record Date respectively, they remain the registered holder of the Legend Shares issued as a result of exercise of the Legend Performance Rights.

The number of Legend Shares to be issued to Performance Rights Holders will be 1,100,000.

Please refer to Section 10.11 below for a description of the ASX waiver Legend has obtained to give effect to the arrangements proposed above in relation to the Legend Performance Rights.

If the Scheme does not proceed to become Effective, the matters outlined in this Section 9.6 will not occur and Performance Rights Holders will continue to hold their Legend Performance Rights subject to performance hurdles.



SECTION NINE

Implementation

9. Implementation

9.1 Introduction

If:

- (a) the Scheme is approved by Legend Shareholders at the Scheme Meeting; and
- (b) all other Scheme Conditions as described in Section 8.3 (other than Court approval of the Scheme) have been satisfied or waived (as applicable),

the further general steps required to implement the Scheme are as described in the remainder of this Section.

The description of these general steps is based on the obligations that Legend and BidCo have under the Scheme Implementation Agreement. BidCo has also signed the Deed Poll in which it covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. The Scheme Implementation Agreement is contained in Appendix 4 to this Explanatory Booklet. The Deed Poll is contained in Appendix 5 to this Explanatory Booklet.

9.2 Apply to Court for approval of Scheme

At the Second Court Hearing, Legend will apply to the Court for orders approving the Scheme. It is proposed that the Second Court Date will be on Friday, 16 August 2019. Any change to this date will be announced through ASX and will be available on ASX's website, www.asx.com.au.

The Court has a wide, overriding discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act.

9.3 Opposing the Scheme

The date of the Second Court Hearing to approve the Scheme is Friday, 16 August 2019.

The hearing will be at 12.00 noon (Melbourne time) at the Federal Court of Australia at the Owen Dixon Law Courts Building, 305 William Street, Melbourne.

If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing you must file with the Court, and serve on Legend, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Legend at its address for service at least one day before the Second Court Date.

The address for service is: c/o Minter Ellison, Rialto Towers, 525 Collins Street, Melbourne VIC 3000, Attention: Alberto Colla.

9.4 Receipt of Court orders

If the Court approves the Scheme:

- (a) Legend will make an announcement to ASX notifying the market of the receipt of Court approval, with that announcement proposed to be made on the day on which the Court approves the Scheme;
- (b) that announcement will specify the Scheme Record Date; and
- (c) as soon as possible and in any event by 5.00pm on the first Business Day after the day on which the Court approves the Scheme, Legend will lodge an office copy of the Court's orders with ASIC under section 411(10) of the Corporations Act. On that date (currently proposed to be Monday, 19 August 2019), the Scheme will become Effective.

If the Scheme becomes Effective, Legend and BidCo will become bound to implement the Scheme in accordance with the terms of the Scheme Implementation Agreement, the Scheme and the Deed Poll. Only those persons who are registered as the holders of Legend Shares on the Scheme Record Date will be Scheme Shareholders, being the only persons who will be bound by, and have the benefit of, the Scheme. Section 9.6 of this Explanatory Booklet describes the principles in the Scheme for determining the identity of Scheme Shareholders.

If the Scheme does not become Effective before the End Date, the Scheme will lapse.

9.5 Implementation of Scheme

(a) Suspension of trading of Legend Shares

It is expected that suspension of trading on ASX in Legend Shares will occur from close of trading on the Effective Date. On the current timetable, the Effective Date is proposed to be Monday, 19 August 2019.

(b) Special Dividend

For the purpose of establishing the persons who are entitled to receive the Special Dividend (if it is declared), dealings in Legend Shares will only be recognised if:

- in the case of dealings to be effected by CHESS, the transferee is registered on the Share Register as a holder of the relevant Legend Shares as at the Special Dividend Record Date; and
- in all other cases, registrable transfers or transmission applications are received at the place where the Share Register is maintained by the Special Dividend Record Date (in which case, Legend must register the transfers or transmission applications before 7.00pm (Melbourne time) on the Special Dividend Record Date.

9. Implementation

Legend will not accept for registration nor recognise for the purpose of establishing the persons entitled to the Special Dividend (if it is declared) any transmission application or transfer in respect of Legend Shares received after the Special Dividend Record Date.

The Special Dividend Record Date is currently proposed to be 7.00pm (Melbourne time) on Wednesday, 21 August 2019.

It is currently expected that the Special Dividend will be paid to eligible Legend Shareholders on the Implementation Date

(c) Scheme Record Date

Legend Shareholders will be entitled to receive the Scheme Consideration if they are registered as the holders of Legend Shares on the Scheme Record Date. The Scheme Record Date is currently proposed to be 7.00pm on Monday, 26 August 2019. In this Explanatory Booklet, those Legend Shareholders and the Legend Shares that they hold are referred to as 'Scheme Shareholders' and 'Scheme Shares', respectively.

(d) Transfer and registration of Scheme Shares

Under the Scheme, each Scheme Shareholder, without the need for any further act, irrevocably appoints Legend and each of its directors, officers and secretaries, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any document necessary to give effect to the Scheme, including (without limitation) a master transfer of all or part of the 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 BidCo without the need for any further act by any Scheme Shareholder, by Legend executing and delivering a valid transfer or transfers of the Scheme Shares to BidCo under the Corporations Act.

Prior to the Implementation Date and prior to the transfer of any Scheme Shares to BidCo, BidCo will deposit into the Trust Account an amount equal to the aggregate amount of the Scheme Consideration to be provided to all Scheme Shareholders, with that amount to be held on trust for the Scheme Shareholders for the purpose of Legend dispatching to each Scheme Shareholder the Scheme Consideration to which they are entitled, either by way of cheque or electronic funds transfer. The transfer of any Scheme Shares to BidCo will only take place once the Scheme Consideration has been dispatched by Legend from the Trust Account to each Scheme Shareholder in the manner set out in Section 9.5(e).

(e) Payment of Scheme Consideration and Special Dividend (if declared)

Scheme Consideration

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

- send (or procure the Share Registry to send) the Scheme Consideration due to each Scheme Shareholder to their Registered Address by cheque in Australian currency drawn out of the Trust Account; or
- deposit (or procure the Share Registry to deposit) the Scheme Consideration due to each Scheme Shareholder into an account with any Australian ADI (as defined in the Corporations Act) notified to Legend (or the Share Registry) by an appropriate authority from the Scheme Shareholder.

In the case of Scheme Shares held in joint names any cheque required to be sent under the Scheme will be made payable to the joint holders and sent, at the sole discretion of Legend, to either the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

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.

If a Scheme Shareholder who is entitled to receive the Scheme Consideration has not nominated a bank account and their whereabouts are unknown as at the Scheme Record Date will be paid into a separate bank account and held by Legend until claimed or applied under laws dealing with unclaimed money. If you wish to confirm our current address details with the Share Registry you may do so using the contact details in this Explanatory Booklet.

9. Implementation

Special Dividend

If the Special Dividend is declared, the Special Dividend will be paid to eligible Legend Shareholders on the Implementation Date.

If the Special Dividend is declared, it will be paid by Legend in the same way that you have previously elected to receive dividends from Legend. Accordingly, Legend Shareholders are encouraged to elect to receive their dividend entitlements via electronic funds transfer.

If a Legend Shareholder who is entitled to receive the Special Dividend has not nominated a bank account and their whereabouts are unknown as at the Special Dividend Record Date will be paid into a separate bank account and held by Legend until claimed or applied under laws dealing with unclaimed money. If you wish to confirm our current address details with the Share Registry you may do so using the contact details in this Explanatory Booklet.

(f) Delisting of Legend

At a time determined by BidCo following the implementation of the Scheme, BidCo will cause Legend to apply for the termination of the official quotation of Legend Shares on ASX and to have itself removed from the official list of ASX. It is expected that this will occur shortly after the Implementation Date.

9.6 Determination of Scheme Shareholders

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

- in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Shares on or before the Scheme Record Date; and
- in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm on the day on which the Scheme Record Date occurs at the place where the Share Register is kept.

Legend must register registrable transmission applications or transfers received on or before 5.00pm on the day on which the Scheme Record Date occurs by or as soon as reasonably practicable after that time.

Legend will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Legend Shares received after 5.00pm on the day on which the Scheme Record Date occurs, other than to BidCo in accordance with the Scheme and any subsequent transfer by BidCo or its successors in title.

Under the terms of the proposed Scheme, from the Scheme Record Date until registration of BidCo as the holder of all Scheme Shares:

- Legend Shareholders may not dispose of, or otherwise deal with, any Scheme Shares or any interest in them after the Scheme Record Date; and
- any disposals or dealings in Scheme Shares after the Scheme Record Date will not be recognised by the Share Registry.

For the purpose of determining entitlements to the Scheme Consideration, Legend must maintain the Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

All statements of holding for Legend Shares will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.

As soon as practicable after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, Legend will ensure that details of the names, Registered Addresses and holdings of Legend Shares for each Scheme Shareholder are available to BidCo in the form BidCo reasonably requires.



SECTION TEN

Additional Information

10.1 Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the *Corporations Regulations 2001* (Cth) to be included in this Explanatory Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that your Directors consider material to a decision on how to vote on the resolution to be considered at Scheme Meeting.

In this Section, the terms 'associate', 'marketable securities', 'related body corporate' and 'subsidiary' have the meanings given to them in the Corporations Act. The term 'executive officer' is used to mean 'senior manager' as defined in the Corporations Act, including the company secretary.

10.2 Directors' interests and dealings in Legend Securities

The table below sets out the Legend Securities held by or on behalf of the Directors.

Director's name	Position	Legend Shares held by or on behalf of the Director	Percentage holding	Legend Performance Rights or other Legend Securities held by or on behalf of the Director
Bruce Higgins	Chairman, Non Executive Director	3,677,150 ¹³	1.70%	Nil
Bradley Dowe	Managing Director and Chief Executive Officer	62,294,154 ¹⁴	28.74%	Nil
Ian Fraser	Non Executive Director	840,000 ¹⁵	0.39%	Nil
TOTAL		66,811,304	30.83%	Nil

10.3 Directors' interest and dealings in BidCo or Adamantem securities

No Director, nor any of his or her associates, has any relevant interest in any marketable security issued by BidCo, the BidCo Entities or any of their respective related bodies corporate.

10.4 Directors' interests in any contracts with BidCo or Adamantem

No Director or any of his or her associates has entered into, or otherwise has any interest in, any contract entered into by BidCo, Adamantem or any of their associates.

10.5 Directors' interests in agreements connected with or conditional on the Scheme

BidCo has agreed under clause 11.3 of the Scheme Implementation Agreement in favour of each Legend Director (among others):

- to indemnify each Legend Director against any liability incurred by that person in his capacity as a director of Legend to any other person other than a member of the Legend Group; and
- to procure that Legend and each other member of the Legend Group complies with any deeds of indemnity, access and insurance made by them in favour of the Legend Directors from time to time,

until the earlier of 7 years from the Implementation Date, or the relevant member of the Legend Group ceasing to be part of the BidCo Group.

BidCo has agreed under clause 11.4 of the Scheme Implementation Agreement in favour of each Legend Director (among others) that from the Implementation Date it will not:

- vary or cancel the directors' and officers' insurance policy for Legend and all other members of the Legend Group (**Policy**); or
- unless required under the Policy, commit any act or omission that may prejudice any claim by a Legend Director under the Policy.

Legend Shareholders should also note that as Legend Directors have direct and indirect interests in Legend Shares (refer to Section 10.2 above) they will receive the Total Cash Consideration for Legend Shares which they hold on both the Special Dividend Record Date (if the Special Dividend is declared) and the Scheme Record Date.

13. Consisting of an indirect interest in 3,143,850 Legend Shares held by Ruth Higgins and 533,300 Legend Shares held by Mr Bruce Higgins and Mrs Ruth Higgins as trustees of the Higgins Family Superannuation Fund.

14. Consisting of an indirect interest in 58,717,778 Legend Shares held by Dowe Holdings Pty Ltd, an indirect interest in 3,250,000 Legend Shares held by Dowe Family Superannuation Pty Ltd and an indirect interest in 326,376 Legend Shares held by Backstop Pty Ltd.

15. Consisting of an indirect interest in 640,000 Legend Shares held by Carmgen Pty Ltd and an indirect interest in 200,000 Legend Shares held by Corona Del Mar Pty Ltd.

10. Additional Information

10.6 Retirement benefits

(a) Non-executive directors

No payment or other benefit is proposed to be made or given in connection with the Scheme to any non-executive Director of Legend as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Legend or in any related body corporate of Legend.

(b) Executive Director

Bradley Dowe (Managing Director and Chief Executive Officer)

No retirement benefits are due to Mr Dowe apart from retirement benefits which accrue under statute (such as unpaid annual leave, long service leave and superannuation benefits). If the Scheme is approved and implemented, the Legend Board will be reconstituted in accordance with the directions of BidCo.

(c) Other directors, secretary or executive officers

No payment or other benefit is proposed to be made or given in connection with the Scheme to any other director, secretary or executive officer of Legend, or of any related body corporate of Legend, as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Legend or in any related body corporate of Legend, other than any payments or benefits arising from any applicable redundancy entitlements. Redundancy entitlements may arise under the terms of the relevant executive officer's contract of employment, applicable statutory entitlements, Legend's policies or a combination of these.

As at the date of this Explanatory Booklet, other than Mr Bradley Dowe, the Legend Directors do not know which (if any) of the other executive officers within Legend may retire or may be made redundant as a consequence of, or in connection with, the Scheme. This is a matter for BidCo to be determined by it as part of the post-implementation review referred to in Section 6.5.

10.7 Directors' intentions regarding the business, assets and employees of Legend

If the Scheme is approved and implemented, the existing Legend Board will be reconstituted in accordance with the instructions of BidCo as the only shareholder in Legend. Accordingly, it is not possible for your Legend Directors to provide a statement of their intentions regarding:

- the continuation of the business of Legend or how Legend's existing business will be conducted after the Scheme is implemented;
- any major changes to be made to the business of Legend, including any redeployment of the fixed assets of Legend; or
- the future employment of the present employees of Legend,

in each case, after the Scheme is implemented.

If the Scheme is approved and implemented, BidCo will have 100% ownership of Legend's issued shares and will control Legend. Please refer to Section 6.5 for a statement of BidCo's intentions for Legend if the Scheme becomes Effective.

10.8 No unacceptable circumstances

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

10.9 Disclosure of fees and other benefits

No person has paid or agreed to pay any amount, or provided or agreed to provide any benefit to a director or proposed director of BidCo:

- to induce them to become or to qualify as a director of BidCo; or
- for services provided by that person in connection with the formation or promotion of BidCo.

Each of the persons named in this section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, Legend expects to pay an aggregate of approximately \$2.55 million (excluding GST and disbursements) in transaction costs in connection with the Scheme which consist of advisory fees for Legend's financial, legal advisers, the Independent Expert's fees, general administrative fees, Explanatory Booklet design, printing and distribution costs, expenses associated with convening and holding the Scheme Meeting, and Share Registry and other expenses. None of these transaction costs include amounts to be paid to any director, officer or employee of Legend.

If the Scheme is not implemented, Legend expects to pay an aggregate of approximately \$750,000 (excluding GST and disbursements) in transaction costs in connection with the Scheme. The difference in the amount payable if the Scheme is not implemented is referable to a success fee for Legend's financial adviser, which will not be payable if the Scheme is not implemented.

10.10 Loan Agreement

On 24 May 2019, Legend and BidCo entered into a term facility agreement under which BidCo agreed to make available to Legend an unsecured and interest free loan of up to \$15,265,159, for the sole purpose of funding the aggregate amount of any Special Dividend to be paid by Legend (**Loan Agreement** and **Loan Amount** respectively).

The obligation of BidCo to provide the Loan Amount is conditional on the Scheme becoming Effective.

BidCo must provide the Loan Amount to Legend by no later than the Business Day before the payment date for the Special Dividend, being the Implementation Date.

Legend must repay the Loan Amount on or before the date falling 90 days after drawdown, unless otherwise extended by agreement between the parties.

10.11 ASX waivers

Listing Rule 6.23.3 prohibits a change to the terms of options which has the effect (among other things) of reducing the exercise price for the options. Although Listing Rule 6.23.3 relates to 'Options', Legend Performance Rights are substantially analogous to options for the purpose of Listing Rule 6.23. If the Scheme becomes Effective, Legend intends to accelerate the vesting of Legend Performance Rights in certain respects to facilitate the participation arrangements described in Section 8.6.

Those amendments may be construed as constituting a change to the terms of the Performance Rights for the purposes of Listing Rule 6.23.3. For the avoidance of doubt, Legend has sought and been granted a waiver of these Listing Rules to permit the above amendments, subject to the Scheme becoming Effective.

10.12 ASIC relief

Clause 8302(h) of Part 3 of Schedule 8 to the Corporations Regulations requires the Explanatory Statement to set out whether, within the knowledge of the Legend Directors, the financial position of Legend has materially changed since the date of the last balance sheet laid before a Legend annual general meeting or sent to Legend Shareholders in accordance with section 314 or 317 of the Corporations Act, and if so, full particulars of any change.

ASIC has granted Legend relief from this requirement on the condition that Legend:

- sets out in this Explanatory Booklet whether, within the knowledge of the directors of Legend, the financial position of Legend has materially changed since the financial report for the half year ended 31 December 2018 – in this respect, please refer to the statement in Section 5.6;
- will provide, free of charge, copies of the documents referred to in the preceding bullet point to anyone who requests them prior to the Scheme being approved by the Court;
- has disclosed in this Explanatory Booklet, and in announcements to the ASX, all material changes to Legend's financial position occurring after the balance date of Legend's financial report for the period ending 31 December 2018; and
- discloses all material changes to Legend's financial position that occur after the date of this Explanatory Booklet, but prior to the Scheme being approved by the Court, in announcements to ASX.

10.13 Consents and disclaimers

The following parties have given and have not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn their written consent to be named in this Explanatory Booklet in the form and context in which they are named:

- MinterEllison as legal adviser to Legend;
- Gresham as financial adviser to Legend;
- Lonergan Edwards as the Independent Expert;
- Security Transfer Australia as the Share Registry; and
- Gary Uren, as he is referred to in the BidCo Information;

BidCo has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of the BidCo Information in this Explanatory Booklet and the references to that Section in the form and context in which they are included.

Lonergan Edwards has given, and has not, before the time of registration of this Explanatory Booklet by ASIC, withdrawn its consent, to the inclusion of statements attributed to it in Sections 2.3(b) and 2.3(f) of this Explanatory Booklet and to the inclusion of the Independent Expert's Report set out in Appendix 1 to this Explanatory Booklet in the form and context in which they are included.

10. Additional Information

Each of the above persons:

- has not authorised or caused the issue of this Explanatory Booklet;
- does not make, or purport to make, any statement in this Explanatory Booklet or any statement on which a statement in this Explanatory Booklet is based other than a statement or report included in this Explanatory Booklet with the consent of that party;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Booklet, other than as described in this Explanatory Booklet with the consent of that party; and
- except for BidCo, does not assume any responsibility for the accuracy, relevance or completeness of BidCo Information. The BidCo Information has been prepared by, and is the sole responsibility of, BidCo.

10.14 Independent advice

Legend Shareholders should consult their financial, legal or other professional adviser if they have any queries regarding:

- the Scheme;
- the taxation implications for them if the Scheme is implemented;
- your Legend Directors' recommendations and intentions in relation to the Scheme, as set out in Sections 2.2 and 2.3 of this Explanatory Booklet; or
- any other aspects of this Explanatory Booklet.

Legend Shareholders may also contact the Company Secretary on +61 419 035 297 Monday to Friday between 9.00am and 5.00pm (Melbourne time) with any queries they may have on the Scheme.

10.15 Other material information

Except as set out in this Explanatory Booklet, in the opinion of the Legend Board, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Legend Director or of any related company of Legend, which has not been previously disclosed to Legend Shareholders.

Legend will issue a supplementary document to this Explanatory Booklet if it becomes aware of any of the following between the date of lodgement of this Explanatory Booklet for registration by ASIC and the Effective Date:

- a material statement in this Explanatory Booklet that is false or misleading in a material respect;
- a material omission from this Explanatory Booklet;
- a significant change affecting a matter included in this Explanatory Booklet; or
- a significant new matter that has arisen and that would have been required to be included in this Explanatory Booklet if it had arisen before the date of lodgement of this Explanatory Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Legend may circulate and publish any supplementary document by any one or more of the following methods:

- making an announcement to ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Legend Shareholders at their registered address as shown in the Share Register; and/or
- posting a statement on Legend's corporate website,

as Legend in its absolute discretion considers appropriate, subject to any approval that may be required from the Court. In particular, where the matter is not materially adverse to Legend Shareholders such circulation and publication may be only by an announcement to ASX.



SECTION ELEVEN

Glossary

11. Glossary

The following terms used in this Explanatory Booklet (including the Notice of Scheme Meeting in Appendix 3 to this Explanatory Booklet) have the meanings given to them below, unless the context otherwise requires.

Adamantem Capital	Adamantem Capital Management Pty Ltd ABN 31 616 283 124
Adamantem Fund or Adamantem Investors	Adamantem Capital Fund 1 GP, LP as general partner for Adamantem Capital Fund 1 L.P., One Funds Management Limited as trustee for Adamantem Capital Fund 1 Trust 1B, One Funds Management Limited as trustee for Adamantem Capital Fund 1 Trust 1D, One Investment Management Pty Limited as trustee for Adamantem Capital Fund 1 Trust 1E and Columbus Investment Services Ltd as trustee for Adamantem Capital Co-Investment Trust
Adamantem Related Person	in respect of Adamantem: (a) a Related Body Corporate of Adamantem; and (b) any director, officer, member or employee of Adamantem or of a Related Body Corporate of Adamantem
Appendix	an Appendix to this Explanatory Booklet
ASIC	the Australian Securities and Investments Commission
associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this Explanatory Booklet and Legend was the designated body
ASX	ASX Limited (ABN 98 008 624 691) or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it
Authorisation	any approval, licence, consent, authority or permit
Authorised Person	in respect of a person: (a) a director, officer, member or employee of the person; (b) an Adviser of the person; (c) a director, officer or employee of an Adviser of the person; and (d) where the person is Adamantem, an Adamantem Related Person
BidCo	Greenland BidCo Pty Ltd ACN 633 363 096
BidCo Break Fee	has the meaning given to that term in clause 15.1(a) of the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
BidCo Facility Agreement	the debt facility agreement to be entered into under the Debt Commitment Letter
BidCo Group	BidCo and each of its Related Bodies Corporate (excluding, at any time, Legend and its Subsidiaries to the extent that Legend and its Subsidiaries are Subsidiaries of BidCo at that time). A reference to a member of the BidCo Group or a BidCo Group Member is a reference to BidCo or any such Related Bodies Corporate
BidCo Information	the information prepared by Adamantem for inclusion in this Explanatory Booklet and for which Adamantem is responsible, being Section 6
BidCo Parties	BidCo, Adamantem Fund, Adamantem Capital and their respective Related Bodies Corporate and Authorised Persons
BidCo Prescribed Occurrence	the occurrence of an Insolvency Event in relation to BidCo

BidCo Related Person	in respect of BidCo: (a) a Related Body Corporate of BidCo; and (b) any director, officer, member or employee of BidCo or of a Related Body Corporate of BidCo
BidCo Warranties	the representations and warranties of BidCo set out in clause 10.1 of the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Board or Board of Directors or Legend Board	the board of Directors of Legend as at the date of this Explanatory Booklet
Business Day	any day that is a Business Day within the meaning given in the Listing Rules
CHESS	the Clearing House Electronic Subregister System, the system established and operated by ASX Settlement Pty Ltd ABN 49 088 504 532
Class Ruling	the class ruling from the ATO in relation to the tax treatment of the Dividend Component.
Competing Proposal	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth)
Counter Proposal	has the meaning given in clause 16.7(b) of the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Court	the Federal Court of Australia (Victoria registry).
Debt Facilities	means the debt facilities committed by Westpac Banking Corporation and Investec Australia Finance Pty Limited and The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch under a syndicated facility agreement to BidCo for the purposes of partly funding the Scheme Consideration and Loan Agreement.
Deed Poll	the deed poll executed by BidCo on 26 June 2019 in which BidCo covenants in favour of the Scheme Shareholders to perform the actions attributed to it under the Scheme and to provide the Scheme Consideration in accordance with the Scheme. A copy of the executed Deed Poll is reproduced in Appendix 5 to this Explanatory Booklet
Delivery Time	in relation to the Second Court Date means 2 hours before the commencement of the hearing or, if the commencement of the hearing is adjourned, the commencement of the adjourned hearing, of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act
EBITDA	earnings before interest, tax, depreciation and amortization
Effective	the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme
Effective Date	the date on which the Scheme becomes Effective. The Effective Date is currently proposed to be Monday, 19 August 2019
End Date	31 October 2019 or such other date and time agreed in writing between Legend and BidCo

11. Glossary

Equity Funding	the equity subscriptions in HoldCo that will be used to fund part of the Scheme Consideration and Special Dividend
EV	enterprise value
Exclusivity Period	the period commencing on 24 May 2019 and ending on the earliest of: (a) the End Date; (b) the Effective Date of the Scheme; and (c) the date this agreement is terminated in accordance with its terms
Explanatory Booklet	this explanatory booklet dated 8 July 2018 in relation to the Scheme
FATA	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth)
FIRB	Foreign Investment Review Board
First Court Date	the Court hearing on Friday, 5 July 2019, at which Legend made an application to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting
First Court Hearing	the hearing of the application made to the Court by Legend for an order to convene the Scheme Meeting
FY2017	the financial year ended 30 June 2017
FY2018	the financial year ended 30 June 2018
FY2019	the financial year ending 30 June 2019
Governmental Agency	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of Shareholders eligible to vote at the Scheme Meeting and who are present and voting, either in person or by proxy
HoldCo	Greenland HoldCo Pty Ltd ACN 633 361 921
HVAC	heating, ventilation, and air conditioning
Implementation Date	30 August 2019 or such other date as Legend and BidCo agree in writing
Independent Expert or Lonergan Edwards	Lonergan Edwards & Associates Limited ABN 53 095 445 560 AFSL 246532
Independent Expert's Report	the report from the Independent Expert (a full copy of which is set out in Appendix 1 to this Explanatory Booklet), and any update to such report that the Independent Expert issues
Insolvency Event	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Last Practicable Date	4 July 2019, being the last practicable day before finalising the information to which this definition relates
Legend	Legend Corporation Limited ABN 69 102 631 087

Legend Board	the board of directors of Legend (or any committee of the board of directors of Legend constituted to consider the Proposed Transaction on behalf of Legend)
Legend Break Fee	has the meaning given to that term in clause 14.3(a) of the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Legend Directors or your Directors	the current directors of Legend
Legend Group	Legend and each of its subsidiaries
Legend Information	all information included in this Explanatory Booklet other than: (a) BidCo Information; and (b) the information contained in the Independent Expert's Report
Legend Performance Rights	a performance right granted by Legend to acquire by way of issue or transfer one or more Legend Shares
Legend Prescribed Occurrence	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Legend Share or Share	a fully paid ordinary share in the capital of Legend
Legend Shareholder or Shareholder	a holder of one or more Legend Shares
Legend Warranties	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Listing Rules	the official listing rules of ASX
Material Adverse Change	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Material Contracts	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
MidCo A	Greenland MidCo A Pty Ltd ACN 633 362 357
MidCo B	Greenland MidCo B Pty Ltd ACN 633 362 802
NPAT	Net Profit After Tax
Performance Right Holder	a holder of one or more Legend Performance Rights
Policy	has the meaning given in Section 10.5
Proxy Form	the Proxy Form for the Scheme Meeting accompanying this Explanatory Booklet or, as the context requires, any replacement or substitute Proxy Form provided by or on behalf of Legend
Registered Address	in relation to a Legend Shareholder, the address shown in the Share Register as at the Scheme Record Date
Regulatory Approvals	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)

11. Glossary

Related Body Corporate	of a person means: (a) a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted; and (b) in respect of Adamantem Fund, includes any fund, limited partnership or other collective investment vehicle which is managed or controlled by Adamantem Fund (or its general partner) or a related body corporate (as referred to in paragraph (a) above) of Adamantem Fund
relevant interest	has the meaning given in the Corporations Act
RG 60	Regulatory Guide 60 issued by ASIC
Scheme Conditions	the conditions precedent specified at clause 3.1 of the Scheme Implementation Agreement
Scheme Consideration	in respect of each Scheme Share held by a Scheme Shareholder, \$0.365 cash (as reduced by the amount of any Special Dividend)
Scheme Implementation Agreement	the agreement dated 24 May 2019 between Legend and BidCo setting out certain arrangements in relation to the Scheme. The Scheme Implementation Agreement is reproduced in Appendix 4 to this Explanatory Booklet.
Scheme Meeting	the meeting of Legend Shareholders to be held at 2.00pm on Friday, 9 August 2019) to consider and vote on the Scheme including any meeting convened and held following the postponement or adjournment of that meeting. The notice convening the Scheme Meeting is contained in Appendix 3 to this Explanatory Booklet
Scheme or Scheme of Arrangement	the scheme of arrangement under Part 5.1 of the Corporations Act between Legend and the Scheme Shareholders under which BidCo proposes to acquire all of the Legend Shares as set out in Appendix 2 to this Explanatory Booklet, subject to any alterations or conditions agreed between Legend and BidCo or any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act
Scheme Record Date	7.00pm on Monday, 26 August 2019 or such other date as Legend and BidCo agree in writing
Scheme Resolution	the resolution to be put to Legend Shareholders to approve the Scheme at the Scheme Meeting
Scheme Share	a Legend Share on issue on the Scheme Record Date
Scheme Shareholder	a person who holds one or more Scheme Shares
Second Court Date	the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard. This date is currently proposed to be Friday, 16 August 2019)
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme
Section	a section of this Explanatory Booklet
Share Register	the register of members of Legend maintained by or on behalf of Legend in accordance with section 168(1) of the Corporations Act

Share Registry or Security Transfer Australia	Security Transfer Australia Pty Ltd ACN 008 894 488 of 770 Canning Highway, Applecross WA 6153 or any replacement provider of share registry services to Legend
Share Splitting	the splitting by a holder of Legend Shares into two or more parcels of Legend Shares whether or not it results in any change in beneficial ownership of Legend Shares
Special Dividend	a cash only dividend of up to \$0.07 per Share, to be paid by Legend (in its absolute discretion) between the date of the Scheme Implementation Agreement and the Implementation Date
Special Dividend Record Date	the record date for the Special Dividend, being 7.00pm on Wednesday, 21 August 2019 or such other date as Legend and BidCo agree in writing
Superior Proposal	has the meaning given to that term in the Scheme Implementation Agreement (see Appendix 4 to this Explanatory Booklet)
Total Cash Consideration	cash payments equal to \$0.365 per Legend Share comprising: (a) the Scheme Consideration, payable by BidCo; and (b) the Special Dividend, payable by Legend.
Treasurer	the Treasurer of the Commonwealth of Australia
Trust Account	an Australian dollar denominated trust account operated by Legend as trustee for the benefit of Scheme Shareholders
Voting Entitlement Time	the date for determining voting eligibility at the Scheme Meeting, being (2.30pm on Wednesday, 7 August 2019)
VWAP	volume weighted average price



APPENDIX ONE

Independent Expert's Report

Appendix 1. Independent Expert's Report



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The Directors
Legend Corporation Ltd
1 Butler Drive
Hendon SA 5014

2 July 2019

Subject: Proposed acquisition by way of Scheme of Arrangement

Dear Directors

Introduction

- 1 On 24 May 2019, Legend Corporation Ltd (Legend or the Company) announced that it and Greenland BidCo Pty Ltd (BidCo), being a company controlled by funds advised by Adamantem Capital (Adamantem) had entered into a Scheme Implementation Agreement (the Agreement) under which Adamantem¹ would acquire 100% of the issued shares in Legend for an offer consideration of \$0.365 cash per share (Scheme Consideration).
- 2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Legend and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).
- 3 Under the Agreement, Legend is permitted to pay a fully franked special dividend of up to \$0.07 per Legend share (Special Dividend), which the Legend Board intends to declare subject to the Scheme becoming effective. Should a Special Dividend of up to \$0.07 per Legend share be declared and paid, the Scheme Consideration will be reduced by a corresponding amount of any such Special Dividend².
- 4 Legend will request that the Court convene a meeting of Legend shareholders. Under the *Corporations Act 2001* (Cth) (Corporations Act), the Scheme is approved by Legend shareholders if a resolution in favour of the Scheme is passed by a majority in number of the Legend shareholders present and voting at the Scheme meeting (in person or by proxy), and by 75% of the votes cast on the resolution. If this occurs a second Court hearing will be held to approve the Scheme. If the Scheme is approved by the Court and the Scheme becomes effective, the Scheme will become binding on all Legend shareholders who hold Legend shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

¹ Whilst BidCo has entered into the Agreement with Legend, for the purpose of our report we have referred to the acquirer as Adamantem.

² For the purpose of our report we have assessed the Scheme adopting the Scheme Consideration of \$0.365 cash per Legend share.



