



Wilson HTM
INVESTMENT GROUP

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28 May 2015

By Electronic Lodgement

The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Wilson HTM Investment Group Ltd (ASX : WIG) – Notice of Meeting

Further to its announcement dated 15 May 2015 confirming that the formal documentation in relation to the sale of its securities business had been executed (**Transaction**), Wilson HTM Investment Group Ltd (**WIG**) advises that the attached Notice of Meeting has been despatched to shareholders today.

The Notice of Meeting includes an Explanatory Memorandum and Independent Expert's Report in connection with the Transaction. The Independent Expert has concluded that the Transaction is fair and reasonable to non-associated shareholders. Those directors entitled to do so intend to recommend the Transaction to shareholders. The directors also intend to vote any shareholdings in which they hold a relevant interest in favour of the Transaction.

The meeting of shareholders will be held at WIG's Brisbane offices at Level 38 Riparian Plaza, 71 Eagle Street on Friday 26 June 2015 at 9am.

Yours faithfully,

Eleanor Padman
Company Secretary
Wilson HTM Investment Group Ltd

FOR MORE INFORMATION PLEASE CONTACT:

Sandy Grant

Managing Director

Wilson HTM Investment Group Ltd

Ph: (07) 3212 1004

Eleanor Padman

Company Secretary

Wilson HTM Investment Group Ltd

Ph: (02) 8427 3165



Wilson HTM
INVESTMENT GROUP

Wilson HTM Investment Group Ltd

Notice of Extraordinary General Meeting of Shareholders

WILSON HTM INVESTMENT GROUP LTD

ACN 100 325 184

**NOTICE OF EXTRAORDINARY GENERAL MEETING OF
SHAREHOLDERS**

Time: 9.00am

Date: Friday, 26 June 2015

Place: Level 38, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000

**THE DIRECTORS ENTITLED TO MAKE RECOMMENDATIONS, UNANIMOUSLY RECOMMEND
THAT NON-ASSOCIATED SHAREHOLDERS VOTE IN FAVOUR OF THE TRANSACTION.**

**THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE TRANSACTION IS FAIR AND
REASONABLE TO NON-ASSOCIATED SHAREHOLDERS.**

This is an important document and requires your attention. This document should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your financial or other professional adviser prior to voting.

CONTENTS

Notice of Extraordinary General Meeting	5
Explanatory Memorandum	9
1. Introduction	9
2. Business of the Meeting	9
3. Resolution 1: Sale of the Securities Business	9
4. Resolution 2: Grant of options to Ian Macoun, Managing Director of Pinnacle and KMP	23
5. Resolution 3: Grant of options to Alex Ihlenfeldt, Director of Pinnacle and KMP	23
6. Resolution 4: Change of Company name	25
7. Resolution 5: Amend Constitution	25
8. Other Information	26
9. Queries	27
Schedule 1 – Glossary	28
Schedule 2 – Pro-forma Consolidated Financial Reports	31
Schedule 3 – Independent Expert Report	34
Schedule 4 – Amended Constitution	35
Appointment of Proxy Form	

DISCLAIMER AND IMPORTANT NOTICES

Key Dates

The key dates associated with the Meeting and this Notice are set out below:

Completed Proxy Form to be received no later than	9am on Wednesday, 24 June 2015
Date and time for determining eligibility to attend and vote at the Meeting	7pm on Wednesday, 24 June 2015
Meeting	9am on Friday, 26 June 2015 at Level 38, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000

Important

This Notice and Explanatory Memorandum is an important document and requires your attention. This document should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your financial or other professional adviser prior to voting.

Defined terms

Capitalised terms not defined in this Notice and Explanatory Memorandum are defined in the Glossary at Schedule 1.

Responsibility statement

The information contained in this document has been provided by the Company and is the responsibility of Company with the exception that the Independent Expert has prepared the Independent Expert's Report included as Schedule 3 to this notice of meeting and is responsible for that report. Neither the Company, nor its respective officers, employees nor advisers assume any responsibility for the accuracy or completeness of the Independent Expert's Report, except that the Company is responsible for the information given by it to the Independent Expert.

Currency and financial data

Unless stated otherwise, all dollar values are in Australian dollars (A\$) and financial data is presented as at the date stated.

Time

Unless stated otherwise, all references to time are to Australian Eastern Standard Time (AEST).

Date

This Explanatory Memorandum is dated 20 May 2015.

WILSON HTM INVESTMENT GROUP LTD
ACN 100 325 184

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an extraordinary general meeting of the Shareholders of Wilson HTM Investment Group Ltd (**Company**) will be held:

- (a) at 9am,
- (b) on Friday, 26 June 2015,
- (c) at Level 38, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000.

1. ORDINARY BUSINESS

Resolution 1: Sale of the Securities Business

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That for the purposes of Listing Rule 10.1 and for all other purposes, approval be given for the sale by the Company of the Securities Business under the Transaction Documents and on the terms summarised in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion

Subject to the Corporations Act and Listing Rules, the Company will disregard any votes cast on this Resolution:

- (a) by Wilson HTM Holdings Pty Ltd, Wilson HTM NewCo 2015 Pty Ltd, Deutsche Australia Limited, Craigs Investment Partners and ACN 605 747 573 Limited; and
- (b) by an associate of those persons, regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Independent Expert's Report

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of Shareholder approval under Listing Rule 10.1 which is attached as Schedule 3. A hard copy can be provided to Shareholders on request and is available on the Company's website at <http://www.wilsonhtm.com.au/about-us/corporate-governance/>. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the Non-Associated Shareholders of the Company. The Independent Expert's Report concludes that the transaction is fair and reasonable to the Non-Associated Shareholders of the Company.

Resolution 2: Grant of options to Ian Macoun, Managing Director of Pinnacle and KMP

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

*"That for the purposes of sections 200C and 200E of the Corporations Act, approval be given for the grant of 750,000 options in the ordinary shares of the Company to Macoun Generation Z Pty Ltd (ACN 121 357 720) as trustee for the Macoun Generation Z Family Trust under the Company's Employee Option Share Plan Rules (**Employee Option Plan**) and on the terms summarised in the Explanatory Memorandum accompanying this Notice."*

Resolution 3: Grant of options to Alex Ihlenfeldt, Director of Pinnacle and KMP

To consider and, if thought fit, pass the following Resolution as an ordinary resolution:

"That for the purposes of sections 200C and 200E of the Corporations Act, approval be given for the grant of 425,000 options in the ordinary shares of the Company to Usinoz Pty Ltd (ACN 097 263 539) as trustee for Ihlenfeldt Family Trust under the Employee Option Plan and on the terms summarised in the Explanatory Memorandum accompanying this Notice."

2. SPECIAL BUSINESS

Resolution 4: Change of Company name

To consider and, if thought fit, pass the following Resolution as a special resolution:

"That subject to Resolution 1 being passed, and for the purposes of sections 157(1) and 136(2) of the Corporations Act and for all other purposes, the Company adopts Wilson Group Limited as the name of the Company and all references to the Company's name in the Constitution be amended to reflect the new name."

Resolution 5: Amend Constitution

To consider and, if thought fit, pass the following Resolution as a special resolution:

"That subject to Resolution 1 being passed, and for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Company modify the constitution of the Company to take effect from Completion under the Transaction Documents:

- (a) *By deleting those parts which correspond to the struck-out parts of the constitution tabled at the meeting (ie. ~~delete~~); and*
- (b) *By inserting, without underlining, the underlined parts of the constitution tabled at the meeting (ie. insert) at the corresponding places in the constitution."*

DATED: 20 May 2015

By order of the Board



Eleanor Padman
Company Secretary

NOTES

Who may vote	Pursuant to regulation 7.11.37 of the <i>Corporations Regulations</i> 2001, the Directors have determined that persons whose names are set out in the register of members of the Company as at 7pm on Wednesday 24 June 2015 are entitled to attend and vote at the meeting convened by this notice.
Proxies - Appointment	<p>A Shareholder who is entitled to attend and vote at the meeting has a right to appoint not more than 2 proxies to attend and vote for the Shareholder at the meeting. A proxy need not be a Shareholder.</p> <p>Where a Shareholder appoints 2 proxies, the appointment may specify the proportion or number of votes which each proxy may exercise. If the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, then each proxy may exercise half of those votes.</p>
Proxies - Lodgement	<p>To be valid, a proxy form must be received by the Company by 9am on Wednesday 24 June 2015 (Proxy Deadline). Proxies may be submitted by post or email to the registered office of the Company or by post of facsimile to Computershare Investor Services Pty Ltd at the addresses or email address set out below:</p> <p><u>Company:</u></p> <p>For the attention of Eleanor Padman, Level 14, 99 Elizabeth Street, Sydney NSW 2000</p> <p>Eleanor.padman@wilsonhtm.com.au</p> <p><u>Computershare:</u></p> <p>GPO Box 242 Melbourne VIC 3001</p> <p>1800 783 447 (within Australia) +61 3 94732555 (outside Australia)</p> <p>A written proxy appointment must be signed by the Shareholder or the Shareholder's attorney. Where the appointment is signed by the appointer's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If email transmission is used, the authority must be certified.</p>
Body corporate representative	<p>A Shareholder who is a body corporate and who is entitled to attend and vote at the meeting, or a proxy who is a body corporate and who is appointed by a Shareholder of the Company entitled to attend and vote at the meeting, may appoint a person to act as its representative at the meeting by providing that person with:</p> <ul style="list-style-type: none">(a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or(b) a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative.
Voting Exclusion	In accordance with the Listing Rules, the Company need not disregard a vote on Resolution 1 if it is cast by:

Statement

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

**WILSON HTM INVESTMENT GROUP LTD
ACN 100 325 184**

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of this Explanatory Memorandum is to provide Shareholders with an explanation of the business of the Meeting and the Resolutions proposed and to be considered at the Meeting of the Company on 9am, Friday, 26 June 2015 at Level 38, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000 and to assist Shareholders in determining how they wish to vote on those Resolutions.

Shareholders should read this Explanatory Memorandum, the Independent Expert's Report and Proxy Form in full. This Explanatory Memorandum should be read in conjunction with the Notice and forms part of the Notice.

2. BUSINESS OF THE MEETING

To consider and vote on the following Resolutions:

- (a) Resolution 1 – Sale of the Securities Business;
- (b) Resolution 2 – Grant of options to Ian Macoun, Managing Director of Pinnacle and KMP;
- (c) Resolution 3 – Grant of options to Alex Ihlenfeldt, Director of Pinnacle and KMP;
- (d) Resolution 4 – Change of Company Name; and
- (e) Resolution 5 – Amend Constitution.

3. RESOLUTION 1 – SALE OF THE SECURITIES BUSINESS

3.1 The Resolution

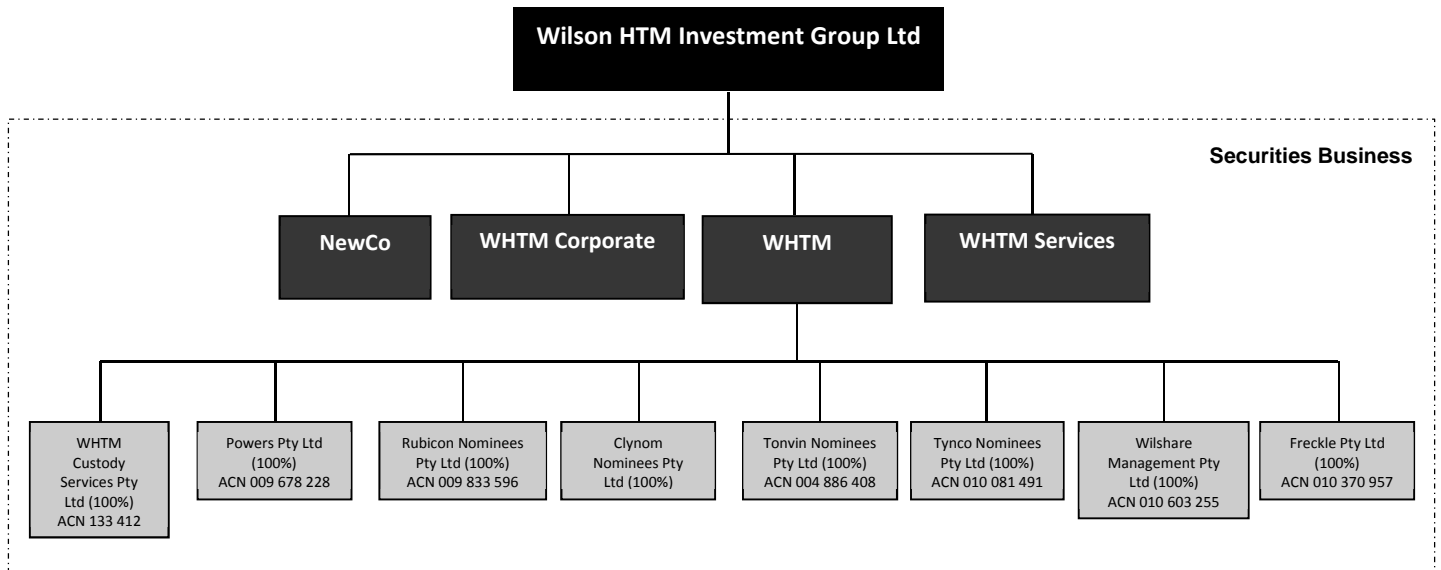
Resolution 1 requires Shareholders' approval for the sale by the Company of the Securities Business to WHTM Holdings on the terms set out in the Transaction Documents.

3.2 Background

The Company currently has two operating segments being WHTM, which includes the operations of the Securities Business, and Pinnacle, a funds management business which holds investments in seven boutique fund managers. The Securities Business currently consists of NewCo, three key entities being WHTM Corporate, WHTM and WHTM Services and a number of wholly owned operating and non-operating subsidiaries of WHTM.

The main operations of the Securities Business are conducted through WHTM Corporate, WHTM and WHTM Services and encompass institutional sales, research, private wealth management, corporate finance and equity capital markets activities. These services are provided from offices in Brisbane, Sydney, Melbourne, Dalby, Gold Coast and Hervey Bay.

A current corporate structure of the Securities Business is provided below.



On 15 May 2015, the Company entered into the Transaction Documents:

- firstly, to sell WHTM Corporate, WHTM Services and WHTM to NewCo (**Restructure**); and
- secondly, to sell the Securities Business to WHTM Holdings, which will be ultimately owned by Craigs, StaffCo and Deutsche in the following proportions:
 - 40% by Craigs;
 - 40% by StaffCo, a holding company on behalf of certain participating employees; and
 - 20% by Deutsche.

The consideration for the Transaction is a combination of an upfront payment at Completion and a deferred payment contingent on net profits before tax of the Securities Business over the two financial years following Completion.

Below is an overview of the Transaction including the material terms of the Implementation Agreement, the Share Sale Agreement, the Vendor Finance Agreement and the Share Mortgage Deed.

(a) **Implementation Agreement**

Overview

The Implementation Agreement is the overarching agreement that outlines the Transaction Documents, stipulates key conditions to the Transaction, specifies obligations of each the Company, NewCo and WHTM Holdings and lists a timetable for Completion to occur.

Conditions precedent

Under the terms of the Implementation Agreement, completion of the Transaction is subject to the satisfaction of numerous conditions by 30 June 2015, including the following:

- necessary approvals and consents from ASIC and ASX;

- approval of the Transaction from Non-Associated Shareholders, and which is in accordance with the requirements of the Corporations Act and Listing Rules;
- the Independent Expert issuing the Independent Expert Report and concluding that the Transaction is fair and reasonable to Non-Associated Shareholders;
- completion of the Restructure;
- confirmation letters from a bank to WHTM Holdings approving, in principle, the provision of funding to meet minimum regulatory requirements to carry on the Securities Business after Completion subject to usual terms and conditions;
- the Company obtaining all necessary third party consents to the change of control in respect of leases and material contracts;
- StaffCo receiving the loan amount from the Company under the Vendor Finance Agreement; and
- certain subsidiaries and representatives of the Company becoming authorised representatives under the Australian Financial Services Licence currently held by WHTM.

Other key terms of the Implementation Agreement include the following:

- the Company must pay WHTM Holdings \$250,000 in connection with the exercise of any early break provisions contained in the lease with WHTM Services for the premises at 99 Elizabeth Street, Sydney should it chose to exercise those break provisions;
- the Company must offer employment to certain employees who are currently employed by WHTM Services but will be remaining with the Company following Completion (**WIG Employees**). The terms and conditions of this employment offer must be substantially similar to, and no less favourable than, the terms and conditions of employment that applied to that WIG Employee immediately before Completion. These offers must provide for continuity for all purposes of employment and benefits, and an employee's continuity of service will not be broken by the Transaction;
- the Company will reimburse to WHTM Holdings any redundancy cost in connection with any employee of WHTM Services who is genuinely made redundant within 60 days following Completion but up to a total aggregate cap of \$337,500 and whose position is not replaced by a new employee within 3 months;
- the Company will use all reasonable endeavours to obtain all consents to the change in control of the Securities Business that are required under any material contract on terms reasonably acceptable to the Company and WHTM Holdings;
- the Company will not enter into or vary any specified agreements or facilities without the prior written consent of WHTM Holdings;
- the Company will procure that, prior to Completion, NewCo and its subsidiaries will not alter its share capital, make any significant commitments or decisions, or otherwise materially change its operation or business without the consent of WHTM Holdings;

- the Company will procure that, prior to Completion, the Securities Business will be conducted in its ordinary and usual course consistent with its usual practices, there is no significant change to the nature or scale of the activities of the Securities Business and that the Securities Business must only deal with the assets in the ordinary course; and
- where the Company receives a competing proposal to acquire all or part of the Securities Business or all of the issued shares in WIG (**Competing Proposal**) and the Board, acting in good faith and after receiving advice from its external providers, believes that the Competing Proposal would be more favourable to the Shareholders (**Superior Proposal**), the Company will give WHTM Holdings the opportunity to provide a matching or superior proposal in respect of the Transaction.

Completion is scheduled to occur on 30 June 2015.

(b) **Restructure Share Sale Agreement**

Pursuant to the Restructure Share Sale Agreement, the Company and NewCo have agreed to undertake the Restructure for nominal consideration. The Restructure is required to occur prior to Completion and cannot take place unless each of the conditions precedent of the Implementation Agreement outlined in section 3.2(a) above has been satisfied or waived.

Completion of the Restructure Share Sale Agreement is currently expected to occur on 30 June 2015.

The Restructure Share Sale Agreement includes warranties given by the Company in respect of title, capacity, authorisation and solvency.

(c) **Share Sale Agreement**

Sale of NewCo to WHTM Holdings

Under the Share Sale Agreement and following completion of the Restructure, the Company will sell 100% of the issued share capital in NewCo (and effectively the Securities Business) to WHTM Holdings.

Consideration

The purchase price referred to in the Share Sale Agreement will be payable as follows:

- \$5,000,000 at Completion (comprising \$4,000,000 in cash and \$1,000,000 by way of Vendor Finance);
- 50% of the profit before tax of the Securities Business for FY2016 above \$3,000,000, but will not be more than \$1,000,000; and
- 50% of the profit before tax of the Securities Business for FY2017 above \$3,000,000, but will not be more than \$1,000,000.

The Purchase Price will be subject to a net tangible assets adjustment which is based on a limited net tangible asset assessment as at Completion and a 'look-back' to the net tangible asset estimate, being \$5,000,000.

Conditions precedent

Completion in respect of the Share Sale Agreement cannot take place unless each condition precedent of the Implementation Agreement outlined in section 3.2(a) above has been satisfied or waived.

Completion

Completion of the Share Sale Agreement is currently expected to occur on 30 June 2015.

Further deductible amounts

As part of the transaction, the Company is transferring certain deferred tax assets which may receive a tax benefit in the 3 years following Completion. If a tax benefit is received by NewCo in respect of these assets in the 3 years following Completion and that benefit exceeds \$350,000, WHTM Holdings must reimburse the difference to the Company.

Any such payment will be treated as an adjustment to the purchase price.

Release of Guarantees

Under certain contractual arrangements:

- the Securities Business provides guarantees for the performance of the Company; or
- the Company provides guarantees for the performance of a company in the Securities Business under a Contract.

Under the Share Sale Agreement, each of WHTM Holdings and NewCo must use reasonable endeavours to have these guarantees released with effect from Completion. In the event that a guarantee remains in place after Completion, the parties have agreed:

- that they will continue to assist each other (using reasonable endeavours) to have that guarantee released; and
- that the party who receives the benefit of that guarantee will indemnify the other party and will pay that other party for loss suffered as a result of that guarantee.

Warranties

The Company has provided a number of warranties in respect of the Transaction including warranties relating to information provided, solvency, title, capacity, authorisations, and the Securities Business, including with respect to the shares in NewCo, share capital, records, contracts, employees, assets, convertible securities, profit sharing, controlled entities, accounts, insurance, taxation, compliance and intellectual property.

Claims (General)

Following Completion, provided WHTM Holdings remains the sole shareholder in the Securities Business, it can give notice that it is bringing a claim against the Company for loss suffered as follows:

- for a claim that arises out of a tax warranty: for 4 years and 6 months after lodgement of the FY2015 Tax Return or variation of any prior return;
- for a Legacy Claim: 5 years after Completion;
- for a Claim arising out of a breach of the Compliance Warranty: 5 years after Completion; and
- for the breach of any other warranty: 2 years after Completion.

Legacy Claims

The Company has agreed to bear the costs associated with any misconduct of an advisor in the Securities Business where that conduct occurred wholly before Completion for the first 5 years following Completion (**Legacy Claims**). These costs include:

- any settlement amount the Company pre-approves in writing or, where a court orders an amount to be paid, that amount; and
- any reasonable legal costs and expenses the Company has pre-approved in writing, or where a court orders an amount to be paid in legal costs, that amount.

If the Company is unwilling to approve legal costs for a particular Legacy Claim, it will be required to manage that Legacy Claim.

In respect of managing Legacy Claims, WHTM Holdings will procure that for a period of 5 years after Completion the Securities Business will co-operate and provide reasonable and timely assistance with Legacy Claims. The Company has also agreed to obtain and maintain professional indemnity and directors and officer "run off insurance", which will cover the Securities Business following Completion. This insurance will assist the Company to cover the costs of any Legacy Claim during the period.

Limitation of liability

The claims process is subject to the qualifications of warranties and limitations of liability contained in the Share Sale Agreement. These include the following:

- the Company limits its liability to the extent that the matter was fairly disclosed in the due diligence materials or a disclosure letter or the information is disclosed on the ASIC register or IP registries 5 Business Days prior to Completion;
- the Company will not be liable for an individual Claim or Claims unless the amount (individually or in aggregate) that WHTM Holdings would be entitled to recover in relation to that Claim or Claims is at least \$10,000, in which case WIG is liable only for the amount in excess of \$10,000;
- the maximum aggregate liability of the Company is \$3,000,000 in respect of a Legacy Claim relating to a current authorised representative of the Securities Business and uncapped in respect of a Legacy Claim relating to a previous authorised representative, in both instances less any excess paid under run off insurances regarding that claim. In respect of other warranties claims other than tax warranties, the maximum aggregate liability of the Company is \$5,000,000 less 50% of run off insurance premium and less amounts actually recovered by WHTM Holdings; and
- the Company limits its liability in respect of a number of specific claims set out in the Share Sale Agreement.

Tax Indemnity

The Company provides a tax indemnity for WHTM Holdings for any tax payable post-Completion that relates to a matter or event in the Securities Business that occurred before Completion.

Restraints

The agreement contains certain restraints on the Company and WHTM Holdings, in particular:

- the Company is restrained from carrying on or promoting any retail or institutional stockbroking business and corporate advisory or corporate financial services for a period of 2 years after Completion; and
- the Company and WHTM Holdings are both subject to a common non-solicitation provision for a period of 6 months.

The above two restrictions will not apply where a third party acquires a Relevant Interest in at least 50% of the issued voting shares in the Company.

Records

The Company and WHTM Holdings will retain records in relation to the Securities Business for a period of 7 years after Completion and will provide reasonable access to the other to those records.

(d) **Vendor Finance Agreement**

Vendor Finance

The Company will provide secured financing of \$1 million to StaffCo, which must be used solely for the purposes of subscribing for shares in WHTM Holdings, to part finance the Transaction.

Repayment and forgiveness of Vendor Finance

The Vendor Finance is repayable over the 2 years following Completion in tranches of \$500,000.

The Company will forgive each tranche of the repayment amount if the Company has not made a claim against WHTM Holdings (for an amount not greater than \$500,000) in respect of a breach of certain provisions of the Share Sale Agreement. These provisions include breaches in relation to assistance from group companies, payment of adjustments to the purchase price, guarantees, access to records, Legacy Claims, WHTM Holdings warranties, refunds, assistance from WHTM Holdings and tax returns relating to periods after Completion and non-solicitation.

The Company agrees to extend the repayment date if a claim has been lodged but not yet determined in accordance with the required dispute resolution processes.

Interest

The Vendor Finance itself will not accrue any interest however any sum that is due and payable but is unpaid will accrue interest. Without the Company's consent, StaffCo is restricted from transferring any of its shares until the Vendor Finance is repaid or forgiven.

(e) **Share Mortgage Deed**

Share Mortgage

As security for the Vendor Finance, the Company has obtained a first ranking mortgage over 1 million shares in WHTM Holdings to secure the satisfaction of the liabilities and obligations of StaffCo in connection with the Vendor Finance. In the event of a failure to pay monies in accordance with the Vendor Finance Agreement, insolvency or invalidity of the Vendor Finance Agreement or illegality of the obligations contained in it, the

Company can exercise all its right and entitlements under the mortgage, including a right of foreclosure.

Warranties

StaffCo provides warranties in respect of title, authorisation, capacity, solvency and no pre-existing encumbrances and further gives undertakings in respect to compliance, corporate existence, additional securities, variation of rights, protection of collateral and documents of title.

3.3 **Listing Rule 10.1**

Under Listing Rule 10 (transactions with persons in a position of influence), a company is required to obtain Shareholder approval before it disposes of a substantial asset to certain persons who have a prescribed relationship with the Company. An asset is a substantial asset for this purpose if its value or the value of the consideration for it is 5% or more of the equity interests of the Company as set out in the latest accounts given to the ASX, which in this case are the accounts for the year ended 31 December 2014.

The Shareholders who currently have a Relevant Interest in at least 10% of the total votes attaching to Shares are Deutsche with 18.67% and entities or persons associated to Mr Steven Wilson AM with 18.33%. The shareholding of the Shareholders associated with Mr Wilson are not relevant for these purposes as neither Mr Wilson nor any shareholder associated with him is acquiring any interest in the Securities Business as part of the Transaction. As Deutsche is a 'substantial holder' of the Company for the purposes of Listing Rule 10.1.3, approval of the Transaction by Non-Associated Shareholders is required.

3.4 **Reason for sale of the Securities Business**

The Company made an announcement to the ASX on 23 February 2015 of its intention to sell its Securities Business to a group comprising staff of the Securities Business, Craigs, and Deutsche. This Explanatory Memorandum reflects the detail of that sale as contained in that ASX release and the announcement to the ASX on 18 May 2015.

Should the Transaction complete, the Company's strategy will then be to focus primarily on its funds management businesses through Priority Funds and its investment in Pinnacle (75.01% owned). The Shareholders will benefit largely through more consistent profitability, a balance sheet and earnings subject to less risk and volatility, and appropriate application and management of the Company's capital. Further discussions of the Company's intentions post completion are provided at section 3.9 below.

3.5 **Potential advantages and benefits of the Transaction**

The potential advantages to the Shareholders of approving Resolution 1 are as follows:

- The activity of the Securities Business has a volatile earnings stream as has been indicated by its financial results over the past few years. It incurred heavy losses in 2012 and 2013 and returned to modest profit in 2014 and in the first half of this financial year. The disposal of the Securities Business will remove the Company's exposure to this earnings volatility.
- The Board has determined that Securities Business is better owned directly by certain employees who work in the business in order to drive profitability. The Transaction therefore provides for a staff-ownership model while also aligning the business with established partners from the industry in Craigs and Deutsche.
- The new structure will allow the Company to focus on its funds management businesses – Pinnacle and Priority Funds - which are generally more efficient and achieve higher returns on equity, greater stability of earnings and therefore value per share.

- The Company will also be able to reduce further its corporate overheads as it will no longer provide support to the activities of the Securities Business. Both Board and overhead costs will reduce, as will the number of direct employees of the Company.
- The increased stability of earnings and lower corporate overhead costs will correspondingly allow a more consistent level of dividends to be paid.
- This transaction will leave WIG with a strong balance sheet and a focus on growing shareholder value, profits and dividends.

3.6 **Potential disadvantages and risks of the Transaction**

The potential disadvantages to the Shareholders with approving Resolution 1 are as follows:

- The Company will no longer have access to the revenue and profitability of the Securities Business. Although the earnings stream of the Securities Business has been volatile and the business has incurred large losses previously, it has more recently been modestly profitable. It is noted however that there is provision in the Share Sale Agreement for additional consideration to be paid to the Company should the Securities Business exceed profit thresholds in its first two financial years post Completion.

The members of the Board entitled to make recommendations consider that the advantages outweigh the disadvantages of the Transaction.

3.7 **Effect of the Transaction on the Company**

(a) **Effect of the Transaction on the Company's future earnings**

(i) **Effect of the sale on the Company's consolidated statement of financial position**

An unaudited pro-forma consolidated statement of financial position is set out in Schedule 2 to demonstrate the financial position of the Company post Completion. This has been prepared by adjusting the Company's consolidated statement of financial position at 31 December 2014 as reviewed by the Company's auditors, for the effect of the transaction as if it occurred on that date.

(ii) **Effect of the sale on the Company's consolidated statement of comprehensive income**

An unaudited pro-forma consolidated statement of comprehensive income is set out in Schedule 2 to demonstrate the financial performance of the Company post Completion. This has been prepared by adjusting the Company's consolidated statement of comprehensive income at 31 December 2014 as reviewed by the Company's auditors, for the effect of the transaction as if it occurred on that date.

(iii) **Deferred Tax Asset for Income Tax Losses**

Following the completion of the Transaction, the carrying value of deferred tax assets of the Company attributable to income tax losses of approximately \$9 million will be considered and may be substantially lowered or eliminated.

(b) **Effect of the Transaction on the Board and management**

The Company has more recently been undertaking a process of Board renewal and this is planned to continue in keeping with the governance needs of the Company in its 'new' form following Completion.

Through the course of negotiation of the Transaction the Board determined that it was more appropriate for the current Directors to remain in place until Completion and the

Company's annual financial statements are finalised. It is intended that Mr Darvall who is Chairman of the Company's Audit, Compliance and Risk Management Committee, will resign after finalisation of the audited 2015 financial results release and that Mr Skala will resign the Chairmanship of the Company's Board. New Board members with appropriate skills for the new structure will be engaged.

The management of the Company will continue to be undertaken by Mr Alexander Grant as Managing Director, with support from Ms Eleanor Padman (General Counsel and Company Secretary) and Mr Todd Curby (Group Financial Controller). The management of Pinnacle will not be impacted by the Transaction.

