

ASX ANNOUNCEMENT

24 September 2018

Scottish Pacific Group Limited enters into Scheme Implementation Agreement with Affinity Equity Partners

Key highlights:

- SME Capital Investments III Pty Ltd (ACN 628 950 514) (**Bidder**) (an entity owned by funds managed or advised by Affinity Equity Partners Limited and/or its affiliates (**Affinity Equity Partners**)) proposes to acquire 100% of Scottish Pacific Group Limited (**SCO**) by way of scheme of arrangement (**Scheme**).
- Subject to the Scheme becoming effective, SCO shareholders will receive \$4.40 per share in cash¹ (**Scheme Consideration**), representing a premium of 27.8% to SCO's 1-month volume weighted average price (**VWAP**) to 19 September 2018 of \$3.44.
- SCO's Directors unanimously recommend that SCO shareholders vote in favour of the Scheme, subject to no superior proposal emerging and the Independent Expert concluding that the Scheme is in the best interests of SCO shareholders.
- A Scheme Booklet containing detailed information of the Scheme proposal, including an Independent Expert Report, is expected to be issued to SCO shareholders by early November 2018.
- The transaction is subject to customary conditions which must be satisfied before the Scheme is implemented. SCO shareholders do not need to take any actions at the present time.

Overview of the Scheme

SCO announces that it has entered into a binding Scheme Implementation Agreement (**SIA**) with the Bidder (an entity owned by funds managed or advised by Affinity Equity Partners) under which it is proposed that the Bidder will acquire 100% of the share capital of SCO by way of the Scheme.

Established in 2004, Affinity Equity Partners is one of the largest independent Asian private equity firms and recently closed a funding round that raised ~US\$6bn in December 2017.

Under the terms of the Scheme, SCO shareholders will be entitled to receive \$4.40 per share in cash, subject to all applicable conditions being satisfied or waived and the Scheme being implemented.

The Scheme Consideration of \$4.40 per share represents:

- 17.6% premium to SCO's closing share price of \$3.74 on 19 September 2018, being the last closing price prior to entering into trading halt and announcing the Scheme;
- 23.8% premium to the 1-week VWAP of \$3.55 (up to and including 19 September);
- 27.8% premium to the 1-month VWAP of \$3.44 (up to and including 19 September);
- 34.4% premium to the 3-month VWAP of \$3.27 (up to and including 19 September);
- 37.5% premium to the 12-month VWAP of \$3.20; and
- 18.7x price to FY18 NPATA on a fully diluted basis².

¹ Members of SCO's Leadership Team may make an election under the Scheme, to receive \$2.20 in cash plus 0.5 shares in SME Capital Holdings Pty Ltd (ACN 628 947 544) in respect of each SCO share they or their associates hold (in lieu of the \$4.40 cash per share Scheme Consideration). SME Capital Holdings Pty Ltd indirectly wholly owns the Bidder. SCO's Leadership Team includes Peter Langham (Chief Executive Officer and Executive Director), David Rose (Chief Financial Officer and Company Secretary), Craig Michie (Head of Specialised Finance), Wayne Smith (Head of Debtor Finance), Steven Davies (Chief Operating Officer) and Ben Cutler (Chief Customer Officer).

² Calculated on a fully diluted basis which includes 139,191,601 ordinary shares outstanding and assumed conversion of 4,095,480 unlisted options.

The Scheme Consideration of \$4.40 per share implies a fully diluted market capitalisation for SCO of approximately \$630 million.

SCO's Board of Directors unanimously recommend the Scheme

The Directors of SCO unanimously recommend that SCO shareholders vote in favour of the Scheme, subject to no superior proposal emerging and the Independent Expert concluding that the Scheme is in the best interests of SCO shareholders. Subject to those same qualifications, each Director of SCO that holds or controls SCO shares intends to vote in favour of the Scheme.