Legend

- 5 Legend is an Australian engineering products business, operating in electrical, rail, power, mining, semiconductor, IT, telecommunications, medical, defence and industrial and commercial gas markets. The Company innovates, designs, manufactures and supplies a vast range of products (over 20,000 product lines), along with the provision of accredited laboratory, repair and calibration services³. Legend operates across three segments including Electrical, Power and Infrastructure (EP&I), Innovative Electrical Solutions (IES) and Gas and Plumbing (G&P).

Adamantem

- 6 Adamantem is a specialist Australian private equity firm which aims to invest in companies valued between \$100 million and \$500 million. Established in 2016, Adamantem raised its first private equity fund in 2017 and holds equity interests in five portfolio companies including: Heritage Lifecare, a New Zealand residential aged care provider; Hygain, a premium horse feed manufacturer; Servian, a boutique data analytics IT services company; Hellers, a premier New Zealand sausage, bacon and ham manufacturer; and Zenitas, a rapidly growing home care and allied healthcare provider.

Purpose

- 7 The Directors' recommendation of the Scheme is subject to an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Legend shareholders, and there being no superior proposal. Accordingly, the Directors of Legend 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 Legend shareholders and the reasons for that opinion. LEA is independent of Legend and Adamantem and has no other involvement or interest in the proposed Scheme.

Summary of opinion

- 8 In LEA's opinion the Scheme is fair and reasonable and in the best interests of Legend shareholders. We have formed this opinion for the reasons set out below.

Fair and reasonable opinion

- 9 Pursuant to the Australian Securities & Investments Commission (ASIC) Regulatory Guide 111 – *Content of expert reports* (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. This comparison for Legend shares is shown below:

Position of Legend shareholders	Low cents per share	High cents per share	Mid-point cents per share
Scheme Consideration	36.5	36.5	36.5
Value of 100% of Legend	35.0	39.0	37.0
Extent to which the Scheme Consideration exceeds / (is less than) the value of Legend	1.5	(2.5)	(0.5)

³ The various types and levels of accreditation held by Legend provide a key product / service differentiation between the Company and its industry competitors.

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- 10 As the Scheme Consideration is consistent with our assessed valuation range for Legend shares on a 100% controlling interest basis, in our opinion, the Scheme is fair to Legend shareholders when assessed based on the guidelines set out in RG 111.
- 11 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.
- 12 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Legend shareholders in the absence of a superior proposal.

Assessment of the Scheme

- 13 We summarise below the likely advantages and disadvantages of the Scheme for Legend shareholders.

Advantages

- 14 In our opinion, the Scheme has the following benefits for Legend shareholders:
 - (a) the Scheme Consideration of \$0.365 cash per share is consistent with our assessed value range for Legend shares on a 100% controlling interest basis. Thus, in our view, Legend shareholders are being paid an appropriate price to compensate them for the fact that control of Legend will pass to Adamantem if the Scheme is approved
 - (b) the Scheme Consideration represents a significant premium to the recent market prices of Legend shares prior to the announcement of the Scheme on 24 May 2019 (albeit that the premium is less than observed premiums generally paid in comparable circumstances)
 - (c) the Special Dividend may give rise to additional value to those Australian resident shareholders able to access the franking credit gross up and offset in respect of franking credits attaching to the Special Dividend (though this will depend on the particular circumstances of the shareholder)
 - (d) the Scheme provides Legend shareholders with the opportunity to realise their investment in a company in which share trading has historically been relatively low in a cost effective manner
 - (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Legend shares is likely to trade at a significant discount to our valuation and the Scheme Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

- 15 Legend shareholders should note that if the Scheme is implemented they will no longer hold an interest in Legend. Legend shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Scheme Consideration.

Conclusion

- 16 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. Consequently, in our view, the acquisition of Legend shares by Adamantem under the Scheme is fair and reasonable and in the best interests of Legend shareholders in the absence of a superior proposal.

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General

- 17 In preparing this report we have considered the interests of Legend 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.
- 18 The impact of approving the Scheme on the tax position of Legend shareholders depends on the individual circumstances of each investor. Legend shareholders should read the Explanatory Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.
- 19 The ultimate decision whether to approve the Scheme should be based on each Legend shareholder's assessment of their own circumstances. If Legend 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 Legend shareholders read the remainder of our report.

Yours faithfully

Craig Edwards
Authorised Representative

Martin Holt
Authorised Representative

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I Key terms of the Scheme

Background

- 20 On 24 May 2019, Legend Corporation Ltd (Legend) announced that it and Greenland BidCo Pty Ltd (BidCo), being a company controlled by funds advised by Adamantem Capital (Adamantem) had entered into a Scheme Implementation Agreement (the Agreement) under which Adamantem⁴ would acquire 100% of the issued shares in Legend for an offer consideration of \$0.365 cash per share (Scheme Consideration).
- 21 The proposed acquisition of the shares is to be implemented via a scheme of arrangement between Legend and its shareholders (the Scheme) and is subject to a number of conditions precedent as summarised below.
- 22 If the Scheme is approved and implemented, Legend shareholders will receive \$0.365 cash for each Legend share they hold on the Scheme Record Date, less the cash amount of any Special Dividend which Legend announces before the Scheme Record Date.
- 23 Under the Agreement, Legend is permitted to pay a fully franked Special Dividend of up to \$0.07 per Legend share, which the Legend Board intends to declare subject to the Scheme becoming effective. Should a Special Dividend of \$0.07 per Legend share be declared and paid, the Scheme Consideration will be reduced by a corresponding amount of any such Special Dividend⁵.

Conditions

- 24 The Scheme is subject to the satisfaction of a number of conditions precedent, including the following which are set out in full in the Agreement between Legend and BidCo dated 24 May 2019⁶:
- (a) relevant regulatory approvals or waivers from ASIC or the Australian Securities Exchange (ASX)
 - (b) approval of the Scheme by the Court in accordance with s411(4)(b) of the Corporations Act is obtained
 - (c) Legend shareholder approval by the requisite majorities is obtained at the Scheme meeting, in accordance with s411(4)(a)(ii) of the Corporations Act
 - (d) no temporary restraining order, preliminary or permanent injunction or other order, in each case issued by a court of competent jurisdiction in Australia in a proceeding brought by a Government Agency preventing or delaying the Scheme, unless such order or injunction has been disposed of to the reasonable satisfaction of Legend and BidCo acting reasonably and in good faith, is in effect as at 8.00am on the Second Court Date
 - (e) all relevant third party consents, approvals or waivers of rights by the counterparties under any Material Contracts that are required as a result of a change of control of

⁴ Whilst BidCo has entered into the Agreement with Legend, for the purpose of our report we have referred to the acquirer as Adamantem.

⁵ For the purpose of our report we have assessed the Scheme adopting the Scheme Consideration of \$0.365 cash per Legend share.

⁶ Terms used in paragraph 24 are as defined in the Agreement.

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Legend following implementation of the Scheme are obtained and have not been withdrawn, cancelled or revoked as at 8:00am on the Second Court Date

- (f) all outstanding Legend Performance Rights have vested and been exercised, or otherwise dealt with as agreed by the parties, such that no Performance Rights are in existence prior as at 8.00am on the Second Court Date, and Legend has otherwise complied with its obligations under clause 5 of the Agreement
 - (g) no Material Adverse Change occurs on or before 8.00am on the Second Court Date
 - (h) no Legend Prescribed Occurrence occurs on or before 8.00am on the Second Court Date
 - (i) no BidCo Prescribed Occurrence occurs on or before 8.00am on the Second Court Date
 - (j) each of the representations and warranties given by Legend (as set out in clause 10.3 of the Agreement) is true and correct at the date of the Agreement and at 8:00am on the Second Court Date
 - (k) each of the representations and warranties given by BidCo (as set out in clause 10.1 of the Agreement) is true and correct at the date of the Agreement and at 8:00am on the Second Court Date.
- 25 In addition Legend has agreed that during the Exclusivity Period (as set out in the Agreement) it will:
- (a) not solicit, invite, encourage, continue or initiate approaches, enquiries, negotiations or discussions with any third parties with a view to obtaining any offer, proposal or expression of interest from any person in relation to, or which may reasonably be expected to lead to, a competing proposal or which may otherwise lead to the Scheme not being implemented, nor communicate any intention to do so
 - (b) not negotiate, enter into, participate in or continue any negotiations or discussions with any person in relation to, or that may reasonably be expected to lead to, a competing proposal
 - (c) not solicit, invite, initiate, encourage, facilitate or permit any third party to undertake due diligence investigations in relation to a competing proposal
 - (d) not make available any non-public information to a third party to make or assess a competing proposal, unless:
 - (i) such third party enters into a confidentiality agreement; and
 - (ii) any such non-public information has already been provided to Adamantem
 - (e) notify Adamantem within 24 hours if it receives a competing proposal
 - (f) ensure that the notification to Adamantem is accompanied by the terms of the competing proposal including the identity of the party making the competing proposal
 - (g) not enter into any agreement or arrangement in relation to or in connection with the implementation of a competing proposal or permit a Legend Director to publicly recommend a competing proposal unless Legend has given Adamantem at least five business days to provide a proposal that would produce an equivalent or superior outcome for Legend shareholders as a whole compared with the competing proposal.

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- 26 The exclusivity obligations described at paragraph 25(b) to 25(d) above do not apply if the Legend Directors determine:
- (a) the proposed competing transaction is or may reasonably be expected to lead to a superior proposal; and
 - (b) that failing to respond to the competing proposal may constitute a breach of the fiduciary or statutory duties owed by any of the Directors of Legend.
- 27 A break fee of \$1.03 million is payable by either Legend to Adamantem or Adamantem to Legend in certain circumstances as specified in the Agreement.

Resolution

- 28 Legend shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Explanatory Booklet.
- 29 If the resolution is passed by the requisite majorities, Legend will 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 and the Scheme becomes effective, it will become binding on all Legend shareholders who hold Legend 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

- 30 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.
- 31 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.
- 32 Adamantem has no current shareholding in Legend and has no representation on the Legend Board. Accordingly, there is no strict legal requirement under the Corporations Act or the Corporations Regulations for an IER in relation to the Scheme. However, it is a qualification to the Legend Directors' recommendation of the Scheme that an independent expert concludes (and continues to conclude) that the Scheme is in the best interests of Legend shareholders. In addition, as the Scheme (if approved and implemented) will result in 100% of the securities in Legend being held by Adamantem, RG 111 requires that we provide an opinion on whether the consideration payable under the Scheme is "fair" and "reasonable" to the shareholders of Legend.
- 33 Accordingly, the Directors of Legend have requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Legend by Adamantem under the Scheme is fair and reasonable and in the best interests of Legend shareholders and the reasons for that opinion.
- 34 This report has been prepared by LEA for the benefit of Legend shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Explanatory Booklet to be sent to Legend 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 Legend shareholders.
- 35 The ultimate decision whether to approve the Scheme should be based on each Legend 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

- 36 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111.
- 37 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

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- (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, there are sufficient reasons for shareholders to approve the Scheme in the absence of a superior proposal.
- 38 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.
- 39 In our opinion, if the Scheme is “fair” and “reasonable” under RG 111 it must also be “in the best interests” of Legend shareholders.
- 40 Our report has therefore considered:
- (a) the market value of 100% of the shares in Legend
 - (b) the value of the Scheme Consideration of \$0.365 cash per share
 - (c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)
 - (d) the recent sale process for Legend
 - (e) the extent to which a control premium is being paid to Legend shareholders
 - (f) the extent to which Legend shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction
 - (g) the listed market price of Legend shares, both prior to and subsequent to the announcement of the proposed Scheme
 - (h) the likely market price of Legend securities if the proposed Scheme is not approved
 - (i) the value of Legend to an alternative offeror and the likelihood of a higher alternative offer being made for Legend prior to the date of the Scheme meeting
 - (j) the advantages and disadvantages of the Scheme from the perspective of Legend shareholders
 - (k) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

- 41 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 42 Our report is also based upon financial and other information provided by Legend 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.

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- 43 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 Legend 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.
- 44 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.
- 45 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.
- 46 We in no way guarantee the achievability of any 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.
- 47 In forming our opinion, we have also assumed that:
- (a) the information set out in the Explanatory Booklet is complete, accurate and fairly presented in all material respects
 - (b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the Agreement and the terms of the Scheme itself.



III Profile of Legend

Overview

48 Legend is an Australian engineering products business, operating in electrical, rail, power, mining, semiconductor, IT, telecommunications, medical, defence and industrial and commercial gas markets. The Company innovates, designs, manufactures and supplies a vast range of products (over 20,000 product lines), along with the provision of accredited laboratory, repair and calibration services⁷. Legend operates across three segments including Electrical, Power and Infrastructure (EP&I), Innovative Electrical Solutions (IES) and Gas and Plumbing (G&P).

History

49 Legend has a history dating back over 30 years and has grown across new product lines, markets and geographies both organically and via strategic acquisitions. Since listing on the ASX in 2004, Legend has expanded to become a leading Australian engineering products business. A summary of the key historical developments of Legend is set out below:

Legend – corporate history	
Date	Event
Mar 2004	Listed on ASX with Chief Executive Officer (CEO) and founder Brad Dowe holding a majority 73% interest at float
May 2006	Acquired Cable Accessories Holdings Pty Ltd (CABAC) for \$25 million, providing greater access to electrical product distribution
Nov 2006	Acquired electronics developer Integrated Electronic Solutions Investments for initial acquisition consideration of \$23 million
Feb 2008	Discontinued the international operations of Legend Performance Technology
June 2011	Acquired MSS Fibre Group and MSS Power Systems for a combined initial acquisition consideration of \$9.1 million (with deferred contingent consideration of up to \$4.7 million)
Jun 2013	Announced the consolidation of warehousing and office facilities in Western Australia into a larger facility, improving product availability to service rapid growth
May 2015	Acquired System Control Engineering Group (SCE) for an initial payment of \$10.0 million (with deferred contingent consideration of up to \$8.7 million) leading to the formation of the gas and plumbing reporting segment
Dec 2015	Announced an on market share buyback of up to 21.9 million shares over the course of a 12 month period
Nov 2017	Consolidated Victorian operations into a single shared facility. As a result, cost reductions of \$1 million were realised over the course of FY17
Mar 2018	Acquired Celemetrix Australia Pty Ltd (Celemetrix) for \$8.4 million comprising an initial payment of \$10.4 million and a clawback of \$2.0 million, which was triggered following the earnings before interest and tax (EBIT) performance to 30 June 2018. The acquisition also included deferred consideration of \$3.125 million dependent on EBIT performance over the two years ending 30 June 2020. The acquisition was intended to strengthen Legend's client engagement across a range of electrical safety and test and measurement markets and further expand its activity in defence and healthcare
Aug 2018	Acquired PCWI International Pty Ltd (PCWI) for a single upfront payment of \$2.6 million. PCWI is a manufacturer, distributor and exporter of specialised test and measurement equipment used in gas, oil and medical applications

⁷ The various types and levels of accreditation held by Legend provide a key product / service differentiation between the Company and its industry competitors.

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Current operations

- 50 Legend operates through eight business divisions arranged into three reporting segments (EP&I, IES and G&P), which together service a range of markets including electrical, rail, power, mining, information technology, telecommunications, medical, defence, gas and heating, ventilation and air conditioning (HVAC) markets. The Company's operations span Australia and New Zealand and it also exports to around 40 countries.
- 51 Legend has a strong history of in-house product development and innovation. Currently, over 80% of product revenues (excepting global gas and HVAC brands) are derived from in-house branded products. Legend has an established intellectual property portfolio, with 54 patents and 43 registered designs currently in place. Legend's design capabilities are supported by a team of 25 research and development engineers who focus on innovation across a broad range of product lines (including semiconductor, electronic, mechanical, electrical and plastics). Many of its customers rely on Legend's design, engineering and laboratory services to develop unique products for specific applications.

EP&I

- 52 EP&I is Legend's largest operating segment, representing approximately two thirds of Company revenue. The segment manufactures and distributes a range of house branded electrical and power connectivity products, tools and IT test and measurement products for a diverse array of end markets. The EP&I segment includes channel brands such as CABAC, CABAC New Zealand, Legend Performance Technology and Legend Power Systems, and Celemetrix. The CABAC business (the Company's largest business division) also holds a market leading position in Australia. A summary of the key attributes of the EP&I operating segment is as follows:

Legend – EP&I			
Division	Key products / services	Channels to market	Key brands
	<ul style="list-style-type: none"> • Designs, manufactures and distributes over 9,000 product lines • Cable accessories, tools and consumables • Energy management • Test and measurement equipment 	<ul style="list-style-type: none"> • National network of electrical wholesale organisations that service engineering construction, residential, commercial and infrastructure building industries 	
	<ul style="list-style-type: none"> • Fibre and copper data connectivity • Racks, enclosures and structured cable systems • Made to order fibre looms to computer room, data centre contractors and telco providers 	<ul style="list-style-type: none"> • Serves data and data centre contractors, telecommunications, IT, specialist audio visual, security, specialist fibre, point-of-sale markets and related contractors 	

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Legend – EP&I			
Division	Key products / services	Channels to market	Key brands
	<ul style="list-style-type: none"> • Medium / high voltage cable connectivity, joints and terminations, linesman tools, electrical safety and consumables • Specialised lugs and jointing systems and assemblies to specified requirements of utilities and infrastructure contractors 	<ul style="list-style-type: none"> • Serves the power generation, transmission, distribution, rail and primary resources engineering markets • Supplies direct to utilities and related contractors 	
<p>New Zealand</p>	<ul style="list-style-type: none"> • Similar product suite to CABAC and Legend Power Systems 	<ul style="list-style-type: none"> • Distributes products through a network of wholesale organisations throughout New Zealand • Supplies to power utilities and related contractors 	
	<ul style="list-style-type: none"> • Calibration, service and repair of test and measurement equipment • Sales of telecommunications test and measurement equipment 	<ul style="list-style-type: none"> • Products and services supplied direct to major telcos and all areas of modern IT and industry telecommunications network and power utilities through its Melbourne, Sydney and Brisbane offices 	

IES

53 The IES segment designs and manufactures integrated circuits and electronic products for the medical, electrical, defence, and oil and gas end markets and also offers bespoke engineering solutions to clients. A summary of the key attributes of the IES operating segment is as follows:

Legend – IES			
Business	Key products / services	Channels to market	Key brands
	<ul style="list-style-type: none"> • Provides advanced engineering solutions • Past projects include design and manufacture of components for the Collins Class submarines and manufacture of the Thick Film Hybrid of the sonobuoy system device used by Australian military aircraft 	<ul style="list-style-type: none"> • Supplies customised products directly to the Australian Defence Force prime contractors 	<p>Key clients are defence prime contractors</p>

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Legend – IES			
Business	Key products / services	Channels to market	Key brands
	<ul style="list-style-type: none"> Provides advanced engineering solutions Designs and manufactures a wide range of electronics based healthcare, electrical, lighting, energy control and test and measurement products 	<ul style="list-style-type: none"> Supplies customised products directly to healthcare, electronic, defence and lighting clients Products are represented by CABAC to electrical wholesalers 	Products are made for other sales channels

G&P

- 54 G&P supplies a range of global brand components and systems for industrial and commercial gas applications, HVAC, refrigeration and plumbing end markets. This division was created through the acquisition of SCE in 2015. A summary of the key attributes of the G&P operating segment is as follows:

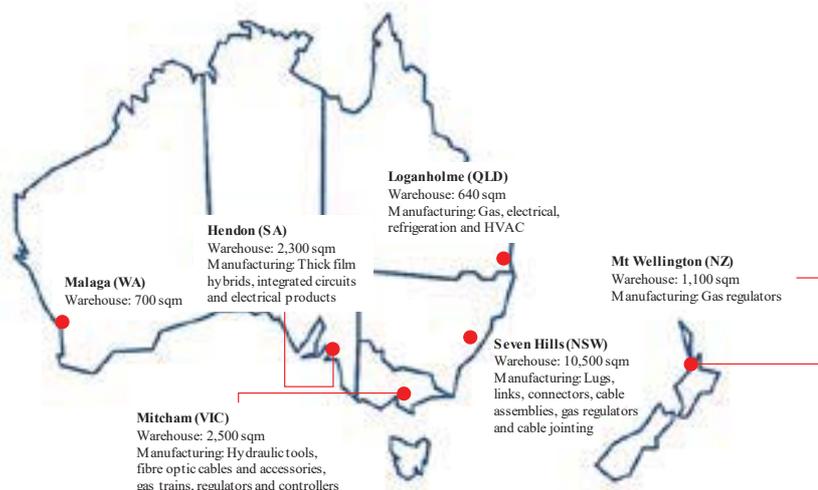
Legend – G&P			
Business	Key products / services	Channels to market	Key brands
	<ul style="list-style-type: none"> Commercial and industrial boilers and furnaces Residential and commercial heating, hot water, refrigeration and air-conditioning tools, components, consumables, test and measurement Energy utility and commercial gas regulation and metering 	<ul style="list-style-type: none"> Supplies a wide range of components, tools, test and measurement products and customised systems directly to industrial and commercial contractors and wholesalers 	

Warehousing, distribution and manufacturing

- 55 Legend's distribution footprint spans Australia and New Zealand and provides clients with local product availability across a range of key markets. Legend's manufacturing facilities are co-located with its sales and warehousing facilities, which have the capacity to hold a wide range of stock. Legend's facilities currently include six principal warehouses, two regional warehouses, three manufacturing facilities and five test laboratories.

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Legend – distribution and manufacturing locations



- 56 Distribution efficiencies are driven by electronic data interchange order processing, which allows for a direct exchange between the purchaser's computer system and the warehouse. IT systems are also in place that provide online client ordering and order tracking (including status, invoice, transport and backorders).

Financial performance

- 57 The financial performance of Legend for the three years ended 30 June 2018 (FY18) and half year ended 31 December 2018 (1HY19) is set out below:

Legend – statement of financial performance⁽¹⁾

	FY16 Audited \$m	FY17 Audited \$m	FY18 Audited \$m	1HY19 Reviewed \$m
Revenue	119.1	100.3	115.0	67.8
Raw material costs and changes in inventories	(70.6)	(55.3)	(65.5)	(37.6)
Gross profit	48.5	45.0	49.5	30.2
Employee benefits expense	(26.1)	(23.7)	(25.1)	(15.6)
Occupancy costs	(3.9)	(3.7)	(3.9)	(2.1)
Other expenses	(6.4)	(6.5)	(7.4)	(4.6)
EBITDA⁽²⁾ (before significant items)	12.1	11.0	13.0	7.9
Depreciation	(1.3)	(1.6)	(1.5)	(0.8)
EBITA⁽³⁾ (before significant items)	10.7	9.5	11.5	7.1
Amortisation of acquisition intangibles	(0.9)	(0.6)	(1.0)	(0.8)
EBIT (before significant items)	9.8	8.8	10.5	6.4
Significant (non-recurring) items ⁽⁴⁾	(0.9)	(1.9)	(0.5)	-
Net interest expense ⁽⁵⁾	(1.4)	(1.1)	(1.1)	(0.6)
Profit before tax	7.6	5.8	8.9	5.8
Income tax expense	(2.4)	(2.1)	(2.9)	(1.7)
Profit after tax	5.2	3.7	6.0	4.1
Gross margin	40.7%	44.8%	43.0%	44.5%
EBITDA margin	10.1%	11.0%	11.3%	11.7%

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Note:

- 1 Rounding differences exist.
- 2 Earnings before interest, tax, depreciation and amortisation (EBITDA).
- 3 Earnings before interest, tax and amortisation of acquired intangibles (EBITA).
- 4 Significant (non-recurring) items are as follows:

Goodwill impairment	-	(0.6)	-	-
Amortisation of intangible assets	-	(0.5)	-	-
Assets written off	(0.2)	(0.1)	-	-
Restructuring and relocation costs	(0.3)	(0.5)	-	-
Acquisitions, integration and consulting costs	(0.3)	(0.1)	(0.5)	-
	(0.9)	(1.9)	(0.5)	-

- 5 Includes implied interest expense on deferred settlement.

- 58 In addition to the above, we set out below the key financial measures by operating segment:

Legend – segment performance				
	FY16	FY17	FY18	1HY19
	\$m	\$m	\$m	\$m
Revenue				
EP&I	79.7	63.6	77.2	46.7
IES	12.3	8.4	8.8	6.5
G&P	29.6	30.1	31.0	15.8
Other income	0.1	0.1	0.1	0.1
Inter-segment	(2.6)	(2.0)	(2.1)	(1.2)
	119.1	100.3	115.0	67.8
EBITDA (before significant items)				
EP&I	4.8	4.7 ⁽²⁾	7.0	3.8
IES	4.2	1.9	2.2	2.2
G&P	2.1	3.8	3.3	2.0
Unallocated significant items	0.9	0.6	0.5	-
	12.1	11.0	13.0	7.9

Note:

- 1 Rounding differences exist.
- 2 Adjusts for (adds back) the non-cash impairment of \$1.1 million incurred by the New Zealand EP&I segment.

- 59 Below is a summary of the key factors that have impacted on the annual financial performance of Legend in FY17 and FY18 as well as 1HY19.

Year to 30 June 2017 (FY17)

- 60 Revenue decreased by 16% in FY17 which was primarily due to reductions in revenue from the EP&I and IES operating segments. Revenue for the EP&I segment reduced due to a significant reduction in demand from engineering construction associated with the resources sector, whilst the IES segment was impacted by lower order levels from a major client.
- 61 Notwithstanding the substantial reduction in revenue, EBITDA before significant items reduced by only \$1.1 million given that the G&P segment reported a material year on year increase in EBITDA and the Company sought to reduce costs and increase efficiencies. Efficiency and cost reduction initiatives delivered \$2.8 million in year on year overhead expense savings, with \$1.6 million of these savings achieved in the second half of FY17. These savings included the following:

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- (a) the consolidation of Victorian office and warehousing sites into a single facility
- (b) right-sizing sales teams to match current and expected future market demand
- (c) the consolidation of Sydney internal sales and NATA⁸ laboratories with lower cost Adelaide based facilities
- (d) revisions to materials requirement planning and targeted product sales promotions to reduce stock holdings and improve working capital.

62 In addition, the rationalisation of slow moving lines and improved ordering to meet evolving product mix and market demand resulted in a stock reduction of \$4.7 million during the year. This was a major contributor to the improved operating cash flow for the Company, which increased 14% in comparison to FY16 (refer paragraph 69).

Year to 30 June 2018 (FY18)

63 Revenue for FY18 increased by 15% to \$115.0 million, with 9% of this growth attributable to the acquired Celemetrix business, which was consolidated into the Company's operations from 28 February 2018. Underlying EBITDA grew by 17.7%, with over half of this attributable to the Celemetrix business.

64 In its FY18 results announcement dated 13 August 2018, the Company reported that all of its operating segments performed well during the year, with the EP&I segment the standout. This segment benefited from increased demand for its products driven by the continued nationwide spending on infrastructure and commercial projects and the resumption of capital works by power utilities. Revenue and gross profit from the EP&I segment, before the addition of Celemetrix in March 2018, both increased 8% in comparison to FY17.

Half year to 31 December 2018 (1HY19)

65 Revenue increased 32% on the previous comparable half year period. Excluding the contribution from the recently acquired businesses (Celemetrix and PCWI), revenue increased 14% (on the previous comparable half year period), with defence related projects and increased demand from infrastructure, commercial projects and utilities the key drivers.

66 Legend's gross profit increased 30% on the previous comparable half year period, notwithstanding a reduction in gross margin of 0.8%. Operating cash flow reduced by 22% to \$4.4 million, due largely to an increase in inventory to accommodate higher customer demand and range extensions (refer paragraph 69).

67 In its 1HY19 report release dated 21 February 2019 Legend stated that:

“Organic growth has delivered double digit growth across all segments after excluding revenue from recently acquired businesses. This half continued the strong growth in NPAT performance for the Group recorded in the prior six months. We expect this trend to continue in the second half.”

⁸ National Association of Testing Authorities Australia (NATA).

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Guidance for the year to 30 June 2019 (FY19)

68 On 12 June 2019, Legend announced to the ASX a trading update and FY19 forecast:

“The Directors of Legend Corporation Limited (‘Legend’ or ‘the Group’) advise Net Profit After Tax (NPAT) for the year ending 30 June 2019 is forecast at approximately \$7.3 million compared to \$6.0 million for the prior corresponding period (pcp).

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY19 is forecast to be in the range of \$15.4 to \$15.7 million, compared to \$12.4 million pcp.

These forecasts exclude transaction costs incurred to date and expected to be incurred to 30 June due to work on the Scheme Implementation Agreement (SIA) and proposed Scheme of Arrangement (Scheme) preparation announced on 24th May 2019.

Legend CEO Brad Dowe, commenting on the expected results said ‘Legend continues to enjoy solid growth in our organic business. PCWI and Gas & Plumbing performance is particularly pleasing. Unfortunately, the Commsforce business, a unit of the Celemetrix group has made very little contribution to earnings due to lower than expected sales and deferrals of telco purchase programs’.”

Cash conversion ratio

69 The historical cash conversion ratio for Legend (a comparison of ungeared pre-tax cash flow to EBITDA) is set out below:

Legend – cash conversion ratio				
	FY16	FY17	FY18	1HY19
	\$m	\$m	\$m	\$m
EBITDA before significant items	12.1	11.0	13.0	7.9
Operating cash flow ⁽¹⁾	9.2	10.5	6.5	4.4
Add: tax paid	1.2	3.0	3.1	2.2
Add: net interest paid	1.0	0.8	0.8	0.5
Ungeared pre-tax cash flow	11.5	14.3	10.4	7.2
Profit to cash conversion	95.0%	129.9%	80.2%	90.5%

Note:

1 As reported in the annual cash flow statements.

70 Legend has continually achieved a high conversion ratio of earnings into cash, reflecting the mature nature of the markets in which it operates and the market positions held.

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Financial position

71 The financial position of Legend as 30 June 2018 and 31 December 2018 is set out below:

Legend – statement of financial position⁽¹⁾		
	30 Jun 18	31 Dec 18
	\$m	\$m
Debtors, prepayments and other current assets	30.3	23.5
Inventories	32.5	35.9
Creditors, accruals and provisions	(24.6)	(24.7)
Net working capital	38.3	34.6
Plant and equipment	6.8	6.4
Intangible assets / goodwill	58.2	59.6
Other liabilities	(0.7)	(0.6)
Deferred tax liabilities (net)	(1.3)	(1.2)
Total funds employed	101.3	98.9
Cash and cash equivalents	6.7	6.6
Interest bearing liabilities	(27.7)	(27.6)
Deferred consideration (present value of)	(7.6)	(2.7)
Net cash / (borrowings) including deferred consideration	(28.6)	(23.7)
Net assets attributable to Legend's shareholders	72.7	75.1
Net tangible assets of Legend	14.5	15.5

Note:

1 Rounding differences exist.

Intangible assets

72 The composition of Legend's intangible assets is shown below:

Legend – intangible assets		
	30 Jun 18	31 Dec 18
	\$m	\$m
Goodwill	47.0	47.9
Brand name	7.5	7.8
Customer relationships	2.5	2.5
Non-compete agreement	1.0	1.2
Intellectual property	0.2	0.2
Total intangible assets	58.2	59.6

73 The majority of Legend's intangible assets relate to the Company's various acquisitions of related businesses. Goodwill is tested annually for impairment using the value in use method. As at 30 June 2018, a pre-tax discount rate of 15.4% was adopted for the Australian businesses for impairment testing purposes⁹.

Net interest bearing debt

74 The composition of Legend's net interest bearing debt is shown below:

⁹ The New Zealand business adopted a pre-tax discount rate of 15.9%.

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Legend – net interest bearing debt		
	30 Jun 18	31 Dec 18
	\$m	\$m
Cash and cash equivalents	(6.7)	(6.6)
Current secured bank bills	5.4	5.4
Non-current secured bank bills	22.3	22.2
Net borrowings	21.0	21.0
Deferred consideration (present value of)	(7.6)	(2.7)
Net borrowings including deferred consideration	(28.6)	(23.7)

- 75 As set out in the Agreement, we have been advised that the parties have negotiated the transaction based on a projected net debt position (as at 31 August 2019) of \$21.6 million.
- 76 A number of covenants apply to the debt facilities, including that:
- (a) the debt to EBITDA ratio for any relevant period does not exceed 3:1
 - (b) the interest cover ratio for any relevant period must be maintained at not less than 3:1
 - (c) the net assets of Legend do not at any time drop below 90% of the net assets reported in the previous financial year.
- 77 Deferred consideration represents the present value of the estimated deferred payments for recent acquisitions. As at 30 June 2018, Legend was allowing for deferred payment for both the Celemetrix business (acquired in 2018) and the SCE business (acquired in 2015)¹⁰. As at 31 December 2018, Legend discontinued providing for the deferred payment associated with the Celemetrix acquisition given that the EBIT targets required to trigger this payment were unlikely to be achieved. The third deferred consideration payment for SCE (of \$2.15 million) was made by the Company on 31 August 2018. Accordingly, as at 31 December 2018, Legend was only providing for the present value of the final payment of the SCE deferred consideration (of \$2.8 million) and this is expected to be paid by 31 August 2019.

Share capital and performance

- 78 As at 12 June 2019, Legend had 216.7 million fully paid ordinary shares on issue. In addition the Company had 1.35 million unlisted performance rights on issue.

