

15 July 2016

By Electronic Lodgement

The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Wilson Group Limited (ASX: WIG) – Notice of Meeting

Further to the announcement dated 17 May 2016 in relation to the acquisition by Wilson Group Limited (**WIG**) of the 25% equity interest in Pinnacle Investment Management Limited that it does not currently own (**Transaction**), 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 24 Riparian Plaza, 71 Eagle Street on Tuesday 16 August 2016 at 4pm.

Yours faithfully,



Eleanor Padman
Company Secretary
Wilson Group Limited

Notice of Meeting

2016



WILSON GROUP
— LIMITED —

WILSON GROUP LIMITED

ACN 100 325 184

NOTICE OF EXTRAORDINARY GENERAL MEETING

Time: 4pm

Date: Tuesday, 16 August 2016

Place: Level 24, 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. IN SO DOING, THE INDEPENDENT DIRECTORS ALSO 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.

TABLE OF CONTENTS

Item	Page No.
Disclaimer and Important Notices	3
Notice of Extraordinary General Meeting	4
Information for Shareholders	10
Explanatory Memorandum	12
Schedule 1 – Glossary	32
Schedule 2 – Pro-forma consolidated statement of financial position and statement of comprehensive income	37
Schedule 3 – Independent Expert’s Report	41
Schedule 4 – Amended Employee Share Plan	75
Schedule 5 – Information for Resolution 4	112

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	Sunday, 14 August at 4pm
Date and time for determining eligibility to attend and vote at the Meeting	Sunday, 14 August at 7pm
Meeting	Tuesday, 16 August 2016 at 4pm

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 the Company, save 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 or 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 13 July 2016.

NOTICE OF EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting (**EGM**) of the shareholders of Wilson Group Limited ABN 22 100 325 184 (**Company**) will be held on Tuesday, 16 August 2016 at Level 24, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000 commencing at 4pm.

Resolutions 1 to 6 (inclusive) are interdependent. If any of Resolutions 1 to 6 (inclusive) are not passed, then Resolutions 1 to 6 (inclusive) will all be taken to have not been passed.

ORDINARY BUSINESS

1. Acquisition of 24.99% Equity Stake in Pinnacle

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

“Subject to Resolutions 2, 3, 4, 5 and 6 being passed, that for the purposes of Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, approval be given for the acquisition by the Company of the 24.99% Equity Stake on the terms contained in the Transaction Documents, including the provision of the Re-issued and New Loans from the Company to the Sellers, as summarised in the Explanatory Memorandum accompanying this Notice.”

Voting exclusion for item 1:

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

- (a) a party to the Transaction;
 - (b) The Macoun Parties;
 - (c) The Ihlenfeldt Parties;
 - (d) The Findlay Parties;
 - (e) The Chambers Parties;
 - (f) The Whittingham Parties;
 - (g) The Cormack Parties;
 - (h) The Dell Parties;
 - (i) Deutsche Australia Limited; and
 - (j) by an Associate of the persons listed at sub-paragraphs (a) to (i) above,
- regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (k) 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
- (l) 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.

2. Issuing ordinary shares to the Sellers as consideration for the Transaction

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

“Subject to Resolutions 1, 3, 4, 5 and 6 being passed, that for the purposes of Listing Rules 7.1 and 10.14, Chapter 2E of the Corporations Act and for all other purposes, approval be given to issue 37,043,917 fully paid ordinary shares in the Company to the Sellers in the Seller’s Proportions as consideration for the Transaction”

Voting exclusion for item 2:

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

- (a) The Macoun Parties;
- (b) The Ihlenfeldt Parties;
- (c) The Findlay Parties;
- (d) The Chambers Parties;
- (e) The Whittingham Parties;
- (f) The Cormack Parties;
- (g) The Dell Parties;
- (h) Deutsche Australia Limited; and
- (i) an Associate of the persons listed at sub-paragraphs (a) to (h) above; and
- (j) a person who receives securities in relation to the Company,

regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (k) 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
- (l) 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 Rules 10.1 and 10.14 which is attached as Schedule 3. A hard copy can be provided to Shareholders on request and is also available on the Company's website at <http://www.wilsongrouplimited.com.au/investor-centre/>. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolutions 1 and 2 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.

3. Amendment of Wilson Group Limited's Employee Option Share Plan

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

"Subject to Resolutions 1, 2, 4, 5 and 6 being passed, that for the purposes of the Corporations Act and all other purposes, Wilson Group Limited's Employee Option Share Plan be amended in the form that appears at Schedule 4 by:

- (a) *deleting those parts which correspond to the struck-out parts of the Wilson Group Limited Employee Option Share Plan tabled at the meeting (ie. ~~delete~~); and*
- (b) *inserting, without underlining, those parts which correspond to the underlined parts of the Wilson Group Limited Employee Option Share Plan tabled at the meeting (ie. insert)."*

Voting exclusion for item 3:

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

- (a) The Macoun Parties;
 - (b) The Ihlenfeldt Parties;
 - (c) The Findlay Parties;
 - (d) The Chambers Parties;
 - (e) The Whittingham Parties;
 - (f) The Cormack Parties;
 - (g) The Dell Parties;
 - (h) Deutsche Australia Limited; and
 - (i) by an Associate of the persons listed at sub-paragraphs (a) to (h) above,
- regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (j) 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

- (k) 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.

4. Approval under section 611 item 7 of the Corporations Act

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

“Subject to Resolutions 1, 2, 3, 5 and 6 being passed, that for the purposes of sections 606 and 611, item 7 of the Corporations Act, approval be given to the Sellers acquiring a Relevant Interest in more than 20% of issued voting Shares in the Company under the Transaction”

Voting exclusion for item 4:

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

- (a) The Macoun Parties;
- (b) The Ihlenfeldt Parties;
- (c) The Findlay Parties;
- (d) The Chambers Parties;
- (e) The Whittingham Parties;
- (f) The Cormack Parties;
- (g) The Dell Parties;
- (h) Deutsche Australia Limited; and
- (i) by an Associate of the persons listed at sub-paragraphs (a) to (h) above,

regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (j) 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
- (k) 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.

5. Payments of amounts to repay \$1.119 million loan

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

“Subject to Resolutions 1, 2, 3, 4 and 6 being passed, that for the purposes of the Listing Rules, Chapter 2E of the Corporations Act and all other purposes, the Company make payments totalling \$2.194 million to meet its contractual obligations to repay in full a loan in an amount of \$1.119 million, grossed-up to take into account tax, dated 9 October 2006 on behalf of Mr Ian Macoun and to facilitate the Transaction”.

Voting exclusion for item 5:

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

- (a) The Macoun Parties;
- (b) The Ihlenfeldt Parties;
- (c) The Findlay Parties;
- (d) The Chambers Parties;
- (e) The Whittingham Parties;
- (f) The Cormack Parties;
- (g) The Dell Parties;
- (h) Deutsche Australia Limited; and
- (i) by an Associate of the persons listed at sub-paragraphs (a) to (h) above,

regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (j) 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
- (k) 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.

6. Approval of termination benefits for Mr Ian Macoun

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

“Subject to Resolutions 1, 2, 3, 4 and 5 being passed, that for the purposes of sections 200B and 200E of the Corporations Act, the Company provide Mr Ian Macoun with termination benefits under the MD Employment Agreement consistent with the entitlements contained in his current contract of employment on termination of his employment”

Voting exclusion for item 6:

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

- (a) The Macoun Parties;
- (b) The Ihlenfeldt Parties;
- (c) The Findlay Parties;
- (d) The Chambers Parties;

- (e) The Whittingham Parties;
 - (f) The Cormack Parties;
 - (g) The Dell Parties;
 - (h) Deutsche Australia Limited; and
 - (i) by an Associate of the persons listed at sub-paragraphs (a) to (h) above,
- regardless of the capacity in which the vote is cast.

However, the Company need not disregard a vote if:

- (j) 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
- (k) 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.

SPECIAL BUSINESS

7. Change of Company Name and update of Constitution

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

“That subject to Resolutions 1 to 6 being passed, and for the purposes of sections 157(1) and 136(2) of the Corporations Act and for all other purposes:

- (a) *the Company adopts Pinnacle Investment Management Group Limited as the name of the Company; and*
- (b) *all references to the Company’s name in the Constitution be amended to reflect the new name.”*

By order of the Board



Eleanor Padman
Company Secretary
13 July 2016

Information for shareholders

Who may vote Pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001, the directors have determined that persons whose names are set out in the register of members of the Company as at 7pm on Sunday, 14 August 2016 are entitled to attend and vote at the meeting convened by this notice.

Appointment of Proxies A shareholder who is entitled to attend and vote at the meeting has a right to appoint up to 2 proxies to attend and vote for the shareholder at the meeting. A proxy need not be a shareholder.

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.

If a proxy is instructed to abstain from voting on a resolution, they must not vote on the shareholder's behalf, and any vote will not be counted.

If you appoint someone as your proxy (other than the Chairman of the EGM) and direct them on how to vote, the Chairman of the EGM must cast those proxy votes on your behalf on a poll if your proxy does not do so.

If you appoint the Chairman of the EGM as your proxy (or if he is appointed by default), and no direction is provided in relation to a resolution, you will be expressly authorising the Chairman to exercise your proxy as the Chairman sees fit in relation to that resolution, including Resolutions 5 and 6, even though Resolutions 5 and 6 are connected directly or indirectly with the remuneration of the Company's KMP.

If you appoint a director (other than the Chairman) or another member of the Company's KMP or their closely related parties as your proxy, you must specify how they should vote on Resolutions 5 and 6 by completing the "For", "Against" or "Abstain" boxes on the proxy form. If you do not, your proxy will not be able to exercise your vote for that Resolution.

Further instructions on appointing proxies are available on the proxy form.

Undirected Proxies The Chairman of the EGM intends to vote all available proxies in favour of all Resolutions.

Lodgement of Proxies To be valid, a proxy form must be received by the Company by 4pm on Sunday, 14 August 2016 (**Proxy Deadline**). Proxies may be submitted by post or email to the registered office of the Company or by post or facsimile to Computershare Investor Services Pty Ltd in accordance with the details set out below:

Company:

For the attention of Eleanor Padman, Level 35, 60 Margaret Street,
Sydney NSW 2000

Email: eleanor.padman@wilsongrouplimited.com.au

Computershare:

GPO Box 242 Melbourne VIC 3001

Fax : 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

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.

**Body
corporate
representative**

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:

- (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
Statement**

In accordance with the Listing Rules, the Company need not disregard a vote on Items 1 to 6 if it is cast by:

- (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.

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 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 – Acquisition of 24.99% Equity Stake in Pinnacle;
- (b) Resolution 2 – Issue 37,043,917 fully paid ordinary shares under the Wilson Group Limited Employee Option Share Plan as consideration for the Transaction;
- (c) Resolution 3 – Amendment of Wilson Group Limited Employee Option Share Plan to facilitate the Transaction;
- (d) Resolution 4 – Approval of the acquisition by the Sellers of issued shares with a voting power greater than 20% for the purposes of this Transaction only;
- (e) Resolution 5 – Approval of payments to repay a loan in the amount of \$1.119 million;
- (f) Resolution 6 – Approval of termination benefits for Mr Ian Macoun;
- (g) Resolution 7 – Change to the Company's name and consequential amendments to the Constitution.

All 7 Resolutions relate to and facilitate the acquisition by the Company of the 24.99% Equity Stake. Resolutions 1 to 6 (inclusive) are interdependent and Shareholders who intend to vote in favour of Resolution 1 should also vote in favour of Resolutions 2 to 6 (inclusive).

3. RESOLUTIONS 1 and 2 – acquisition of 24.99% Equity Stake in Pinnacle and issue of Shares as consideration for the Transaction

Resolution 1 requires Shareholders' approval to the acquisition of the 24.99% Equity Stake from the Sellers on the terms set out in the Transaction Documents, including the provision of the New Loans and Reissued Loans under the Transaction Documents.

Resolution 2 relates to the issuing of fresh share capital, under the Wilson Group Limited Employee Option Share Plan, as consideration for the Transaction.

3.1 Background

Following the sale of WHTM Securities on 1 July 2015, the Company has been furthering its strategy of becoming a business focused purely on funds management. Part of this strategy has involved an examination of its corporate structure and a consideration of how to re-organise that structure to maximise value for Shareholders and to ensure that

the current successful model of significant senior executive ownership in the funds management business is preserved.

On 16 May 2016, the Company entered into the Transaction Documents:

- to acquire the 24.99% Equity Stake from the Sellers;
- to provide loans to the Sellers to assist the Sellers to acquire Shares in the Company on the secondary market from Deutsche;
- to re-issue existing loans to each Seller's Executive in respect of the Pinnacle Shares that are being 'swapped' for the Replacement Shares;
- to take security in respect of the various loans described above by way of Share Mortgage;
- to make payment of \$2.194 million to facilitate the repayment of a loan of \$1.119 million on behalf of Mr Ian Macoun, repayment of which is triggered by the Transaction; and
- to appoint Mr Ian Macoun as Managing Director and provide him with a remuneration package and termination benefits broadly consistent with his current employment arrangements.

The consideration for the Transaction is 37,043,917 fully paid ordinary shares to be issued under the Company's Employee Option Share Plan to the Sellers or parties nominated by the Sellers. The issue will increase the share capital of the Company to 148,175,669 shares on issue.

Below is an overview of the Transaction, including the material terms of the Transaction Documents.

3.2 Listing Rule 7.1

Under Listing Rule 7.1, a listed entity must not issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of shareholders.

The Company is seeking Shareholder approval to the issue of the Replacement Shares for the purposes of Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided:

- (a) the maximum number of Replacement Shares to be issued to the Sellers is 37,043,917 fully paid ordinary shares.
- (b) details of the date by which the Replacement Shares will be issued, are set out under the heading 'Completion' in clause 3.4 below, and in any event will be no later than three (3) months after the date of this meeting.
- (c) details in relation to the determination of the price of the Replacement Shares are set out in Schedule 2.
- (d) the Replacement Shares will be issued to each of the Sellers.

- (e) the Replacement Shares will be fully paid ordinary shares, and will be issued on the same terms, and with the same rights attached, as other fully paid ordinary shares issued in the Company as at Completion.
- (f) the Replacement Shares will be issued as consideration for the purchase by the Company of the 24.99% Equity Stake from the Sellers. On this basis, there will be no funds raised through the issue of the Replacement Shares.
- (g) A statement in relation to the voting exclusions in relation to Resolution 2 is included in the Notice of Meeting.

3.3 Listing Rule 10.14

In accordance with Listing Rule 10.14, the Company cannot issue Shares under the Company's Employee Option Share Plan to a Director, or any Associate of a Director, without the approval of Shareholders.

On Completion of the Transaction, each of Mr Macoun, Mr Whittingham and Mr Chambers will be appointed as Directors of the Company, and their Associated entities, listed below, will be issued Replacement Shares under the Employee Option Share Plan:

- (a) Macoun Superannuation Fund Pty Ltd as trustee for the Macoun Superannuation Fund;
- (b) Macoun Generation Z Pty Ltd as trustee for the Macoun Generation Z Family Trust;
- (c) Andrew Chambers and Fleur Chambers as trustee for the Andrew C Chambers Family Trust; and
- (d) Adrian Whittingham as trustee for the Whittingham Family Trust,

(together, the **Associated Sellers**).

As such, the Company is seeking Shareholder approval of the Transaction for the purposes of Listing Rule 10.14.

Information must be provided to Shareholders in accordance with Listing Rule 10.15, of the purposes of obtaining the required approval, including:

- (a) the maximum number of Replacement Shares being issued to the Associated Sellers, in accordance with Resolution 2, is set out in Schedule 5;
- (b) details in relation to the determination of the price of the Replacement Shares is set out in Schedule 2;
- (c) none of Mr Macoun, Mr Whittingham and Mr Chambers, or any of the Associated Sellers have currently been, or will be, the recipient of any Shares under the Company's Employee Option Share Plan prior to Completion of the Transaction;
- (d) the persons referred to in Listing Rule 10.14 entitled to participate in the Employee Share Option Share Plan are Mr Macoun, Mr Whittingham and Mr Chambers;
- (e) details as to the proposed date the Replacement Shares will be issued, are set out under the heading 'Completion' in Section 3.4 below; and

- (f) details of the New Loans and Re-issued Loans, are set out in Sections 3.4 and 3.5 below.

A statement in relation to the voting exclusions in relation to Resolution 2 is included in the Notice of Meeting.

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report for the purposes of Shareholder approval under Listing Rule 10.14.

3.4 Share Sale Agreement

Under the terms of the Share Sale Agreement, the Company will acquire the remaining 24.99% Equity Stake in Pinnacle from the Sellers. Consideration for the acquisition will be by way of 37,043,917 fully paid ordinary shares issued under the Company's Employee Option Share Plan such that the Sellers swap their Pinnacle Shares for the Replacement Shares. The Replacement Shares will be issued on the same terms, and with the same rights attached, as other fully paid ordinary shares issued in the Company as at Completion.

Conditions Precedent

Completion of the Share Sale Agreement will not occur until a number of conditions precedent have been satisfied or waived, including the following:

- (a) receipt of an Independent Expert's Report opining that the Transaction is favourable to Non-Associated Shareholders;
- (b) current loans advanced by Pinnacle in an amount of \$4.303 million to the Seller's Executives being repaid and re-issued by the Company under its Employee Option Share Plan and new security being provided;
- (c) new loans being advanced to the Sellers by the Company under the Employee Option Share Plan for the purpose of acquiring Shares in the secondary market from Deutsche;
- (d) the Sellers receiving a tax ruling from the ATO confirming that the Replacement Shares they receive in exchange for their Pinnacle Shares will be eligible for CGT roll over relief;
- (e) shareholder approval of the Transaction for the purposes of the Corporations Act, the Listing Rules and all other purposes including approval for the Company to:
 - acquire the Pinnacle Shares;
 - issue the Replacement Shares;
 - pay Mr Macoun a bonus to facilitate full repayment of a loan of \$1.119 million in accordance with a current contractual obligation under his existing employment agreement;
 - provide Mr Macoun with entitlements to termination benefits consistent with the entitlements contained in his current contract of employment;

- amend the Company's Employee Option Share Plan (see further detail below); and
 - approve for the purposes of this Transaction only, that the Sellers and their Associates (as that expression is defined in the Corporations Act) acquire voting power in the Company in excess of 20%;
- (f) the Seller's Executives (other than Mr Macoun) entering into deeds of amendment in respect of their employment agreements and entering into Deeds of Acknowledgement to take effect on Completion.

Period prior to Completion

In the period prior to Completion, Pinnacle and its business must be conducted in the usual and ordinary course, consistent with its business practice. Further, the Sellers must ensure that Pinnacle does not alter its share capital, the provisions of its constitution, create any encumbrances or do anything that might cause the variation, termination, suspension, revocation or non-renewal of any authorisations it holds which are material to the operation of Pinnacle's business.

Completion

Completion is to occur not less than 10 Business Days following the satisfaction or waiver of all Conditions Precedent or at such other time and place as the parties agree in writing.

Completion is subject to a sunset date of 31 December 2016 which can be extended by agreement between the parties. It is also subject to there being no material adverse change prior to Completion defined as:

- (a) an event, occurrence or change which individually or in the aggregate results in a diminution in the value of the assets of financial position or an increase in the liabilities of the Company in excess of \$4.5 million, subject to a number of exceptions; or
- (b) the Company having a cash and principal investments balance less than \$6.5 million at Completion, excluding any impact of movement in market prices.

Both the Company and the Sellers must fulfil a number of obligations on Completion. Completion will not occur until these obligations are performed, provided that the failure to perform the obligation is within a party's power and control. The obligations include:

- (a) appointing Mr Macoun as Managing Director of the Company on the terms and conditions contained in the MD Employment Agreement;
- (b) appointing each of Mr Adrian Whittingham and Mr Andrew Chambers as executive directors of the Company;
- (c) appointing Ms Deborah Beale and Mr Gerard Bradley as non-executive directors of the Company.