Each member of SCO's Leadership Team³, who in aggregate hold approximately 3.2% of SCO's shares as at the date of this announcement, has confirmed that they intend to vote all SCO shares held or controlled by them in favour of the Scheme, subject to the above qualifications.

SCO's Chairman, Patrick Elliott, commented "Affinity Equity Partners' proposal represents a significant premium to SCO's recent share price, and entitles all SCO shareholders to receive up to 100%⁴ of the Scheme Consideration in cash which provides value certainty for shareholders. We believe the proposal is consistent with the Board's efforts to maximise shareholder value."

Transaction structure

The transaction will be implemented by a scheme of arrangement under Australian law.

The Scheme is subject to certain conditions that must be satisfied or waived for the Scheme to be implemented. These include:

- any ASIC or ASX reliefs, waivers, confirmations, exemptions, consents or approvals;
- approval of any relevant Regulatory Authority;
- no Court or Regulatory Authority take steps to restrain or prevent the Scheme;
- the Independent Expert issuing a report which concludes that the Scheme is in the best interest of Scheme Participants;
- no enforcement action initiated by any Regulatory Authority; and
- obtaining consents to the change of control from each relevant counterparty to SCO's Warehouse Facilities.

The Scheme is also subject to a number of customary conditions, including SCO shareholder approval by the requisite majorities, Court approval, no material adverse effect and approval from regulators, including the Foreign Investment Review Board (**FIRB**) and certain other regulatory bodies (including in New Zealand). Unless every condition to the Scheme is satisfied or waived, the Scheme will not be implemented. In this regard, SCO shareholders should note that there is no assurance that the requisite consents and approvals will be obtained.

The Bidder has advised SCO that it expects the cash component of the Scheme Consideration to be fully funded by financing arranged or provided by certain funds managed or advised by Affinity Equity Partners. The Scheme is not conditional on the Bidder securing the funds.

The SIA contains customary exclusivity provisions including no shop restrictions, a notification obligation, no talk restrictions and a matching right (the latter two of which are subject to SCO Directors' fiduciary obligations). The SIA also details circumstances under which a break fee may be payable to the Bidder and a reverse break fee may be payable to SCO.

A full copy of the executed SIA with its attachments accompanies this announcement.

³ SCO's Leadership Team includes: Peter Langham (Chief Executive Officer and Executive Director), David Rose (Chief Financial Officer and Company Secretary), Craig Michie (Head of Specialised Finance), Wayne Smith (Head of Debtor Finance), Steven Davies (Chief Operating Officer) and Ben Cutler (Chief Customer Officer).

⁴ Members of SCO's Leadership Team may elect to receive \$2.20 in cash plus 0.5 shares in SME Capital Holdings Pty Ltd in lieu of the \$4.40 cash per share Scheme Consideration.

Indicative timetable and next steps

SCO shareholders do not need to take any action at the present time.

A Scheme Booklet containing, among other things, further information relating to the Scheme, reasons for the Directors' unanimous recommendation, details of the Scheme meeting and the Independent Expert's report, is expected to be sent to SCO shareholders in early November 2018.

SCO shareholders will be given the opportunity to vote on the Scheme at a meeting that is expected to be held on 30 November 2018. Subject to SCO shareholder approval and the other conditions of the Scheme being satisfied, the Scheme is expected to be implemented in late December 2018.

These dates are indicative and subject to change.

SCO is being advised by Citigroup as financial adviser and by PwC as legal and tax adviser.

About Affinity Equity Partners

Affinity Equity Partners is one of the largest independent private equity firms in the Asia Pacific region, advising and managing approximately US\$14bn of funds and assets. Affinity Equity Partners recently completed raising US\$6bn in new capital for Affinity Asia Pacific Fund V. Affinity Equity Partners was established as a standalone entity in 2004, following the separation of its operations from UBS AG. Since inception, Affinity Equity Partners has completed 41 transactions in ten countries with an aggregate transaction value of US\$15 billion.