Significant shareholders

- 79 As at 12 June 2019 (based on disclosures in the FY18 annual report and substantial shareholder notices released to the ASX up to that date), there were four substantial shareholders in Legend that held a total of 60.6% of the ordinary shares on issue as detailed below:

¹⁰ The SCE acquisition included deferred payments totalling \$7.7 million contingent on the achievement of EBIT targets up to 30 June 2019. As at 30 June 2018, two of a potential four of these payments had been made.

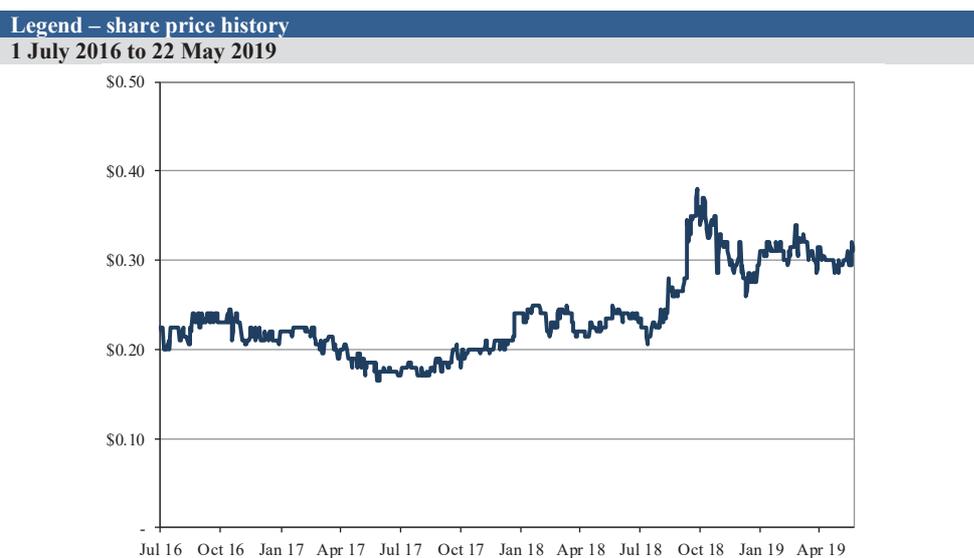
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Legend – substantial shareholders		
Shareholder	Shares held	
	million	% interest
Dowe Holdings Pty Ltd (owned by Legend CEO Mr Brad Dowe)	62.3	28.7
Tiga Trading Pty Ltd & Thorney Holdings Pty Ltd & Thorney Pty Ltd	36.9	17.0
Keith Knowles	18.8	8.7
EGP Capital Pty Ltd	13.5	6.2
	131.5	60.6

Share price performance

80 The following chart illustrates the movement in the share price of Legend from 1 July 2016 prior to the announcement of the Scheme by Legend on 24 May 2019:



Source: Bloomberg.

Liquidity in Legend shares

81 The liquidity in Legend shares based on trading on the ASX over the 12 month period to 22 May 2019 (i.e. the last trading day prior to the announcement of the Scheme) is set out below:

Legend – 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	24 Apr 19	22 May 19	2,197	216,724	1.0	12.2
3 months	24 Feb 19	22 May 19	8,303	216,724	3.8	15.3
6 months	24 Nov 18	22 May 19	13,371	216,724	6.2	12.3
1 year	24 May 18	22 May 19	65,152	217,096	30.0	30.0

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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.
-

- 82 Due to the presence of major shareholders that own almost 60% of the Company's shares, the liquidity of the Legend share price is low and hence relatively small volumes of shares traded can have a disproportionate impact on the share price.



IV Industry overview

Introduction

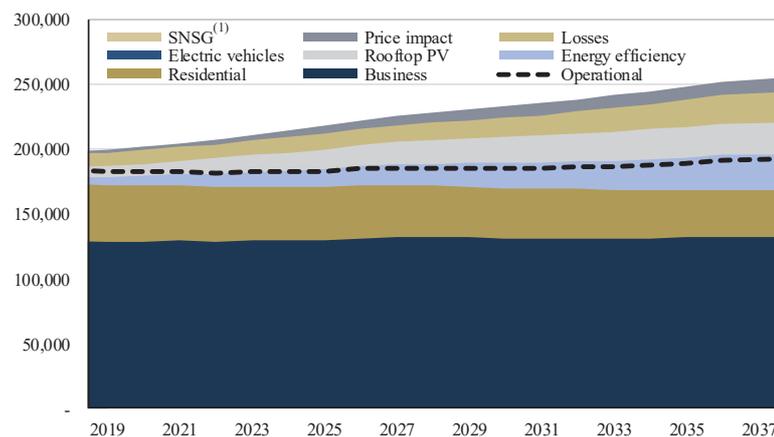
83 Legend's product offering serves a diversified range of end markets and as such its business performance has exposure to a range of industries. These industries and industry subsectors include the electrical wholesale market, residential construction, commercial construction, power infrastructure, telecommunications¹¹, IT and defence.

Electrical wholesale

84 Electrical wholesale is a key channel to market for Legend's product suite. Suppliers to the Australian electrical wholesale channel, apart from Legend's CABAC division, include Clipsal (subsidiary of Schneider Electric), HPM (subsidiary of Legrand), Repelec (owned by MM Electrical Merchandising), Hager (subsidiary of Hager Group), B&R, NHP and Eaton (subsidiary of Eaton Corporation).

85 Electricity consumption across the business and residential sectors is one of the underlying drivers of the wholesale of electrical products and components. The Australian Energy Market Operator (AEMO) forecasts National Electricity Market (NEM) electricity consumption to grow at a compound annual growth rate (CAGR) of 1.3% over the next 20 years (in its neutral scenario)¹². This is expected to be driven by population growth, the Australian macroeconomic landscape, increased electrical appliance ownership and the uptake of electric vehicles.

NEM electricity consumption forecasts (neutral scenario)
Annual consumption (GWh)



Note:
1 Small non-scheduled generation.
Source: AEMO, www.aemo.com.au, accessed 3 June 2019.

86 Households are more reliant on electricity than historically, due to increases in larger capacity white goods, more web-connected devices, and more heating and cooling capability. This is

¹¹ Including the National Broadband Network.
¹² AEMO website, www.aemo.com.au, accessed 3 June 2019.

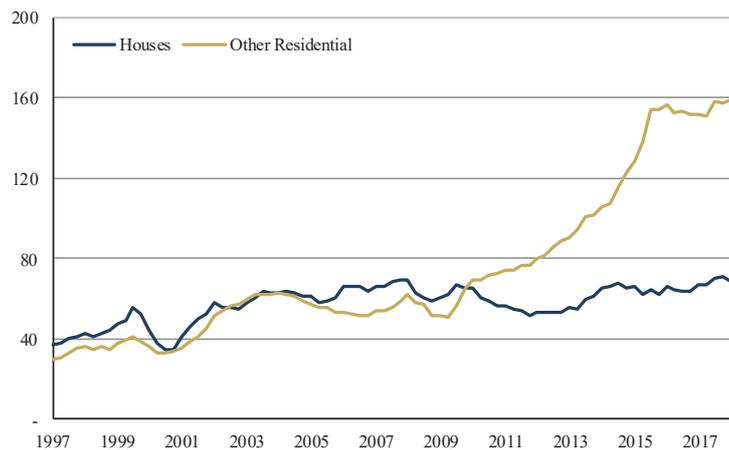


expected to be somewhat offset by an uptake in household energy efficiency measures. Business electricity consumption is forecast to grow relatively faster than households, due to increases in heating and cooling needs, computer hardware and data storage.

Residential construction

- 87 Demand for Legend's product suite (across all its operating segments) is notably leveraged to Australian housing construction activity. The chart below shows the number of dwellings under construction over the 20 year period to December 2018. It also highlights the magnitude by which recent residential building activity has been driven by the construction of multi-unit apartment dwellings and townhouses (labelled as Other Residential):

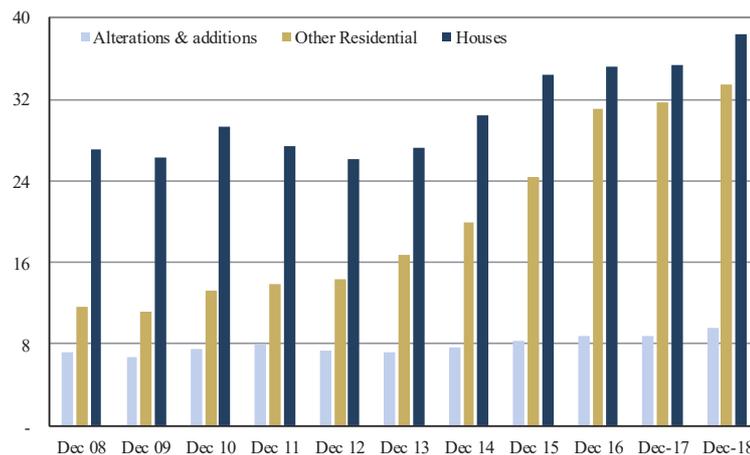
Dwellings under construction (000s)



Source: Australian Bureau of Statistics (ABS).

- 88 The number of residential dwelling building approvals in Australia has experienced an unprecedented growth in volume, particularly in regards to the construction of high density housing across the Australian east coast. The increased expenditure has led to heightened demand for household electrical, gas and plumbing products.
- 89 The value of residential construction activity has increased at a CAGR of 5.9% over the 10 years to December 2018 to reach \$81.4 billion. This activity is comprised of the construction of new houses and new Other Residential dwellings (new multi-unit apartments and townhouses), as well as the level of alterations and additions to existing dwellings, as set out below.

Residential construction revenue (\$ billion)



Source: ABS.

- 90 Trends in the construction of residential housing are generally driven by house prices, population growth and levels of housing affordability. Of these, the direction of house prices tends to be the most significant driver, with rising house prices typically driving new dwelling investment (and vice versa). Growth in residential high density construction is also associated with growth in non-residential construction, for example as governments look to add urban infrastructure to areas of high residential growth.

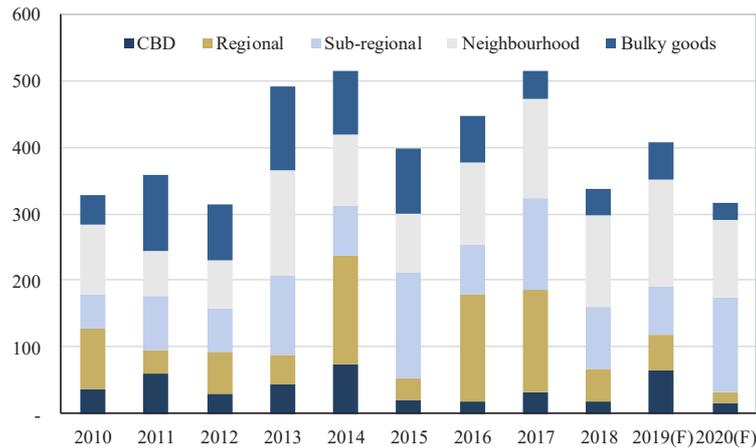
Commercial construction

- 91 Demand for Legend's product suite is also notably leveraged to Australian commercial construction activity. Construction of commercial buildings (including office estates, shopping centres and hotels), has experienced strong growth over the past five years. This has been driven by positive trends in labour force size, household consumption and tourism, which are expected to continue. A large component of recent activity has comprised retail and recreational building construction, following investments in shopping centre and entertainment complex developments around major capital cities.
- 92 While the retail supply pipeline is expected to moderate, overall volumes remain relatively robust. Office building supply additions are expected to moderate in the short term, though positive trends in occupancy rates, along with increased appetite to improve the quality of stock available, is expected to support construction demand in the medium to long term. More broadly, some industry operators are also anticipated to benefit from stronger demand conditions in the industrial building market, particularly from investment in warehouse construction to facilitate merchandise trade.

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Commercial building supply additions
000 square metres



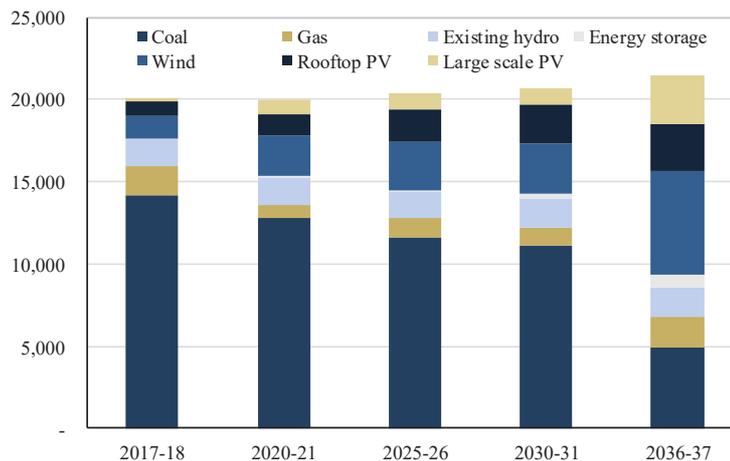
Source: Jones Lang LaSalle.

Power infrastructure

- 93 Power infrastructure is a key end market for Legend's EP&I segment, with demand impacted by ongoing levels of capital expenditure. The Australian electricity market is divided into distinct, geographically separated markets in the West Coast and East Coast. The East Coast market, known as the NEM, is the largest electricity market in Australia and comprises approximately 10 million customers. AEMO forecasts Australia's NEM power generation mix to continue to increase its reliance on renewable based generation over the next 20 years. The increasing mix of renewable based generation has been driven by a favourable regulatory environment and the decommissioning of numerous coal fired generation stations over the past decade.
- 94 In particular, the Federal Government's Renewable Energy Target (RET) scheme is designed to deliver 33,000 gigawatt hours (GWh) of additional energy from renewable sources by 2020 from the 1997 baseline level. Based on recent analysis by the Clean Energy Regulator, renewable generation is forecast to exceed the RET threshold in 2020. A review commissioned by the Council of Australian Governments Energy Council in 2017 (Finkel Review) recommended that the Federal Government replace the existing RET scheme with a Clean Energy Target scheme in 2020.
- 95 Overall, as the NEM power generation mix undergoes change, significant capital investment will be required to reconfigure the transmission grid, leading to increased demand for power electrical connectivity and electrical safety products.

Projected NEM generation development

GWh



Source: AEMO.

- 96 The power utilities market landscape has experienced notable privatisation of ownership / operation following the New South Wales Government's long term lease of Transgrid (November 2015), Ausgrid (October 2016) and Endeavour Energy (May 2017). This activity is expected to support ongoing capital expenditure, with the sector recently experiencing an uptake in commercial projects and associated capital works. In particular, the Australian Energy Regulator forecasts capital expenditure for two of Legend's largest power infrastructure customers, Ausgrid and Endeavour Energy to remain elevated in the medium term.

Other relevant industry themes

Oil and gas

- 97 Legend's range of specialist test and measurement equipment used in the installation and maintenance of oil and gas pipelines makes the energy commodity price environment significant. In the long term, whilst demand for oil and gas is expected to be impacted by improving fuel efficiency, notable growth is forecast to arise from emerging markets. The International Energy Agency forecasts energy demand to grow from current levels by greater than 25% out to 2040¹³. This is expected to stimulate exploration activity and new field and pipeline infrastructure.

Rail maintenance

- 98 Legend services clients engaged in rail maintenance through the supply of specialist tools, components and assemblies used in the original construction and ongoing maintenance of both track, signalling, power networks and rolling stock. Government outsourcing of railway operations and maintenance to the private sector has been an ongoing trend that has underpinned the industry's long term expansion. Demand for maintenance and repair services has been further driven by investment in new railway developments and the extension of existing infrastructure. Whilst demand from Government-owned organisations such as the

¹³ International Energy Agency website, www.iea.org, accessed 3 June 2019.



Australian Rail Track Corporation is expected to moderate, various private light rail and metropolitan rail projects in Melbourne, Sydney and Perth are expected to drive continued activity within the private sector.

Civil construction

- 99 Legend's product offering across all its segments is leveraged to various forms of civil construction, including roads, bridges, buildings and water infrastructure. Civil engineering construction (including infrastructure, transport and utilities) has been the significant growth engine for the construction industry in recent years. High levels of expenditure by Federal and State Governments on transport and other infrastructure initiatives has also been positive for the industry's performance. Key road projects include the construction of NorthConnex and WestConnex motorways in Sydney and the start-up of the West Gate Tunnel Project in Melbourne.

Data storage and hosting

- 100 Legend's large IT product suite (predominantly part of its Legend Performance Technology division) is distributed to clients engaged in data connectivity, data storage and hosting. The Australian data storage industry is underpinned by strong growth drivers, including increased data usage and heightened migration of applications to the cloud. Additionally, there is an ongoing adoption of modular data centres by industries such as education (research facilities), construction and mining, where data processing is required to be close to the end-users.

V Valuation methodology

Valuation approaches

- 101 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.
- 102 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.
- 103 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.
- 104 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, 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.
- 105 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.

Methodologies selected

- 106 The market value of Legend has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus assets and deducting net borrowings.
- 107 The valuation of the business operations has been made on the basis of market value as a going concern. The primary valuation method used to value Legend's business operations is the capitalisation of future maintainable EBITDA. Under this methodology the value of the business is represented by its core underlying maintainable EBITDA capitalised at a rate (or EBITDA multiple) reflecting the risks inherent in those earnings.
- 108 We have adopted this method when valuing the business operations of Legend for several reasons:
- (a) Legend has both a demonstrated history of profitability and an expectation of ongoing profitability
 - (b) Legend operates in mature (albeit cyclical) industries and has well established market positions in the geographic and product sectors in the industries in which it operates
 - (c) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken
 - (d) the EBITDA multiples for listed companies exposed to similar industry sectors as the business divisions of Legend can be derived from publicly available information
 - (e) transaction evidence in the respective industry sectors is generally expressed in terms of EBITDA multiples.
- 109 While we consider the above approach to be the most appropriate valuation methodology in the circumstances, it is important to also cross-check the assessed Legend equity valuation against other valuation methodologies used in equity markets to assess the price that might be paid for 100% of Legend. Accordingly we have also considered:
- (a) the share market trading in Legend shares. Notwithstanding that the Legend share price has been relatively illiquid, we have cross-checked our valuation of Legend by considering the market price of Legend shares prior to the announcement of the proposed Scheme with Adamantem, adjusted for a premium for control
 - (b) the recent sale process undertaken by Legend and its advisers, and have cross-checked our overall equity valuation range against the third party non-binding indicative offers received (including the valuation basis of those offers).



VI Valuation of Legend

- 110 As stated in Section V, we have adopted the capitalisation of EBITDA method as our primary valuation method. Under this method the EBITDA (before significant or non-recurring items) is capitalised at an appropriate EBITDA multiple. The value of the shares in Legend is then derived by adding the realisable value of any surplus assets and deducting net borrowings. The resulting values have been cross-checked by reference to both recent share market trading and the sale process undertaken by Legend and its advisors.

EBITDA adopted for valuation purposes

- 111 In order to assess the appropriate level of EBITDA for valuation purposes we have had regard to the historical and forecast results of Legend, and have discussed the financial performance, operating environment and prospects with Legend management.

Historical results

- 112 A summary of Legend's historical revenue and EBITDA before significant items is set out below:

Legend – revenue and EBITDA ⁽¹⁾				
	FY16	FY17	FY18	1HY19
	\$m	\$m	\$m	\$m
Revenue excluding Celemetrix and PCWI	119.1	100.3	105.5	58.5
Revenue from Celemetrix and PCWI	-	-	9.4	9.2
Total revenue	119.1	100.3	115.0	67.8
Underlying EBITDA excluding Celemetrix and PCWI ⁽²⁾	12.1	11.0	12.1	6.9
EBITDA from Celemetrix and PCWI	-	-	0.9	1.0
Total EBITDA ⁽²⁾	12.1	11.0	13.0	7.9
Revenue growth	16.4%	(15.8)%	14.6%	31.7%
EBITDA growth	(11.2)%	(8.7)%	17.7%	43.1%

Note:

- 1 Rounding differences exist.
2 Before significant items

- 113 In relation to the above results we note that:
- the actual results have been adjusted for the significant (non-recurring) items as detailed in Section III
 - the actual results include the contribution from the acquisitions of the Celemetrix business from 28 February 2018 and the PCWI business from 1 August 2018. Therefore, the results for FY18 and 1HY19 are not directly comparable to FY16 and FY17
 - on a like for like basis (i.e. ignoring the impact of recent acquisitions):
 - revenue and underlying EBITDA increased by 5.3% and 9.7% respectively in FY18. However, revenue in FY18 was lower than that achieved in FY16, whilst

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EBITDA in FY18 was the same as in FY16 (indicating an improvement in operating margins)

- (ii) revenue and EBITDA grew by 13.8% and 24.3% respectively in 1HY19 (in comparison to the previous corresponding half year period), which reflected increased demand from Legend's key markets.

- 114 As announced by Legend on 22 December 2017, consideration for the Celemetrix acquisition originally included an initial payment of \$12 million, with both a clawback clause of \$2 million (based on performance to 30 June 2018), and contingent consideration of \$3.125 million (based on the FY19 and FY20 results). The acquisition announcement also stated that FY17 revenue and EBIT for the Celemetrix business were \$24.7 million and \$2.9 million respectively.
- 115 On 12 March 2018, Legend announced that the initial payment for Celemetrix would be amended to \$10.4 million after adjusting for the acquired net tangible assets. In accordance with the clawback provision, the initial consideration was further reduced by \$2 million to \$8.4 million given that FY18 earnings targets were not met. Further, Legend disclosed in its 1HY19 report that the EBIT targets for Celemetrix for FY19 and FY20 were unlikely to be met and that accordingly no allowance for contingent consideration had been provided for.
- 116 The PCWI business was acquired effective 1 August 2018 for \$2.6 million. The acquisition announcement also stated that PCWI reported FY18 revenue of \$3.3 million and average EBITDA for the four years to FY18 was \$0.75 million. Whilst Legend has only owned PCWI for a short period, we understand that the financial performance of the PCWI business since acquisition has exceeded expectations.

Outlook

- 117 As mentioned in Section III, on 12 June 2019, Legend announced to the ASX a trading update and FY19 forecast:

"Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY19 is forecast to be in the range of \$15.4 to \$15.7 million, compared to \$12.4 million pcp.

These forecasts exclude transaction costs incurred to date and expected to be incurred to 30 June due to work on the Scheme Implementation Agreement (SIA) and proposed Scheme of Arrangement (Scheme) preparation announced on 24th May 2019.

Legend CEO Brad Dowe, commenting on the expected results said 'Legend continues to enjoy solid growth in our organic business. PCWI and Gas & Plumbing performance is particularly pleasing. Unfortunately, the Commsforce business, a unit of the Celemetrix group has made very little contribution to earnings due to lower than expected sales and deferrals of telco purchase programs'."

EBITDA adopted for valuation purposes

- 118 Based on the above, we have adopted EBITDA for valuation purposes of \$15.5 million. This takes into account the like for like EBITDA for Legend excluding recent acquisitions, along with the full year EBITDA contribution from the Celemetrix and PCWI businesses.



EBITDA multiple

119 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:

<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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
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120 We discuss below specific factors taken into consideration when assessing the appropriate EBITDA multiple range for Legend.

Listed company multiples

121 As stated in Section III, Legend designs, manufactures and supply of a vast range of products, along with the provision of accredited laboratory, repair and calibration services. As there are no directly comparable companies to Legend listed on the ASX, we have therefore had regard to the EBITDA multiples for companies that have similar attributes to Legend, including manufacturing and distribution capabilities and electrical service capabilities, etc. The implied EBITDA multiples for these companies based on share market trading are set out below:

Listed company multiples ⁽¹⁾	Enterprise value ⁽²⁾	EBITDA multiple ⁽²⁾	
	\$m	FY19 x	FY20 x
Codan	558.2	7.3	7.1
McPherson's	153.1	7.0	6.2
Southern Cross Electrical Engineering	82.1	3.7	3.2
Coventry Group	66.9	nm	5.4
Shriro Holdings	66.0	4.5 ⁽³⁾	4.3 ⁽³⁾
Hills	64.3	6.3 ⁽⁴⁾	na
National Tyre & Wheel	51.9	4.0	4.3

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Note:

- 1 Brief descriptions of each company are set out in Appendix C.
 - 2 Enterprise value and EBITDA multiples as at 6 June 2019.
 - 3 Shriro Holdings has a 31 December year end and the relevant financial data has been calendarised to a 30 June year end in the above.
 - 4 The Hills FY19 EBITDA multiple is based on its annualised half year results to 31 December 2018.
na – not available.
-

- 122 We have provided a short summary of the primary activities of the listed companies that have similar attributes to Legend (including manufacturing and distribution capabilities and electrical service capabilities, etc.) below (and in Appendix C):
- (a) Coden Australia designs and manufactures a range of electronic and associated software
 - (b) McPherson's is a supplier of health, beauty, household and personal care products
 - (c) Southern Cross Electrical Engineering is an Australian based electrical, instrumentation, communication and maintenance services company
 - (d) Coventry Group is a distributor of industrial products
 - (e) Shriro Holdings is a kitchen appliances and consumer products marketing and distribution company
 - (f) Hills is a distributor of technology products and services; and
 - (g) National Tyre & Wheel is involved in the distribution and marketing of motor vehicle products.
- 123 The above multiples are based on the listed market price of each company's shares and therefore exclude a premium for control. Empirical evidence 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). 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.

Transaction evidence

- 124 Transaction evidence on public company acquisitions of smaller sized manufacturing, distribution and wholesaling businesses over the last five years is summarised below¹⁴:

¹⁴ Refer to Appendix D for a description of target companies. Transactions with a value of under \$15 million have been excluded.

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Transaction EBITDA multiples ⁽¹⁾				
Date	Target	Industry / sub sector	EV (100%) A\$m	EBITDA multiple x
Apr 19	Plytech and Decortech	Plywood distributor / specialty wood manufacturer	NZ\$21.6	5.5 F
Feb 19	Nubco	Industrial and hardware supplier	36.0	6.0 H
Dec 17	McPherson's Home Appliance business	Distributor of large cooking appliances	28.0	6.4 F
Nov 17	AA Gaskets	Automotive gasket supplier	22.0	5.9 H
Sep 17	Nourished Life	Distributor of natural and organic skincare and health products	20.0	5.0 F
Oct 16	MTQ Engine Systems	Diesel and turbo products and services	17.0	6.1 H
Jul 16	Baxter's & Roadsafe	Distributor of automotive electrical accessories	22.0	5.5 H
Feb 16	Big River	Building materials distributor	55.0	4.8 F
Feb 16	Bearing Wholesalers & Precision Auto Equipment	Automotive bearings reseller	32.0	5.3 H
Aug 15	CS Company	Distributor of fragrance brands	NZ\$34.0	5.3 H
Jun 15	Metcash Automotive	Distributor of automotive parts	275.0	8.3 H
May 15	Diesel & Machinery Services & JAS Oceania	Distributor of automotive parts and provider of automotive services	25.0	5.0 F
			Average	5.8
			Median	5.5

Note:

1 The SCE acquisition has been excluded given a large proportion of the consideration was deferred over four years.

H – historical. F – future. na – not available.

125 In relation to the transaction evidence it should be noted that:

- (a) the transactions relate to the acquisition of 100% of the businesses and therefore implicitly incorporate a premium for control
- (b) 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.

126 We note that with the exception of Metcash Automotive, the above transactions relate to smaller businesses than Legend. Prima facie, we would therefore expect Legend to transact on higher EBITDA multiples than implied by the above transactions.

Conclusion on EBITDA multiple

127 Having regard to the above and the level of EBITDA adopted for valuation purposes, we have applied an EBITDA multiple range of 6.5 to 7.0 when valuing Legend shares on a 100% controlling interest basis.

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Enterprise value

128 On this basis, the value of Legend's business (before net debt) is as follows:

Legend – enterprise value			
	Paragraph	Low \$m	High \$m
EBITDA	118	15.5	15.5
EBITDA multiple	127	6.5	7.0
Enterprise value		100.8	108.5

Net debt

129 We have had regard to Legend's net debt as at 31 December 2018 and subsequent movements thereto, including operational cash flows generated and the payment of the 1HY19 interim dividend. We have adopted net debt of \$21.0 million for valuation purposes¹⁵.

Contingent consideration

130 Based on the FY19 results to date, Legend expects to pay the final deferred consideration payment of \$2.8 million in connection with the SCE acquisition by 31 August 2019. Accordingly, we have allowed for this payment in our valuation of Legend.

Value of Legend

131 On this basis, the value of 100% of the equity of Legend (on a controlling interest basis) is as follows:

Legend – equity value		
	Low	High
Enterprise value (\$m)	100.8	108.5
Net debt (\$m)	(21.0)	(21.0)
Contingent consideration (\$m)	(2.8)	(2.8)
Value of 100% of the equity (\$m)	77.0	84.7
Fully diluted shares on issue (million) ⁽¹⁾	218.1	218.1
Controlling interest value per share (\$/share)	\$0.353	\$0.388
Adopted controlling interest value per share (\$/share)	\$0.35	\$0.39

Note:

1 Includes 1.35 million performance rights.

Comparison with listed market price

132 We have cross-checked our assessed value of the equity in Legend against the listed market prices of Legend shares in the three month period up to 22 May 2019 (being the last trading day prior to the announcement of the Scheme), adjusted for a premium for control. The relevant trading in Legend shares is summarised below:

¹⁵ We note that the parties have negotiated the transaction based on a projected net debt position (as at 31 August 2019) of \$21.6 million.

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Legend – share price trading range					
	High	Low	VWAP ⁽¹⁾	Value \$000	Volume 000
3 months to 22 May 19	\$0.33	\$0.29	\$0.305	2,529	8,303

Note:

1 Volume weighted average price (VWAP).

- 133 Empirical evidence 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).
- 134 Adding a 30% to 35% premium for control to the Legend VWAP above would therefore result in a theoretical “control” value of \$0.395 to \$0.41 per share.
- 135 Our assessed underlying valuation range (as determined on a controlling interest basis) is therefore below the observed listed market prices, adjusted for a premium for control. Accordingly, share market investors appear to have attributed a higher value to Legend than we consider appropriate. Whilst it is impractical to seek to second guess the decision making process of investors:
- (a) as noted in paragraphs 81 and 82, the liquidity of Legend shares is low¹⁶
 - (b) share market investors may have had expectations that the previously announced strategic review would potentially lead to a change of control transaction in respect of Legend
 - (c) we note that the higher share market values (adjusted for a control premium) are inconsistent with the outcome of the recent sale process for Legend. Further details on this sale process are set out in Section VII. In our opinion, more regard should be had to the outcome of this sale process (which involved extensive due diligence on Legend by some parties) rather than potentially uninformed trading in minority interest parcels¹⁷.
- 136 Consequently, in our opinion, only limited reliance should be placed on the higher share market price (adjusted for a control premium). We have therefore concluded that our adopted valuation range is reasonable and appropriate.

¹⁶ RG 111.69(d) states that it is only appropriate to consider the listed market price as an appropriate valuation reference point “when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale”.

¹⁷ This is consistent with RG 111.69(e), which states that it is appropriate for the expert to consider “any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets.”



VII Evaluation of the Scheme

137 In our opinion, the Scheme is fair and reasonable and in the best interests of Legend shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Value of Legend

138 As set out in Section VI we have assessed the value of Legend at between \$0.35 and \$0.39 per share.

Value of Scheme Consideration

139 If the Scheme becomes legally effective, Legend shareholders will receive \$0.365 cash for each Legend share they hold on the Scheme Record Date (Scheme Consideration).

Fair and reasonable opinion

Assessment of fairness

140 Pursuant to RG 111 the 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. This comparison is shown below:

Comparison of Scheme Consideration to value of Legend			
	Low cents per share	High cents per share	Mid-point cents per share
Scheme Consideration	36.5	36.5	36.5
Value of 100% of Legend	35.0	39.0	37.0
Extent to which the Scheme Consideration exceeds / (is less than) the value of Legend	1.5	(2.5)	(0.5)

141 As the Scheme Consideration is consistent with our assessed valuation range for Legend shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Legend shareholders when assessed based on the guidelines set out in RG 111.

Assessment of reasonableness

142 Pursuant to RG 111, a transaction is reasonable if it is fair. Further, in our opinion, if the Scheme is “fair and reasonable” it must also be “in the best interests” of shareholders.

143 Consequently, in our opinion, the Scheme is also “reasonable” and “in the best interests” of Legend shareholders in the absence of a superior proposal.

144 In assessing whether the Scheme is reasonable and in the best interests of Legend shareholders LEA has also considered, in particular:

- (a) the recent sale process undertaken by Legend and its advisers
- (b) the extent to which a control premium is being paid to Legend shareholders
- (c) the extent to which Legend shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction



- (d) the listed market price of the shares in Legend, both prior to and subsequent to the announcement of the proposed Scheme
- (e) the likely market price of Legend securities if the proposed Scheme is not approved
- (f) the value of Legend to an alternative offeror and the likelihood of a higher alternative offer being made for Legend prior to the date of the Scheme meeting
- (g) the advantages and disadvantages of the Scheme from the perspective of Legend shareholders
- (h) other qualitative and strategic issues associated with the Scheme.