Placement

In the event that the Company conducts a placement prior to 30 June 2020 in respect of options that are issued but unvested as at the date of Completion, the Sellers are entitled to subscribe in the placement for up to a maximum of 1,416,667 Shares at the subscription price of the options. The only options that will be issued but unvested at Completion are

options that were issued to the Sellers as part of the Pinnacle 2015 LTI Scheme. The Sellers will be entitled to subscribe in the placement in proportions that are pro-rata to their unvested options.

Warranties

The Company has provided a number of warranties in respect of the Transaction including warranties relating to information provided, solvency, title, capacity, authorisations, financial position, contingent liabilities, insurance and compliance with laws. Those warranties and the Company's liability are qualified in time and amount by a number of matters including that:

- (a) no claim can be made for any amount less than a loss of \$8 million, in which case the Company is liable to pay to the Sellers one third of the amount by which the loss exceeds \$4 million, pro-rata to their shareholdings. To the extent that any loss is covered by insurance, the Company will only be liable for any uninsured amount in excess of \$8 million;
- (b) the maximum aggregate amount recoverable by the Sellers from the Buyer is \$30 million;
- (c) the Company is not liable to the extent that the loss suffered is caused by Pinnacle or the Pinnacle Business or contributed to directly and materially by a Seller's Executive, and in the latter case the Company's liability will be reduced proportionately;
- (d) the Company may set off any claims against any monies owed to the Company by a Seller or a Seller's Executive under a Finance Document;
- (e) claims must be made within the requisite time period, which ranges from 18 months to 5 years depending on the nature of the warranty.

3.5 New Loan Agreements

The Company is providing loans totalling \$3 million to the Sellers under the Company's Employee Option Share Plan for the express purpose of acquiring Shares in the secondary market from Deutsche. The key terms of the New Loan Agreements are as follows:

- (a) The loans have a 5 year term, are limited in recourse to the Shares (and also subject to the limitations of any indemnification extended to the Sellers by their relevant trusts) and interest bearing;
- (b) They will be secured by way of a share mortgage (see further detail below);
- (c) Repayment will occur at the earlier of the end of the 5 year term, the date on which any Shares are sold or within 6 months of the cessation of the Seller's Executive's employment;
- (d) Events of default include cessation of employment, insolvency or any representation or warranty or statement of the Seller being incorrect or misleading.

3.6 Re-issued Loan Agreements

As part of the Transaction, the Company is facilitating the re-issuing of the Current Pinnacle Loans on terms substantially similar to their current terms. The Current Pinnacle

Loans date from 2009, 2011, 2012 and 2015 and were advanced to assist the Sellers' Executives to acquire their equity in Pinnacle which is now being sold to the Company. The Transaction triggers repayment of the Current Pinnacle Loans and accordingly the loans will be repaid and re-issued by the Company to allow the Pinnacle Shares to be sold unencumbered.

The Current Pinnacle Loans are interest free, limited recourse and (with the exception of the Current Pinnacle Loans issued in 2015) repayable on termination of employment or when the underlying equity is sold, whichever event occurs earlier.

The Current Pinnacle Loans issued in 2015 were put in place in May 2015 as part of the Pinnacle 2015 LTI Scheme offered to the Sellers' Executives and which was approved by Shareholders on 26 June 2015 in so far as it related to Mr Macoun and Mr Ihlenfeldt given their status as KMP. The 2015 loans included claw back and share cancellation arrangements which are triggered by the relevant Sellers' Executives ceasing employment before certain key dates.

As a Condition Precedent to the Transaction, the Sellers' Executives have agreed to enter into deeds of amendment to their employment contracts and to execute a Deed of Acknowledgement. The purpose of the Deed of Acknowledgement is to preserve the long term retentive aspects of the Pinnacle 2015 LTI Scheme by providing that should any of the Sellers' Executives resign from their employment or be terminated for cause before certain specified dates the relevant party is required to make certain payments to Pinnacle.

3.7 Share Mortgage Deeds

As security for the New Loan Agreements, the Company will obtain a first ranking mortgage over that number of Shares which is equal to two times the principal loan amount in value as at the date of draw down. If an event of default occurs under the New Loan Agreements, the Company can exercise its rights to enforce its security including by the appointment of a receiver over the secured Shares.

As security for the Reissued Loan Agreements, the Company will obtain a first ranking mortgage over the Replacement Shares corresponding to the tranches of Pinnacle Shares that were purchased with the Current Pinnacle Loans.

As a condition of all of the Share Mortgage Deeds, each Seller must enter into a Sponsorship Deed to ensure that the Shares and the Replacements Shares issued to it or its nominee are not dealt with in the absence of the Company's consent.

3.8 MD Employment Agreement

Subject to Completion of the Transaction, Mr Macoun will be appointed as Managing Director of the Company under the terms of the MD Employment Agreement. As far as is practicable, the MD Employment Agreement is intended to comprise Mr Macoun's rights and obligations under his current employment arrangements.

The material terms of the MD Employment Agreement are:

- **Base Salary:** Mr Macoun will receive \$600,000 per annum, inclusive of superannuation. This is the same level of base salary as Mr. Macoun currently receives as Managing Director of Pinnacle. Further, it has been agreed that this base salary will not be increased for at least four years from the commencement date.

- **Short Term Incentive (STI):** In the 2015 financial year, as Managing Director of Pinnacle, Mr Macoun received 100% of base salary as his STI. Similarly, as per the current arrangements in Pinnacle, in the 2016 financial year, Mr Macoun will receive an STI of 100% of base salary. It is intended that Mr Macoun will continue to receive this level of STI as Managing Director of the Company unless agreed to the contrary by mutual consent.
- **Long Term Incentives:** No new long term incentives will be included as part of Mr Macoun's employment as Managing Director of the Company. Mr Macoun participated in the Pinnacle 2015 LTI Scheme which was approved by Shareholders in respect of Mr Macoun on 26 June 2015.
- **Termination of Employment:** Mr Macoun's employment can be terminated by either the Company or Mr Macoun on three months' notice. Mr Macoun's original contract contained a one month notice period, but both the Board and Mr Macoun believe that three months' notice is more appropriate.
- **Termination benefits:** Mr Macoun is currently entitled to termination benefits calculated as the higher of 12 months base salary or \$900,000, together with statutory entitlements. The Company is seeking Shareholder approval to preserve these entitlements, which date back to 2006. Further information is provided in relation to Resolution 6 below.
- **Post-employment restraints:** Following termination of his employment, Mr Macoun may not solicit the employment of any employee of the Company for a period of 12 months.

3.9 Director's Recommendation

Resolutions 1 and 2 are ordinary resolutions and so require the approval of more than 50% of the votes cast by Shareholders present and eligible to vote. If Resolutions 2 to 6 (inclusive) are not passed, the acquisition of the 24.99% Equity Stake in Pinnacle pursuant to Resolution 1 will not proceed. Accordingly, if Shareholders intend to vote in favour of Resolution 1, they should also vote in favour of Resolutions 2 to 6 (inclusive).

If Resolutions 1 and 3 to 6 (inclusive) are not passed, the issuing of fresh share capital as consideration for the Transaction pursuant to Resolution 2 will not proceed. Accordingly, if Shareholders intend to vote in favour of Resolution 2, they should also vote in favour of Resolutions 1 and 3 to 6 (inclusive).

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

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

recommends that all Non-Associated Shareholders vote in favour of Resolutions 1 to 6, in the absence of a Superior Proposal. Subject to that same qualification, each of Mr Steven Skala AO, Mr Wilson and Mr Grant intend to vote shares in which they hold a Relevant Interest in favour of Resolutions 1 to 6 and to 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. RESOLUTION 3 – Amendments to Company’s Employee Option Share Plan

4.1 Background to the Resolution

This Resolution relates to amending the Company’s Employee Option Share Plan in order to provide a mechanism to allow the Company to provide loans and to take security over its own Shares which is integral to the Transaction. It is conditional upon, and subject to, the Transaction occurring.

The amendments comprise the insertion of a new clause in the Company’s Employee Option Share Plan (and certain consequential amendments elsewhere) to allow for the Company to advance loans for the purchase of Shares and to take security over its own Shares when so acquired. The amendments will only take effect from the date of Shareholder approval to 31 December 2016 (being the sunset date for the Transaction) and will fall away after that date.

The amendments are essential to the Transaction since they:

- (a) facilitate the issuing of the Replacement Shares as consideration for the Transaction;
- (b) facilitate the provision of the New Loan Agreements;
- (c) facilitate the provision of the Reissued Loan Agreements; and
- (d) allow for the Company to take security over the Shares and the Replacement Shares.

4.2 Directors’ Recommendation

Resolution 3 is an ordinary resolution and requires approval of 50% of the votes cast by Shareholders present and eligible to vote.

If Resolutions 1, 2 and 4 to 6 (inclusive) are not passed, the Company’s Employee Option Share Plan will not be amended. Accordingly, if Shareholders intend to vote in favour of Resolution 3, they should also vote in favour of Resolutions 1, 2, 4, 5 and 6. The Directors recommend Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – Approval under section 611 item 7 of the Corporations Act

5.1 Background to the Resolution

Under the Corporations Act a person and their Associates are prevented from acquiring a relevant interest in 20% or more of the voting shares of the Company except in accordance with section 611 of the Corporations Act.

For the purposes of this Transaction only, a conservative interpretation of the relevant provisions of the Corporations Act suggests that the Sellers may be classified as Associates for the purposes of the takeover provisions of the Corporations Act by virtue of the fact that:

- (a) each Seller (and its Associates) are deemed to be acting in concert with each other Seller (and its Associates) by entering into the Share Sale Agreement; and
- (b) the Share Sale Agreement relates to the acquisition of greater than 20% in aggregate of the shares in the Company.

As such, the Company is seeking shareholder approval of this transaction for the purposes of section 611 item 7 of the Corporations Act.

Shareholders should note that once Completion has occurred, the Sellers will not have any Relevant Interest in the Shares held by any other Seller, nor will there be any agreement between them to act in concert.

Information relevant to Shareholders in deciding whether to vote in favour of this Resolution is provided at Schedule 5 which set outs:

- (a) the Identity of each Seller and their respective Associates;
- (b) the number of Shares currently held by each Seller and their respective Associates;
- (c) the number of Shares to be issued to each Seller and their respective Associates on Completion by the Company;
- (d) the number of Shares to be acquired by each Seller and their respective Associates from Deutsche;
- (e) the change to the number of Shares held by each Seller and their respective Associates, and collectively, at Completion;
- (f) the change to the voting power of each Seller and their Associates, and collectively, at Completion; and
- (g) the maximum extent of the increase in the voting power of each Seller and their Associates, and collectively, that would result from the Transaction.

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report for the purposes of Shareholder approval under section 611 item 7 of the Corporations Act.

5.2 Director's Recommendation

Resolution 4 is an ordinary resolution and requires approval of 50% of the votes cast by Shareholders present and eligible to vote.

If Resolutions 1 to 3 (inclusive), 5 and 6 are not passed, approval will not be given to the Sellers to acquire a Relevant Interest in more than 20% of issued voting Shares in the Company. Accordingly, if Shareholders intend to vote in favour of Resolution 4, they should also vote in favour of Resolutions 1 to 3 (inclusive), 5 and 6.

The Directors recommend Shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 – Payment of \$2.194 million to Mr Macoun to repay a loan of \$1.119 million

6.1 Background to the Resolution

In 2006, and as part of the arms' length commercial negotiations in relation to the setting up of Pinnacle, the WIG Group advanced Mr Macoun a loan of \$1.119 million to acquire shares in Pinnacle and agreed to pay, at the time of repayment of the loan (being the time of sale of the Pinnacle Shares by Mr Macoun) a bonus to Mr Macoun with a net value equal to the outstanding balance of the loan. The loan is unsecured and interest free.

The bonus which will be used to repay the outstanding balance of the loan will be grossed up to take into account tax, which will result in a bonus of \$2.194 million being paid by the Company.

The Transaction will trigger repayment of the loan since:

- the Company will be acquiring all of the Pinnacle Shares held by Mr Macoun and his Relevant Interests; and
- Mr Macoun's proposed appointment as Managing Director and to the Board means that he is a Related Party of the Company for the purposes of the Corporations Act.

As this Resolution relates to a longstanding obligation dating back to 2006, the tax liability of the WIG Group that will arise on the payment of the loan has already been substantially expensed in prior years. The remaining expense of approximately \$222,000 will be expensed prior to Completion, such that there will be a net nil exposure to the loan and the bonus following Completion of the Transaction.

6.2 Directors' Recommendation

Resolution 5 is an ordinary resolution and requires approval of 50% of the votes cast by Shareholders present and eligible to vote.

If Resolutions 1 to 4 (inclusive) and 6 are not passed, the loan will not be repaid by Mr Macoun. Accordingly, if Shareholders intend to vote in favour of Resolution 5, they should also vote in favour of Resolutions 1 to 4 (inclusive) and 6.

The Directors recommend Shareholders vote in favour of Resolution 5.

7. RESOLUTION 6 – Approval of termination benefits for Mr Macoun

7.1 Background to the Resolution

Mr Macoun has been employed within the WIG Group as Managing Director of Pinnacle since 2006. Whilst his employment as Managing Director of the Company will be the subject of a new contract, the Transaction in itself will not vary Mr Macoun's current levels of annual remuneration. As far as is practicable, Mr Macoun's new contract is intended to comprise his rights and obligations under his current employment arrangements which have been more fully described at section 3.8 above.

Mr Macoun's employment as Managing Director of the Company will take effect from, and be subject to, Completion of the Transaction. Under his existing contract entered into in 2006, Mr Macoun's termination entitlements are the higher of 12 months' base salary or \$900,000, together with statutory entitlements. As Mr Macoun's original contract predated the changes to the Corporations Act in 2009 imposing restrictions on termination payments, and as he is entering into a new contract, Shareholders are asked to approve the retention of these termination entitlements. Consistent with his existing contract, in the event that Mr Macoun resigns or was terminated for cause, he would only receive his statutory entitlements.

7.2 Directors' Recommendation

Resolution 6 is an ordinary resolution and requires approval of 50% of the votes cast by Shareholders present and eligible to vote.

If Resolutions 1 to 5 (inclusive) are not passed, the termination benefits will not be paid to Mr Macoun. Accordingly, if Shareholders intend to vote in favour of Resolution 6, they should also vote in favour of Resolutions 1 to 5 (inclusive).

The Directors recommend Shareholders vote in favour of Resolution 6.

8. RESOLUTION 7 – Change of company name

8.1 Background to the Resolution

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 Pinnacle Investment Management 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 new structure of the Company, its identity as a funds management business and to distinguish itself from WHTM Securities and its previous businesses following Completion of the Transaction. If Resolution 7 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.

8.2 Directors' Recommendation

Resolution 7 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

The passing of Resolution 7 is conditional upon and subject to Resolutions 1 to 6 being approved by Non-Associated Shareholders. Accordingly, if Shareholders intend to vote in favour of Resolution 7, they should also vote in favour of Resolutions 1 to 6.

The Directors recommend Shareholders vote in favour of Resolution 7.

9. 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 acquires a substantial asset from 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 2015.

Should the Transaction proceed, each of Mr Macoun, Mr Whittingham and Mr Chambers will be appointed to the board of the Company and, as such, are Related Parties. In addition:

- Mr Macoun and Mr Ihlenfeldt are currently KMPs of the Company;
- All of the Sellers are seeking Shareholder approval, for the purpose of the Transaction only, to acquire voting rights in more than 20% of the Company; and
- the Company is entering into the New Loan Agreements with the Sellers to facilitate the sale by Deutsche of 10,251,152 Shares to the Sellers, conditional upon the Transaction proceeding. Deutsche is a 'substantial holder' of the Company for the purposes of Listing Rule 10.1.3.

Accordingly, the Company is seeking approval from Non-Associated Shareholders to proceed with the Transaction.

9.1 Reasons for the acquisition

The Company made an announcement to the ASX on 17 May 2016 of its intention to acquire the remaining 24.99% Equity Stake in Pinnacle. This Explanatory Memorandum reflects the detail of that sale as contained in that ASX announcement.

Should the Transaction complete, the Company will become a pure funds management business with full access to Pinnacle's share of the Boutiques' profitability. Further discussions of the advantages of the Transaction and the Company's intentions post Completion are provided at section 9.2 below.

9.2 Potential benefits and advantages of the Transaction

The potential advantages to Shareholders of approving Resolutions 1 to 6 are as follows:

- The Transaction is expected to be earnings accretive due to the enlarged earnings base combined with expected overhead savings between the Company and Pinnacle of approximately \$1.0 million.
- The Company will have full control of Pinnacle. As previously documented in the Company's Prospectus, the current shareholders' agreement between the Company and Pinnacle contains various restrictions that could impact the Company's ability to extract full value for Pinnacle in the future. Should the Transaction proceed, the Pinnacle shareholders agreement will be terminated automatically.
- The Company will have direct access to Pinnacle's cash flows thereby providing greater financial flexibility and an improved ability to pay dividends to Shareholders from earnings derived within Pinnacle.
- The acquisition by the Seller's Executives of Shares as part of the Transaction demonstrates confidence in the outlook, commitment to and alignment with the Company. Mr Macoun will indirectly own approximately 18.88% of the Company following the proposed Transaction.

9.3 Potential disadvantages and risks of the Transaction

The potential disadvantages to Shareholders of approving the Transaction are as follows:

- *Key person risk:* The success of Pinnacle is in part dependent on retaining certain KMP and ensuring that an appropriate succession plan is in place. However, the Company put the Pinnacle 2015 LTI Scheme in place on 1 July 2015 to help mitigate this issue. In addition, the Seller's Executives will execute deeds of amendment to their contracts of employment and Deeds of Acknowledgment which will seek to replicate the retentive aspect of the scheme.
- *Concentration risk:* As a pure play funds management business, the Company will lack the diversity required to help it weather market volatility or other macro-economic risks. This, however, is the case today but further commits the Company to this course.

- *Transition to a listed company environment:* The ability to maintain the culture that has delivered Pinnacle its success by moving into the environment of a publicly listed company will inevitably bring its challenges. The proposed new non-executive directors' appointment to the Board and continuity of employment of senior executives currently engaged by the Company will assist in easing this transition.

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

9.4 Financial effect of the Transaction on the Company

(a) 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 for illustrative purposes only. This has been prepared by adjusting the Company's consolidated statement of financial position at 31 December 2015 as reviewed by the Company's auditors, for the effect of the Transaction as if it occurred on that date.

(b) 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 for illustrative purposes only. This has been prepared by adjusting the Company's consolidated statement of comprehensive income at 31 December 2015 as reviewed by the Company's auditors, for the effect of the Transaction as if it occurred on that date.

(c) Effect on the Company's tax position

The purchase of the 24.99% Equity Stake of Pinnacle by the Company will require Pinnacle and its wholly owned subsidiaries to join the Company's income tax consolidated group. Presently Pinnacle and its wholly owned subsidiaries have formed their own income tax consolidated group. The Transaction will therefore have the outcome that there is one income tax consolidated group which includes the Company and all of its wholly owned subsidiaries, including Pinnacle.

The consequences of this are as follows:

- **Tax cost base of Pinnacle assets:** Upon joining the Company's income tax consolidated group a tax cost base setting process will occur to determine the tax cost base of the various assets of Pinnacle to the newly combined group. This cannot be undertaken until Completion, but is designed to allocate the value paid by the Company for its investment in Pinnacle across Pinnacle's underlying assets to arrive at the tax cost base of each asset of Pinnacle. In limited circumstances the tax cost base setting process can give rise to a capital gains tax event, however it is considered unlikely this will be the case and if so, there should be sufficient income tax losses to offset any capital gain (subject to satisfying the relevant loss carry-forward tests outlined below).
- **Franking account:** When Pinnacle and its subsidiaries join the Company's income tax consolidated group, the franking credits within Pinnacle will be transferred to WIG so that they are then available to WIG for future dividends. Indicatively, at 30 June 2015 the combined franking credits of WIG and Pinnacle were \$22.7 million.

- Income tax losses: the income tax losses of the Company's income tax consolidated group (approximately \$27.0 million at 30 June 2015) will prima facie be available to offset against assessable income derived by the newly combined income tax consolidated group, subject to passing the usual loss carry-forward tests (for example, the continuity of ownership test, or if this is failed, the same business test).