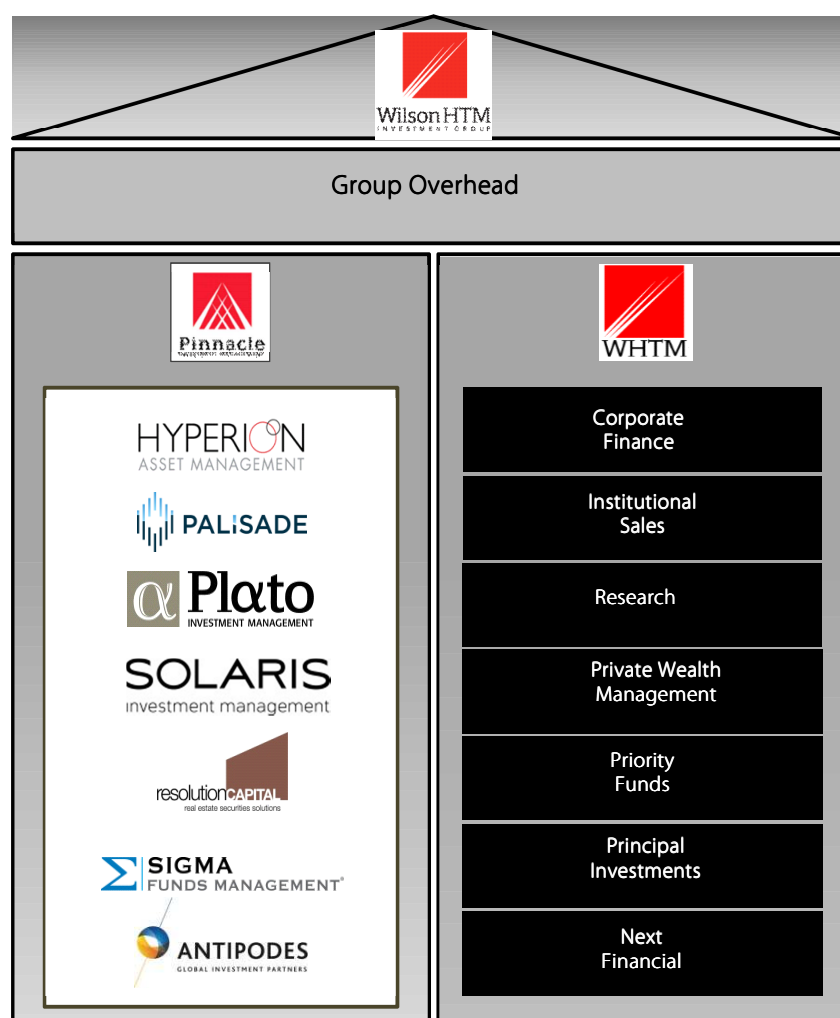
The management team of the Securities Business will leave the Company as a result of the Transaction, including Mr Brad Gale who is currently Chairman of the Executive Committee of the Securities Business.

(c) **Effect of the Transaction on the capital structure**

The number of shares on issue in the Company will not change as a result of the Transaction.

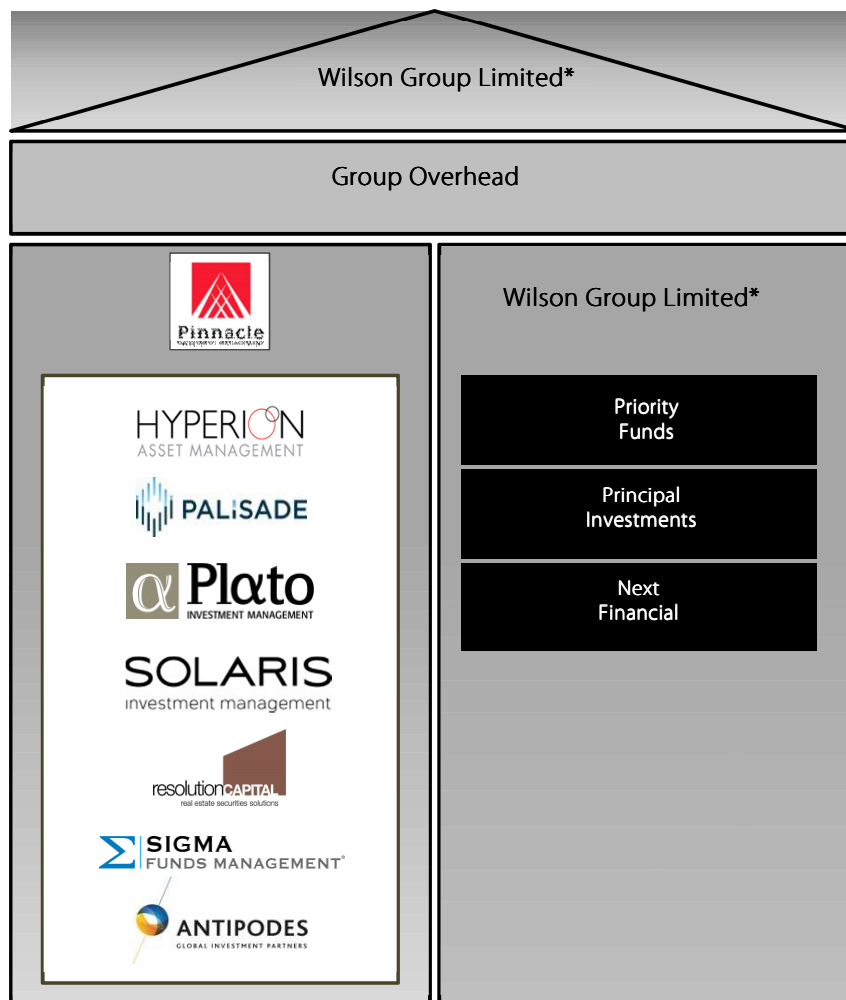
(d) **Effect of the Transaction on the corporate structure**

The Securities Business and its associated service offerings (Private Wealth Management, Corporate Finance, Institutional Sales and Research) currently form part of the WHTM segment of the business, along with the Priority Funds and Next Financial businesses, and Principal Investments.



Should the Securities Business be disposed of, this segment will continue as a separate operating segment of the Company, with its activities comprising the Priority Funds, the Next Financial businesses and Principal Investments.

This change in structure is depicted below. Further information regarding the Company's intentions post completion are provided in section 3.9.



* The use of 'Wilson Group Limited' will be subject to the passing of Resolution 4.

3.8 Tax Impact of the Transaction

The transaction will represent a disposal by the Company of the shares in the Securities Business (CGT Event A1) for Australian income tax purposes.

The Company will be deemed to receive capital proceeds equal to the market value of the consideration paid by WHTM Holdings on the date that the Share Sale Agreement is executed.

As the Securities Businesses are currently members of the income tax consolidated group of which the Company is head entity, the Company's CGT cost base in the shares is calculated under the income tax consolidation rules. The Company will make a capital gain if the capital proceeds it receives are more than the Company's CGT cost base in the Securities Business, or will make a capital loss if the capital proceeds are less than the Company's CGT cost base in the Securities Business.

If the Company makes a capital gain, the Company believes that it has sufficient income tax losses available to offset any capital gain that occurs as a result of the Transaction. To the extent that income tax losses are available to offset the capital gain, no tax will be payable by the Company on

the capital gain, however such income tax losses will not then be available to offset any future capital gains made by the Company.

If the Company makes a capital loss, the capital loss would be carried forward and used to offset any future capital gains made by the Company, subject to meeting the relevant conditions for the carry forward of tax losses.

The tax impact on the Company will not be able to be finalised until Completion, however based on the pro-forma statement of financial position included in Schedule 2 it is estimated that the capital proceeds to the Company from the Transaction will be less than the Company's CGT cost base in the Securities Business, and that the Transaction will result in a capital loss to the Company.

The disposal of the shares in the Securities Business may also give rise to another CGT event (CGT Event L5), which is determined on an entity by entity basis and occurs where the liabilities of the entity exceed the tax value of the assets of the entity at date of Completion. Should this CGT event apply and result in a capital gain, the Company believes that it has sufficient income tax losses available to offset the capital gain. To the extent that income tax losses are available to offset the capital gain, no tax will be payable by the Company on the capital gain, however such income tax losses will not then be available to offset any future capital gains made by the Company.

The Company will retain the benefit of any tax losses and franking credits generated by the Securities Business whilst it was a member of the Company's income tax consolidated group.

3.9 **The Company's intentions post Completion**

As outlined in section 3.7(d), following Completion the Company's operations will be as follows:

- operate its 100% owned Priority Funds business which manages the Priority Growth Fund and the Priority Core Fund;
- continue to hold its 75.01% interest in Pinnacle and examine ways to support this business in the future as appropriate; and
- continue to run-off its Next Financial business post the maturity of its structured products book on 30 June 2015.

Further it is intended to reduce corporate overhead costs and focus on careful application and management of the Company's capital. The Board will continue to refine the strategy as the Transaction approaches Completion.

3.10 **Additional Information**

(a) **Implications if the Transaction does not proceed**

If Completion does not occur, the Securities Business will be retained until such time as another strategy or ownership structure is developed and implemented. The Company is likely, in that event, to leave the current staff-led management structures in place in the immediate term. It is also likely that short-term incentives may be needed to retain key staff. There are considerable risks to the Securities Business should Completion not occur. These include loss of revenue producing staff and therefore loss of profitability.

(b) **Directors' interests**

No Director will receive any payment or benefit of any kind as a consequence of the Transaction other than as a Shareholder. Set out below are details of each of the Directors' and their personal related entities' Relevant Interest in Shares as at the date of this Explanatory Memorandum:

Director	Number of Shares	% of Shares
Steven Skala	853,753	0.78%
Chum Darvall	300,000	0.27%
Steven Wilson	20,133,000	18.33%
Sandy Grant	5,628,738	5.12%

(c) **Other material information**

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. These disclosure obligations require the Company to disclose to the ASX any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Since the announcement of the results of the Company's last annual general meeting on 26 November 2014, the Company has made the following announcements:

Date Announced	Announcement
18/05/2015	Market Update
04/05/2015	Change in substantial holding from PPT
16/04/2015	Appendix 3B
31/03/2015	Appendix 3B
27/03/2015	Change of Director's Interest Notice
27/03/2015	Becoming a substantial holder
26/03/2015	Appendix 3B
26/03/2015	Change in substantial holding
24/03/2015	Appendix 3B
23/03/2015	Appendix 3B
20/03/2015	Appendix 3B
19/03/2015	Appendix 3B
17/03/2015	Appendix 3B
11/03/2015	Appendix 3B
10/03/2015	Change in substantial holding (amended)
09/03/2015	Change in substantial holding
09/03/2015	Change of Directors Interest Notice

09/03/2015	Appendix 3B
09/03/2015	Appendix 3B
06/03/2015	Change in substantial holding from PPT
06/03/2015	Becoming a substantial holder for EML
05/03/2015	Appendix 3B
04/03/2015	Appendix 3B
03/03/2015	Appendix 3B
03/03/2015	Appendix 3B
03/03/2015	Appendix 3B
25/02/2015	31 Dec 2014 Financial Results Investor Presentation
25/02/2015	Appendix 4D and Half Yearly Financial Reports
23/02/2015	Change in substantial holding – PPT
23/02/2015	Market Update
06/01/2015	Change in substantial holding for MYE
23/12/2014	Company Secretary Appointment/Resignation
02/12/2014	Change of Director's Interest Notice
27/11/2014	Appendix 3Z Final Directors Interest Notice
26/11/2014	Results of Meeting

Further information can also be found on the Company's website:
<http://www.wilsonhtm.com.au>

3.11 Independent Expert's Report

Listing Rule 10.10.2 requires that the notice of meeting to Shareholders for a resolution under Listing Rule 10.1 include a report on the Transaction from an independent expert. The report must state the independent expert's opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

The Company engaged Lonergan Edwards to prepare the Independent Expert's Report in relation to the Transaction. A copy of the Independent Expert's Report accompanies this Explanatory Memorandum and is included as Schedule 3 to this Explanatory Memorandum.

The Independent Expert's Report concludes that the Transaction is fair and reasonable to Non-Associated Shareholders for the reasons outlined in their Independent Expert's Report.

3.12 Voting exclusions

Listing Rule 10.1 requires that a notice of meeting seeking approval under Listing Rule 10.1 must include details of a voting exclusion statement that excludes any party to the proposed transaction

from voting on the resolution to approve the proposed transaction. The required voting exclusion statement is included in the Notice.

The Company will disregard votes cast on the resolution:

- (a) by Wilson HTM Holdings Pty Ltd, Wilson HTM NewCo 2015 Pty Ltd, Deutsche Australia Limited, Craigs Investment Partners and ACN 605 747 573 Limited; and
- (b) by an associate of those persons, regardless of the capacity in which the vote is cast.

except where the votes are cast:

- (c) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decided.

3.13 **Directors' Recommendation**

Resolution 1 is an ordinary resolution and so requires the approval of more than 50% of the votes cast by Shareholders present and eligible to vote. Shareholders voting in favour of Resolution 1 should also vote in favour of Resolutions 4 and 5, which are contingent on Resolution 1.

Each Director who is permitted by law to vote in favour of the Transaction, namely:

- (a) Mr Chum Darvall AM;
- (b) Mr Steven Wilson AM;
- (c) Mr Alan Watson; and
- (d) Mr Alexander Grant,

recommends that all Non-Associated Shareholders vote in favour of Resolution 1, in the absence of a Superior Proposal. Subject to that same qualification, each of Mr Steven Skala AO, Mr Darvall, Mr Wilson and Mr Grant intend to vote shares in which they hold a Relevant Interest in favour of the Resolution 1 and approve the Transaction.

At the time of dispatch of this notice of meeting, the Directors were not aware of any Superior Proposal to the Transaction.

4. **RESOLUTIONS 2 AND 3 – GRANT OF OPTIONS TO KMP OF PINNACLE**

4.1 **The resolution**

The Company proposes to grant 1,175,000 options in the ordinary Shares of the Company to Mr Ian Macoun via Macoun Generation Z Pty Ltd (ACN 121 357 720) ATF the Macoun Generation Z Family (750,000 options) and to Mr Alex Ihlenfeldt via Usinoz Pty Ltd (ACN 097 263 539) ATF Ihlenfeldt family trust (425,000 options) under the Employee Option Plan.

Mr Macoun is the Managing Director of Pinnacle and Mr Ihlenfeldt is a director and company secretary of Pinnacle and both are considered to be KMP of the Company. The Company holds a 75.01% stake in Pinnacle.

Such an arrangement helps with two objectives:

- It incentivises KMP for the next phase (5-6 years) of growth of the business and aligns their interests with those of the business; and
- It demonstrates to the funds management market that the Company supports the need for Pinnacle KMP stability.

4.2 Grant of options

Under section 200C of the Corporations Act, a benefit to a person who holds or previously held a managerial or executive office in the Company or any of its related bodies corporate in connection with the transfer of any part of the undertaking or property of the Company requires approval by shareholders of the Company.

The Company is seeking shareholder approval for the benefit which might be conferred on Mr Macoun and Mr Ihlenfeldt under the terms of the options in the event that a sale of Pinnacle occurs in the future because in that circumstance, vesting of the options may be accelerated on a staggered basis (with the balance lapsing).

It is proposed to issue 1,175,000 WIG options, which is equal to 1.05% of the Company on a fully diluted basis after those options are issued.

The exercise price for the options will be 98.6 cents per Share, being the higher of the Company's NTA as at 1 January 2015 + 20% or the Company's volume weighted average price in the period 1 December 2014 to 31 March 2015. 50% of the options will vest after 3 years, with a 6 month window for exercise, with the remaining 50% to vest after 5 years, also with a 6 month window for exercise.

Sale of all of Pinnacle

Under the terms of the options, if all the shares in Pinnacle are sold, vesting of the options is accelerated according to the date on which the shares are sold. If all the shares in Pinnacle are sold:

- prior to 31 December 2016, 60% of the options will immediately vest;
- prior to 31 December 2018, 75% of the total options will immediately vest; and
- after 31 December 2018, all of the options will immediately vest at that time.

Any residual unvested options following accelerated vesting of part only (for example, if Pinnacle were sold before 31 December 2018) will lapse.

The number of options proposed to be granted is:

Proposed option holder	No of WIG options to be issued
Macoun Generation Z Pty Ltd (ACN 121 357 720) ATF the Macoun Generation Z Family	750,000
Usinoz Pty Ltd (ACN 097 263 539) ATF Ihlenfeldt family trust	425,000
Total	1,175,000

The value of the options on the date they are granted will be determined by the difference between the market price of Company Shares on that date and the exercise price of 98.6 cents per Share. The value of the benefit that may be payable to Mr Macoun and Mr Ihlenfeldt in the event that Pinnacle is sold in the future cannot be ascertained at this time. The key matters, events and circumstances which will, or are likely to affect the calculation of that value are:

- the point in time when Pinnacle is sold, ie the proportion of the vesting period that has elapsed; and

- the market price of Company Shares at the time of acceleration of vesting of the options.

The Directors advise that there is no current intention to sell the Company's shares in Pinnacle. Accordingly, the potential for a benefit to arise is contingent on both a change of intention occurring and the date of any sale of Pinnacle.

Directors' Recommendation

Each of Resolutions 2 and 3 are ordinary resolutions and accordingly, each require the approval of more than 50% of the votes cast by Shareholders present and eligible to vote.

The Directors recommend Shareholders vote in favour of each of Resolutions 2 and 3.

5. RESOLUTION 4 – CHANGE OF COMPANY NAME

5.1 Change of company name

In accordance with section 157(1) of the Corporations Act, the Company submits to Shareholders for consideration and adoption by way of a special resolution for the name of the Company to be changed to Wilson Group Limited. The Company also seeks approval under section 136(2) of the Corporations Act to amend the Company's Constitution to reflect the change of name.

The Board considers that the change of name is necessary to better reflect the business of the Company and to distinguish itself from WHTM Holdings and the Securities Business following Completion of the Transaction. If Resolution 4 is approved, the change of name will only take effect upon Completion of the Transaction and when ASIC changes and alters the Company's registration details

5.2 Directors' Recommendation

Resolution 4 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

The passing of Resolution 4 is conditional upon and subject to Resolution 1 being approved by Non-Associated Shareholders. Accordingly, if the Shareholder intends to vote in favour of Resolution 4, they should also vote in favour of Resolution 1.

The Directors recommend Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – AMEND CONSTITUTION

6.1 Modification of company constitution

Under section 136(2) of the Corporations Act 2001, a Company must have shareholder approval by a special resolution to modify its constitution.

The Board considers that the amendments to the Constitution are necessary to give effect to the Transaction and to modernise the Constitution.

6.2 Summary of key changes

Below is a summary of the key proposed changes to the Constitution:

- The removal of Deutsche's special rights as a majority shareholder which was agreed between Deutsche and the Company as part of the Transaction;
- The modernisation of the Constitution to:
 - allow for electronic communications with Shareholders and between Directors;

- bring it into line with changes to the Corporations Act;
- bring it into line with changes to the operating and settlement rules of the ASX;
- bring it into line with changes in Corporate Governance practices.

6.3 **Directors' Recommendation**

Resolution 5 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

The passing of Resolution 5 is conditional upon and subject to Resolution 1 being approved by Non-Associated Shareholders. Accordingly, if the Shareholder intends to vote in favour of Resolution 5, they should also vote in favour of Resolution 1.

The Directors recommend Shareholders vote in favour of Resolution 5.

7. **OTHER INFORMATION**

7.1 **Foreign jurisdictions**

This Explanatory Memorandum has been prepared to comply with Australian law and has only been made available to Shareholders.

This Explanatory Memorandum should not be distributed to anyone other than Shareholders, other than by any Shareholder in receipt of this Explanatory Memorandum who holds Shares on behalf of a beneficial owner, to that beneficial owner, provided that either that beneficial owner is resident in Australia, or sending this Explanatory Memorandum to that beneficial owner does not constitute a breach of foreign securities laws.

Failure to comply with such restrictions may find a Shareholder in violation of applicable securities laws. The distribution of this Explanatory Memorandum outside Australia may be restricted by law. If a Shareholder comes into possession of this Explanatory Memorandum, they should observe any such restrictions.

This Explanatory Memorandum has been prepared having regard to Australian disclosure requirements. These disclosure requirements may be different from those in other countries.

7.2 **Personal investment advice**

This Notice and Explanatory Memorandum does not take into account the individual investment objectives, the financial situation or needs of Shareholders or any other person. If you are in any doubt about what to do in relation to the Resolutions contemplated by this Explanatory Memorandum, you should consult your financial or other professional adviser.

7.3 **Responsibility of information**

The information contained in this Explanatory Memorandum (except the Independent Expert's Report) has been prepared by the Company and is the responsibility of the Company.

Lonergan Edwards has prepared the Independent Expert's report and has consented to the report accompanying the Explanatory Memorandum. Lonergan Edwards takes responsibility for that report and for references to that report in the Explanatory Memorandum to the extent that the information is used to evaluate the Transaction by Non-Associated Shareholders. Lonergan Edwards is not responsible if the information is used by any other person for any other purpose, nor is Lonergan Edwards responsible for any other information contained within the Explanatory Memorandum. Shareholders are encouraged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

7.4 ASX Lodgement

A copy of this Explanatory Memorandum has been lodged with ASX in accordance with Listing Rules requirements, and neither ASX nor any of its officers takes any responsibility for the contents of these documents.

7.5 No other representation

No person is authorised to give any information or make any representation in connection with the transactions described in this Explanatory Memorandum, which is not contained in this Explanatory Memorandum. Any information or representation not contained in this Explanatory Memorandum may not be relied on as having been authorised by the Company in connection with the subject of the Resolutions.

7.6 No other material information

Other than any information already released to ASX by the Company, there is no further information as at the date of this Explanatory Memorandum known to the Board that is material to the decision of Shareholders on how to vote on the Resolutions that is not set out in this Explanatory Memorandum.

8. QUERIES

For any queries about the Meeting, the Resolutions to be put to the Meeting or the proposals to be considered, please contact:

Company Secretary
Eleanor Padman

Telephone: +61 2 8247 3165
Facsimile: +61 2 8247 6659
Email: Eleanor.padman@wilsonhtm.com.au

Schedule 1 – Glossary

In this Notice and the Explanatory Memorandum:

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Board means the board of Directors.

Business Day means a day that is not a Saturday, Sunday or public holiday on which banks are open for business generally in Brisbane.

CGT means capital gains tax.

Company or **WIG** means Wilson HTM Investment Group Ltd ACN 100 325 184.

Completion means the completion of the Transaction.

Compliance Warranty is a warranty made by the Company under the Share Sale Agreement that the Securities Business:

- (a) has all necessary authorisations to conduct its business;
- (b) has complied in all material respects with the laws that relate to the conduct of the Securities Business;
- (c) has not received any notices from a regulatory authority which might materially adversely affect the Securities Business; and
- (d) certain specific acts have been taken with respect to an audit undertaken by AUSTRAC with regard to anti-money laundering and counter-terrorism financing.

Constitution means the constitution of the Company at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Craigs means Craigs Investment Partners Limited.

Deutsche means Deutsche Australia Limited ACN 006 385 593.

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum and each schedule or annexure attached to the Notice.

Implementation Agreement means the implementation agreement dated 15 May 2015 between the Company, NewCo and WHTM Holdings.

Independent Expert's Report means the report prepared by Lonergan Edwards and contained in Schedule 3 to this Explanatory Memorandum.

KMP means Key Management Personnel.

Listing Rules means the listing rules of the ASX, as amended from time to time.

Lonergan Edwards means Lonergan Edwards & Associates Limited ACN 095 445 560.

Meeting means the extraordinary general meeting of the Company the subject of the Notice.

NewCo means Wilson HTM NewCo 2015 Pty Ltd ACN 603 546 194.

NTA means net tangible assets.

Non-Associated Shareholders means the Shareholders other than those whose votes have been disregarded by the voting exclusion for Resolution 1.

Notice means this notice of meeting.

Pinnacle means Pinnacle Investment Management Limited ACN 109 659 109.

Proxy Form means the proxy form attached to or accompanying the Notice.

Relevant Interest has the meaning given to it by sections 608 and 609 Corporations Act.

Resolution means a resolution proposed to be considered and, if thought fit, to be passed at the Meeting.

Restructure has the meaning given in section 3.2 of the Explanatory Memorandum.

Restructure Share Sale Agreement means the share sale agreement between the Company and NewCo.

Securities Business means NewCo, WHTM Services, WHTM Corporate and WHTM and each of their Subsidiaries and the securities business conducted by them.

Share means the fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Mortgage means the mortgage granted by StaffCo in favour of the Company in accordance with the Share Mortgage Deed.

Share Mortgage Deed means the deed of mortgage securities dated 15 May 2015 between the Company and StaffCo.

Share Sale Agreement means the share sale agreement dated 15 May 2015 between the Company, NewCo and WHTM Holdings regarding the Transaction.

StaffCo means ACN 605 747 573 Limited.

Subsidiary means a subsidiary within the meaning given to that term in the Corporations Act.

Transaction means the sale of the Securities Business by the Company to WHTM Holdings.

Transaction Documents means

- (a) the Implementation Agreement;
- (b) the Share Sale Agreement;
- (c) the Vendor Finance Agreement; and
- (d) the Share Mortgage Deed.

Vendor Finance means the finance provided by the Company in accordance with the Vendor Finance Agreement.

Vendor Finance Agreement means the agreement dated 15 May 2015 between the Company and StaffCo under which the Company provides the Vendor Finance to StaffCo.

WHTM means Wilson HTM Ltd ACN 010 529 665.

WHTM Corporate means Wilson HTM Corporate Finance Ltd ACN 057 547 323.

WHTM Holdings means Wilson HTM Holdings Pty Limited ACN 605 696 259.

WHTM Services means Wilson HTM Services Pty Ltd ACN 080 226 651.

WIG Group means the Company and each of its Subsidiaries.

In this Notice and Explanatory Memorandum, words importing the singular include the plural and vice versa.

Schedule 2 – Pro-forma Consolidated Financial Reports

Pro-forma Consolidated Statement of Financial Position – 31 December 2014

The historical consolidated statement of financial position of the Company as at 31 December 2014 as reviewed by the Company's auditors is provided below, modified for pro-forma adjustments assuming Resolution 1 is passed, to arrive at the unaudited pro-forma consolidated statement of financial position as at 31 December 2014.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	Historical 31-Dec-14 \$'000	Pro-forma Adjustments \$'000	Pro-forma 31-Dec-14 \$'000
Current assets				
Cash and cash equivalents	1,2	19,142	(6,943)	12,199
Trade and other receivables	1	5,549	(3,066)	2,483
Financial assets at fair value through profit or loss	1	8,878	(173)	8,705
Derivative financial assets		407	-	407
Loans to investors		3,231	-	3,231
Total current assets		37,207	(10,182)	27,025
Non-current assets				
Investments accounted for using the equity method		19,068	-	19,068
Property, plant & equipment	1	975	(935)	40
Net deferred tax assets	1	12,449	(2,853)	9,596
Intangible assets	1	52	(14)	38
Other non current assets	1,2	5,903	(1,303)	4,600
Total non-current assets		38,447	(5,105)	33,342
TOTAL ASSETS		75,654	(15,287)	60,367
Current liabilities				
Trade and other payables	1,3	(9,068)	6,088	(2,980)
Borrowings		(3,198)	-	(3,198)
Derivative financial liabilities		(395)	-	(395)
Provisions current	1	(3,748)	2,651	(1,097)
Other current liabilities		(148)	-	(148)
Total current liabilities		(16,557)	8,739	(7,818)
Non-current liabilities				
Provisions non current	1	(1,412)	1,231	(181)
Other non current liabilities	1	(2,314)	2,314	-
Total non-current liabilities		(3,726)	3,545	(181)
TOTAL LIABILITIES		(20,283)	12,284	(7,999)
NET ASSETS		55,371	(3,003)	52,368
Equity				
Contributed equity		57,667	-	57,667
Reserves		1,418	-	1,418
Accumulated losses	1,2,3	(7,184)	(3,003)	(10,187)
Capital and reserves attributable to owners of Wilson HTM Investment Group Ltd		51,901	(3,003)	48,898
Non-controlling interests		3,470	-	3,470
TOTAL EQUITY		55,371	(3,003)	52,368

Notes

1. Represents the disposal of net assets and liabilities of the Securities Business with a net book value of \$7,503,000, including cash of \$10,943,000.
2. Includes a net cash inflow on sale of business of \$4,000,000, represented by \$5,000,000 cash consideration offset by \$1,000,000 vendor finance loan. The transaction results in a pro-forma loss on disposal of \$2,503,000, attributable to the value of deferred tax assets relating to timing differences which although currently available to the Company, will not be available to the purchasers under proposed income tax legislation. Should the purchasers ultimately receive the benefit of these timing differences during the first 3 years post-completion the amount of this benefit above \$350,000 is payable to the Company under the sale agreement.
3. Includes estimated transaction costs of \$500,000.

Pro-forma Consolidated Statement of Comprehensive Income – 31 December 2014

The historical consolidated statement of comprehensive income of the Company as at 31 December 2014 as reviewed by the Company's auditors is provided below, modified for pro-forma adjustments assuming "Resolution 1 – Disposal of Securities Business" is passed, to arrive at the unaudited pro-forma consolidated statement of comprehensive income as at 31 December 2014.

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2014

	Notes	Historical 31-Dec-14 \$'000	Pro-forma Adjustments \$'000	Pro-forma 31-Dec-14 \$'000
Revenue from continuing operations	1	30,245	(26,856)	3,389
Fair value losses on financial assets at fair value through profit or loss	1	(331)	102	(229)
Employee benefits expense	1	(13,402)	10,438	(2,964)
Commissions and incentives expense	1	(9,117)	8,144	(973)
Computer and communications expense	1	(1,883)	1,645	(238)
Property expense	1	(1,373)	895	(478)
Market information expense	1	(1,359)	1,218	(141)
Consultant Fees and payaways	1	(988)	752	(236)
Transaction processing expense	1	(961)	961	-
Travel and entertainment expense	1	(590)	429	(161)
Depreciation and amortisation expense	1	(556)	529	(27)
Insurance expense	1	(537)	330	(207)
Legal and professional services expense	1	(423)	62	(361)
Marketing and advertising expense	1	(130)	63	(67)
Structured product expense		(30)	-	(30)
Management fees		(10)	-	(10)
Impairment expense		190	-	190
Finance costs	1	(231)	50	(181)
Other expenses	1	(456)	318	(138)
Share of net profit/(losses) of entities accounted for using the equity method		5,209	-	5,209
Profit before income tax from continuing operations		3,267	(920)	2,347
Income tax benefit from continuing operations	1	186	387	573
Profit from continuing operations		3,453	(533)	2,920
Profit from discontinued operations (net of income tax)	2	-	(2,470)	(2,470)
Profit for the half-year		3,453	(3,003)	450
Total comprehensive income for the half-year		3,453	(3,003)	450
Profit/(loss) and total comprehensive income/(loss) for the half-year is attributable to:				
Wilson HTM Investment Group Ltd		2,587	(3,003)	(416)
Non-controlling interests		866	-	866

Notes

1. Represents the revenue and expenses of the Securities business for the half-year ended 31 December 2014, re-classified as "Profit from discontinued operations (net of income tax)".
2. Includes the profit after tax from the Securities business for the half-year ended 31 December 2014 of \$533,000 (refer note 1 above), net of the pro-forma loss on disposal of the Securities business of \$2,503,000 and estimated transaction costs of \$500,000.

Significant Accounting Policies

The significant accounting policies on which the historical consolidated financial reports and pro-forma consolidated financial reports are based are contained in the Company's 30 June 2014 Annual Financial Report and 31 December 2014 Interim Financial Report.

The historical and pro-forma financial information is presented in an abbreviated form and does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Schedule 3 – Independent Expert Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

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The Independent Directors
Wilson HTM Investment Group Ltd
Level 38 Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

15 May 2015

Subject: Sale of Wilson HTM Securities business

Dear Independent Directors

Introduction

- 1 On 23 February 2015 Wilson HTM Investment Group Ltd (WIG) announced the proposed sale of its securities business (Wilson HTM Securities or the Securities business) to a consortium of investors comprising existing Wilson HTM staff, Craigs Investment Partners (Craigs) and Deutsche Bank Group (DB) (the Proposed Transaction).

Proposed consideration

Initial purchase price

- 2 The initial purchase price to be paid for Wilson HTM Securities is \$5.0 million, comprising \$4.0 million in cash and \$1.0 million in vendor finance. This initial purchase price will be adjusted on completion for any difference between the net tangible assets (NTA) of the business on completion (plus \$350,000 for deferred tax assets (DTA)) and \$5.0 million¹. The vendor finance component (which is secured against half the shares to be held by Wilson HTM staff in the new entity which will hold the Securities business) is to be paid in two interest free equal instalments one and two years after completion.

Future profit share

- 3 Pursuant to the Proposed Transaction, WIG is also entitled to a future profit share for the first two years subject to certain conditions being met. Specifically, WIG is entitled to:
 - (a) 50% of the audited net profit before tax of Wilson HTM Securities in excess of \$3 million for the period from 1 July 2015 to 30 June 2016 (FY16), provided that such sum shall not exceed \$1 million
 - (b) 50% of the audited net profit before tax of Wilson HTM Securities in excess of \$3 million for the period from 1 July 2016 to 30 June 2017 (FY17), provided that such sum shall not exceed \$1 million.

¹ For example, if the NTA on completion (plus \$350,000 for DTA) are more than \$5.0 million then the cash component of the purchase price will be increased by the extent of the difference.