145 These issues are discussed in detail below.

Recent sales process

146 At the Annual General Meeting on 28 October 2016, Legend announced that it had appointed Gresham Advisory Partners (Gresham) to conduct a strategic review of the Legend business. This review was wide-ranging but included investigating different options to enhance shareholder value, including growth via mergers and acquisitions. In the second half of 2018 the Board of Legend resolved to commence a sale process, with the intention of maximising shareholder value. In relation to this sale process we note that:

- (a) Gresham had discussions with around 45 parties, and confidential information memorandums were provided to 18 parties over the course of the process
- (b) a number of parties submitted non-binding indicative offers in late 2018
- (c) selected parties were then provided access to further due diligence
- (d) the offer from Adamantem was considered by the Board of Legend and Gresham to represent the best offer received, not only in terms of value to all shareholders, but also in terms of certainty (from a funding, execution and timing perspective).

147 Given the strategic review and subsequent sale process undertaken, the number of potential buyers involved and the period over which the sale process has been undertaken, in our opinion, the resulting offer from Adamantem is likely to reflect the fair market value of Legend shares.

Extent to which a control premium is being paid

148 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 shares¹⁸ 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

¹⁸ 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.

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- (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.

149 We have calculated the premium implied by the Scheme Consideration by reference to the market prices of Legend shares (as traded on the ASX) for periods up to and including 22 May 2019 (being the last trading day prior to the announcement of the Scheme¹⁹).

150 The implied offer premium relative to Legend share prices up to 22 May 2019 is shown below:

Implied offer premium relative to recent share prices ⁽¹⁾		
	Legend share price	Implied control premium
	\$	%
Closing share price on 22 May 2019 ⁽²⁾	0.31	17.7
1 month VWAP to 22 May 2019	0.30	21.7
3 months VWAP to 22 May 2019	0.305	19.7
6 months VWAP to 22 May 2019	0.30	21.7

Note:

- 1 Rounding differences may exist.
- 2 Being the closing price on the last day of trading prior to the announcement of the Scheme.

151 The implied offer premiums above are below the average takeover premium of 30% to 35% implied from empirical evidence.

152 As indicated in Section III, share market trading in respect of Legend has been relatively illiquid. Notwithstanding this lack of liquidity, the VWAP for the Company's shares during selected periods over the last 12 months²⁰ has been relatively stable. Accordingly, we consider that the listed market prices of Legend shares provide an objective measure for implied control premium calculation purposes.

153 Accordingly, in our opinion, the Scheme Consideration provides Legend shareholders with a premium that is less than observed premiums generally paid in comparable circumstances.

Extent to which Legend shareholders are being paid a share of synergies

154 If the Scheme is approved by Legend shareholders, Adamantem will acquire a 100% interest in the Company and as a result Legend will be privatised. We understand that no changes of significance are planned as regards the existing operations of Legend. The major change will therefore be ownership related.

155 In the circumstances we have assumed that the business impact of the proposed transaction will be limited to costs associated with the existing public company status of Legend, which

¹⁹ Prior to the commencement of trading on 23 May 2019 the shares in Legend were placed in a trading halt.

²⁰ Being periods of one month, three months, six months and 12 months respectively.



will no longer be incurred. We consider the synergy benefits associated with such cost savings to be modest relative to our assessed enterprise value of Legend.

Recent share prices subsequent to the announcement of the Scheme

- 156 Shareholders should note that Legend shares have traded on the ASX in the range of \$0.36 to \$0.38 per share in the period since the Scheme was announced up to 11 June 2019. The VWAP over the period was \$0.375 per share. This trading range indicates that, on occasion, Legend shares have traded marginally above the Scheme Consideration.
- 157 In our view, the trading above suggests that:
- (a) in the absence of a superior proposal the consensus market view is that the Scheme is likely to be successful
 - (b) some investors have been prepared to pay a price above the Scheme Consideration to access the franking credits that will attach to the proposed Special Dividend.
- 158 Legend shareholders considering selling their Legend shares on the ASX (prior to the Scheme meeting) to take advantage of potential prices above the Scheme Consideration will need to consider brokerage costs and should note that:
- (a) the Legend share price on the ASX is subject to daily fluctuation
 - (b) Legend shareholders who sell their Legend shares on the ASX will not obtain the benefit of any superior proposal should this eventuate.

Likely price of Legend shares if the Scheme is not implemented

- 159 If the Scheme is not implemented we expect that, at least in the short term, Legend shares will trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Legend shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that Legend shares last traded at \$0.31 per share on 22 May 2019 (being the last trading day prior to the announcement of the Scheme with Adamantem).
- 160 If the Scheme is not implemented those Legend shareholders who wish to sell their Legend shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Likelihood of an alternative offer

- 161 We have been advised by the Directors of Legend that no formal alternative offer or proposal has been received subsequent to the announcement of the Scheme on 24 May 2019.
- 162 In considering the likelihood of an alternative offer, as stated above, in October 2016 Legend announced that it had appointed Gresham to undertake a strategic review of the Company. In 2018, as part of this strategic review process Gresham commenced a formal sale process in respect of Legend. During the course of this sale process a number of non-binding, indicative and conditional proposals were received. The more prospective of these proposals were subsequently pursued with the interested parties, which culminated in the proposed Scheme with Adamantem.

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- 163 There has effectively been (and remains) an opportunity therefore for third parties contemplating an acquisition of Legend to table a proposal before the Legend Board. The proposal from Adamantem is considered by the Board of Legend to offer the best outcome for all shareholders taking into account value and certainty (from a funding, execution and timing perspective).
- 164 Given the above, in our opinion, there are limited prospects of a higher offer or superior proposal to the Scheme being received prior to the Scheme meeting.
- 165 In considering the Scheme and related resolutions, Legend shareholders should also note that the Directors of Legend (who together hold a relevant interest in excess of 30% of the ordinary shares in Legend) have indicated an intention to vote in favour of the Scheme resolutions, subject to no superior proposal emerging and the independent expert concluding that the Scheme is in the best interests of Legend shareholders.

Summary of opinion on the Scheme

- 166 We summarise below the likely advantages and disadvantages for Legend shareholders if the Scheme proceeds.

Advantages

- 167 In our opinion, the Scheme has the following benefits for Legend shareholders:
- (a) the Scheme Consideration of \$0.365 cash per share is consistent with our assessed value range for Legend shares on a 100% controlling interest basis. Thus, in our view, Legend shareholders are being paid an appropriate price to compensate them for the fact that control of Legend will pass to Adamantem if the Scheme is approved
 - (b) the Scheme Consideration represents a significant premium to the recent market prices of Legend shares prior to the announcement of the Scheme on 24 May 2019 (albeit that the premium is less than observed premiums generally paid in comparable circumstances)
 - (c) the Special Dividend may give rise to additional value to those Australian resident shareholders able to access the franking credit gross up and offset in respect of franking credits attaching to the Special Dividend (though this will depend on the particular circumstances of the shareholder)
 - (d) the Scheme provides Legend shareholders with the opportunity to realise their investment in a company in which share trading has historically been relatively low in a cost effective manner
 - (e) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Legend shares is likely to trade at a significant discount to our valuation and the Scheme Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

- 168 Legend shareholders should note that if the Scheme is implemented they will no longer hold an interest in Legend. Legend shareholders will therefore not participate in any future value created by the Company over and above that reflected in the Scheme Consideration.

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Conclusion

169 Given the above analysis, we consider that the advantages of the Scheme significantly outweigh the disadvantages. Consequently, in our view, the acquisition of Legend shares by Adamantem under the Scheme is fair and reasonable and in the best interests of Legend 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 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Explanatory Booklet to be sent to Legend 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 person who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$70,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.



Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)



Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.
- 2 This report was prepared by Mr Craig Edwards and Mr Martin Holt, who are each authorised representatives of LEA. Mr Edwards and Mr Holt have over 25 years and 33 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 Legend to accompany the Explanatory Booklet to be sent to Legend shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable to and in the best interests of Legend 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, Legend 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 Legend 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 Explanatory Booklet.



Appendix C

Listed company descriptions

Codan Australia Limited

- 1 Codan Australia designs and manufactures a range of electronic products and associated software to governments, businesses, aid and humanitarian organisations and customer markets. The company has manufacturing and corporate offices in Australia and Canada, with international representative offices in the United States of America, United Kingdom, Ireland, China, United Arab Emirates and India. Codan Australia's primary products cover communications, metal detectors, data driven underground mining automation and defence electronics.

McPherson's Limited

- 2 McPherson's is a supplier of health, beauty, household and personal care products in Australia, New Zealand and Asia. It markets and distributes beauty care, hair care, skin care and fragrance product ranges, kitchen essentials such as baking paper, cling wrap and aluminium foil, personal care items such as facial wipes, cotton pads and foot comfort products. The company distributes both company owned (including Manicare, Lady Jayne, Swisspers, Maseur and Multix) and third party owned brands (such as Trilogy Skincare, Dr Wolff, and Karen Murrell).

Southern Cross Electrical Engineering Limited

- 3 Southern Cross Electrical Engineering is an Australian based electrical, instrumentation, communication and maintenance services company. The company operates in five key market sectors of resources (including mining and oil and gas, industrial, utilities and energy infrastructure), telecommunications and data centres, commercial developments and public infrastructure and defence.

Coventry Group Ltd

- 4 Coventry Group is a distributor of industrial products throughout Australia and New Zealand. The company operates under two reportable segments, being Trade Distribution and Fluids. Trade Distribution engages in the importation, distribution and marketing of industrial fasteners and associated products and cabinet making hardware. Fluids includes the design, manufacture, distribution, installation and maintenance of lubrication and hydraulic fluid systems and hoses.

Shriro Holdings Ltd

- 5 Shriro Holdings is a kitchen appliances and consumer products marketing and distribution company operating in Australia and New Zealand. The company markets and distributes a range of products under company-owned brands (including Omega, Robinhood, Everdure and Omega Altise), and third party brands (such as Casio, Blanco and Pioneer). Shriro employs approximately 265 full time equivalent employees, including around 100 in sales and marketing roles.

Hills Ltd

- 6 Hills is a distributor of technology products and services in the security and surveillance and audio-visual markets, and a supplier of technology solutions in the health market. The



Appendix C

company operates in Australian and New Zealand and provides its products and solutions to building contractors, consultants and system integrators via three key business divisions (being Hills Health Solutions, Hills Security, Surveillance and Communication and Hills Audio Visual).

National Tyre & Wheel Limited

- 7 National Tyre & Wheel is involved in the distribution and marketing of motor vehicle tyres, wheels, tubes and related products. The company operates 11 distribution centres, with another seven subcontracted logistics suppliers, throughout Australia, New Zealand and South Africa. It distributes tyres and wheels that fit passenger cars, SUVs, 4WDs, light commercial vehicles, caravans and trailers.



Appendix D

Descriptions of target companies

Plytech and Decortech

- 1 Plytech is one of the leading plywood distributors in New Zealand. The business imports high margin plywood based products primarily from Europe for distribution throughout New Zealand. Decortech manufactures speciality architectural panels, specialising in decorative, acoustic and fire retardant wall and ceiling linings.

Nubco

- 2 Nubco is Tasmania's largest independent supplier of industrial and hardware products. It has seven store locations across Tasmania, with the business headquarters and a distribution centre in Devonport. Its customer base is diversified across the trade (65%), industrial (20%) and retail (15%) segments.

McPherson's Home Appliance business

- 3 McPherson's Home Appliance business primarily distributes large cooking appliances, cooktops, range hoods and whitegoods. The major brands distributed are Euromaid, Baumatic, IAG, ARC, Lemair and Venini.

AA Gaskets

- 4 AA Gaskets operates in the automotive aftermarket and is the leading Australasian specialist automotive gasket manufacturer, importer and wholesaler. The gasket business was founded in 1954 and has the most comprehensive range of gaskets and integrated gasket kits available in the Australian and New Zealand markets.

Nourished Life

- 5 Nourished Life is an Australian online retail platform focused on natural and organic skincare and health and wellbeing products. The business was acquired after rapid growth fuelled by its digital assets, including its online store, blog and digital magazine. The company also offers a select range of products under its proprietary brand "Life Basics".

MTQ Engine Systems Australia

- 6 MTQ Engine Systems Australia is Australia's largest diesel and turbo aftermarket sales and service provider and is principally engaged in the sales and service of turbochargers and diesel fuel injection products and services. Its products and services are supplied to the automotive, mining, marine, rail, earth moving, transport, agriculture and power generation industries. It operates a network of 10 branches in Australia.

Baxters and Roadsafe

- 7 Baxters is a specialist distributor of automotive electrical accessories and lighting. Roadsafe is a specialist distributor of steering and suspension products along with 4WD spare parts and accessories.



Appendix D

Big River Industries

- 8 Big River Industries is an integrated Australian building materials distributor, supplying an extensive range of high quality timber, builder's hardware, building supplies and services for the residential, commercial, industrial, building and construction industries.

Bearing Wholesalers & Precision Auto Equipment

- 9 Bearing Wholesalers is the number one automotive bearings reseller in Australia, specialising in wheel bearing kits, gearbox kits, differential kits and timing belt kits. The company has eight branches across Australia. Precision Automotive Equipment is one of Australia's largest businesses that imports, distributes and services automotive workshop equipment, including hoists, tyre changers, wheel balancers and wheel aligners.

CS Company

- 10 CS Company is New Zealand's largest independent importer and distributor of fragrance brands including Marc Jacobs, Calvin Klein, and Dolce & Gabbana and cosmetic / beauty brands including Max Factor, Natio and OPI (amongst others).

Metcash Automotive

- 11 Metcash Automotive is one of Australia's leading wholesalers and distributors of automotive aftermarket parts and accessories. The company distributes its products through a network of 416 stores and outlets under the Autobarn, Autopro, Carparts, ABS and Midas brands, as well as directly to approximately 3,000 other aftermarket customers.

Diesel & Machinery Services and JAS Oceania

- 12 The company is a national distributor in New Zealand of auto electrical, automotive air conditioning and lighting components. In addition, the business provides maintenance, repair and engineering services to the truck industry.

Glossary

Abbreviation	Definition
ABS	Australian Bureau of Statistics
Adamantem	Adamantem Capital
AEMO	Australian Energy Market Operator
AFCA	Australian Financial Complaints Authority
Agreement	The Scheme Implementation Agreement between Legend and Greenland Bidco Pty Ltd dated 24 May 2019
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BidCo	Greenland BidCo Pty Ltd
CABAC	Cable Accessories Holdings Pty Ltd
CAGR	Compound annual growth rate
Celemetrix	Celemetrix Australia Pty Ltd
CEO	Chief Executive Officer
Company	Legend Corporation Ltd
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Corporations Regulations	Corporations Regulations 2001
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation of acquired intangibles
EBITDA	Earnings before interest, tax, depreciation and amortisation
EP&I	Legend's Electrical, Power and Infrastructure business segment
FSG	Financial Services Guide
FY	Financial year
G&P	Legend's Gas and Plumbing business segment
Gresham	Gresham Advisory Partners
GWh	Gigawatt hours
HVAC	Heating, ventilation and air conditioning
HY	Financial half year
IER	Independent expert's report
IES	Legend's Innovative Electrical Solutions business segment
IT	Information technology
LEA	Loneragan Edwards & Associates Limited
Legend	Legend Corporation Ltd
MRP	Market risk premium
NATA	National Association of Testing Authorities Australia
NEM	National Energy Market
NPV	Net present value
PCWI	PCWI International Pty Ltd
RBA	Reserve Bank of Australia
RET	Renewable Energy Target scheme
RG 111	ASIC Regulatory Guide 111 – <i>Content of expert reports</i>
SCE	System Control Engineering Group
Scheme	Scheme of arrangement under which Adamantem will acquire 100% of the issued shares in Legend
Scheme Consideration	\$0.365 per Legend share, less any Special Dividend declared
Special Dividend	\$0.07 per Legend share

Appendix 1. Independent Expert's Report



Appendix E

Abbreviation	Definition
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WANOS	Weighted average number of shares outstanding



APPENDIX TWO

Scheme



Scheme of Arrangement

—
Legend Corporation Limited ACN 102 631 087
Scheme Shareholders
—

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MinterEllison

Scheme of Arrangement

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Details

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Legend Corporation Limited ACN 102 631 087 of 1 Butler Drive, Hendon, South Australia 5014

and

Each Scheme Shareholder

1. Definitions and interpretation

1.1 Defined terms

In this Scheme, unless the context requires otherwise:

Adamantem means Adamantem Capital Fund 1 GP, LP as general partner for Adamantem Capital Fund 1 L.P., One Funds Management Limited as trustee for Adamantem Capital Fund 1 Trust 1B, One Funds Management Limited as trustee for Adamantem Capital Fund 1 Trust 1D, One Investment Management Pty Limited as trustee for Adamantem Capital Fund 1 Trust 1E and Columbus Investment Services Ltd as trustee for Adamantem Capital Co-Investment Trust.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691, or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

BidCo means Greenland BidCo Pty Ltd.

BidCo Group means BidCo and each of its Related Bodies Corporate (excluding, at any time, Legend and its Subsidiaries to the extent that Legend and its Subsidiaries are Subsidiaries of BidCo at that time). A reference to a member of **BidCo Group** or a **BidCo Group Member** is a reference to BidCo or any such Related Bodies Corporate.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne, Australia.

CHES means the clearing house electronic subregister system of share transfers operated by ASX Settlement Pty Limited ABN 49 008 504 532.

CHES Holding has the meaning given in the Settlement Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of Victoria or any other court of competent jurisdiction under the Corporation Act agreed in writing between Legend and BidCo.

Deed Poll means the deed poll dated [*] 2019 executed by BidCo under which BidCo covenants in favour of the Scheme Shareholders to perform the actions attributed to BidCo under this Scheme.

Delivery Time means, in relation to the Second Court Date, 2 hours before the commencement of the hearing (or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing), of the Court to approve this Scheme in accordance with section 411(4)(b) of the Corporations Act.

Effective means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

Appendix 2. Scheme

End Date means the 'End Date' determined in accordance with the Scheme Implementation Agreement.

Implementation Date means the later of:

- (a) the seventh Business Day following the Scheme Record Date; and
- (b) the fifteenth Business Day following the date of the Scheme Meeting,

or such other Business Day as agreed between Legend and BidCo, following the Scheme Record Date.

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

Legend means Legend Holdings Limited ABN 84 057 274 049 of Level 10, 71 Queens Road, Melbourne VIC 3004.

Legend Registry means Security Transfer Australia Pty Ltd ACN 008 894 488 of 770 Canning Highway, Applecross WA 6153 or any replacement provider of share registry services to Legend.

Legend Shareholder means a person who is registered in the register maintained by Legend under section 168(1) of the Corporations Act as a holder of one or more Shares.

Performance Right means a right granted to acquire by way of issue a Share.

Registered Address means, in relation to a Legend Shareholder, the address shown in the Share Register as at the Scheme Record Date.

Regulatory Authority means:

- (a) any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, tribunal, agency or entity;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (c) any regulatory organisation established under statute,

in Australia whether federal, state, territorial or local

Related Body Corporate of a person, means:

- (a) a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted; and
- (b) in respect of BidCo, includes any fund, limited partnership or other collective investment vehicle which is managed or controlled by Adamantem (or its general partner) or a related body corporate (as referred to paragraph (a) above) of Adamantem.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Legend and the Scheme Shareholders, subject to any alterations or conditions that are:

- (a) agreed to in writing by Legend and BidCo, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by Legend and BidCo.

Scheme Consideration means, in respect of each Scheme Share held by a Scheme Shareholder, \$0.365 cash (as reduced by the amount of any Special Dividend).

Scheme Implementation Agreement means the scheme implementation agreement dated 24 May 2019 between Legend and BidCo.

Scheme Meeting means the meeting of Legend Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means 7.00pm on the fourth Business Day (or such other Business Day as agreed between Legend and BidCo, following the Effective Date.

Appendix 2. Scheme

Scheme Share means a Share on issue as at the Scheme Record Date.

Scheme Shareholder means a person who holds one or more Scheme Shares.

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 this Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.

Share means an issued fully paid ordinary share in the capital of Legend.

Share Register means the register of members of Legend maintained in accordance with the Corporations Act.

Special Dividend means a cash only dividend of up to \$0.07 per Share, to be paid by Legend (in its absolute discretion) in accordance with the Scheme Implementation Agreement, between the date of the Scheme Implementation Agreement and the Implementation Date.

Settlement Rules means the ASX Settlement Operating Rules.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Trust Account means an Australian dollar denominated trust account operated by Legend as trustee for the benefit of Scheme Shareholders.

1.2 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause or schedule is a reference to a clause of or schedule to this Scheme.
- (f) A reference to an **agreement** or **document** (including a reference to this Scheme) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Scheme or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
- (g) A reference to a party to this Scheme or an agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
- (h) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (i) A reference to conduct includes an omission, statement or undertaking, whether or not in writing.
- (j) A reference to an agreement includes any undertaking, deed, agreement and legally enforceable arrangement, whether or not in writing, and a reference to a document includes an agreement (as so defined) in writing and any certificate, notice, instrument and document of any kind.
- (k) A reference to **dollars** and **\$** is to Australian currency.
- (l) All references to time are to Melbourne, Australia time.

Appendix 2. Scheme

- (m) Mentioning anything after *includes, including, for example,* or similar expressions, does not limit what else might be included.
- (n) A reference to, an officer or subsidiary is to that term as it is defined in the Corporations Act.

1.3 Business Day

Where the day on or by which any act, matter or thing under this Scheme is to be done is not a Business Day, that act, matter or thing must be done on or by the next Business Day.

1.4 Listing requirements included as law

A listing rule or operating rule of a financial market and a Market Integrity Rule will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2. Preliminary

2.1 Legend

- (a) Legend is a public company limited by shares, registered in Victoria and admitted to the official list of ASX.
- (b) The Shares are officially quoted on ASX. As at the date of the Scheme Implementation Agreement:
 - (i) 216,723,693 Shares were on issue which are officially quoted on ASX; and
 - (ii) 1,350,000 Performance Rights were on issue which are not quoted on any financial market.

2.2 BidCo

- (a) BidCo is a proprietary company limited by shares registered in Victoria, Australia on 9 May 2019.
- (b) BidCo is ultimately controlled by Adamantem and has been established by Adamantem to act as the acquiring entity of the Shares if the Scheme becomes Effective.
- (c) From the date of its incorporation to the date of the Scheme Implementation Agreement, BidCo has not conducted any business and holds no material assets.

2.3 General

- (a) Legend and BidCo have agreed by executing the Scheme Implementation Agreement to proposed this Scheme and, it is becomes Effective, implement it.
- (b) This Scheme attributes actions to BidCo but does not itself impose an obligation on it to perform those actions, as BidCo is not a party to this Scheme. BidCo has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the provision of the Scheme Consideration to the Scheme Shareholders.

2.4 Consequence of this Scheme becoming Effective

If this Scheme becomes Effective:

- (a) BidCo will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme; and
- (b) all the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to BidCo, and Legend will enter BidCo in the Share Register as the holder of the Scheme Shares with the result that Legend will become a wholly owned subsidiary of BidCo.

Appendix 2. Scheme

3. Conditions

3.1 Conditions precedent

- (a) This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:
- (i) all the conditions precedent in clause 3.1 of the Scheme Implementation Agreement (other than the condition in clause 3.1(h) of the Scheme Implementation Agreement (Court approval)) having been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by no later than the Delivery Time on the Second Court Date;
 - (ii) neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms as at the Delivery Time on the Second Court Date;
 - (iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are agreed to in writing by Legend and BidCo;
 - (iv) any other conditions imposed by the Court under section 411(6) of the Corporations Act, as are acceptable to Legend and BidCo, having been satisfied or waived; and
 - (v) the orders of the Court made under section 411(4)(b) (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 (or any later date Legend and BidCo agree in writing).
- (b) The satisfaction of the conditions referred to in clause 3.1(a) of this document is a condition precedent to the operation of clauses 4 and 5, with the exception of clause 4.1, which will only be conditional on the satisfaction of the conditions referred to in clauses 3.1(a)(i) to 3.1(a)(iv) inclusive.

4. Implementation

4.1 Lodgement of Court orders

Subject to the Listing Rules, Legend must lodge with ASIC office copies of any Court orders under section 411(4)(b) (and if applicable section 411(6)) of the Corporations Act approving this Scheme as soon as reasonably practicable after the Court approves the Scheme and in any event no later than by 5.00pm on the first Business Day after the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the payment by Legend of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.2(b), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Legend or its officers as agent and attorney of the Scheme Shareholders under clause 8.6 or otherwise), by:
- (i) Legend delivering to BidCo a duly completed and executed share transfer form to transfer all the Scheme Shares to BidCo, executed on behalf of the Scheme Shareholders by Legend; and
 - (ii) BidCo duly executing that transfer form and delivering it to Legend for registration; and

Appendix 2. Scheme

- (b) immediately after receipt of the transfer form in accordance with clause 4.2(a)(ii), Legend must enter, or procure the entry of, the name of BidCo in the Share Register in respect of the Scheme Shares transferred to BidCo in accordance with this Scheme.

5. Scheme Consideration

5.1 Amount of Scheme Consideration

Each Scheme Shareholder is entitled to receive the Scheme Consideration.

5.2 Payment of Scheme Consideration

- (a) BidCo must, by no later than the Business Day before the Implementation Date, deposit (or procure the deposit of) in cleared funds into the Trust Account an amount equal to the aggregate amount of the total Scheme Consideration payable to all Scheme Shareholders, that amount to be held by Legend on trust for the Scheme Shareholders and for the purpose of sending the aggregate Scheme Consideration to the Scheme Shareholders (except that any interest on the amount will be for the account of BidCo).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 5.2(a), Legend must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account by doing any of the following at its election:
 - (i) sending (or procuring the Legend Registry to send) it to the Scheme Shareholder's Registered Address by cheque in Australian currency drawn out of the Trust Account; or
 - (ii) depositing (or procuring the Legend Registry to deposit) it into an account with any Australian ADI (as defined in the Corporations Act) notified to Legend (or the Legend Registry) by an appropriate authority from the Scheme Shareholders.
- (c) To the extent that, following satisfaction of Legend's obligations under clause 5.2(b), there is a surplus in the amount held in the Trust Account, that surplus may be paid by Legend to BidCo.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of Legend, either to the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme, will be forwarded, at the sole discretion of Legend, either to the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.4 Foreign resident capital gains withholding

- (a) If BidCo determines that it must pay an amount to the Commissioner of Taxation (**Commissioner**) under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (**TAA**) with respect to the acquisition of the Scheme Shares from a Scheme Shareholder, BidCo will, for any such Scheme Shareholder:
 - (i) determine the amount to be paid to the Commissioner (**Payment Amount**);
 - (ii) remit the Payment Amount to the Commissioner within the time required under the TAA; and
 - (iii) pay an amount equal to the Scheme Consideration less the Payment Amount to the Scheme Shareholder.

Appendix 2. Scheme

- (b) BidCo will, for the purposes of the Deed Poll, this Scheme and the Scheme Implementation Agreement, be deemed to have satisfied its obligations to pay the Scheme Consideration to a Scheme Shareholder if the amount paid to the Scheme Shareholder is the amount of the Scheme Consideration that would have otherwise been payable to the Scheme Shareholder pursuant to the Scheme, less the Payment Amount for that Scheme Shareholder.

5.5 Fractional entitlements

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

5.6 Unclaimed monies

- (a) Legend may cancel a cheque sent under this clause 5 if the cheque:
 - (i) is returned to Legend; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During 11 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Legend (or the Legend Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Legend must reissue a cheque that was previously cancelled under clause 5.6(a).
- (c) The Unclaimed Moneys Act 2008 (Vic) will apply in relation to any Scheme Consideration which becomes *unclaimed money* (as defined in section 3 of the Unclaimed Moneys Act 2008 (Vic)).
- (d) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of BidCo.

5.7 Order of a court or Regulatory Authority

If:

- (a) written notice is given to Legend (or the Legend Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Legend in accordance with this clause 5, then Legend may procure that payment is made in accordance with that order or direction; or
- (b) written notice is given to Legend (or the Legend Registry) of an order or direction made by a court of competent jurisdiction or by another Regulatory Authority that prevents Legend from making a payment to any particular Scheme Shareholder in accordance with clause 5.2(b), or that payment is otherwise prohibited by applicable law, Legend may retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until the time that the payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by Legend (or the Legend Registry) will constitute the full discharge of Legend's obligations under clause 5.2(b) with respect of the amount so paid or retained until, in the case of clause 5.7(b), it is no longer required to be retained.

5.8 Definition of *sending*

For the purposes of clause 5, the expression *sending* means, in relation to each Scheme Shareholder:

- (a) sending by ordinary pre paid post or courier to the Registered Address of that Scheme Shareholder as at the Scheme Record Date; or

Appendix 2. Scheme

- (b) delivery to the Registered Address of that Scheme Shareholder as at the Scheme Record Date by any other means at no cost to the recipient.

6. Dealings in Shares

6.1 Determination of Scheme Shareholders

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

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Shares on or before 7.00pm on the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm on the day that is the Scheme Record Date at the place where the Share Register is kept,

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

6.2 Register

- (a) **(Registration of transfers)** Legend must register registrable transmission applications or transfers of the kind referred to in clause 6.1(b) before the Scheme Record Date (provided that for the avoidance of doubt nothing in this clause 6.2 requires Legend to register a transfer that would result in a Legend Shareholder holding a parcel of Shares that is less than a 'marketable parcel' (as defined in the Settlement Rules).
- (b) **(No registration after Scheme Record Date)** Legend will not accept for registration or recognise for any purpose any transfer in respect of Shares received after 5.00pm on the Scheme Record Date, other than to BidCo in accordance with this Scheme and any subsequent transfer by BidCo or its successors in title.
- (c) **(Maintenance of Share Register)** For the purpose of determining entitlements to the Scheme Consideration, Legend must maintain the Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) **(No disposal after Scheme Record Date)** From the Scheme Record Date until registration of BidCo in respect of all Scheme Shares under clause 4, no Legend Shareholder may dispose or otherwise deal with Shares in any way except as set out in this Scheme and any attempt to do so will have no effect and Legend shall be entitled to disregard any disposal or dealing of this nature.
- (e) **(Statements of holding from Scheme Record Date)** All statements of holding for Shares (other than statements of holding in favour of BidCo) will cease to have effect from the Scheme Record Date as documents of title in respect of those shares. As from the Scheme Record Date, each entry current at that date on the Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Shares relating to that entry.
- (f) **(Provision of Scheme Shareholder details)** As soon as practicable on or after the Scheme Record Date and in any event within one Business Day after the Scheme Record Date, Legend will ensure that details of the names, Registered Addresses and holdings of Shares for each Scheme Shareholder are available to BidCo in the form BidCo reasonably requires.

7. Suspension and delisting

- (a) Legend will apply to ASX to suspend trading on the ASX in Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by BidCo, and to take effect only after the transfer of the Scheme Shares has been registered in accordance with clause 4.2(b), Legend will apply:
 - (i) for termination of the official quotation of Shares on ASX; and
 - (ii) to have itself removed from the official list of ASX.

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) Legend may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which BidCo has consented in writing; and
- (b) each Scheme Shareholder agrees to any alterations or conditions to which counsel for Legend has consented.

8.2 Binding effect of Scheme

This Scheme binds Legend and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Legend.

8.3 Scheme Shareholders' agreements and acknowledgment

Each Scheme Shareholder:

- (a) agrees to the transfer of their Shares together with all rights and entitlements attaching to those Shares in accordance with this Scheme;
- (b) who holds their Shares in a CHESS Holding agrees to the conversion of those Shares to an Issuer Sponsored Holding and irrevocably authorises Legend to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion;
- (c) agrees to any variation, cancellation or modification of the rights attached to their Shares constituted by or resulting from this Scheme;
- (d) agrees on the direction of BidCo, to destroy any holding statements or share certificates relating to their Shares; and
- (e) acknowledges and agrees that this Scheme binds Legend and all Scheme Shareholders (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).

8.4 Warranties by Scheme Shareholders

- (a) Each Scheme Shareholder is deemed to have warranted to Legend, in its own right and for the benefit of BidCo, that as at the Implementation Date:
 - (i) all of its Shares which are transferred to BidCo under this Scheme, including any rights and entitlements attaching to those Shares, will, at the time of transfer, be free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any *security interests* within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;

Appendix 2. Scheme

- (ii) all of its Shares which are transferred to BidCo under this Scheme will, on the date on which they are transferred to BidCo, be fully paid;
 - (iii) it has full power and capacity to transfer its Shares to BidCo together with any rights attaching to those shares; and
 - (iv) it has no existing right to be issued any Shares, options, Performance Rights, or any other Legend securities, other than, in the case of any Scheme Shareholder who is also the holder of Performance Rights, the right to be issued Shares on the exercise of those Performance Rights before the Scheme Record Date in accordance with their terms.
- (b) Legend undertakes that it will provide the warranties in clause 8.4(a) to BidCo as agent and attorney of each Scheme Shareholder.

8.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including any right and entitlements attaching to the Scheme Shares) transferred under this Scheme will be transferred free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any *security interests* within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) On and from the Implementation Date, immediately after the payment by Legend of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.2(b), BidCo will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Legend of BidCo in the Share Register as the holder of the Scheme Shares.

8.6 Authority given to Legend

- (a) Scheme Shareholders will be deemed to have authorised Legend to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary for or incidental to the implementation of this Scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers in relation to Scheme Shares as contemplated by clause 4.2.
- (b) Each Scheme Shareholder, without the need for any further act:
- (i) on the Effective Date, irrevocably appoints Legend and each of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of enforcing the Deed Poll against BidCo and Legend accepts that appointment; and
 - (ii) on the Implementation Date, irrevocably appoints Legend and each of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to this Scheme including, a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Scheme Shares and Legend accepts such appointment.