The income tax losses of the Pinnacle income tax consolidated group (approximately \$17.8 million at 30 June 2015) will be transferred to the newly combined income tax consolidated group provided Pinnacle satisfies the modified loss carry-forward tests (modified continuity of ownership test, or if failed, the modified same business test). The Pinnacle tax losses will be assigned an available fraction, which is essentially the value of the loss-entity (i.e. Pinnacle) to the total value of the WIG Group, adjusted by reference to any capital injections (and non-arms' length transactions) involving Pinnacle during the past 4 years. This available fraction then determines at what rate the transferred Pinnacle tax losses can be used in the future. The available fraction once determined cannot be increased, but can be reduced by future capital injections by the Company or acquisitions of another entity with tax losses. Any Pinnacle transferred tax losses are only used after the current income tax losses of the Company are used.

9.5 Effect of the Transaction on the Board and management

The Company has for some time been undertaking a process of Board renewal and has identified Ms Deborah Beale and Mr Gerard Bradley as two new non-executive directors whose skill sets and core competencies are a good fit for the Company in its 'new' form following Completion. Mr Alexander Grant will resign as a director with effect immediately after the EGM and will leave the Company as a result of the Transaction. Mr Steven Skala AO will resign following Completion of the Transaction.

Following Completion, the management of the Company will be undertaken by Mr Macoun as Managing Director, with Mr Andrew Chambers (Director – Distribution, Pinnacle) and Mr Adrian Whittingham (Director – Distribution, Pinnacle) also being appointed to the Board.

Following Completion, the Board of the Company will be:

- (a) Mr Alan Watson (Non-executive Chairman);
- (b) Mr Ian Macoun;
- (c) Mr Steven Wilson AM;
- (d) Mr Andrew Chambers;
- (e) Mr Adrian Whittingham;
- (f) Ms Deborah Beale (Non-executive Independent Director); and
- (g) Mr Gerard Bradley (Non-executive Independent Director).

The Board will continue to be supported by senior executive management comprised of staff from both Pinnacle and the Company including Mr Todd Curby (Chief Financial Officer, WIG), Mr Andrew Findlay (Director – Distribution, Pinnacle), Mr Alex Ihlenfeldt (Chief Operating Officer, Pinnacle) and Ms Eleanor Padman (General Counsel and Company Secretary, WIG).

9.6 Effect of the Transaction on the capital structure

The number of shares on issue in the Company will increase from 111,131,752 Shares to 148,175,669 Shares as a result of the Transaction, being the Replacement Shares issued as consideration for the acquisition.

9.7 Effect of the Transaction on the corporate structure

Following Completion, Pinnacle will become a wholly owned subsidiary and the Company will have one operating segment which will comprise its funds management business.

9.8 The Company's intentions following Completion

Following Completion, the Company intends to:

- continue to grow and develop Pinnacle and its Boutiques, whilst being careful to preserve the 'Pinnacle model' which involves boutique executives retaining substantial equity in their boutique. This is expected to involve organic growth of, and some additional initiatives in, the seven existing Boutiques. It is also likely to comprise strategically adding additional Boutiques at a measured pace and exploring a modest number of initiatives in markets additional to the two primary Pinnacle distribution channels of the Australian institutional market and the 'intermediated' Australian retail market.
- continue to manage legacy issues associated with the sale of WHTM Securities and the winding down of Next Financial; and
- reduce corporate overhead costs by removing duplication and inefficiencies associated with the current dual management structure 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.

9.9 Additional Information

(a) Implications if the Transaction does not proceed

If the Transaction does not proceed, the current structure will be retained until such time as another strategy or ownership structure is developed and implemented. There are considerable risks to the Company should Completion not occur given that the current duplication of corporate overheads and lack of direct access to Pinnacle's cash flows that the Transaction is intended to resolve.

(b) Directors' Interests

Mr Steven Wilson AM and Mr Alexander Grant are Non-Executive Directors of Pinnacle. Neither receive any remuneration for this role, nor is the board of Pinnacle required to vote to approve the Transaction. Pinnacle is a party to the Deeds of Acknowledgment to be executed by each Seller's Executive. As explained in section 3.6, these documents seek only to maintain current employment retention arrangements in relation to the Pinnacle 2015 LTI Scheme for the benefit of both the Company and Pinnacle, such that there is no conflict of duty or interests. Pinnacle is not a party to any other Transaction Document.

No Non-Executive Director of the Company will receive any payment or benefit of any kind as a consequence of the Transaction other than as a Shareholder.

Mr Alexander Grant will leave the Company as part of the Transaction and will receive a contractual payment and statutory entitlements.

Set out below are details of each of the Directors and their Relevant Interest in Shares as at the date of this Explanatory Memorandum:

Director	Number of Shares	% of Shares prior to Completion
Alan Watson	0	0%
Steven Skala AO	683,753	0.62%
Steven Wilson AM	20,003,000	18.00%
Alexander Grant	6,228,738	5.60%

(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 23 November 2015, the Company has made the following announcements:

Date announced	Announcement
25/02/2016	1H2016 Financial Results - Covering Letter
25/02/2016	1H2016 Financial Results Investor Presentation
25/02/2016	Appendix 4D and 1H2016 Financial Results
25/02/2016	Dividend/Distribution - WIG
11/03/2016	S&P DJ Indices Announces March Quarterly Review
01/04/2016	Change in substantial holding from PPT
13/04/2016	Appendix 4G
17/05/2016	Acquisition of 25% in Pinnacle
17/05/2016	Pinnacle acquisition - investor presentation

18/05/2016	Change in substantial holding
19/05/2016	Ceasing to be a substantial holder
20/05/2016	Becoming a substantial holder
20/05/2016	Change in substantial holding from PPT
25/05/2016	Becoming a substantial holder from PAC
02/06/2016	Investor Presentation
02/06/2016	Rapid Insights Investor Presentation
08/06/2016	Change of Director's Interest Notice
10/06/2016	Change of Director's Interest Notice
10/06/2016	Change of Director's Interest Notice
10/06/2016	Change in substantial holding from S Wilson AM
23/06/2016	Appendix 3B
27/06/2016	Change in substantial holding from PPT
01/07/2016	Change of Director's Interest Notice

Further information can also be found on the Company's website at <http://www.wilsongrouponlimited.com.au/investor-centre/>

9.10 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.

10. OTHER INFORMATION

10.1 Foreign jurisdictions

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

10.2 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.

10.3 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.

10.4 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.

10.5 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.

10.6 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.

11. QUERIES

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

Eleanor Padman, Company Secretary
Telephone: +61 2 8970 7726
Email: eleanor.padman@wilsongrouponlimited.com.au

Schedule 1 – Glossary

In this Notice and the Explanatory Memorandum:

24.99% Equity Stake means the equity stake in Pinnacle that the Company does not currently own and which is owned by the Sellers.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given to it by Section 9 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691.

ATO means the Australian Taxation Office.

Board means the board of Directors of the Company.

Boutiques means each of Antipodes Global Investment Partners, Hyperion Asset Management Ltd, Palisade Investment Partners Ltd, Plato Investment Management Ltd, Resolution Capital Limited, Solaris Investment Management Limited and Spheria Asset Management Pty Limited.

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.

Chambers Parties means Mr Andrew Chambers, Andrew Chambers and Fleur Chambers as trustees for the Andrew C Chambers Family Trust.

Company or **WIG** means Wilson Group Limited ACN 100 325 184.

Completion means the completion of the Transaction.

Conditions Precedent means the conditions precedent to the Transaction as described in section 3.4 of the Explanatory Memorandum.

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

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

Cormack Parties means Mr Mark Cormack and Mrs Melanie Cormack in their personal capacity and as trustees for the Cormack Family Trust.

Current Pinnacle Loans means the loan arrangements of various dates between the Sellers' Executives and Pinnacle described in more detail in sections 3.4(a) and 3.6 of the Explanatory Memorandum.

Deeds of Acknowledgement means the deeds described in section 3.6 which preserve the long term retentive aspects of the Pinnacle 2015 LTI Scheme.

Dell Parties means Mr Matthew Dell and Dellreid Pty Limited as trustee for the Dell Family Trust

Deutsche means Deutsche Australia Limited ACN 006 385 593.

Director means a director of the Company.

Employee Option Share Plan means the Company's employee option share plan rules established in May 2007 as amended from time to time.

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

Finance Document means the New Loan Agreements, the Reissued Loan Agreements, the Share Mortgage Deeds, the Sponsorship Deeds and any other documents that the parties agree comprise a finance document.

Findlay Parties means Mr Andrew Findlay, AJF Squared Pty Ltd (ACN 133 289 835) as trustee for the AJF Squared Family Trust.

FUM means funds under management.

Ihlenfeldt Parties means Mr Alex Ihlenfeldt, Mr and Mrs Christian and Antoinette Ihlenfeldt, Usinoz Pty Ltd (ACN 097 263 539) as trustee for the Ihlenfeldt Family Trust, Restinoz Pty Ltd (ACN 611 998 022) as trustee for the Restinoz Super Fund.

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.

MD Employment Agreement means the agreement to be entered into between the Company and Ian Macoun in relation to the employment of Ian Macoun as managing director of the Company.

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

Macoun Parties means Mr Ian Macoun, Macoun Superannuation Pty Ltd (ACN 169 311 264) as trustee for the Macoun Superannuation Fund, Macoun Generation Z Pty Ltd (ACN 121 357 720) as trustee for the Macoun Generation Z Family Trust, Macoun Family Superannuation Pty Ltd (ACN 121 357 748) as trustee for the Macoun Family Superannuation Fund and NTQ Pty Limited (ACN 169 942 714) as trustee for the Macoun Family Trust.

New Loan Agreements means the loan agreements issued under the Company's Employee Option Share Plan between each Seller's Executive and the Company as described in section 3.5 of the Explanatory Memorandum.

Non-Associated Shareholders means the Shareholders other than those whose votes have been disregarded by the voting exclusion for Resolutions 1 to 6.

Notice means this notice of meeting.

Pinnacle means Pinnacle Investment Management Limited ACN 109 659 109.

Pinnacle Business means the business of Pinnacle and includes its minority shareholdings in the Boutiques and the services it, or its wholly owned subsidiaries, provide to the Boutiques.

Pinnacle 2015 LTI Scheme means the long term incentive scheme put in place for the Sellers' Executives on or about 7 May 2015 which includes options issued under the Company's Employee Option Share Plan that vest on 1 January 2018 and 1 January 2020 and claw back arrangements should a Seller's Executive resign or be terminated for cause before certain milestone dates are achieved.

Pinnacle Shares means the shares in Pinnacle owned by the Sellers.

Prospectus means the prospectus published by the Company on 16 May 2007 for the purposes of Chapter 6D of the Corporations Act and the initial public offering of the Company's Shares.

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

Reissued Loan Agreements means the loan agreements issued under the Company's Employee Option Share Plan between the Company and each of the Sellers' Executives as described in section 3.6 of the Explanatory Memorandum.

Related Parties has the meaning given to it by section 228 Corporations Act.

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

Replacement Shares means the Shares being issued in the Company and 'swapped' for the Pinnacle Shares as consideration for the Transaction.

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

Sellers means:

- (a) Macoun Superannuation Fund Pty Ltd as trustee for the Macoun Superannuation Fund;
- (b) Macoun Generation Z Pty Ltd as trustee for the Macoun Generation Z Family Trust;
- (c) Usinoz Pty Ltd as trustee for the Ihlenfeldt Family Trust;
- (d) AJF Squared Pty Ltd as trustee for the AJF Squared Family Trust;
- (e) Andrew Chambers and Fleur Chambers as trustee for the Andrew C Chambers Family Trust;
- (f) Adrian Whittingham as trustee for the Whittingham Family Trust;
- (g) Mark Cormack and Melanie Cormack as trustee for the Cormack Family Trust; and
- (h) Dellreid Pty Limited as trustee for the Dell Family Trust.

Seller's Executive means in respect of:

- (a) Macoun Superannuation Fund Pty Ltd as trustee for the Macoun Superannuation Fund and Macoun Generation Z Pty Ltd as trustee for the Macoun Generation Z Family Trust, Ian Macoun;
- (c) Usinoz Pty Ltd as trustee for the Ihlenfeldt Family Trust, Alex Ihlenfeldt;
- (d) AJF Squared Pty Ltd as trustee for the AJF Squared Family Trust, Andrew Findlay;
- (e) Andrew Chambers and Fleur Chambers as trustee for the Andrew C Chambers Family Trust, Andrew Chambers;
- (f) Adrian Whittingham as trustee for the Whittingham Family Trust, Adrian Whittingham;
- (g) Mark Cormack and Melanie Cormack as trustee for the Cormack Family Trust, Mark Cormack; and
- (h) Dellreid Pty Limited as trustee for the Dell Family Trust, Matthew Dell.

Seller's Proportions means the proportions that the Pinnacle Shares owned by each Seller bears to the total number of Pinnacle Shares held by all of the Sellers as set out in Schedule 5.

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 the Sellers in favour of the Company in accordance with the Share Mortgage Deed.

Share Mortgage Deed means each deed of mortgage securities between the Company and each Seller as described in section 3.7 of the Explanatory Memorandum.

Share Sale Agreement means the share sale agreement dated 16 May 2016 between the Company and the Sellers in relation to the Transaction.

Sponsorship Deed means each document so entitled between the Company, each Seller and the relevant CHESS sponsor in relation to the Replacement Shares.

Superior Proposal means where the Company receives a competing proposal to acquire all or part of Pinnacle or all of the issued shares in the Company 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 Shareholders.

Transaction means the acquisition of 24.99% of the equity in Pinnacle that the Company does not presently own from the Sellers.

Transaction Documents means:

- (a) the Share Sale Agreement;
- (b) the New Loan Agreements;
- (c) the Reissued Loan Agreements;
- (d) the Deed of Acknowledgement;
- (e) the MD Employment Agreement; and
- (f) the Share Mortgage Deeds.

Whittingham Parties means Mr Adrian Whittingham and Mr Adrian Whittingham as trustee for the Whittingham Family Trust.

WHTM Securities means the stockbroking and investment advisory business run by Wilson HTM Ltd ACN 010 529 665, Wilson HTM Corporate Finance Ltd ACN 057 547 323, Wilson HTM Holdings Pty Limited ACN 605 696 259, Wilson HTM Services Pty Ltd ACN 080 226 651 and various other wholly owned subsidiaries which was sold by the Company on 1 July 2015.

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 Statement of Financial Position – 31 December 2015

The historical consolidated statement of financial position of the Company as at 31 December 2015 as reviewed by the Company's auditors is provided below, modified for pro-forma adjustments assuming the Resolutions are passed, to arrive at the unaudited pro-forma consolidated statement of financial position as at 31 December 2015.

Consolidated Statement of Financial Position as At 31 December 2015

	Notes	Historical 31-Dec-15 \$'000	Pro-forma Adjustments \$'000	Pro-forma 31-Dec-15 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	3,4,5,6	13,013	(4,595)	8,418
Trade and other receivables		4,964	-	4,964
Financial assets at fair value through profit or loss		8,617	-	8,617
Other current assets		2,211	-	2,211
Total current assets		28,805	(4,595)	24,210
Non-current assets				
Property, plant & equipment		159	-	159
Intangible assets		8	-	8
Investments accounted for using the equity method		23,374	-	23,374
Other non-current assets		237	-	237
Total non-current assets		23,778	-	23,778
Total assets		52,583	(4,595)	47,988
LIABILITIES				
Current liabilities				
Trade and other payables	6	4,487	(973)	3,514
Provisions		937	-	937
Other current liabilities		1,675	-	1,675
Total current liabilities		7,099	(973)	6,126
Non-current liabilities				
Provisions		174	-	174
Total non-current liabilities		174	-	174
Total liabilities		7,273	(973)	6,300
Net assets		45,310	(3,622)	41,688
Equity				
Contributed equity	2,3,5	61,588	45,510	107,098
Reserves	1,2	(51)	(44,428)	(44,479)
Accumulated losses	4,6	(21,209)	278	(20,931)
Capital and reserves attributable to owners of Wilson Group Limited		40,328	1,360	41,688
Non-controlling interests	1	4,982	(4,982)	0
Total equity		45,310	(3,622)	41,688

Notes to the pro-forma adjustments

1. The re-allocation of the value of equity attributable to non-controlling interests to the “Transactions with Non-controlling Interests Reserve” upon acquisition of the non-controlling interests. This reserve holds the excess of the fair value of consideration paid to acquire the non-controlling interest above the carrying value of the non-controlling interest at time of completion.
2. Contributed equity is increased by the value of 37,043,917 WIG shares issued to the Sellers at an assumed market price of \$1.45 (being the closing price of WIG shares on the day prior to the issue of this notice of meeting).

Note that the value of the shares issued to the Sellers will ultimately be recorded in the financial statements of the Company at the closing price of WIG shares at the date of completion, and therefore this price may differ from the assumed market price of \$1.45 referred to above, which has been used for indicative purposes only for the preparation of pro-forma adjustments.

The value of contributed equity is reduced by the value of re-issued loans to Pinnacle executives secured by WIG shares, which is ascribed to treasury shares under the relevant accounting standards.

3. The value of shares issued recognised in contributed equity is reduced by estimated transaction costs paid in cash of \$900,000.
4. Represents expected overhead cost savings over time between WIG and Pinnacle of approximately \$1,000,000 per annum (\$500,000 per half-year) as a result of the Transaction.
5. The new loans issued to Pinnacle executives for the purchase of shares from DB fall within the scope of *AASB2 Share Based Payments*. There will be a reduction in cash of \$3,000,000 on issuance of the loans, with a reduction in contributed equity of \$3,000,000 which is ascribed to treasury shares under the accounting standards.
6. Represents the payment of a bonus to Mr Macoun of \$2,194,000 (inclusive of PAYG tax) which is to be used to repay a loan advanced by WIG Group in 2006 of \$1,119,000. Cash is reduced by the net cash outflow after repayment of the loan of \$1,075,000, together with estimated state payroll taxes of \$120,000. The tax liability of WIG Group that will arise on the payment has been substantially expensed in prior years, with the remaining expense of \$222,000 to be expensed prior to Completion.

Transactions with non-controlling interests that do not result in a change of control of a subsidiary are accounted for as equity transactions. Therefore, the excess of the value of the 37,043,917 Shares issued over the book value of non-controlling interests acquired is not reflected as an uplift in the value of consolidated net assets of the Company. The pro-forma consolidated net assets of the Company move only by the Transaction cost outflows, overhead savings, and payments referred to in notes 3, 4 and 6 above. As a result, the consolidated net tangible assets per share of the Company would decrease on a pro-forma basis from \$0.41 per share to \$0.30 per share as at 31 December 2015.

Pro-forma Consolidated Statement of Comprehensive Income – 31 December 2015

Financial information extracted from the historical consolidated statement of comprehensive income of the Company as at 31 December 2015 as reviewed by the Company's auditors is provided below, modified for pro-forma adjustments assuming the Resolutions are passed, to arrive at the unaudited pro-forma consolidated statement of comprehensive income as at 31 December 2015.

**Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2015**

	Notes	Historical 31-Dec-15 \$'000	Pro-forma Adjustments \$'000	Pro- forma 31-Dec-15 \$'000
Revenue from continuing operations		3,646	-	3,646
Fair value gains on financial assets at fair value through profit or loss		162	-	162
Share of net profit of jointly controlled entities accounted for using the equity method		7,951	-	7,951
Expenses from continuing operations	2,3	(8,415)	278	(8,137)
Profit before income tax from continuing operations		3,346	278	3,624
Income tax expense		(132)	-	(132)
Profit from continuing operations		3,214	278	3,492
Loss from discontinued operations		(265)	-	(265)
Profit and comprehensive income for the half-year		2,949	278	3,227
Profit and total comprehensive income for the half-year is attributable to:				
Wilson Group Limited	1,2,3	1,764	1,463	3,227
Non-controlling interests	1	1,185	(1,185)	-

Notes to the pro-forma adjustments:

1. Represents the allocation to the shareholders of Wilson Group Limited of the profit and total comprehensive income for the half-year attributable to non-controlling interests, as a result of the Transaction.
2. Represents expected overhead cost savings between WIG and Pinnacle of approximately \$1,000,000 per annum (\$500,000 per half-year) as a result of the Transaction.
3. Represents additional tax liability of \$222,000 relating to payment of bonus to Mr Macoun to be expensed prior to Completion.