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Scheme Implementation Agreement

SME Capital Investments III Pty Ltd (ACN 628 950 514) ("**Bidder**")
Scottish Pacific Group Limited (ABN 45 164 013 110) ("**Target**")

KING&WOOD
MALLESONS

Legal adviser to the Bidder



Legal and tax adviser to the
Target

Scheme Implementation Agreement

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Scheme Implementation Agreement

Details

Parties

Bidder	Name	SME Capital Investments III Pty Ltd
	ACN	628 950 514
	Formed in	New South Wales
	Address	C/- King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000
	Email	aarongoh@affinityequity.com and robinong@affinityequity.com
	Attention	Aaron Goh and Robin Ong
Target	Name	Scottish Pacific Group Limited
	ABN	45 164 013 110
	Formed in	Victoria
	Address	Level 5, 20 Bond Street, Sydney NSW 2000
	Email	PatrickElliott@nextcapital.com.au
	Attention	Patrick Elliott
Governing law	New South Wales	
Recitals	A	Target and Bidder have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act.
	B	At the request of Bidder, Target intends to propose the Scheme and issue the Scheme Booklet.
	C	Target and Bidder have agreed to implement the Scheme on the terms and conditions of this document.

Scheme Implementation Agreement

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

Accounting Standards means:

- (a) the requirements of the Corporations Act about the preparation and contents of financial reports; and
- (b) the accounting standards approved under the Corporations Act, being the Australian Accounting Standards and any authoritative interpretations issued by the Australian Accounting Standards Board.

Affiliate means in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person; or
- (c) directly or indirectly under the common Control of the Primary Person and another person or persons.

Anti-Corruption Laws means:

- (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended;
- (b) the UK Bribery Act 2010;
- (c) the *Criminal Code Act 1995* (Cth); and
- (d) any similar applicable law that has as its objective the prevention of corruption, including without limitation legislation enacted in furtherance of the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions 1997.

Anti-Money Laundering Laws means anti-money laundering laws and regulations applicable to the Target Group from time to time, including without limitation the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

APRA means the Australia Prudential Regulation Authority.

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this document.

ASX means ASX Limited or the market operated by it, as the context requires.

AUSTRAC means the Australian Transaction Reports and Analysis Centre.

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Bidder Board means the board of directors of Bidder.

Bidder Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this document relating to the business, technology or other affairs of Bidder.

Bidder Group means Bidder and its Subsidiaries and Concordant Investments Pte Ltd and any of its Subsidiaries that directly or indirectly controls Bidder and its Subsidiaries and a reference to **Bidder Group Member** is to any of them, but does not include any other Subsidiaries or portfolio companies of Concordant Investments Pte Ltd.

Bidder Indemnified Party means each Bidder Group Member and its Affiliates and each director, officer, employee, advisers, general or limited partner, manager, agent, member and representative of each Bidder Group Member and each of its Affiliates.

Bidder Information means the information regarding Bidder as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. Bidder Information does not include information about the Target Group (except to the extent it relates to any statement of intention relating to the Target Group following the Effective Date).

Bidder Representations and Warranties means the representations and warranties of Bidder set out in clause 13.4.

Break Fee means \$6,100,000.

Business Day means a business day as defined in the Listing Rules.

Cash Scheme Consideration has the meaning given in the Scheme.

Change of Control Authorisations means any:

- (a) regulatory approval required in connection with the Scheme or any aspect of it;
- (b) matter which is the subject of a Condition Precedent; or
- (c) Change of Control Requirements.

Change of Control Requirements has the meaning given in clause 8.7(a).

Competing Transaction means a proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person (other than Bidder or its Related Bodies Corporate) whether alone or together with its Associates would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of 20% or more of the Target Shares (other than as custodian, nominee or bare trustee);

- (b) acquire control of Target, within the meaning of section 50AA of the Corporations Act;
- (c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part of the assets of, or business conducted by, the Target Group; or
- (d) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Target.

