

Wilson Group Limited

Acquisition of Minority Interests in Pinnacle
resulting in 100% interest



Acquisition of Pinnacle Minorities



- > Acquisition of remaining 25% stake in Pinnacle
- > Conditions precedent
- > Pinnacle Vendors agreement with Deutsche Bank

Pinnacle



- > Pinnacle is a multi-affiliate investment management firm with a mission to establish, grow and support a diverse stable of world-class fund managers.
- > Funds under management of \$19.25 billion as at 30 April 2016.
- > Pinnacle's net profit after tax 1HFY16 was \$4.7 million.
- > Performance in the second half of FY2016 expected to be broadly consistent with the first half (noting that performance fees cannot be determined with any certainty until the end of the financial period).

Acquisition of remaining 25% stake in Pinnacle



- > Wilson Group Limited (WIG) to acquire the 25% of Pinnacle held by the executive shareholders (Pinnacle Vendors) taking WIG's interest in Pinnacle to 100%
- > WIG to issue shares to Pinnacle Vendors such that they will own 25% of WIG post-transaction
- > The number of shares issued to the Pinnacle Vendors is approximately 37.0m shares
- > The 25% of Pinnacle that is being sold to WIG is owned 14.2% by Mr Ian Macoun, Chairman and Managing Director of Pinnacle, and the remaining 10.8% is owned by various other executives of Pinnacle

Conditions precedent



- > Shareholder approval at an extraordinary general meeting (EGM)
- > Independent expert opining the transaction is favourable to non-associated shareholders
- > CGT roll over relief available to the Pinnacle Vendors

Pinnacle Vendors agreement with Deutsche Bank



- > Pinnacle Vendors to acquire an additional 10.25m shares (7% interest) in WIG from Deutsche Bank at a price of \$0.95 per share subject to completion of the transaction
- > Post Transaction, Deutsche Bank shareholding reduced from 18.6% to 7.0% as a result of dilution from the Transaction as well as the sale of shares
- > Certain employees of Pinnacle will be provided with five-year loans totalling \$3m to fund the purchase of shares

Special Dividend of 5 cents per share



- > Subject to the transaction proceeding, the WIG Board proposes to pay a special dividend of 5 cents per share fully franked
- > The record date for the dividend will be set such that the Pinnacle Vendors will not participate
- > WIG's cash and principle investments balance as at 31 March 2016 was \$11.3m, excluding Pinnacle and cash and liquids of \$12 million as at the same date.

Transaction costs and other expenses



- > Transaction costs of an estimated \$0.9 million.
- > Additional insurance costs in relation to further cover for the sale of the securities business and Next Financial Group of \$0.2 million
- > Completion balance sheet adjustments associated with the sale of the securities business of \$0.3 million.
- > Payments associated with the retirement of a loan to Mr Ian Macoun dating from 2006 in an amount of \$1.2 million, of which \$1 million has been historically accrued.

Board/Management restructure



- > Following the Transaction, proposed board of 7 members comprised as follows:
 - > Independent Chairman - Mr Alan Watson
 - > 3 Non-executive Directors – Mr Steven Wilson AM, Ms Deborah Beale and Mr Gerard Bradley (Ms Beale and Mr Bradley to be appointed at completion)
 - > 3 Executive Directors - Mr Ian Macoun as Managing Director, Mr Adrian Whittingham and Mr Andrew Chambers
- > Mr Sandy Grant, current Managing Director of WIG, will retire as a director of WIG at the EGM
- > Mr Steven Skala AO, Non-Executive Director, to retire at completion of the transaction

Transaction benefits



- > Earnings accretive transaction
 - > Enlarged earnings base
 - > Overhead reduction of ~\$1.0 million per annum
- > WIG obtains 100% control of Pinnacle
 - > Current shareholders' agreement could limit ability to extract full value in the future due to various restrictions
- > Direct access to Pinnacle cash flows
 - > Improved financial flexibility
 - > Increased ability to pay dividends to WIG shareholders from Pinnacle earnings
- > Strong alignment of interests as Pinnacle management will be significant holders in WIG
 - > Mr Ian Macoun to own 18.9% post completion
- > Completed transformation of WIG into a pure play funds management business
 - > WIG to be re-named as Pinnacle Investment Management Group Limited

Indicative timetable



Event	Indicative Timing
Dispatch of Notice of Meeting including Independent Expert's Report	June 2016
EGM	July 2016
Completion*	July 2016

** Subject to satisfaction or waiver of conditions precedent*