Note also that the limited recourse loans issued to the Sellers' Executives to acquire the Shares may also give rise to share based payments expense. The value (where applicable) of these expenses is unable to be determined until Completion of the Transaction when the inputs to the fair value calculation are finalised.

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 2015 Annual Financial Report and 31 December 2015 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's Report

LONERGAN EDWARDS & ASSOCIATES LIMITED

The Directors
Wilson Group Ltd
Level 24 Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

ABN 53 095 445 560
AFS Licence No 246532
Level 7, 64 Castlereagh Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
Facsimile: [61 2] 8235 7550
www.lonerganedwards.com.au

9 June 2016

Subject: Acquisition of remaining interest in Pinnacle Investment Management Limited

Dear Directors

Introduction

Acquisition of remaining interest in Pinnacle

- 1 On 17 May 2016 Wilson Group Limited (WIG) announced that it had reached an agreement with the executive shareholders of Pinnacle Investment Management Limited (Pinnacle) to acquire their 24.99% interest in Pinnacle (the Transaction). If completed, the Transaction will result in WIG increasing its ownership interest in Pinnacle from 75.01% to 100%.
- 2 As consideration for the acquisition, WIG will issue 37.0 million shares to the executive shareholders of Pinnacle (Pinnacle Vendors), such that they will own 25% of WIG.
- 3 Following completion of the Transaction, WIG will change its name to Pinnacle Investment Management Group Limited.

Sale of WIG shares by Deutsche Bank

- 4 Separately, the Pinnacle Vendors have also reached an agreement with Deutsche Bank Group (DB) to acquire 10.25 million shares in WIG (representing a 7.0% interest) at \$0.95 per share following completion of the Transaction. This sale, together with the dilution impact of the Transaction, will reduce DB's shareholding in WIG from 18.6% to 7.0%¹.

Special dividend

- 5 Subject to the Transaction proceeding, the WIG board proposes to pay a fully franked special dividend of \$0.05 per WIG share to shareholders following completion of the Transaction (Special Dividend). The record date for the Special Dividend will be set such that the Pinnacle Vendors will not participate, other than in respect of the shares that they purchase from DB and other shares in WIG that are already owned.

¹ Subsequent to the announcement of the Transaction we note that DB has sold its remaining shareholding.

Pinnacle Vendor shareholdings in WIG

- 6 Following completion of the Transaction and the acquisition by the Pinnacle Vendors of further WIG shares from DB:
 - (a) Mr Ian Macoun (the Chairman and Managing Director of Pinnacle) will own approximately 18.9% of WIG shares on issue
 - (b) other senior executives of Pinnacle will collectively hold approximately 14.1% of WIG shares on issue.
- 7 Mr Ian Macoun will also become the Managing Director of WIG. The current Managing Director of WIG (Mr Sandy Grant) will leave WIG.

Pinnacle

- 8 Pinnacle is a multi-affiliate investment management firm which develops, supports and invests in funds management businesses. Pinnacle currently has equity interests in seven specialist funds management firms, which as at 30 April 2016 had funds under management (FUM) of \$19.25 billion². Pinnacle also has third party distribution arrangements for two other specialist managers covering \$1.8 billion of invested funds.

Scope

- 9 The 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 Transaction is "fair" and "reasonable" to WIG shareholders not associated with the Transaction.

Summary of opinion

- 10 LEA has concluded that the Transaction is fair and reasonable to WIG shareholders not associated with the Transaction.

Fairness

- 11 As section 611(7) approval for the Transaction is being sought, the Transaction is a change of control transaction under RG 111. As a result, RG 111 requires that the "fairness" of the Transaction be assessed by comparing the **controlling interest value** of WIG shares prior to implementation of the Transaction with the **minority interest or portfolio value** of WIG shares following implementation of the Transaction.
- 12 In order for the Transaction to be "fair" under RG 111, the minority interest or portfolio value of WIG shares following implementation of the Transaction must be equal to or greater than the controlling interest value of WIG shares before implementation.
- 13 This analysis is set out below:

Fairness under RG111 when assessed as a control transaction		
	Assessed value of WIG shares	
Controlling interest value pre Transaction	\$1.24	\$1.35
Minority interest value post Transaction	\$1.20	\$1.35

² FUM is shown on a 100% ownership basis (i.e. not Pinnacle's share).

14 In respect of this analysis we note:-

- (a) the ranges of assessed values (both pre and post the Transaction) have a very high correlation where the assessed values are equal, being in the range of \$1.24 to \$1.35 per share. The Transaction in these circumstances is therefore “fair”
- (b) at the low end of the assessed value range of WIG shares post the Transaction (which reflects a minority interest in WIG), being \$1.20 to \$1.23 per WIG share, the post Transaction value is lower than the pre Transaction value. In these circumstances the Transaction is not “fair”.

15 Given that in a significant majority of the assessed scenarios the Transaction is fair, we have concluded overall that the Transaction is fair to WIG shareholders not associated with the Transaction when assessed as a control transaction.

Reasonableness

16 In assessing the reasonableness of the Transaction we have had regard to the following:

- (a) the Transaction is substantially earnings per share (EPS) accretive for WIG shareholders
- (b) the minority interest value of WIG shares increases significantly as a result of the Transaction
- (c) the listed market price of WIG shares has increased substantially since the announcement of the Transaction (from around \$0.95 to \$1.00 per share prior to the announcement of the Transaction to between \$1.16 and \$1.45 per share in the period following the announcement of the Transaction up to 8 June 2016)
- (d) the Transaction will result in WIG obtaining 100% control of Pinnacle and access to 100% of the cash flow generated by Pinnacle
- (e) in particular, the Transaction will effectively terminate the Pinnacle Shareholders’ Agreement which contains various restrictions on WIG in relation to the management of Pinnacle and includes change in control provisions in relation to both WIG and Pinnacle, as well as pre-emptive rights over WIG’s shares in Pinnacle, each of which currently have negative value implications for WIG
- (f) the Transaction increases the size of WIG, which is likely to increase the level of institutional investor interest in WIG (potentially improving share market liquidity)
- (g) in our opinion there are no disadvantages associated with the Transaction³.

17 Based on the above, we have therefore also concluded that the Transaction is reasonable to the non-associated shareholders of 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

³ Whilst the aggregate interest of non-associated shareholders in WIG is diluted pursuant to the Transaction, there is no effective change to the underlying commercial interest of these shareholders in Pinnacle.

does not consider the personal objectives, financial situations or requirements of individual shareholders.

- 19 The ultimate decision whether to approve the 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 Transaction, or matters dealt with in this report, shareholders should seek independent professional advice.
- 20 For our full opinion on the 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 Key terms of the proposed Transaction	6
The Transaction	6
Sale of WIG shares by Deutsche Bank	6
Special dividend	6
Impact on WIG shareholdings	6
Board and Managing Director changes	6
Conditions	7
II Scope of our report	8
Purpose	8
Basis of assessment	8
Limitations and reliance on information	8
III Profile of WIG (including Pinnacle)	10
History and overview	10
Business segments	10
Financial performance of WIG	15
Financial position of WIG	16
Share capital	17
Share price performance	18
IV Analysis of the Transaction	19
Minority interest value prior to the Transaction	19
Minority interest value post-Transaction	22
V Evaluation of the Transaction	26
Fairness	26
Reasonableness	27

Appendices

A	Financial Services Guide
B	Qualifications, declarations and consents
C	Glossary

I Key terms of the proposed Transaction

The Transaction

- 21 On 17 May 2016, Wilson Group Ltd (WIG) announced that it had reached an agreement with the executive shareholders of Pinnacle Investment Management Limited (Pinnacle) to acquire their 24.99% interest in Pinnacle (the Transaction). If completed, the Transaction will result in WIG increasing its ownership interest in Pinnacle from 75.01% to 100%.
- 22 As consideration for the acquisition, WIG will issue 37.0 million shares to the executive shareholders of Pinnacle (Pinnacle Vendors), such that they will own 25% of WIG.
- 23 Following completion of the Transaction, WIG will change its name to Pinnacle Investment Management Group Limited.

Sale of WIG shares by Deutsche Bank

- 24 Separately, the Pinnacle Vendors have also reached an agreement with Deutsche Bank Group (DB) to acquire 10.25 million shares in WIG (representing a 7.0% interest) at \$0.95 per share following completion of the Transaction. This sale, together with the dilution impact of the Transaction, will reduce DB's shareholding in WIG from 18.6% to 7.0%⁴.
- 25 Certain executive employees of Pinnacle will be provided with five year loans from WIG totalling \$3 million to fund a portion of the shares being purchased from DB. Current loans to the Pinnacle Vendors by Pinnacle (totalling \$4.3 million) will be replaced by loans from WIG.

Special dividend

- 26 Subject to the Transaction proceeding, the WIG board proposes to pay a fully franked special dividend of \$0.05 per WIG share to shareholders following completion of the Transaction (Special Dividend). The record date for the Special Dividend will be set such that the Pinnacle Vendors will not participate, other than in respect of the shares that they purchase from DB and other shares in WIG that are already owned.

Impact on WIG shareholdings

- 27 Following completion of the Transaction and the acquisition by the Pinnacle Vendors of further WIG shares from DB:
 - (a) Mr Ian Macoun (the Chairman and Managing Director of Pinnacle) will own approximately 18.9% of WIG shares on issue
 - (b) other senior executives of Pinnacle will collectively hold approximately 14.1% of WIG shares on issue.

Board and Managing Director changes

- 28 Upon completion of the Transaction it is proposed that the WIG board will be restructured to comprise seven members as follows:

⁴ Subsequent to the announcement of the Transaction we note that DB has sold its remaining shareholding.

- (a) Independent Chairman (Mr Alan Watson)
 - (b) three Non-Executive Directors comprising Mr Steven Wilson AM and two new appointments. Subject to completion of the Transaction, Ms Deborah Beale and Mr Gerard Bradley have agreed to join the Board
 - (c) three Executive Directors being Mr Ian Macoun (the current Managing Director of Pinnacle), along with Mr Adrian Whittingham and Mr Andrew Chambers (who are both senior executives of Pinnacle).
- 29 Mr Ian Macoun will also become the Managing Director of WIG. The current Managing Director of WIG (Mr Sandy Grant) will leave WIG.

Conditions

- 30 The Transaction is subject to a number of conditions including:
- (a) WIG shareholder approval of the Transaction at an extraordinary general meeting
 - (b) an independent expert opining that the Transaction is fair and reasonable or not fair but reasonable to the non-associated shareholders of WIG
 - (c) the Pinnacle Vendors receiving a tax ruling that Capital Gains Tax rollover relief is available for the exchange of shares in Pinnacle for shares in WIG
 - (d) certain loans to the Pinnacle Vendors being cancelled and re-issued under WIG's Employee Option Share Plan and new security being provided for the loans.
- 31 The above is a summary of these conditions only. Further information on all the conditions is set out in the Explanatory Memorandum.

II Scope of our report

Purpose

- 32 The 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 Transaction is "fair" and "reasonable" to WIG shareholders not associated with the Transaction.
- 33 This report has been prepared to assist the 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 Transaction.
- 34 Our report should not be used for any other purpose or by any other party. The ultimate decision whether to approve the Transaction should be based on each shareholder's 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 Transaction or matters dealt with in this report, WIG shareholders should seek independent professional advice.

Basis of assessment

- 35 In preparing our report we have given due consideration to the ASX Listing Rules and Regulatory Guides issued by the Australian Securities and Investments Commission, particularly Regulatory Guide 111 – *Content of expert reports* (RG 111).
- 36 As section 611(7) approval for the Transaction is being sought, the Transaction is a change of control transaction under RG 111. As a result, RG 111 requires that the "fairness" of the Transaction be assessed by comparing the **controlling interest value** of WIG shares prior to implementation of the Transaction with the **minority interest or portfolio value** of WIG shares following implementation of the Transaction.
- 37 In order for the Transaction to be "fair" under RG 111, the minority interest or portfolio value of WIG shares following implementation of the Transaction must be equal to or greater than the controlling interest value of WIG shares before implementation.
- 38 Pursuant to RG 111, a transaction is reasonable if it is fair. A transaction may also be reasonable if, despite not being fair, the expert believes that there are sufficient reasons for shareholders to approve the transaction in the absence of a superior proposal.

Limitations and reliance on information

- 39 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.
- 40 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. 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.

- 41 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Transaction from the perspective of WIG shareholders not associated with the Transaction. 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.
- 42 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 Transaction, rather than a comprehensive audit or investigation of detailed matters.
- 43 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.
- 44 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 Transaction is approved it will be implemented in accordance with the terms set out in this report.

III Profile of WIG (including Pinnacle)

History and overview

- 45 In 1995, WIG began a strategy of diversification and a move away from transaction based broking⁵ into funds management. This resulted in the establishment of Wilson HTM Asset Management (now known as Hyperion Asset Management) in 1996, which became the founding boutique for the creation of Pinnacle in 2006. WIG listed on the ASX in 2007.
- 46 WIG is now a funds management firm and its business is segmented into two reporting segments, being Pinnacle and Wilson Group. Pinnacle develops and supports boutique fund managers. Wilson Group includes Priority Funds, Principal Investments and Next Financial⁶. 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 funds management businesses • Providing distribution support to other external parties
Wilson Group	<ul style="list-style-type: none"> • Specialty funds management through Priority Funds • Selected investments as principal

Source: Note 2 to the WIG Interim Financial Report for the half year 31 December 2015.

Business segments

Pinnacle

- 47 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. Pursuant to the Pinnacle Shareholders' Agreement WIG currently owns 75.01% of Pinnacle, with the balance held by senior executives. The Pinnacle Shareholders' Agreement contains various restrictions on WIG in relation to the management of Pinnacle and includes change in control provisions in relation to both WIG and Pinnacle, as well as pre-emptive rights over WIG's shares in Pinnacle.
- 48 Pinnacle in turn has shareholdings of between 23.0% and 49.9% in each of the following Pinnacle Boutiques:

⁵ WIG's securities / broking business was divested entirely in 2015.

⁶ Next Financial is being wound down.

Hyperion Asset Management	49.9% owned by Pinnacle – a specialist manager of Australian equities following a growth style
Palisade Investment Partners	35.7% owned by Pinnacle – a specialist manager of unlisted infrastructure assets with both pooled funds and separately managed portfolios for institutional investors
Plato Investment Management	49.9% owned by Pinnacle – a specialist manager of Australian equities following a quantitative style
Solaris Investment Management Limited	40.0% owned by Pinnacle – a specialist manager of Australian equities following a style-neutral approach to investing
Resolution Capital	40.0% owned by Pinnacle – a specialist manager of Australian and global listed real estate securities portfolios
Antipodes Partners	23.0% owned by Pinnacle – an International Equities manager
Sphera Asset Management	40% owned by Pinnacle – specialising in small and microcap companies

Source: WIG investor presentation for the six months ended 31 December 2015 and Pinnacle website.

- 49 Together the Pinnacle Boutiques had FUM of \$19.25 billion as at 30 April 2016⁷ (with Pinnacle's attributable share being approximately \$8.4 billion).
- 50 Pinnacle provides the Pinnacle Boutiques with a governance framework, working capital, seed funding and a comprehensive range of high quality and cost effective distribution and other non-investment support services. Pinnacle also provides distribution and other non-investment services to a selected number of other investment managers⁸.
- 51 Pinnacle and the Pinnacle Boutiques employed 106 staff as at 30 April 2016. Going forward, Pinnacle aims to focus on growing FUM (especially retail) and to continue to assess new boutique opportunities and third party distribution⁹.

Funds under management

- 52 Pinnacle's FUM since 30 June 2007 is summarised below:

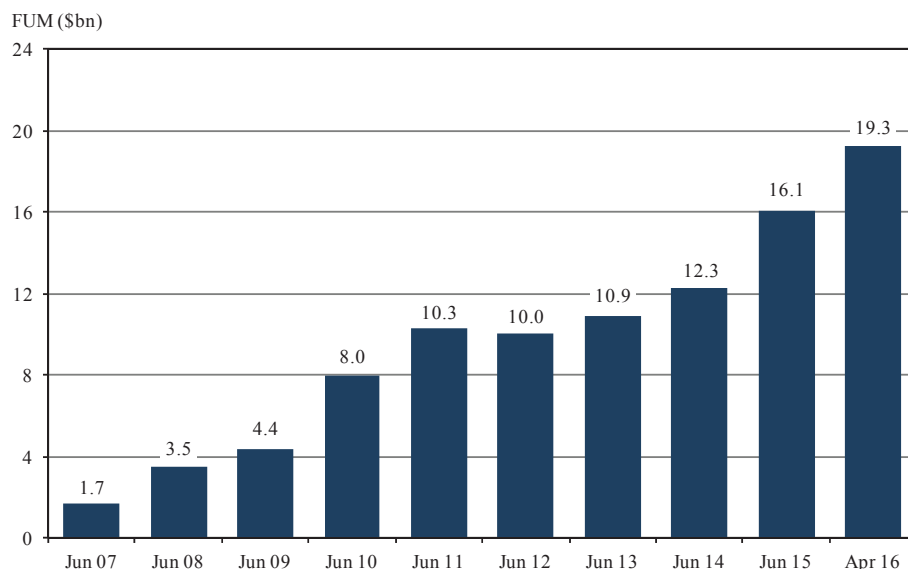
⁷ Source: WIG ASX announcement dated 17 May 2016.

⁸ Source: www.pinnacleinvestment.com.au.

⁹ Source: WIG 2016 Interim Results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016).

Pinnacle – end of period FUM⁽¹⁾

30 June 2007 to 30 April 2016



Note:

1 Pinnacle FUM includes 100% of FUM managed by Pinnacle Boutiques.

Source: WIG management and WIG 2016 interim results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016).

- 53 As shown above, FUM has increased significantly since 2007. This has occurred due to net fund inflows, market performance, fund outperformance and the commissioning of new Pinnacle Boutiques.

Pinnacle and Pinnacle Boutique performance

- 54 A summary of the financial performance of the Pinnacle Boutiques and Pinnacle is set out below:

Pinnacle / Pinnacle Boutiques – financial performance				
	FY14	FY15	1HY15	1HY16
Pinnacle Boutiques (100% aggregate basis)				
FUM (\$bn)	12.3	16.1	14.5	18.9
Revenue (\$m)	55.7	72.9	31.8	48.0
Net profit before tax (\$m)	26.2	38.9	16.4	25.1
Tax expense (\$m)	(8.2)	(11.4)	(4.9)	(7.4)
Net profit after tax (\$m)	18.0	27.5	11.5	17.7
Pinnacle				
Revenue ⁽¹⁾ (\$m)	4.3	5.9	2.7	2.9
Expenses (\$m)	(6.2)	(10.3)	(3.7)	(6.2)
Share of Pinnacle Boutiques net profit after tax (\$m)	8.4	11.9	5.2	8.0
Pinnacle Group statutory result (\$m)	6.5	7.5	4.2	4.7

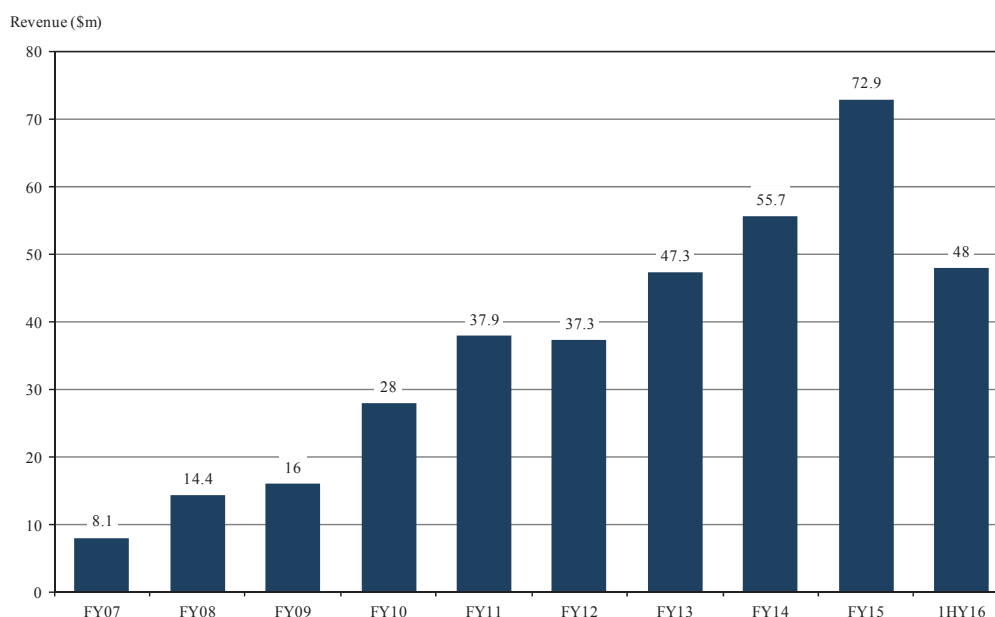
Note:

1 This revenue is generated in connection with services provided to the Pinnacle Boutiques and other fund managers.

Source: WIG investor presentation dated 12 November 2015; WIG 2016 interim results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016).