Conditions Precedent means the conditions precedent set out in clause 3.1.

Confidentiality Agreement means the Confidentiality Agreement between Target and Affinity Equity Partners (S) Pte Ltd dated 19 June 2018.

Confidential Information means Bidder Confidential Information or Target Confidential Information.

Consolidated Group has the same meaning as in the Tax Act.

Control means, with respect to any person (other than an individual), the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise, and includes the following:

- (a) direct or indirect ownership of more than 50% of the voting rights of such person; or
- (b) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person,

and, for the avoidance of doubt, and, solely for the purposes of the definition of Affiliate:

- (c) a general partner is deemed to Control a limited partnership;
- (d) a fund, client or account advised or managed, directly or indirectly, by a person will also be deemed to be Controlled by such person; and
- (e) a fund, client or account will be deemed to be an Affiliate of the Primary Person if the fund, client or account is advised or managed, directly or indirectly, by a person Controlling directly or indirectly the Primary Person or a person directly or indirectly under the common Control of the Primary Person and another person or persons.

Controller has the meaning it has in the Corporations Act.

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

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

Costs includes costs, charges and expenses, including those incurred in connection with advisers and any legal costs on a full indemnity basis.

Court means the Supreme Court of Victoria, or such other court of competent jurisdiction under the Corporations Act agreed by the parties.

Deed Poll means a deed poll substantially in the form of Annexure C to this document.

Details means the section of this document headed “Details”.

Director Target Shares means, in respect of a Target Board Member, any Target Share:

- (a) held by or on behalf of the Target Board Member;
- (b) listed as an indirect interest in the latest Appendix 3X or Appendix 3Y lodged by Target with ASX in respect of the Target Board Member; or
- (c) in which an associate of the Target Board Member has a Relevant Interest.

Disclosure Letter means the letter identified as such provided by Target to Bidder and countersigned by Bidder on or about the date of this document.

Disclosure Materials means the information in relation to the Target Group disclosed in writing by or on behalf of Target to Bidder and its Representatives in:

- (a) the documents and information contained in the data room (including any written answers to requests for further information made by Bidder and its Representatives) made available by Target to Bidder and its Representatives, the index of which has been initialled by, or on behalf of, the parties for the purposes of identification;
- (b) the Disclosure Letter; and
- (c) the Warehouse Facilities Report.

Effective, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Election has the meaning given in the Scheme.

Election Form has the meaning given in the Scheme.

Employee Share Right means a Target Option issued under the LTI Plan.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means 15 March 2019 or such other date as is agreed by Bidder and Target.

Equity Commitment Letter means a binding executed commitment letter addressed to Bidder from Concordant Investments Pte Ltd dated on or about the date of this document.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this document or an obligation of confidence owed to the party providing the Confidential Information; or

- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Representative of the party providing the Confidential Information where such source is entitled to disclose it.

Exclusivity Period means the period from and including the date of this document to the earlier of:

- (a) the termination of this document in accordance with its terms; and
- (b) the End Date.

FCA means the Financial Conduct Authority of the United Kingdom.

FIRB means the Foreign Investment Review Board.

FIRB Act means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Fairly Disclosed means, in relation to a matter, event or circumstance, publicly disclosed to the ASX or disclosed to the relevant party or its Representatives by 5:00pm on the date prior to the date of this document to the extent, and in reasonably sufficient detail, so as to allow a reasonable and sophisticated bidder (or one of its Representatives) experienced in transactions similar to the Scheme to identify or otherwise determine the nature and scope of the relevant matter, event or circumstance.

First Court Date means the first day on which an application made to the Court, in accordance with clause 5.2(h), for orders under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.

Foreign Shareholder means a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia or New Zealand unless Bidder and Target agree in writing that it is lawful and not unduly onerous or impracticable to issue HoldCo Shares to that Scheme Participant if the Scheme Participant so elects under the Scheme.