8.7 Appointment of sole proxy

Immediately after the payment by Legend of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.2(b) until Legend registers BidCo as the holder of all Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed BidCo as its attorney and agent (and directed BidCo in that capacity) to appoint an officer or agent nominated by BidCo as its sole proxy and, where applicable, corporate representative to attend shareholders' meetings of Legend, exercise the votes attaching to the Scheme Shares registered in its name and sign any shareholders' resolution;

Appendix 2. Scheme

- (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 resolutions (whether in person, by proxy or by corporate representative) other than as under clause 8.7(a);
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.7(a), BidCo and any officer or agent nominated by BidCo under clause 8.7(a) may act in the best interests of BidCo as the intended registered holder of the Scheme Shares.

8.8 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Shareholder to Legend binding or deemed binding between the Scheme Shareholder and Legend relating to Legend or Shares (including any email addresses, instructions relating to communications from Legend, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Legend) will be deemed from the Implementation Date (except to the extent determined otherwise by BidCo in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to BidCo until that instruction, notification or election is revoked or amended in writing addressed to BidCo at its registry.

9. General

9.1 Stamp duty

BidCo must pay all stamp duty payable in connection with the transfer of the Scheme Shares to BidCo.

9.2 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this document is sent by post to Legend, 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 Legend's registered office or at the office of the Legend Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non receipt of a notice by any Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.3 Further assurances

- (a) Legend must do 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 Shareholder consents to Legend doing all things necessary or incidental to give full effect to this Scheme and the transactions contemplated by it.

9.4 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Legend or BidCo nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

9.5 Governing law and jurisdiction

- (a) This Scheme is governed by the laws of Victoria.
- (b) The parties irrevocably submit to the non exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme.



APPENDIX THREE

Notice of Scheme Meeting

Appendix 3. Notice of Scheme Meeting

Legend Corporation Limited
ABN 69 102 631 087
Notice of Court ordered meeting
of Legend Corporation Limited Shareholders

Notice is given that, by an Order of the Federal Court of Australia (**Court**) made on 5 July 2019 under section 411(1) of the Corporations Act, the Court has directed that a meeting of the holders of fully paid ordinary shares of Legend Corporation Limited (**Legend**) be held at the Adelaide Pavilion Restaurant located in the Veale Gardens, Corner of South Terrace & Peacock, Adelaide, South Australia on 9 August 2019 commencing at 2.00pm (Adelaide time).

The Court has also directed that Mr Bruce Higgins or, if he is unable or unwilling to attend, Mr Ian Fraser, act as Chairman of the meeting.

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without any alterations or conditions agreed between Legend and Greenland BidCo Pty Ltd ACN 633 363 096 (**BidCo**) and approved by the Court or any alterations or conditions required by the Court to which Legend and BidCo agree) to a scheme of arrangement proposed to be made between Legend and the holders of its ordinary shares (**Scheme**).

A copy of the Scheme and a copy of the Explanatory Statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Explanatory Booklet of which this notice forms part.

Resolution

The meeting will be asked to consider and, if thought fit, pass the following resolution:

*That under and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the members agree to the arrangement proposed between Legend Corporation Limited and the holders of its fully paid ordinary shares, designated the **Scheme**, as contained in and more particularly described in the Explanatory Booklet accompanying the notice convening this meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and, subject to approval of the Scheme by the Court, the Board of Directors of Legend is authorised to implement the Scheme with any such alterations or conditions.*

DATED 8 July 2019

BY ORDER OF THE COURT



Graham Seppelt
Company Secretary

Appendix 3. Notice of Scheme Meeting

Explanatory notes for the Scheme Meeting

1. General

- (a) Capitalised words and phrases contained in this Notice of Meeting (including the proposed resolution) have the same meaning as set out in the Glossary in Section 11 of the Explanatory Booklet, of which this notice forms part.
- (b) This notice should be read in conjunction with the entire Explanatory Booklet of which this notice forms part. The Explanatory Booklet contains important information to assist you in determining how to vote on the proposed resolution. The Explanatory Booklet includes a copy of the Scheme (refer Appendix 2) and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme (the explanatory statement being all Sections of this Explanatory Booklet, other than this Appendix 3).

2. Voting entitlements

For the purposes of the Scheme Meeting, only those persons registered in the Share Register as a holder of Legend Shares at 7.00pm (Melbourne time) on Wednesday, 7 August 2019 are entitled to attend and vote at the Scheme Meeting in respect of each Legend Share held by them at that time, either in person, by proxy or attorney or, in the case of a Legend Shareholder who is a corporation, by corporate representative.

3. Required voting majority

- (a) The resolution to approve the Scheme is subject to approval by the majorities required under section 411(4)(a)(ii) of the Corporations Act.
- (b) The resolution to approve the Scheme must be approved by:
 - (i) unless the Court orders otherwise, a majority in number (more than 50%) of holders of Legend Shareholders present and voting at the Scheme Meeting (whether in person, by proxy, attorney or, in the case of a Legend Shareholder who is a corporation, by corporate representative); and
 - (ii) at least 75% of the total number of votes which are cast at the Scheme Meeting (in person or by proxy, attorney, or in the case of a Legend Shareholder who is a corporation, corporate representative).
- (c) The vote at the Scheme Meeting will be conducted by poll.

4. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme (with or without any alterations or conditions agreed between Legend and Adamantem and approved by the Court or any alterations or conditions required by the Court to which Legend and BidCo agree) must also be approved by an order of the Court and an office copy of the orders must be lodged with ASIC. If the Scheme is approved by the requisite majorities of Legend Shareholders at the Scheme Meeting, Legend intends to apply to the Court for orders approving the Scheme.

5. How to vote

Legend Shareholders who are entitled to vote at the Scheme Meeting may vote:

- (a) by attending the meeting and voting in person, or by appointing an attorney to attend the meeting and vote on their behalf or, in the case of Legend Shareholder who is a corporation, a corporate representative to attend the meeting and vote on its behalf; or
- (b) by appointing a proxy to attend and vote on their behalf, using the Proxy Form accompanying this notice or by appointing a proxy online. A proxy may be an individual or a body corporate.

6. Jointly held Legend Shares

If you hold Legend Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Share Register will be counted.

7. Voting in person (or by attorney or corporate representative)

- (a) Eligible Legend Shareholders wishing to vote in person or their attorneys or, in the case of a Legend Shareholder who is a corporation, corporate representatives should attend the Scheme Meeting and bring some form of personal identification (such as their driver's licence).
- (b) The relevant parties who plan to attend the Scheme Meeting in person are asked to arrive at the venue 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, so that their shareholding may be checked against the Share Register and attendances noted.

Appendix 3. Notice of Scheme Meeting

- (c) The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you in the presence of at least one witness, and specify your name, the company (that is, Legend Corporation Limited), and the attorney, and also specify the meeting at which the appointment may be used. The appointment may be a standing one.
- (d) To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Share Registry before 2.30pm (Melbourne time) on Wednesday, 7 August 2019 in any of the following ways:
 - (i) **By post** in the provided reply paid envelope (or the self-addressed envelope, for Shareholders whose registered address is outside Australia) to the Share Registry:
Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007
 - (ii) **By hand delivery**¹⁶ to the Share Registry at:
Security Transfer Australia Pty Ltd
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
 - (iii) **By fax** to the Share Registry on +61 8 9315 2233
- (e) Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting. The appointment of your attorney is not revoked merely by your attendance and taking part in the Scheme Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.
- (f) To vote in person, you or your attorney or, in the case of a Legend Shareholder who is a corporation, corporate representative must attend the Scheme Meeting to be held at the Adelaide Pavilion Restaurant located in the Veale Gardens, Corner South Terrace and Peacock Road, Adelaide on Friday, 9 August 2019 commencing at 2.00pm (Adelaide time).
- (g) A vote cast in accordance with the appointment of a power of attorney is valid even if before the vote was cast the appointor:
 - (i) died;
 - (ii) became mentally incapacitated;
 - (iii) revoked the power; or
 - (iv) transferred the shares in respect of which the vote was cast,unless Legend received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, the resumption of any adjourned meeting.
- (h) To vote by corporate representative at the meeting, a Legend Shareholder who is a corporation should obtain a *Certificate of Appointment of Corporate Representative* from the Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged at the registration desk on the day of the meeting.
 - (i) The appointment of a representative may set out restrictions on the representative's powers.
 - (j) The *Certificate of Appointment of Corporate Representative*, a certified copy of the *Certificate of Appointment of Corporate Representative*, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

8. Voting by proxy

Eligible Legend Shareholders wishing to appoint a proxy to vote on their behalf at this meeting must:

- (a) complete and sign or validly authenticate the Proxy Form accompanying the Explanatory Booklet and delivering the signed and completed Proxy Form to the Share Registry by 2.30pm (Melbourne time) on Wednesday, 7 August 2019; or
- (b) appoint a proxy online by 2.30pm (Melbourne time) on Wednesday, 7 August 2019, in accordance with the instructions below.

16. Please note that hand deliveries may only be made Monday to Friday between the hours of 9.00am to 5.00pm (Melbourne time).

Appendix 3. Notice of Scheme Meeting

9. Submitting proxies

Eligible Legend Shareholders wishing to appoint a proxy to attend and vote on their behalf at the Scheme Meeting must return the provided Proxy Form to the Share Registry in any of the following ways:

- (a) **By post** in the enclosed reply paid envelope (or the self-addressed envelope, for Shareholders whose registered address is outside Australia) provided to the Share Registry:

Security Transfer Australia Pty Ltd
PO Box 52
Collins Street West VIC 8007

- (b) **By hand delivery**¹⁷ to the Share Registry at:

Security Transfer Australia Pty Ltd
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

- (c) **By fax** to the Share Registry on +61 8 9315 2233

- (d) **By email** to the Share Registry at registrar@securitytransfer.com.au

As the cut off date for receipt of proxies is 2.30pm (Melbourne time) on Wednesday, 7 August 2019, you should ensure that it is posted, delivered or lodged online in sufficient time for it to be received by the Share Registry by that time.

Alternatively Eligible Legend Shareholders may choose to appoint a proxy online as follows:

- (e) **Online:** if you wish to appoint your proxy online, you should do so by visiting www.securitytransfer.com.au and using the Online Proxy ID noted on the front of your Proxy Form which accompanies the Explanatory Booklet and by following the instructions on that website.

Online appointments of proxies must be done by 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

10. Notes for proxy appointments

- (a) Your proxy must attend the Scheme Meeting to be held at Adelaide Pavilion Restaurant located in the Veale Gardens, Corner South Terrace and Peacock Road, Adelaide on Friday, 9 August 2019 commencing at 2.00pm (Adelaide time) and are asked to arrive at the venue 30 minutes prior to the time designated for the commencement of the Scheme Meeting, if possible, so that their shareholding may be checked against the Share Register and attendances noted.
- (b) A Legend Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on behalf of that Legend Shareholder's behalf.
- (c) A proxy need not be a Legend Shareholder.
- (d) You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy you must specify the names of each proxy and the percentage of votes or number of securities for each proxy on the Proxy Form. Replacement Proxy Forms can also be obtained from the Share Registry.
- (e) If you hold Legend Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.
- (f) A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on the resolution. If an appointment directs the way the proxy is to vote on the resolution:
- (i) if the proxy is the chair - the proxy must vote on the poll and must vote in the way directed; and
 - (ii) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed.
- (g) If a proxy appointment is signed or validly authenticated by a Legend Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman will act as proxy in respect of the resolution to be considered at the Scheme Meeting.
- (h) If:

17. Please note that hand deliveries may only be made Monday to Friday between the hours of 9.00am to 5.00pm (Melbourne time).

Appendix 3. Notice of Scheme Meeting

- (i) a Legend Shareholder nominates the Chairman of the meeting as their proxy; or
- (ii) the Chairman is otherwise appointed to act as proxy,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy in respect of the resolution to be considered at the Scheme Meeting.

- (i) The Chairman intends to vote undirected proxies of which he is appointed as proxy in favour of the resolution to approve the Scheme (in the absence of a Superior Proposal from another party prior to the date of the Scheme Meeting).
- (j) A vote cast in accordance with the appointment of a proxy is valid even if before the vote was cast the appointor:
 - (i) died;
 - (ii) became mentally incapacitated;
 - (iii) revoked the proxy; or
 - (iv) transferred the shares in respect of which the vote was cast,

unless Legend received written notification of the death, mental incapacity, revocation or transfer before the meeting or, if applicable, before the resumption of any adjourned meeting.

11. Advertisement

Where this notice of meeting is advertised unaccompanied by the Explanatory Booklet, a copy of the Explanatory Booklet can be obtained by anyone entitled to attend the Scheme Meeting from Legend's website <https://www.legendcorporate.com>, or by contacting the Company Secretary of Legend Corporation Limited or the Share Registry.



APPENDIX FOUR
Scheme Implementation
Agreement



Execution version

Scheme Implementation Agreement

—
Legend Corporation Limited ACN 102 631 087
(**Legend**)

Greenland BidCo Pty Ltd ACN 633 363 096 (**BidCo**)
—

Scheme Implementation Agreement

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Details

Date 24 May 2019

Parties

Name **Legend Corporation Limited** ACN 102 631 087

Short form name **Legend**

Notice details 1 Butler Drive, Hendon, South Australia 5014

Email: bdowe@legendcorporate.com

Attention: Brad Dowe

Name **Greenland BidCo Pty Ltd** ACN 633 363 096

Short form name **BidCo**

Notice details Level 27, Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000

Email: andrew.bullock@adamantem.com.au

Attention: Andrew Bullock

Background

- A Legend and BidCo have agreed to implement the Proposed Transaction on and subject to the terms and conditions of this agreement.
- B Legend and BidCo have agreed certain other matters in connection with the Proposed Transaction as set out in this agreement.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this agreement, unless the context otherwise requires, the following words and expressions have meanings as follows:

Acceptable Confidentiality Agreement means a confidentiality agreement which contains obligations on the recipient of confidential information which are no less onerous in any material respect than the obligations of BidCo under the Confidentiality Agreement.

Accounting Standards means:

- (a) the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied in Australia, except those inconsistent with the standards or requirements referred to in paragraph (a).

Adamantem means Adamantem Capital Fund 1 GP, LP as general partner for Adamantem Capital Fund 1 L.P., One Funds Management Limited as trustee for Adamantem Capital Fund 1 Trust 1B, One Funds Management Limited as trustee for Adamantem Capital Fund 1 Trust 1D, One Investment Management Pty Limited as trustee for Adamantem Capital Fund 1 Trust 1E and Columbus Investment Services Ltd as trustee for Adamantem Capital Co-Investment Trust.

Adamantem Related Person means, in respect of Adamantem:

- (a) a Related Body Corporate of Adamantem; and
- (b) any director, officer, member or employee of Adamantem or of a Related Body Corporate of Adamantem.

Adviser means in relation to an entity:

- (a) a financier to the entity in connection with the Proposed Transaction; or
- (b) a financial, corporate, legal, accounting, technical or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Proposed Transaction by the entity.

Announcement means an announcement by Legend in the form agreed by Legend and BidCo (both acting reasonably), prior to signing of this agreement.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of that Act included a reference to this agreement and Legend was the designated body.

ASX means ASX Limited (ABN 98 008 624 691) or as the context requires or permits, the financial market known as the Australian Securities Exchange operated by it.

Authorisation means any approval, licence, consent, authority or permit.

Authorised Person means, in respect of a person:

- (a) a director, officer, member or employee of the person;
- (b) an Adviser of the person;
- (c) a director, officer or employee of an Adviser of the person; and

Appendix 4. Scheme Implementation Agreement

(d) where the person is Adamantem, an Adamantem Related Person.

BidCo Break Fee has the meaning given to that term in clause 15.1(a).

BidCo Facility Agreement means the debt facility agreement to be entered into under the Debt Commitment Letter.

BidCo Group means BidCo and each of its Related Bodies Corporate (excluding, at any time, Legend and its Subsidiaries to the extent that Legend and its Subsidiaries are Subsidiaries of BidCo at that time). A reference to a member of the **BidCo Group** or a **BidCo Group Member** is a reference to BidCo or any such Related Bodies Corporate.

BidCo Information means such information regarding BidCo that is provided by or on behalf of BidCo or any of its Advisers, to Legend or the Independent Expert for inclusion in the Explanatory Booklet (and that is specifically identified as such by BidCo) and, for the avoidance of doubt, does not include the Legend Information or the Independent Experts Report.

BidCo Parties means BidCo, Adamantem, Adamantem Capital Management Pty Limited and their respective Related Bodies Corporate and Authorised Persons.

BidCo Prescribed Occurrence means the occurrence of an Insolvency Event in relation to BidCo.

BidCo Related Person means, in respect of BidCo:

- (a) a Related Body Corporate of BidCo; and
- (b) any director, officer, member or employee of BidCo or of a Related Body Corporate of BidCo.

BidCo Warranties means the representations and warranties of BidCo set out in clause 10.1.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne, Victoria, Australia.

Claim means, in relation to a person, a demand, claim, action or proceeding made or brought by or against the person, however arising and whether present, unascertained, immediate, future or contingent.

Competing Proposal means any offer, proposal, transaction or expression of interest under which, if ultimately completed, a person or two or more persons who are Associates would:

- (a) directly or indirectly acquire Voting Power in Legend of more than 20% or otherwise acquire, or have a right to acquire, a legal, beneficial or economic interest in more than 20% of the Shares or the share capital of any material subsidiary of Legend (including through one or more derivative contracts);
- (b) acquire control (within the meaning of section 50AA of the Corporations Act) of, or directly or indirectly merge with, Legend or a material subsidiary of Legend;
- (c) directly or indirectly acquire, become the holder of or have a right to acquire a legal, beneficial or equitable interest in, or control of, all or a substantial part of the property or any of the material assets of Legend Group, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, such property or assets; or
- (d) enter into any agreement, arrangement or understanding requiring Legend to abandon, or otherwise fail to proceed with, the Proposed Transaction,

whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.

Conditions means the conditions set out in clause 3.1 and **Condition** means any one of them.

Appendix 4. Scheme Implementation Agreement

Confidentiality Agreement means the confidentiality agreement between Legend and Adamantem Capital Management Pty Limited dated 5 February 2019.

Corporations Act means the *Corporations Act 2001* (Cth).

Counter Proposal has the meaning given in clause 16.7(b).

Court means the Supreme Court of Victoria or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing.

Cut-Off Date has the meaning given in clause 16.7(b).

Debt Commitment Letter means the credit-approved, executed commitment letter and accompanying term sheet from certain banks or other financial institutions addressed to BidCo and dated on or about the date of this agreement.

Data Room means the Project Greenland web based data room hosted by Ansarada at <https://dataroom.ansarada.com/mvc/ProjGreenland%7C45727/2858996/spa/documents> prior to the date of this agreement.

Deed Poll means the deed poll to be executed by BidCo prior to the First Court Date, in the form set out in Schedule 3 or in such other form as is acceptable to Legend acting reasonably.

Delivery Time means, in relation to the Second Court Date, 2 hours before the commencement of the hearing (or if the commencement of the hearing is adjourned, the commencement of the adjourned hearing), of the Court to approve the Scheme in accordance with section 411(4)(b) of the Corporations Act.

Dividend Record Date means the record date for the Special Dividend, being 7.00pm on the first Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.

Due Diligence Material means the written information disclosed by or on behalf of Legend and its Subsidiaries (including management presentations and all written responses provided in response to written questions or requests for information) to BidCo or any of its Authorised Persons prior to the date of this agreement in the Data Room.

EBITDA means earnings from ordinary, continuing activities of the Legend Group before interest, tax, depreciation and amortisation calculated in accordance with the accounting policies and practices applied by Legend as at the date of this agreement, excluding:

- (a) all costs and expenses incurred by Legend associated with the Scheme process and the Scheme, including all fees payable to external advisers of Legend; and
- (b) the impact of any transaction entered into by a member of the Legend Group or any other event that is of a non-recurring nature where that impact itself is also of a non-recurring nature.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to that Scheme.

Effective Date, with respect to the Scheme, means the date on which the Scheme becomes Effective.

End Date means:

- (a) 31 October 2019; or
- (b) such other date and time agreed in writing between BidCo and Legend.

Equity Commitment Letter means the binding, executed commitment letter dated on or about the date of this agreement addressed to HoldCo and BidCo from Adamantem, agreed to and accepted by HoldCo and BidCo.

Appendix 4. Scheme Implementation Agreement

Exclusivity Period means the period commencing on the date of this agreement and ending on the earliest of:

- (a) the End Date;
- (b) the Effective Date of the Scheme; and
- (c) the date this agreement is terminated in accordance with its terms.

Explanatory Booklet means the explanatory booklet to be prepared by Legend in respect of the Proposed Transaction in accordance with the terms of this agreement and to be dispatched to Legend Shareholders.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of monies 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;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or business;
- (f) agreement for the deferral of a purchase price or other payment in relation to the provision of services other than in the ordinary course of business of the Legend Group; or
- (g) obligation to deliver goods or provide services paid for in advance by any financier.

First Court Date means the date the Court first hears the application to order the convening of the Scheme Meeting under section 411(1) of the Corporations Act that the Scheme Meeting be convened is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Governmental Agency means any Australian government or representative of an Australian state or federal government or any Australian governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and includes any minister, ASIC, ASX and any Australian regulatory organisation established under statute or any stock exchange.

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 Legend Shareholders present and voting, either in person or by proxy.

HoldCo means Greenland HoldCo Pty Ltd ACN 633 361 921.

Implementation Date means, with respect to the Scheme, the later of:

- (a) the seventh Business Day following the Scheme Record Date; or
- (b) the fifteenth Business Day following the date of the Scheme Meeting,

or such other Business Day as the parties agree.

Independent Expert means an expert, independent of the parties, engaged by Legend in good faith to opine on whether the Scheme is in the best interest of Legend Shareholders.

Independent Expert's Report means the report from the Independent Expert commissioned by Legend for inclusion in the Explanatory Booklet, which includes a statement by the Independent Expert on whether, in its opinion, the Scheme is in the best interest of Legend Shareholders, and includes any update of that report by the Independent Expert.

Appendix 4. Scheme Implementation Agreement

Insolvency Event means in relation to a person:

- (a) **insolvency official**: the appointment of a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law) to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;
- (b) **arrangements**: the entry by the person into a scheme of arrangement (other than the Scheme) or composition with its creditors or takes similar actions as a result of which the entity's assets are, or are proposed to be, submitted to the control of its creditors;
- (c) **winding up**: the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) **suspends payments**: the person suspends or threatens to suspend payment of its debts, or becomes unable to pay its debts, as and when they become due;
- (e) **ceasing business**: the person ceases or threatens to cease to carry on business;
- (f) **insolvency**: the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) **creditor protection**: the entity seeks or obtains protection from its creditors under any statute or any other law;
- (h) **deregistration**: the person being deregistered as a company or otherwise dissolved;
- (i) **deed of company arrangement**: the person executing a deed of company arrangement;
- (j) **assets**: any attachment, distress, execution or other process is made or levied against any asset of the entity in excess of A\$1,000,000 and is not withdrawn, stayed or dismissed within 14 days;
- (k) **person as trustee or partner**: the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
 - (i) a breach of trust or obligation as partner by the person;
 - (ii) the person acting outside the scope of its powers as trustee or partner;
 - (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability;
 - (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (l) **analogous events**: anything analogous to those set out in any of paragraphs (a) to (k) inclusive occurs in relation to the person under the laws of a foreign jurisdiction,

and a person shall be **Insolvent** if any event specified in paragraphs (a) to (l) inclusive occurs in respect of that person.

Interest Rate means the 90 day Bank Bill Swap Reference Rate as published as at the relevant due date for payment by the Australian Financial Markets Association.

Legend Break Fee has the meaning given to that term in clause 14.3(a).

Legend Board means the board of directors of Legend (or any committee of the board of directors of Legend constituted to consider the Proposed Transaction on behalf of Legend).

Appendix 4. Scheme Implementation Agreement

Legend Consolidated Tax Group means the consolidated group of which Legend is the head company (where 'consolidated group' and 'head company' have the same meaning as in the *Income Tax Assessment Act 1997* (Cth)).

Legend Director means a director of Legend who is a member of the Legend Board.

Legend Group means Legend and its Subsidiaries.

Legend Information means information to be included by Legend in the Explanatory Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and the *Corporations Regulations 2001* (Cth), and any other information that is material to the making of a decision by Legend Shareholders whether or not to vote in favour of the Scheme, being information that is within the knowledge of Legend's directors and has not previously been disclosed to Legend Shareholders, other than the BidCo Information and the Independent Expert's Report.

Legend Parties means each member of the Legend Group and its Related Bodies Corporate and Authorised Persons.

Legend Prescribed Occurrence means the occurrence of any of the following on or after the date of this agreement:

- (a) Legend converts all or any of its shares into a larger or smaller number of shares (see section 254H of the Corporations Act);
- (b) any member of the Legend Group resolves to reduce its share capital in any way;
- (c) any member of the Legend Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) any member of the Legend Group issues securities, or grants a Performance Right, or an option over its securities, or agrees to make such an issue or grant such a right or an option other than under the exercise of an option or Performance Right on issue immediately before the date of this agreement;
- (e) any member of the Legend Group issues, or agrees to issue, convertible notes;
- (f) any member of the Legend Group disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) any member of the Legend Group creates or agrees to create, any security interest over the whole, or a substantial part, of its business or property;
- (h) an Insolvency Event occurs in relation to any member of the Legend Group;
- (i) Legend pays, declares, distributes or incurs a liability to make or pay a dividend, bonus or other share of its profits, income, capital or assets by way of dividend or other form of distribution other than in respect of any Special Dividend;
- (j) any member of the Legend Group ceases, or threatens to cease to, carry on the business conducted as at the date of this agreement;
- (k) any member of the Legend Group directly or indirectly authorises, commits or agrees to take or announces any of the actions referred to in paragraphs (a) to (j) above insofar as it applies to the member of the Legend Group the subject of such direct or indirect authorisation, commitment, agreement or announcement;

provided that a Legend Prescribed Occurrence will not include any matter:

- (l) expressly required to be done or procured by the Legend Group under this agreement or the Scheme;
- (m) required by law or by an order of a court or Governmental Agency;

Appendix 4. Scheme Implementation Agreement

- (n) to the extent it is Fairly Disclosed in filings of Legend with the ASX in the 24 months prior to the date of this agreement;
- (o) to the extent it is Fairly Disclosed in the Due Diligence Material; or
- (p) the undertaking of which BidCo has approved in writing.

Legend Shareholder means each person who is registered in the Register as a holder of Shares.

Legend Warranties means the representations and warranties of Legend set out in clause 10.3.

Listing Rules means the official listing rules of ASX as amended from time to time.

Material Adverse Change means:

- (a) an event, change, condition, matter, thing or circumstance that occurs, is announced or becomes known to BidCo or the Legend Board (in each case whether or not it becomes public) after the date of this agreement which (in each case determined in accordance with Accounting Standards):
 - (i) has or could reasonably be expected to have individually or when aggregated with all such events, changes, conditions, matters, things or circumstances the effect of diminishing the net assets of the Legend Group as reported in Legend's financial statements for the year ended 30 June 2018 by 5% or more;
 - (ii) has or could reasonably be expected to have individually or when aggregated with all such events, changes, conditions, matters, things or circumstances the result of a diminution in the annual consolidated EBITDA of the Legend Group as reported in Legend's financial statements for the year ended 30 June 2018 of 5% or more;
 - (iii) has or could reasonably be expected to have the effect of increasing the Legend Group's Projected Net Debt by at least \$1,000,000;
 - (iv) has or could reasonably be expected to have the result that the business of the Legend Group is unable to be carried on in substantially the same manner as carried on at the date of this agreement; or
- (b) one or more Material Suppliers communicates to Legend or BidCo, or any of their respective Authorised Persons, either orally or in writing, that it does not intend to continue supplying its goods or services to Legend and Legend has not, within a reasonable period before the Delivery Time, secured an alternative supplier of equivalent or superior scale and reputation for relevant goods or services of equivalent or superior quality on substantially similar or more favourable terms,

but does not include any event or circumstance:

- (c) required to be done or procured by Legend under this agreement or the Scheme, including the declaration and payment of the Special Dividend;
- (d) which BidCo has previously approved in writing;
- (e) to the extent it was Fairly Disclosed in the Due Diligence Materials or in documents that were publicly available in the 24 months prior to the date of this agreement from public filings of Legend with ASX, ASIC or Public Registers;
- (f) relating to costs and expenses incurred by Legend associated with the Scheme process, including all fees payable to external advisers of Legend, to the extent such amounts are agreed between Legend and BidCo prior to the date of this agreement;
- (g) a matter, event or circumstance comprising a change in any applicable law; or
- (h) relating to any material adverse change or major disruption to the existing financial markets, political or economic conditions of Australia, excluding any events, changes, conditions, matters, things or circumstances which have a disproportionate effect on the Legend Group as compared to other participants in the industries in which the Legend Group operates.

Appendix 4. Scheme Implementation Agreement

Material Contracts means the contracts agreed in a letter between BidCo and Legend dated on or about the date of this agreement.

Material Suppliers means the suppliers to the Legend business agreed in a letter between BidCo and Legend dated on or about the date of this agreement.

Performance Right means a right granted by Legend to acquire by way of issue a Share.

Performance Rights Holder means a person who holds a Performance Right.

Permitted Indebtedness means any of the following:

- (a) any Financial Indebtedness owed by a wholly-owned Legend Group member to another wholly-owned Legend Group member; or
- (b) any Financial Indebtedness under equipment loans, hire purchase arrangements, leases or similar arrangements up to \$500,000 in aggregate at any time.

Permitted Security Interest means any of the following:

- (a) any lien, charge or other Security Interest arising by operation of law that arises in the ordinary course of business and not securing Financial Indebtedness;
- (b) any retention of title or conditional sale arrangement in connection with the acquisition of goods in the ordinary course of business;
- (c) a PPS Lease (as defined in the PPSA);
- (d) any security interest within the meaning of section 12(3) of the PPSA; and
- (e) any Security Interest approved in writing by BidCo (such consent not to be unreasonably withheld or delayed in respect of any Security Interest granted in the ordinary course of Legend or any Legend Group Member's business).

PPSA means the *Personal Property Securities Act 2009* (Cth).

Projected Net Debt means an estimate of the Legend Group's consolidated net debt as at the Projected Net Debt Date, that estimate being \$21,600,000 as at the date of this agreement.

Projected Net Debt Date means 31 August 2019.

Proposed Transaction means:

- (a) the proposed acquisition by BidCo in accordance with the terms and conditions of this agreement, of all of the Shares through the implementation of the Scheme; and
- (b) all associated transactions and steps contemplated by this agreement.

Public Registers means the PPS Register and the public registers maintained by:

- (a) IP Australia;
- (b) the High Court, Federal Court or any Supreme Court of any State or Territory in Australia; or
- (c) the New South Wales Land Registry Services, Land Use Victoria, Queensland Title Registry, Landgate Western Australia and Land Services South Australia.

Register means the register of shareholder maintained by Legend under section 168(1) of the Corporations Act.

Regulatory Approvals means the approvals set out in clause 3.1(a).

Related Body Corporate of a person means:

- (a) a related body corporate of that person under section 50 of the Corporations Act and includes any body corporate that would be a related body corporate if section 48(2) of the Corporations Act was omitted; and

Appendix 4. Scheme Implementation Agreement

- (b) in respect of Adamantem, includes any fund, limited partnership or other collective investment vehicle which is managed or controlled by Adamantem (or its general partner) or a related body corporate (as referred to paragraph (a) above) of Adamantem.

Relevant Interest has the meaning given in the Corporations Act.

RG 60 means Regulatory Guide 60 issued by ASIC.

Sanctioned Person means, at any time:

- (a) any person listed in any sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, any Member State of the European Union, the United Kingdom, Canada, or Australia;
- (b) any person operating organised or resided in a U.S Sanctioned Country (including Iran, Syria, Sudan, Cuba, North Korea, or the Crimea Region of Ukraine); or

any person owned or controlled by any such person.

Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Legend and Scheme Shareholders in respect of all Scheme Shares, substantially in the form set out in Schedule 2 or in such other form as the parties agree in writing, subject to any alterations or conditions that are:

- (a) agreed to in writing by Legend and BidCo, and approved by the Court; or
- (b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by each party.

Scheme Consideration means, in respect of each Scheme Share held by a Scheme Shareholder, \$0.365 cash (as reduced by the amount of any Special Dividend).

Scheme Meeting means the meeting of Legend Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means 7.00pm on the fourth Business Day (or such other Business Day as the parties agree in writing) following the Effective Date.

Scheme Share means a Share on issue as at the Scheme Record Date.

Scheme Shareholder means a person who holds one or more Scheme Shares.

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 scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard.

Security Interest means any mortgage, charge, pledge, lien, assignment or other security interest or any other arrangement (including a right of set off or combination) entered into for the purpose of conferring a priority, including any security interest as defined in section 51A of the Corporations Act or in the PPSA.

Senior Manager means an employee of any member of the Legend Group reporting directly to the managing director, chief financial officer or group chief operating officer of Legend.

Share means an issued fully paid ordinary share in the capital of Legend.