- 55 In the six months to 31 December 2015 the Pinnacle result increased 12% to \$4.7 million. This reflected:
- (a) a 54% increase in Pinnacle's share of the net profit of the Pinnacle Boutiques, driven by strong growth in FUM (FUM increased 17.4% from \$16.1 billion as at 30 June 2015 to \$18.9 billion as at 31 December 2015) and performance fees
 - (b) increased costs at the Pinnacle parent level due to investments in new growth initiatives.
- 56 The graph below illustrates the significant growth in gross revenue of the Pinnacle Boutiques throughout the period from FY07 to FY15, noting the 1H FY16 results represent only a six month period (which on an annualised basis would amount to \$96 million):

Pinnacle Boutiques – gross revenue



Source: WIG 2016 interim results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016).

- 57 Based on Pinnacle management accounting information for the nine months to 31 March 2016, the Board of WIG expects that Pinnacle's performance in the second half of FY16 will be broadly consistent with the first half profit after tax of \$4.7 million¹⁰. This implies full year profit after tax for Pinnacle of \$9.4 million in FY16. However, the actual result could vary from this estimate depending on a number of factors (including the level of

¹⁰ Source: WIG ASX announcement dated 17 May 2016.

performance fees generated, general stock market performance over the period to 30 June 2016, and any significant FUM movement).

Wilson Group

- 58 As at 30 April 2016, Wilson Group employed seven people.
- 59 The Wilson Group segment is further divided operationally into Priority Funds, Principal Investments and Next Financial as follows.

Priority Funds

- 60 Priority Funds is Wilson Group's funds management business which operates two funds: the Priority Growth Fund and the Priority Core Fund. The Priority Growth Fund is a diversified, actively managed portfolio of primarily small and mid-capitalised Australian companies.
- 61 The Priority Core Fund invests in a selection of the ASX 100 stocks with an allocation to small capitalised companies to drive outperformance.

Principal Investments

- 62 Principal Investments primarily comprises WIG's investment in the Priority Core Fund and the Priority Growth Fund. As at 31 March 2016, the Principal Investments portfolio was worth approximately \$7.6 million, including the Priority Core Fund (approximately \$5 million) and the Priority Growth Fund (\$2 million).

Next Financial

- 63 Next Financial is a 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.
- 64 All of Next Financial's products, including managed account portfolios, individually managed accounts and equity administration services are now closed. As a result, the business is being wound down.

Disposals – the Securities business

- 65 On 1 July 2015, the company completed the sale of its Wilson HTM Securities business¹¹, which encompassed institutional sales, research, private wealth management and corporate finance / equity capital markets activities. Under the terms of the sale agreement, WIG (inter alia)¹²:
- (a) received cash consideration of \$4 million, and provided vendor finance with a fair value of \$868,000
 - (b) may receive a future profit share for the first two years post completion of 50% of the profit before tax of the Securities business exceeding \$3 million, but capped at \$1 million each year
 - (c) may receive additional value for deferred tax assets if the amount utilised by the Securities business exceeds \$350,000 during the first three years post completion

¹¹ The Wilson Group segment previously included the results of the Securities business, as well as Next Financial, Priority Funds and Principal Investments.

¹² Source: Note 13 to the WIG Interim Financial Report for the half year 31 December 2015.

- (d) has contingent liabilities relating to its historical ownership of the Securities business which will run off over time.

- 66 Costs of some \$0.3 million associated with the transition away from the Securities business have been taken up by the company in the results for the six months ended 31 December 2015. Furthermore, the full year (FY16) outcome may be affected by profit share, tax recoveries and legacy costs¹³.

Financial performance of WIG

- 67 The financial performance of WIG by segment for the two years ended 30 June 2015, together with the six months ended 31 December 2014 and 31 December 2015, is summarised below:

WIG - Financial performance by segment				
	FY14	FY15	1H15	1H16
	\$m	\$m	\$m	\$m
Revenue:				
Pinnacle ⁽¹⁾	4.9	5.6	2.8	2.8
Wilson Group	2.5	1.8	1.2	0.8
Unallocated revenue	0.3	0.2	0.1	0.0
Total revenue	7.7	7.6	4.1	3.6
Profit before tax:				
Pinnacle ⁽²⁾⁽³⁾	5.9	7.4	4.2	4.7
Principal Investments	1.2	0.1	(0.3)	0.5
Priority Funds	(0.4)	(0.3)	(0.1)	(0.2)
Next Financial	(0.4)	(0.7)	(0.4)	(0.4)
Wilson Group Priority Core Fund ⁽⁴⁾	2.3	-	-	-
Group overhead (unallocated)	(2.3)	(2.2)	(1.0)	(1.3)
Group profit before tax from continuing operations	6.3	4.3	2.4	3.3
Tax benefit / (expense)	0.9	1.2	0.6	(0.1)
Less minority interests ⁽⁴⁾	(3.6)	(1.6)	(0.9)	(1.2)
(Loss) / profit from discontinued operations – Securities business ⁽⁵⁾	1.2	0.9	0.5	(0.3)
Profit after tax before significant items	4.8	4.8	2.6	1.8
Loss related to disposal of Securities business	-	(4.4)	-	-
Derecognition of deferred tax assets	-	(9.4)	-	-
Profit / (loss) after tax attributable to WIG shareholders	4.8	(9.0)	2.6	1.8

¹³ Source: WIG 2016 Interim Results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016).

Note:

- 1 Does not include revenue from Pinnacle Boutiques. The total revenues from Pinnacle Boutiques in FY14, FY15, 1H15 and 1H16 were \$55.7 million, \$72.9 million, \$31.8 million and \$48.0 million respectively. Sourced from the WIG 2016 Interim Results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016).
 - 2 Includes share of Pinnacle Boutiques profit after tax.
 - 3 The Pinnacle result for FY14 and FY15 differs from that shown in paragraph 54 due to a small allocation of WIG overheads.
 - 4 In FY14, the Wilson Group Priority Core Fund was required to be consolidated for reporting purposes. The \$2.3 million profit is offset in the minority interest line.
 - 5 FY14 results restated upon disposal of securities business on 1 July 2015 (for comparative purposes).
- Source:** WIG 2016 Interim Results for the six months ended 31 December 2015 (investor presentation dated 25 February 2016); WIG 2015 Annual Report; WIG investor presentation dated 12 November 2015. Rounding differences exist.
-

68 In relation to the above table, we note the following:

- (a) the most significant segment is the Pinnacle funds management business. The Pinnacle segment includes the equity accounted net profit share¹⁴ of the Pinnacle Boutiques
- (b) the reported result for the six months to 31 December 2015 for Priority Funds does not include any accrued performance fees. Whilst this is in accordance with accounting standards, had performance fees been accrued the after tax profit would have been greater by \$0.7 million
- (c) 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
- (d) Next Financial is being wound down. Costs during the finalisation period are expected by management to be in the order of \$0.1 million per annum¹⁵
- (e) group overhead cost savings of \$0.5 million per annum are expected by management to be progressively realised from the second half of FY16¹⁶
- (f) the minority interests reflect the earnings of Pinnacle attributable to the minority shareholders of Pinnacle (and the Priority Core Fund in FY14 only).

Financial position of WIG

69 The balance sheet of WIG as at 31 December 2015 is set out below:

¹⁴ After tax.

¹⁵ Source: page 18 of Investor Presentation for the six months to 31 December 2015.

¹⁶ Source: page 18 of Investor Presentation for the six months to 31 December 2015.

Financial position – WIG as at 31 December 2015

	\$m
Cash and cash equivalents	13.0
Trade and other receivables	5.0
Financial assets at fair value through profit or loss	8.6
Other current assets	2.2
Total current assets	28.8
Property, plant and equipment	0.2
Investments accounted for using the equity method	23.4
Other non-current assets	0.2
Total non-current assets	23.8
Total assets	52.6
Trade and other payables	4.5
Provisions	0.9
Other current liabilities	1.7
Total current liabilities	7.1
Provisions	0.2
Total non-current liabilities	0.2
Total liabilities	7.3
Net assets	45.3

Source: WIG Interim Financial Report for the half year to 31 December 2015.

70 In relation to the above we note that:

- (a) financial assets at fair value (\$8.6 million) - represents WIG's investment portfolio (primarily its interest in the Priority Core Fund)
- (b) investments accounted for using the equity method (\$23.4 million) – represents the carrying value of Pinnacle's ownership interests in the Pinnacle Boutiques
- (c) WIG and Pinnacle had tax losses of around \$30 million and \$20 million respectively as at 31 December 2015. These are not reflected in the above balance sheet due to the fact that:
 - (i) the net income received from Pinnacle is largely taxed at the Pinnacle Boutique level
 - (ii) the WIG parent entity does not currently generate sufficient other taxable income to offset overhead costs incurred.

Share capital

- 71 As at 30 April 2016, WIG had 110.5 million shares on issue. In addition, the Company has 600,000 employee options on issue. These options are exercisable at \$0.595 per option and expire on 30 June 2016.

Share price performance

- 72 The following chart illustrates the movement in the share price of WIG from 1 January 2014 to 16 May 2016¹⁷:



Source: Bloomberg.

- 73 As indicated above, WIG shares have traded in a relatively narrow range over the 12 months up to the announcement of the Transaction. The trading range over this period and the number of shares traded (which has been low relative to the total number of shares on issue) is summarised below:

WIG – share trading over the 12 months to 16 May 2016								
Period	Start date	End date	High	Low	Close	VWAP \$	Value 000	Volume 000
1 month	17 Apr 16	16 May 16	1.05	0.95	1.05	0.97	1,121	1,153
3 months	17 Feb 16	16 May 16	1.05	0.89	1.05	0.96	1,702	1,766
6 months	17 Nov 15	16 May 16	1.15	0.89	1.05	1.00	3,094	3,083
1 year	17 May 15	16 May 16	1.23	0.89	1.05	1.06	8,446	7,931

¹⁷ Being the last trading day prior to the announcement of the Transaction.

IV Analysis of the Transaction

Valuation methodologies

- 74 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 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.
- 75 In assessing the value of WIG shares prior to the Transaction we have had regard to the following valuation methodologies:-
- (a) the listed share price, together with the price reflected in the proposed sale of a significant minority interest in WIG pursuant to the Transaction
 - (b) the implied earnings multiples (based on the listed market price) compared to implied multiples based on share trading in other comparable listed fund managers.
- 76 For the purposes of assessing the minority interest value of WIG shares post the Transaction we have considered:
- (a) the underlying minority interest value based on a capitalisation of earnings approach, having regard to the implied multiples attributed by share market investors in WIG prior to the Transaction; and
 - (b) trading in WIG shares post the announcement of the Transaction. Given the significant volume of WIG shares traded in the period post announcement (on 17 May 2016) to 8 June 2016 (during which time, on an annualised basis, in excess of 100% of the issued shares of WIG were traded), for the purposes of assessing the minority interest value of WIG shares post the Transaction this has been our primary valuation methodology.

Minority interest value prior to the Transaction

Share trading

- 77 As set out in Section III, the volume weighted average price (VWAP) of WIG shares in the one month, three months and six months prior to the announcement of the Transaction (on 17 May 2016) was \$0.97, \$0.96 and \$1.00 per share respectively.
- 78 Whilst only 3.1 million shares traded on-market during the six months ended 16 May 2016, the above VWAPs are consistent with the price (of \$0.95 per share) at which DB has agreed to sell 10.25 million WIG shares to the Pinnacle Vendors.
- 79 Consequently, in our view, it is reasonable and appropriate to adopt a pre-Transaction minority (or portfolio) interest value in the range of \$0.95 to \$1.00 per WIG share.

EPS pre-Transaction

- 80 We set out below the recent historical earnings reported by WIG, together with the earnings after tax adopted by us for the purposes of our Transaction valuation analysis:

WIG - summary of profitability					Adopted pre-Transaction
	1H15	2H15	1H16	LTM	
	\$m	\$m	\$m	\$m	\$m
Pinnacle NPAT ⁽¹⁾	4.2	3.2	4.7	7.9	9.4
Principal Investments	(0.3)	0.4	0.5	0.9	-
Priority Funds	(0.1)	(0.2)	(0.2)	(0.4)	-
Next Financial	(0.4)	(0.3)	(0.4)	(0.7)	-
Overhead	(1.0)	(1.2)	(1.3)	(2.5)	(2.0)
Profit before tax from continuing businesses	2.4	1.9	3.3	5.2	7.4
Tax	0.6	0.6	(0.1)	0.5	-
Minority interest in Pinnacle	(0.9)	(0.7)	(1.2)	(1.9)	(2.3)
Profit after tax from continuing operations	2.1	1.8	2.0	3.8	5.1
Earnings per share (EPS) ⁽²⁾					4.6

Note:

- 1 WIG management guidance for FY16 is for Pinnacle net profit after tax (NPAT) of \$9.4 million (Source: ASX announcement dated 17 May 2016).
- 2 Based on fully diluted shares on issue of 111.1 million (110.5 million shares plus 0.6 million options). Rounding differences exist. LTM – last twelve months.

- 81 The adopted earnings for valuation purposes reflects:
- (a) WIG management's estimated after-tax earnings for Pinnacle in FY16 of \$9.4 million (which appears reasonable given that \$4.7 million was achieved in 1HY16 and FUM has continued to grow since then)
 - (b) no earnings contribution from Principal Investments (on the basis that the underlying investments have been separately valued) or Next Financial (which is being wound down)
 - (c) whilst the Priority Funds business reported losses of around \$0.4 million in the 12 months to 31 December 2015, the result does not include any material performance

fees. Had performance fees for FY16 been accrued, the after-tax profit would have been greater by \$0.7 million

- (d) an annualised reduction in overhead costs of \$0.5 million which WIG management expects to begin to be realised progressively during 2HY16¹⁸
- (e) no tax benefit on WIG overhead costs for the reasons discussed in paragraph 70.

Implied PE multiples

- 82 The recent trading in WIG shares prior to the announcement of the Transaction implied a PE ratio for WIG of around 16.1 times to 17.3 times our estimated after-tax earnings adopted for valuation purposes, as shown below:

WIG - implied PE multiple based on pre Transaction value		
	Low	High
	\$m	\$m
Profit after tax	5.1	5.1
Implied PE multiple	16.1	17.3
Equity value of core business	82.1	88.2
Cash and investments ⁽¹⁾	11.3	11.3
Loan to Pinnacle ⁽²⁾	12.0	12.0
Cash from exercise of options ⁽³⁾	0.4	0.4
Surplus liabilities related to Securities business and Next Financial ⁽⁴⁾	(0.5)	(0.5)
Value of equity	105.3	111.4
Fully diluted shares on issue ⁽⁵⁾	111.1	111.1
Value per share (minority interest basis)	0.95	1.00

Note:

- 1 As at 31 March 2016.
- 2 Pinnacle had cash and liquid assets of \$12 million as at 31 March 2016, which could be used to repay WIG's loan to Pinnacle of the same amount.
- 3 600,000 options exercisable by 30 June 2016 at \$0.595 per share.
- 4 Additional outgoings related to former securities business (\$0.3 million) and additional insurance costs related to the former securities business and Next Financial (\$0.2 million). Source: ASX announcement dated 17 May 2016.
- 5 Being 110.5 million shares plus 0.6 million options.

- 83 In comparison, the PE multiples for selected ASX listed fund managers are shown below:

Listed fund managers – PE multiples ⁽¹⁾			
	Market cap		
	A\$m	FY16	FY17
Magellan Financial Group	3,772	20.3	19.6
Henderson Group PLC	2,733 ⁽³⁾	14.7	12.8
BT Investment Management	2,863	18.5	16.9
Platinum Asset Management Ltd	3,649	16.8	16.9
Perpetual Ltd	1,937	15.2	14.7
Pacific Current Group Ltd ⁽²⁾	125	10.6	8.9
K2 Asset Management Holdings	105	16.1	10.0
Hunter Hall International Ltd	87	18.2	18.2

¹⁸ Source: WIG Investor Presentation on 1HY16 results.

Note:

- 1 Based on share prices and broker forecasts as at 18 May 2016. Market capitalisation and PE ratios have not been adjusted to reflect cash and investments held.
 - 2 Formerly Treasury Group Ltd.
 - 3 British pounds rather than A\$.
- Source: Bloomberg, LEA analysis.

- 84 Whilst the PE multiple implied by recent (pre-Transaction) WIG trading is towards the high end of the FY16 PE ratios shown above, in our view this is likely to reflect the high growth in FUM achieved by Pinnacle over many years (together with expectations of further growth).

Minority interest value post-Transaction

- 85 As noted above, for the purposes of assessing the minority interest value of WIG shares post the Transaction we have considered:
- (a) the underlying minority interest value based on a capitalisation of earnings approach; and
 - (b) trading in WIG shares post the announcement of the Transaction.

EPS post-Transaction

- 86 If the Transaction is implemented:
- (a) WIG will own 100% rather than 75.01% of Pinnacle. The acquisition of the remaining 24.99% is estimated to increase WIG's earnings after tax by around \$2.3 million (being 24.99% of \$9.4 million)
 - (b) overhead cost savings of around \$1.0 million are expected to be generated. In part this arises from the departure of WIG's current managing director, as the Pinnacle managing director will perform this role
 - (c) WIG will issue approximately 37.0 million new shares to the Pinnacle Vendors.
- 87 On this basis the earnings post-Transaction are as follows:

Estimated earnings post-Transaction	
	\$m
Earnings pre-Transaction (after tax)	5.1
Acquisition of minority interest in Pinnacle	2.3
Overhead cost savings ⁽¹⁾	1.0
Earnings post-Transaction (after tax)	8.4
Earnings per share (cents) ⁽²⁾	5.7

Note:

- 1 No adjustment has been made for tax as no tax benefit on overhead costs has been assumed in the pre-Transaction scenario.
- 2 Based on 148.1 million shares (fully diluted). This reflects 110.5 million shares plus 0.6 million options plus 37.0 million shares to be issued to the Pinnacle Vendors.

- 88 Based on the above analysis, the EPS of WIG will increase by some 23.9% due to the Transaction (from 4.6 cents per share to 5.7 cents per share). The Transaction is therefore significantly EPS accretive for WIG shareholders.

Underlying minority interest value post-Transaction

- 89 Pinnacle is the main operating business of WIG both before and after the Transaction. Accordingly, in our view, the appropriate PE multiple post-Transaction should be **no less than** the PE multiple for WIG implied by the pre-Transaction value. In fact, in our opinion, there are reasonable grounds to expect that a higher post-Transaction multiple should apply, given the Transaction implicitly removes the restrictions inherent in the Pinnacle Shareholders' Agreement, which currently have negative value implications for WIG¹⁹.
- 90 The minority (or portfolio) interest value of WIG post-Transaction (inclusive of the Special Dividend) adopting the pre-Transaction implied multiple is as follows:

WIG - underlying minority interest value post Transaction		
	Low \$m	High \$m
Profit after tax	8.4	8.4
PE multiple	16.1	17.3
Equity value of core business	135.2	145.3
Cash and investments ⁽¹⁾	11.3	11.3
Cash and liquid assets in Pinnacle ⁽¹⁾	12.0	12.0
Cash from exercise of options ⁽²⁾	0.4	0.4
Transaction costs ⁽³⁾	(0.9)	(0.9)
Surplus liabilities ⁽⁴⁾	(0.5)	(0.5)
Less dividend ⁽⁵⁾	(5.6)	(5.6)
Value of equity	151.9	162.0
Shares on issue ⁽⁶⁾	148.1	148.1
Value per share	1.03	1.09
Add dividend (paid to existing WIG shareholders)	0.05	0.05
Value in hands of WIG shareholders	1.08	1.14

Note:

- 1 As at 31 March 2016.
- 2 600,000 options exercisable by 30 June 2016 at \$0.595 per share.
- 3 Source: ASX announcement dated 17 May 2016.
- 4 Additional outgoings related to former securities business (\$0.3 million) and additional insurance costs related to the former securities business and Next Financial (\$0.2 million). Source: ASX announcement dated 17 May 2016.
- 5 Cost of special dividend of \$0.05 per share.
- 6 Being 110.5 million shares currently on issue plus 0.6 million options plus 37.0 million shares to be issued to the Pinnacle Vendors.