Share of future tax benefits realised

- 4 Further, WIG is entitled to 100% of the value of tax benefits arising from DTA above \$350,000 that are realised by the new owner of the Securities business at any time from completion up to 30 June 2018. As the certain component of the purchase price attributes a value for DTA of \$350,000, any future payment for DTA will only occur if DTA benefits realised exceed this amount.

Contingent liabilities

- 5 WIG will retain contingent liabilities relating to the historical ownership of Wilson HTM Securities. These include:
- (a) potential redundancy costs (excluding leave liabilities) of certain employees nominated by the consortium
 - (b) 50% of the break fee relating to the Sydney lease should the Securities business decide to vacate the premises
 - (c) 50% of the amount payable for liability insurance premiums for legacy claims five years after completion up to the value of \$500,000; and
 - (d) the amount payable for liability insurance deductibles relating to legacy claims up to the value of:
 - (i) \$3 million relating to the liability of a current authorised representative of the Securities business (Current Advisor Claims)^{2 3}
 - (ii) \$5 million in respect of other warranty and compliance claims (excluding tax warranty claims)⁴.

Scope

- 6 Deutsche Australia Limited, a subsidiary of DB, holds an interest of 18.67% in the shares in WIG. DB also holds a 49.9% interest in Craigs.
- 7 ASX Listing Rule 10.1 states that an entity must ensure that it does not acquire a substantial asset from, or dispose of a substantial asset to, a substantial holder (of greater than 10% of the voting rights) or an associate of a substantial holder without the approval of holders of the entity's ordinary securities. Approval is required by resolution at a general meeting.
- 8 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration for it, is 5% or more of the consolidated equity interests of the entity as set out in the latest accounts given to the Australian Securities Exchange⁵.

² The \$3 million cap includes the amount paid for insurance premiums.

³ WIG management have confirmed that there are no material Current Advisor Claims with respect to the Securities business.

⁴ The \$5 million cap includes the amount paid for insurance premiums, less any amounts paid by WIG in connection with Current Advisor Claims.

⁵ We note that WIG's latest accounts as at 31 December 2014 show consolidated net assets of \$55.4 million. The proposed transaction value therefore exceeds 5% of net assets.

- 9 ASX Listing Rule 10.10 requires that the notice of general meeting includes a report from an independent expert stating whether the transaction is fair and reasonable to the holders of ordinary shares.
- 10 Accordingly, the Independent Directors of WIG have requested that Lonergan Edwards & Associates Limited (LEA) prepare an independent expert's report (IER) stating whether, in LEA's opinion, the Proposed Transaction is fair and reasonable to the shareholders of WIG other than DB (the non-associated WIG shareholders).
- 11 LEA is independent of WIG, DB and Craigs and has no other involvement or interest in the outcome of the Proposed Transaction other than the preparation of this report.

Summary of opinion

- 12 LEA has concluded that the Proposed Transaction is fair and reasonable to the WIG shareholders not associated with the transaction. We have formed this view for the reasons set out below.

Fairness

- 13 Pursuant to RG 111 the Proposed Transaction is fair if the value of the consideration to be received by WIG for the Wilson HTM Securities business is equal to or greater than the value of this business. This comparison is shown below:

Fairness			
	Low A\$000	High A\$000	Mid-point A\$000
Value of consideration ⁽¹⁾⁽²⁾	4,868	4,868	4,868
Value of the Wilson HTM Securities business	4,550	6,300	5,425
Extent to which the consideration exceeds (or is less than) the value of the Wilson HTM Securities business	318	(1,432)	(557)

Note:

- 1 Excluding any future benefits which may arise from the realisation of DTA by the purchaser, which will also be paid to WIG to the extent that the benefit realised by the purchaser exceeds \$350,000 over the 3 years ending 30 June 2018.
- 2 Excluding any future benefit which may arise from the profit sharing arrangement discussed in paragraphs 3 and 80.

- 14 As the consideration to be received is consistent with our assessed valuation range for the Wilson HTM Securities business, in our opinion, the consideration is fair to WIG shareholders not associated with the transaction when assessed based on the guidelines set out in RG 111.

Reasonableness

- 15 Pursuant to RG 111, the Proposed Transaction is reasonable if it is fair. Consequently, we have concluded that the Proposed Transaction is both fair and reasonable.

Summary of advantages and disadvantages

- 16 Further, we summarise below the advantages and disadvantages of the Proposed Transaction from the perspective of WIG shareholders not associated with the transaction:

Advantages

- (a) non-associated WIG shareholders will have exposure to a pure funds management business (ignoring Next Financial which will effectively be concluded by the end of 2015) which generally trade on significantly higher multiples than stockbroking businesses
- (b) non-associated WIG shareholders will no longer be exposed to the volatile earnings of the Securities business
- (c) WIG will no longer have management / director time and capital allocated to the Securities business
- (d) the sharemarket reaction to the Proposed Transaction has been positive
- (e) non-associated WIG shareholders retain some potential upside of the Securities business due to the profit sharing arrangements over the next two financial years
- (f) the Securities business has been “on the market” for some time, and the current proposal represents a reasonable opportunity for WIG to divest the Securities business (in the absence of a superior proposal).

Disadvantages

- (g) non-associated WIG shareholders will no longer participate in the earnings of the Securities business, which has undergone a restructuring and reduction of the fixed cost base in recent years.
- 17 Based on the above we have concluded that the advantages of the Proposed Transaction outweigh the disadvantages when considered from the perspective of the non-associated shareholders in WIG.

General

- 18 In preparing this report, we have considered the interests of the non-associated WIG 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.
- 19 The ultimate decision whether to approve the Proposed Transaction should be based on each individual shareholder’s assessment of their own circumstances. If WIG shareholders are in doubt about the action they should take in relation to the Proposed Transaction, or matters dealt with in this report, shareholders should seek independent professional advice.

20 For our full opinion on the Proposed Transaction, and the reasoning behind our opinion, we recommend that WIG shareholders read the remainder of our report.

Yours faithfully



Craig Edwards
Authorised Representative



Martin Holt
Authorised Representative

Table of contents

Section	Page
I The Proposed Transaction	8
Introduction	8
Conditions	9
II Scope of our report	10
Purpose	10
Basis of assessment	10
Limitations and reliance on information	11
III Profile of WIG (including the Wilson HTM Securities business)	12
History and overview	12
Business segments	12
Financial performance of WIG	14
The Securities business	15
Financial performance of Securities business	16
Financial position of Securities business	17
IV Valuation methodology	19
Methodologies	19
Methodologies selected	20
V Valuation of Wilson HTM Securities business	21
Valuation methodology	21
Assessment of profit after tax	21
PE multiple	23
Value of Securities business	25
Cross check to NTA	25
VI Valuation of consideration offered	26
Introduction	26
Assessment	26
VII Evaluation of the Proposed Transaction	28
Summary of opinion	28
Assessment of the Proposed Transaction	28
Summary	31
The stockbroking industry	36

Appendices

- A Financial Services Guide**
- B Qualifications, declarations and consents**
- C Industry profile**
- D Transaction evidence**
- E Glossary**

I The Proposed Transaction

Introduction

- 1 On 23 February 2015 Wilson HTM Investment Group Ltd (WIG) announced the proposed sale of its securities business (Wilson HTM Securities or the Securities business) to a consortium of investors comprising existing Wilson HTM staff, Craigs Investment Partners (Craigs) and Deutsche Bank Group (DB) (the Proposed Transaction).

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- 3 Pursuant to the Proposed Transaction, WIG is also entitled to a future profit share for the first two years subject to certain conditions being met. Specifically, WIG is entitled to:
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Share of future tax benefits realised

- 4 Further, WIG is entitled to 100% of the value of tax benefits arising from DTA above \$350,000 that are realised by the new owner of the Securities business at any time from completion up to 30 June 2018. As the certain component of the purchase price attributes a value for DTA of \$350,000, any future payment for DTA will only occur if DTA benefits realised exceed this amount.

Contingent liabilities

- 5 WIG will retain contingent liabilities relating to the historical ownership of Wilson HTM Securities. These include:
 - (a) redundancy costs (excluding leave liabilities) of certain employees nominated by the consortium

⁶ For example, if the NTA on completion (plus \$350,000 for DTA) are more than \$5.0 million then the cash component of the purchase price will be increased by the extent of the difference.

- (b) 50% of any break fee relating to the Sydney lease should the Securities business decide to vacate the premises
- (c) 50% of the amount payable for liability insurance premiums for legacy claims five years after completion up to the value of \$500,000; and
- (d) the amount payable for liability insurance deductibles relating to legacy claims up to the value of:
 - (i) \$3 million relating to the liability of a current authorised representative of the Securities business (Current Advisor Claims)^{7 8}
 - (ii) \$5 million in respect of other warranty and compliance claims (excluding tax warranty claims)⁹.

Conditions

6 The Proposed Transaction is subject to a number of conditions including:

- (a) WIG board approval (from independent directors)
- (b) WIG to obtain all reasonably necessary regulatory approvals and consents as required (including, inter alia, from ASIC and the ASX)
- (c) WIG shareholder approval (from non-associated shareholders)
- (d) an IER opining that the Proposed Transaction is fair and reasonable to WIG's non-associated shareholders
- (e) the completion of the restructure of the Securities business in accordance with the Share Sale Agreement (i.e. finalising the sale of the relevant entities comprising the Securities business to a "NewCo")
- (f) the buyer consortium having received approval in principle from a bank to provide funding to meet the minimum regulatory requirements to carry on the Securities business after completion
- (g) WIG obtaining consents from third parties under specified leases and services agreements.

7 Further information on the above conditions is set out in the Explanatory Memorandum.

⁷ The \$3 million cap includes the amount paid for insurance premiums.

⁸ WIG management have confirmed that there are no material Current Advisor Claims with respect to the Securities business.

⁹ The \$5 million cap includes the amount paid for insurance premiums, less any amounts paid by WIG in connection with Current Advisor Claims.

II Scope of our report

Purpose

- 8 ASX Listing Rule 10.1 states that an entity must ensure that it does not acquire a substantial asset from, or dispose of a substantial asset to, a substantial holder (of greater than 10% of the voting rights) or an associate of a substantial holder without the approval of holders of the entity's ordinary securities. Approval is required by resolution at a general meeting.
- 9 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration for it, is 5% or more of the consolidated equity interests of the entity as set out in the latest accounts given to the Australian Securities Exchange. In this regard the consideration to be received for the Wilson HTM Securities business exceeds 5% of WIG shareholders funds as at 31 December 2014.
- 10 ASX Listing Rule 10.10 requires that the notice of general meeting includes a report from an independent expert stating whether the Proposed Transaction is fair and reasonable to non-associated holders of the entity's ordinary securities.

Opinion required

- 11 Accordingly, the Independent Directors of WIG have requested that LEA prepare an IER stating whether, in LEA's opinion, the Proposed Transaction is fair and reasonable to the shareholders of WIG not associated with the transaction.
- 12 This report has been prepared to assist the Independent Directors of WIG in making their recommendation to the shareholders of WIG not associated with the transaction, and to assist those shareholders assess the merits of the Proposed Transaction.
- 13 Our report should not be used for any other purpose or by any other party. The ultimate decision whether to approve the Proposed Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this report, WIG shareholders should seek independent professional advice.

Basis of assessment

- 14 In preparing our report we have had regard to the Regulatory Guides issued by ASIC including, in particular, RG 111.
- 15 Pursuant to RG 111:
 - (a) the Proposed Transaction is fair if the value of the consideration to be received by WIG is equal to or greater than the market value of the Wilson HTM Securities business being sold
 - (b) the Proposed Transaction is reasonable if it is fair. The Proposed Transaction may also be reasonable if, despite not being fair, in the expert's view there are sufficient reasons for the non-associated shareholders to approve the Proposed Transaction.

- 16 Given the above, we have also summarised the advantages and disadvantages of the Proposed Transaction from the perspective of WIG shareholders other than DB.

Limitations and reliance on information

- 17 Our opinion is based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 18 Our report is also based upon financial and other information provided by WIG. 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 (AIFRS). 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.
- 19 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Proposed Transaction from the perspective of WIG's shareholders other than DB (and its associates). 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.
- 20 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.
- 21 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.
- 22 In forming our opinion, we have also assumed that:
- (a) the information set out in the Notice of Meeting is complete, accurate and fairly presented in all material respects
 - (b) if the Proposed Transaction is approved it will be implemented in accordance with the terms set out in this report.

III Profile of WIG (including the Wilson HTM Securities business)

History and overview

- 23 The companies that comprise WIG were first established in 1895 and grew through both organic growth and acquisition. WIG listed on the Australian Securities Exchange (ASX) in 2007.
- 24 WIG's business is segmented into two reporting segments, being Wilson HTM and Pinnacle. Pinnacle develops and supports boutique fund managers. Wilson HTM includes the Securities business, Priority Funds, Principal Investments and Next Financial. A brief summary of these two segments is set out below:

Business segment	Functions
Pinnacle	<ul style="list-style-type: none"> • Developing and operating funds management businesses • Providing distribution, infrastructure support and administration services to the Pinnacle boutiques • Providing distribution support to other external parties
Wilson HTM	<ul style="list-style-type: none"> • Corporate finance and research • Wealth management to private clients • Stockbroking to private and institutional clients • Corporate superannuation and insurance services • Specialty funds management through Priority Funds • Selected investments as principal

Business segments

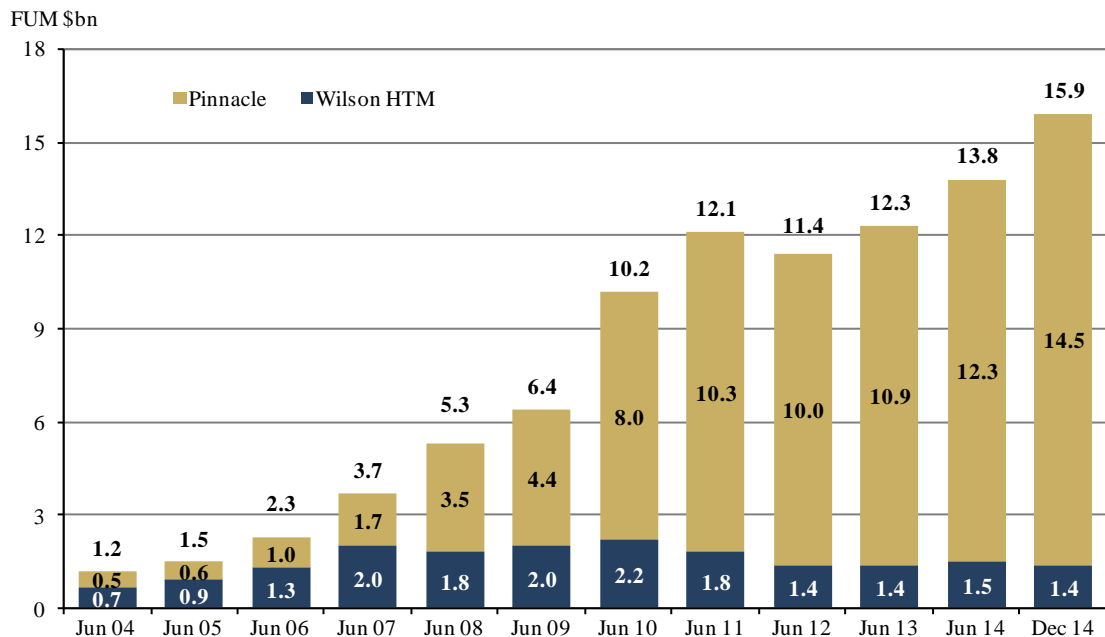
Pinnacle

- 25 In 1996, WIG established Hyperion and in 2006 Hyperion became part of a newly formed funds management business headed by Pinnacle to develop and support new boutique funds management businesses. WIG owns 75.0% of Pinnacle (with the balance held by senior executives), which in turn has shareholdings of between 22.5% and 49.9% in each of the seven Pinnacle Boutiques, which together have \$14.5 billion in funds under management (FUM) as at 31 December 2014.
- 26 Pinnacle also provides distribution services, business support and responsible entity services to the Pinnacle boutiques, as well as to external fund managers. Pinnacle and the Pinnacle boutiques employed 92 staff as at 31 December 2014.

Funds under management

- 27 WIG's Wilson HTM Priority Funds (part of the Wilson HTM segment) and Pinnacle funds management businesses' end of period FUM over the past eleven and a half financial years is summarised below:

End of period FUM - WIG
30 June 2004 to 31 December 2014



Note: Pinnacle FUM includes 100% of FUM managed by the Pinnacle boutiques.

Source: WIG.

- 28 As shown above, FUM has increased significantly over the past eleven and a half years, particularly in the Pinnacle segment due to net fund inflows, market performance and the commissioning of new Pinnacle boutiques.

Wilson HTM

- 29 As at 31 December 2014, Wilson HTM employed 162 people. The Wilson HTM segment is further divided operationally into the Securities business, Next Financial, Priority Funds and Principal Investments as follows.

Priority Funds

- 30 Priority Funds is Wilson HTM's funds management business which operates two funds: Wilson HTM Priority Growth and Wilson HTM Priority Core Funds. The funds are diversified, actively managed portfolios utilising recommendations primarily from WIG's mid-capitalisation research team.
- 31 Priority Funds has access to IPOs and other sought after capital raisings not always available to retail investors. The FUM of the Wilson HTM Priority Funds management business is shown in paragraph 27.

Principal Investments

- 32 Principal Investments comprise WIG's investment in the Wilson HTM Priority Core Fund and other listed / unlisted entities. As at 30 June 2014, the Principal Investments' portfolio included \$5.7 million in long positions with the majority invested in the Wilson HTM Priority Core Fund. The portfolio also included a \$2.7 million XJO (S&P / ASX 200 Index) put option short position to hedge the portfolio.

Next Financial

- 33 Next Financial is the structured products business which was acquired in April 2009. Next Financial developed a range of structured products which were available to retail and wholesale clients through selected dealer groups and financial planners. In late 2010, Next Financial ceased offering new products to focus on servicing existing products to their maturity or earlier if clients chose to redeem prior to maturity. The contractual maturities on the existing instalment book will continue to occur progressively until 30 June 2015.
- 34 The majority of Next Financial's other products, including managed account portfolios, individually managed accounts and equity administration services are now closed. We have been advised by WIG management that they expect Next Financial will effectively be concluded by the end of FY16.

The Securities business

- 35 The Securities business is described in paragraph 38 and onwards below.

Financial performance of WIG

- 36 The financial performance of WIG by segment for the two years ended 30 June 2014, together with the six months ended 31 December 2013 and 31 December 2014 is summarised below:

WIG - Financial performance by segment				
	FY13	FY14	1H14	1H15
	\$m	\$m	\$m	\$m
Revenue:				
Pinnacle ⁽¹⁾	4.9	4.9	3.1	2.8
Wilson HTM	55.8	55.3	28.5	27.4
Unallocated revenue	0.2	0.3	0.1	0.1
Total revenue	60.9	60.5	31.7	30.2
Profit before tax:				
Pinnacle ⁽²⁾	3.0	5.9	2.6	4.2
Securities	(7.0)	1.2	1.1	0.9
Principal Investments	1.6	1.2	1.3	(0.3)
Priority Funds	1.5	(0.5)	(0.3)	(0.1)
Next Financial	(0.5)	0.1	(0.4)	(0.4)
Wilson HTM (pre consolidation of Wilson HTM Priority Core Fund) ⁽³⁾	(4.4)	2.0	1.7	0.1
Consolidation of Wilson HTM Priority Core Fund	2.4	2.3	2.3	-
Wilson HTM ⁽⁴⁾	(2.0)	4.3	4.0	0.1
Group overhead (unallocated)	(1.7)	(1.8)	(1.2)	(1.0)
Group profit / (loss) before tax	(0.7)	8.4	5.4	3.3
Tax benefit / (expense)	2.3	-	(0.2)	0.2
Less minority interests	(3.2)	(3.6)	(2.9)	(0.9)
Group net profit / (loss) after tax attributable to WIG shareholders	(1.6)	4.8	2.3	2.6

Note:

- 1 Does not include revenue from Pinnacle boutiques. The total revenues from Pinnacle boutiques in FY13, FY14, 1H14 and 1H15 were \$47.3 million, \$55.7 million, \$24.9 million and \$31.8 million respectively.
 - 2 Includes share of Pinnacle boutiques profit after tax.
 - 3 Relates to profit before tax excluding the share of profit attributed to non-controlling interests in the Wilson HTM Priority Core Fund. The fund was deconsolidated effective 31 December 2013.
 - 4 From 1 July 2014 the Group changed the methodology for allocating corporate overhead costs between the Wilson HTM segment (including Securities) and other activities of the consolidated group. The segment result for the 1H14 has been restated for this change in methodology to disclose the segment information on a consistent basis. The change in allocation methodology resulted in additional unallocated expenditure and a corresponding increase in the Wilson HTM segment result. The FY13 and FY14 results set out above have not been restated.
-

- 37 As shown above, the most significant segment is the Pinnacle funds management business. The Pinnacle segment includes the equity accounted net profit share of the Pinnacle boutiques. The minority interests in 1H15 reflect the earnings of Pinnacle attributable to the minority shareholders of Pinnacle. Next Financial is being wound down and its instalment book will be finalised by 30 June 2015. The Principal Investments results primarily represent the gains and losses and investment earnings on investments held by WIG which depend generally on share market movements. The Securities business is described in detail below.

The Securities business

- 38 The Securities business encompasses institutional sales, research, private wealth management and corporate finance / equity capital markets activities. These services are provided from offices in Brisbane, Sydney and Melbourne, as well as Dalby, Gold Coast and Hervey Bay.

Institutional sales

- 39 Institutional sales are the core broking activities of the Securities business for institutional investors. Institutional sales provide institutional advice, trading and distribution from trading desks in Sydney and Melbourne.

Research

- 40 The in-house research team focuses on emerging and small capitalised companies with access to a broader research capability via a strategic partnership with Deutsche Australia and Deutsche Bank AG, the former owning 18.67% of WIG's issued capital. Research covers around 100 stocks which, when combined with the relationship with Deutsche Bank AG, provides clients with access to research coverage on over 220 companies.

Private wealth management

- 41 Private wealth management comprises investment advisory, stockbroking, financial planning and wealth management for private investors. The division offers traditional full-service stockbroking services, primarily to high net worth clients, where clients have access to a full range of investment advisory services, research, new equity issues and funds management services. The division also offers discretionary services where authorised investment managers (AIMs) will manage the portfolio for the client and non-discretionary services where the client manages their own portfolio and receives advice from a personal advisor. Financial planning services, inclusive of superannuation and insurance are also provided.

Corporate finance / equity capital markets

- 42 The corporate advisory and equity capital markets activities comprise investment banking style services (mainly equity capital markets issues with some ad hoc mergers and acquisitions (M&A) advisory), with a focus on small to mid capitalisation and emerging companies.

Recent deals

- 43 Since 1 January 2005, the Securities business has been involved in number of equity capital markets issues and M&A transactions as follows:

			Transaction value
Since 1 Jan 2005	No.		(\$m)
IPOs	42		1,846
Secondary Issues	146		5,835
M&A	2		667
Other	39		479

- 44 As shown above, the bulk of the Securities business' corporate finance deals have been equity capital market raisings. The Securities business' average issue size for IPOs and secondary issues has been some \$44 million and \$40 million per deal respectively. The "Other" category represents hybrid, bond and private share issues.

Financial performance of Securities business

- 45 The Securities business has two key revenue types being transactional and advisory. Transactional revenues comprise both retail and institutional brokerage and corporate finance / equity capital markets transactional revenues. Advisory revenues comprise fees from private clients for discretionary and non-discretionary portfolio advice, financial planning, portfolio administration and funds management. These advisory revenues are based on funds under advice / administration and are not considered as volatile as transactional revenues.
- 46 We set out below a summary of the financial performance of the Securities business for the three years ended 30 June 2014, together with the six months ended 31 December 2013 and 31 December 2014:

Securities business – Financial performance by segment					
	FY12	FY13	FY14	1H14	1H15
	\$m	\$m	\$m	\$m	\$m
Brokerage	24.2	23.2	25.7	13.2	12.4
Corporate finance / equity capital markets	7.9	7.5	12.9	6.7	7.7
Private wealth management advisory	19.0	15.3	14.1	7.2	6.6
Other / miscellaneous	(0.1)	0.7	0.2	0.1	0.2
Total revenue⁽¹⁾	51.0	46.6	52.9	27.2	26.9
EBIT	(4.5)	(7.1)	1.1	1.1	0.7
Net interest revenue	0.3	0.1	0.1	0.1	0.2
Profit (loss) before tax	(4.2)	(7.0)	1.2	1.2	0.9

Note:

1 Excluding interest income.
Rounding differences exist.

47 Commentary on the above financial results is set out in Section V.

Financial position of Securities business

48 The pro forma balance sheet of the Securities business as at 31 December 2014 representing the consolidated assets and liabilities to be divested pursuant to the Proposed Transaction is set out below:

Pro-forma balance sheet – Securities business as at 31 December 2014	
	Pro-forma balance sheet \$m
Cash and cash equivalents	10.9
Trade and other receivables	3.1
Trading stock - ASX listed equities (at market value)	0.2
Total current assets	14.2
Property, plant & equipment	0.9
Deferred tax assets ⁽¹⁾	2.8
Loans to employees	0.4
Total non-current assets	4.1
Total assets	18.3
Trade and other payables	6.6
Employee entitlements ⁽²⁾	2.6
Total current liabilities	9.2
Employee entitlements ⁽²⁾	0.1
Make good provisions (re lease obligations)	1.1
Lease liabilities	0.4
Total non-current liabilities	1.6
Total liabilities	10.8
Net assets	7.5
Net tangible assets⁽³⁾	4.7

Note:

- 1 Net of deferred tax liabilities.
 - 2 Annual leave and long service leave provisions.
 - 3 Net assets less net deferred tax assets.
-

- 49 The high cash balance as at 31 December 2014 (on a pro-forma basis) reflects the high working capital requirements of the Securities business due to the need to retain cash to ensure settlement obligations can be met and for corporate finance / equity capital market activities (e.g. underwriting). Further, as at 31 December 2014 the Securities business had a high level of trade and other payables and annual and long service liabilities to employees.
- 50 Deferred tax assets (DTA) largely relate to employee entitlements (\$0.8 million), accrued expenses (\$0.9 million) and the make good provision (\$0.3 million). Pursuant to the terms of the Proposed Transaction, WIG is entitled to 100% of the value of tax benefits arising from deferred tax assets (DTA) above \$350,000 that are realised by the new owner of the Securities business at any time from completion up to 30 June 2018. As the certain component of the purchase price attributes a value for DTA of \$350,000, any future payment for DTA will only occur if DTA benefits realised exceed this amount.
- 51 It should also be noted that the certain component of the purchase price of \$5.0 million will be adjusted on completion for any difference between the NTA of the business on completion (plus \$350,000 for deferred tax assets) and \$5.0 million¹⁰.

¹⁰ For example, if the NTA on completion (plus \$350,000 for DTA) are more than \$5.0 million then the cash component of the purchase price will be increased by the extent of the difference.

IV Valuation methodology

Methodologies

- 52 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.
- 53 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.
- 54 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.
- 55 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest, tax and amortisation (EBITA), earnings before interest and tax (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.

- 56 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 proceeds is proposed. Using this methodology, the value of the net assets of the company is adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodologies selected

- 57 The value of the Securities business has been made on the basis of market value as a going concern. The primary valuation methodology used is the capitalisation of profit after tax approach. Under this methodology, the value of the business is represented by its (normalised) underlying profit after tax capitalised at a rate (or price earnings multiple) reflecting the risk inherent in those earnings.
- 58 In our opinion, the capitalisation of profit after tax method is the most appropriate methodology for valuing the Securities business. This is because:
- (a) the Securities business operates in a relatively mature industry, has established market positions (notwithstanding the high level of competition in the industry) and has a history of recent profitability (albeit volatile), which is expected to continue provided market conditions do not deteriorate
 - (b) we do not have long-term cash flow projections which we regard as sufficiently robust to enable a DCF valuation to be undertaken
 - (c) as the level of cash held in the Securities business is not surplus (reflecting, in part, regulatory requirements), it is appropriate to capitalise earnings including interest income.
- 59 We have also cross-checked our valuation by considering the net tangible assets (NTA) backing of the Securities business. As noted in Section V, a number of recent securities industry transactions have taken place at (or below) NTA.

V Valuation of Wilson HTM Securities business

Valuation methodology

60 As stated in Section IV we have adopted the capitalisation of profit after tax method as our primary valuation method. Under this method the profit after tax (before non-recurring items) is capitalised at an appropriate price earnings (PE) multiple.

Assessment of profit after tax

61 In order to assess the appropriate level of earnings for valuation purposes we have had regard to the historical and forecast results of the business, and have discussed the financial performance, operating environment and prospects with Wilson HTM Securities management.

Normalised profit

62 A summary of the reported and normalised profit of the Securities business for the three years ended 30 June 2014 and 6 months ended 31 December 2013 and 2014 is set out below:

Securities business – Summary of financial performance					
	FY12	FY13	FY14	1H14	1H15
	\$000	\$000	\$000	\$000	\$000
Total revenue	51,015	46,648	52,864	27,184	26,856
Reported profit (loss) before tax⁽¹⁾	(4,233)	(6,995)	1,199	1,151	920
Adjustments:					
Net costs incurred which relate to other businesses of WIG	496	564	867	-	-
Surplus office space	-	432	-	-	-
Compensation due to delayed relocation	-	18	(134)	(134)	-
Redundancies	513	279	558	558	38
Research costs	(500)	(500)	(500)	(250)	(250)
HR investigation and termination	-	887	-	-	-
Normalised profit (loss) before tax⁽¹⁾	(3,724)	(5,315)	1,990	1,325	708

Note:

1 Including interest income.
Rounding differences may exist.

63 The adjustments made to derive the normalised profit (loss) in the above table are explained below:

- (a) **net costs incurred which relate to other businesses of WIG** – net expenses which have been reported as incurred by the Securities business but which relate to the other businesses of WIG
- (b) **surplus office space** – surplus lease costs which are no longer being incurred by the Securities business
- (c) **compensation due to delayed relocation** – higher rent costs were incurred in FY13 and FY14 due to delays in being able to move into the current Sydney premises. The compensation received for the delay was recognised in FY14 and has been reversed

- (d) **redundancies** – redundancy costs incurred due to restructuring. Whilst these costs have been added back in the above table we note that redundancy costs are frequently incurred in the securities sector and accordingly, some allowance for redundancy costs should be made when assessing maintainable earnings of the business
- (e) **research costs** – currently the Deutsche Bank Group (DB) provide their Australian analyst reports to the Securities business free of charge pursuant to an agreement between WIG and DB. In the absence of DB's shareholding in the Securities business this arrangement would not continue. As access to analyst research on listed companies is a critically important part of the stockbroking business, any third-party purchaser of the Securities business is therefore likely to need to either source their own research or come to a new arrangement with DB for the continued provision of the research reports.

In order to determine the market value of the Securities business on a standalone basis, in our view, it is therefore appropriate to make some allowance for the costs of procuring analyst research. For the purposes of our report we have therefore assumed that a purchaser would enter into a cost sharing arrangement with DB or another stockbroking firm which results in an annual payment to DB or another stockbroker of \$500,000 per annum for continued access to research. In contrast, WIG management have estimated the cost to undertake their own independent research at between \$3 million and \$4 million per annum¹¹.
- (f) **HR investigation and termination** – investigation (\$0.4 million) and termination costs (\$0.5 million) associated with a former managing director.

Earnings adopted for valuation purposes

64 In assessing the level of profit adopted for valuation purposes we note that:

- (a) significant restructuring and associated cost reductions have been implemented since the large losses incurred in FY12 and FY13
- (b) in the 12 month period to 31 December 2014 the Securities business generated a profit before interest of \$1.37 million. Redundancy costs of only \$38,000 were expensed in this 12 month period
- (c) by its nature, the profitability of the business tends to be volatile, and can vary significantly depending on the level of corporate finance / equity capital market activity (e.g. initial public offerings and share placements by listed companies). For example, revenues in 1H15 were boosted by two large IPOs – Medibank Private Limited and Estia Health Limited. Total revenue in FY13 was also well below the level achieved in FY14, and in the 12 months to 31 December 2014
- (d) commission (brokerage) rates in the industry remain under pressure due to, inter-alia, the increasing acceptance of low cost online execution services by investors.