Share Splitting means the splitting by a holder of Legend Shares into two or more parcels of Legend Shares whether or not it results in any change in beneficial ownership of the Legend Shares.

Special Dividend means a cash only dividend of up to \$0.07 per Share, to be paid by Legend (in its absolute discretion) in accordance with clause 7.4, between the date of this agreement and the Implementation Date.

Appendix 4. Scheme Implementation Agreement

Stock means all stocks of raw materials, materials used in manufacture, packaging materials, finished goods, goods under manufacture, work in progress, components, consumables and other stock in trade of the Legend Group business, including goods in transit and stock ordered by and paid for by any Legend Group member before the Implementation Date but not received by the Implementation Date.

Subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Superior Proposal means a bona fide Competing Proposal (in relation to which there has been no contravention of clause 16 by Legend) which the Legend Board, acting in good faith in the interests of Legend and its shareholders, and after taking written advice from its legal and financial advisers, determines:

- (a) is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and
- (b) would be more favourable to Legend Shareholders than the latest proposal provided by a member of the BidCo Group to Legend, taking into account all aspects of the Competing Proposal and the latest proposal provided by a member of the BidCo Group to Legend, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.

Timetable means the indicative timetable in relation to the Proposed Transaction set out in Schedule 1 with such modifications as may be agreed in writing by the parties.

Treasurer means the Treasurer of the Commonwealth of Australia.

Voting Power has the meaning given in section 610 of the Corporations Act.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural, and the converse also applies;
- (b) gender includes other genders;
- (c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a clause, paragraph, schedule or annexure is to a clause or paragraph of, or schedule or annexure to, this agreement, and a reference to this agreement includes any schedule or annexure;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (g) a reference to time is to Melbourne, Australia time;
- (h) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (i) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (j) a reference to legislation or to a provision of legislation (including a listing rule or operating rule of a financial market or of a clearing and settlement facility) includes a modification or re enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
- (k) unless otherwise defined, a word or expression defined in the Corporations Act has the meaning given to it in the Corporations Act;

Appendix 4. Scheme Implementation Agreement

- (l) a reference to conduct includes an omission, statement or undertaking, whether or not in writing;
- (m) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (n) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it;
- (o) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (p) a reference to **Fairly Disclosed** means disclosed to any of BidCo, Legend (as applicable) or any of their respective Authorised Persons to a sufficient extent and in sufficient detail so as to enable a reasonable person who is experienced in transactions similar to the Proposed Transaction and experienced in a business similar to the type of business generally conducted by Legend, to identify the nature and scope of the relevant matter, event or circumstance.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.5 Consents or approvals

If the doing of any act, matter or thing under this agreement is dependent on the consent or approval of a party or is within the discretion of a party, the consent or approval may be given or the discretion may be exercised conditionally or unconditionally or withheld by the party in its absolute discretion unless provided otherwise.

1.6 Listing requirements included as law

A listing rule or operating rule of a financial market or of a clearing and settlement facility will be regarded as a law, and a reference to such a rule is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.7 Reasonable endeavours

Any provision of this agreement which requires a party to use reasonable endeavours or best endeavours to procure that something is performed or occurs or does not occur does not include any obligation:

- (a) to pay any money or provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any Governmental Agency; or
 - (b) to commence any legal action or proceeding against any person,
- except where that provision specifies otherwise.

2. Agreement to propose Scheme

- (a) Legend agrees to propose and implement the Scheme on and subject to the terms and conditions of this agreement, and substantially in accordance with the Timetable.
- (b) BidCo agrees to assist Legend in proposing and implementing the Scheme on and subject to the terms and conditions of this agreement, and substantially in accordance with the Timetable.

Appendix 4. Scheme Implementation Agreement

3. Conditions precedent and pre-implementation steps

3.1 Conditions to Scheme

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 will not be binding, until each of the following conditions precedent is satisfied or waived to the extent and in the manner set out in this clause 3:

- (a) **(Regulatory Approvals):**
 - (i) **(ASIC and ASX)** before the Delivery Time on the Second Court Date, ASIC and ASX issue or provide such consents, waivers, relief or approvals as are necessary or which Legend and BidCo agree are desirable to implement the Scheme and such consent, approval or other act has not been withdrawn or revoked before the Delivery Time on the Second Court Date;
 - (ii) **(FIRB)** before the Delivery Time on the Second Court Date, either:
 - (A) the Treasurer (or his delegate) has provided a notice in writing (without any term or condition which BidCo reasonably considers unacceptable) stating or to the effect that, in terms of Australia's foreign investment policy, the Australian Government does not object to BidCo acquiring the Scheme Shares under the Scheme; or
 - (B) by reason of lapse of time, the Treasurer is no longer empowered under the FATA to make an order prohibiting the acquisition of the Scheme Shares by the Bidder under the Scheme;
- (b) **(No Legend Prescribed Occurrence)** no Legend Prescribed Occurrence occurs between the date of this agreement and the Delivery Time on the Second Court Date;
- (c) **(No BidCo Prescribed Occurrence)** no BidCo Prescribed Occurrence occurs between the date of this agreement and the Delivery Time on the Second Court Date;
- (d) **(Legend Warranties)** the Legend Warranties being true and correct in all material respects on the date of this agreement and at the Delivery Time on the Second Court Date;
- (e) **(BidCo Warranties)** the BidCo Warranties being true and correct in all material respects on the date of this agreement and at the Delivery Time on the Second Court Date;
- (f) **(Shareholder approval)** the Scheme is approved by Legend Shareholders at the Scheme Meeting by the majorities required under section 411(4)(a)(ii) of the Corporations Act;
- (g) **(Legend Performance Rights)** before the Delivery Time on the Second Court Date:
 - (i) legally binding arrangements have been put in place so that all Performance Rights outstanding at the date of this agreement will have either:
 - (A) vested and been exercised prior to the Scheme becoming Effective on terms agreed by the parties (acting reasonably); or
 - (B) otherwise been dealt with as agreed by the parties,such that no Performance Rights are in existence prior to the Scheme becoming Effective; and
 - (ii) Legend has complied with its obligations under clause 5;
- (h) **(Court approval)** the Scheme is approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party;
- (i) **(No Material Adverse Change)** no Material Adverse Change occurs between the date of this agreement and the Delivery Time on the Second Court Date;

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- (j) **(Third Party Consents)** all consents, approvals or waivers of rights by the counterparties under any Material Contracts that are required as a result of a change of control of Legend following the implementation of the Scheme are obtained in a form and subject to conditions acceptable to BidCo (acting reasonably), and such consents, approvals or waivers have not been withdrawn, cancelled or revoked before the Delivery Time on the Second Court Date; and
- (k) **(Restraints)**: no temporary restraining order, preliminary or permanent injunction or other order, in each case issued by a court of competent jurisdiction in Australia in a proceeding brought by a Government Agency preventing or delaying the Proposed Transaction, unless such order or injunction has been disposed of to the reasonable satisfaction of Legend and BidCo acting reasonably and in good faith, is in effect at the Delivery Time on the Second Court Date.

3.2 Benefit and waiver of conditions precedent

- (a) The Conditions in clauses 3.1(a) (Regulatory Approval) and 3.1(k) (Restraints) are for the benefit of each party and any breach or non-fulfilment of them may only be waived (if capable of waiver) with the written consent of both parties, which consent either party may give or withhold in its absolute discretion.
- (b) The Conditions in clauses 3.1(b) (No Legend Prescribed Occurrences), 3.1(d) (Legend Warranties), 3.1(g) (Legend Performance Rights), 3.1(i) (No Material Adverse Change) and 3.1(j) (Third Party Consents) are for the sole benefit of BidCo and any breach or non-fulfilment of them may only be waived by BidCo giving its written consent.
- (c) The Conditions in clauses 3.1(c) (No BidCo Prescribed Occurrences) and 3.1(e) (BidCo Warranties) are for the sole benefit of Legend and any breach or non-fulfilment of them may only be waived by Legend giving its written consent.
- (d) A party entitled to waive a Condition under this clause 3.2 may do so in its absolute discretion. Any waiver of a Condition by a party for whose benefit the condition applies must take place on or prior to the Delivery Time on the Second Court Date. The Conditions in clauses 3.1(f) (Shareholder approval) and 3.1(h) (Court approval) cannot be waived.
- (e) If a party waives the breach or non-fulfilment of any of the Conditions in clause 3.1, that waiver will not preclude it from suing the other party for any breach of this agreement including a breach that resulted in the non-fulfilment of the Condition that was waived.

3.3 Reasonable endeavours

- (a) Legend and BidCo will use their respective reasonable endeavours to procure that each of the Conditions (as applicable) is satisfied as soon as reasonably practicable after the date of this agreement or continues to be satisfied at all times until the last time they are to be satisfied (as the case may require).
- (b) Without limiting clauses 3.4 and 3.5 below, each of Legend and BidCo must:
 - (i) consult and co-operate fully with the other party in relation to the satisfaction of the Conditions, including in relation to all material communications with any Governmental Agency in relation to Regulatory Approvals;
 - (ii) promptly apply for all relevant Regulatory Approvals and provide the other party with a copy of all applications for Regulatory Approvals and all material communications with any Governmental Agency in relation to Regulatory Approvals;
 - (iii) take all the steps for which it is responsible as part of the Regulatory Approvals process;
 - (iv) respond to all requests for information in respect of the applications for Regulatory Approvals at the earliest practicable time; and

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- (v) provide the other with all information and assistance reasonably requested in connection with the applications for Regulatory Approvals,
provided that:
- (vi) 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; and
- (vii) neither party is required to disclose materially commercially sensitive information to the other party.

3.4 Notifications

Each of BidCo and Legend 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
- (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 3.3).

3.5 Certificate

At or before the hearing on the Second Court Date:

- (a) BidCo and Legend will provide a joint certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(a) (Regulatory Approval) and 3.1(k) (Restraints) have been satisfied or waived in accordance with the terms of this agreement;
- (b) Legend will provide a certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(b) (No Legend Prescribed Occurrences), 3.1(d) (Legend Warranties), 3.1(f) (Shareholder approval), 3.1(g) (Legend Performance Rights), 3.1(i) (No Material Adverse Change) and 3.1(j) (Third Party Consents) have been satisfied or waived in accordance with the terms of this agreement;
- (c) BidCo will provide a certificate to the Court confirming whether or not the Conditions set out in clauses 3.1(c) (No BidCo Prescribed Occurrences) and 3.1(e) (BidCo Warranties) have been satisfied or waived in accordance with the terms of this agreement;
- (d) Legend will provide a certificate to BidCo confirming whether or not:
 - (i) it has breached any of its obligations under this agreement (including a breach of a representation or warranty), and if it has, giving details of such breaches; and
 - (ii) any Material Adverse Change has occurred and, if it has, giving details of each Material Adverse Change; and
- (e) BidCo will provide a certificate to Legend confirming whether or not it has breached any of its obligations under this agreement (including a breach of a representation or warranty), and if it has, giving details of such breaches.

3.6 Scheme voted down because of Headcount Test

If the Scheme is not approved by Legend Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test and Legend or BidCo considers, acting reasonably, that Share Splitting or some abusive or improper conduct may have caused or contributed to the Headcount Test not having been satisfied then Legend must:

- (a) 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

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- (b) make such submissions to the Court and file such evidence as counsel engaged by Legend to represent it in Court proceedings related to the Scheme, in consultation with BidCo, 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.

3.7 Conditions not capable of being fulfilled

- (a) If:
 - (i) any Condition is not satisfied or (where capable of waiver) waived by the date specified in this agreement for its satisfaction (or an event occurs which would or does prevent a condition precedent being satisfied by the date specified in this agreement);
 - (ii) a circumstance occurs with the result that a Condition is not capable of being fulfilled and, if the Condition is able to be waived by a party under clause 3.2 the party does not waive the Condition within 5 Business Days after the occurrence of the circumstance; or
 - (iii) it becomes more likely than not that the Scheme does not become Effective by the End Date,
then Legend and BidCo 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 or date for satisfaction of the Condition;
 - (vi) to change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties; or
 - (vii) to extend the End Date.
- (b) Subject to clause 3.7(c), if a Condition becomes incapable of being satisfied before the End Date and Legend and BidCo are unable to reach agreement under clause 3.7(a) within 10 Business Days of the date on which they both become aware that the Condition has become incapable of being satisfied (or, if earlier, by the Delivery Time on the Second Court Date), then unless the relevant Condition (where capable of waiver) is waived:
 - (i) in relation to the Conditions in clauses 3.1(a) (Regulatory Approval), 3.1(f) (Shareholder approval) 3.1(h) (Court approval) and 3.1(k) (Restraints), either BidCo or Legend may terminate this agreement by giving the other notice without any liability to any party by reason of that termination alone;
 - (ii) in relation to the Conditions in clauses 3.1(b) (No Legend Prescribed Occurrences), 3.1(d) (Legend Warranties), 3.1(g) (Legend Performance Rights), 3.1(i) (No Material Adverse Change) and 3.1(j) (Third Party Consents), BidCo may terminate this agreement by giving Legend notice without any liability to any party by reason of that termination alone; and
 - (iii) in relation to the Conditions in clauses 3.1(c) (No BidCo Prescribed Occurrences) and 3.1(e) (BidCo Warranties), Legend may terminate this agreement by giving BidCo notice without any liability to any other party by reason of that termination alone.
- (c) A party will not be entitled to terminate this agreement under clause 3.7(b) if the relevant Condition has not been satisfied as a result of:
 - (i) a breach of this agreement by that party; or
 - (ii) a deliberate act or omission of that party which either alone or together with other circumstances prevents that Condition being satisfied.

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3.8 Interpretation

For the purposes of this clause 3, a Condition will be incapable of satisfaction, or incapable of being fulfilled if:

- (a) in the case of a Condition relating to a Regulatory Approval – the relevant Governmental Agency makes or has made a final adverse determination in writing to the effect that it will not provide the Regulatory Approval; and
- (b) in all other cases – there is an act, failure to act or occurrence that will prevent the Condition being satisfied by the End Date (and the breach or non-fulfilment that would otherwise have occurred has not already been waived in accordance with this agreement).

4. Transaction Steps

4.1 Scheme

Legend must, as soon as reasonably practicable after the date of this agreement and substantially in compliance with the Timetable, propose the Scheme under which, subject to the Scheme becoming Effective, all of the Scheme Shares will be transferred to BidCo and the Scheme Shareholders will be entitled to receive, for each Scheme Share held at the Scheme Record Date, the Scheme Consideration.

4.2 Scheme Consideration

BidCo covenants in favour of Legend (in Legend's own right and separately as trustee for each Scheme Shareholder) that, in consideration of the transfer to BidCo of the Scheme Shares under the terms of the Scheme), on the Implementation Date, BidCo will:

- (a) accept that transfer; and
- (b) provide each Scheme Shareholder the Scheme Consideration, in accordance with the Scheme.

4.3 Deed Poll

BidCo covenants in favour of Legend (in Legend's own right and separately as trustee for each of the Scheme Shareholders) to execute, deliver and perform the Deed Poll prior to the dispatch of the Explanatory Booklet.

5. Treatment of Performance Rights

5.1 Performance Rights

- (a) As soon as practicable after the date of this agreement, the Legend Board must give a written notice to each Performance Rights Holder stating that:
 - (i) subject to obtaining the necessary waivers from ASX and the Scheme being approved by Legend Shareholders at the Scheme Meeting, the Performance Rights Holder may exercise his Performance Rights at any time prior to the Scheme becoming Effective;
 - (ii) subject to the Performance Rights Holder exercising his rights in accordance with clause 5.1(a)(i), Legend agrees to issue to the Performance Rights Holder such number of Shares to which the Performance Rights Holder is entitled prior to the Scheme becoming Effective.
- (b) Without limiting clause 5.1(a), Legend must, subject to obtaining the necessary waivers from ASX and the Scheme being approved by Legend Shareholders at the Scheme Meeting, take all necessary steps to permit each Performance Rights Holder to exercise

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his Performance Rights prior to the Scheme becoming Effective by accelerating the vesting of all unvested Performance Rights.

5.2 Other entitlements to Legend Shares

Other than in relation to a Performance Right, Legend must ensure that prior to the Delivery Time on the Second Court Date all agreements (whether oral or written) to which a Legend Group member is a party and under which a Legend Group member has an obligation to issue Shares to a third party, or otherwise gives a third party a right to be issued shares in a Legend Group member, are amended to remove such obligation or right.

6. Recommendation, intentions and announcements

6.1 Legend Board Recommendation and Voting Intention

- (a) Legend must ensure that the Announcement and the Explanatory Booklet state that each Legend Director:
- (i) considers the Scheme to be in the best interests of Legend shareholders and that the Legend Director recommends that Legend Shareholders vote in favour of the Scheme (**Recommendation**); and
 - (ii) intends to cause any Shares in which they have a Relevant Interest to be voted in favour of the Scheme (**Voting Intention**),
- in each case qualified only by words to the effect of:
- (iii) 'in the absence of a Superior Proposal'; and
 - (iv) other than in respect of the Explanatory Booklet, 'subject to the Independent Expert concluding that the Scheme is in the best interest of Legend Shareholders'.
- (b) Legend must ensure that the Legend Board collectively, and the members of the Legend Board individually, do not change, withdraw or modify its or his Recommendation or Voting Intention unless:
- (i) Legend has received, other than as a result of a breach of clause 16, a Superior Proposal and (i) has entered into a legally binding agreement to undertake or give effect to that proposal or (ii) in the case of a proposal by way of takeover bid which is not subject to an agreement with Legend, an announcement has been made which attracts section 631(1) of the Corporations Act; or
 - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any subsequent update of its report) that the Scheme is not in the best interest of the Legend Shareholders (other than where the conclusion is due to the existence of a Competing Proposal),

and Legend has complied with its obligations under clause 16 (including ensuring that all of BidCo's rights under clause 16.7 have been exhausted).

6.2 Confirmation

Legend represents and warrants to BidCo that each Legend Director has confirmed his 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 6.1(b)

6.3 Announcements

- (a) Promptly after the execution of this agreement Legend must issue the Announcement to the ASX.

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- (b) Any further public announcements by Legend or BidCo in relation to, or in connection with, the Proposed Transaction or any other transaction related to this agreement or the Scheme may only be made in a form approved by each party in writing (acting reasonably). Where a party is required by law or the Listing Rules to make any announcement or to make any disclosure in relation to, or in connection with the Proposed Transaction or any other transaction related to this agreement or the Scheme, it may do so to the extent legally required and only then after it has given the other party as much notice as reasonably possible and has consulted to the fullest extent reasonably possible in the circumstances with the other party.

7. Scheme – parties' respective implementation obligations

7.1 Legend's obligations

Legend 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 and substantially in accordance with the Timetable, including without limitation taking each of the following steps:

- (a) **(Explanatory Booklet)** prepare the Explanatory Booklet in accordance with clause 7.3;
- (b) **(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;
- (c) **(review of draft Independent Expert's Report)** on receipt from the Independent Expert, provide BidCo with the draft report received from the Independent Expert for factual accuracy review (noting in each case that any draft of the Independent Expert's Report provided to BidCo for review will not include those sections containing the Independent Expert's opinion), and promptly give to the Independent Expert any comments that BidCo provides Legend in relation to factual matters regarding BidCo in any draft 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 Explanatory Booklet suitable for review by ASIC, procure that a meeting of the Legend Board, or of a committee of the Legend 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 and approval for the purposes of section 411(2) of the Corporations Act;
- (e) **(liaison with ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Explanatory Booklet:
 - (i) provide that draft of the Explanatory Booklet, in a form approved in accordance with clauses 7.1(d) and 7.2(e), to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act; and
 - (ii) liaise with ASIC during the period of its consideration of that draft of the Explanatory Booklet and keep BidCo reasonably informed of any material matters raised by ASIC in relation to the Explanatory Booklet and use reasonable endeavours, in consultation with BidCo, to resolve any such matters (provided that, where any matters relate to BidCo Information, Legend must not take any steps to address them without the prior written consent of BidCo, not to be unreasonably withheld or delayed);
- (f) **(approval of Explanatory Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Explanatory Booklet, procure that a meeting of the Legend Board, or of a committee of the Legend Board appointed for the purpose, is held to consider approving the Explanatory Booklet for dispatch to the Legend Shareholders, subject to orders of the Court under section 411(1) of the Corporations Act;

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- (g) **(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 has no objection to the Scheme;
- (h) **(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 7.1(f) and 7.2(f) have been received, an application is heard by the Court for an order under section 411(1) of the Corporations Act directing Legend to convene the Scheme Meeting;
- (i) **(registration of explanatory statement)** request ASIC to register the explanatory statement included in the Explanatory Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act;
- (j) **(information)**
 - (i) provide reasonable information about the Scheme and the Legend Shareholders to BidCo and its Related Bodies Corporate, which BidCo requests and reasonably requires in order to:
 - (A) canvass views on the Scheme by Legend Shareholders;
 - (B) facilitate the provision by, or on behalf of, BidCo of the Scheme Consideration; or
 - (C) review the tally of proxy appointments and directions received by Legend before the Scheme Meeting;
 - (ii) within 5 Business Days after the date of this agreement, provide BidCo with:
 - (A) a copy of the Legend Register as at the date of this agreement to the extent doing so does not breach applicable privacy laws; and
 - (B) the most recently available information in Legend's possession regarding the beneficial ownership of Legend Shares including a copy of the most recent beneficial ownership analysis report received by Legend (which, for the avoidance of doubt, may be as at a date prior to the date of this agreement);
 - (iii) provide BidCo:
 - (A) on a fortnightly basis, a copy of the latest Legend Register; and
 - (B) on a fortnightly basis, the most recently available information in Legend's possession regarding the beneficial ownership of Legend Shares including a copy of the most recent beneficial ownership analysis report received by Legend,provided that if the Legend Register or any beneficial ownership analysis report is received by Legend more frequently than on a fortnightly basis Legend must provide BidCo with a copy of each such report after it is received by Legend;
- (k) **(convening Scheme Meeting)** take all reasonable steps necessary to comply with the orders of the Court including, as required, despatching the Explanatory Booklet to the Legend Shareholders and convening and holding the Scheme Meeting;
- (l) **(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 Day immediately following the Scheme Meeting that it can be reasonably expected that all of the Conditions will be satisfied or waived prior to the proposed Second Court Date, apply to the Court for orders approving the Scheme;

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- (m) **(appeal process)** if the Court refuses to make any orders directing Legend to convene the Scheme Meeting or approving the Scheme, Legend and BidCo must:
 - (i) consult with each other in good faith as to whether to appeal the Court's decision; and
 - (ii) appeal the court decision unless the parties agree otherwise or an independent senior counsel opines that, in his view, an appeal would have no reasonable prospect of success;
- (n) **(implementation of Scheme)** if the Scheme is approved by the Court:
 - (i) subject to the Listing Rules, promptly lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act;
 - (ii) determine entitlements to the Scheme Consideration as at the Scheme 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 BidCo on the Implementation Date; and
 - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (o) **(Regulatory notifications)** in relation to the Regulatory Approvals, lodge with any Governmental Agency within the relevant periods all documentation and filings required by law to be so lodged by Legend in relation to the Proposed Transaction;
- (p) **(BidCo Information)** without the prior written consent of BidCo, not use the BidCo Information for any purposes other than those contemplated by this agreement or the Scheme;
- (q) **(Documents)** consult with BidCo in relation to the content of the documents required for the purpose of the Scheme including originating process, affidavits, submissions and draft minutes of Court orders;
- (r) **(Shareholder support)** in consultation with BidCo, promote to its shareholders the merits of the Scheme and encourage Legend Shareholders to vote on the Scheme in accordance with the recommendation of the Legend Board, including soliciting proxy votes in favour of the Scheme; and
- (s) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this agreement are effected in accordance with all applicable laws and regulations.

7.2 BidCo's obligations

BidCo must take all steps reasonably necessary to assist Legend to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable including, without limitation, taking each of the following steps:

- (a) **(BidCo Information)** provide to Legend, in a form appropriate for inclusion in the Explanatory Booklet, all BidCo Information that is required by all applicable law, the Listing Rules and ASIC Regulatory Guides for inclusion in the Explanatory Booklet, which information must without limiting the above:
 - (i) contain all information necessary to enable Legend to ensure that the Explanatory Booklet complies with the requirements of RG 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 Explanatory Booklet; and
 - (iii) be updated by all such further or new material information which may arise after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting

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which is necessary to ensure that it is not misleading or deceptive in any material respect (whether by omission or otherwise);

- (b) **(Regulatory notifications)** in relation to the Regulatory Approvals, lodge with any regulatory authority within the relevant time periods all documentation and filings required by law to be so lodged by BidCo in relation to the Proposed Transaction;
- (c) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report;
- (d) **(review of Explanatory Booklet)** as soon as reasonably practicable after delivery, review the drafts of the Explanatory Booklet prepared by Legend and provide comments on those drafts in good faith;
- (e) **(approval of draft for ASIC)** as soon as reasonably practicable after the preparation of an advanced draft of the Explanatory Booklet suitable for review by ASIC, procure that a meeting of the appropriate representatives of BidCo is held to consider approving those sections of that draft that relate to BidCo as being in a form appropriate for provision to ASIC for review;
- (f) **(approval of Explanatory Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Explanatory Booklet, procure that a meeting of the appropriate representatives of BidCo is held to consider approving those sections of the Explanatory Booklet that relate to BidCo as being in a form appropriate for dispatch to Legend Shareholders, subject to approval of the Court;
- (g) **(Representation)** procure that, if requested by Legend, BidCo is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act;
- (h) **(Legend Information)** without the prior written consent of Legend, not use Legend Information for any purposes other than those contemplated by this agreement or the Scheme; and
- (i) **(Compliance with laws)** do everything reasonably within its power to ensure that all transactions contemplated by this agreement are effected in accordance with all applicable laws and regulations.

7.3 Explanatory Booklet - preparation principles

- (a) As soon as reasonably practicable after the date of this agreement and substantially in accordance with the Timetable, Legend must prepare the Explanatory Booklet in compliance with:
 - (i) all applicable laws, in particular with the Corporations Act, RG 60 and the Listing Rules; and
 - (ii) this clause 7.3.
- (b) The Explanatory 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 Legend Information;
 - (iv) the BidCo Information;
 - (v) a copy of this agreement (without the schedules or annexures);
 - (vi) a copy of the executed Deed Poll; and
 - (vii) a copy of the Independent's Expert Report.

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- (c) The Explanatory Booklet must include a statement that:
 - (i) other than the BidCo Information and the Independent Expert's Report, the Explanatory Booklet has been prepared by Legend and is the responsibility of Legend, and that BidCo assumes no responsibility for the accuracy or completeness of the Explanatory Booklet (other than BidCo Information); and
 - (ii) the BidCo Information has been provided by BidCo and is the responsibility of BidCo, and Legend assumes no responsibility for the accuracy or completeness of the BidCo Information.
- (d) Legend must make available to BidCo drafts of the Explanatory Booklet (excluding any part of the draft Independent Expert's Report which contains the Independent Expert's opinion), consult with BidCo in relation to the content of those drafts (other than the BidCo Information), and consider in good faith, for the purpose of amending those drafts, comments from BidCo on those drafts. BidCo acknowledges and agrees that Legend has ultimate discretion with respect to the preparation, form and content of the Explanatory Booklet, other than as provided in this agreement with respect to the BidCo Information.
- (e) Legend must seek approval from BidCo for the form and context in which the BidCo Information appears in the Explanatory Booklet, which approval BidCo must not unreasonably withhold or delay, and Legend must not lodge the Explanatory Booklet with ASIC until such approval is obtained from BidCo.
- (f) If Legend and BidCo disagree on the form or content of the Explanatory Booklet, they must consult in good faith to try to settle an agreed form of the Explanatory Booklet. If agreement is not reached after reasonable consultation, then:
 - (i) if the disagreement relates to the form or content of any information appearing in the Explanatory Booklet other than the BidCo Information, the Legend Board will, acting in good faith, decide the final form or content of the disputed part of the Explanatory Booklet; and
 - (ii) if the disagreement relates to the form or content of the BidCo Information, Legend will make such amendments to the form or content of the disputed part of the BidCo Information as BidCo reasonably requires.
- (g) Legend must take all reasonable steps to ensure that the Explanatory Booklet (other than the BidCo Information) is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date it is dispatched to Legend Shareholders.
- (h) BidCo must take all reasonable steps to ensure that the BidCo Information is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date on which the Explanatory Booklet is dispatched to Legend Shareholders.
- (i) Legend must provide to BidCo all such further or new information of which Legend becomes aware that arises after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting where this is or may be necessary to disclose to Legend Shareholders to ensure that the Explanatory Booklet continues to comply with the Corporations Act, RG 60 and the Listing Rules.
- (j) BidCo must provide to Legend all such further or new information of which BidCo becomes aware that arises after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting where this is or may be necessary to disclose to Legend Shareholders to ensure that the BidCo Information continues to comply with the Corporations Act, RG 60 and the Listing Rules.
- (k) Legend and BidCo each agree that the efficient preparation of the Explanatory Booklet and the implementation of the Scheme are in the interests of Legend Shareholders and BidCo 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 7.3 and to implement the Scheme as soon as reasonably practicable and substantially in accordance with the Timetable.

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7.4 Payment of Special Dividend and internal payments

- (a) Subject to clause 7.4(b), BidCo acknowledges and agrees that at any time on or prior to the Implementation Date, Legend may, in its sole discretion, announce, declare and pay the Special Dividend.
- (b) If Legend announces, declares and pays the Special Dividend in accordance with clause 7.4(a):
 - (i) the Special Dividend is to be declared on or prior to the Effective Date, and in any event by no later than the last date permitted by the Listing Rules such that the Dividend Record Date is at least 2 clear days before the Scheme Record Date;
 - (ii) the Special Dividend will be paid only to those Legend Shareholders that are on the Register on the Dividend Record Date;
 - (iii) the payment date for the Special Dividend will be the Implementation Date;
 - (iv) the Special Dividend will be franked to the maximum extent possible, subject to the franking account of Legend not being in deficit after the payment of the Special Dividend (and prior to the declaration of or resolution to pay any Special Dividend);
 - (v) the Special Dividend is to be paid from accumulated profits, retained earnings or distributable reserves (or a combination of all or some of them) of the Legend Group existing immediately prior to the declaration of that dividend;
 - (vi) payment of the Special Dividend must comply with the Corporations Act; and
 - (vii) the Scheme Consideration will be reduced by the amount of the Special Dividend.
- (c) Despite any other provision of this agreement, Legend may make any intra group distributions and payments between wholly-owned members of the Legend Group, in order to be able to declare and pay the Special Dividend in accordance with clause 7.4(a).
- (d) Before declaring the Special Dividend, Legend must provide BidCo with supporting documents evidencing that the franking account of Legend shall not be in deficit at any time after the payment of such and that the Special Dividend does not breach the Benchmark Franking Rule of section 203-25 of the *Income Tax Assessment Act 1997* (Cth).
- (e) The provisions of this clause 7.4 do not prevent the determination or payment of a dividend by Legend if this agreement is terminated.