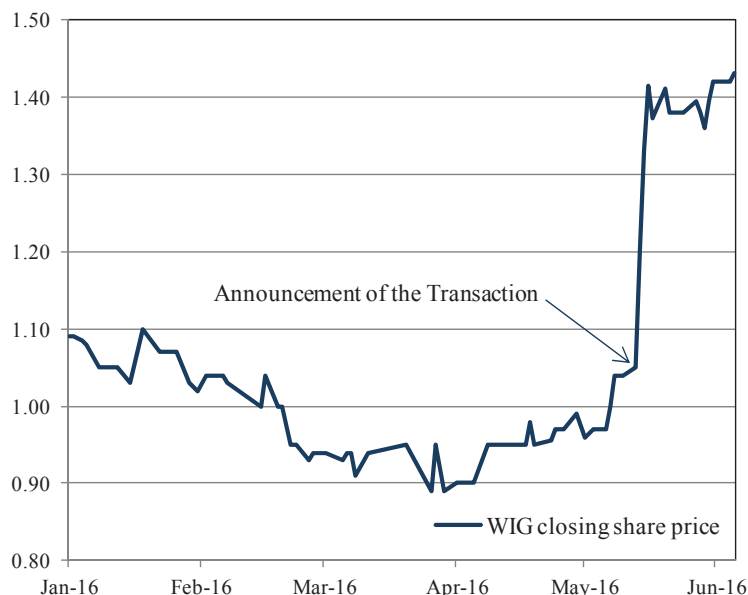
Listed market price post announcement of Transaction

- 91 Following the announcement of the Transaction on 17 May 2016, the listed market price of WIG shares has increased substantially, as shown below. We have attributed this increase to a re-rating of WIG by share market investors based on factors including the benefits expected to

¹⁹ In this regard we have been advised by WIG management that these restrictions have impeded previous potential control transactions in respect of WIG, due to the inherent complexities of the Pinnacle Shareholders' Agreement and the associated impact on price negotiations.

arise from 100% ownership of Pinnacle²⁰, together with the removal of the perceived overhang of the DB shareholding subsequent to the sale of the Securities business in 2015.

WIG – share price history
4 January 2016 to 8 June 2016



Source: Bloomberg.

- 92 In relation to the share trading in WIG post the announcement of the Transaction, we note that:
- (a) DB sold its remaining 10.25 million shares in WIG at \$1.30 per share on 18 May 2016 (being the day after the announcement of the Transaction)
 - (b) the volume weighted average price (VWAP) of WIG shares in the period post announcement of the Transaction up to 8 June 2016 was \$1.30 per share (calculated excluding the sale of shares by DB referred to in (a) above)
 - (c) the trading range of WIG shares post announcement of the Transaction up to 8 June 2016 was \$1.16 to \$1.45 per share
 - (d) in the period post announcement (on 17 May 2016) to 8 June 2016 the value and volume of WIG shares traded was \$19.2 million and 14.8 million respectively, which is high relative to the total shares currently on issue of 111.1 million (on an annualised basis, in excess of 100% of the issued shares of WIG were traded in this period, which indicates significant market liquidity in respect of WIG shares during this period).

²⁰ These benefits include the effective removal of the restrictions inherent in the Pinnacle Shareholders' Agreement which have negative value implications for WIG.

Conclusion on minority interest value post Transaction

- 93 Given the high level of trading in WIG shares post announcement of the Transaction (including the sale by DB of a large shareholding), we consider it appropriate to place primary reliance on the trading in WIG shares during this period as more representative of the minority interest value of WIG post the Transaction.
- 94 Accordingly, for the purposes of our report, we have adopted a realisable minority interest value of WIG shares post completion of the Transaction in the range of \$1.20 to \$1.35 per share.

V Evaluation of the Transaction

Fairness

- 95 As section 611(7) approval for the Transaction is being sought, the Transaction is a change of control transaction under RG 111. As a result, RG 111 requires that the “fairness” of the Transaction be assessed by comparing the **controlling interest value** of WIG shares prior to implementation of the Transaction with the **minority interest or portfolio value** of WIG shares following implementation of the Transaction.
- 96 In order for the Transaction to be “fair” under RG 111, the minority interest or portfolio value of WIG shares following implementation of the Transaction must be equal to or greater than the controlling interest value of WIG shares before implementation.
- 97 This analysis is set out below.

Value of WIG shares pre Transaction on a controlling interest basis

- 98 As noted in Section IV we consider that the value of WIG shares on a minority (or portfolio) interest basis prior to the Transaction ranged from \$0.95 to \$1.00 per share. This valuation range appeared reasonable and appropriate having regard to the implied earnings multiples (as set out in paragraphs 82 to 84).
- 99 Empirical evidence undertaken by LEA indicates that the average premium paid above the listed market price in successful takeovers in Australia ranges between 30% and 35% (assuming the pre-bid market price does not reflect any speculation of the takeover).
- 100 Applying these average takeover (control) premiums therefore results in a value of WIG shares on a 100% controlling interest basis in the range of \$1.24 to \$1.35 per share.

Value of WIG shares post Transaction on a minority interest basis

- 101 As set out in Section IV (paragraph 94), we have assessed the minority interest value of WIG post the completion of the Transaction in the range of \$1.20 to \$1.35 per share.

Assessment of fairness

- 102 A comparison of these value ranges is set out below.

Fairness under RG111 when assessed as a control transaction		
	Assessed value of WIG shares	
Controlling interest value pre Transaction	\$1.24	\$1.35
Minority interest value post Transaction	\$1.20	\$1.35

- 103 In respect of the above comparison we note:-
- (a) the ranges of assessed values (both pre and post the Transaction) have a very high correlation where the assessed values are equal, being in the range of \$1.24 to \$1.35 per share. The Transaction in these circumstances is therefore “fair”
 - (b) at the low end of the assessed value range of WIG shares post the Transaction (which reflects a minority interest in WIG), being \$1.20 to \$1.23 per WIG share, the post Transaction value is lower than the pre Transaction value. In these circumstances the Transaction is not “fair”.

- 104 Given that in a significant majority of the assessed scenarios the Transaction is fair, we have concluded overall that the Transaction is fair to WIG shareholders not associated with the Transaction when assessed as a control transaction.

Reasonableness

- 105 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Transaction is both fair and reasonable.

- 106 In considering the reasonableness of the Transaction we also note that:

- (a) the above analysis treats the Transaction as a “change of control” transaction under RG 111. In our view, the Transaction is clearly not a “change of control” transaction because (inter-alia):
 - (i) no individual shareholder of WIG post Transaction will own more than 20% of WIG shares
 - (ii) the Transaction results in no material change in the underlying ownership interests of existing WIG shareholders in the Pinnacle business
- (b) the Transaction is substantially earnings per share (EPS) accretive for WIG shareholders (as discussed in Section IV)
- (c) the minority interest value of WIG shares increases significantly as a result of the Transaction, as shown below:

Comparison of WIG minority interest value pre- and post-Transaction			
WIG share value	Paragraph	Low \$ per share	High \$ per share
Pre-Transaction	79	0.95	1.00
Post-Transaction	94	1.20	1.35
Increase		0.25	0.35
Percentage increase		26.3%	35.0%

- (d) the listed market price of WIG shares has increased substantially since the announcement of the Transaction (from around \$0.95 to \$1.00 per share prior to the announcement of the Transaction to between \$1.16 and \$1.45 per share in the period following the announcement of the Transaction up to 8 June 2016)
- (e) the Transaction will result in WIG obtaining 100% control of Pinnacle and access to 100% of the cash flow generated by Pinnacle
- (f) in particular, the Transaction will effectively terminate the Pinnacle Shareholders’ Agreement which contains various restrictions on WIG in relation to the management of Pinnacle and includes change in control provisions in relation to both WIG and Pinnacle, as well as pre-emptive rights over WIG’s shares in Pinnacle, each of which currently have negative value implications for WIG
- (g) the Transaction increases the size of WIG, which is likely to increase the level of institutional investor interest in WIG (potentially improving share market liquidity)

(h) in our opinion there are no disadvantages associated with the Transaction²¹.

Summary of opinion

107 Based on the above, we have concluded that the Transaction is fair and reasonable to WIG shareholders not associated with the Transaction.

²¹ Whilst the aggregate interest of non-associated shareholders in WIG is diluted pursuant to the Transaction, there is no effective change to the underlying commercial interest of these shareholders in Pinnacle.

Appendix A

Financial Services Guide

Lonerган Edwards & Associates Limited

- 1 Lonerган 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 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 \$40,000 plus GST.
- 9 Neither LEA nor its directors and officers receive 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 20 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 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 Transaction is fair and reasonable (and therefore favourable) 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 Transaction and are independent of WIG, DB and the Pinnacle Vendors. 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.

Indemnification

- 5 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

- 6 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

Glossary

Abbreviation	Definition
1H15	The six month period ending 31 December 2014
1H16	The six month period ending 31 December 2015
AIFRS	Australian equivalents to International Financial Reporting Standards
AIM	Authorised investment manager
ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
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 of acquired intangibles
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FUM	Funds under management
FY	Financial year
GFC	Global Financial Crisis
IER	Independent expert's report
IPO	Initial public offering
LEA	Lonerган Edwards & Associates Limited
Non-associated WIG shareholders	Shareholders of WIG other than DB
NPAT	Net profit after tax
NPV	Net present value
NTA	Net tangible assets
PE	Price earnings
Pinnacle	Pinnacle Investment Management Limited
Pinnacle Vendors	The executive shareholders of Pinnacle
RG 111	ASIC Regulatory Guide 111 – <i>Content of expert reports</i>
Securities business	The securities business of WIG
Special Dividend	A fully franked special dividend of \$0.05 per WIG share to be paid to shareholders by WIG following completion of the Transaction
Transaction	The proposed acquisition of the remaining 24.99% of Pinnacle
VWAP	Volume weighted average price
WA	Western Australia
WIG	Wilson Group Ltd
Wilson HTM Securities	The securities business of WIG

This page has been intentionally left blank.

Schedule 4

Amendments to Wilson Group Limited's Employee Option Share Plan



Wilson Group Limited ABN 22 100 325 184

Wilson Group Employee Option Share Plan Rules

Established May 2007

Amended 28 June 2010

Amended 1 April 2012

Amended 18 June 2015

A Subdivision 83A-C (ITAA 1997) complying Employee Share Scheme

Table of Contents

1	Purpose.....	1
2	Definitions and Interpretation.....	1
3	Offers	8
4	Certain limits	9
5	Acceptance by participant.....	9
6	Performance Conditions	10
7	Consideration.....	11
8	No quotation on any Stock Exchange.....	11
9	Restriction on transfers of Options	11
10	Lapse of Options.....	11
11	Change of Control.....	12
12	Exercise of Options.....	12
13	Exercise Price	13
14	Overriding Restrictions on Issue and Exercise	13
15	Hedging unvested Options	13
16	Adjustments under certain events	13
17	Taxes or social security contributions.....	15
18	Forms	16
19	Rights of Participants and Eligible Employees	16
20	Power of Attorney	16
21	Administration of the Plan.....	17
22	Plan amendment.....	17
23	Notices	18
24	Leavers	19
25	Compliance with Subdivision 83A-C (ITAA 97)	19
26	Compliance with TAA 1953	20
27	Listing.....	20
28	Disposal restrictions.....	21
29	Forfeiture Condition	21
30	ASIC relief.....	22
31	Loans	22
32	Non-exclusivity.....	22
33	Termination of the Plan.....	22
34	General	23
35	Schedules for the Wilson Group Employee Option Share Plan	24
1	Purpose.....	1
2	Definitions and Interpretation.....	1

3	Offers	7
4	Certain limits	9
5	Acceptance by participant	9
6	Performance Conditions	10
7	Consideration	10
8	No quotation on any Stock Exchange	10
9	Restriction on transfers of Options	10
10	Lapse of Options	11
11	Change of Control	11
12	Exercise of Options	11
13	Exercise Price	12
14	Overriding Restrictions on Issue and Exercise	12
15	Hedging unvested Options	13
16	Adjustments under certain events	13
17	Taxes or social security contributions	15
18	Forms	15
19	Rights of Participants and Eligible Employees	15
20	Power of Attorney	16
21	Administration of the Plan	16
22	Plan amendment	16
23	Notices	17
24	Leavers	18
25	Compliance with Subdivision 83A-C (ITAA 97)	18
26	Compliance with TAA 1953	19
27	Listing	20
28	Disposal restrictions	20
29	Forfeiture Condition	21
30	ASIC relief	21
30	Loans	21
31	Non exclusivity	21
32	Termination of the Plan	22
33	General	22
33	Schedules for the Wilson Group Employee Option Share Plan	23
1	Purpose	1
2	Definitions and Interpretation	1
3	Offers	7
4	Certain limits	8
5	Acceptance by participant	9
6	Performance Conditions	9
7	Consideration	10

8	No quotation on any Stock Exchange.....	10
9	Restriction on transfers of Options	10
10	Lapse of Options	10
11	Change of Control.....	11
12	Exercise of Options	11
13	Exercise Price	12
14	Overriding Restrictions on Issue and Exercise	12
15	Hedging unvested Options	12
16	Adjustments under certain events	12
17	Taxes or social security contributions	14
18	Forms	14
19	Rights of Participants and Eligible Employees	15
20	Power of Attorney	15
21	Administration of the Plan	15
22	Plan amendment	16
23	Notices	17
24	Leavers	17
25	Compliance with Subdivision 83A C (ITAA 97)	18
26	Compliance with TAA 1953	18
27	Listing	19
28	Disposal restrictions	19
29	Forfeiture Condition	20
30	ASIC relief	20
31	Non exclusivity	21
32	Termination of the Plan	21
33	General	21
33	Schedules for the Wilson Group Employee Option Share Plan	22

Wilson Group Employee Option Share Plan Rules (amended 1 April 2012)

1 Purpose

- 1.1 The Plan is established by Wilson Group Limited to provide certain senior employees and directors of WIG with a means of participating in the grant or issue of Securities in WIG. ~~receiving options to subscribe for WIG Shares.~~
- 1.2 The intention is to give Participants the opportunity to share in the future growth and profitability of WIG by aligning their interests with that of shareholders, as well as providing a greater incentive for Participants to have a greater involvement with, and to focus on the longer term goals of WIG.

2 Definitions and Interpretation

2.1 Definitions

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Acceptance means the form provided to Employees in order to accept an Invitation to apply for ~~a~~ the grant ~~or issue of Securities~~ Options or a loan in the form approved by the Board from time to time.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act (2001);
- (b) the Listing Rules;
- (c) the constitution of the Company;
- (d) the Income Tax Assessment Act 1997 (Cth), (ITAA 1997) and the Taxation Administration Act 1953 (Cth), (TAA 1953), each as amended from time to time;
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (i), (ii), (iii), and (iv) above; and
- (f) any other legal requirement that applies to the Plan.

ASIC means the Australian Securities and Investments Commission.

Asset Sale means a sale of all or substantially all of the assets of the Company.

Associated Body Corporate means:

- (a) a related body corporate of the Company;
- (b) a body corporate which has a relevant interest in not less than 20% of the voting shares of the Company; or

- (c) a body corporate in which the Company has a relevant interest in not less than 20% of the voting shares.

ASX means ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market known as the Australian Securities Exchange operated by it.

ATO means the Australian Taxation Office.

Bad Leaver means a Participant who ceases to be an employee or officer of the Company in any of the following circumstances:

- (a) the employment of the Participant is terminated, or the Participant is dismissed from office (as the case may be), due to serious or wilful misconduct, wilful disobedience, negligence or incompetence, insubordination, behaviour which damages or is likely to damage the business or reputation of the Company or any of its clients, or any other conduct justifying termination of employment or office without notice at common law;
- (b) the Participant resigns or ceases their employment or office with the Company (as the case may be) and commences employment, or holds the office of director, or directly or indirectly holds more than 5% of the issued capital with a Competitor in breach of any post-termination restrictions in their contract of employment or associated documentation; or
- (c) the Participant is ineligible to hold their office for the purposes of Part 2D.6 of the Corporations Act or as a result of any relevant corporations or securities law.

Board means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or any person who is provided with delegated authority by the board from time to time.

Bonus Issue means a bonus issue of Shares or other securities convertible into Shares pro rata to holders of Shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any election by a holder of Shares).

Business Day means a day on which banks are open for general banking business in the state of Queensland, excluding Saturdays, Sundays or public holidays in the state of Queensland.

Change of Control means:

- (a) the acquisition by any person or entity (together with his, her or its associates, if applicable) of a relevant interest in a majority of the Company Shares;
- (b) the merger or consolidation of the Company as a result of which persons or entities who were shareholders of the Company immediately prior to such merger or consolidation do not, immediately thereafter, own, directly or indirectly, a majority of the combined voting power

- entitled to vote generally in the election of directors of the merged or consolidated company;
or
- (c) the transfer of all or substantially all of the assets of the Company to one or more persons or entities that are not, immediately prior to such transfer, members of the Company except as part of a bona fide arrangement, reconstruction, restructuring, reorganisation, recapitalisation or consolidation that ultimately does not result in a Change of Control.

Commissioner means the Commissioner of Taxation for the Australian Taxation Office.

Company or **WIG** means Wilson Group Limited (ABN 22 100 325 184), or in the event the name of the Company is changed by special resolution, the new name of the company.

Corporations Act means the Corporations Act 2001(Cth) as amended from time to time.

Director means a director of the Company.

Eligible Employee means an Employee who is eligible to receive an Invitation.

Employee means any permanent full-time or part-time employee of the Company or a subsidiary of the Company.

ESS means employee share scheme.

Exercise Price means the price to be paid by the Participant to exercise a vested Option (if any).

First Exercise Date means the earliest date any vested Options may be exercised (if any).

Good Leaver means a Participant who is not a Bad Leaver, and includes, but is not limited to, where a Participant ceases employment or office due to Redundancy, Retirement, Permanent Incapacity, or death.

~~**Grant Date or Date of Acquisition** means the date on which Options are granted to a Participant following the acceptance of an Invitation.~~

Holding Statement means a statement provided to the Participant recording the acquisition and disposal of any ~~Options~~ Securities issued under the ~~Wilson Group Employee Option Share Plan~~.

Invitation means an invitation to an Eligible Employee to apply for ~~a grant of Options~~ the grant or issue of Securities or a loan under these Rules in the form approved by the Board from time to time.

Insolvency means the commencement of the reorganisation, winding up or dissolution of a company, or the appointment of a voluntary administrator, custodian, trustee, receiver, manager or similar insolvency administrator for a company or any substantial part of its assets, under any law in relation to bankruptcy, insolvency or the relief of debtors.

Last Exercise Date means the last date any vested Options may be exercised, including the last date that vested Options may be subject to automatic exercise.

Listing Rules means the listing rules, market rules or operating rules of a financial market in respect of which the Company's Shares are quoted or are the subject of an application for quotation, including but not limited to the official listing rules of the ASX (as relevant).

Loan means a loan offered to an Eligible Employee under these Rules.

Market Value of the Share means the value determined in accordance with a method accepted by the Commissioner.

Market Value of the option means the value of an unlisted option determined in accordance with a method accepted by the Commissioner.

Notice of Exercise means the notice of exercise in the form approved by the Board from time to time.