65 Having regard to the above, we have adopted profit (after tax) for valuation purposes as follows:

¹¹ Based on the need to employ 6 to 7 analysts in order to be able to provide research on the majority of the ASX top 100 listed companies.

	Low \$000	High \$000
Profit before tax	1,300	1,500
Less allowance for tax at 30%	(390)	(450)
Profit after tax	910	1,050

PE multiple

- 66 The selection of the appropriate PE multiple to apply is a matter of judgment 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 |
|---|--|

- 67 We discuss below specific factors taken into consideration when assessing the appropriate PE multiple for the Securities business.

Listed company multiples

- 68 There are three main ASX listed companies which operate stockbroking businesses: Bell Financial Group (\$117 million market capitalisation as at 17 April 2015), Euroz Limited (\$149 million market capitalisation) and WIG (\$110 million market capitalisation). These companies are all significantly larger than the Securities business, operate other significant businesses (e.g. funds management, margin lending and online broking), and hold significant net cash and investments. Accordingly, their trading multiples are not considered appropriate reference points to assess the value of the Securities business.
- 69 We also note that on 27 March 2015, AG Financial Limited (which is also listed on the ASX) announced that its stockbroking business (AG Stockbroking Limited) had been placed into voluntary administration.

Transaction evidence

- 70 There have been a number of transactions in the stockbroking sector in recent years as discussed in Appendix D. A summary of this transaction evidence is shown below:

Summary of transaction evidence					
	Date	Consideration \$m	PE multiple	EBIT multiple	Price / NTA
Avestra Capital	Jul 14	2.0	5.3 – 5.9	3.7 – 4.1	n/a
Blackswan Equities	May 14	2.9	n/a	n/a	1.7 ⁽¹⁾
RBS Morgans	Dec 12	40.0 ⁽²⁾	8.1	4.1	1.8 ⁽³⁾
Investorfirst	Dec 12	nominal	n/a ⁽⁵⁾	n/a ⁽⁵⁾	n/a
F.W. Holst	Aug 12	n/a	n/a	n/a	1.0 ⁽⁴⁾
RBS Asia Pacific	Apr 12	£160.0	n/a	n/a	0.98
Austock Securities	Feb 12	nominal	n/a ⁽⁵⁾	n/a ⁽⁵⁾	n/a
Freeman Fox Stockbroking	Jul 10	5.7	5.4	3.8	n/a
Tolhurst Stockbroking	Jan 09	1.8	n/a ⁽⁵⁾	n/a ⁽⁵⁾	0.8
Southern Cross Equities	Jul 08	70.0	<7.4	<5.2	n/a

Note:

- 1 Premium to NTA reflected significant expected revenue and cost synergies.
 - 2 \$40 million on a 100% basis.
 - 3 Price / net assets. Premium to net assets reflected (inter-alia) consistent level of profitability achieved.
 - 4 No goodwill was recognised on acquisition, implying a price / NTA multiple of no more than 1.0.
 - 5 Loss making at date of acquisition.
- n/a – not available.

-
- 71 As indicated above, the earnings multiples applied to full service stockbroking businesses are generally very low. This reflects, inter-alia:
- (a) the difficult operating environment given continued downward pressure on brokerage commissions (driven in part by the growth in low cost execution only online services)
 - (b) the dependence of the business on its advisers (and the fact that active clients often follow their adviser if the adviser leaves)
 - (c) the significant costs associated with regulatory compliance
 - (d) the inherent cyclical nature of the business and the related scope for large losses in the event of a downturn in the sharemarket (or reduced trading volumes).
- 72 Further evidence of this difficult trading environment is evident from:
- (a) the low earnings margins generated by Wilson HTM in FY14 and in the six months to 31 December 2014 (and large losses incurred in FY12 and FY13)
 - (b) newspaper reports in early 2015 that UBS had stopped servicing clients that have less than \$1 million invested with the firm (due to the limited profitability of smaller clients)¹²
 - (c) recent newspaper reports that BBY was in the process of undertaking a capital raising following losses in each of FY13 and FY14¹³
 - (d) on-going industry consolidation in order to achieve scale and reduce costs (e.g. Wilson HTM and Shaw Stockbroking discussed the possibility of a merger in 2014 which did not complete)

¹² Source: Australian Financial Review, 2 March 2015.

¹³ Source: Australian Financial Review, 12 March 2015.

- (e) the recent appointment of voluntary administrators to AG Stockbroking Limited (which acquired Avestra Capital in July 2014).

Other matters

- 73 WIG management have advised that the Securities business also benefits from the relationship with DB in terms of equity capital market deal flow (e.g. participation in IPOs and share placements / sell-downs)¹⁴. In the absence of this relationship the profitability of the Securities business could therefore be negatively impacted. However, as the potential impact is implicitly difficult to quantify, for the purposes of our report no specific earnings adjustment has been made¹⁵.

Conclusion on appropriate PE multiple

- 74 Based on the above, in our opinion, a PE multiple range of 5.0 to 6.0 is appropriate when applied to the level of operating profit after tax adopted for valuation purposes. This PE multiple range is broadly consistent with the transaction evidence.

Value of Securities business

- 75 On this basis the value of the Securities business is as follows:

	Low	High
	\$000	\$000
Profit after tax adopted for valuation purposes	910	1,050
PE multiple	5.0	6.0
	4,550	6,300
Other assets ⁽¹⁾	-	-
Value of Securities business	4,550	6,300

Note:

- 1 As at 31 December 2014 Wilson HTM Securities had cash of \$10.9 million on a pro forma basis. However, this cash is required for working capital purposes and to offset the significant liabilities of Wilson HTM Securities. We therefore do not consider this cash to be surplus, and have instead capitalised profit including interest income.

Cross check to NTA

- 76 The NTA (excluding deferred tax assets) of the Securities business is expected to be around \$4.7 million at completion¹⁶. As noted above, any shortfall / excess in NTA will be adjusted with a cash payment to ensure that the NTA (excluding deferred tax assets) of the Securities business on completion is \$4.7 million. Our valuation range therefore implies a price to NTA multiple of 0.97 to 1.34 times NTA. These implied NTA multiples are broadly consistent with the transaction evidence set out in Appendix D.

¹⁴ Fee income of \$0.92 million and \$0.72 million was generated by the Securities business in FY14 and 1H15 respectively.

¹⁵ DB held a 18.67% shareholding in WIG as at 5 May 2015, and will acquire a 20% direct interest in the Securities business if the Proposed Transaction is implemented.

¹⁶ Refer paragraph 48.

VI Valuation of consideration offered

Introduction

- 77 As set out in Section I, if the Proposed Transaction is implemented then WIG will receive:
- (a) the initial consideration of \$5 million comprising \$4.0 million in cash and \$1.0 million in vendor finance. The vendor finance component (which is secured against the value of all the shares in the Securities business) is to be paid in two interest free equal instalments one and two years after completion
 - (b) a potential future profit share relating to the performance of the business in FY16 and FY17
 - (c) the value of any realised DTAs in excess of a certain threshold for the first three years.
- 78 WIG will also retain contingent liabilities relating to the historical ownership of Wilson HTM Securities.

Assessment

Initial consideration

- 79 The initial consideration comprises an upfront cash component of \$4 million plus two deferred payments of \$500,000, one and two years after completion. Accordingly, we have discounted the two deferred payments at an assumed margin lending rate (given that the loan is secured against half the shares to be held by Wilson HTM staff in the new entity which will hold the Securities business) of 10% per annum. Accordingly, we have valued the initial consideration as follows:

	A\$000
Upfront cash component	4,000
First deferred payment	455
Second deferred payment	413
Total value of initial consideration	<u>4,868</u>

Profit share

- 80 The current profitability of the Securities business is well below the level of \$3 million required before WIG will receive any profit share payment. In our view, the threshold is set at an optimistic level for especially buoyant market conditions¹⁷. We have therefore not attributed any value to the potential future profit share.

DTAs

- 81 The deferred tax assets (DTA) of the Securities business largely relate to employee entitlements (\$0.8 million), accrued expenses (\$0.9 million) and make good provisions (\$0.3 million).

¹⁷ We note that even in FY14, the best performing year in recent history and only after normalisation adjustments (including substantial redundancy costs) are added back, the threshold was not exceeded.

- 82 Pursuant to the terms of the Proposed Transaction, WIG is entitled to 100% of the value of tax benefits arising from deferred tax assets (DTA) above \$350,000 that are realised by the new owner of the Securities business at any time from completion up to 30 June 2018. As the certain component of the purchase price attributes a value for DTA of \$350,000, any future payment for DTA will only occur if DTA benefits realised exceed this amount.
- 83 The availability of these future tax benefits is currently the subject of a potential change in taxation legislation, and is therefore uncertain. As noted above, the Proposed Transaction makes allowance for a share of those potential benefits (if and when realised) to be paid to WIG.

Contingent liabilities

- 84 The contingent liabilities to be retained by WIG comprise exposure to professional indemnity and other warranty claims (including tax warranties), insurance premiums / deductibles, redundancies to be made by the new owners and any break fee payable should a decision be made to vacate its Sydney premises.
- 85 No allowance for these contingent liabilities has been made in either our assessed value of the Securities business or in our assessed value of the consideration. In the event that these contingent liabilities crystallise our assessed value of **both** the Securities business and the consideration payable will reduce by the same amount. Accordingly, the crystallisation of these contingent liabilities has no material impact on our conclusion.

VII Evaluation of the Proposed Transaction

Summary of opinion

86 In our opinion, the Proposed Transaction is fair and reasonable to WIG shareholders other than DB (and its associates). We have formed this opinion for the following reasons.

Assessment of the Proposed Transaction

Fairness

87 Pursuant to RG 111 the Proposed Transaction is fair if the value of the consideration to be received by WIG for the Wilson HTM Securities business is equal to or greater than the value of this business. This comparison is shown below:

Fairness			
	Low A\$000	High A\$000	Mid-point A\$000
Value of consideration ⁽¹⁾⁽²⁾	4,868	4,868	4,868
Value of the Wilson HTM Securities business	4,550	6,300	5,425
Extent to which the consideration exceeds (or is less than) the value of the Wilson HTM Securities business	318	(1,432)	(557)

Note:

- 1 Excluding any future benefits which may arise from the realisation of DTA by the purchaser, which will also be paid to WIG to the extent that the benefit realised by the purchaser exceeds \$350,000 over the 3 years ending 30 June 2018.
- 2 Excluding any future benefit which may arise from the profit sharing arrangement discussed in paragraphs 3 and 80.

88 As the consideration to be received is consistent with our assessed valuation range for the Wilson HTM Securities business, in our opinion, the consideration is fair to WIG shareholders not associated with the transaction when assessed based on the guidelines set out in RG 111.

Other qualitative factors

89 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Proposed Transaction is also reasonable.

90 In considering whether the Proposed Transaction is reasonable to WIG shareholders not associated with the transaction we have also had regard to the following factors.

Volatility of earnings

91 As set out in Section III, consistent with the nature of the securities industry in which it operates, the historical earnings performance of the Wilson HTM Securities business has been volatile. In particular, in FY12 and FY13 significant operating losses were incurred.

- 92 In contrast, the nature of funds management businesses is such that they are inherently more stable as regards annual operating performance. Whilst fee income can be adversely affected by underlying declines in securities markets¹⁸, the extent of such declines is generally modest relative to commission related revenue in securities businesses¹⁹.
- 93 Subsequent to the Proposed Transaction, the primary business of WIG will comprise its existing funds management operations. Based on observed share market performance, the prospect of more stable future earnings is likely to be viewed more favourably by both existing and potential share market investors in WIG.

Share market reaction

- 94 The WIG share market reactions to announcements concerning the divestment of the Securities business are summarised in the table below:

Announcement date	WIG share price change ⁽¹⁾ %	S&P / ASX Small Ordinaries share index change ⁽¹⁾ %	Description of announcement
23 Feb 2015	4.8	0.2	Negotiations with WIG's Securities leadership team to acquire the Securities business has been joined by Craigs and DB. The parties executed a Term Sheet with the intention of completing the transaction during the current financial year.
27 Oct 2014	15.4	0.4	Good progress towards the creation of a standalone Securities business, majority owned by staff.
18 Sep 2014	2.1	(0.0)	Discussion with senior executive management team in relation to a potential reshaping of WIG's Securities business as an investment boutique with an emphasis on supported independence, greater autonomy and an alignment of all stakeholder interests.
01 Sep 2014	(12.5)	0.0	Despite positive and cordial discussions with Shaw Stockbroking Limited, the parties have resolved not to pursue further dialogue in relation to a proposed transaction.
12 Aug 2014	9.4	2.1	Engaged in an ongoing dialogue with Shaw Stockbroking Limited as part of a continuing review of its securities business. Preliminary due diligence is being undertaken under appropriate confidentiality

Note:

- 1 Share price change calculated as close price on announcement date (where announcement occurs after close of trading, the following trading day is treated as the announcement date) divided by close price on the previous trading day minus one.

¹⁸ Management fees are generally correlated with the underlying value of funds under management.

¹⁹ In addition, securities businesses undertaking higher-risk activities (including taking principal positions in securities) have increased earnings volatility exposure.

- 95 Based on the above, the share market responded to all news concerning the divestment of the Securities business positively (including news of the Proposed Transaction) and the news of termination of divestment proceedings of the Securities business negatively.

Industry remuneration

- 96 A feature of remuneration packages in the stockbroking industry is the provision of incentive based payments to employees. The nature of such payments typically include participation in profits (but not necessarily losses) by way of bonus payments and the issue of equity securities such as options by way of employee retention payments.
- 97 Given the importance of employees to the value of stockbroking businesses, industry participants such as the Securities business are effectively obliged to at least match (and potentially better) comparable market remuneration packages in order to obtain and/or retain key employees. Due to the inherent volatility in the stockbroking industry noted above, this increased impact on the business cost structure is not always reflected in an increase in “bottom-line” earnings.
- 98 Subsequent to the Proposed Transaction, WIG shareholders will avoid the potential negative impact of the above on future earnings performance.

Likelihood of an alternate offer

- 99 We have been advised by the WIG directors that the Board has been seeking a long-term solution as regards ownership of the Wilson HTM business for some time.
- 100 In this regard, on 12 August 2014 WIG announced that *“it is engaged in an ongoing dialogue with Shaw Stockbroking Limited (Shaw) as part of a continuing review of Wilson HTM’s future strategy regarding its securities business. Preliminary due diligence is being undertaken under appropriate confidentiality arrangements”*.
- 101 Subsequently, on 1 September 2014 WIG announced that *“despite positive and cordial discussions with Shaw Stockbroking Limited, the parties have resolved not to pursue further dialogue in relation to a proposed transaction”*.
- 102 It is an inherent feature of securities businesses that the employees represent one of the key assets of the business. We have been advised that in relation to the long-term ownership of the Securities business, a number of key employees have indicated a preference for participation in the ownership structure. We understand that in respect of the discussions with Shaw Stockbroking Limited, this ownership preference was not able to be resolved to the satisfaction of all parties.
- 103 The likelihood of an alternate transaction to the Proposed Transaction is therefore inherently constrained by the preference of a number of key employees for participation in ownership of the Securities business.
- 104 In this regard, we note that pursuant to the Proposed Transaction ongoing employee ownership in the Securities business will be at a level of 40%.

DB's right to appoint directors

- 105 Pursuant to WIG's current constitution, DB has the right to appoint a certain number of directors to the WIG Board provided its shareholding exceeds 15%. Should the Proposed Transaction be implemented WIG has negotiated changes to the Constitution to the effect that DB will no longer have this right.
- 106 Whilst DB's shareholding in WIG is not impacted by the proposal, its level of influence over WIG is therefore reduced if the Proposed Transaction (and related change to the Constitution) is implemented.

Summary

- 107 Based on the above we summarise below the advantages and disadvantages of the Proposed Transaction from the perspective of WIG shareholders not associated with the transaction:

Advantages

- (a) non-associated WIG shareholders will have exposure to a pure funds management business (ignoring Next Financial which will effectively be concluded by the end of 2015) which generally trade on significantly higher multiples than stockbroking businesses
- (b) non-associated WIG shareholders will no longer be exposed to the volatile earnings of the Securities business
- (c) WIG will no longer have management / director time and capital allocated to the Securities business
- (d) the sharemarket reaction to the Proposed Transaction has been positive
- (e) non-associated WIG shareholders retain some potential upside of the Securities business due to the profit sharing arrangements over the next two financial years
- (f) the Securities business has been "on the market" for some time, and the current proposal represents a reasonable opportunity for WIG to divest the Securities business (in the absence of a superior proposal).

Disadvantages

- (g) non-associated WIG shareholders will no longer participate in the earnings of the Securities business, which has under undergone a restructuring and reduction of the fixed cost base in recent years.

Conclusion

- 108 Given the above analysis, we consider the Proposed Transaction to be fair and reasonable to WIG shareholders other than DB (and its associates).

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 Memorandum to be sent to WIG shareholders in connection with the Proposed Transaction.
- 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 \$35,000 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 Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS 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 19 years and 25 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 Independent Directors of WIG to accompany the Notice of Meeting to be sent to WIG 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 Proposed Transaction is fair and reasonable to WIG shareholders not associated with the transaction.

Interests

- 4 At the date of this report, neither LEA, Mr Edwards nor Mr Holt have any interest in the outcome of the Proposed Transaction. 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 LEA has had no prior business or professional relationship with WIG prior to the preparation of this report.

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, WIG 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 WIG 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 WIG's Notice of Meeting.

Appendix C

Industry profile

The stockbroking industry

Overview

- 1 Stockbrokers execute trades for institutional, corporate, private (high net worth individuals (HNIs)) and retail clients, with trading taking place in a range of share market and over the counter financial instruments. Institutions account for the largest share of trades, with an estimated 40% of market equity on the ASX owned by institutional investors²⁰.
- 2 Stockbrokers charge commission on the dollar value of trades executed with the rates of commission paid by institutions typically lower than those paid by retail and private clients.
- 3 The industry is labour intensive. For every dollar spent on capital, an estimated \$14.24 is spent on labour²¹. Labour expenses include wages and benefits paid to professionals and administrative staff. The average industry wage is high, as wages include a performance-based component that reflects the skilled nature of the work and the cyclical nature of the industry. The industry has high regulatory and risk management requirements, resulting in significant wage-related costs for staff undertaking compliance activities.
- 4 Industry participants have increased investment in technology in an attempt to improve efficiency and lower the costs of processing and administration. One factor that has positively affected these areas is the increased development of online services, including the emergence of low cost online stockbroking services.

External drivers

Number of share market trades

- 5 Growth in trading volumes on the share market results in increased broking fees for the stockbroking industry. Higher share market trading volumes are often accompanied by higher trading volumes in a range of related financial instruments.

²⁰ Source: macrobusiness.com.au

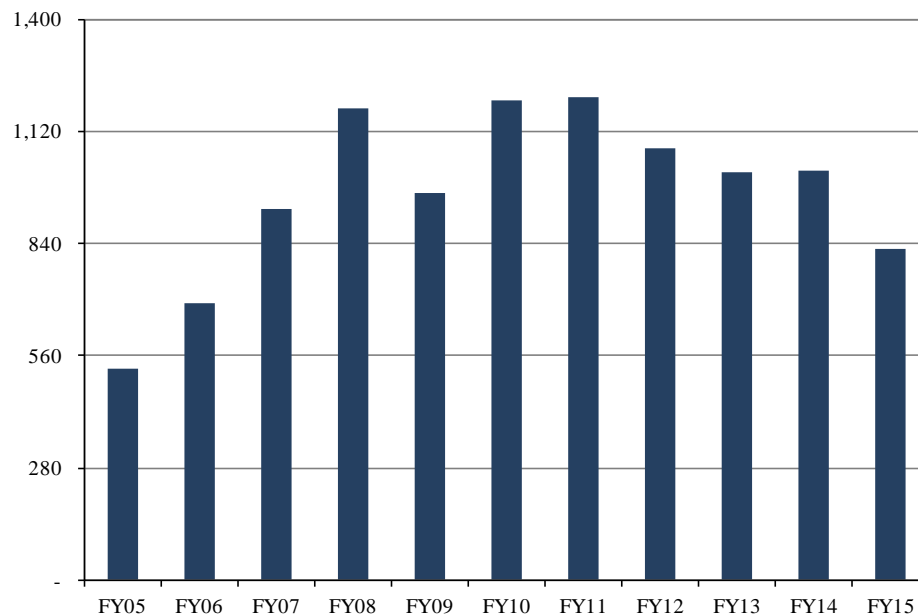
²¹ Source: IBISWorld.

Appendix C

- 6 The total value of equities traded on the ASX by financial year from FY05 to FY15 is set out below:

ASX value traded

July 2004 – March 2015 (\$ billions)



Note:

1 FY15 is to March 2015 only.

Source: Bloomberg.

- 7 Equity trading volumes declined significantly over FY09 as a result of the Global Financial Crisis (GFC). The lack of trading activity was attributable to declining share prices, restrictions on short selling and a decline in funds under management. Trading volumes recovered during FY10 and FY11 supported by underlying improvements in equity markets. We note that more recent trading figures may be inflated due to the emergence of high frequency trading. The stockbroking industry has generally grappled with soft trading volumes and increased regulatory costs since the GFC. Bell Financial Group Executive Chairman, Mr Bell has stated:

“For markets it has been a long time recovering from the GFC and getting back to normal. We certainly are not there now and there is some way to go, but hopefully it happens sooner rather than later”²².

Share market performance

- 8 The performance of the Australian and global share markets influences investor confidence and the demand for equities. The value of the S&P / ASX 200 Index from January 2005 to March 2015 is set out below:

²² Article from The Sydney Morning Herald dated 24 February 2015.

Appendix C

S&P / ASX 200

January 2005 – March 2015



Source: Bloomberg.

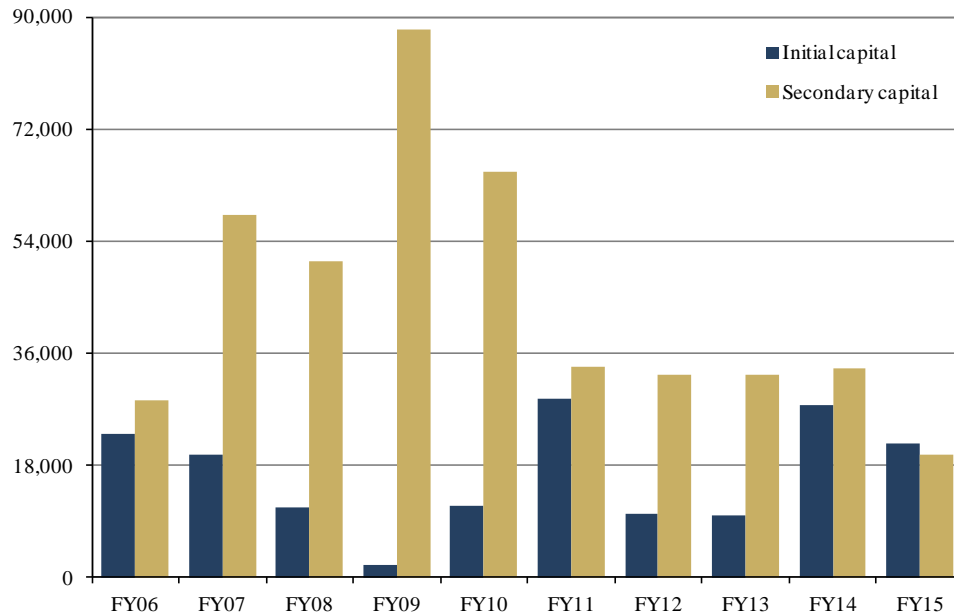
- 9 As shown above, the S&P / ASX 200 Index representing the Australian share market fell sharply during 2008 reflecting the impact of the GFC. While there was a recovery somewhat between 2009 to mid-2011, this was short lived due to the prolonged European Debt Crisis (EDC) which kept markets depressed from mid-2011 to late-2012. Markets have since recovered significantly due to the continued global stimulus / low interest rates, economic growth and company profit upgrades.

Equity capital raisings

- 10 The ability to raise funds in the marketplace depends on investor confidence and the demand for securities. Stockbrokers typically benefit from capital raising activities by generating fees as intermediaries between companies and institutional and retail investors. The total value of capital raisings on the ASX by financial year from FY06 to FY15 is set out below:

Appendix C

Capital raisings in Australia
July 2005 – January 2015 (\$ millions)



Note:

1 FY15 is to January 2015 only.

Source: ASX.

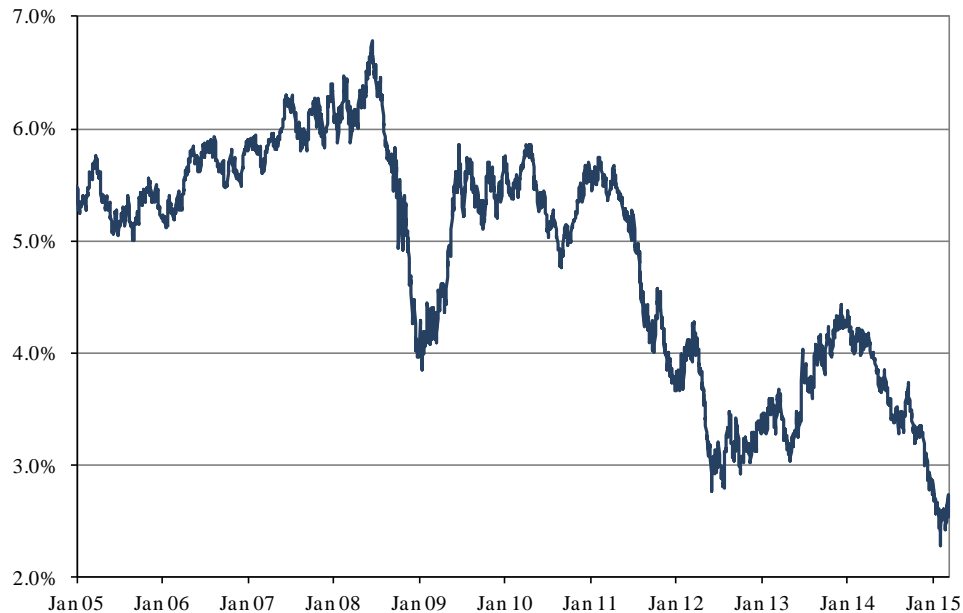
- 11 As shown above, secondary capital raisings were at their highest immediately post GFC in FY09 and FY10 due to a de-risking and recapitalisation drive from ASX listed companies. Since then demand for secondary capital has been quite low and stagnant. The IPO market recovered in FY11 after a recovery from GFC lows in equity markets but was short lived due to the prolonged EDC which kept demand for IPOs low in FY12 and FY13. The IPO market has since recovered in FY14 and FY15 concurrently with equity market performance.
- 12 The Australian equity capital markets improved in FY14 with total transactional value growing 44% in FY14 compared with the prior comparative period.

Interest rates

- 13 As interest rates decline, financial market activity typically increases. Lower interest rates generally result in greater merger and acquisition activity, higher levels of borrowing to purchase financial assets and more funds invested in the share market.

Appendix C

Australian government bonds January 2005 – March 2015



Source: Bloomberg.

- 14 Interest rates fell sharply during 2008 due to the flight to safety effect from the GFC. Australian interest rates however, were kept high post GFC to mid-2011 during the mining boom period where large infrastructure projects were being developed and demand for commodities was high which supported high economic growth. Since then, the mining boom has waned and interest rates have been lowered to support economic growth while also contributing to inflation in asset prices.

National savings

- 15 The level of national savings affects the availability of money for investment in the securities markets, as well as the demand for financial securities. Australia has a very high savings rate compared to other developed countries, primarily due to the compulsory superannuation scheme introduced in the 1990s.

Competition from global investment banks

- 16 Global investment banks have expanded in recent years into the mid to small capitalised company segment in which Wilson HTM operates. Global investment banks grew their market share from 49% in FY13 to 62% in FY14. By comparison, the market share for smaller / mid-tier stockbroking firms declined from 12% to 7% in FY14²³.

²³ Source: WIG Annual Report 2014.

Appendix C

Barriers to entry

- 17 Barriers to entry in the stockbroking industry are likely to increase over the medium to long term due to factors including increased regulation, increased compliance costs as a result of more stringent reporting requirements, the associated need to maintain the requisite up-to-date technology and the minimum set-up costs to provide a level of service of sufficient scale.
- 18 Institutional broking is dominated by investment banks. Large financial institutions are able to offer a range of services such as corporate advisory to complement trading services. The large economics of scale achievable in online broking also act as a barrier to entry for boutique brokers.

Industry outlook

- 19 The number of trades in the share market generally increases as stability and liquidity return to the markets. However, increased regulation is expected.
- 20 The potential for increased regulatory and compliance costs for stockbrokers operating in Australia is summarised in the following article:

“Stockbrokers have been identified as the next major target for scrutiny by the Australian Securities and Investments Commission (ASIC).

The Financial System Inquiry final report has pointed to the stockbroking sector as having flown under the radar with respect to the Future of Financial Advice (FOFA) changes and other recent scrutiny of the financial services industry.

‘In recent years, ASIC has identified compliance issues in the stockbroking industry,’ its report said. ‘The Inquiry is aware of concerns with the prevalence of “grid” commissions for advisers, where commission-based remuneration is received soon after advice is given, with the potential to create a conflict of interest between the adviser and the consumer.’

It said Australia and the United States were the only jurisdictions that used a grid commission structure and that in most other major financial centres, stockbrokers were paid a salary and discretionary bonus.

The inquiry report went on to say, ‘specific attention is required in the stockbroking sector in the immediate future’.

‘Unlike in the life insurance industry, a recent review of practices in stockbroking has not been undertaken. The Inquiry considers that ASIC should review current remuneration practices in stockbroking and advise [the] Government on whether action is needed.’

‘The Inquiry believes that better aligning the interests of financial firms with consumer interests, combined with stronger and better resourced regulators with access to higher penalties, should lead to better consumer outcomes,’ it said²⁴.’

²⁴ Source: moneymanagement.com.au

Appendix C

- 21 Further, the ongoing emergence of sophisticated online broking platforms is expected to continue to erode the market share of traditional full service broking services, due to the significantly lower costs involved, thereby putting pressure on full service broker margins. This is in addition to the competition from global investment banks who offer a fuller range of services in the small to mid capitalisation space.

Appendix D

Transaction evidence

- 1 There have been a number of transactions involving stock broking businesses in recent years, as discussed below:

(a) **Avestra Capital (July 2014)**

Avestra Capital (Avestra) was a small financial advisory / stockbroking firm that traded in equities, CFD's, options, futures and foreign exchange markets on behalf of its clients. The business was acquired by AG Financial (a small ASX listed company) in 2014 for \$2 million (in scrip).

The maintainable EBITDA of the business was assessed by the Independent Expert appointed to opine on the transaction at between \$500,000 and \$550,000. After allowing for depreciation (which was around \$12,000 per annum), the implied EBIT and PE multiples were as follows:

Transaction multiple – Avestra		
	Low	High
Enterprise value (\$000) ⁽¹⁾	2,000	2,000
Estimated EBIT (\$000)	538	488
Implied EBIT multiple	3.7	4.1
Implied PE multiple ⁽³⁾	5.3	5.9

Note:

- 1 Based on the stated issue price of \$0.035 per AG Financial share (consistent with post announcement trading).
- 2 AG Stockbroking Limited (the stockbroking subsidiary of the acquirer) was placed into voluntary administration in March 2015.
- 3 At the date of acquisition the business had net cash of only \$148,927. Hence the level of interest income was not expected to be material. The PE multiple has therefore been estimated by dividing the EBIT multiple by 1 less the corporate tax rate.

(b) **Blackswan Equities (May 2014)**

Blackswan Equities (Blackswan) is a leading Western Australian (WA) based stockbroking, investment management and corporate advisory business with a focus on the resource and industrial sectors in WA. The business was formed in 2009 and had been consistently profitable since inception.

The purchase price of \$6.6 million included \$3.7 million of net cash (some of which would be required for working capital purposes). No earnings multiples can be derived as no information was provided on the business' profitability.