Funding SPV means each entity, trust, subsidiary or special purpose vehicle, the sole or predominant business purpose of which is for financing warehouse securitisations, term securitisation transactions or the acquisition of securities from term securitisation transactions for the purpose of satisfying the prescribed risk retention requirements of any relevant jurisdiction.

Government Official means, whether in Australia or elsewhere:

- (a) an officer, agent or employee of a government, government-owned enterprise (or any agency, department or instrumentality thereof), political party or public international organization;
- (b) a candidate for government or political office; or
- (c) an agent, officer, or employee of any entity owned by a government.

HoldCo means SME Capital Holdings Pty Ltd (ACN 628 947 544).

HoldCo Constitution has the meaning given in the Scheme.

HoldCo Share means a fully paid ordinary share in the capital of HoldCo having the rights specified in the HoldCo Constitution and the Investment Deed.

Implementation Date means the 5th Business Day following the Record Date or such other date as is agreed by Bidder and Target.

Incoming Directors means at least 2 directors nominated by Bidder at least 2 Business Days before the Regulator's Draft is provided to ASIC.

Independent Expert means the independent expert approved by Bidder and appointed by Target under clause 5.2(c).

Independent Expert's Report means the report from the Independent Expert for inclusion in the Scheme Booklet, including any update or supplementary report, stating whether or not in the Independent Expert's opinion the Scheme is in the best interests of Target Shareholders.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this document); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 14 days), resolution passed or any other action taken, in each case in connection with that person, in respect of any of the things described in paragraphs (a), (b) or (c);
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this document reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Investment Deed has the meaning given in the Scheme.

Key Employees means any employee of a member of the Target Group who earns an annual salary of \$200,000 or more.

Listing Rules means the Listing Rules of ASX modified to the extent of any express written waiver by ASX.

Losses means all claims, demands, damages, losses, costs, expenses and liabilities.

LTI Plan means the long term incentive plan operated by the Target Group.

Management Shareholder means a Target Shareholder, other than a Foreign Shareholder, who is an employee (or an Affiliate of an employee) of a member of the Target Group and who earns an annual salary of \$200,000 or more.

Material Adverse Effect means a Specified Event which has resulted in, or is reasonably likely to result in (including as the result of a regulatory investigation or the loss of a financial services licence), either individually or when aggregated with any Specified Events of a similar kind or category:

- (a) a diminution in the consolidated net assets of the Target Group by at least \$20.6 million; or
- (b) PBITDA of the Target Group being reduced by at least \$7.2 million in the Target Group's financial years ending 30 June 2019 and/or 30 June 2020 (and for this purpose, the full financial year effect of any resulting PBITDA reduction must be applied in the relevant periods);

but does not include any matter, event or circumstance:

- (c) required to be done or procured by Target, or expressly permitted, under this document or the Scheme or the transactions contemplated by either;
- (d) which Bidder has previously approved in writing;
- (e) Fairly Disclosed in the Disclosure Materials;
- (f) that was Fairly Disclosed in documents that were publicly available from (and including) 13 July 2016 to the date of this document from public filings of Target with ASX;
- (g) relating to the costs and expenses incurred by Target associated with the Scheme, including all fees payable to external advisers of Target, to the extent such amounts or comparable estimates of such amounts are Fairly Disclosed in the Disclosure Materials; or
- (h) comprising or resulting from a change (including the implementation or introduction of a previously announced or made change) in any applicable law or governmental policy, any Accounting Standards, general economic and business or political conditions (including changes in foreign exchange rates and commodity prices) or financial markets, whether in Australia or elsewhere.

Material Contract means a contract or commitment requiring payments over the term of the contract in excess of \$1,000,000 or a group of related contracts with the same party or group of related parties or for a term of more than 1 year, but does not include debtor finance or specialised finance contracts entered into in the ordinary course of business with clients of the Target Group.