Option means an option, acquired as a result of the acceptance of an Invitation under the terms of the Plan, to acquire a Share ~~in the Company~~, subject to the satisfaction of any Service, Performance or other Conditions (unless waived in the Board's absolute discretion), and includes a Performance Right.

Participant means a person -or a person's Related Body Corporate or a person's Related Party who has been granted Options, issued Plan Shares or offered a Loan pursuant to these Rules.

Performance Condition has the meaning given in Rule 3.5(iii).

Performance Period has the meaning given in Rule 3.5(iv).

Performance Right means an entitlement to a Share, subject to satisfaction of any Service, Performance or other Conditions (unless waived in the Board's absolute discretion).

Permanent Incapacity means a condition the effect of which is, in the opinion of the Board, to prevent a Participant from continuing to be an Eligible Employee engaged in a similar capacity as

they held prior to the condition being acquired or in any occupation with the Company for which he or she is reasonably qualified by education, training and experience.

Plan means the Wilson Group Employee Option Share Plan in respect of which these Rules apply.

Plan Shares means Shares issued to an Eligible Employee as a result of the acceptance of an Invitation to acquire a Share under the terms of the Plan.

Provider means the provider of an ESS interest.

Redundancy means where a Participant's position is made redundant, there is no acceptable alternative position available within the Company, and the Participant's employment is terminated by a member of the Company by reason of redundancy.

Related Body Corporate means a body corporate controlled by a Participant or a Relative of a Participant.

Related Party means Related Party means, in respect of a Participant:

(a) a trust of which a Participant is a trustee, a director of a company which is the trustee and/or a beneficiary; or

(b) an entity which the Participant controls (as defined under section 50AA of the Corporations Act).

Relative of a Participant means any spouse, parent, child, brother or sister of that person.

~~**Relevant Requirements** means any performance, vesting and/or other criteria, which are determined by the Board and notified to the Eligible Employee in an Invitation and which are required to be met before Options to which such invitation relates may be exercised by the Participant.~~

Retirement means where a Participant intends to permanently cease all gainful employment permanently in circumstances where the Participant provides, in good faith, a written statutory declaration to the Board to that effect.

Rules means these Rules in respect of the operation of the Plan as amended from time to time.

Sale of the Company means:

- (a) a consolidation or merger of the Company with or into, or acquisition of, any other corporation or other entity or person, or any other corporate reorganisation, which results in the holdings of all voting securities of the Company immediately prior to such consolidation, merger, acquisition or reorganisation having less than 50% of the voting power of the surviving entity (or its parent) immediately following such consolidation, merger, acquisition or reorganisation; or
- (b) a scheme of arrangement pursuant to which a person or group of associated persons acquires more than 50% of the voting power of the Company or its successor in interest (if any) by way of a share cancellation, share transfer, share buy-back, capital reduction or similar transaction involving the Company, which results in the holders of all voting securities of the Company immediately prior to such scheme of arrangement having less than 50% of the voting power of the surviving entity (or its parent) immediately following such scheme of arrangement.

Secretary means the Company Secretary of the Company.

Security or Securities means a Plan Share or Option offered to employees in an Invitation under the terms of the Plan.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

Service Condition has the meaning given in rule 3.5(i).

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

Share Trading Policy means the Company's share trading policy as amended from time to time.

Shareholder means any holder of issued share capital in the Company.

WIG means Wilson Group Limited (ABN 22 100 325 184), or in the event the name of the Company is changed by special resolution, the new name of the company.

~~**WIG Shares** mean fully paid ordinary shares in the capital of Wilson Group Limited.~~

TFN withholding tax (ESS) means any tax payable under Subdivision 14-C (TAA 1953) for Employees who fail to provide the Company with a valid tax file number.

Year means any period of 12 months commencing 1 July and ending on 30 June.

2.2 Interpretation

In these Rules unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) 'includes' means includes without limitation;
- (e) no rule of construction will apply to a Rule to the disadvantage of a party merely because that party put forward the Rule or would otherwise benefit from it;
- (f) a provision of these Rules which has the effect of requiring anything to be done on or by a date which is not a Business Day is to be interpreted as if it required that thing to be done on or by the immediately following Business Day;
- (g) a reference to:
 - (i) a person includes a reference to the person's executors, administrators and successors and, in the case of the Trustee, includes any substituted or additional trustee;
 - (ii) any legislation includes any modification or replacement of it and any regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
 - (iii) a bill of parliament includes the legislation as enacted, and as modified prior to enactment;
 - (iv) a right includes a benefit, remedy, discretion and power;
 - (v) time is to local time in the capital of the State of Queensland;
 - (vi) '\$' or 'dollars' is a reference to Australian currency;
 - (vii) this or any other document includes the document as varied or replaced;
 - (viii) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmission and email; and
 - (ix) these Rules means these Rules as amended from time to time and includes all recitals, annexures, addendums and schedules of these Rules;

2.3 Applicable Legislation

These Rules, the offering and granting of any Loan, the offering and granting of any Securities (including any Securities issued on exercise of any Options) and the rights attaching to or interests in the Securities will at all times be subject to the constitution of the Company, the Corporations Act, any other applicable legislation from time to time, and the Listing Rules (as applicable).

2.4 Rounding

Where any calculation or adjustment to be made pursuant of these Rules produces a fraction of a cent or a fraction of an Option or Share, the fraction will be eliminated by rounding down to the nearest whole number.

2.5 Headings

Headings are inserted in these Rules for convenience only and do not effect the interpretation of these Rules.

3 Offers

3.1 Subject to the limit in Rule 4, WIG may make offers from time to time to ~~Participants-Eligible Employees of WIG~~ to participate in the Plan on the terms and conditions set out in these Rules.

3.2 The Board has absolute discretion:

- (i) as to whom offers are made; and
- (ii) as to the number of ~~options~~-Securities offered in each case and the terms of their issue; but if ~~options~~-Securities are to be issued under the Plan at any time when ~~WIG~~ Shares are traded on the ASX, such issue must be in accordance with any Applicable Law.

3.3 Invitation to acquire Shares

An Invitation to an Eligible Employee to subscribe for or acquire Plan Shares may be on such terms and conditions as the Board decides from time to time, and must specify the following terms:

- (a) the number of Shares for which that Eligible Employee may subscribe or acquire;
- (b) the amount payable (if any) for the subscription or acquisition of a Plan Share or the method for calculating the acquisition or subscription amount; and
- (c) the method of acceptance of the offer in the Invitation and the closing date for acceptance.

3.34 Invitation to acquire Options

~~The~~ An Invitation with respect to each offer of Options must be in writing and specify the following terms of issue of the relevant options:

- (a) ~~-(i)——~~the Exercise Price of the Options (if any) or the method of calculating the Exercise Price of the Options (if any);
- (b) ~~-(ii)——~~the number of Options which the Participant or Related Body Corporate is offered;
- (c) ~~-(iii)——~~the earliest date from which the Options may be exercised (the '**First Exercise Date**') (if any);
- (d) ~~-(iv)——~~the latest date prior to which the Options may be exercised (the '**Last Exercise Date**') (if any);
- (e) ~~-(v)——~~the closing date for Acceptance;

- (f) ~~—(vi)—~~applicable Service, Performance or other Conditions; and
- (g) ~~—(vii)—~~any other terms and conditions relating to the offer of Options determined by the Board in its absolute discretion.

3.45 The terms of issue specified under Rule 3.3-4 may include (without limitation):

- (i) service conditions which may require an Eligible Employee to remain in the employment of WIG, for a certain period of time in order to be entitled to exercise the Option ('**Service Conditions**');
- (ii) conditions which set out the number or percentage of Options able to be exercised at certain time periods;
- (iii) performance conditions which may require that the number of Options able to be exercised be reduced or that some or all the Options lapse in circumstances determined by the Board in its absolute discretion ('**Performance Conditions**'); and
- (iv) a period or periods of time at the expiration of which the Board may review the Performance Conditions ('**Performance Period**').

4 Certain limits

The number of Shares that may be issued under the Plan, when aggregated with the number of Shares issued under any of the Company's employee share plans during the previous 5 years ~~and~~, the number of Shares which would be issued if all other offers or invitations to acquire unissued Shares pursuant to any of the Company's employee share plans were accepted or exercised, must not exceed 5% of the total number of issued Shares at the time, disregarding the following:

- (i) any Shares or option for a Share offered or issued to a person resident outside Australia at the time of receipt of the offer or invitation;
- (ii) any offer that is an excluded offer within the meaning of the Corporations Act 2001 or any relevant Class Order;
- (iii) any Share or option for a Share offered or issued under a disclosure document or product disclosure statement; and
- (iv) any Share or option for a Share offered or issued by way of an offer or invitation which does ~~not~~ need disclosure under the Corporations Act.

5 Acceptance by participant

5.1 A Participant or Related Body Corporate may accept an offer of ~~Options~~ Securities by:

- (i) completing the Acceptance;

- (ii) signing the completed Acceptance; and
- (iii) lodging the completed and signed Acceptance with WIG, by the time and date specified in the Invitation.

5.2 As soon as practicable after the date specified in the Invitation as the closing date for applications ~~acceptance of the offer~~, WIG, will:

- (i) issue, or procure the grant by a third party of, the number of ~~Options~~ Securities applied for in the name — of the Participant;
- ~~(ii) if the Invitation related to Options:~~
 - ~~(a) complete an options register in accordance with the Corporations Act; and~~
 - ~~(b) issue, or procure the issue of, an option certificate or holding statement to the Participant (if any);~~
- ~~(iii) if the Invitation related to Plan Shares:~~
 - ~~(a) issue to, or procure the transfer to (via the acquisition of existing Shares on market or an off-market transfer) the Participant of the number of Shares specified by the Participant in the Acceptance;~~
 - ~~(b) enter the Participant's name in the member's register for WIG; and~~
 - ~~(c) issue, or procure the issue of, a share certificate or holding statement to the Participant (if any).~~

5.3 By lodging the completed and signed Acceptance in accordance with Rule 5.1, the Participant agrees to acquire the ~~Options~~ Securities and to be bound by these Rules as amended from time to time.

5.4 Notwithstanding any other provision of this Plan, a Participant has no entitlement to be granted any ~~Options~~ securities under this Plan unless and until such Participant has received an Invitation ~~Options are granted~~.

6 Performance Conditions

6.1 At the end of any Performance Period, the Board will determine the outcome of any Performance Conditions. The determination may include (without limitation):

- (i) a determination that some or all of the Options are exercisable as a consequence of the outcome of any applicable Performance ~~Condition~~ Hurdle;
- (ii) a reduction of the number of Options able to be exercised as a consequence of the outcome of any applicable Performance ~~Condition~~ Hurdle; and

- (iii) a determination that the Options lapse, in whole or part, as a consequence of the outcome of any applicable Performance Condition Hurdle.

6.2 A determination made by the Board under Rule 6.1 is final unless the Board in its absolute discretion decides to revise any determination.

7 Consideration

Options will be issued for no consideration unless otherwise determined by the Board and set out in the terms of issue specified under Rule 3.1.

8 No quotation on any Stock Exchange

Options will not be quoted on the ASX or any other stock exchange.

9 Restriction on transfers of Options

- 9.1 The Participant must not sell, transfer, mortgage, charge or otherwise deal with or encumber any Options without the prior approval of the Board.
- 9.2 A legal personal representative of the Participant may be registered as a holder of the Participant's Options in circumstances where either the Participant has died or the Participant's estate is liable to be dealt with under the laws relating to mental health, upon the production to WIG, of such evidence reasonably required to establish the entitlement of the legal personal representative to be so registered.

10 Lapse of Options

- 10.1 Subject to Rule 10.2, a Participant's Options lapse on the earliest to occur of:
- (i) 5:00pm Brisbane time on the Last Exercise Date;
 - (ii) a determination that the Options lapse under Rule 6;
 - (iii) a change in control in a Participant which is a Related Body Corporate without WIG's prior written consent;
 - (iv) the breach by the Participant of any obligation arising under these Rules, including any purported transfer of its Options other than in accordance with Rule 9; and
 - (v) the Insolvency of WIG, a Participant, or a Participant which is a Related Body Corporate.
- 10.2 Notwithstanding Rules 10.1(ii) and (iii) if a Participant ceases to be employed by, or to be a director of any member of WIG at a time when the relevant Participant's Options have not yet become exercisable, the Board may determine that instead of lapsing upon such cessation, all or any portion

of those Options will become exercisable and will lapse at the time specified by the Board (which time may not be later than the time set out in Rule 10.1(i)).

11 Change of Control

If a Change of Control occurs after the date the Plan is established, the Board in its absolute discretion may determine the treatment of the Options (and any Shares allocated upon exercise of the Options), including without limitation that:

- (i) all or some of the outstanding Options that are not yet able to be exercised will become exercisable at the time or upon the occurrence of an event determined by the Board; and
- (ii) notwithstanding Rule 10 and the terms of issue specified under Rule 3.3, all Options that are not exercised prior to the time or occurrence of an event determined by the Board will lapse at that time or upon the occurrence of that event.

12 Exercise of Options

12.1 Notwithstanding any other Rule of these Rules and subject to the Board's discretion otherwise, an Option may be exercised if:

- (i) the Option is exercised during the period commencing on the First Exercise Date (if any) and ending —on the Last Exercise Date or any other date determined by the Board under Rule 10 or Rule —11;
- (ii) the Option has not lapsed in accordance with Rule 10 or 11(ii); and
- (iii) each Performance Condition, Service Condition and any other condition to which the Option is subject has been satisfied.

12.2 Subject to Rule_12.1 and in the absolute discretion of the Board, an Option may be exercised by the Participant completing a Notice of Exercise and lodging the Notice of Exercise with WIG, together with:

- (i) if an option certificate was given to the Participant under Rule 5.2, an option certificate relating to a number of Options not less than the number of Options being exercised; and
- (ii) payment of the Exercise Price (if any) in a form agreed between the WIG Board and the Participant.

12.3 At the request of a Participant, WIG (in the absolute discretion of the Board) may enter into arrangements with the Participant for WIG to advance the Exercise Price upon such terms and conditions as the Board shall think fit.

- 12.4 Following the exercise of an Option, WIG must (in the absolute discretion of the Board) issue to, procure the transfer to (via the acquisition of existing Shares on market or an off-market transfer), or procure the setting aside for the Participant of, the number of Shares in respect of which Options have been exercised.

13 Exercise Price

- 13.1 The Exercise Price per Option (if any) will be the amount determined by the Board and set out in the terms of issue specified under Rule 3.34 (as such amount may be adjusted in accordance with Rule 16, if applicable).

14 Overriding Restrictions on Issue and Exercise

- 14.1 Despite any Rule or the terms of any ~~Security Option~~, no ~~Option Security~~ may be offered, issued or exercised if to do so would contravene the Listing Rules, the Corporations Act, the law of the jurisdiction in which WIG may be incorporated from time to time or any other applicable law or where compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.

15 Hedging unvested Options

- 15.1 Participants must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Options.

16 Adjustments under certain events

- 16.1 Prior to the allocation of ~~WIG~~ Shares to a Participant upon exercise of Options in accordance with Rule 12, the Board may make any adjustments it considers appropriate to the terms of an Option granted to that Participant in order to minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action such as a capital raising or capital reconstruction.
- 16.2 Without limiting Rule 16.1, if:
- (i) ~~WIG~~ Shares are issued pro rata to the WIG's shareholders generally by way of a bonus issue (other than an issue in lieu of dividends or by way of a dividend reinvestment) involving capitalisation of reserves of distributable profits;
 - (ii) ~~WIG~~ Shares are issued pro rata to the WIG's shareholders generally by way of a rights issue; or
 - (iii) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of WIG is effected (having regard to Rule 16.4),
- the number of Options, or the number of Shares to which each Participant is entitled upon exercising of Options, or any amount payable on exercise of Options (or both the number and amount payable if

appropriate) will be adjusted in the manner determined by the Board, having regard to the ASX Listing Rules and the general principle set out in Rule 16.1.

- 16.3 Without limiting Rule 16.1, if, at any time when ~~the~~ ~~WIG~~ Shares are traded on the ASX, a pro rata issue (except a bonus issue) is made to holders of ~~WIG~~ Shares before the exercise of Options, the Board may determine that the Exercise Price applicable to each then outstanding Option will be reduced according to the following formula:

$$O' = O - \frac{E[P - (S+D)]}{N + 1}$$

where O' = the new Exercise Price for the Option.

O = the old Exercise Price for the Option.

E = the number of ~~WIG~~ Shares into which one Option is then exercisable.

P = the average market price per ~~WIG~~ Share (weighted by reference to volume) of ~~WIG~~ Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for an ~~WIG~~ Share under the pro rata issue.

D = the dividend due but not yet paid on the existing ordinary shares (except those to be issued under the pro rata issue).

N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

- 16.4 Subject to Rule 3 and without limiting Rules 16.1 and 16.2, upon any capital reorganisation of WIG prior to the exercise of then outstanding Options in accordance with Rule 12, the terms of such Options are to be reconstructed to the extent necessary to comply with any Listing Rules applying to a reorganisation of capital at the time of the reorganisation. Subject to the provisions with respect to the rounding of entitlements as sanctioned by the meeting of shareholders approving such a capital reorganisation, in all other respects the terms for the exercise of Options are to remain unchanged.

- (i) Any adjustment to the terms of the Options under Rule 16.4 may not be made if it would result in any benefits being conferred on the Participant which are not conferred on WIG shareholders.

- (ii) Subject to the Corporations Act, the law of the jurisdiction in which WIG may be incorporated from time to time and the Listing Rules (where applicable), the number of Options (or the number of ~~WIG~~ Shares issuable or transferable upon exercise of those Options) issued under the Plan, the Exercise Price for those Options or both may be adjusted by the Board, in its sole discretion, if it determines that such an adjustment is necessary or appropriate to reflect any share dividend, share split or share combination in relation to the ~~WIG~~ Shares, any corporate restructure or any other recapitalisation, merger, consolidation or exchange of shares in relation to WIG.

16.5 Where additional Options are granted to the Participant under this Rule 16, such Options will be subject to the same terms and conditions as the original Options granted to the Participant (including without limitation, any Performance Conditions) unless the Board determines otherwise.

16.6 The Board must as soon as reasonably practicable after making any adjustments under this Rule 16, give notice in writing of the adjustment to any affected Participant.

17 Taxes or social security contributions

17.1 Stamp duty or any similar tax which may be assessed, paid or payable in respect of any document or documents executed in connection with the Plan (other than any share transfer) is payable by WIG within the time prescribed by law.

17.2 The employer of a Participant will have the power to withhold, or to require the Participant to remit to it, an amount sufficient to satisfy all federal, state, local and foreign withholding tax requirements in respect of any or all of the Participant's ~~Securities Options~~ or the ~~Securities Options~~ issued to a Related Body Corporate of that Participant.

17.3 Where the Company, or a subsidiary (within the meaning of the Corporations Act) of the Company, must account for any tax or social security contributions (in any jurisdiction) for which a Participant is liable because of the issue or transfer of Shares, or the vesting or exercise of an Option, either the Company or subsidiary of the Company may withhold the amount assessed in its discretion or the Participant must, prior to the Participant's Shares being issued or transferred or cash being paid to the Participant, or the Option vesting or being exercised (as applicable), either:

- (i) pay the amount assessed to the Company; or
- (ii) make acceptable arrangements with the Company for the amount assessed to be made available to the Company.

18 Forms

WIG may from time to time require the Participant to complete and return to WIG such other documents as may be required by law to be completed by the Participant or such other documents which WIG considers should, for legal or taxation reasons, be completed by the Participant.