The purchaser (Euroz) recognised goodwill of \$2.8 million associated with the acquisition. In our view the recognition of such goodwill is likely to reflect *“the significant revenue and*

Appendix D

costs synergies” arising from combining the business with Euroz’ own Private Client dealing team (which was expected to nearly double in size as a result of the acquisition)²⁵.

(c) **RBS Morgans (December 2012)**

The Royal Bank of Scotland (RBS) sold its 50% interest in RBS Morgans in December 2012 in a management buy-out transaction. According to newspaper reports²⁶, the 50% holding was sold for around \$20 million. No deal metrics were publicly disclosed. However, based on the financial statements for the year ended 31 March 2013, the price paid appears to reflect 1.8 times reported net assets and a PE multiple of 8.1 times the profit after tax in FY13.

RBS Morgans was a Brisbane based firm providing stockbroking, financial planning and corporate advisory services. In both FY12 and FY13 the company generated sales revenue of approximately \$170 million.

(d) **Investorfirst (December 2012)**

In December 2012 Wilson HTM acquired the stockbroking and investment advisory activities of Investorfirst Ltd. The business was generating revenue of in excess of \$4 million but was unprofitable. Wilson HTM acquired the business for nominal consideration, but assumed all accrued employee entitlements for those employees which transferred to Wilson HTM.

(e) **F.W. Holst (August 2012)**

E.L. & G. Baillieu and F.W. Holst announced a merger in August 2012. The merger was implemented by E.L. & C. Baillieu acquiring the assets of F.W. Holst (a Melbourne based stockbroker). In the year ended 30 June 2012, F.W. Holst generated brokerage and commission income of \$8.2 million.

No deal metrics were publicly disclosed. However, we note that E.L. & C. Baillieu did not recognise any goodwill upon acquisition, indicating that the price paid did not exceed NTA.

(f) **RBS Asia Pacific businesses (April 2012)**

In April 2012, CIMB Group announced that it would acquire RBS’ cash equities, equity capital markets and corporate finance businesses in Asia Pacific²⁷. The purchase price was around £160 million.

Limited information was provided on the transaction metrics. However, media reports²⁸ stated that the price tag represented about 0.98 times NTA.

²⁵ Source: Euroz Chairman’s Report in FY14 annual report.

²⁶ Source: Australian Financial Review, 20 December 2012.

²⁷ RBS’ 50% interest in RBS Morgans and its 33% stake in Hua Ying Securities (a securities joint venture in China) was excluded from the transaction.

²⁸ Source: www.financeasia.com.

Appendix D

(g) Austock Securities (February 2012)

In February 2012 Austock Group sold its Austock Securities business to Intersuisse for nominal consideration. Whilst the business had revenues of \$25.5 million and EBIT of around \$2.6 million in FY11, the business generated a large loss in FY12.

As a result of the sale, the carrying value of the net assets employed in the securities business had to be written down by the vendor (Austock Group) by around \$2.9 million.

(h) Freeman Fox Stockbroking (July 2010)

Freeman Fox Stockbroking (FFS) is a small stockbroking business which had six staff at the date of acquisition. The business was acquired by Excela Limited in 2010 for \$5.4 million in cash and shares (based on the value of the consideration assessed by the Independent Expert (IE) opining on the transaction, excluding the value of performance shares which would only be paid if profitability increased significantly).

Based on the base consideration paid the implied EBIT and PE multiples were as follows:

Transaction multiple – Freeman Fox Stockbroking	
	EBIT multiple
Enterprise value (\$000)	5,700 ⁽¹⁾
Maintainable EBIT as assessed by IE (\$000)	1,500
Implied EBIT multiple	<u>3.8</u>
Implied PE multiple ⁽²⁾	5.4

Note:

- 1 Based on cash and share consideration of some \$5.4 million and a capital adequacy deficit of some \$0.3 million assessed by the independent expert opining on the transaction.
- 2 Based on EBIT less 30% tax.

(i) Tolhurst stockbroking business (January 2009)

The Tolhurst stockbroking business was sold to Patersons Securities Limited in 2009. The total purchase price was \$1.8 million²⁹, and represented a discount to the NTA of the business.

Whilst the Tolhurst stockbroking business had been highly profitable prior to the GFC³⁰, the business incurred a loss in the order of \$5.7 million in the six months to 31 December 2008 and was not expected to be profitable in the short term³¹.

²⁹ Source: Robe Australia Limited's financial statements for the year ended 30 June 2009.

³⁰ The Tolhurst stockbroking business generated revenue of around \$50 million in FY08.

³¹ Source: Tolhurst Group Limited Explanatory Statement dated 25 February 2009.

Appendix D

(j) Southern Cross Equities (July 2008)

In July 2008 Bell Financial Group (BFG) announced the acquisition of Southern Cross Equities Limited (SCE). SCE had grown into one of Australia's largest independent stockbroking businesses, with revenue in the 12 months to 30 June 2008 of \$59.6 million and normalised net profit after tax (NPAT) of \$19.6 million.

Under the original deal the consideration was expected to approximately \$145.8 million. However, this was dependent on future performance and was payable in four instalments over 3 years. The expected purchase price (prior to discounting the consideration for risks associated with the contingent consideration and the time value of money) reflected a PE multiple of 7.4 and an implied EBIT multiple of around 5.2 times FY08 earnings. However, due to the risk associated with the contingent consideration and the need to apply a time value of money discount due to the timing of the consideration payments the actual multiples paid would be materially lower.

Subsequently, the transaction price was reduced to a maximum of \$114.8 million (following an agreed change to SCE's remuneration model). Further, as the majority of performance benchmarks were not met³², the actual consideration paid ended up being around \$70 million.

Significant synergies were expected from the deal, as the acquirer (BFG) was also a leading full service stockbroking and advisory firm (with normalised NPAT of \$27.8 million in FY08).

Summary

2 A summary of the above transaction multiples is shown below:

Summary of transaction evidence					
	Date	Consideration \$m	PE multiple	EBIT multiple	Price / NTA
Avestra Capital	Jul 14	2.0	5.3 – 5.9	3.7 – 4.1	n/a
Blackswan Equities	May 14	2.9	n/a	n/a	1.7 ⁽¹⁾
RBS Morgans	Dec 12	40.0 ⁽²⁾	8.1	4.1	1.8 ⁽³⁾
Investorfirst	Dec 12	nominal	n/a ⁽⁵⁾	n/a ⁽⁵⁾	n/a
F.W. Holst	Aug 12	n/a	n/a	n/a	1.0 ⁽⁴⁾
RBS Asia Pacific	Apr 12	£160.0	n/a	n/a	0.98
Austock Securities	Feb 12	nominal	n/a ⁽⁵⁾	n/a ⁽⁵⁾	n/a
Freeman Fox Stockbroking	Jul 10	5.7	5.4	3.8	n/a
Tolhurst Stockbroking	Jan 09	1.8	n/a ⁽⁵⁾	n/a ⁽⁵⁾	0.8
Southern Cross Equities	Jul 08	70.0	<7.4	<5.2	n/a

Note:

- 1 Premium to NTA reflected significant expected revenue and cost synergies.
 - 2 \$40 million on a 100% basis.
 - 3 Price / net assets. Premium to net assets reflected (inter-alia) consistent level of profitability achieved.
 - 4 No goodwill was recognised on acquisition, implying a price / NTA multiple of no more than 1.0.
 - 5 Loss making at date of acquisition.
- n/a – not available.

³² In part, this is likely to have been due to the impact of the global financial crisis.

Appendix D

- 3 As indicated above, the earnings multiples applied to full service stockbroking businesses are generally very low. This reflects, inter-alia:
- (a) the difficult operating environment given continued downward pressure on brokerage commissions (driven in part by the growth in low cost execution only online services)
 - (b) the dependence of the business on its advisers (and the fact that active clients often follow their adviser if the adviser leaves)
 - (c) the significant costs associated with regulatory compliance
 - (d) the inherent cyclical nature of the business and the related scope for large losses in the event of a downturn in the sharemarket (or reduced trading volumes).
- 4 Further evidence of this difficult trading environment is evident from:
- (a) the low earnings margins generated by Wilson HTM in FY14 and in the six months to 31 December 2014 (and large losses incurred in FY12 and FY13)
 - (b) newspaper reports in early 2015 that UBS had stopped servicing clients that have less than \$1 million invested with the firm (due to the limited profitability of smaller clients)³³
 - (c) recent newspaper reports that BBY was in the process of undertaking a capital raising following losses in each of FY13 and FY14³⁴
 - (d) on-going industry consolidation in order to achieve scale and reduce costs (e.g. Wilson HTM and Shaw Stockbroking discussed the possibility of a merger in 2014 but could not agree terms)
 - (e) the recent appointment of voluntary administrators to AG Stockbroking Limited (which acquired Avestra Capital in July 2014).

³³ Source: Australian Financial Review, 2 March 2015.

³⁴ Source: Australian Financial Review, 12 March 2015.

Glossary

Abbreviation	Definition
1H15	The six month period ending 31 December 2014
AG Stockbroking Limited	The stockbroking business of AG Financial Limited
AIFRS	Australian equivalents to International Financial Reporting Standards
AIM	Authorised investment manager
ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange
Avestra	Avestra Capital
BFG	Bell Financial Group
Blackswan	Blackswan Equities
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Craigs	Craigs Investment Partners
DB	Deutsche Bank Group
DCF	Discounted cash flow
DTA	Deferred tax assets
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EDC	European Debt Crisis
FFS	Freeman Fox Securities
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FUM	Funds under management
FY	Financial year
GFC	Global Financial Crisis
HNI	High net-worth individuals
IER	Independent expert's report
IPO	Initial public offering
LEA	Lonerган Edwards & Associates Limited
M&A	Mergers and acquisitions
NPAT	Net profit after tax
NPV	Net present value
NTA	Net tangible assets
PE	Price earnings
Pinnacle	The second reporting segment of WIG
Proposed Transaction	The sale of Wilson HTM Securities to a consortium of investors comprising existing Wilson HTM staff, Craigs and DB
RBS	Royal Bank of Scotland
RG 111	ASIC Regulatory Guide 111 – <i>Content of expert reports</i>
SCE	Southern Cross Equities
Securities business	The securities business of WIG
Non-associated WIG shareholders	Shareholders of WIG other than DB
WA	Western Australia
WIG	Wilson HTM Investment Group Ltd
Wilson HTM	One of the two reporting segments of WIG
Wilson HTM Securities	The securities business of WIG

Schedule 4 – Amended Constitution

CORPORATIONS ACT

A COMPANY LIMITED BY SHARES

CONSTITUTION

- of –

WILSON ~~HTM INVESTMENT GROUP LTD~~ LIMITED

ACN 100 325 184

ADOPTED BY RESOLUTION OF SHAREHOLDERS ON ~~16 May 2007~~ 26 JUNE 2015

CONTENTS

1	NAME	6
2	LIMITED LIABILITY	6
3	INTERPRETATION	6
3.1	Definitions	6
3.2	Interpretation generally	8
3.3	Replaceable rules displaced	10
3.4	Enforcement	10
4	SHARE CAPITAL	10
4.1	Issue of Shares	10
4.2	Preference Shares	10
4.3	Modification of class rights	13
4.4	Alterations of capital	13
4.5	Commission and interest	14
4.6	Recognition of interest	14
4.7	Certificates	14
4.8	Joint holders	15
5	CALLS ON SHARES	16
5.1	Power to make calls	16
5.2	Notice of call	16
5.3	Interest on calls	16
5.4	Payment of calls	16
5.5	Differentiation between calls	17
5.6	Payment in advance of calls	17
6	LIEN ON SHARES	17
6.1	Lien	17
6.2	Other lien	17
6.3	Lien over dividends	18
6.4	Enforcement of lien	18
6.5	Exemption	19
7	FORFEITURE AND SURRENDER OF SHARES	19
7.1	Notice regarding forfeiture	19
7.2	Forfeiture	19
8	Company payments	21
9	SALE OF NON-MARKETABLE PARCELS	22
9.1	Definitions	22
9.2	Power to sell non-Marketable Parcels	22
9.3	Notice	23
9.4	Procedure	23
9.5	Sale consideration	24
9.6	Certificates	25
10	TRANSFER OF SHARES	25
10.1	Transfers	25
10.2	Approval required for partial Takeover Bid	27

11	TRANSMISSION OF SHARES.....	30
11.1	Death or bankruptcy	30
11.2	Estates.....	30
11.3	Deregistration	30
11.4	Effect of death, bankruptcy or infirmity	30
12	SHARE CAPITAL.....	31
12.1	Alteration of capital	31
12.2	Rights of new Shares	31
13	GENERAL MEETINGS.....	31
13.1	Convening and notice of general meetings.....	31
13.2	Proceedings at general meetings.....	32
14	VOTES OF MEMBERS	34
14.1	Right to vote	34
14.2	Proxies and attorneys.....	35
15	DIRECTORS.....	38
15.1	Appointment of Directors.....	38
15.2	Remuneration and expenses	39
15.3	Vacation of office and conflict of interest	40
15.4	Rotation of Directors	41
15.5	Powers of Directors	42
15.6	Proceedings of Directors.....	42
15.7	Managing Director.....	45
15.8	Alternate Directors	46
15.9	Local management.....	47
15.10	Appointment of attorney.....	47
15.11	Minutes	48
16	SECRETARY	48
16.1	Appointment by Directors	48
16.2	Terms of office	48
17	SEAL	48
17.1	Types of seals	48
17.2	Use of seal	48
17.3	Cheques and negotiable instruments.....	49
18	RESERVES.....	49
18.1	Establishment and application of reserves.....	49
19	DIVIDENDS	49
19.1	Declaration of dividend	49
19.2	Interim and preferential dividends.....	50
19.3	Payment of dividends	50
19.4	Dividend entitlement	51
19.5	Dividends in specie.....	51
19.6	Dividend plans	51
20	CAPITALISATION OF PROFITS	52
21	ACCOUNTS AND AUDIT	52
21.1	Requirements as to accounts and audits.....	52
21.2	Auditor.....	52
21.3	Inspection of Company records	52

22	NOTICES.....	53
22.1	Mode of service	53
22.2	Deemed receipt of notice	53
22.3	Proof of service	53
22.4	Notice of general meeting of the Company	54
22.5	Previous notice	54
22.6	Notice on transmission	54
22.7	Failure of member to give address.....	54
22.8	Day of service.....	54
23	WINDING UP.....	54
23.1	Powers of liquidator.....	54
23.2	Distribution of assets	55
23.3	Special rights	55
24	INDEMNITY	55
24.1	Definition of “Officer”	55
24.2	Indemnity to Officers and employees.....	56
24.3	Indemnity for proceedings.....	56
24.4	Liability as between Officers.....	56
24.5	Reimbursement of expenses	56
25	LISTING RULES.....	57
1	NAME	1
2	LIMITED LIABILITY	1
3	INTERPRETATION	1
3.1	Definitions	1
3.2	Interpretation generally.....	3
3.3	Replaceable rules displaced.....	4
4	SHARE CAPITAL	4
4.1	Issue of shares.....	4
4.2	Preference shares	4
4.3	Modification of class rights	5
4.4	Commission and interest.....	5
4.5	Recognition of interest.....	5
4.6	Certificates.....	6
4.7	Joint holders.....	6
5	CALLS ON SHARES	7
5.1	Power to make calls.....	7
5.2	Notice of call	7
5.3	Interest on calls.....	7
5.4	Deemed call	7
5.5	Differentiation between calls	7
5.6	Payment in advance of calls	8
6	LIEN ON SHARES	8
6.1	Lien.....	8
6.2	Other lien	8
6.3	Lien over dividends	8
6.4	Enforcement of lien	8
6.5	Exemption.....	9
7	FORFEITURE AND SURRENDER OF SHARES.....	9
7.1	Notice regarding forfeiture	9

7.2	Forfeiture	9
7.3	Surrender of shares	10
7.4	Evidence of ownership	10
7.5	Deemed forfeiture	10
7.6	Cancellation of forfeited shares	11
8	<u>SALE OF NON-MARKETABLE PARCELS</u>	11
8.1	Definitions	11
8.2	Power to sell non-Marketable Parcels	11
8.3	Notice	12
8.4	Procedure	12
8.5	Sale consideration	13
8.6	Certificates	13
9	<u>TRANSFER OF SHARES</u>	14
9.1	Transfers	14
9.2	Approval required for partial Takeover Bid	15
10	<u>TRANSMISSION OF SHARES</u>	18
10.1	Death or bankruptcy	18
10.2	Estates	18
10.3	Effect of death, bankruptcy or infirmity	18
11	<u>SHARE CAPITAL</u>	18
11.1	Alteration of capital	18
11.2	Rights of new shares	18
12	<u>GENERAL MEETINGS</u>	19
12.1	Convening and notice of general meetings	19
12.2	Proceedings at general meetings	20
13	<u>VOTES OF MEMBERS</u>	22
13.1	Right to vote	22
13.2	Proxies and attorneys	23
14	<u>DIRECTORS</u>	26
14.1	Appointment of Directors	26
14.2	Remuneration and expenses	27
14.3	Vacation of office and conflict of interest	28
14.4	Rotation of Directors	29
14.5	Powers of Directors	30
14.6	Proceedings of Directors	30
14.7	Managing Director	33
14.8	Alternate Directors	34
14.9	Local management	35
14.10	Appointment of attorney	35
14.11	Minutes	35
15	<u>SECRETARY</u>	36
15.1	Appointment by Directors	36
15.2	Terms of office	36
16	<u>SEAL</u>	36
16.1	Types of seals	36
16.2	Use of seal	36
16.3	Cheques and negotiable instruments	36
17	<u>RESERVES</u>	37
17.1	Establishment and application of reserves	37

18	<u>DIVIDENDS</u>	37
18.1	<u>Declaration of dividend</u>	37
18.2	<u>Interim and preferential dividends</u>	37
18.3	<u>Payment of dividends</u>	37
18.4	<u>Dividend entitlement</u>	38
18.5	<u>Dividends in specie</u>	39
18.6	<u>Dividend plans</u>	39
19	<u>CAPITALISATION OF PROFITS</u>	39
20	<u>ACCOUNTS AND AUDIT</u>	40
20.1	<u>Requirements as to accounts and audits</u>	40
20.2	<u>Auditor</u>	40
20.3	<u>Inspection of Company records</u>	40
21	<u>NOTICES</u>	40
21.1	<u>Mode of service</u>	40
21.2	<u>Deemed receipt of notice</u>	40
21.3	<u>Proof of service</u>	41
21.4	<u>Notice of general meeting of the Company</u>	41
21.5	<u>Previous notice</u>	41
21.6	<u>Notice on transmission</u>	41
21.7	<u>Failure of member to give address</u>	42
21.8	<u>Day of service</u>	42
22	<u>WINDING UP</u>	42
22.1	<u>Powers of liquidator</u>	42
22.2	<u>Distribution of assets</u>	42
22.3	<u>Special rights</u>	43
23	<u>INDEMNITY</u>	43
23.1	<u>Definition of “Officer”</u>	43
23.2	<u>Indemnity to Officers and employees</u>	43
23.3	<u>Indemnity for proceedings</u>	44
23.4	<u>Liability as between Officers</u>	44
23.5	<u>Reimbursement of expenses</u>	44
24	<u>LISTING RULES</u>	44
25	<u>FURTHER ISSUE OF SECURITIES</u>	44
25.1	<u>Rights of Major Shareholder</u>	44
25.2	<u>Notice of issue to be given to Major Shareholder</u>	45
25.3	<u>Purchase on Market</u>	45
25.4	<u>Issue Price</u>	46
25.5	<u>Notice of acceptance</u>	46
25.6	<u>Failure to give a notice of acceptance</u>	46
25.7	<u>Excluded issues</u>	46
26	<u>MAJOR SHAREHOLDER MATTERS</u>	47

CORPORATIONS ACT
A COMPANY LIMITED BY SHARES

CONSTITUTION

- of -

WILSON ~~HTM INVESTMENT GROUP LTD~~ LIMITED

ACN 100 325 184

1 NAME

The name of the Company is Wilson ~~HTM Investment Group Ltd~~ Limited.

2 LIMITED LIABILITY

The liability of members of the Company is limited by ~~share~~ Shares.

3 INTERPRETATION

3.1 Definitions

In this Constitution unless the contrary intention appears-

“Applicable Law” means the Corporations Act, the Listing Rules and the Settlement Rules

“Associate Executive” means an executive who is an “associate executive” under a services agreement with the Company or any related body corporate from time to time.

~~**“ASTC”** means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.~~

~~**“ASTC Settlement Rules”** means the operation rules of ASTC or of any relevant organisation which is an alternative or successor to, or replacement of, ASTC or of any applicable CS facility licensee.~~

“ASX” means ASX Limited ACN 008 624 691.

“Board” means ~~all or some of the Directors acting as a board, or those Directors who are present at a meeting of Directors at which there is a quorum~~ the Directors of the Company from time to time.

“Business Day” has the meaning given to that term in the Listing Rules.

“Communication Service” means any email address, mobile phone number, SMS or other electronic means of written communication.

“Company” means Wilson ~~HTM Investment Group Ltd~~ Limited ACN 100 325 184.

"**Company Scheme**" means any scheme operated by the Company under which Securities are issued to employees or to an entity which is a trustee of a trust for which the beneficiaries are employees, as approved by the Board from time to time.

"**Constitution**" means this Constitution as amended from time to time.

"**Corporations Act**" means the Corporations Act 2001 (Cwlth).

"CS Facility" means a licensed CS facility (as defined in the Corporations Act) which applies to the Company or its Shares.

"CSF Operator" means the licensed operator of the relevant CS Facility.

~~"CS facility licensee" means a person who holds a licence under the Corporations Act which authorises the person to operate a clearing and settlement facility.~~

"**Director**" means a person who is, for the time being, a director of the Company including, where appropriate, an alternate director of the Company~~director of the Company and includes an alternate Director.~~

~~"employee"~~ means an employee of any Group Company.

"**Group**" means the Company and its subsidiaries.

"**Group Company**" means a company within the Group.

~~"Listed Company"~~ means a company which has been admitted to the official list of ASX.

"**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable to Listed Companies,~~as amended or replaced from time to time, except to the extent of any express written waiver by ASX.~~

~~"Major Shareholder" means Deutsche Australia Limited ACN 006 385 593, or any related body corporate of Deutsche Australia Limited ACN 006 385 593, while that entity is the registered holder of 15% or more of the issued Shares, for so long as at least that level of holding continues.~~

"**Market Transfer**" means:

- (a) a transfer of ~~share~~Share where the transfer is pursuant to or connected with a transaction entered into on the stock market operated by ASX and includes a proper ASTC transfer; or
- (b) an allotment of ~~share~~Share as a result of the exercise of any rights, options or convertible notes where such rights, options or notes are traded on a market operated by ASX.

"**member**" means:

- (a) in respect of a meeting of holders of Shares or a meeting of holders of a class of Shares, a person whose name is entered in the register as the holder of a Share or a Share of that class (as the case may be) at the time specified in the notice of that meeting (or if no time is specified, at the time appointed for that meeting to commence); and

~~(a)~~(b) a person entered in the register as a member for the time being of the Company.

~~“proper ASTC transfer” has the meaning given to that term in regulation 1.0.02 of the Corporations Regulation 2001 (Cwlth).~~

“register” means the register of members of the Company kept pursuant to the ~~Corporations Act~~Applicable law, and where appropriate, includes any sub-register and branch register.

“related body corporate” has the meaning given to that term in the Corporations Act.

"relevant interest" has the meaning given in section 9 of the Corporations Act.

“representative” means a person authorised in accordance with the Corporations Act (or a corresponding previous law) by a member which is a body corporate to act as its representative at a meeting of members~~representative appointed by a member pursuant to section 250D of the Corporations Act.~~

“Restricted Securities” has the meaning ~~given to that term in the Listing Rules.~~

“seal” means the common seal of the Company.

“Secretary” means any person appointed to perform all or any of the duties of a secretary of the Company for the time being.

~~“Securities” means Shares, any securities or instruments convertible into Shares, and any options to subscribe for any such Shares or convertible securities or instruments.~~

“Settlement Rules” means the operating rules of the relevant CS Facility.

“Shares” means a shares in the capital of the Company.

~~“Special Director” means a Director appointed by the Major Shareholder.~~

"subsidiary" has the meaning given to that term in section 9 of the Corporations Act.

3.2 Interpretation generally

~~(a) Section 46 of the Acts Interpretation Act 1901 (Cwlth) applies in relation to this Constitution as if it was an instrument made by an authority under a power conferred by the Corporations Act as in force on the date on which this Constitution became binding on the Company.~~

~~(b) An expression used in a particular Part or Division of the Corporations Act that is given by that Part or Division, a special meaning for the purposes of that Part or Division has, in any of this Constitution that deals with a matter dealt with by that Part or Division, the same meaning as in that Part or Division, unless the contrary intention appears.~~

~~(e)~~(a) A reference to a provision of the Corporations Act includes Unless the context indicates a contrary intention, in this Constitution:

(i) ~~a reference to that provision as amended~~the Applicable Law is to the Applicable Law in force in relation to the Company after taking into

account any waiver, modification or exemption which is in force either generally or in relation to the Company; and

(ii) ~~a reference to a corresponding provision contained in any substituted or re-enacted legislation superseding or replacing, in whole or in part, the Corporations Act subject however to the corresponding provision in the substituted or re-enacted legislation being in identical or substantially identical terms to the provision in the Corporations Act~~ a word or phrase given a meaning in the Applicable Law has the same meaning in this Constitution where it relates to the same matters as the matters for which it is defined in the Applicable Law, unless that word or phrase is otherwise defined in this Constitution; and

~~(ii)~~(iii) a reference to the Listing Rules includes any amendment or replacement of those rules from time to time.

(b) In this constitution, a reference to the Listing Rules, the Settlement Rules or ASX only apply while the Company is included in the official list of ASX.

~~(d)~~(c) A reference to a body or entity (whether corporate or unincorporate) includes, in the event that such body or entity ceases to exist, or is reconstituted, renamed or replaced from time to time, a reference to such other body or entity as the Directors consider most nearly fulfils the objects of the first mentioned body or entity.

~~(e)~~(d) Unless the contrary intention appears:

- (i) words importing the singular include the plural and vice versa;
- (ii) words importing any gender include all genders;
- (iii) the term "person" or words importing persons include bodies corporate;
- (iv) a reference to writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes facsimile transmission; and

(v) if a word or phrase is defined, cognate words and phrases have corresponding definition;

(vi) the word "includes" in any form is not a word of limitation;

(vii) a reference to a partly paid Share is a reference to a Share on which there is an amount unpaid;

(viii) a reference to a call or an amount called in respect of a Share includes an amount that, by the terms of issue of a Share or otherwise, is payable at one or more fixed times;

(ix) a notice or document required by this Constitution to be signed may be authenticated by any other manner permitted by the Corporations Act or any other law; and

~~(v)~~(x) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements.

~~(f)~~(e) Headings are for ease of reference only and do not affect the construction of this Constitution.

3.3 Replaceable rules displaced

The replaceable rules contained in the Corporations Act are displaced and shall not apply to the Company except to the extent that they are expressly contained in this Constitution.

3.4 Enforcement

- (a) Each member submits to the non-exclusive jurisdiction of the courts of Queensland, the Federal Court of Australia and the courts competent to determine appeals from those courts with respect to any proceedings that may be brought at any time relating to this Constitution.
- (b) If at any time any provision of this Constitution is or becomes illegal, invalid or unenforceable in any respect pursuant to the law of any jurisdiction, then that does not affect or impair:
 - (i) the legality, validity or enforceability in that jurisdiction of any other provision of this Constitution; or
 - (ii) the legality, validity or enforceability pursuant to the law of any other jurisdiction of that or any other provision of this Constitution

4 SHARE CAPITAL

4.1 Issue of sShares

Subject to this Constitution, ~~and in particular clause 25, the Listing Rules, the Corporations Act~~the Applicable Law and any ~~special~~ rights and restrictions attached to ~~conferred on the~~ holders of any existing sShares or class of sShares in the Company:

- (a) sShares and other sSecurities in the Company may be issued ~~or otherwise disposed of~~ by resolution of the ~~Directors Board~~ in such manner as they think fit and any such sShare or sSecurity may be issued with such preferred, deferred or other special rights or such restrictions as to dividends, voting, return of capital, payment of calls or otherwise, to such persons and on such terms and conditions as the ~~Directors Board~~ determine; and
- (b) the ~~Directors Board~~ may grant to any person options to take up unissued sShares or sSecurities in the Company, in such manner and on such terms and conditions as they think fit.

4.2 Preference sShares

- (a) Subject to the ~~Corporations Act~~Applicable Law, the Company may issue preference sShares which are, or at the option of the Company are to be, liable to be redeemed and may convert any issued Shares into preference Shares, if the rights of the holders of the preference Shares are as set out in this clause 4.2 or are

approved in accordance with the Applicable Law, ~~in such manner and on such terms and conditions as the Directors determine.~~

- ~~(a)~~(b) Each preference Share confers on the holder the right to convert the preference Share into an ordinary Share if and on the basis the Board resolves under the terms of issue;
- ~~(b)~~(c) Holders of preference sShares shall only have the right to vote at any meeting convened for the purpose of reducing the capital, winding up or sanctioning the sale of the whole of the property, business and undertaking of the Company or, during the winding up of the Company, where the proposal to be submitted to the meeting affects the rights attached to the preference sShares, when a dividend (or part of a dividend) on the preference sShares is in arrears or on a resolution to approve the terms of a buy-back agreement.
- (d) The rights conferred upon the holders of sShares of any class with preferred or other rights shall be deemed to be varied by the issue of further sShares or sSecurities ranking equally with or in priority to the first mentioned sShares, and the provisions of **clause 4.34.3** shall apply in relation to such deemed variation.
- ~~(e)~~(e) The rights conferred upon the holders of Shares of any class with preferred or other rights shall be not be varied by the issue of any new Shares ranking equally, or any conversion of existing Securities to Shares ranking equally, with existing Shares, unless otherwise provided by the terms of issue of the existing Shares or required by the Applicable Law.
- (f) Each preference sShare confers on the holder:
 - (i) ~~the~~a right to receive a preferential dividend ~~at on the rate and on the basis decided by the Directors.~~ conditions that the Board resolves under the terms of the issue unless, and to the extent that, the Board resolves under the terms of issue that there is no right to receive a dividend, any such dividend;
 - (A) is non-cumulative unless, and to the extent that, the Board resolves otherwise under the terms of issue;
 - (B) will rank for payment in priority to ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
 - (C) will rank for payment in relation to Shares in any other class of Shares as the Board resolves under the terms of issue;
 - (ii) in addition to the rights (if any) to receive a dividend, the right to participate equally with the ordinary Shares in the distribution of profits (or other amounts) available for dividends it and on the basis the Board resolves under the terms of issue;
 - (iii) if, and to the extent that any dividend on the preference Share is cumulative, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share

at the date of winding up or reduction of capital or, in the case of a redeemable preference Share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;

- (iv) if, and to the extent that any dividend on the preference Share is non-cumulative, and if, and to the extent that, the Board resolves under the terms of issue, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share for the period commencing on the dividend payment date which has then most recently occurred and ending on the date of winding up or reduction of capital or, in the case of a redeemable preference Share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;
- (v) the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of any amount (which may include the amount paid or agreed to be considered as paid on the preference Share) that the Board resolves at the time of issue, and payment of such amount:
 - (A) will rank for payment in priority to ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
 - (B) will rank for payment in relation to any other class of Shares as the Board resolves under the terms of issue;
- (vi) the right to a bonus issue or capitalisation of profits in favour of preference members only, if and to the extent the Board resolves under the terms of issue;
- (vii) in addition to the rights pursuant to **clauses 4.2(f)(i), 4.2(f)(ii), 4.2(f)(iii), 4.2(f)(iv), 4.2(f)(v) and 4.2(f)(vi)**, the right to participate with the ordinary Shares in profits and assets of the Company, including on a winding up, if and to the extent that the Board resolves under the terms of issue;
- (viii) the right to receive notices, reports and accounts and to attend and be heard at all meetings of members on the same basis as the holders of ordinary Shares; and
- (ix) if voting on any matter in respect of which the holder is entitled to vote is by poll the right to cast the number of votes specified in, or determined in accordance with, the terms of issue for the preference Share.