Maximum Share Number means 139,191,601 Target Shares or such higher number as is agreed in writing between Target and Bidder.

OIO means the Overseas Investment Office of New Zealand.

Outgoing Directors means Peter Clare, Andrew Love, Katrina Onishi and Patrick Elliott.

PBITDA means consolidated profit from ordinary continuing operating activities of the Target Group before interest, tax, depreciation and amortisation calculated in accordance with the accounting policies and principles applied by Target as at the date of this document.

PPSA means the *Personal Property Securities Act 2009* (Cth).

Record Date means 5.00pm on the 5th Business Day following the Effective Date or such other date as Target and Bidder agree.

Register means the share register of Target and **Registry** has a corresponding meaning.

Regulator's Draft means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Regulatory Approval means any approval of a Regulatory Authority to the Scheme or any aspect of it which Bidder, acting reasonably, determines is necessary or desirable to implement the Scheme.

Regulatory Authority includes, in any jurisdiction:

- (a) a government or governmental, semi-governmental or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (c) any regulatory organisation established under statute,

and includes ASX, ACCC, ASIC, the Takeovers Panel, FIRB, APRA, AUSTRAC, OIO and FCA.

Regulatory Review Period means the period from the date on which the Regulator's Draft is submitted to ASIC to the date on which ASIC confirms that it does not intend to make any submissions at the Court hearing on the First Court Date or otherwise object to the Scheme.

Related Body Corporate has the meaning it has in the Corporations Act.

Relevant Interest has the meaning it has in sections 608 and 609 of the Corporations Act.

Representative means, in relation to a party:

- (a) a Related Body Corporate;
- (b) a director, officer or employee of the party or any of the party's Related Bodies Corporate; or
- (c) a financier or an adviser to the party or any of the party's Related Bodies Corporate, where an "adviser" means, in relation to an entity, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity and who has been engaged by that entity in that capacity in connection with the Transaction.

Reverse Break Fee means \$6,100,000.

Sanctioned Person means at any time:

- (a) any person or entity listed on any Sanctions-related list of designated or blocked persons;

- (b) any person resident in, or entity organized under the laws of, a country or territory that is the subject of comprehensive Sanctions (including Cuba, Iran, North Korea, Sudan, Syria, and the Crimea region); or
- (c) any person or entity majority-owned or controlled by or acting on behalf of any of the foregoing.

Sanctions means those economic and financial sanctions and trade embargoes imposed, administered or enforced from time to time by:

- (a) the European Union and implemented by its member States;
- (b) the United Nations Security Council;
- (c) Her Majesty's Treasury of the United Kingdom; or
- (d) the U.S. government, including those administered by the U.S. Treasury, Office of Foreign Assets Control.

Scheme means the scheme of arrangement under part 5.1 of the Corporations Act under which all the Target Shares will be transferred to Bidder substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

Scheme Booklet means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to Target Shareholders which includes the Scheme, an explanatory statement complying with the requirements of the Corporations Act and notices of meeting and proxy forms.

Scheme Consideration has the meaning given in the Scheme.

Scheme Meeting means the meeting to be convened by the Court at which Target Shareholders will vote on the Scheme.

Scheme Participants means each person who is a Target Shareholder at the Record Date.

Scrip Scheme Consideration has the meaning given in the Scheme.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Specified Event means an event, occurrence or matter that:

- (a) occurs after the date of this document; or
- (b) occurs before the date of this document but is only announced or publicly disclosed after the date of this document.

Subsidiary, in relation to an entity, has the meaning given in Division 6 of Part 1.2 of the Corporations Act but so that:

- (a) an entity will also be deemed to be a "Subsidiary" of an entity if that entity is required by the accounting standards to be consolidated with that entity;
- (b) a trust or fund may be a "Subsidiary", for the purposes of which any units or other beneficial interests will be deemed shares; or
- (c) a corporation or trust or fund may be a "Subsidiary" of a trust or fund if it would have been a Subsidiary if that trust or fund were a corporation.