19 Rights of Participants and Eligible Employees

Nothing in these Rules or the terms of any ~~Securities~~Options:

- (i) confers upon an Eligible Employee a right to ~~the issue or a grant or offer of the issue or a grant of Securities~~Options;
- (ii) confers on a Participant or an Eligible Employee the right to continue as an employee or officer of a company in the Company (as the case may be);
- (iii) affects the rights of ~~a company in the Company, or a subsidiary of the Company,~~ to terminate the employment or office of a Participant or an Eligible Employee (as the case may be);
- (iv) affects the rights and obligations of any Participant or an Eligible Employee under the terms of their office or employment with ~~any company in the Company or a subsidiary of the Company;~~
- (v) confers any legal or equitable right on a Participant or an Eligible Employee whatsoever to take action against ~~any company in the Company, or a subsidiary of the Company,~~ in respect of their office or employment; nor
- (vi) confers on a Participant or an Eligible Employee any rights to compensation or damages in consequence of the termination of their employment by ~~a company in the Company, or a subsidiary of the Company,~~ for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

20 Power of Attorney

- 20.1 In consideration of the issue of the ~~Options~~Securities, each Participant irrevocably appoints each director and the secretary for the time being of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including share transfers, in his or her name and on his or her behalf that may be convenient or necessary for the purpose of giving effect to the provisions of these Rules or the terms of an Security issued in accordance with this Plan ~~Option~~.
- 20.2 The Participant (or after his or her death, his or her legal personal representative) will be deemed to ratify and confirm any act or thing done under this power and must indemnify the attorney in respect of doing so.

21 Administration of the Plan

21.1 The Plan is administered by the Board committee which has power to:

- (i) determine appropriate procedures for administration of the Plan consistent with these Rules;
- (ii) resolve conclusively all questions of fact or interpretation in connection with the Plan; and
- (iii) do anything delegated to it by the Board which the Board has the power to do.

21.2 The Board may delegate to the Committee the Board's authority in respect of any or all of the matters referred to in these Rules, either generally or with respect to any specific issuance of Securities~~Options~~. In the event of any such delegation, each reference to the Board in the relevant Rule or Rules will be deemed to be a reference to the Committee.

22 Plan amendment

22.1 Amendment of Plan

- (i) Subject to the Listing Rules and the constitution of the Company, the Board may at any time amend these Rules or the terms and conditions upon which any Securities~~Options and Shares issued on exercise of Options~~ have been issued under the Plan.
- (ii) No amendment of these Rules or to ~~the terms upon which Securities are issued~~ Options and Shares issued on exercise of Options granted under the Plan may be made if the amendment materially reduces the rights of any Participant (unless agreed by the Participant) in respect of ~~Options and Shares~~Securities issued ~~on exercise of Options granted~~ to them prior to the date of the amendment other than an amendment introduced primarily:
 - (a) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (b) to correct any manifest error or mistake;
 - (c) for the purpose of complying with Listing Rules; or
 - (d) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation.
- (iii) The Board may determine that any amendment of these Rules or the terms of ~~Securities Options or Shares issued on exercise of Options granted~~ under the Plan be given retrospective effect.
- (iv) Amendment of these Rules or the terms and conditions upon which ~~Options and Shares~~Securities are issued on exercise of Options are granted under the Plan by the Board will be of immediate effect unless otherwise determined by them.
- (v) As soon as reasonably practicable after making any amendment of these Rules or the terms and conditions of ~~Options and Shares~~upon which Securities are issued on exercise of

~~Options granted~~ under the Plan the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

22.2 Amendment by Addendum

Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply in particular jurisdictions or circumstances by means of an addendum of these Rules.

23 Notices

23.1 Any notice or other communication given pursuant to these Rules must be in writing and is deemed to have been given properly if:

- (i) delivered;
- (ii) sent by post; or
- (iii) sent by facsimile transmission or other print-out communications method (including email);

and is deemed to have been served:

- (iv) if delivered, at the time of delivery;
- (~~iv~~) if posted, 3 business days after the date of posting (or, in the case of a notice posted to a Participant with an address outside Australia, 5 business days after the date of posting); and
- (~~iii~~~~v~~) if sent by facsimile transmission or other print-out communications method, 24 hours after receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error (or, in the case of email, 24 hours after the message has been sent, so long as the sender has not received a notice that the message was not delivered).

23.2 Delivery, postage and print-out communications to the Participant or WIG must be made:

- (i) in the case of WIG, to its registered office address; and
- (ii) in the case of a Participant, to the address of the Participant according to the records of WIG;
or
- (iii) ~~or~~ to such other address as WIG or the Participant may notify to the other party respectively.

24 Leavers

24.1 Good Leaver

Subject to the terms of an Invitation:

- (a) _____ where a Participant who holds Options becomes a Good Leaver, all unvested Options will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Options to vest, in which case those Options will be available for exercise; and
- (b) _____ Good Leavers will have 30 days from the date of termination of employment to exercise vested Options.

24.2 Bad Leaver

Where a Participant who holds Options becomes a Bad Leaver, all vested and unvested Options will automatically lapse.

24.3 Notwithstanding Rules 24.1 and 24.2 if a Participant ceases to be employed by, or to be a director of ~~any member of WIG the Company or a subsidiary of the Company~~, at a time when the relevant Participant's Options have not yet become exercisable, the Board may determine that instead of lapsing upon such cessation, all or any portion of those Options will become exercisable and will lapse at the time specified by the Board (which time may not be later than the time set out in Rule 10.1(i)).

25 Compliance with Subdivision 83A-C (ITAA 97)

To ensure all Invitations and Share acquisitions under the Plan comply with Subdivision 83A-C (ITAA 97) and to enable Participants access to the deferred inclusion of gain in assessable income:

- (i) Invitations under the Plan will only be made to Eligible Employees;
- (ii) Invitations will only be for Options where:
 - (a) there exists a real risk that the Participant may lose the Option (other than by disposing of the Option, exercising the Option or letting the Option lapse); and/or
 - (b) there exists a real risk that for any Share received on exercise of the Option, the Participant may forfeit or lose the Share (other than by disposing of the Share).
- (iii) Shares acquired on exercise of Options under the Plan will be ordinary shares only;
- (iv) Employees of Wilson Group Limited will not be employed by more than one company in the group (within the meaning contemplated in subsection 83A-35(5) ITAA 97).

26 Compliance with TAA 1953

26.1 Information required

The legislative guidance that is provided on what the Commissioner may require in the approved form does not in any way limit the information that the Commissioner may or may not require.

26.2 Information about acquisition of ~~Options~~ Securities under the Plan

- (i) The Company shall provide to the Commissioner information about Securities ~~Options~~ acquired by the Plan during the year as set out in **Schedule A** no later than 14 August after the end of the year.
- (ii) The Company shall provide to the Participant information about Securities ~~Options~~ acquired by the Plan during the year as set out in **Schedule B** no later than 14 July after the end of the year.

26.3 Information about ESS deferred taxing points for Securities issued ~~Options~~ under the Plan

- (i) The Company shall provide to the Commissioner information about Securities ~~Options~~ for which an ESS deferred taxing point occurred during the year as set out in **Schedule C** no later than 14 August after the end of the year.
- (ii) The Company shall provide to the Participant information about Securities ~~Options~~ for which an ESS deferred taxing point occurred during the year as set out in **Schedule D** no later than 14 July after the end of the year.

26.4 Liability for TFN withholding tax (ESS)

~~Wilson Group Limited~~ The Company will not be liable for tax imposed under the *Income Tax (TFN Withholding Tax (ESS)) Act 2009*, as participation in the Plan is conditional on the Participant providing a valid tax file number or Australian Business Number.

Acceptances to the Plan will not be processed unless the Participant provides a valid tax file number or Australian Business Number.

27 Listing

27.1 Options

Where the Company is listed on the ASX, and unless determined otherwise by the Board in its sole and absolute discretion, Options issued under the Plan will not be quoted on the ASX.

27.2 Plan Shares and Shares issued on exercise of Options

Where the Company is listed on the ASX, any Plan Shares issued under the Plan, or Shares issued on exercise of Options will be listed on the ASX.

28 Disposal restrictions

28.1 Board determines

The Board may determine prior to an Invitation being made whether there will be any restrictions on the disposal or otherwise on dealing with Plan Shares, Options or Shares issued on exercise of Options held by the Trustees on behalf of any Participants, or other securities.

28.2 No transfer

Subject to Rule 28.1, Options and Shares issued on exercise of Options may not be transferred, encumbered or otherwise disposed of by a Participant unless all restrictions on transfer, encumbrance or disposal of the Options and Shares issued on exercise of Options have been met or the Board has waived any such restrictions.

28.3 Board actions

The Company may do such things and enter such arrangements as it considers necessary to enforce the restrictions set out in this Rule 28. Participants will be bound by any action by the Company under this Rule 28.

29 Forfeiture Condition

29.1 Subject to Forfeiture

An Invitation may contain a term to the effect that the Options acquired this Plan are subject at all times to Forfeiture Conditions.

29.2 Forfeiture events

While Options are subject to this Rule 29, if the Board determines that the Participant:

- (i) has committed an act of fraud;

- (ii) is ineligible to hold their office for the purposes of Part 2D.6 of the Corporations Act; or
- (iii) is found to have acted in a manner that the Board considers to be gross misconduct or in such other circumstances as may be specified in an Invitation,

the Participant will forfeit any right or interest in the Options.

30 ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

310 Loans

Prior to 31 December 2016 and subject to Applicable Law, the Company may in its sole discretion arrange for the Company or any Related Body Corporate to make Loans to assist Participants to purchase Shares from a third party, to subscribe for Plan Shares, to purchase Shares upon the exercise of Options and to repay previous loans obtained to acquire Shares or shares in any of its subsidiaries. Such Loans may be secured or unsecured and at such rates of interest, if any, and on such other terms as may be determined by the Company.

342 Non-exclusivity

342.1 Non-exclusivity

This Plan will not be deemed to be the exclusive method of providing incentive compensation to Eligible Employees, nor will it preclude the Company from authorising or approving other forms of incentive compensation for employees of the Company.

342.2 Relationship to other Share Plans

Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by the Company, except as specifically provided in the terms of that other plan.

332 Termination of the Plan

The Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.

334 General

334.1 No fiduciary capacity

The Board may exercise any power or discretion conferred on them by these Rules in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

334.2 Listing Rules

Where the Company is listed on the ASX, the provisions of the Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the Listing Rules are inconsistent, the provisions of the Listing Rules will apply.

334.3 Governing Law

This Plan and, any ~~Options and Shares issued on exercise of Options~~ Securities granted under it, will be governed by, and must be construed according to, the laws of the state of Queensland and the Commonwealth of Australia.

Schedule A: TAA 1953 INFORMATION FOR THE COMMISISONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule B: TAA 1953 INFORMATION FOR THE PARTICIPANT

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule C: TAA 1953 INFORMATION FOR THE COMMISISONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule D: TAA 1953 INFORMATION FOR THE PARTICIPANT

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

Schedule A

Wilson Group -Employee Option Share Plan

TAA 1953 INFORMATION FOR THE COMMISSIONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

To be provided to the Commissioner of Taxation no later than 14 August 20XY/20XZ

Summary Provider Information for the year 20XX/20XY

Provider Name:	Wilson Group Limited	Total number of ESS interests acquired during the year:	TOTAL OP
Provider ABN:	22 100 325 184	Acquisition Method:	ISSUE
For ESS interests:	Options over fully paid ordinary shares in Wilson Group Limited (Options)	Total Amount paid by employees towards the acquisition cost:	NIL
Acquired under employee share scheme name:	Wilson Group Employee Option Share Plan	Total Market Value of ESS interests at time of acquisition:	TOTAL MVOP

	Date of Acquisition	Number ESS interests	Method of acquisition	Amount paid by employees toward acquisition	Market Value of ESS interests at time of acquisition:
			Issue	Nil	
		TOTAL OP	ISSUE	NIL	TOTAL MVOP

#	Employee Identifiers and Residential Address Details					ESS interest: Grant Information				Market value at time of acquisition	
	TFN	Surname or family name	Given name(s)	Street	Suburb / town / locality	State / territory	Postcode	Date of acquisition	Number		Amount paid towards acquisition
									TOTAL OP	NIL	TOTAL MVOP

Schedule B

Wilson Group- Employee Option Share Plan

TAA 1953 INFORMATION FOR THE PARTICIPANT

To be provided to the Participant no later than 14 July 20XY/20XZ

Statement Date:

PRN (Participant Reference Number):

Employee Payroll Number:

Plan Member Name:

Plan Member Address:

Plan Member Tax File Number:

Taxation Administration Act 1953 Subdivision 392-5 Annual Statement by provider

During the 20XX/20XY Tax Year, you received from **Wilson Group Limited** ABN 22 100 325 184 (the provider), on request from your employer, a grant of Options (ESS interests) in the **Wilson Group Employee Option Share Plan** (an employee share scheme).

This grant may have income tax consequences.

Acquisition Date	No of Options Acquired	Amount paid by you towards the acquisition	Market Value ¹ of the Options at acquisition
<hr/>			
TOTAL	0	\$0.00	\$0.00

- Note 1:** You do not need to include this amount as assessable income in your tax return for the 20XX/20XY tax year, **unless at the time you acquired the interest:**
- (i) you held a beneficial interest in more than 5% of the shares in WIG Holdings Limited; **and**
 - (ii) you were in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of WIG Holdings Limited.

Wilson Group Limited is required to provide to the Commissioner of Taxation your TFN, name and address and details of this acquisition. Please retain this letter for tax purposes.

Yours sincerely,

Director

Wilson Group Limited

Schedule C

Wilson Group Employee Option Share Plan

TAA 1953 INFORMATION FOR THE COMMISSIONER

Taxation Administration Act 1953

Subdivision 392-5 Annual Statement by provider

To be provided to the Commissioner of Taxation no later than 14 August 20XY/20XZ

Summary Provider Information for the year 20XX/20XY

Provider Name:	Wilson Group Limited	Total number of ESS interests with ESS deferred taxing points:	TOTAL OPDTP
Provider ABN:	22 100 325 184	Total Amount paid by employees after acquisition but not after ESS deferred taxing point toward acquisition:	TOTAL TPOP
For ESS interests:	Options over fully paid ordinary shares in Wilson Group Limited (Options)	Total Provider's estimate Market Value of interests at ESS deferred taxing point:	TOTAL MVOPDTP
Acquired under employee share scheme name:	Wilson Group Employee Option Share Plan	Total TFN withholding tax (ESS) paid or payable by Wilson Group Limited:	NIL

Information of Options with ESS deferred taxing point:

Date of ESS deferred taxing point	ESS deferred taxing point type ¹	Number of ESS interests with deferred taxing points	Amount paid by employees after acquisition but not after ESS deferred taxing point toward acquisition	Provider's estimate Market Value of ESS interests at date of ESS deferred taxing point:	Total TFN withholding tax (ESS) paid or payable by Wilson Group Limited:
					NIL
		TOTAL OPDTP	NIL	TOTAL MVOPDTP	NIL

Note 1:

Type 1: No restrictions on disposing of Option

Type 2: Cessation of employment

Type 3: Maximum time period for deferral

Type 4: No restrictions on exercising the Option and disposing of the Share acquired on exercise of the Option

Information by Employee:

Employee Identifiers and Residential Address Details							ESS interest: ESS deferred taxing point						
TFN	Surname or family name	Given name(s)	Street	Suburb / town / locality	State / territory	Postcode	Date of ESS deferred taxing point	ESS deferred taxing point type	Number of ESS interests with ESS deferred taxing points	Amount paid after acquisition but not after ESS deferred taxing point towards acquisition	Provider's estimate Market Value of ESS interests at date of ESS deferred taxing point	TFN withholding tax (ESS) paid or payable (if any)	
							TOTAL OPDTP			NIL	TOTAL MVOPDTP		Nil

Schedule D

Wilson Group Employee Option Share Plan

TAA 1953 INFORMATION FOR THE PARTICIPANT

To be provided to the Participant no later than 14 July 20XY/20XZ

Statement Date:

PRN (Participant Reference Number):

Employee Payroll Number:

Plan Member Name:

Plan Member Address:

Plan Member Tax File Number:

Taxation Administration Act 1953 Subdivision 392-5 Annual Statement by provider

During the 20XX/20XY Tax Year, an ESS deferred taxing point occurred for Options (ESS interests) you received from **Wilson Group Limited ABN 22 100 325 184** (the provider) in the **Wilson Group Employee Option Share Plan** (an employee share scheme).

The occurrence of an ESS deferred taxing point has income tax consequences.

Date of ESS deferred taxing point	ESS deferred taxing point type ¹	Number of ESS interests with deferred taxing points	Amount paid by you after acquisition but not after ESS deferred taxing point toward acquisition	Provider's estimate Market Value of ESS interests at date of ESS deferred taxing point ² :	Total TFN withholding tax (ESS) paid or payable by Wilson Group Limited:
TOTAL			NIL	\$TOTAL²	NIL

Note 1: Please see attached definitions.

Note 2: This amount is to be included in your 20XX/20XY tax return as income.

This statement assumes you were an Australian resident for taxation purposes at the ESS deferred taxing point date(s), and were not a temporary resident. Please be aware there are special rules in connection with individuals whose residency status changes.

This taxation information is general in nature and has been prepared on <Date> based on current Australian income tax laws. As each employee's circumstances will be different, it is strongly recommended you seek professional advice in relation to your specific personal circumstances. Wilson Group Limited and its advisors will not be held responsible to employees who act solely on the information provided in this statement.

Wilson Group Limited is required to provide to the Commissioner of Taxation your TFN, name and address and details of any ESS deferred taxing point occurrence.

Please retain this letter for use in the preparation of your 20XX/20XY tax return.

Yours sincerely,

Director

Wilson Group Limited

Note 1: ESS deferred taxing points:

Type 1: No restrictions on disposing of Option

An ESS deferred taxing point occurs when:

- (a) you have not exercised the Option; and
- (b) there is no longer any real risk that you will forfeit or lose the Option, other than by:
 - (i) disposing of the Option;
 - (ii) exercising the Option; or
 - (iii) letting the Option lapse.

Type 2: Cessation of employment

An ESS deferred taxing point occurs when the employment in respect of which you acquired the Option ends.

Type 3: Maximum time period for deferral

An ESS deferred taxing point occurs 7 years from the date when you acquired the Options.

Type 4: No restrictions on exercising the Option and disposing of the Share acquired on exercise of the Option

An ESS deferred taxing point occurs when:

- (a) there is no longer any real risk that you will forfeit or lose the Option, other than by:
 - (i) disposing of the Option;
 - (ii) exercising the Option; or
 - (iii) letting the Option lapse, and
- (b) there is no longer any restriction on you exercising the Option; and
- (c) there is no longer any real risk that you will forfeit or lose the Share acquired on exercise of the Option, other than by disposing of the Share; and
- (d) there is no longer any restriction on you disposing of the Share.

Schedule 5

Information for Resolution 4 – Approval under section 611 item 7 of the Corporations Act

Seller and Associates	Current shareholding	Shares issued at Completion	Shares acquired from Deutsche	Total Shares on Completion	Change in number of Shares owned	Change as % of new share capital
Macoun Parties	100,000	21,063,040	6,806,704	27,969,744	27,869,744	18.88%
Ihlenfeldt Parties	1,458,498	2,120,086	1,111,112	4,689,696	3,231,198	3.16%
Chambers Parties	0	4,091,658	555,556	4,647,214	555,556	3.14%
Findlay Parties	0	4,091,658	555,556	4,647,214	555,556	3.14%
Whittingham Parties	0	4,091,658	555,556	4,647,214	555,556	3.14%
Cormack Parties	0	918,767	666,668	1,585,435	666,668	1.07%
Dell Parties	0	667,050	0	667,050	0	0.45%
TOTAL in number	1,558,498	37,043,917	10,251,152	48,853,567		
TOTAL as a % of share capital on Completion	1.05%	25.00%	6.92%	32.97%		32.97%

www.wilsongrouplimited.com.au



WILSON GROUP
— LIMITED —



WILSON GROUP

LIMITED

ABN 22 100 325 184

WIG

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

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

Proxy Form

XX



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

PIN: 99999

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 4:00 pm (AEST) Sunday, 14 August 2016

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 Group Limited 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 Group Limited** to be held at **Level 24, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000 on Tuesday, 16 August 2016 at 4:00 pm (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 5 & 6** (except where I/we have indicated a different voting intention below) even though **Items 5 & 6** 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 5 & 6** 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 Acquisition of 24.99% Equity Stake in Pinnacle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issuing ordinary shares to the Sellers as consideration for the Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Amendment of Wilson Group Limited's Employee Option Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval under section 611 item 7 of the Corporations Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Payments of amounts to repay \$1.119 million loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of termination benefits for Mr Ian Macoun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

7 Change of Company Name and update of 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

9 9 9 9 9 9 A

Computershare +