8. Conduct of business before the Implementation Date

8.1 Conduct of Legend business

- (a) Subject to clause 8.2(a), from the date of this agreement up to and including the Implementation Date, Legend must conduct and must cause each of its Subsidiaries to conduct their businesses in the ordinary and usual course of business and:
 - (i) operate those businesses consistent with past practice, in substantially the same manner as conducted in the 12 month period prior to the date of this agreement and use its reasonable endeavours to operate those businesses generally and materially consistent with the business plan and budget for the Legend Group for the 2019 financial year, disclosed in the Due Diligence Materials;
 - (ii) use reasonable endeavours to:
 - (A) preserve their relationships with customers, suppliers, landlords, licensors, licensees, Government Agencies and others having material business dealings with them, and to retain the services of all key employees;
 - (B) preserve and maintain the value of the businesses and assets of the Legend Group; and

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- (C) keep available the services of the directors, officers, contractors and employees of each member of the Legend Group.
 - (iii) use reasonable endeavours to ensure that all assets are maintained in the normal course consistent with its practices in the 12 month period prior to the date of this agreement;
 - (iv) without limiting clause 8.1(a), ensure each Legend Group Member collects receivables and pays payables in a manner generally consistent with its practices in the 12 month period prior to the date of this agreement;
 - (v) not enter into any new line of business or new type of activities in which the Legend Group is not engaged as of the date of this agreement;
 - (vi) ensure that Stock is ordered, managed, maintained or otherwise dealt with consistent with the Legend Group's practices in the 12 month period prior to the date of this agreement, except as otherwise Fairly Disclosed in the Due Diligence Materials;
 - (vii) ensure that no material change is made or permitted to be made to the businesses' product prices, promotional activity or terms of supply of any goods or services other than consistent with its practices in the 12 month period prior to the date of this agreement except as otherwise Fairly Disclosed in the Due Diligence Materials;
 - (viii) manage the working capital of the Legend Group in the ordinary course of business and in substantially the same manner as it was prior to the date of this agreement, except as otherwise Fairly Disclosed in the Due Diligence Materials;
 - (ix) use reasonable endeavours to comply in all material respects with all material contracts to which a member of the Legend Group is a party, and with laws, authorisations and licences applicable to each member of the Legend Group;
 - (x) not take or fail to take any action that constitutes a Legend Prescribed Occurrence or that could reasonably be expected to result in a Legend Prescribed Occurrence; and
 - (xi) use its reasonable endeavours to avoid the occurrence of an event within its control or the control of any other Legend Group Member that would constitute or be likely to constitute a Material Adverse Change.
- (b) Without limiting clause 8.1(a) but subject to clause 8.2(a), Legend must not, and must procure that its Subsidiaries do not, from the date of this agreement up to and including the Implementation Date, do any of the following (or agree or offer to do any of the following):
- (i) incur any additional Financial Indebtedness (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs which are Fairly Disclosed in the Due Diligence Materials) or guarantee or indemnify the obligations of any person other than a member of the Legend Group, other than in the usual and ordinary course of business and consistent with its practices in the 12 month period prior to the date of this agreement;
 - (ii) make any change to its constitution;
 - (iii) (except as required by law or as provided in an existing contract in place as at the date of this agreement) enter into or make any material change to the terms of employment of (including increasing the remuneration or compensation of), any person, including an officer, director, executive or other employee, whose total employment cost exceeds \$150,000 (**Key Person**), in each case other than relating to rights or entitlements in effect on the date of this agreement and which are Fairly Disclosed in the Due Diligence Materials;
 - (iv) amend the terms of any option, performance right, incentive or share plan;

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- (v) accelerate the rights of any of their employees to compensation or benefits of any kind (including under any option, performance right, incentive or share plan) for, in aggregate, in excess of \$100,000;
- (vi) terminate or encourage the resignation of a Key Person, except in accordance with current personnel practices;
- (vii) pay any of its officers, directors, executives or other employees a bonus, severance, termination or retention payment in excess of \$200,000 (in aggregate), other than pursuant to:
 - (A) contractual arrangements in effect on the date of this agreement; or
 - (B) proposed bonus payments for the financial year ending 30 June 2019 consistent with past practice,all of which are Fairly Disclosed in the Due Diligence Materials;
- (viii) settle or compromise any dispute, audit or inquiry in relation to tax or duty or amends any tax return, other than in the ordinary course of its business;
- (ix) (except under contractual arrangements in effect on the date of this agreement and which are Fairly Disclosed in the Due Diligence Materials) enter into any enterprise bargaining agreement or similar collective employment agreement;
- (x) in respect of any single transaction or series of related or similar transactions, acquire, lease or dispose of any interest in a business, securities, assets, real property, entity or undertaking, the value of which exceeds \$100,000, individually or \$500,000 when aggregated with all such businesses, securities, assets, real property, entities or undertakings the subject of the transaction or series of related or similar transactions;
- (xi) enter into, amend or terminate any contracts or commitments with an annual value in excess of \$3,000,000 or with a value over the life of the contracts or commitments in excess of \$10,000,000;
- (xii) incur or enter into commitments involving capital expenditure of more than \$500,000 whether in one transaction or a series of related transactions;
- (xiii) write-down any of its material assets other than in accordance with the Accounting Standards and other than usual stock write-downs conducted in the ordinary course of its business;
- (xiv) enter into, vary or terminate any contract, joint venture, partnership or commitment for a duration of over 2 years or involving total expenditure greater than \$1,000,000 per year, individually or when aggregated with all such contracts, joint ventures, partnerships or commitments;
- (xv) create any Security Interest (other than a Permitted Security Interest) over any of its assets securing in excess of \$500,000 (in aggregate);
- (xvi) provide financial accommodation to any person other than to members of the Legend Group (irrespective of what form of Financial Indebtedness that accommodation takes);
- (xvii) enter into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments other than in the ordinary course of its business;
- (xviii) settle any legal proceedings, disputed claim, investigation, arbitration or other like proceeding where the settlement amount payable by any member of the Legend Group exceeds \$150,000;
- (xix) change any accounting policy applied to a party to report its financial position, other than any change in policy required by a change in accounting standards;

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- (xx) cancel any existing insurance policy in the name of or for the benefit of a Legend Group Member in respect of any material assets or material risks unless a replacement policy (on the same or substantially similar terms) has been put in place;
- (xxi) vary or terminate or intentionally fail to renew any Material Contract or material Authorisation;
- (xxii) do anything that would result in a change in the Legend Consolidated Tax Group;
- (xxiii) amend any arrangements with its advisers, or appoint any new adviser, resulting in an increase in fees payable by the Legend Group to any existing or new adviser of \$100,000 or more (in aggregate), in respect of the Proposed Transaction or a Competing Proposal. For the avoidance of doubt, Legend may make any payment as and when required to be made under an engagement existing at the date of this agreement which are Fairly Disclosed in the Due Diligence Materials in accordance with the terms of that engagement (without amendment); or
- (xxiv) authorise, commit or agree to do any of the matters set out above.

8.2 Permitted activities

- (a) The obligations of Legend under clause 8.1 do not apply in respect of any matter:
 - (i) required to be done by Legend under, or which is otherwise permitted by, this agreement or the Scheme;
 - (ii) required by law or by an order of a court or Governmental Agency;
 - (iii) required for any Legend Director to comply with his fiduciary or statutory duties, provided that, to the extent possible in the circumstances, Legend first provides BidCo with reasonable details and consults in good faith with BidCo in relation to the act to be done (or not done) in reliance of this clause;
 - (iv) required in order to pay any tax or duty when due;
 - (v) required to obtain insurances for the Legend Group (or any member thereof) or the business conducted by the Legend Group (or any member thereof);
 - (vi) which, in the reasonable opinion of Legend, is a necessary and prudent response to any emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
 - (vii) which was Fairly Disclosed in the Due Diligence Materials or in documents that were publicly available in the 24 months prior to the date of this agreement from public filings of Legend with ASX, ASIC or Public Registers; or
 - (viii) the undertaking of which BidCo has approved in writing (which approval must not be unreasonably withheld or delayed).

8.3 Access

- (a) In the period from the date of this agreement to the Implementation Date, and for so long as the Legend Board continues to publicly recommend that Legend Shareholders vote in favour of the Scheme, Legend must:
 - (i) keep BidCo fully informed of all material developments relating to the Legend Group and the conduct of its business;
 - (ii) procure that at least two members of Legend's executive management team meet with representatives of BidCo on a monthly basis to assist with, among other things:
 - (A) keeping BidCo fully informed of the matters contemplated by clause 8.3(a)(i) above; and

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- (B) providing BidCo with access to information and people it has requested under clause 8.3(a)(iii) below;
- (iii) within 21 days of the end of each month, provide BidCo with a copy of the management accounts and other reports on the financial affairs of the Legend Group relating to the previous month with such access being provided through the Chief Executive Officer and Chief Financial Officer of Legend;
- (iv) provide a copy of the FY2020 budget for the Legend Group to BidCo before the earlier of:
 - (A) 10 Business Days after the date on which the budget is finalised; and
 - (B) 31 July 2019,with such access being provided through the Chief Executive Officer and Chief Financial Officer of Legend and
- (v) promptly following a reasonable request by BidCo, provide BidCo (and its Authorised Persons) with reasonable access to:
 - (A) documents and information relating to the Legend Group; and
 - (B) executives and Senior Managers of the Legend Group,for the purpose of or in connection with:
 - (C) planning the transition of the Legend Group and other matters relating to the conduct of the Legend Group following the Implementation Date; and
 - (D) otherwise facilitating the Proposed Transaction.
- (b) Nothing in this clause 8.3 obliges Legend to provide to BidCo or its Authorised Persons any information:
 - (i) concerning the Legend Directors' consideration of the Scheme; or
 - (ii) which would breach an obligation of confidentiality to any person or any applicable privacy laws.
- (c) Legend will provide reasonable assistance to BidCo for the purpose of satisfying Legend's obligations under this clause 8.3 but nothing in this clause 8.3 requires Legend to provide access to its people or documentation or to take any other action which would involve refreshing or updating the Due Diligence Material or which would result in unreasonable disruption to the usual and ordinary course of Legend's businesses and operations.
- (d) The parties agree and acknowledge that nothing in this clause 8.3 requires Legend to provide any information that is different or in addition to the information Legend provides to its Board and Senior Managers in the usual and ordinary course consistent with past practice.

8.4 Financing arrangements

- (a) Between the date of this agreement and the Implementation Date, Legend must provide assistance requested by BidCo in connection with any repayment of the Legend Group's Financial Indebtedness that BidCo reasonably requires in connection with the Transaction, including:
 - (i) liaising with its creditors to obtain information on any of the Legend Group's Financial Indebtedness or Security Interests granted by any of them;
 - (ii) providing BidCo with information reasonably requested by BidCo in relation to use of existing cash reserves of the Legend Group for such purpose;
 - (iii) issuing repayment notices in relation to the existing Legend Group debt facilities; and

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- (iv) using reasonable endeavours to procure discharge of registrations on the PPS Register from secured parties in relation to any Security Interests granted by a Legend Group Member in favour of that party.
- (b) Subject to confidentiality arrangements reasonably acceptable to Legend, Legend agrees to provide reasonable assistance in connection with the arrangement or syndication of any debt financings by any member of the BidCo Group (**Transaction Financing**) as may be reasonably requested by BidCo and from time to time, including:
 - (i) furnishing BidCo and the financing sources of BidCo Group within a reasonable timeframe with financial and other pertinent information regarding the Legend Group or an entity in which any member of the Legend Group has an investment, as may be reasonably requested by BidCo;
 - (ii) providing reasonable information in relation to acquisitions proposed to be made by the Legend Group after the date of this agreement;
 - (iii) providing reasonable assistance in facilitating the grant of security over shares and units held by the Legend Group Members in connection with the Transaction Financing; and
 - (iv) providing reasonable information required to complete a reconciliation of financial statements to applicable accounting standards,

provided, in each case, that no Legend Group Member will be required to incur any liability in connection with any Transaction Financing (other than remuneration of its employees) prior to implementation of the Scheme that is not reimbursable by BidCo.

- (c) Nothing in this clause 8.4 will require co-operation to the extent that it would cause any Condition Precedent to not be satisfied or otherwise cause a breach of this agreement.

8.5 Change of control provisions

- (a) As soon as practicable after the date of this agreement, Legend and BidCo must seek to identify any change of control or unilateral termination rights in leases or material contracts to which Legend or another Legend Group Member is party which may be triggered by or exercised in response to the implementation of the Proposed Transaction.
- (b) In respect of those leases and contracts:
 - (i) the parties will agree a proposed course of action and then Legend will initiate contact, including joint discussions if required, with the relevant counterparties and request that they provide any consents or confirmations required or appropriate;
 - (ii) Legend must take all reasonable action necessary to obtain such consents or confirmations as expeditiously as possible, including by promptly providing any information reasonably required by counterparties. Legend must strongly resist any requirements of landlords or contract counterparties that new or increased bank guarantees or security deposits be provided and ensure that no directors or other personal guarantees are offered or agreed to; and
 - (iii) BidCo must cooperate with, and provide all reasonable assistance to, Legend to obtain such consents or confirmations, including by promptly providing any information reasonably required by counterparties.
 - (iv) Despite anything in this agreement, a failure by Legend to obtain any third party change of control consents will not, of itself, constitute:
 - (A) a breach of this agreement by Legend; or
 - (B) a non-satisfaction of any Condition unless the change of control consent is in relation to a Material Contract.

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9. Actions on and following Implementation Date

9.1 Reconstitution of the board of each member of the Legend Group

- (a) On the Implementation Date, but subject to the Scheme Consideration having been paid in full by BidCo to Legend and receipt by Legend of signed consents to act, Legend must take all actions necessary (and in accordance with the constitution of the Legend Group member, the Corporations Act and the Listing Rules) to appoint the persons nominated by BidCo as new Legend Directors and new directors of each Subsidiary.
- (b) Without limiting clause 9.1(a), on the Implementation Date, but subject to receipt by Legend of written notices of resignation to the effect that the outgoing directors have no claim outstanding against any member of the Legend Group, Legend must procure that:
 - (i) all outgoing Legend Directors resign from the Legend Board; and
 - (ii) all outgoing directors of each Subsidiary of Legend resign from their office.

9.2 Sequence of actions on the Implementation Date

On the Implementation Date, the transactions which form part of the Scheme will be implemented in the following sequence:

- (a) BidCo will provide the Scheme Consideration to Legend in accordance with the Scheme;
- (b) Legend will disburse the Scheme Consideration to Scheme Shareholders in accordance with the Scheme;
- (c) the Legend Board and the board of each Subsidiary of Legend will be reconstituted in accordance with clause 9.1; and
- (d) BidCo will acquire all of the Scheme Shares in accordance with the Scheme.

10. Representations and warranties

10.1 BidCo representations

- (a) BidCo represents and warrants to Legend (on Legend's own behalf and separately as trustee for each of the other Legend Parties) each of the matters set out in clause 10.1(b) as at the date of this agreement and on each subsequent day until the Delivery Time on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date).
- (b) BidCo represents and warrants that:
 - (i) BidCo is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this agreement has been properly authorised by all necessary corporate action and BidCo has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
 - (iii) this agreement constitutes legal, valid and binding obligations on it and this agreement does not result in a breach of or default under any deed or any writ, order or injunction, rule or regulation to which BidCo is a party or is bound;
 - (iv) the BidCo Information provided to Legend in accordance with clause 7.2(a) for inclusion in the Explanatory Booklet will:
 - (A) comply in all material respects with the requirements of the Corporations Act, the Listing Rules and RG 60; and
 - (B) be provided on the understanding that each of the Legend Parties will rely on that information for the purposes of preparing the Explanatory Booklet

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- and proposing and implementing the Scheme in accordance with the requirements of the Corporations Act;
- (v) all information provided by or on behalf of BidCo to the Independent Expert to enable the Independent Expert's Report to be included in the Explanatory Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purposes of preparing the Independent Expert's Report;
 - (vi) as at the date the Explanatory Booklet is dispatched to Legend Shareholders, the BidCo Information, in the form and context in which that information appears in the version of the Explanatory Booklet registered by ASIC under section 412(6) of the Corporations Act will not be misleading or deceptive in any material respect (whether by omission or otherwise);
 - (vii) BidCo will, as a continuing obligation, provide to Legend all such further or new information which may arise after the Explanatory Booklet has been dispatched until the date of the Scheme Meeting which is necessary to ensure that the BidCo Information, in the form and context in which that information appears in the version of the Explanatory Booklet registered by ASIC under section 412(6) of the Corporations Act, is not misleading or deceptive in any material respect (whether by omission or otherwise);
 - (viii) all factual information BidCo has provided to Legend prior to this agreement is, to the best of BidCo's knowledge, accurate in all material respects and not misleading in any material respect (whether by omission or otherwise), including that there are reasonable grounds for all statements as to future matters and a reasonable basis for all statements of opinion in that information;
 - (ix) no BidCo Prescribed Occurrence has occurred;
 - (x) the Equity Commitment Letter has been duly executed by the parties to that letter and constitutes legally binding obligations of those parties that is enforceable in accordance with its terms and the Equity Commitment Letter has not been terminated;
 - (xi) as a continuing obligation, without the prior written consent of Legend (not to be unreasonably withheld):
 - (A) BidCo will not amend the Equity Commitment Letter in any respect which will, or is reasonably likely to, prejudice BidCo's ability to pay the Scheme Consideration in accordance with this agreement and the Deed Poll; and
 - (B) BidCo will not waive any of its rights under the Equity Commitment Letter in any respect which will, or is reasonably likely to, prejudice BidCo's ability to pay the Scheme Consideration in accordance with this agreement and the Deed Poll;
 - (xii) the Debt Commitment Letter has been duly executed by BidCo and constitutes legally valid and binding obligations of BidCo that are enforceable against BidCo in accordance with its terms and the Debt Commitment Letter has not been terminated;
 - (xiii) as a continuing obligation, without the prior written consent of Legend (not to be unreasonably withheld):
 - (A) BidCo will not amend the Debt Commitment Letter in any respect which will, or is reasonably likely to, prejudice BidCo's ability to pay the Scheme Consideration in accordance with this agreement and the Deed Poll; and
 - (B) BidCo will not waive any of its rights under the Debt Commitment Letter in any respect which will, or is reasonably likely to, prejudice BidCo's ability to pay the Scheme Consideration in accordance with this agreement and the Deed Poll;

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- (xiv) on each date from the date on which the BidCo Facility Agreement is entered into until the Delivery Time on the Implementation Date:
 - (A) the BidCo Facility Agreement has been duly executed by BidCo and constitutes legally valid and enforceable obligations on, and rights of, BidCo that are enforceable in accordance with its terms; and
 - (B) without the prior written consent of Legend (not to be unreasonably withheld), BidCo will not amend or agree to amend the BidCo Facility Agreement in any respect which will, or is reasonably likely to, prejudice BidCo's ability to pay the Scheme Consideration in accordance with this agreement and the Deed Poll;
- (xv) as at the date of this agreement BidCo has a reasonable basis to expect that it will, by the Implementation Date, have available to it sufficient cash amounts (whether from internal cash resources or external funding arrangements (including debt and equity financing) or a combination of both) to satisfy BidCo's obligation to pay the Scheme Consideration in accordance with its obligations under this agreement, the Scheme and the Deed Poll;
- (xvi) by the Delivery Time on the Second Court Date, BidCo will have available to it on an unconditional basis (other than conditions relating to the approval of the Court and other conditions within the control of BidCo) sufficient cash amounts (whether from internal cash resources or external funding arrangements including debt and equity financing or a combination of both) to satisfy BidCo's obligation to pay the Scheme Consideration in accordance with its obligations under this agreement, the Scheme and the Deed Poll;
- (xvii) BidCo will have available to it on the Implementation Date sufficient cash amounts (whether from internal cash resources or external funding including debt and equity financing arrangements or a combination of both) to satisfy BidCo's obligation to pay the Scheme Consideration in accordance with its obligations under this agreement, the Scheme and the Deed Poll; and
- (xviii) between the date of this agreement and the Scheme Record Date, BidCo will not, and will procure that each other member of the BidCo Group does not, enter into any arrangement under which it obtains the beneficial interest in any Shares, unless the Shares are registered in the name of BidCo.

10.2 BidCo's indemnity

BidCo agrees with Legend (on Legend's own behalf and separately as trustee or nominee for each of the other Legend Parties) to indemnify and keep indemnified the Legend Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the Legend Parties may suffer or incur by reason of any breach of any of the representations and warranties in clauses 10.1(a) or 10.1(b).

10.3 Legend representations

- (a) Legend represents and warrants to BidCo (on its own behalf and separately as trustee for each of the BidCo Parties) each of the matters set out in clause 10.3(b) as at the date of this agreement and on each subsequent day until on the Second Court Date (except that where any statement is expressed to be made only at a particular date it is given only at that date).
- (b) Legend represents and warrants that:
 - (i) Legend is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery of this agreement by Legend has been properly authorised by all necessary corporate action and Legend has full corporate power

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- and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (iii) this agreement constitutes legal, valid and binding obligations on Legend and the execution of this agreement of itself does not result in a breach of or default under:
- (A) any provision of Legend's constitution; or
 - (B) any agreement or deed or any writ, order or injunction, rule or regulation to which Legend or any of its Subsidiaries is a party or to which they are bound,
- and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this agreement;
- (iv) the Legend Information contained in the Explanatory Booklet:
- (A) will comply in all material respects with the requirements of the Corporations Act, Listing Rules and RG 60; and
 - (B) will be prepared and included in the Explanatory Booklet in good faith,
- and all information provided by Legend to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (v) as at the date the Explanatory Booklet is dispatched to Legend Shareholders, the Explanatory Booklet registered by ASIC under section 412(6) of the Corporations Act (excluding the BidCo Information and the Independent Expert's Report) will not be misleading or deceptive in any material respect (with any statement of belief or opinion having been formed on a reasonable basis), whether by omission or otherwise;
- (vi) as at the date of this agreement, Legend is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the exclusion in Listing Rule 3.1A to withhold any information from disclosure (other than in relation to the Proposed Transaction or as disclosed in writing to BidCo on or before the date of this agreement);
- (vii) as at the date of this agreement, the total issued capital of Legend is:
- (A) 216,723,693 Shares; and
 - (B) 1,350,000 Performance Rights
- and there are no other Legend options, performance rights, shares, convertible notes, warrants or other securities which may convert into Legend Shares (or offers or agreements to issue any of the foregoing) and no person has any right to call for the issue or grant of, any Legend Shares, options, warrants, performance rights or other securities or instruments in Legend;
- (viii) no Insolvency Event has occurred in relation to it or another Legend Group Member, nor, as far as Legend is aware, has any regulatory action of any nature been taken that would prevent or restrict its ability to fulfil its obligations under this agreement;
- (ix) no member of the Legend Group has incurred any Financial Indebtedness (other than Permitted Indebtedness);
- (x) there are no Security Interests (other than a Permitted Security Interest) over any asset or securities of a member of the Legend Group;
- (xi) as far as Legend is aware, each member of the Legend Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material Authorisations necessary for them to conduct the

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business of the Legend Group as presently being conducted, other than where the failure to comply with such laws and regulations or to hold such Authorisations, could not be reasonably expected to have a material adverse effect on the financial and operational performance or reputation of the Legend Group;

- (xii) Legend' financial statements as disclosed to ASX have been prepared in accordance with the accounting standards on a basis consistent with past practice financial statements and, as far as Legend is aware, there has not been any event, change, effect or development which would require Legend to restate its financial statements as disclosed to ASX;
- (xiii) the Legend Group owns, or has the right to use, all of the assets that are material for the conduct of the business of the Legend Group, and will continue to do so upon and immediately following the Implementation Date;
- (xiv) no litigation, prosecution, arbitration, mediation, or other proceedings relating to the Legend Group and which is material to the business of the Legend Group is current or, as far as Legend is aware, pending or threatened or might reasonably be expected to arise as a result of current circumstances;
- (xv) during the 5 year period prior to the date of this agreement, no member of the Legend Group nor, to the Legend Group's knowledge, any of the officers, directors, employees, agents, intermediaries, representatives, suppliers or joint venture partners of any member of the Legend Group has, directly or indirectly, in connection with the business of the Legend Group:
 - (A) requested, received, made, offered, authorised, solicited or promised to make or offer any unlawful payment, loan or transfer of anything of value or advantage to or for the benefit of or from any person, including any government official, candidate for public office, political party or political campaign;
 - (B) requested, received, paid, offered or promised to make or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature;
 - (C) requested, received, made, offered or promised to make or offer any unlawful contributions (including political or charitable contributions), gifts, entertainment or other unlawful expenditures;
 - (D) established or maintained any unlawful fund of corporate monies or other properties;
 - (E) created or caused the creation of any false or inaccurate books and records of any member of the Legend Group related to any of the foregoing; or
 - (F) have sold or purchased goods or services from, or otherwise engaged in any such transaction with, any person in Cuba, Iran, North Korea, Syria, Sudan or the Crimea Region of Ukraine and no such sales, purchases or other transactions are pending or have any outstanding obligations involving any person in Cuba, Iran, North Korea, Syria, Sudan or the Crimea Region of Ukraine;
- (xvi) during the five year period prior to the date of this agreement, no current or former director or officer of any member of the Legend Group is or was a Sanctioned Person and, so far as Legend is aware, no member of the Legend Group or any of their respective current or former employees or their respective intermediaries is or was a Sanctioned Person;
- (xvii) the Due Diligence Materials adequately and completely describe all:
 - (A) arrangements for the award of any payments, bonus, incentive or severance pay to senior management of the Legend Group;

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- (B) fees payable to all third party advisers in connection with the Transaction; and
 - (C) other agreements or arrangements entered into by any member of the Legend Group pursuant to which consideration becomes payable to any person in connection with the Transaction.
- (xviii) the Due Diligence Materials have been collated and disclosed in good faith for the purposes of a due diligence process and in this context and, so far as the Legend Board and the Senior Managers of Legend are aware after due enquiry, the Due Diligence Materials are materially true, complete and accurate and not misleading or deceptive in any material respect, including by omission; and
- (xix) as far as Legend is aware, it has disclosed all material information relating to the Legend Group or its respective businesses or operations as at the date of this agreement, which could reasonably be expected to be material for a reasonable and sophisticated buyer to make an informed assessment of:
- (A) Legend's material agreements and their respective change of control or termination provisions which would be enlivened by implementation of the Proposed Transaction; and
 - (B) material disputes between Legend and a third party (including a Government Agency).

10.4 Legend's indemnity

Legend agrees with BidCo (on BidCo's own behalf and separately as trustee for each of the BidCo Parties) to indemnify and keep indemnified the BidCo Parties from and against all claims, actions, proceedings, liabilities, obligations, damages, loss, harm, charges, costs, expenses, duties and other outgoings of whatever nature and however arising which any of the BidCo Parties may suffer or incur by reason of any breach of any of the representations and warranties in clauses 10.3(a) or 10.3(b).

10.5 Qualifications on Legend's representations, warranties and indemnities

The representations and warranties in clause 10.3 and the indemnity in clause 10.4 are each subject to matters that have been Fairly Disclosed in:

- (a) the Due Diligence Materials; and
- (b) Legend's announcements to ASX, or a publicly available document lodged with ASIC, in the 24 month period prior to the date of this agreement.

10.6 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 10.

10.7 Survival of representations

Each representation and warranty in clauses 10.1 and 10.3:

- (a) is severable;
- (b) will survive the termination of this agreement; 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 agreement.

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10.8 Survival of indemnities

Each indemnity in this agreement (including those in clauses 10.2 and 10.4) 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 agreement; and
- (d) survive the termination of this agreement.

11. Releases

11.1 Legend Parties

- (a) Without limiting BidCo's rights under clause 10, BidCo (for itself and as agent of every member of the BidCo Group) releases all rights against and agrees with Legend that it will not make a Claim against, any Legend Party (other than Legend) in connection with:
 - (i) Legend's execution or delivery of this agreement;
 - (ii) any breach of any representation or warranty of Legend in this agreement;
 - (iii) the implementation of the Scheme; or
 - (iv) any disclosure made by any Legend Party including in the Due Diligence Material that contains any statement which is false or misleading whether in content or by omission,except to the extent the relevant Legend Party has not acted in good faith or has engaged in wilful misconduct or fraud.
- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly. Legend receives and holds the benefit of this clause as trustee for each other Legend Party.

11.2 BidCo Parties

- (a) Without limiting Legend's rights under clause 10, Legend releases its rights against, and agrees with BidCo that it will not make a Claim against any BidCo Party (other than BidCo) in connection with:
 - (i) BidCo' execution or delivery of this agreement;
 - (ii) any breach of any representation or warranty of BidCo in this agreement;
 - (iii) the implementation of the Scheme; or
 - (iv) any disclosure made by any BidCo Party that contains any statement which is false or misleading whether in content or by omission,except to the extent that the relevant BidCo Party has not acted in good faith or has engaged in wilful misconduct or fraud.
- (b) This clause is subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly. BidCo receives and holds the benefit of this clause as trustee for each other BidCo Party.

11.3 Deeds of indemnity

- (a) Subject to the Scheme becoming Effective, BidCo undertakes in favour of Legend and each other person who is a Legend Party that it will:
 - (i) subject to clause 11.3(d), for 7 years from the Implementation Date, ensure that the constitutions of Legend and each other member of the Legend Group continue to

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contain such rules as are contained in those constitutions at the date of this agreement that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his capacity as a director or officer of the company to any person other than a member of the Legend Group; and

- (ii) procure that Legend and each other member of the Legend 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.
- (b) The undertakings contained in clause 11.3(a) are 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.
- (c) Legend receives and holds for the benefit of clause 11.3(a), to the extent it relates to the other Legend Parties, as trustee for them.
- (d) The undertakings contained in clause 11.3(a) are given:
 - (i) in the case of clause 11.3(a)(i), until the earlier of 7 years from the Implementation Date or the relevant member of the Legend Group ceasing to be part of the BidCo Group; or
 - (ii) in the case of clause 11.3(a)(ii), until the earlier of 7 years from the retirement of each director and officer or the relevant member of the Legend Group ceasing to be part of the BidCo Group.

11.4 Obligations in relation to directors' and officers' insurance

From the Implementation Date, Legend must not:

- (a) vary or cancel the directors' and officers' insurance policy for Legend and all other members of the Legend Group (**Policy**); or
- (b) unless required under the Policy, commit any act or omission that may prejudice any claim by a director or officer of Legend under the Policy .

12. Confidentiality and Public Announcement

12.1 Confidentiality

Each party agrees and acknowledges that it is bound by the terms of the Confidentiality Agreement save that the terms of this agreement will prevail over the Confidentiality Agreement to the extent of any inconsistency.

12.2 Statements on termination

The parties must use all reasonable endeavours to issue agreed statements in respect of any termination of this agreement and, to that end but without limitation, clause 6.3(b) applies to any such statements or disclosures.

13. Termination

13.1 Termination by notice

- (a) BidCo or Legend may, by notice in writing to the other, terminate this agreement:
 - (i) at any time prior to the Delivery Time on the Second Court Date:
 - (A) if the other is in material breach of any of its obligations under this agreement (other than the breaching of a party's respective representations and warranties which are regulated by clause 13.2) and the other party has failed to remedy that breach within 10 Business Days

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(or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from the terminating party setting out details of the relevant circumstance and requesting the other party to remedy the breach;

- (B) if the Court refuses to make any order directing Legend to convene the Scheme Meeting, provided that both Legend and BidCo have met and consulted in good faith and agreed that they do not wish to proceed with the Scheme; or
 - (C) if the Effective Date for the Scheme has not occurred on or before the End Date; or
- (ii) in accordance with clause 3.7.
- (b) Legend may, by notice in writing to BidCo, terminate this agreement at any time prior to the Delivery Time on the Second Court Date if at any time before then each of that number of Legend Directors as constitutes a majority of the Legend Board changes, withdraws or modifies his Recommendation as permitted by clause 6.1(b).
- (c) BidCo may, by notice in writing to Legend, terminate this agreement at any time prior to the Delivery Time on the Second Court Date if at any time before then any Legend Director:
- (i) fails to recommend the Scheme;
 - (ii) withdraws, adversely revises or adversely modifies their recommendation of the Proposed Transaction; or
 - (iii) makes a public statement indicating that they no longer recommend the Transaction or recommends, endorses or supports a Competing Proposal.

13.2 Termination for breach of representations and warranties

- (a) BidCo may, by notice in writing to Legend, terminate this agreement at any time prior to the Delivery Time on the Second Court Date if:
- (i) Legend is in material breach of a Legend Warranty; or
 - (ii) Legend is in breach of the Legend Warranty in clause 10.3(b)(vii), and Legend has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from BidCo setting out details of the relevant circumstance and requesting Legend to remedy the breach.
- (b) Legend may, by notice in writing to BidCo, terminate this agreement at any time prior to the Delivery Time on the Second Court Date if BidCo is in material breach of a BidCo Warranty (and any breach of clauses 10.1(b)(xvi) and 10.1(b)(xvii) (inclusive) will be deemed to be a material breach) and BidCo has failed to remedy that breach within 10 Business Days (or the Delivery Time on the Second Court Date if earlier) of receipt by it of a notice in writing from Legend setting out details of the relevant circumstance and requesting BidCo to remedy the breach.

13.3 Effect of termination

- (a) In the event of termination of this agreement under clause 3.7, 13.1 or 13.2, this agreement will become void and have no effect, except that the provisions of clauses 10.7, 10.8, 13, 14, 15 and 19.3 to 19.15 (inclusive) survive termination.
- (b) Termination of this agreement does not affect any accrued rights of a party in respect of a breach of this agreement prior to termination.

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14. Legend Break Fee

14.1 Background

- (a) Legend and BidCo acknowledge that, if they enter into this agreement and the Scheme is subsequently not implemented, BidCo will incur significant costs including those described in clause 14.2.
- (b) In the circumstances referred to in clause 14.1(a), BidCo has requested that provision be made for the payments outlined in clause 14.3, without which BidCo would not have entered into this agreement.
- (c) The Legend Board believes that the Scheme will provide benefit to Legend and Legend Shareholders and that it is appropriate for Legend to agree to the payments referred to in this clause 14 in order to secure BidCo's participation in the Proposed Transaction.

14.2 Costs incurred by BidCo

- (a) The fee payable under clause 14.3 has been calculated to reimburse BidCo for the following:
 - (i) fees for legal, taxation and financial advice in planning and implementing the Proposed Transaction;
 - (ii) reasonable opportunity costs incurred in engaging in the Proposed Transaction or in not engaging in other alternative acquisitions or strategic initiatives;
 - (iii) costs of management and directors' time in planning and implementing the Proposed Transaction;
 - (iv) out of pocket expenses incurred in planning and implementing the Proposed Transaction;
 - (v) costs associated with the financing arrangements in respect of the Proposed Transaction; and
 - (vi) any damage to Adamantem's reputation associated with a failed transaction and the implications of those damages if Adamantem seeks to execute alternative acquisitions in the future,in each case, incurred by BidCo directly or indirectly as a result of having entered into this agreement and pursuing the Proposed Transaction.
- (b) The parties acknowledge that:
 - (i) the amount of fees, costs and losses referred to in this clause 14.2 is inherently unascertainable and that, even after termination of this agreement, the costs will not be able to be accurately ascertained; and
 - (ii) the amount of the costs payable under clause 14.3 is a genuine and reasonable pre-estimate of those fees, costs and losses.