Superior Proposal means a bona fide Competing Transaction which the Target Board, acting in good faith, and after taking advice from its legal and financial advisers, determines:

- (a) would, if completed substantially in accordance with its terms, result in an acquisition of an interest or Relevant Interest in 100% of the Target Shares;
- (b) is reasonably capable of being valued and completed within 5 months, taking into account all aspects of the Competing Transaction, including its conditions, the identity, reputation and financial condition of the person making the proposal, and legal, regulatory and financial matters; and
- (c) is of a higher financial value and would, if completed substantially in accordance with its terms, be more favourable to Target Shareholders than the Scheme viewed in aggregate, taking into account all terms and conditions of the Competing Transaction (including the consideration, conditionality, funding, certainty and timing).

Target Board means the board of directors of Target and **Target Board Member** means any director of Target comprising part of the Target Board.

Target Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this document relating to the business, technology or other affairs of Target.

Target Consolidated Tax Group means the Consolidated Group of which Target is the head company (as defined for the purposes of the Tax Act).

Target Constitution means the constitution of Target.

Target Group means Target and its Subsidiaries.

Target Indemnified Parties means Target, its directors, officers, employees, and Related Bodies Corporate and the directors, officers and employees of each of its Related Bodies Corporate and, except for the purposes of clause 7.2, its advisers and those of its Related Bodies Corporate.

Target Information means all information contained in the Scheme Booklet other than the Bidder Information and the Independent Expert's Report.

Target Option means an option over an unissued ordinary share in Target.

Target Prescribed Event means, except to the extent required or expressly permitted by this document or the Scheme, any of the following events:

- (a) **(conversion)** Target converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** Target or another member of the Target Group resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares;
- (c) **(buy-back)** Target or another member of the Target Group:
 - (i) enters into a buy-back agreement; or

- (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** Target makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (e) **(issuing or granting shares or options)** any member of the Target Group:
 - (i) issues shares;
 - (ii) grants an option over its shares; or
 - (iii) agrees to make such an issue or grant such an option,

in each case to a person outside the Target Group other than:

 - (iv) as Fairly Disclosed; or
 - (v) on vesting or exercise of an option or performance right existing as at the date of this document,

and provided the total number of Target Shares on both the Record Date and the Implementation Date does not exceed the Maximum Share Number;
- (f) **(securities or other instruments)** any member of the Target Group issues or agrees to issue securities or other instruments convertible into shares in each case to a person outside the Target Group other than as Fairly Disclosed and provided the total number of Target Shares on both the Record Date and the Implementation Date does not exceed the Maximum Share Number;
- (g) **(constitution)** Target adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) **(disposals)** any member of the Target Group disposes, or agrees to dispose of the whole or a substantial part of its business or property;
- (i) **(Encumbrances)** other than in the ordinary course of business and consistent with past practice any member of the Target Group creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property; or
- (g) **(Restraints)** a Member of the Target Group enters into a contract or commitment, which materially restrains a Member of the Target Group from competing with any person or conducting activities in any material market;
- (h) **(Related Party arrangements)** other than as Fairly Disclosed, a member of the Target Group enters into or resolves to enter into a transaction with any related party of Target (other than a related party which is a member of the Target Group) as defined in section 228 of the Corporations Act which would require shareholder approval under Chapter 2E or under Chapter 10 of the Listing Rules;
- (i) **(De-consolidation)** a member of the Target Group does anything that would result in a de-consolidation of the Target Consolidated Tax Group, other than acquiring or disposing of a wholly owned subsidiary (subject always to the other provisions of this document);

- (j) **(new term debt)** other than as Fairly Disclosed, a member of the Target Group incurs additional term indebtedness with any financier except as disclosed in the Disclosure Materials (and for the avoidance of doubt, such indebtedness does not restrict ordinary course of business draw-downs on existing warehouse, working capital, merchant or overdraft facilities); or
- (k) **(Insolvency)** Target or any of its Related Bodies Corporate becomes Insolvent,

provided that a Target Prescribed Event listed in items (a) to (k) will not occur where Target has first consulted with Bidder in relation to the event and Bidder has approved the proposed event in writing.