~~(d)~~(g) In the case of a redeemable preference Share, the Company must if required by the terms of issue for that Share but subject to the Corporations Act, at the time and place for redemption specified in, or determined in accordance with, those terms of issue, redeem that Share and, subject to the giving or receiving of a valid redemption notice or other document (if any) required by those terms of issue, pay

to or at the direction of the registered holder the amount payable on redemption of that Share.

- ~~(e) The preferential dividend may be cumulative only if and to the extent Directors decide.~~
- ~~(f) Without limiting the terms upon which a preference share may be issued by the Directors, a preference share may, at the discretion of the Directors:~~
 - ~~(i) restrict or prohibit the right of a holder to participate in share issues by the company or any capitalisation of profits;~~
 - ~~(ii) convert, or at the option of the company or the holder, be convertible into some other class of share on terms determined by the Directors;~~
 - ~~(iii) rank in priority to preference shares already issued or with different rights to preference shares already issued; or~~
 - ~~(iv) confer on its holder the right, on redemption, to the payment of dividends or any amount paid on the share.~~

4.3 Modification of class rights

- (a) Where by reason of the issue of preference ~~s~~Shares or otherwise, the ~~s~~Share capital of the Company is divided into different classes of ~~s~~Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the ~~s~~Shares of that class) may be varied or abrogated in any way or the preference ~~s~~Share capital repaid, with the approval by way of a special resolution passed at a separate meeting of the holders of the issued ~~s~~Shares of that class or with the consent in writing of the holders of three-quarters of the issued ~~s~~Shares of that class.
- (b) The provisions of the Corporations Act and this Constitution relating to special resolutions and general meetings shall be deemed to apply so far as they are capable of application (mutatis mutandis) to every resolution and meeting referred to in clause ~~4.3(a)~~4.3(a).
- (c) The issue of any new Shares ranking equally, or any conversion of existing securities to Shares ranking equally, with existing Shares is not a variation of the rights conferred on the holders of the existing Shares, unless otherwise provided by the terms of issue of the existing Shares or required by the Applicable Law.
- ~~(b)(d)~~ The issue of any new Shares ranking in priority, or any conversion of existing securities to Shares ranking in priority, to an existing class of preference Shares is a variation of the rights conferred on the holders of the existing preference Shares, unless the issue or conversion is expressly permitted by the terms of the existing preference Shares.

4.4 Alterations of capital

- (a) The Company may by resolution convert Shares from one class to another, subject to the Corporations Act, this Constitution and the terms of issue of a class of Shares.

(b) The Company may reduce, alter or buy-back its Share capital in any manner provided by the Applicable Law. The Board may do anything which is required to give effect to any resolution authorising a reduction, alteration or buy-back of the Share capital of the Company, including where a member becomes entitled to a fraction of a Share on a consolidation or subdivision:

- (i) making cash payments;
- (ii) ignoring fractions;
- (iii) appointing a trustee to deal with any fractions on behalf of members; and
- (iv) rounding up each fractional entitlement to the nearest whole Share by capitalising any amount available for capitalisation pursuant to **clause 20** even though only some members participate in the capitalisation.

4.44.5 Commission and interest

- (a) The Company may make payments by way of brokerage or commission to a person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for **s**Shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for **s**Shares in the Company.
- (b) The brokerage or commission may be satisfied by payment in cash, by allotment of fully or partly paid **s**Shares, by the allotment of options, by issue of debentures or a combination of all or any of such ways.

4.54.6 Recognition of interest

- (a) Except as required by law, the Company shall not recognise a person as holding a **s**Share upon any trust.
- (b) The Company is not bound by or compelled in any way to recognise (whether or not it has notice of the interest or rights concerned) any equitable, contingent, future or partial interest in any share or unit of a **s**Share or (except as otherwise provided by this Constitution or by law) any other right in respect of a **s**Share except an absolute right of ownership in the registered holder of the **s**Share.
- (c) In the case of the death of a member, the legal personal representatives of the deceased, where he is a sole holder, shall be the only persons recognised by the Company as having any title to the **s**Shares held by him, and for this purpose the Directors may require reasonable evidence of death.

4.64.7 Certificates

- (a) Subject to the Applicable Law, the Company need not issue certificates for Shares if the Board so resolves.
- (b) Subject to the Applicable Law, the Company may issue certificates for Shares, cancel any certificates for Shares, and replace lost or destroyed or defaced certificates for Shares, on the basis and in the form which the Board resolves.

- (c) If the Company determines to issue certificates for Shares, only the member whose name appears first in the register in respect of a jointly held Share is entitled to a certificate in respect of that Share and delivery of the certificate to that person is taken to be delivery to all holders of that Share.
- ~~(d) A member is entitled free of charge to receive one certificate for the shares of one class registered in his name under the seal or duplicate seal of the Company in accordance with the Corporations Act, but in respect of a share held jointly by several persons, the Company is not bound to issue more than one certificate.~~
- ~~(e) Shares shall be allotted and share certificates relating to them (including replacement certificates issued pursuant to **clauses 4.6(e) and 4.6(d)** shall be issued and delivered in accordance with:~~
- ~~(i) the Corporations Act; and~~
- ~~(ii) the Listing Rules.~~
- ~~(f) Where a share certificate is stolen, lost or destroyed, upon application to the Company by the owner of the shares in accordance with section 1070D of the Corporations Act, the Directors shall, subject to that section and the Listing Rules, issue a replacement certificate in lieu of the original. Such replacement certificate shall be clearly endorsed "Issued in replacement of certificate numbered: (number)".~~
- ~~(g) Where a share certificate is worn out or defaced, upon its production to the Company, the Directors may order it to be cancelled and issue a replacement certificate in lieu thereof.~~
- ~~(h)~~(d) A fee may be charged for the issue of a replacement certificate in the amount determined by the **Directors**Board, provided that such fee does not exceed \$10.00.
- ~~(i) Delivery of a certificate for a share to one of the several joint holders is sufficient delivery to all such holders.~~
- ~~(j) Notwithstanding anything to the contrary in this Constitution, the Company shall not be required to issue a certificate for shares held by a member (whether upon the issue or transfer of the shares) and furthermore may cancel a certificate for shares held by a member without issuing a certificate in its place, in circumstances where the non issue of a certificate for shares is permitted by the Corporations Act, the Listing Rules and the ASTC Settlement Rules.~~
- ~~(k)~~(e) Where the Company has determined not to issue **s**Share certificates or to cancel existing **s**Share certificates, a member shall have the right to receive such statements of the holdings of the member as are required to be distributed to a member under the Corporations Act or the Listing Rules.

4.74.8 Joint holders

- (a) Where 2 or more persons are registered as the holders of a **s**Share, they shall be deemed to hold it as joint tenants with rights of survivorship, subject to the provisions of this Constitution as to joint shareholdings and the following provisions:

- (i) they and their respective legal personal representatives shall be deemed to be jointly and severally liable to pay all calls, interest or other amounts payable in respect of the ~~s~~Share;
 - (ii) subject to ~~clause 4.7(a)(i)~~ 4.8(a)(i), on the death of any one of them, the survivor or survivors shall be the only person or persons whom the Company shall recognise as having any title to the ~~s~~Share, and for this purpose the Directors may require reasonable evidence of death; and
 - (iii) any one of them may give effectual receipts for any dividend, interest or other amounts payable in respect of the ~~s~~Share.
- (b) The Company may but is not bound to register more than 2 persons as joint holders of a ~~s~~Share.

5 CALLS ON SHARES

5.1 Power to make calls

The ~~Directors-Board~~ may, subject to any conditions of allotment, from time to time make such calls as they think fit upon the members in respect of any moneys unpaid on the ~~s~~Shares held by them which is not by the terms of the issue of that Share made payable at fixed times. A call shall be deemed to have been made when the resolution of the ~~Directors-Board~~ authorising such call was passed and may be payable by instalments. Subject to the Listing Rules, a call may be revoked or postponed or payment of that call may be extended by the ~~Directors-Board~~, at any time prior to the date on which payment of that call is due, as they think fit.

5.2 Notice of call

- (a) The Company must give Nnotice of a call ~~shall be sent to the~~ members upon whom ~~a-the~~ call is made at least 10 Business Days (or any period of notice required by the Listing Rules or required by any terms of issue of the relevant Shares) before the due date for payment. The notice must specify the amount of the call, the time or times and place of payment and any other information as the Board resolves and the Listing Rules require~~in accordance with the Listing Rules~~.
- (b) The accidental omission to give notice of any call to or the non-receipt of any such notice by any of the members shall not invalidate the call.

5.3 Interest on calls

If a sum called in respect of a ~~s~~Share is not paid to the Company before or on the day appointed for payment, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment to the time of actual payment at such rate as the ~~Directors-Board~~ may determine and all costs and expenses that the Company incurs due to the failure to pay or the late payment, but the ~~Directors-Board~~ may in ~~their-its~~ discretion waive payment of such interest, costs or expenses wholly or in part. Interest accrues daily and may be capitalised at any interval that the Board resolves.

5.4 ~~Deemed call~~ Payment of calls

- (a) Each member must pay to the Company the amount of each call in the manner, at the time and at the place specified in the notice of the call.

- (b) Subject to any notice requirements under the Listing Rules, any sum that, by the terms of issue of a ~~share~~Share, becomes payable on allotment or at a fixed date shall for the purposes of this Constitution, be deemed to be a call duly made and payable on the date on which by the terms of issue the sum becomes payable, and, in the case of non-payment, all the relevant provisions of this Constitution as to payment of interest, expenses, forfeiture or otherwise apply as if the sum had become payable by virtue of a call duly made and notified.
- (c) In a proceeding to recover a call, or an amount payable due to the failure to pay or late payment of call, proof that:
- (i) the name of the person is entered in the register as a registered holder of the Share on which the call was made;
 - (ii) there is a record in the minute books of the Company of the resolution making the call or the fixed amount payable by the terms of issue of the relevant Shares; and
 - (iii) notice of the call was given or taken to be given to the person in accordance with this Constitution;
- is conclusive evidence of the obligations of that person to pay the call.

5.5 Differentiation between calls

The ~~Directors~~Company may on the issue of sShares differentiate between the holders as to the amount of calls to be paid and the times of payment as the Board resolves.

5.6 Payment in advance of calls

The ~~Directors~~Company may accept from ~~any~~ member all or any part of the amount unpaid on a sShare although no part of that amount has been called up. The ~~Directors~~Board may authorise payment by the Company of interest upon the whole or any part of an amount so accepted, until the amount becomes payable, at such rate as agreed between the Board and the member~~is determined by the Directors~~. No money received in advance of a call shall be received subject to repayment or shall be claimable by any member. The ~~Directors~~Company may repay the whole or any part of money paid in advance of a call upon giving the member at least one month's notice.

6 LIEN ON SHARES

6.1 Lien

The Company shall have a first and paramount lien and charge upon all the sShares (other than fully paid sShares) registered in the name of each member (whether solely or jointly with others) for all unpaid calls or instalments due but unpaid in respect of such sShares.

6.2 Other lien

- (a) The Company shall have a first and paramount lien upon all the Shares registered in the name of each member (whether solely or jointly with others) for any amount which remains outstanding under loans made by the Company to acquire that Share under an employee incentive scheme, to the extent permitted by the Corporations Act.

- (a)(b) The Company shall also have a first and paramount lien upon all the ~~share~~Shares (other than fully paid shares) registered in the name of each member (whether solely or jointly with others) for all moneys which the Company may be called upon by law to pay (and has paid) in respect of those ~~share~~Shares together with interest thereon.
- (b)(c) Any moneys so paid by the Company in respect of the ~~share~~Shares may be recovered from such member or his legal personal representatives as a debt due by such member or his estate to the Company.
- (d) The Company shall be entitled to charge and recover all interest and expenses due and payable to the Company in respect of the unpaid amounts, to the extent permitted by the Listing Rules~~The Company shall be entitled to charge and recover interest at current bank overdraft rates on any moneys so paid by the Company until the moneys have been paid in full by such member or his legal personal representatives to the Company.~~
- (e)(e) The Company's lien on a Share is released if a transfer of that Share is registered by the Company without the Company giving written notice of the lien to the transferee of that Share.

6.3 Lien over dividends

The Company's lien on a ~~share~~Share shall extend to all proceeds of sale of Shares, and all dividends and entitlements determined from time to time payable in respect of such ~~share~~Share.

6.4 Enforcement of lien

- (a) The Directors may sell ~~share~~Shares subject to a lien for the purpose of enforcing the lien, without consent of the holder of the ~~share~~Shares or any other person.
- (b) Shares on which the company has a lien cannot be sold unless:
- (i) a sum in respect of which the lien exists is presently payable; and
 - (ii) the Company has, at least 14 days before the date of sale, given to the registered holder for the time being of the ~~share~~Share or the person entitled to the ~~share~~Share by reason of death or bankruptcy of the registered holder notice in writing, setting out and demanding payment of that part of the amount in respect of which the lien exists as is presently payable.
- (c) The Company shall apply the net proceeds of any sale of ~~share~~Shares under clause 6.4(a)~~6.4(a)~~ in or towards satisfaction of that part of the amount in respect of which the lien exists as is presently payable, together with any interest on that amount and expenses paid or payable in connection with the enforcement of the lien and the sale of the ~~share~~Shares.
- (d) The Company shall pay any balance of the net proceeds of sale to the person entitled to the ~~share~~Shares at the date of sale.

- (e) Upon any sale of ~~share~~Share under this ~~clause 6.46.4~~, the Directors may authorise a person to transfer the ~~share~~Share sold to the purchaser of those ~~share~~Share comprised in the transfer.
- (f) The purchaser is not bound to see to the application of the purchase money.
- (g) The title to the purchaser of the ~~share~~Share is not affected by any irregularity or invalidity in connection with the sale of ~~share~~Share under this ~~clause 6.46.4~~.
- (h) The Company may do all such things as may be necessary or appropriate for it to do ~~under the ASTC Settlement Rules~~ to protect any lien, charge or other right to which it may be entitled under any law or this Constitution.

6.5 Exemption

The Directors may at any time, exempt a ~~share~~Share wholly or in part from the provisions of this ~~clause 66~~.

7 FORFEITURE AND SURRENDER OF SHARES

7.1 Notice regarding forfeiture

- (a) If any member fails to pay any call or instalment of a call or any money payable under the terms of allotment of a ~~share~~Share on or before the day appointed for payment thereof, the ~~Directors Board~~ may at any time thereafter while any part of the call or instalment or other moneys remains unpaid, serve a notice on ~~him the~~ member requiring payment of the same together with any interest that may have accrued thereon and any costs and expenses that may have been incurred by the Company by reason of such non-payment.
- (b) The notice shall name a further day (not being less than 14 days or 10 Business Days, whichever is the greater, from the date of the notice) on or before which such call or instalment or other money and all interest and costs and expenses that have accrued by reason of such non-payment, are to be paid and the place where the payment is to be made. The notice shall also state that in the event of non-payment of all of such moneys on or before the time and at the place appointed, the ~~share~~Share in respect of which such payment is due will be liable to be forfeited.

7.2 Forfeiture

- (a) If the requirements of a notice served under this ~~clause 77~~ are not complied with, any ~~s~~Share in respect of which the notice has been given, may at any time thereafter before payment required by the notice has been made, be forfeited by a resolution of the ~~Directors Board~~ to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited ~~share~~Share and not actually paid before the forfeiture.
- (b) ~~Any share so forfeited shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of in such manner and on such terms and conditions as the Directors think fit. The Directors may at any time before any share so forfeited shall have been re-allotted, sold or otherwise disposed of, annul the forfeiture thereof upon such terms and conditions as they~~

~~think fit~~ A statement in writing from the Company that is signed by a Director or Secretary that a Share was forfeited on a specified date is sufficient evidence of the forfeiture of that Share and the right and title of the Company to sell, dispose of or reissue that Share.

(c) Any member whose ~~s~~Shares have been forfeited shall:

- (i) cease to be a member in respect of the forfeited ~~s~~Shares;
- (ii) have no claims or demands against the Company in respect of those Shares;
- (iii) have no rights or entitlements in respect of those Shares, except the rights that are provided by the Corporations Act or saved by this Constitution; and
- (iv) ~~but shall notwithstanding such forfeiture~~ remain liable to pay, and must immediately pay, to the Company all money (including accrued expenses) that, at the date of forfeiture, was payable by ~~him~~ them to the Company in respect of such ~~s~~Shares (including interest thereon from the date of forfeiture until payment of such monies in full, at such rate as the ~~Directors~~ Board determines, ~~if the Directors think fit to enforce payment of interest~~), ~~unless the holders of ordinary shares resolve otherwise~~. The liability of such member ceases if and when the Company receives payment in full of all the money (including accrued expenses and interest) so payable in respect of the ~~share~~ Shares.

(d) When a Share has been forfeited, the Company must give notice in writing of the forfeiture to the member registered as its holder before the forfeiture and record the forfeiture in the register. Failure by the Company to comply with any requirement in this **clause 7.2** does not invalidate the forfeiture.

~~(e)~~(e) Subject to the Applicable Law, the Company may by resolution of the Board waive any or all of its rights pursuant to **clause 7.1** or this **clause 7.2** on any terms that the Board resolves, and at any time before a sale, disposition, reissue or cancellation of a forfeited Share, cancel the forfeiture on any terms as the Board resolves.

~~7.3~~ — Surrender of shares

~~The Directors may accept the surrender of any fully paid share by way of compromise of any question as to the holder being properly registered in respect of that share. Any share so surrendered may be disposed of by the Directors in the same manner as a forfeited share.~~

~~7.4~~ — Evidence of ownership

~~(a) — In the event of the re-allotment, sale or disposal of a forfeited or surrendered share, a statutory declaration in writing declaring that the declarant making the statement is a director or secretary of the Company and that the share has been duly forfeited or surrendered in accordance with this Constitution, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.~~

~~(b) Upon re allotment, sale or disposal of a forfeited or surrendered share, the Directors may authorise a person to transfer the share in favour of the person to whom the share is re allotted, sold or disposed of. The Directors may enter the name of the new allottee, transferee or purchaser in the register as the holder of the share re allotted, sold or disposed of in accordance with this **clause 7**. Such new allottee, transferee or purchaser shall not be bound to see to the application of any money paid as consideration. The title of the new allottee, transferee or purchaser to the share shall not be affected by any irregularity or invalidity in connection with the forfeiture, surrender, re allotment, sale or disposal of the share.~~

~~7.5 Deemed forfeiture~~

~~The provisions of this Constitution as to forfeiture apply in the case of non payment of any sum that, by the terms of issue of a share, becomes payable at a fixed time as if that sum had been payable by virtue of a call duly made and notified.~~

~~Cancellation of forfeited shares~~

~~Subject to the Listing Rules, the Company may by ordinary resolution cancel any shares forfeited under this **clause 7**.~~

8 Company payments

- (a) A member or the personal representative of a deceased member must pay to the Company on written demand an amount equal to all payments that the Company makes to a government or taxation authority in respect of the member, the death of the member, the member's Shares or any distributions made in respect of the member's Shares (including dividends), where the Company is either
 - (i) obliged by law to make the relevant payment; or
 - (ii) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxation authority that the Company is obliged by law to make the relevant payment.
- (b) The Company is not obliged to notify a member in advance of its intention to make a payment pursuant to **clause 8(a)**.
- (c) An amount payable by a member to the Company pursuant to **clause 8(a)** is treated for the purposes of this Constitution as if it is a call properly made by the Board of which notice has been given on the date on which the written demand is given by the Company to the member or the personal representative of a deceased member.
- (d) Subject to the Applicable Law, the Company may refuse to register a transfer of any Share by a member or that member's personal representative until all amounts paid or payable by the Company in respect of that Share pursuant to any law has been paid to the Company by the member or the member's personal representative.
- (e) Nothing in this **clause 8** affects any right or remedy which any law confers on the Company.

89 SALE OF NON-MARKETABLE PARCELS

8.19.1 Definitions

In this **clause 98** the following expressions have the following meanings:

“CHESS” means the Clearing House Electronic Subregister System operated by the ASX.

“Holder” means, in relation to Securities issued by the Company, a person whose name is entered in the register of holders of those Securities kept by the Company.

“Market” means a market operated by ASX or any other Market Operator.

“Market Operator” has the meaning given to it in ASIC Market Integrity Rules (Competition In Exchange Markets) 2011

“Marketable Parcel” means the number of Securities which in aggregate constitutes a marketable parcel of securities in the Company under the Listing Rules.

“Minority Holder” means any Holder of Securities (including a Holder who holds ~~share~~Shares) who from time to time holds less than a Marketable Parcel of those Securities.

“Minority Holding” means the Securities in respect of which the Holder is a Minority Holder.

“Notice” means a notice given to a Minority Holder in accordance with **clause 9.38.3**.

“Notice Date” means the date of the Notice sent by the Company to a Minority Holder advising that the Company intends selling the Minority Holding under the provisions of this **clause 98**.

“Securities” includes ~~share~~Shares, units of ~~share~~Shares, rights to ~~share~~Shares, options to acquire ~~share~~Share, instalment receipts and other securities issued by the Company with rights of conversion to equity in the capital of the Company.

“Takeover” means:

- (a) a takeover bid; or
- (b) a similar bid under a foreign regime.

8.29.2 Power to sell non-Marketable Parcels

- (a) Subject to the provisions of the ~~Listing Rules~~Applicable Law, the Company may and hereby is authorised to dispose of Minority Holdings in the manner prescribed by this **clause 98**. Subject to the provisions of **clause 9.2(b)8.2(b)**, this **clause 98** may be invoked only once in any 12 month period.
- (b) **Clause 9.2(a)8.2(a)** automatically ceases to have effect following the announcement of a Takeover and begins to have effect once more after the close of the offers made under the Takeover.

8.39.3 Notice

- (a) Subject to the provisions of the Applicable Law, the Company may and hereby is authorised to dispose of Minority Holdings if the Shares of a particular class held by that member are in a new holding created by a transfer on or after the date on which this **clause 9.3(a)** was adopted in this Constitution. If the Company is entitled to exercise the powers pursuant to this **clause 9.3(a)**, the Company may by resolution of the Board remove or change either or both the right to vote and the right to receive dividends of the relevant member in respect of some or all of the Shares liable to be sold. After the sale of those Shares, the Company must pay to the person entitled any dividends that have been withheld pursuant to this **clause 9.3(a)**.
- ~~(e)(b)~~ The Company must not sell a Minority Holding unless it has, not less than 42 days prior to the sale, given a Notice in writing to the Minority Holder of its intention to dispose of the Minority Holding.
- ~~(d)(c)~~ Every Minority Holder on whom a Notice has been served may by notice in writing addressed to the Secretary and delivered to the registered office of the Company within 42 days after the Notice Date request the Company to exempt the Minority Holding from this **clause 98**, in which event the provisions of this **clause 98** will not apply to that Minority Holding.
- ~~(e)(d)~~ If the ~~ASTC~~-Settlement Rules apply to the Minority Holding, the Notice must state that for the purpose of selling the Minority Holding pursuant to this **clause 98** that are in a ~~ASTC~~CHESS holding, the Company may initiate a holding adjustment to move those Securities from the ~~ASTC~~CHESS holding to:
- (i) a holding on an electronic sub-register maintained by the Company in accordance with the Listing Rules; or
 - (ii) a certified holding.

8.49.4 Procedure

- (a) For the purposes of the sale of Securities under this **clause 98**, each Minority Holder:
- (i) appoints the Company as the Minority Holder's agent, to sell within a reasonable period after the period ending 42 days after the Notice Date all of the Securities in the Minority Holding in the ordinary course of trading on the ~~stock m~~Market ~~conducted by ASX~~ acting in good faith and to receive the sale consideration on behalf of the Minority Holder; and
 - (ii) appoints the Company, each of the Directors and the Secretaries severally from time to time as the Minority Holder's attorney in the name and on behalf of the Minority Holder to effect all transfers and execute all deeds or other documents or instruments necessary to transfer the Securities from the Minority Holder to the transferee.
- (b) The transferee of Securities sold pursuant to this **clause 98** will not be responsible for the regularity of proceedings or to the application of the purchase money in respect of the sale of a Minority Holder's Securities, and after the transferee's

name has been entered in the register in respect of such Securities, the validity of the sale or other disposal may not be impeached by any person and the remedy of any person aggrieved by the sale or other disposal will be in damages only and against the Company exclusively. The Company may issue to the transferee such certificates as may be required in order to vest title in the transferee. The title of the transferee to Securities sold pursuant to this **clause 98** will not be affected by any irregularity or invalidity in connection with the sale or disposal of the Securities to the transferee.

- (c) If the relevant Securities are certificated, the Company must cancel the certificates of all Minority Holders whose Securities are sold under this **clause 98**.
- (d) If all the Securities of two or more Minority Holders to whom this **clause 98** applies are sold to one purchaser, the transfer may be effected by one transfer document.

8.59.5 Sale consideration

- (a) The Company will receive the consideration (if any) in respect of the sale or disposal of Securities pursuant to this **clause 98**. The proceeds of any sale or other disposal of Securities pursuant to this **clause 98** (the “Sale Consideration”) are to be paid in the following order:
 - (i) in the case of an exercise of the powers pursuant to clause 9.3(a), the expenses of the sale;
 - (ii) the amount due and unpaid in respect of those Shares; and
 - (iii) the balance (if any) to the Minority Holder or as the Minority Holder may direct.
- ~~(a)~~(b) The Company must bear all costs as a result of the sale or disposal of Securities pursuant to this **clause 98**.
- ~~(b)~~(c) Payment by the Company of any consideration under the provisions of this **clause 98** will be at the risk of the Minority Holder to whom it is sent.
- ~~(e)~~(d) The Sale Consideration so received by the Company must be paid into a bank account opened and maintained by the Company for that purpose only.
- ~~(d)~~(e) The Company holds the Sale Consideration so received in trust for a Minority Holder whose Securities are sold pursuant to this **clause 98**, pending distribution of the Sale Consideration. The Company must as soon as practicable after the sale of the Securities of a Minority Holder, and to the extent that it may reasonably do so, distribute the Sale Consideration received to such Minority Holder entitled to the Sale Consideration provided that the Company has received any certificates issued to the Minority Holder with respect to the Security or in the case of loss or destruction of any such certificate, the statement and undertaking prescribed by section 1070D(5) of the Corporations Act.
- ~~(e)~~(f) Where the Sale Consideration is held in trust by the Company for a Minority Holder under this paragraph and has been so held for not less than 2 years, the

Company must pay the money in accordance with applicable legislative requirements.

8.69.6 Certificates

A certificate in writing under the hand of any two Directors or of any one Director and Secretary of the Company that:

- (a) any notice required to be served by or on the Company was or was not served, as the case may be;
- (b) any advertisement required to be published was published; and
- (c) any resolution of the Board~~Directors~~ required to be made was made,

will, for the purpose of this **clause 98**, be sufficient evidence of the facts stated as against all persons claiming to be entitled to such Securities and to the right and title of the Company to dispose of such Securities.

910 TRANSFER OF SHARES

9.110.1 Transfers

(a) Participation in computerised or electronic systems

The ~~Directors~~Board may do anything ~~they~~it considers necessary or desirable and which is permitted under the ~~Corporations Act and the Listing Rules~~Applicable Law –to facilitate the participation by the Company in any computerised or electronic system established or recognised by the ~~Corporations Act or the Listing Rules~~Applicable Law for the purposes of facilitating dealings in ~~share~~Shares or securities.

(b) Form of transfers

- (i) Subject to this Constitution, a member may transfer all or any of the member's ~~share~~Shares by:

(A) an ASTC Regulated ~~t~~Transfer (as defined in the Corporations Regulations 2001 (Cth));

~~(A)~~(B) any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in ~~share~~Shares; or

~~(B)~~(C) an instrument in writing in any usual or common form or in any other form that the ~~Directors~~Board approve.

- (ii) Except in the case of an proper ASTC Regulated ~~t~~Transfer, the transferor remains the holder of the ~~share~~Shares and the member of the Company in respect of those ~~share~~Shares until the name of the transferee is entered in the register.

- (iii) In the case of a Market Transfer the Company must comply with such obligations as may be imposed on it by the Listing Rules and the ~~ASTC~~

Settlement Rules and any applicable legislation (including stamp duty legislation) in connection with any transfer of ~~share~~Shares.

- (iv) Restricted Securities cannot be disposed of during the escrow period in relation to the securities except as permitted by the Listing Rules or ASX.

(c) **Registration procedure**

Where an instrument of transfer referred to in **clause 10.1(b)**~~9.1(b)~~ is to be used by a member to transfer ~~share~~Shares, the following provisions apply:

- (i) The instrument of transfer must be executed by or on behalf of both the transferor and the transferee unless it is a sufficient transfer of marketable securities within the meaning of the Corporations Act.
- (ii) The stamped instrument of transfer shall be left at the ~~share~~Share registry of the Company for registration accompanied by the certificate for the ~~share~~Shares to be transferred (if any) and such other evidence as the Directors may require to prove the title of the transferor and his right to transfer the ~~share~~Shares.
- (iii) A fee shall not be charged on the registration of a transfer of ~~share~~Shares or other securities.
- (iv) On registration of a transfer of ~~share~~Shares, the Company must cancel the old certificate (if any).

(d) **Transfers and certificates**

Shares shall be transferred and ~~share~~Share certificates relating thereto shall be issued and delivered in accordance with:

- (i) the Corporations Act; ~~and~~
- (ii) the Listing Rules; and
- ~~(ii)~~(iii) this Constitution.

(e) **Power to refuse to register**

- (i) The ~~Directors may only~~Board must not refuse or fail to register any transfer of ~~share~~Shares, except where:
 - (A) the Listing Rules permit the Company to do so; or
 - (B) the Listing Rules require the Company to do so,
 - and the Board so resolves.
- (ii) The ~~Directors~~Board must refuse to acknowledge a disposal (including registering any transfer) of Restricted Securities during the escrow period in relation to such Restricted Securities except as permitted by Listing Rules or ASX.

- (iii) If permitted by the Applicable Law and the Board so resolves, the Company may refuse to register an instrument of transfer of Shares where:
 - (A) the transfer is not in registrable form;
 - (B) the Company has a lien on any of the Shares transferred;
 - (C) the registration of the transfer may breach an Australian law or a court order;
 - (D) the registration of the transfer will create a new holding of Shares which at the time the transfer is lodged is less than a Marketable Parcel;
 - (E) the transfer does not comply with the terms of an employee incentive scheme; or
 - (F) the Company is otherwise permitted or required to do so pursuant to the terms of issue of the Shares.
- (iv) The Company must refuse to register a transfer of Shares where the Applicable Law or a law about stamp duty requires the Company to do so or this Constitution otherwise requires.
- (v) If the Board so resolves, the Company may apply, or may ask the CSF Operator to apply, a holding lock (including to prevent a transfer, or to refuse to register a paper-based transfer document) where the Applicable Law permits the Company to do so.
- ~~(ii)~~(vi) Failure by the Company to give notice of refusal to register any transfer or of any holding lock as may be required pursuant to the Applicable Law does not invalidate the refusal to register the transfer or the holding lock.
- ~~(iii)~~(vii) Where the ~~Directors~~ Board refuses to register a transfer, ~~they~~ it must send notice of the refusal and the reason for refusal to the lodging party in accordance with the Listing Rules.

(f) **Non-interference with registration**

Notwithstanding any other provision contained in this Constitution, but subject to the Listing Rules, the Company may not prevent, delay or interfere with the generation of a ~~proper~~Regulated -ASTC ~~†~~Transfer or the registration of a paper-based transfer of ~~share~~Shares in registrable form.

9.210.2 Approval required for partial Takeover Bid

- (a) In this **clause** ~~10.2~~9.2 the following words shall have these meanings:

“**Eligible Shareholders**” means those persons described in **clause** ~~10.2(c)~~9.2(e).

“**Meeting**” means a meeting of the Eligible Shareholders convened and conducted by the Company.

“**Offeror**” means the person making the offer pursuant to the Takeover Bid.

“**Postal Ballot**” means a postal ballot conducted by the Company in accordance with clause 10.2(g)~~9.2(g)~~.

“**Prescribed Resolution**” means a resolution to approve a Takeover Bid in accordance with the provisions of this clause.

“**Relevant Day**” means the day that is 14 days before the end of the period during which the offers under the Takeover Bid remain open.

“**Shares**” means ~~share~~Shares included in the class of ~~share~~Shares the subject of the Takeover Bid.