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14.3 Payment by Legend to BidCo

- (a) Legend agrees to pay to BidCo \$1,030,000 (exclusive of GST) (**Legend Break Fee**) in any of the following circumstances:
- (i) (**Competing Proposal**) both of the following occur:
- (A) a Competing Proposal is publicly announced during the period commencing on the date of this agreement and ending on the End Date; and
- (B) within 9 months from the date of the public announcement of such Competing Proposal:
- (I) the Competing Proposal is implemented or completed substantially on the terms described in the public announcement; or
- (II) without limiting clause 14.3(a)(i)(B)(I), the proponent of that Competing Proposal acquires a relevant interest in at least 50% of the Shares and the Competing Proposal is (or becomes) free of any defeating condition; or
- (ii) (**Change of Recommendation**) At any time prior to the Second Court Date, any Legend Director:
- (A) withdraws or adversely modifies their recommendation of the Proposed Transaction or recommends or supports a Competing Proposal;
- (B) does not recommend in the Announcement or Explanatory Booklet that Legend Shareholders approve the Scheme; or
- (C) makes any public statement to the effect that the Scheme is not, or is no longer, recommended,
- except where that act is:
- (D) as a result of the Independent Expert opining that the Scheme is not in the best interest of Legend Shareholders (other than where the reason for that opinion is a Superior Proposal);
- (E) as a result of a failure of a condition precedent in clause 3, other than as result of a failure of a condition precedent in clauses 3.1(b) (No Legend Prescribed Occurrences), 3.1(d) (Legend Warranties), 3.1(g) (Legend Performance Rights), 3.1(i) (No Material Adverse Change), or 3.1(j) (Third party Consents); or
- (iii) (**Material breach or Breach of Legend Warranty**) BidCo terminates this agreement in accordance with clauses 13.1(a)(i)(A) or 13.2(a).
- (b) Legend must pay BidCo the Legend Break Fee within 10 Business Days of receipt by Legend of a demand for payment from BidCo made after the occurrence of the event referred to in clause 14.3.
- (c) The Legend 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.
- (d) The Legend Break Fee is not payable by Legend if Legend validly terminates this agreement in accordance with clause 13.1(a)(i)(A).
- (e) The Legend Break Fee is only payable once and the maximum amount payable by Legend under this clause 14.3 is \$1,030,000 (exclusive of GST).

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- (f) Where the Legend Break Fee becomes payable to BidCo under this clause 14.3 and is actually paid to BidCo, BidCo (for itself and as agent of every member of the BidCo Group):
 - (i) releases all rights against and agrees with Legend that BidCo will not make a Claim against any Legend Party (other than a claim under this clause 14.3) in connection with:
 - (A) the event that gave rise to the right to demand the payment of the Legend Break Fee; nor
 - (B) any other event, matter or circumstance that may give rise to a separate right to the Legend Break Fee or that constitutes or may constitute a breach of this agreement; and
 - (ii) indemnifies any Legend Party against a Claim that is made contrary to the release under clause 14.3(f)(i),
with the effect that the payment of the Legend Break Fee represents the sole and exclusive remedy of any BidCo Group Member.
- (g) Notwithstanding any other provision of this agreement but subject to clause 17:
 - (i) the maximum liability of Legend to BidCo under or in connection with this agreement including in respect of any breach of this agreement will be the Legend Break Fee; and
 - (ii) a payment by Legend in accordance with this clause 14.3 represents the sole and absolute liability of Legend under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by Legend in connection with this agreement.
- (h) The Legend Break Fee is not payable where Legend has become entitled to the BidCo Break Fee.
- (i) The Legend Break Fee is not payable if the Scheme becomes Effective, notwithstanding the occurrence of any event in clause 14.3.

15. BidCo Break Fee

15.1 BidCo Break Fee

- (a) BidCo agrees to pay to Legend \$1,030,000 (exclusive of GST) (**BidCo Break Fee**) if:
 - (i) Legend terminates this agreement in accordance with clauses 13.1(a)(i)(A) or 13.2(b); or
 - (ii) BidCo does not pay the Scheme Consideration in accordance with the terms and conditions of this agreement and the Deed Poll.
- (b) BidCo must pay Legend the BidCo Break Fee within 10 Business Days of receipt by BidCo of a demand for payment from Legend made after the occurrence of the event referred to in clause 15.1(a).
- (c) The BidCo Break Fee is only payable once and the maximum amount payable by BidCo under clause 15.1(a) is \$1,030,000 (exclusive of GST).
- (d) The BidCo Break Fee is not payable by BidCo if BidCo validly terminates this agreement in accordance with clause 13.1(a)(i)(A).
- (e) Where the BidCo Break Fee becomes payable to Legend under this clause 15.1 and is actually paid to Legend, Legend (for itself and as agent of every member of the Legend Group):

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- (i) releases all rights against and agrees with BidCo that Legend will not make a Claim against any BidCo Party (other than a claim under this clause 15.1) in connection with:
 - (A) the event that gave rise to the right to demand the payment of the BidCo Break Fee; nor
 - (B) any other event, matter or circumstance that may give rise to a separate right to the BidCo Break Fee or that constitutes or may constitute a breach of this agreement; and
- (ii) indemnifies any BidCo Party against a Claim that is made contrary to the release under clause 15.1(e)(i),
with the effect that the payment of the BidCo Break Fee represents the sole and exclusive remedy of any Legend Group Member.
- (f) Notwithstanding any other provision of this agreement but subject to clause 17:
 - (i) the maximum liability of BidCo to Legend under or in connection with this agreement including in respect of any breach of this agreement will be the BidCo Break Fee; and
 - (ii) a payment by BidCo in accordance with this clause 15.1 represents the sole and absolute liability of BidCo under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by BidCo in connection with this agreement.
- (g) The BidCo Break Fee is not payable where BidCo has become entitled to the Legend Break Fee.
- (h) The BidCo Break Fee is not payable if the Scheme becomes Effective, notwithstanding the occurrence of any event in clause 15.1.

16. Exclusivity

16.1 No shop restriction

During the Exclusivity Period, except with the prior written consent of BidCo, Legend must not, and must ensure that none of its Related Bodies Corporate nor any of their Authorised Persons, directly or indirectly:

- (a) solicit, invite, encourage, continue or initiate any Competing Proposal or any enquiries, negotiations or discussions with any third party in relation to, or that may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal or which may otherwise lead to the Transaction not being completed;
- (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 reasonably be expected to lead to, an actual, proposed or potential Competing Transaction,

or communicate any intention to do any of those things.

16.2 No talk restriction

Subject to clause 16.4, during the Exclusivity Period, Legend must not, and must ensure that none of its Related Bodies Corporate nor any of their Authorised Persons (whether directly or indirectly):

- (a) negotiate or enter into or participate in or continue any negotiations or discussions with any person; or
- (b) communicate any intention to do any of these things,

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in relation to, or that may reasonably be expected to lead to, an actual or potential Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to encourage or lead to a Competing Proposal or which may otherwise lead to the Transaction not being completed, even if:

- (c) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Legend or any of its Related Bodies Corporate; or
- (d) that person has publicly announced the Competing Proposal.

16.3 No due diligence

- (a) During the Exclusivity Period, except with the prior written consent of BidCo, Legend must not, and must ensure that its Related Bodies Corporate and their respective Authorised Persons do not, directly or indirectly:
 - (i) solicit, invite, initiate, or encourage, or (subject to clause 16.4) facilitate or permit, any person (other than BidCo) to undertake due diligence investigations in respect of Legend, its Related Bodies Corporate, or any of their businesses and operations, in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
 - (ii) subject to clause 16.4, make available to any person (other than BidCo) or permit any such person to receive any non-public information relating to Legend, its Related Bodies Corporate, or any of their businesses and operations, in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal.
- (b) If Legend proposes that any non-public information be provided to a third party, then:
 - (i) before Legend provides such information, the third party must enter into a confidentiality agreement which contains obligations on the recipient of that information which are no less onerous in any material respect than the obligations of BidCo and Legend under the Confidentiality Agreement; and
 - (ii) any non-public information provided to that third party must also be provided to BidCo (unless the information has already been provided to BidCo or an Authorised Person).

16.4 Exceptions

Clauses 16.2 and 16.3 do not apply to the extent that it restricts Legend or the Legend Board from taking or refusing to take any action with respect to a genuine Competing Proposal (in relation to which there has been no contravention of this clause 16) provided that:

- (a) the Competing Proposal is bona fide and is made by or on behalf of a person that the Legend Board considers is of sufficient commercial standing; and
- (b) the Legend Board, acting in good faith, determines:
 - (i) where there is a written Competing Proposal, after consultation with its financial advisors, that the Competing Proposal is a Superior Proposal or the steps which the Legend Board proposes to take may reasonably be expected to lead to a Competing Proposal which is a Superior Proposal; and
 - (ii) after receiving written legal advice from Legend's external legal advisers experienced in transactions of this nature, that failing to respond to the Competing Proposal may constitute a breach of its fiduciary or statutory duties.

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16.5 Legend warranty and undertakings

- (a) Legend warrants as at the date of this agreement:
 - (i) that it has, and its Authorised Persons have, ceased any existing discussions or negotiations with any party which may reasonably be expected to lead to a Competing Proposal; and
 - (ii) that it has requested the return of Legend's confidential information in accordance with the terms of any relevant confidentiality agreement from all third parties conducting due diligence investigations on the Legend Group prior to the date of this agreement.
- (b) During the Exclusivity Period, Legend must:
 - (i) enforce all its rights under each confidentiality agreement entered into in connection with a Competing Proposal (before the date of this agreement), including any standstill obligations and its rights to require the return of confidential information as referred to in clause 16.5(a)(ii);
 - (ii) as soon as reasonably practicable, ensure that the electronic data room access granted to any third party prior to the date of this agreement in connection with a Competing Proposal is withdrawn; and
 - (iii) not grant any waivers or agree to any amendments under any confidentiality agreements entered into in connection with a Competing Proposal (before the date of this agreement).

16.6 Notice of Competing Proposal

- (a) During the Exclusivity Period, Legend must promptly (and in any event, within 24 hours) notify BidCo in writing of:
 - (i) any approach, inquiry or proposal made by any person to Legend, any of its Related Bodies Corporate or any of their respective Authorised Persons, to initiate any discussions or negotiations that concern, or that could reasonably be expected to lead to, an actual, proposed or potential Competing Proposal; and
 - (ii) any request made by any person to Legend, any of its Related Bodies Corporate or any of their respective Authorised Persons, for any information relating to Legend, its Related Bodies Corporate, or any of their businesses and operations, in connection with such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of a Competing Proposal,
(Competing Proposal Notice).
- (b) A Competing Proposal Notice must be accompanied by all material details of the relevant event, including (as the case may be):
 - (i) the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations referred to in clause 16.6(a)(i) or who made the relevant request for information referred to in clause 16.6(a)(ii); and
 - (ii) the material terms and conditions (including price, conditions precedent, timetable and any break fee) of any Competing Proposal or any proposed Competing Proposal (to the extent known).
- (c) If Legend gives BidCo a Competing Proposal Notice, BidCo agrees that the notice will be Confidential Information of Legend (as defined in the Confidentiality Agreement).
- (d) During the Exclusivity Period, Legend must also notify BidCo in writing as soon as possible after becoming aware of any material developments in relation to any actual, proposed or potential Competing Proposal, including in respect of any of the information previously notified to Bidder under this clause 16.6.

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16.7 Legend's response to Competing Proposal and BidCo's right to respond

- (a) If Legend receives a Competing Proposal and as a result, any Legend Director proposes to either:
- (i) change, withdraw or modify his recommendation of the Scheme; or
 - (ii) approve or recommend entry into any agreement, commitment, arrangement or understanding relating to the Competing Proposal with the person who has made the applicable Competing Proposal (**Rival Acquirer**) (other than an Acceptable Confidentiality Agreement),
- Legend must ensure that no Legend Director does so:
- (iii) unless the Competing Proposal is bona fide and constitutes a Superior Proposal; and
 - (iv) until each of the following has occurred:
 - (A) Legend has given BidCo written notice (**Relevant Notice**) of the Legend Director's proposal to take the action referred to in clauses 16.7(a)(i) or 16.7(a)(ii) (subject to BidCo's rights under clause 16.7(b)), including details of the grounds on which the Legend Directors propose to take such action;
 - (B) Legend has given BidCo all information that would be required by clause 16.6(b); and
 - (C) either:
 - (I) BidCo has not announced or provided to Legend a Counter Proposal before the Cut Off Date; or
 - (II) BidCo has announced or provided to Legend a Counter Proposal before the Cut Off Date and the Legend Board has determined, in good faith, that the Counter Proposal would not provide an equivalent or superior outcome to Legend shareholders as a whole compared with the Competing Proposal and BidCo has been given an opportunity to amend the Counter Proposal in accordance with clause 16.7(e).
- (b) If Legend gives a Relevant Notice to BidCo under clause 16.7(a)(iv)(A), BidCo will have the right, but not the obligation, at any time during the 5 Business Days following the receipt of the Relevant Notice (**Cut Off Date**), to amend the terms of the Proposed Transaction including increasing the amount of consideration offered under the Proposed Transaction or proposing another form of transaction (each a **Counter Proposal**), and if it does so then the Legend Directors must review the Counter Proposal and determine whether, in good faith, the Counter Proposal would provide an equivalent or superior outcome to Legend shareholders as a whole compared with the Competing Proposal.
- (c) Legend must procure that the Legend Board promptly, and in any event within 2 Business Days, notifies BidCo of the determination in writing, stating reasons for that determination.
- (d) If the Legend Directors determine in good faith that the Counter Proposal would provide an equivalent or superior outcome to Legend Shareholders as a whole compared with the Competing Proposal, then Legend and BidCo must use their best endeavours to agree the amendments to this agreement that are reasonably necessary to reflect the Counter Proposal, and to enter into an amended agreement to give effect to those amendments and to implement the Counter Proposal, and Legend must use its best endeavours to procure that the Legend Directors recommend the Counter Proposal to the Shareholders and not recommend the applicable Competing Proposal.
- (e) If the determination is that the Counter Proposal would not provide an equivalent or superior outcome to Legend shareholders as a whole compared with the Competing Proposal, then BidCo may take steps to amend the Counter Proposal to address the

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reasons given within a further period of 2 Business Days. If BidCo does so to Legend's satisfaction, then the process in clause 16.7(d) applies to that amended Counter Proposal.

- (f) For the purposes of this clause 16.7, each successive material modification of any third party expression of interest, offer or proposal in relation to a Competing Proposal will constitute a new Competing Proposal.

17. Modification of Legend Break Fee, BidCo Break Fee or exclusivity arrangements

17.1 Modifications following regulatory intervention

If any of the following occurs:

- (a) a Governmental Agency finds that all or any part of the payment required to be made under clauses 14 or 15 or an exclusivity arrangement under clause 16 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 Legend Break Fee or the BidCo Break Fee or the circumstances in which it is to be paid or the circumstances in relation to an exclusivity arrangement under clause 16, it will make a declaration of unacceptable circumstances,

then, subject to clause 17.3:

- (c) the parties must amend clause 14, 15 and/or 16 to the extent required to give effect to the requirements of the Governmental Agency or the Takeovers Panel (as the case may be) and (in circumstances referred to in clause 17.1(b)) must give the required undertaking(s); and
- (d) neither the occurrence of any of the events referred to in clauses 17.1(a) or 17.1(b) nor the amendment of clause 14, 15 and/or 16 will be taken to be a breach of, or permit any party to terminate, this agreement.

17.2 Conduct during proceedings

- (a) During the course of any Takeovers Panel or court proceedings (including any appeal or review thereof) referred to in clause 17.1, the parties must take all 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 17.1.

17.3 No requirement to act unless decision final

The parties are only required to take steps under 17.1(c) in relation to any requirement of a Governmental 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) BidCo and Legend agree in writing not to appeal or seek review of the decision to impose that requirement.

17.4 Appeals and review of regulatory decisions

Nothing in this agreement requires either party to appeal or seek review of any decision of a Governmental Agency or the Takeovers Panel referred to in clauses 17.1(a) or 17.1(b). If either BidCo and Legend wishes to appeal or seek review of any such decision then the other must

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make submissions in the course of those proceedings supporting the review made by the first party.

17.5 Determination by Governmental Agency

If a Governmental Agency determines that payment of all or any part of the Legend Break Fee or BidCo Break Fee is unacceptable, unlawful or involves a breach of the fiduciary or statutory duties of the members of the Legend 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 Legend to pay the Legend Break Fee does not apply to the extent of the Impugned Amount;
- (b) the obligation of BidCo to pay the BidCo Break Fee does not apply to the extent of the Impugned Amount; and
- (c) if either party 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.

18. Notices

Any communication under or in connection with this agreement:

- (a) must be in writing;
- (b) must be sent to the address for service of the addressee specified in the Details;
- (c) must be signed by the party making the communication or by a person duly authorised by that party;
- (d) must be delivered or posted by prepaid post to the address, or sent by email to the email address, of the addressee, in accordance with the Details; and
- (e) will be deemed 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 to an address outside Australia;
 - (ii) **(in the case of delivery by hand)** on delivery at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day; and
 - (iii) **(in the case of email)** immediately after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day.

19. General

19.1 Further acts

Each party will promptly do and perform 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 any other party to give effect to this agreement.

19.2 Timetable

The parties agree that the Timetable is indicative only and is not binding on the parties.

Appendix 4. Scheme Implementation Agreement

19.3 Payments

Unless otherwise provided in this agreement, where an amount is required to be paid to a party (**Receiving Party**) by another party under this agreement, that amount shall be paid:

- (a) in immediately available and irrevocable funds by electronic transfer to a bank account or accounts notified by the Receiving Party in writing on or before the due date for payment, or in other such immediately payable funds as the parties may agree; and
- (b) without deduction, withholding or set-off.

19.4 Interest

- (a) If a party fails to pay any amount payable under this agreement on the due date for payment, that party must pay interest on the amount unpaid at the higher of the Interest Rate plus 3% per annum or the rate (if any) fixed or payable under any judgment or other thing into which the liability to pay the amount becomes merged.
- (b) The interest payable under clause 19.4(a):
 - (i) accrues from day to day from and including the due date for payment up to the actual date of payment, before and, as an additional and independent obligation, after any judgment or other thing into which the liability to pay the amount becomes merged; and
 - (ii) may be capitalised by the person to whom it is payable at monthly intervals.

19.5 GST

- (a) Any reference in this clause 19.5 to a term defined or used in the *A New Tax System (Goods and Services Tax) Act 1999* is, unless the context indicates otherwise, a reference to that term as defined or used in that Act.
- (b) Unless expressly included, the consideration for any supply under or in connection with this agreement does not include GST.
- (c) To the extent that any supply made by a party (**Supplier**) to another party (**Recipient**) under or in connection with this agreement is a taxable supply, the Recipient must pay to the Supplier, in addition to the consideration to be provided under this agreement but for the application of this clause 19.5(c) for that supply (**GST Exclusive Consideration**), an amount equal to the amount of the GST Exclusive Consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. This clause 19.5(c) does not apply to any taxable supply under or in connection with this agreement that is stated to include GST.
- (d) The amount on account of GST payable in accordance with this clause 19.5 will be paid at the same time and in the same manner as the consideration otherwise payable for the supply is provided.
- (e) Any reference in the calculation of any consideration or of any indemnity, reimbursement or similar amount to a cost, expense or liability incurred by a person (**Relevant Expense**) is a reference to the relevant expense reduced by an amount equal to any input tax credit entitlement of that person (or of the representative member of any GST group to which the person belongs) in relation to the Relevant Expense. A party will be assumed to have an entitlement to a full input tax credit unless it demonstrates otherwise prior to the date on which the relevant payment or consideration must be provided.

19.6 Stamp duty

BidCo must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this agreement or the Scheme or the steps to be taken under this agreement or the Scheme (including without limitation the acquisition or transfer of Scheme Shares under the Scheme).

Appendix 4. Scheme Implementation Agreement

19.7 Expenses

Except as otherwise provided in this agreement, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution, and performance of this agreement and the Explanatory Booklet and the proposed, attempted or actual implementation of this agreement and the Scheme.

19.8 Amendments

This agreement may only be varied by a document signed by or on behalf of each of the parties.

19.9 Assignment

- (a) Subject to clause 19.9(b) below, a party cannot assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior written consent of each other party, which consent that other party may give or withhold in its absolute discretion.
- (b) BidCo may assign, grant a Security Interest over, novate or otherwise transfer by way of security, any of its rights or obligations under this deed to a financier or financiers (or a security agent or security trustee thereof) without the prior written consent of Legend solely for the purpose of obtaining finance or providing security in connection with the Scheme.

19.10 Waiver

- (a) Failure to exercise or enforce or a delay in exercising or enforcing or the partial exercise or enforcement of any right, power or remedy provided by law or under this agreement by any party will not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement of that or any other right, power or remedy provided by law or under this agreement.
- (b) Any waiver or consent given by any party under this agreement will only be effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this agreement will operate as a waiver of another breach of that term or of a breach of any other term of this agreement.
- (d) Nothing in this agreement obliges a party to exercise a right to waive any conditional term of this agreement that may be in its power.

19.11 Counterparts

- (a) This agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes the agreement of each party who has executed and delivered that counterpart. Each counterpart is an original but the counterparts together are one and the same agreement.
- (b) This agreement is binding on the parties on the exchange of duly executed counterparts.
- (c) The parties agree that a copy of an original executed counterpart sent by email to the other party, instead of the original, is sufficient evidence of the execution of the original and may be produced in evidence for all purposes in place of the original.

19.12 Entire agreement

- (a) This agreement:
 - (i) embodies the entire understanding of the parties and constitutes the entire terms agreed on between the parties; and
 - (ii) supersedes any prior agreement (whether or not in writing) between the parties.
- (b) Despite clause 19.12(a), the Confidentiality Agreement continues to apply to the parties in accordance with its terms, except to the extent of any express inconsistency, in which case this agreement prevails.

Appendix 4. Scheme Implementation Agreement

19.13 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 agreement, except for representations or inducements set out in this agreement.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement set out in this agreement.

19.14 No merger

The rights and obligations of the parties will not merge on completion of any transaction under this agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

19.15 Governing law

- (a) This agreement is governed by and will be construed according to the laws of Victoria.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Victoria and of the courts competent to determine appeals from those courts.

Schedule 1 - Indicative timetable

[Not reproduced here. Refer to Important Date and Times section at page 2 of this Explanatory Booklet]

Schedule 2 - Scheme

[Not reproduced here. Refer to Appendix 2]

Schedule 3 – Deed Poll

[Not reproduced here. Refer to Appendix 5]

Appendix 4. Scheme Implementation Agreement

Signing page

EXECUTED as an agreement.

Executed by **Legend Corporation Limited** in accordance with Section 127 of the *Corporations Act 2001*



Signature of director

Brad Dowe

Name of director (print)

Executed by **Greenland BidCo Pty Ltd** in accordance with Section 127 of the *Corporations Act 2001*

Signature of director

Name of director (print)



Signature of director/company secretary
(Please delete as applicable)

GRAHAM SETPELT

Name of director/company secretary (print)

Signature of director/company secretary
(Please delete as applicable)

Name of director/company secretary (print)

Appendix 4. Scheme Implementation Agreement

Signing page

EXECUTED as an agreement.

Executed by Legend Corporation Limited in accordance with Section 127 of the Corporations Act 2001

Signature of director

Name of director (print)

Signature of director/company secretary
(Please delete as applicable)

Name of director/company secretary (print)

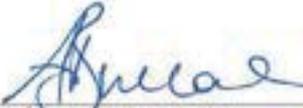
Executed by Greenland BidCo Pty Ltd in accordance with Section 127 of the Corporations Act 2001



Signature of director

Robert Koczkar

Name of director (print)



Signature of director/company secretary
(Please delete as applicable)

Andrew Bullock

Name of director/company secretary (print)



APPENDIX FIVE

Deed Poll



Deed Poll

—
Greenland BidCo Pty Ltd (**BidCo**)
—

Level 23 Rialto Towers 525 Collins Street
Melbourne Vic 3000 Australie DX 204 Melbourne
T +61 3 8608 2000 F +61 3 8608 1000
minterellison.com

MinterEllison

Deed Poll

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Details

Date 26 June 2019

Parties

Name	Greenland BidCo Pty Ltd ACN 633 363 096
Short form name	BidCo
Notice details	Level 27, Chifley Tower, 2 Chifley Square, Sydney, New South Wales 2000 Email: andrew.bullock@adamantem.com.au Attention: Andrew Bullock

Background

- A On 24 May 2019, Legend and BidCo entered into the Scheme Implementation Agreement to provide for (among other matters) the implementation of the Scheme.
- B The effect of the Scheme will be to transfer all Scheme Shares to BidCo in return for the Scheme Consideration.
- C BidCo enters this deed poll to covenant in favour of Scheme Shareholders to:
 - (i) perform the actions attributed to it under the Scheme; and
 - (ii) provide the Scheme Consideration in accordance with the Scheme.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this document:

Scheme Implementation Agreement means the Scheme Implementation Agreement dated 24 May 2019 between Legend and BidCo.

Legend means Legend Corporation Limited ACN 102 631 087 of 1 Butler Drive, Hendon, South Australia 5014 as trustee for the Scheme Shareholders.

Trust Account has the meaning given in the Scheme.

1.2 Terms defined in Scheme Implementation Agreement

Words and phrases defined in the Scheme Implementation Agreement have the same meaning in this deed poll unless the context requires otherwise.

1.3 Incorporation by reference

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme Implementation Agreement form part of this deed poll as if set out at length in this deed poll but with *deed poll* substituted for *agreement* and with any reference to *party* being taken to include the Scheme Shareholders.

2. Nature of this deed poll

BidCo agrees that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it.

3. Conditions

3.1 Conditions

The obligations of BidCo under this deed poll are subject to the Scheme becoming Effective.

3.2 Termination

This deed poll and the obligations of BidCo will automatically terminate and this deed poll will be of no further force or effect if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Scheme is not Effective on or before the End Date or any later date as the Court, with the consent of Legend and BidCo, may order,

unless BidCo and Legend otherwise agree in writing.

3.3 Consequences of termination

If this deed poll terminates under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to them:

- (a) BidCo is released from its respective obligation to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against BidCo in respect of any breach of this deed poll which occurred before it terminated.

Appendix 5. Deed Poll

4. Performance of obligations

4.1 Generally

Subject to clause 3, BidCo covenants in favour of Scheme Shareholders to perform the actions attributed to it under the Scheme and otherwise comply with the Scheme as if BidCo was a party to the Scheme.

4.2 Provision of Scheme Consideration

- (a) Subject to clause 3, BidCo covenants in favour of each Scheme Shareholder to provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme.
- (b) The obligation of BidCo under clause 4.2(a) will be satisfied if, in respect of the Scheme Consideration, BidCo deposits, no later than the Business Day before the Implementation Date, an amount equal to the aggregate of the Scheme Consideration payable to Scheme Shareholders in cleared funds to the Trust Account, in accordance with, and subject to, the provisions of the Scheme.

5. Warranties

BidCo represents and warrants to each Scheme Shareholder that:

- (a) **(status)** it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;
- (b) **(power)** it has the power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) **(corporate authorisations)** it has taken all necessary corporate action to authorise the entry into and performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) **(documents binding)** this deed poll is valid and binding on it and enforceable against it in accordance with its terms;
- (e) **(transactions permitted)** the execution and performance by it of this deed poll and each transaction contemplated by this deed poll did not and will not violate in any respect a provision of:
 - (i) a law or treaty or a judgment, ruling, order or decree of a Governmental Agency binding on it;
 - (ii) its constitution or other constituent documents; or
 - (iii) any other document which is binding on it or its assets; and
- (f) **(solvency)** it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

6. Continuing Obligations

6.1 Deed poll irrevocable

This deed poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) BidCo having fully performed its obligations under this deed poll; or
- (b) termination of this deed poll under clause 3.2.

6.2 Variation

A provision of this deed poll may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Legend (which agreement may be given or withheld without reference to or approval by any Legend Shareholder); or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Legend and is approved by the Court (which agreement may be given or withheld without reference to or approval by any Legend Shareholder),

in which event BidCo will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

7. Notices

Any notice, demand or other communication (a **Notice**) to BidCo in respect of this deed poll:

- (a) must be in writing and signed by the sender or a person duly authorised by it;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or email to the email address specified in the Details; and
- (c) will be conclusively taken to be duly given or made:
 - (i) **(in the case of 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 (if posted to an address outside Australia);
 - (ii) **(in the case of delivery by hand)** on delivery at the address of the addressee as provided in the Details, unless that delivery is not made on a Business Day, or after 5.00pm on a Business Day, then that communication will be deemed to be received at 9.00am on the next Business Day; and
 - (iii) **(in the case of email)** immediately after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, when that communication will be deemed to be received at 9.00am on the next Business Day.

8. General Provisions

8.1 Assignment

- (a) The rights and obligations of BidCo and each Scheme Shareholder under this deed poll are personal. They cannot be assigned, charged, encumbered or otherwise dealt with at law or in equity without the prior written consent of BidCo.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

8.2 Cumulative rights

The rights, powers and remedies of BidCo and each Scheme Shareholder under this deed poll are cumulative with and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.3 No waiver

- (a) BidCo may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

Appendix 5. Deed Poll

- (b) If a Scheme Shareholder does not exercise a right arising from a breach of this deed poll at a given time, it may, unless it has waived that right in writing, exercise the right at a later point in time.
- (c) No Scheme Shareholder may rely on words or conduct of BidCo as a waiver of any right unless the waiver is in writing and signed by BidCo.
- (d) The meanings of the terms used in this clause 8.3 are set out below.

conduct includes delay in the exercise of a right.

right means any right arising under or in connection with this deed poll and includes the right to rely on this clause.

waiver includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

8.4 Stamp duty

BidCo:

- (a) must pay or procure the payment of all stamp duty (if any) and any related fines, penalties and interest in respect of the Scheme and this deed poll (including the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this deed poll and each transaction effected by or made under or pursuant to the Scheme and this deed poll; and
- (b) indemnifies and undertakes to keep indemnified each Scheme Shareholder against any liability arising from failure to comply with clause 8.4(a).

8.5 Further assurances

BidCo will, at its own expense, do all things reasonably required of it to give full effect to this deed poll.

8.6 Governing law and jurisdiction

This deed poll is governed by the laws of the State of Victoria. In relation to it and related non contractual matters BidCo irrevocably submits to the non exclusive jurisdiction of courts with jurisdiction there.

Appendix 5. Deed Poll

Signing page

EXECUTED as a deed.

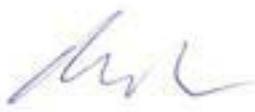
Executed by Greenland BidCo Pty Ltd in accordance with Section 127 of the Corporations Act 2001



Signature of director

Andrew Bullock

Name of director (print)



Signature of director/company secretary
(Please delete as applicable)

ROB KOCZKAR

Name of director/company secretary (print)

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Corporate Directory

Legend Corporation Limited

ABN 69 102 631 087

1 Butler Drive
Hendon, SA 5014

Telephone: +61 8 8401 9888

Facsimile: +61 8 8244 9520

Website: www.legendcorporate.com

Directors

Mr Bruce Higgins (Chairman)

Mr Bradley Dowe (CEO and Managing Director)

Mr Ian Fraser (Non Executive Director)

Company Secretary

Mr Graham Seppelt

Appointed Auditor

KPMG

Legal adviser

MinterEllison

Rialto Towers, 525 Collins Street
Melbourne, VIC 3000

Telephone: +61 3 8608 2000

Facsimile: +61 3 8608 1000

Independent Expert

Lonergan Edwards & Associates Limited

Level 7, 64 Castlereagh Street
Sydney, NSW 2000

Telephone: +61 2 8235 7500

Share Registry

Security Transfer Australia

ABN 95 008 894 488

Security Transfer Australia Pty Ltd

Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone: 1300 992 916 (within Australia) or
+61 3 9628 2200 (outside Australia)

Facsimile: +61 8 9315 2233

Financial adviser

Gresham Advisory Partners Limited

Level 17, 167 Macquarie Street
Sydney, NSW 2000

Telephone: +61 2 9221 5133

Facsimile: +61 2 9221 6814

LEGEND CORPORATION LIMITED

REGISTERED OFFICE:

1 BUTLER DRIVE
HENDON SA 5014

ACN: 102 631 087

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«EFT_REFERENCE_NUMBER»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code» «Sequence_number»

Code:

LGD

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**LODGE
ONLINE**

Lodge your proxy form securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 2.00pm (Adelaide Time) on Friday, 9 August 2019 at Adelaide Pavilion Restaurant located in the Veale Gardens, Corner of South Terrace & Peacock Road, Adelaide, South Australia and at any adjournment of that meeting.

Proxies must be received by Security Transfer Australia Pty Ltd no later than 2.30pm (Melbourne time) on Wednesday, 7 August 2019.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of the resolution in the absence of a superior proposal.

RESOLUTION

1. That under and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the members agree to the arrangement proposed between Legend Corporation Limited and the holders of its fully paid ordinary shares, designated the **Scheme**, as contained in and more particularly described in the Explanatory Booklet accompanying the notice convening this meeting (with or without any alterations or conditions agreed or any alterations or conditions required by the Court) and, subject to approval of the Scheme by the Court, the Board of Directors of Legend is authorised to implement the Scheme with any such alterations or conditions.

For

Against

Abstain*

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

+ LGDPX1090819

1

1

LGD

LGDPX1090819

+