“**Takeover Bid**” means a takeover bid in accordance with section 618(1)(b) of the Corporations Act.

A reference to “a person associated with” another person has the meaning given to that expression in the Corporations Act.

- (b) Subject to the Listing Rules and the ~~ASTC~~-Settlement Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the Takeover Bid is prohibited unless and until the Prescribed Resolution is passed, notwithstanding any reservation of ~~share~~Shares made pursuant to the Listing Rules. The ~~Directors~~Board shall ensure that the Prescribed Resolution is voted on before the Relevant Day.
- (c) The persons entitled to vote on the Prescribed Resolution shall be those persons (other than the Offeror or a person associated with the Offeror) who, as at the end of the day on which the first offer under the Takeover Bid was made, held Shares. On a Prescribed Resolution, Eligible Shareholders shall be entitled to one vote for each Share held.
- (d) The Prescribed Resolution shall be voted on in either of the following ways as determined by the ~~Directors~~Board:
 - (i) at a Meeting; or
 - (ii) by means of a Postal Ballot.
- (e) The Prescribed Resolution shall be taken to have been passed if the proportion that the number of votes in favour of the Prescribed Resolution bears to the total number of votes on the Prescribed Resolution is greater than one-half and otherwise shall be taken to have been rejected.
- (f) If the ~~Directors~~Board determines that the Prescribed Resolution shall be voted on at a Meeting, then the provisions of this Constitution that apply to a general meeting of the Company shall, with such modifications as the circumstances require, apply to the Meeting.
- (g) If the ~~Directors~~Board determines that the Prescribed Resolution shall be voted on by means of Postal Ballot:
 - (i) The Directors shall despatch to the Eligible Shareholders:

- (A) a notice proposing the Prescribed Resolution;
 - (B) a ballot paper for the purpose of voting on the Prescribed Resolution;
 - (C) a statement setting out details of the Takeover Bid; and
 - (D) a memorandum explaining the postal ballot procedure which is to govern voting in respect of the Prescribed Resolution.
- (ii) A vote recorded on a ballot paper shall not be counted, for the purposes of determining whether or not the Prescribed Resolution is passed, unless the ballot paper is:
- (A) correctly completed and signed under the hand of the Eligible Shareholder or of his attorney duly authorised in writing or if the Eligible Shareholder is a body corporate in a manner set out in sections 127(1) or (2) of the Corporations Act, or under the hand of its attorney so authorised; and
 - (B) received at the registered office of the Company on or before 5.00 pm on the date specified for its return in the notice proposing the Prescribed Resolution such date to be not less than 18 days before the end of the period during which offers under the Takeover Bid remain open.
- (iii) On the Business Day following the date specified for the return of ballot papers in the notice proposing the Prescribed Resolution, the Directors shall count the ballot papers returned and determine whether the Prescribed Resolution has been passed or rejected and shall forthwith upon completion of counting disclose the results of the ballot and the Prescribed Resolution shall accordingly be deemed to have been voted on upon the date of such declaration.
- (h) Where a Prescribed Resolution is voted on before the Relevant Day the Company shall, on or before the Relevant Day:
- (i) give to the Offeror; and
 - (ii) serve on each notifiable securities exchange,
- a notice in writing stating that the Prescribed Resolution has been so voted on and that the resolution has been passed, or has been rejected, as the case requires.
- (i) Where, as at the end of the day prior to the Relevant Day no resolution to approve the Takeover Bid has been voted on, a Prescribed Resolution shall be deemed to have been passed in accordance with this clause.
- (j) Where a Prescribed Resolution is voted on prior to the Relevant Day and is rejected:
- (i) Notwithstanding section 652A of the Corporations Act, all offers under the Takeover Bid that have not, as at the end of the Relevant Day, been accepted or have been accepted and from whose acceptance binding

contracts have not resulted, shall be deemed to be withdrawn at the end of the Relevant Day;

- (ii) The Offeror shall, forthwith after the end of the Relevant Day, return to each person who has accepted any of the offers any documents that were sent by the person to the Offeror with the acceptance of the offer;
 - (iii) The Offeror is entitled to rescind, and shall, forthwith after the end of the Relevant Day, rescind, each contract resulting from the acceptance of an offer made under the Takeover Bid; and
 - (iv) A person who has accepted an offer made under the Takeover Bid is entitled to rescind the contract (if any) resulting from that acceptance.
- (k) This clause shall cease to have effect on the third anniversary of the date of adoption of this clause unless it is sooner omitted by amendment to this Constitution or renewed in the manner provided by the Corporations Act.

~~10.11~~ TRANSMISSION OF SHARES

~~10.111.1~~ Death or bankruptcy

A person becoming entitled to a ~~share~~Share in consequence of the death or bankruptcy of a member or a vesting order may upon producing such evidence as is properly required by the ~~Directors~~Board to establish such entitlement, be registered as the holder of the ~~share~~Share.

~~10.211.2~~ Estates

A person lawfully administering the estate of a member under the provisions of a law relating to mental health or the administration of the estates of patients or infirm persons may, upon producing such evidence as is properly required by the ~~Directors~~Board in that regard, either be registered as the holder of the ~~share~~Share or subject to the provisions of this Constitution as to transfers, transfer the ~~share~~Share to a nominated person.

The estate of a deceased member is not released from any liability in respect of the Shares that are registered in the name of that member.

~~10.311.3~~ Deregistration

A person becoming entitled to a Share in consequence of the deregistration of a member pursuant to the laws of the jurisdiction of its registration or the succession by another body corporate to the assets and liabilities of a member may upon producing such evidence as is properly required by the Board to establish such an entitlement, be registered as the holder of the Share.

~~10.411.4~~ Effect of death, bankruptcy or infirmity

Subject to **clauses ~~14.1(e)~~13.1(e), 19.3(e)18.3(e) and ~~22.621.6~~**, a person entitled to be registered as the holder of a ~~share~~Share or to transfer the ~~share~~Share to some other person under **clauses ~~11.110.1~~ or ~~11.210.2~~**, shall be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if the events mentioned in **clauses ~~11.110.1~~ or ~~11.210.2~~** had not occurred.

11.12 SHARE CAPITAL

11.12.1 Alteration of capital

Subject to this Constitution, the Company in general meeting may alter its ~~share~~Share capital in any manner permitted by the Corporations Act.

11.212.2 Rights of new ~~share~~Shares

Unless otherwise provided by this Constitution or the terms of issue, new ~~share~~Shares issued by the Company shall be deemed to be part of the original capital and shall rank equally with and carry the same rights as the existing ~~share~~Shares and shall be subject to the provisions of this Constitution.

12.13 GENERAL MEETINGS

12.113.1 Convening and notice of general meetings

- (a) The Company shall, in addition to any other meeting held by the Company, hold a general meeting, to be called the annual general meeting, in accordance with the provisions of the Corporations Act.
- (b) A general meeting shall be convened on such requisition as is provided for by section 249D of the Corporations Act.
- (c) Members with at least 5% of the votes that may be cast at a general meeting of the Company may call, and arrange to hold, a general meeting. The members calling the meeting must pay the expenses of calling and holding the meeting.
- (d) The Directors or a Director may convene a general meeting of the Company or a meeting of any class of members of the Company.
- (e) Unless the provisions of the Corporations Act allow a shorter period of notice, at least 28 days' notice must be given in writing to the Company's s auditor, each Director and to each member entitled to vote at general meetings or a meeting of a class of members of the Company, as the case may be.
- (f) A notice convening a meeting of the Company or of any class of members shall:
 - (i) set out the place, date and time of the meeting (and, if the meeting is to be held in 2 or more places, the technology that will be used to facilitate this);
 - (ii) set out the general nature of the meeting's business;
 - (iii) if a special resolution is to be proposed at the meeting – set out an intention to propose the special resolution and state the resolution; and
 - (iv) contain a statement setting out the following information:
 - (A) that the member has a right to appoint a proxy;
 - (B) that the proxy need not be a member of the Company;

- (C) that a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (D) a place and an email address ~~fax number~~ for the purpose of receipt of proxy appointments.

A notice of general meeting shall be accompanied by a form of proxy in a form substantially in accordance with this Constitution. The form of proxy shall be blank in respect of the person primarily to be appointed as proxy.

- (g) The ~~Directors~~Board may, by notice in writing to the members, postpone any meeting convened by the ~~Directors~~Board which has been convened to a date specified in such notice, or may cancel the holding of such a meeting.
- (h) The accidental omission to give notice of any general meeting to or the non-receipt of any such notice by any person entitled to be so notified, shall not invalidate the meeting or any resolution passed at that meeting.

~~12.2~~13.2 Proceedings at general meetings

(a) **Business and quorum**

- (i) The business of an annual general meeting is to receive and consider the statement of financial performance, the statement of financial position and the reports of the Directors and the auditor of the Company, to elect Directors in the place of those retiring, to declare dividends, to fix the fees of the Directors and to transact any other business which under this Constitution or by law ought to be transacted at an annual general meeting. All other business transacted at an annual general meeting and all business transacted at any other general meeting shall be deemed special. No special business shall be transacted at any general meeting except as has been specified in the notice convening it.
- (ii) The number of members whose presence is necessary to constitute a quorum at any general meeting of the Company is 5 members present in person by proxy, attorney or representative.
- (iii) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (iv) If a quorum is not present within 15 minutes after the time appointed for a meeting or such longer period as the Chairman of the meeting may allow, the meeting:
 - (A) if convened upon requisition of members or by members shall be dissolved;
 - (B) in any other case, shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the ~~Directors~~Board determines.

- (v) If at the adjourned meeting a quorum is not present within 30 minutes after the time appointed for the adjourned meeting, those present shall constitute a quorum.
- (vi) The Chairman's ruling on all matters relating to the order of business, procedure and conduct of a general meeting shall be final and no motion of dissent from such a ruling shall be accepted.

(b) **Chairman**

The Chairman of ~~the Board~~ ~~Directors~~ shall preside at every general meeting of the Company but where he is not present within 15 minutes after the time appointed for a meeting or is unwilling to act or has signified that he will not be present or willing to act, the following shall preside as Chairman of the meeting, in the following order of entitlement - the Deputy Chairman; the only Director present; a Director chosen by a majority of the members present; a member present in person or by proxy, attorney or representative chosen by a majority of the members present in person or by proxy, attorney or representative.

(c) **Demand for a poll**

- (i) Every question submitted to a meeting shall be decided by a show of hands by the members who are present in person or by proxy, attorney or representative unless, before the show of hands, or before or immediately after the declaration of the result of the show of hands, a poll is demanded by:
 - (A) the Chairman of the meeting;
 - (B) not less than 5 members present in person or by proxy, attorney or representative and having the right to vote at the meeting; or
 - (C) a member or members present in person or by proxy, attorney or representative representing not less than 5% of the total voting rights of all members having the right to vote on the resolution.
- (ii) Unless a poll is so demanded, a declaration by the Chairman of the meeting that the resolution has been carried or carried unanimously or without dissent or by a particular majority or lost and an entry to that effect in the minutes of the meeting shall be conclusive evidence of its contents and it shall not be necessary to prove the number or proportion of votes cast in favour of or against the resolution.
- (iii) Where a poll is duly demanded, it shall be taken in such manner and at such time and place and at once or after an interval or adjournment or otherwise as the Chairman of the meeting directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (iv) A poll shall not be demanded on the election of a Chairman of a meeting or on the question of adjournment of a meeting. A demand for a poll does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

- (v) The demand for a poll may be withdrawn.

(d) **Adjournment**

- (i) The Chairman of a meeting may with the consent of the meeting, adjourn the meeting from time to time and place to place but the only business that may be transacted at an adjourned meeting is the business left unfinished at the meeting from which the adjournment took place.
- (ii) Where a meeting is adjourned for more than 21 days, at least 3 Business Days' notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iii) Except as provided in **clause 13.2(d)(ii)**~~12.2(d)(ii)~~, it is not necessary to give any notice of any adjournment of or the business to be transacted at an adjourned meeting.

(e) **Closure**

After the Chairman of a meeting declares the meeting to be over, no business or question shall be brought forward, discussed or decided.

~~13~~14 VOTES OF MEMBERS

~~13.1~~14.1 Right to vote

- (a) An entitlement to receive notice of general meetings of the Company shall confer on members the right to attend ~~such meetings~~thereat.
- (b) Subject to any rights or restrictions attached to or affecting any class of ~~share~~Share and the requirements of the Listing Rules, on a show of hands each person present as a member, proxy, attorney or representative has one vote and on a poll each member present in person or by proxy, attorney or representative has:
 - (i) one vote for each fully paid ~~share~~Share held by him; and
 - (ii) in respect of each partly paid ~~share~~Share held by him, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call shall be ignored when calculating the proportion.
- (c) In the case of joint holders of a ~~share~~Share, the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, shall be accepted to the exclusion of the votes of other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the register, but the other or others of the joint holders are entitled to be present at general meetings. Several legal personal representatives of a deceased member in whose sole name a ~~share~~Share stands shall for the purposes of this **clause 14.1(c)**~~13.1(e)~~ be deemed joint holders of the ~~share~~Share.
- (d) Where two proxies have been appointed by a member, the proxy first mentioned in the instrument appointing the proxy shall have the right to vote on a show of hands.

- (e) A person entitled under **clause 109** to transfer a ~~share~~Share may vote at a meeting or adjourned meeting or on a poll in respect of that ~~share~~Share as if he were the registered holder of it if:
 - (i) the ~~Directors~~Board has~~ve~~ previously admitted his right to vote at that meeting or adjourned meeting or on that poll in respect of the ~~share~~Share; or
 - (ii) he satisfies the ~~Directors~~Board of his right to a transfer of the ~~share~~Share not less than 2 clear Business Days before the time appointed for the meeting, adjourned meeting or poll at or on which he proposes to vote in respect of the ~~share~~Share.
- (f) Objection shall not be raised to the right of a person to attend or vote at a meeting or adjourned meeting or to vote on a poll except at that meeting or adjourned meeting or when that poll is taken and every vote not disallowed at the meeting or adjourned meeting or when the poll is taken shall be deemed valid for all purposes. In the case of a dispute as to the admission or rejection of a vote, the Chairman of the meeting shall decide the matter and his decision shall be final and conclusive.
- (g) A member is entitled to attend but not to vote at a general meeting if any calls which are due and payable in respect of ~~share~~Shares held by the member in the Company have not been paid.
- (h) During a breach of the Listing Rules relating to Restricted Securities, or a breach of a restriction agreement relating to the Restricted Securities, the holder of the Restricted Securities shall not be entitled to any voting rights in respect of the Restricted Securities.

~~13.2~~14.2 Proxies and attorneys

- (a) A member entitled to attend and vote at a meeting of the Company or of any class of members of the Company is entitled to appoint another person (whether a member or not) as his proxy to attend and vote in his stead at the meeting and a proxy has the same right as the member to speak at the meeting. If the member is entitled to cast 2 or more votes at the meeting, he may appoint 2 proxies.
- (b) Where a member appoints 2 proxies, the appointment may specify the proportion or number of votes each proxy may exercise. If the appointment does not do so, each proxy may exercise half of the votes.
- (c) An instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a body corporate under its common or official seal or the hand of a director, manager or secretary or its attorney duly authorised in writing.
- (d) An instrument appointing a proxy shall be in or to the effect of the following form or in any other form acceptable to the ~~Directors~~Board generally or in a particular case:

WILSON ~~HTM INVESTMENT~~ GROUP LIMITED

ACN 100 325 184

FORM OF PROXY

Part A: First or Sole Proxy

I/We.....

of.....

being a member or members of Wilson ~~HTM Investment~~ Group Limited, hereby appoint as my proxy to vote on my behalf at the *annual general meeting/general meeting of the Company to be held on the day of and at any adjournment thereof of or failing him, the Chairman of the meeting.

Part B: Second Proxy (if any)

and of

or failing him, the Chairman of the meeting.

My first proxy is appointed to represent% of my voting rights.

My second proxy is appointed to represent% of my voting rights.

If this proxy is signed under power of attorney, the signatory declares that he has had no notice of revocation thereof.

DATED this day of

Signature(s)

.....

Signed by
in accordance with its
Constitution and in the
presence of:

Witness

* delete as appropriate.

Part C: Item of Business

For

Against

Abstain

.....

.....

.....

Notes:

1. If a member elects to appoint a single proxy representing the whole of his voting rights, Part A should be completed, Part B should be struck out or left blank and the form signed.
 2. If a member elects to appoint 2 proxies, Parts A and B should be completed. The proportion of the member's voting rights allotted to each proxy may be inserted in the spaces provided and the form should be signed.
 3. If a member wishes to direct the proxy or proxies how to vote, "x" should be inserted in the appropriate box in Part C. Otherwise, the proxy may vote if and as he chooses.
- (a) An instrument appointing a proxy:
- (i) shall be deemed to confer authority to demand or join in demanding a poll; and
 - (ii) may specify the manner in which the proxy is to vote in respect of a particular resolution and where the instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- (b) A member may:
- (i) by power of attorney duly executed in the presence of at least one witness and (if necessary) duly stamped, appoint an attorney (whether a member or not) to act on his behalf at all or any meetings of the Company or of any class of members;
 - (ii) if it is a body corporate, appoint a representative (whether a member or not) to act on its behalf at all or any meetings of the Company or of any class of members.
- (c) Subject to the Corporations Act, in order to be effective, an instrument appointing a proxy and any power of attorney or other authority under which the instrument of proxy is executed (or a copy of the power or the authority notarially certified) together with such evidence of due stamping, execution and non-revocation of it as the ~~Directors~~Board may require, must be deposited at or forwarded by facsimile transmission to the registered office of the Company or such other place, facsimile number or electronic address as is specified by the Company in the notice of meeting or instrument of proxy, not less than 48 hours before the time appointed for the meeting or adjourned meeting, or in the case of a poll, not less than 24 hours before the time appointed for the taking of a poll, at which the appointee proposes to attend and vote.
- (d) A vote cast by a proxy, attorney or representative is valid notwithstanding the previous revocation of his authority by the death or unsoundness of mind of his principal or otherwise and notwithstanding the transfer of the ~~share~~Shares in respect of which the vote is cast, unless an intimation in writing of the revocation or transfer has been received by the Company at the registered office before

commencement of the meeting or adjourned meeting or poll at which the instrument, authority or certificate is to be used or the power is to be exercised.

14.15 DIRECTORS

14.15.1 Appointment of Directors

- (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall be not less than 3 nor more than 10.

- ~~(b) The formula for calculating the number of Special Directors that the Major Shareholder may appoint pursuant to clause 14.1(c)(i) and 14.1(c)(ii) is as follows:~~

$$\text{NMS} = \text{TND} \times \text{MSP}$$

~~Where:~~

~~NMS is the number of Special Directors the Major Shareholder is entitled to appoint (Note – if NMS is a fraction it will be rounded up to the nearest whole number)~~

~~TND is the total number of directors on the Board; and~~

~~MSP is the percentage of issued Shares held by the Major Shareholder.~~

~~If because of a fall in MSP from time to time the number of Special Directors appointed by the Major Shareholder exceeds the number of Special Directors the Major Shareholder is entitled to appoint, the Major Shareholder will immediately remedy the situation by procuring the resignation of a Special Director appointed by it.~~

- ~~(c) Where the Major Shareholder holds a relevant interest in:~~
- ~~(i) less than 50% of the Shares in the Company, the Major Shareholder may appoint that number of Special Directors calculated in accordance with the formula in clause 14.1(b) but, while the number of Directors is no more than 10, up to a maximum of 2 Special Directors; and~~
 - ~~(ii) 50% or more of the Shares in the Company and without limiting the rights of the Major Shareholder under this Constitution, the Major Shareholder may appoint that number of Special Directors calculated in accordance with the formula in clause 14.1(b).~~

- ~~(d)~~(b) Each Director shall be a natural person.

- ~~(e)~~(c) A Director (including an alternate Director) is not required to hold any ~~share~~Shares in the capital of the Company.

- ~~(f)~~(d) A person (other than a retiring Director or a person appointed in accordance with ~~clause 14.1(f)–14.1(h)~~clause 14.1(f)) is not eligible to be elected as a Director at a general meeting, unless a member intending to propose him, has at least 30 Business Days before the meeting left at the registered office of the Company, a notice in writing duly signed by nominee, giving his consent to the nomination and signifying his

candidature for the office or signed by the member giving notice of intention to propose him. Any nomination must be seconded by a member of the Company.

~~(g)~~(e) Notice of each candidature shall at least 7 days prior to the meeting at which the election is to take place, be given to all members.

~~(h)~~(f) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number determined in accordance with this Constitution.

~~(i)~~(g) Any Director appointed in accordance with **clause 14.1(f) 14.1(h)** shall (unless in the meantime he has been appointed a managing Director) hold office only until the next following annual general meeting and shall then be eligible for re-election.

~~(j) The Company in general meeting and the Board (as applicable) may only appoint that number of Directors such that the Major Shareholder may still appoint Special Directors in accordance with clause 14.1(e).~~

~~14.2~~15.2 Remuneration and expenses

(a) Subject to **clause 15.2(c) 14.2(e)**, the Directors, other than managing Directors and executive Directors, shall be paid by way of fees for their services as Directors out of the funds of the Company at:

- (i) such rate per annum as the Company in general meeting determines; or
- (ii) such aggregate sum not exceeding the maximum sum as the Company in general meeting determines, to be divided among them in such proportion and manner as they agree or in default of agreement, equally,

PROVIDED that this **clause 15.2(a) 14.2(a)** shall not have application to the determination of remuneration payable from time to time to managing Directors or other executive Directors.

(b) The non-executive Directors' fees for their services as Directors determined in accordance with **clause 15.2(a) 14.2(a)**, shall be by fixed sum and not a commission on or percentage of profits or operating revenue.

(c) All Directors' fees shall accrue on a day to day basis and be apportionable accordingly.

(d) The total amount of Directors' fees shall not be increased except with the prior approval of the Company in general meeting where particulars of the amount of the proposed increase and the new maximum sum that may be paid to the Directors as a whole have been given to the members in the notice convening the meeting.

(e) Where a Director (other than a managing Director, or executive Director ~~or Special Director~~) being willing renders or is called upon to perform extra services or to make any special exertions in going or residing outside the State or otherwise for the Company, the Directors may arrange with that Director, a special fee or remuneration by payment of a stated sum of money determined by

the Directors and that special fee or remuneration may be either in addition to or in substitution for his fees or remuneration or his share in the fees or remuneration provided for in this Constitution. The payment shall be disclosed to the members at the next annual general meeting.

- (f) A Director shall, in addition to his fees or remuneration or his share in the fees or remuneration provided for in this Constitution, be reimbursed out of the funds of the Company, such reasonable travelling, accommodation and other expenses as he may incur when travelling to or from and attending meetings of the Directors or a committee of Directors or when otherwise engaged on the business of the Company.
- (g) In addition to any other fees or remuneration otherwise provided by this Constitution, on or after a Director ceases to hold office by reason of retirement, death or otherwise, the Directors shall have the power to pay him, or in the case of his death, his spouse, de facto or partner ~~widow~~, dependants or legal personal representatives, such sum as the Directors shall think fit, but in any event, not exceeding the sum permitted by or approved in accordance with the Corporations Act, and such sum may be in the form of a lump sum or be paid by instalments.

14.315.3 Vacation of office and conflict of interest

- (a) In addition to the circumstances in which the office of a Director becomes vacant by virtue of the Corporations Act, the office of a Director becomes vacant if he:
 - (i) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
 - (ii) resigns his office by notice in writing to the Company or refuses to act;
 - (iii) ceases to hold office as an executive of the Company (in the case of an executive Director); or
 - (iv) is absent from the meetings of the ~~Directors~~Board for a continuous period of 6 calendar months without special leave of absence from the Board~~Directors~~ and the ~~Directors~~Board resolves that his office shall be vacated, but attendance by his alternate shall be deemed to be attendance by him for the purposes of this **clause** 15.3(a)(iv)~~14.3(a)(iv)~~.
- (b) A Director (including an alternate Director) in his capacity as such, shall not vote in respect of any contract or arrangement or proposed contract or arrangement in which he has, directly or indirectly, a material interest and shall not be present while the matter is being considered at a meeting of the Board ~~Directors~~ unless permitted to do so in accordance with the Corporations Act and the Listing Rules. The provisions of the Corporations Act shall apply in the case of any such material interest.
- (c) A Director may, notwithstanding his office as such and the fiduciary relationship established by that office:
 - (i) hold any other office or place of profit (except that of auditor of the Company) in the Company or in any body corporate in which the Company is a member or otherwise interested, provided however that a

Director shall not without the approval of the ~~Directors~~Board -hold the office of a director of any other company which in the opinion of the ~~Directors~~Board is for the time being in active competition with the Company;

- (ii) enter into a contract or arrangement with the Company as vendor, purchaser, underwriter or otherwise and may participate in any association, institution, fund, trust, scheme or convenience for past or present employees or Directors of the Company; and
- (iii) subject to **clause 15.3(e)~~14.3(e)~~**, retain for his own benefit, any profit arising from any such other office or place of profit, or from any such contract or arrangement and any remuneration, pension, allowance, commission or other benefit received in relation to such office or place of profit or received by reason of participation in any such association, institution, fund, trust, scheme or convenience.
- (d) Any contract or arrangement entered into by or on behalf of the Company is not void or voidable by reason only that a Director is in any way directly or indirectly interested in it.
- (e) A Director who is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company or who holds any office or possesses any property by which, directly or indirectly, duties or interests might be created in conflict with his duties or interests as Director, shall declare the nature of his interest or the nature, character and extent of the conflict (as the case may be) in accordance with the Corporations Act.

~~14.4~~15.4 Rotation of Directors

- (a) (i) An election of Directors shall take place each year. A Director (other than the managing Director) shall not retain office for a period in excess of 3 years or beyond the third annual general meeting following his election (whichever is the longer period) without submitting himself for re-election.
- (ii) Subject to paragraph (i) and **clause 15.4(d)~~14.4(d)~~** at the annual general meeting in each year, one-third of the Directors in office or if their number is not a multiple of 3, the number nearest to one-third, shall retire from office.
- (b) A retiring Director may act until the conclusion of the meeting at which he retires and is eligible for re-election.
- (c) The Directors to retire by rotation at each annual general meeting are those who have been longest in office since their election, but as between Directors who have been in office an equal length of time, those to retire shall, in default of agreement between them, be determined by lot in any manner determined by the Chairman of Directors or if he is not able and/or willing to act, by the Deputy Chairman.
- (d) For the purpose of ascertaining the number and identity of the Directors to retire by rotation, neither a managing Director, a Director appointed by the Directors to

fill a casual vacancy or as an addition to the existing Directors, nor a Director whose office has become vacant pursuant to the Corporations Act shall be taken into account.

~~14.5~~15.5 Powers of Directors

- (a) Subject to the Corporations Act, the management of the business of the Company is vested in the Directors and they may exercise all such powers of the Company and do all such acts and things as the Company is by this Constitution or otherwise authorised to exercise and do.
- (b) Without limiting the generality of **clause ~~15.5(a)~~14.5(a)**, the Directors may exercise all powers of the Company to borrow or raise or secure the payment or repayment of any sum or sums of money, to charge, mortgage or otherwise encumber any or all of the undertakings, property, assets or business of the Company (both present or future whatsoever and wheresoever situate) or all or any of its uncalled capital and to issue notes, bonds, debentures or any other securities whatsoever or give any other security or guarantee for any debt, liability or obligation of the Company or of any other person, in each case in such manner and on such terms and conditions as the Directors in their absolute discretion think fit.
- (c) Subject to the Corporations Act, where a Director or other officer of the Company becomes personally liable for the payment of a sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or other security over the whole or any part of the Company's undertakings, property or assets (present or future) including its uncalled capital, by way of indemnity to secure him against any loss in respect of that liability.

~~14.6~~15.6 Proceedings of the Board ~~Directors~~

- (a) Regulation and notice of meetings
 - (i) The ~~Directors~~Board may meet together for the despatch of business, adjourn and otherwise regulate ~~their~~its meetings and proceedings as ~~they~~it think fit.
 - (ii) Without limiting the generality of **clause ~~15.6(a)(i)~~14.6(a)(i)**, a Board ~~Directors~~ meeting may be called or held using any technology consented to by all Directors. The consent may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting. Each of the Directors taking part in such conference must be able to hear each of the other Directors taking part during the meeting. The provisions of this Constitution relating to proceedings of the Board ~~Directors~~ shall apply so far as they are capable of application (mutatis mutandis) to such conferences.
 - (iii) A Director may, and the Secretary shall upon the request of a Director, convene a meeting of the Board~~Directors~~.
 - (iv) Notice of Board meetings ~~of Directors~~ shall be given to each Director by delivering or posting the notice or by sending the notice by e~~C~~ommunication s~~S~~ervice to the last contact details ~~address~~ ~~or~~

~~communication service number (as the case may be)~~ within Australia provided by the Director for the purposes of this **clause 15.6(a)14.6(a)**.

- (v) If any of the Directors consider that a meeting of the ~~Board~~**Directors** is required upon short notice for consideration of urgent business, notice of such meeting and of the general nature of the business for discussion at it may be given by telephone or ~~C~~**communication s**Service to each Director at his last ~~contact details~~**telephone number** within Australia provided by the Director for the purposes of this **clause 15.6(a)14.6(a)**.
- (vi) Notice of meetings of ~~the Board~~**Directors** may be given to each Director at his last address or ~~e~~**C**ommunication ~~s~~**S**ervice or telephone number outside Australia provided by the Director for the purposes of this **clause 15.6(a)14.6(a)** **PROVIDED HOWEVER** that the Director or Secretary convening the meeting of ~~the Board~~**Directors** is not in any way obliged to give notice of the meeting to a Director at such an address or communication service or telephone number outside Australia.

~~For the purposes of this clause 14.6(a), “communication service” means any facsimile, telex, electronic post service or other electronic means of written communication.~~

- (vii) Neither the accidental omission to give notice, the non-receipt of notice nor the non-availability of a Director to receive notice shall invalidate any meeting of ~~the Board~~**Directors** to which the notice relates.
- (viii) Unless otherwise determined by the Directors, 3 Directors shall constitute a quorum at a meeting of ~~the Board~~**Directors**.

(b) **Chairman**

- (i) The Directors may elect a Chairman and Deputy Chairman and may determine the periods during which they are to hold office respectively.
- (ii) The Chairman or Deputy Chairman may be removed by a resolution of the ~~Directors~~**Board** of which not less than 14 days' notice has been given to all the Directors.
- (iii) The Chairman of ~~the Board~~**Directors** or in his absence the Deputy Chairman, shall preside at ~~Board~~ meetings ~~of the Directors~~ but if at the time of any meeting, no such Chairman or Deputy Chairman has been elected and is in office or if at any meeting, no such Chairman or Deputy Chairman is present within fifteen minutes of the time appointed for holding such meeting, the Directors present shall choose one of their number to be chairman of that meeting.

(c) **Determination of questions**

- (i) Subject to this Constitution, questions arising at a meeting of the ~~Board~~**Directors** shall be decided by a majority of votes of the Directors present and competent to vote on them and any such decision shall for all purposes, be deemed to be a decision of the ~~Board~~**Directors**.

- (ii) In the case of an equality of votes, the Chairman of the meeting has a casting vote, in addition to his deliberative vote, unless only 2 Directors are present or are competent to vote on the question at issue, in either of which cases, the Chairman shall not have a casting vote.

(d) **Delegation of powers**

- (i) The ~~Directors~~Board may delegate any of ~~their~~its powers to a Director, a Committee of Directors, an employee of the Company or to any other person and may at any time revoke that delegation.
- (ii) A committee to which any powers have been delegated shall exercise the powers delegated in accordance with any directions of the Directors.
- (iii) Subject to **clause 15.6(d)(ii)**~~14.6(d)(ii)~~, the meetings and proceedings of a committee consisting of 3 or more Directors shall be governed by the provisions of this Constitution as to the meetings and proceedings of the Directors so far as they are capable of application (mutatis mutandis) to meetings and proceedings of committees.
- ~~(iv) Other than in relation to the remuneration committee, a Special Director may attend as observer at any Board committee meeting if they are not a member of the relevant committee. An observer has no right to participate in the committee meeting unless allowed to do so by the Chairman.~~
- ~~(v) The remuneration Committee shall (where the Major Shareholder has exercised its rights to appoint a Special Director under clause 14.1) have one Special Director as a member.~~

(e) **Signed document passing resolution**

- (i) Subject to the provisions of the Corporations Act, a written resolution ~~in writing signed~~signed or approved in writing by a majority of all the Directors or all the members of a committee of Directors who are entitled to vote on the resolution and who are for the time being present within Australia (but if any Director is absent from Australia, ~~signed~~signed or approved in writing by his alternate Director, if he has an alternate Director present within Australia) is as valid and effectual as if it had been passed at a meeting of the Directors or committee duly called and constituted and may consist of several documents in like form each signed or approved in writing by one or more of the Directors or the members of a committee, as the case may be, and where the document is so signed or approved in writing, the document shall be deemed to constitute a minute of that meeting.
- (ii) The meeting referred to in **clause 15.6(e)(i)**~~14.6(e)(i)~~ shall be deemed to be held on the day on which the document was signed or approved in writing and at the time at which the document was last signed or approved if the Directors or the members of a committee signed or approved the document on different days, on the day on which, and at the time at which, the document was last signed or approved in writing by a Director or a member of a committee, as the case may be.

- (iii) For the purposes of this **clause ~~15.6(e)(i)~~14.6(e)**, an electronically transmitted ~~faesimile~~ copy of a document, the original of which in the opinion of the Secretary has been apparently signed by a Director or a member of a committee, or has been approved by separate email or other Communication Service shall be deemed to be a document signed or approved by such Director or member.
- (iv) A reference in **clause ~~15.6(e)(i)~~14.6(e)(i)** to all Directors or all members of a committee of Directors does not include a reference to a Director or a member who, at a meeting of Directors or a committee of Directors, would not be competent to vote on the resolution or a reference to an alternate Director whose appointor has signed or approved the document referred to in **clause ~~15.6(e)(i)~~14.6(e)(i)**.

(f) **Defect in appointment**

All acts of the Directors, a committee of Directors or a member of a committee or a person acting as a Director or committee or member of a committee, are valid notwithstanding that it is afterwards discovered that there was some defect in the appointment, election or qualification of them or any of them or that they or any of them were disqualified or had vacated office.

(g) **Vacancy in office**

In the event of a vacancy in the office of a Director, the remaining Director or Directors may act, but if the number of remaining Director or Directors is not sufficient to constitute a quorum at a meeting of Directors, the remaining Director or Directors may act only for the purpose of increasing the number of Directors to that number or of convening a general meeting of the Company but not for any other purpose.

~~14.7~~15.7 Managing Director

- (a) The Directors may appoint one of their number to be a managing Director of the Company for such period and on such terms and conditions as they think fit and, subject to the terms of any agreement entered into between the Company and him, may revoke any such appointment.
- (b) A managing Director while he continues to hold that office is not subject to retirement by rotation nor to be taken into account in determining the rotation of Directors, but subject to the terms of any agreement between the Company and him, he is subject to the same provisions as to resignation and removal as the other Directors of the Company.
- (c) The managing Director's appointment automatically ceases if he ceases for any reason to be a Director.
- (d) Notwithstanding **clauses ~~15.2(a)~~14.2(a)** and **~~15.2(b)~~14.2(b)**, the remuneration of an executive Director (including a managing Director) shall, subject to the terms of any agreement between the Company and him, be determined by the ~~Directors~~Board in such manner and on such terms and conditions as they think fit (whether by way of salary, bonus, commission or participation in profits or a

combination of all or any of such ways) but shall not be by way of commission on or percentage of operating revenue.

- (e) The ~~Directors~~Board may confer upon a managing Director for the time being, such of the powers conferred on and exercisable by the ~~Directors~~Board on such terms and conditions and with such restrictions as they think fit. Any of those powers may be conferred collaterally with or to the exclusion of or in substitution for such powers of the ~~Directors~~Board and may be revoked, withdrawn or varied at any time by the Board ~~Directors~~.

~~14.8~~15.8 Alternate Directors

- (a) Subject to the provisions of the Corporations Act, a Director may by writing under his hand, appoint a person (whether a member of the Company or not and whether a Director in his own right or not) approved by a majority of the other Directors, to act as an alternate Director in his place on such terms and conditions and for such period as he thinks fit.
- (b) An alternate Director:
- (i) may at any time be removed or suspended from office by writing under the hand of the Director by whom he was appointed, notwithstanding that the period of the appointment of the alternate Director has not expired;
 - (ii) subject to this Constitution, is entitled to receive notice of Board meetings ~~of the Directors~~ and to attend and vote at them if the Director by whom he or she was appointed is not present ~~thereat~~ and where he is also a Director in his own right, to have a separate vote on behalf of the Director he is representing in addition to his own vote;
 - (iii) may exercise all the powers reposed in the appointor (subject to any conditions or restrictions imposed in that regard by the appointor) but shall not have the power to appoint an alternate Director;
 - (iv) subject to **clause 15.8(c)~~14.8(e)~~**, automatically ceases to be an alternate Director if the Director by whom he was appointed ceases to be a Director;
 - (v) whilst acting as a Director, is responsible to the Company for his own acts and defaults and the Director by whom he was appointed is not responsible for such act or default;
 - (vi) is not entitled to receive any fees or remuneration from the Company as a Director except for any special services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, but shall be entitled to be reimbursed out of the funds of the Company for all reasonable travelling, accommodation and other expenses incurred by him in travelling to or from and attending Board meetings ~~of the Directors~~ or a committee of Directors or when otherwise engaged on the business of the Company; and
 - (vii) shall not be taken into account separately from the Director by whom he was appointed in determining the rotation of Directors or the number of

Directors, but subject to this, an alternate Director shall be counted in determining a quorum for the purposes of **clause 15.6(a)(vi)**~~14.6(a)(vi)~~ except where the alternate Director is also a Director in his own right.

- (c) Where the Director by whom an alternate Director was appointed retires by rotation but is re-elected by the meeting at which he retires, the appointment of the alternate Director continues to operate after his re-election or deemed re-election as if the appointor had not so retired.

~~14.9~~**15.9** Local management

- (a) The ~~Directors~~**Board** may provide for the management and transaction of the affairs of the Company in a specified locality whether in Australia or abroad in such manner as ~~they~~**it** thinks fit.
- (b) Without limiting the generality of **clause 15.9(a)**~~14.9(a)~~, the ~~Directors~~**Board** may:
 - (i) establish local boards or agencies for managing any of the affairs of the Company in any such specified locality and may appoint persons (whether members of the Company or not) to be members of those local boards or to be managers or agents;
 - (ii) delegate to a person so appointed, any of the powers vested in the **Board**~~Directors~~ and may authorise the members for the time being of any such local board or any of them to fill up vacancies and to act notwithstanding such vacancies.
- (c) Any such appointment or delegation by the **Board**~~Directors~~ pursuant to **clause 15.9**~~14.9~~ may be made on such terms and conditions as the **Board**~~Directors~~ thinks fit and the ~~Directors~~**Board** may remove a person so appointed and may cancel or vary any such delegation.

~~14.10~~**15.10** Appointment of attorney

- (a) The ~~Directors~~**Board** may by power of attorney executed in a manner set out in sections 127(1) or (2) of the Corporations Act, appoint a person or persons (jointly or severally and whether a member or members of the Company or not) to be the attorney or attorneys of the Company for such purposes and with such powers (not exceeding those conferred on the ~~Directors~~**Board** by this Constitution) and for such period and on such terms and conditions as the ~~Directors~~**Board** thinks fit. The ~~Directors~~**Board** may appoint local Directors or agents by ~~e~~**s**Communication Service in cases of urgency to act for or on behalf of the Company.
- (b) Without limiting the generality of **clause 15.10(a)**~~14.10(a)~~, any such appointment may be made in favour of the Directors or members of the Company or any of the members of a local board or in favour of a body corporate or of the members, directors, nominees or managers of a body corporate or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Directors.
- (c) Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with the attorney as the ~~Directors~~**Board** thinks fit

and may also authorise the attorney to delegate all or any of the powers for the time being vested in him.

~~14.11~~15.11 Minutes

- (a) The ~~Directors~~Board shall in accordance with the Corporations Act, cause minutes of all proceedings of general meetings and of Board meetings ~~of Directors~~ to be entered, within one month after the relevant meeting is held, in books kept for that purpose.
- (b) Except in the case of documents that are deemed to be minutes by virtue of **clause 15.6(e)~~14.6(e)~~**, those minutes shall be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting.

~~15~~16 SECRETARY

~~15.1~~16.1 Appointment by ~~Directors~~Board

The ~~Directors~~Board shall appoint at least one Secretary of the Company and may at any time terminate any such appointment(s).

~~15.2~~16.2 Terms of office

A Secretary of the Company holds office on such terms and conditions, as to remuneration or otherwise, as the ~~Directors~~Board determine.

~~16~~17 SEAL

~~16.1~~17.1 Types of seals

- (a) The Company may have a common seal and may have:
 - (i) a duplicate common seal, which shall be a facsimile of the common seal with the addition on its face of the words “Share Seal” or “Certificate Seal”; and
 - (ii) an official seal for use in any place outside the State, which shall be a facsimile of the common seal with the addition on its face of the name of every place where it is to be used.
- (b) The ~~Directors~~Board shall provide for the safe custody of all seals in such manner as ~~they~~it thinks s fit.

~~16.2~~17.2 Use of seal

- (a) The seal shall be used only by the authority of the ~~Directors~~Board and every document to which the seal is affixed shall be signed by a Director and countersigned by the Secretary or a second Director or by some other person appointed generally or in a particular case by the Directors for that purpose.
- (b) The seal may be affixed to or printed on certificates for ~~share~~Shares, options and other securities by mechanical means so as to produce a facsimile of such seal and signatures. In addition, the Directors may determine generally or in a particular

case, that the seal and the signatures of the Director, Secretary or other person appointed by the Directors for the purpose of signing documents to which the seal is affixed, may be affixed, printed or otherwise written on documents by a specified mechanical means so as to produce a facsimile of such seal and signatures.

16.317.3 Cheques and negotiable instruments

All cheques, bills of exchange, promissory notes, bankers drafts and other negotiable instruments and all receipts for money paid to the Company, shall be signed, accepted, drawn, made, endorsed or otherwise executed for and on behalf of the Company by such persons (whether Directors or officers of the Company or not) in such manner as the Directors shall from time to time determine.

17.18 RESERVES

17.118.1 Establishment and application of reserves

Subject to the Corporations Act, tThe ~~Directors~~Board may:

- (a) before declaring any dividend, set aside such sums as they think proper as a reserve, to be applied, at the discretion of the Board, for any purpose for which such sums may be properly applied;~~before declaring a dividend, set aside out of the profits of the Company, such sums as they think fit as reserves to be applied, at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied;~~
- (b) pending any such application, use the reserves, at the discretion of the Board~~Directors~~, in the business of the Company or invest the reserves in such investments as the Board~~Directors~~ thinks s fit; and
- (c) carry forward so much of the profits remaining as they think ought not be distributed as dividends without transferring these profits to a reserve.

18.19 DIVIDENDS

18.119.1 Declaration of dividend

- (a) Subject to the Corporations Act, this Constitution and the terms of issue or rights of any Shares with special rights to dividends, the Board may determine that a Dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each member entitled to that dividend. The payment of such dividend shall not require the sanction of a general meeting.~~The Directors may authorise the payment by the Company to members of such dividends as appear to the Directors to be justified by the profits of the Company. The payment of such dividend shall not require the sanction of a general meeting.~~
- (b) The Company in general meeting may declare a dividend if and only if the Directors have recommended a dividend.
- (c) A dividend declared by the Company in general meeting shall not exceed the amount recommended by the Directors.

18.219.2 Interim and preferential dividends

- (a) Subject to the Corporations Act, this Constitution and the terms of issue or rights of any Shares with special rights to dividends, the Board may determine that an interim dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each member entitled to that interim dividend. Each interim dividend so paid shall be payable on a date fixed by the Board.~~The Directors may authorise the payment by the Company to members of such interim dividends as appear to the Directors to be justified by the profits of the Company. Each interim dividend so paid shall be payable on a date fixed by the Directors.~~
- (b) The ~~Directors~~Board may also pay preferential dividends on ~~share~~Shares issued upon terms that preferential dividends are payable on such ~~share~~Shares on fixed dates.
- (c) The payment of any such interim dividend or preferential dividend shall not require the sanction of a general meeting.

18.319.3 Payment of dividends

- ~~(a) No dividend shall be paid otherwise than out of profits of the Company and a declaration by the Directors as to the amount of profits available for dividends shall be conclusive evidence of the amount so available.~~
- ~~(b)~~(a) No dividend or other moneys payable on or in respect of a ~~share~~Share shall bear interest against the Company.
- ~~(e)~~(b) The Directors may deduct from any dividend payable to a member, all sums of money (if any) presently payable by him to the Company and due and unpaid on account of calls in relation to ~~share~~Shares held by him in the Company.
- ~~(d)~~(c) A transfer of ~~share~~Shares shall not pass the right to any dividend declared on those ~~share~~Shares before registration of their transfer.
- ~~(e)~~(d) The Directors may retain the dividends payable upon ~~share~~Shares in respect of which any person under **clause 1110** is entitled to be registered as the holder of those ~~share~~Shares or is entitled to transfer such ~~share~~Shares to some other person, until such person shall become registered as the holder of them or shall duly transfer the ~~share~~Shares concerned in accordance with that clause.
- ~~(f)~~(e) During a breach of the Listing Rules relating to Restricted Securities, or a breach of a restriction agreement relating to the Restricted Securities, the holder of the Restricted Securities shall not be entitled to any dividend in respect of the Restricted Securities.
- ~~(g)~~(f) Any dividend, interest or other money payable in cash in respect of ~~share~~Shares may be paid:
 - (i) by cheque sent through the post or by courier to the address of the member shown in the register or in the case of joint holders, to the address of that holder whose name stands first in the register in respect of

the joint holding, or to such address as the holder or joint holders in writing directs or direct;

- (ii) by electronic transfer; or
- (iii) in such manner as the ~~Directors~~Board determines.

~~18.4~~19.4 Dividend entitlement

- (a) Subject to the rights of persons (if any) entitled to ~~share~~Shares with special rights as to dividend, all dividends shall be declared and paid proportionately according to the amounts paid (not credited as paid) of the total amounts paid or payable (excluding amounts credited) on the ~~share~~Shares in respect of which the dividend is paid, including where a larger amount is paid up on some ~~share~~Shares than on others.
- (b) All dividends shall be apportioned and paid proportionately to the amounts paid (not credited as paid) of the total amounts paid or payable (excluding amounts credited) on the ~~share~~Shares during any portion or portions of the period in respect of which the dividend is paid; but if any ~~share~~Share is issued on terms providing that it shall rank for dividend as from a particular date, that ~~share~~Share shall rank for dividend accordingly.
- (c) No amount paid or credited as paid on a ~~share~~Share in advance of calls shall be treated for the purposes of this ~~clause 19.4~~18.4 as paid or credited as paid on the ~~share~~Share.

~~18.5~~19.5 Dividends in specie

- (a) Any general meeting of the Company declaring a dividend may, acting on the prior recommendation of the Directors, or the Directors, in declaring any dividend (including an interim dividend), may direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up ~~share~~Shares in, or notes or debentures of, the Company or any other corporation or in any one or more ways, and may direct that the dividend payable in respect of any particular ~~share~~Shares shall be satisfied wholly or partly by such a distribution and that the dividend payable in respect of other ~~share~~Shares shall be paid in cash.
- (b) Where a difficulty arises in regard to such a distribution, the ~~Directors~~Board may settle the matter as ~~it~~they considers expedient and in particular, may fix the value for distribution of the specific assets or any part of those assets and may determine that cash payments will be made to any members on the basis of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees as the ~~Board~~Directors considers expedient.

~~18.6~~19.6 Dividend plans

- (a) Notwithstanding any other provision of this Constitution and in particular, notwithstanding ~~clauses 19.1~~18.1 to ~~19.5~~18.5 inclusive, but subject to ~~clause 24~~25 and to the requirements of the Corporations Act, the ~~Board~~Directors may in ~~their~~its absolute discretion establish on such terms and conditions as ~~it~~they thinks fit:

- (i) plans for cash dividends paid by the Company in respect of ~~share~~Shares issued by the Company and interest paid by the Company on unsecured notes or debenture stock issued by the Company to be reinvested by way of subscription for ~~share~~Shares in the Company; and
- (ii) a plan permitting holders of ordinary ~~share~~Shares to the extent that his ordinary ~~share~~Share are fully paid up, to have the option to elect to forgo his right to ~~share~~Share in any dividends (whether interim or otherwise) payable in respect of such ~~share~~Shares and to receive instead an issue of ordinary ~~share~~Shares credited as fully paid up to the extent as determined by the ~~Directors~~Board.
- (b) The ~~Directors~~Board may in ~~their~~its absolute discretion, modify, suspend or terminate all or any plans established pursuant to **clause 19.6(a)**~~18.6(a)~~ from time to time on not less than one month's written notice to all members of the Company.
- (c) The powers given to the ~~Board~~Directors by this **clause 19.6**~~18.6~~ are additional to the other powers reposed in the ~~Board~~Directors by this Constitution and shall not in any way be limited, restricted or otherwise affected by **clauses 19.1 to 19.5**~~18.1 to 18.5~~ inclusive.

~~19~~20 CAPITALISATION OF PROFITS

The Company may capitalise profits. The capitalisation need not be accompanied by the issue of ~~share~~Shares.

~~20~~21 ACCOUNTS AND AUDIT

~~20.1~~21.1 Requirements as to accounts and audits

The ~~Directors~~Board shall ensure that the requirements of the Corporations Act as to accounts and audit are complied with by the Company.

~~20.2~~21.2 Auditor

The auditor of the Company or his agent authorised by him in writing for the purpose, is entitled to attend general meetings, to receive all notices of and other communications relating to general meetings which a member is entitled to receive and to be heard at any general meeting which he attends on any part of the business of the meeting which concerns the auditor in his capacity as such, but does not have the right to vote at any general meeting.

~~20.3~~21.3 Inspection of Company records

- (a) Subject to the provisions of the Corporations Act, the ~~Directors~~Board shall determine whether and to what extent and at what times and places and under what conditions the accounting records and other documents of the Company or any of them will be open to inspection by the members and other persons.
- (b) A member or other person (not being a Director) has no right to inspect any such documents of the Company except as conferred by statute or authorised by the ~~Board~~Directors and is not entitled to require or receive any information

concerning the business, trading or customers of the Company or any trade secret or secret process of or used by the Company.

~~21.22~~ NOTICES

~~21.122.1~~ Mode of service

A ~~share~~Share certificate, cheque, warrant, notice or other document may be given by the Company to any member either by serving it on him personally or by sending it by post or courier to ~~him-at-his~~ the member's address as shown in the register or the address supplied by ~~the member~~ him to the Company for the giving of notices to him or by sending it to any facsimile number or electronic address given to the Company by the member. In the case of joint holders, such documents may be served on the joint holder whose name appears first in the register in respect of the ~~share~~Share. In the case of an overseas ~~shareholder~~member, such documents shall be forwarded by air mail, recognised couriered air service, facsimile transmission, electronic mail or in another way that ensures it will be received quickly.

~~21.222.2~~ Deemed receipt of notice

- (a) A document sent by ordinary post, courier, air mail or recognised couriered air service in accordance with this **clause ~~22~~ 21** by the Company shall be deemed to have been received or served on the day next following that on which it was posted or dispatched and in proving delivery or service, it is sufficient to prove that the envelope or wrapper containing the document was properly addressed and stamped (if posted) and was posted or dispatched.
- (b) In the case of a facsimile transmission, service shall be deemed effected at the time when transmission of the facsimile is completed by the Company.
- (c) In the case of an electronic mail transmission, service shall be deemed effected on the day and at the time specified in a delivery report, or if no delivery report is received, on the next business day (but is not deemed to have been received if a delivery report indicates a delivery failure).

~~21.322.3~~ Proof of service

A certificate in writing signed by a Director, Secretary or other officer of the Company that:

- (a) a document or its envelope or wrapper was so addressed and stamped (if posted) and was posted or dispatched; or
- (b) a document was sent by facsimile transmission and that a transmission report was produced by the machine from which it was sent which indicated that the facsimile was sent in its entirety; or
- (c) a document was sent by electronic mail, and that a delivery report was received indicating the document was delivered, or that no delivery report was received indicating a delivery failure or out of office notification was received,

shall be prima facie evidence of those facts.

21.422.4 Notice of general meeting of the Company

- (a) Notice of every general meeting and of any adjournment of it shall be given in the manner authorised by this clause to:
 - (i) every member;
 - (ii) every person entitled to a ~~share~~Share in consequence of the death or bankruptcy of a member who, but for his death or bankruptcy, would be entitled to receive notice of meeting;
 - (iii) every Director; and
 - (iv) the auditor for the time being of the Company.
- (b) Except as required by the Listing Rules, no other person is entitled to receive notices of general meetings.

21.522.5 Previous notice

A person who by operation of law, or by transfer or other means becomes entitled to be registered as the holder of or to transfer a ~~share~~Share, is bound by every notice previously given in respect of that ~~share~~Share.

21.622.6 Notice on transmission

A notice may be given by the Company to a person entitled to a ~~share~~Share in consequence of the death or bankruptcy of a member by serving it on him personally or by sending it to him by post or courier addressed to him by name, or by the title of representative of the deceased or assignee of the bankrupt or by any like description, at the address (if any) within Australia supplied for the purpose by the person or, if such an address has not been supplied, at the address to which the notice might have been sent if the death or bankruptcy had not occurred.

21.722.7 Failure of member to give address

No person who shall have omitted to give his address for registration shall be entitled to receive any notice from the Company.

21.822.8 Day of service

Where a given number of days' notice or notice extending over any other period is required to be given, the day of service shall unless it is otherwise provided be counted in such number of days or other period.

2223 WINDING UP

22.123.1 Powers of liquidator

- (a) If the Company is wound up whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide among the members, in specie or kind, the whole or any part of the assets of the Company and may for that purpose, set such value as he considers fair upon any property to be so divided

and may determine how the division is to be carried out as between the members or different classes of members.

- (b) The liquidator may, with the sanction of a special resolution, vest the whole or any part of any such assets of the Company in trustees upon such trusts for the benefit of the members or any of them as the liquidator thinks fit.
- (c) No member shall be compelled to accept any ~~share~~Shares or other securities in respect of which there is any liability upon a division or vesting of assets under **clauses ~~23.1(a)~~~~22.1(a)~~ and ~~23.1(b)~~~~22.1(b)~~** respectively.
- (d) If approved by special resolution, any division referred to in this **clause ~~23.1~~~~22.1~~** may be otherwise than in accordance with the legal rights of the members of the Company. In particular, any class of member may be given preference or special rights or may be excluded altogether or in part. If any division is made otherwise than in accordance with the legal rights of the members, any member who would be prejudiced by the distribution shall have a right of dissent and ancillary rights as if such distribution were a special resolution passed pursuant to the Corporations Act.

~~22.2~~~~23.2~~ Distribution of assets

If the Company is wound up (whether voluntarily or otherwise) and:

- (a) the assets available for distribution among the members are insufficient to repay the whole of the capital paid up as at the commencement of the winding up, such assets shall be distributed among the members so that the losses shall be borne by the members as nearly as possible in proportion to the capital paid up or which ought to have been paid up on the ~~share~~Shares held by them as at the commencement of the winding up;
- (b) the assets available for distribution among the members are more than sufficient to repay the whole of the capital paid up as at the commencement of the winding up, the surplus shall be distributed among the members in proportion to the capital paid up or which ought to have been paid up on the ~~share~~Shares held by them as at the commencement of the winding up.

~~22.3~~~~23.3~~ Special rights

Clause 22 shall be without prejudice to the rights of the holders of ~~share~~Shares issued upon special terms and conditions.

~~23.24~~ INDEMNITY

~~23.1~~~~24.1~~ Definition of “Officer”

In this **clause ~~24~~~~23~~**:

- (a) “**Officer**” means any of:
 - (i) a Director;
 - (ii) a Secretary or other officer;

- (iii) an employee; or
 - (iv) an agent,
- of the Company.

- (b) References to “**Officers**” include references to former Officers.

~~23.2~~24.2 **Indemnity to Officers and employees**

- (a) Subject to **clauses ~~24.2(b)~~23.2(b) and ~~24.3~~23.3**, every Officer or auditor of the Company will be indemnified out of the assets of the Company against all costs, losses, expenses and liabilities incurred by that Officer in the person’s capacity as an Officer of the Company by reason of any act or thing done or omitted to be done by that person in that capacity or in any way in the discharge of that person’s duties or by reason of or relating to the person’s status as an Officer of the Company.
- (b) An Officer of the Company is not entitled to be indemnified out of the assets of the Company for a liability:
 - (i) where the Company is forbidden by law to indemnify the person against the liability;
 - (ii) which arises out of conduct involving a lack of good faith;
 - (iii) where the liability is to the Company or a related body corporate; or
 - (iv) where the liability is for a pecuniary penalty order or compensation order under the Corporations Act.

~~23.3~~24.3 **Indemnity for proceedings**

An Officer or the Company will not be indemnified out of the assets of the Company against legal costs in the circumstances in which the Corporations Act prohibits such an indemnity.

~~23.4~~24.4 **Liability as between Officers**

Subject to the Corporations Act, an Officer is not liable for the negligence, default or breach of duty of any other Officer except to the extent of the Officer’s own negligence, default or breach of duty.

~~23.5~~24.5 **Reimbursement of expenses**

Subject to the other provisions of this **clause ~~24~~23**, every Officer is entitled to:

- (a) have reimbursed to the Officer out of the funds of the Company all expenses which the Officer may from time to time incur in consequence of and in discharge or attempted discharge of the Officer’s duties;
- (b) be indemnified by the Company against all liabilities whatsoever which the Officer may from time to time undertake as agent for the Company or for its benefit or intended benefit.

~~24~~²⁵ LISTING RULES

While the Company is a Listed Company, the following apply:

- (a) notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- (b) nothing contained in this Constitution prevents an act being done that the Listing Rules requires to be done;
- (c) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision;
- (e) if the Listing Rules require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision; and
- (f) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

~~25~~ FURTHER ISSUE OF SECURITIES

~~25.1~~ Rights of Major Shareholder

- ~~(a) The Major Shareholder is entitled to subscribe for the Additional Securities (as defined in **clause 25.2**) in accordance with this **clause 25** until the later of:~~
 - ~~(i) 4 October 2010; and~~
 - ~~(ii) the later of the date the Company becomes a Listed Company or the date the Company issues new securities under an initial public offering;~~
- ~~— (the “**Anti-dilution Period**”).~~
- ~~(b) In the case of options or other Securities convertible into Shares issued by the Company during the Anti-Dilution Period, this clause 25.1 shall be extended by such period of time necessary to permit the Major Shareholder to subscribe for Additional Securities following the exercise or conversion of that option or convertible Security.~~

~~25.2~~ Notice of issue to be given to Major Shareholder

- ~~(a) Subject to clause 25.3, if the Company proposes to issue any Securities during the Anti-dilution Period (“**New Securities**”), the Company must give a notice of issue to the Major Shareholder, specifying:~~
 - ~~(i) the persons to whom it is proposed to issue the New Securities;~~
 - ~~(ii) the total number of New Securities to be issued;~~

- (iii) ~~the number of Securities for which the Major Shareholder is entitled to subscribe for so that its percentage shareholding in the Company will be the same following any issue of New Securities set out in the notice of issue (on a fully diluted basis), as it was immediately prior to that issue provided that the number of Securities that the Major Shareholder is entitled to subscribe for must not exceed 19.9% of the number of New Securities (“Additional Securities”);~~
 - (iv) ~~the issue price per Additional Security as determined under clause 25.4(a) (“Issue Price”); and~~
 - (v) ~~the date for subscription, and any other terms of issue, of the New Securities.~~
- (b) ~~In respect of Securities which are options or which are convertible into Shares, the rights in this clause 25.2 shall only apply at the time of the issue of Shares on the exercise or conversion of the Securities and the Major Shareholder may only exercise or convert that number of Securities equal to the Additional Securities.~~

25.3 — Purchase on Market

- (a) ~~If the Company is issuing new Shares to an employee at any time after 4 October 2008, the Board may, in its complete discretion by written notice to the Major Shareholder (“On-Market Notice”), require the Major Shareholder to acquire the Additional Securities by purchasing them on market in which case the Major Shareholder must use its reasonable endeavours to purchase the Additional Securities on market but only at or less than the Issue Price determined under clause 25.4(a).~~
- (b) ~~If the Major Shareholder is not able to acquire all of the Additional Securities on market within 30 days after the date of the On Market Notice in accordance with paragraph(a), the Company must issue to the Major Shareholder at the Issue Price determined under clause 25.4(a) that number of New Securities equal to the Additional Securities less the number of Shares acquired by the Major Shareholder on market.~~

25.4 — Issue Price

- (a) ~~Subject to paragraph (b) and (c) the Issue Price is the issue price per Security of the New Securities.~~
- (b) ~~In the case of New Securities which are options issued following the Company becoming a Listed Company, if at the time of the issue of options:~~
 - (i) ~~the exercise price is equal to or less than the volume weighted average price of Shares during the 30 trading days on ASX immediately prior to the date of issue of the options (the VWAP Price), the Issue Price is the exercise price of the options; or~~
 - (ii) ~~the exercise price is more than the VWAP Price, the Issue Price is the midpoint between the volume weighted average price of Shares during the 30 trading days on ASX immediately prior to the date of exercise of the option and the exercise price.~~

- (e) ~~In the case of New Securities which are options issued prior to the Company becoming a Listed Company, if at the time of the issue of the options:~~
- ~~(i) the exercise price is less than \$6.85, the Issue Price is the exercise price of the options; or~~
 - ~~(ii) the exercise price is more than \$6.85, the Issue Price is as follows:~~
 - ~~(A) if the volume weighted average price of Shares during the 30 trading days on ASX immediately prior to the date of exercise of the option (*Market Price*) is less than or equal to \$15.00, the Issue Price is the Market Price; and~~
 - ~~(B) if the Market Price is more than \$15.00, the Issue Price is the mid-point between \$15.00 and the Market Price.~~

~~25.5 Notice of acceptance~~

~~Within 10 Business Days of receipt of a notice of issue, the Major Shareholder must give a notice to the Company specifying the number of Additional Securities that the Major Shareholder wants to take up.~~

~~25.6 Failure to give a notice of acceptance~~

~~If the Major Shareholder fails to give a notice within the period stated in clause 25.4, it is taken to have waived its right to participate in that issue of Additional Securities.~~

~~25.7 Excluded issues~~

~~The right to subscribe for Additional Securities under this clause 25 does not apply to Securities issued in connection with any share split by the Company.~~

~~26 MAJOR SHAREHOLDER MATTERS~~

- ~~(a) Subject to clause 26(b), the Company must not, without the approval of the Major Shareholder, undertake any amendment of or addition to clauses 14 or 25 or this clause 26 of this Constitution.~~
- ~~(b) This clause 26 does not apply to any amendments or additions to clauses 14, 25 or this clause 26 of the Constitution:~~
 - ~~(i) which are required under any Listing Rule and for which ASX has refused to grant a waiver or for which a waiver has been granted and that waiver ceases to operate in accordance with its terms; or~~
 - ~~(ii) as required by law.~~
- ~~(c) A reference in this clause 26 to amending or adding to clauses 14, 25 or this clause 26 includes a reference to any resolution of the Company, of any type which has the effect of altering, adding to or omitting clauses 14, 25 or this clause 26, or any other effect which is equivalent or substantially similar to that effect.~~



WilsonHTM
INVESTMENT GROUP

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 WIG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the notice of meeting online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 9:00am (AEST) Wednesday 24 June 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: 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 write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Wilson HTM Investment Group Ltd hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman 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, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of **Wilson HTM Investment Group Ltd** to be held at **Level 38, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000 on Friday, 26 June 2015 at 9:00am (AEST)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 2 & 3** (except where I/we have indicated a different voting intention below) even though **Items 2 & 3** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 2 & 3** by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Sale of the Securities Business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Grant of options to Ian Macoun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Grant of options to Alex Ihlenfeldt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

4 Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Amend Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / ____ / ____

Date

W I G

1 9 9 4 9 4 A

Computershare +