Target Representations and Warranties means the representations and warranties of Target set out in clauses 10.1 and 13.1.

Target Share means an ordinary fully paid share in the capital of Target.

Target Shareholder means each person registered in the Register as a holder of Target Shares.

Target Warehouse Facilities means each of the warehouse facilities used by any member of the Target Group for funding the origination and holding of loans and which the parties agree in writing are the "Target Warehouse Facilities" for the purpose of this agreement.

Tax Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth), or both as the context requires.

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) paid, payable or assessed as being payable by any authority together with any fines, penalties and interest in connection with them.

Timetable means the indicative timetable set out in Schedule 1 or such other indicative timetable as Bidder and Target may agree in writing or as may be required by ASX.

Transaction means:

- (a) the proposed acquisition of the Target Shares by Bidder through implementation of the Scheme in accordance with the terms of this document; and
- (b) all associated transactions and steps contemplated in this document.

Transaction Implementation Committee means a committee to be made up of:

- (a) the chief executive officer of Target and a Representative of Bidder;
- (b) a representative from each of the legal and financial advisers of each party; and
- (c) such other persons as the parties may agree from time to time.

Treasurer means the Treasurer of Australia.

Warehouse Facilities Report means the Project Delta Legal enquiries report into Financing Arrangements prepared by King & Wood Mallesons dated 21 September 2018.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (e) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney, Australia time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to “**law**” includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to “**regulations**” includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually; and
- (m) a reference to a reference to any thing (including an amount) is a reference to the whole and each part of it.

1.3 Payment

Unless otherwise expressly provided in this document, where an amount is required to be paid to one party by another party, that amount must be paid in immediately available and irrevocable funds by electronic transfer to a bank account notified by the party receiving the funds in writing before the due date for payment (or in such other immediately payable funds as the parties agree) and without deduction, withholding or set-off.

2 Agreement to propose and implement Scheme

2.1 Target to propose Scheme

Target agrees to propose the Scheme on and subject to the terms and conditions of this document.

2.2 Nomination of acquirer Subsidiary

At any time prior to the Business Day before the First Court Date, Bidder may nominate any wholly-owned Subsidiary of Bidder ("**Bidder Nominee**") to acquire Target Shares under the Scheme by providing a written notice which sets out the details of Bidder Nominee to Target. If Bidder decides to nominate Bidder Nominee to acquire Target Shares:

- (a) the parties must procure that the Target Shares transferred under the Scheme are transferred to Bidder Nominee rather than Bidder; and
- (b) Bidder must procure that Bidder Nominee complies with all of the relevant obligations of Bidder under this document and the Scheme.

2.3 Agreement to implement Scheme

The parties agree to implement the Scheme on the terms and conditions of this document.

3 Conditions Precedent

3.1 Conditions Precedent

Subject to this clause, the Scheme will not become Effective, and the obligations of Bidder under clause 4.3 are not binding, until each of the following Conditions Precedent are satisfied or waived to the extent and in the manner set out in this clause.

Condition Precedent		Party entitled to benefit	Party responsible
(a)	<p>(FIRB approval) before 5.00pm on the Business Day before the Second Court Date either:</p> <ul style="list-style-type: none">(i) the Treasurer (or the Treasurer's delegate) has provided a written no objection notification to the Scheme either without conditions or with conditions acceptable to Bidder; or(ii) following notice of the proposed Scheme having been given by Bidder to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired.	Cannot be waived	Bidder

Condition Precedent		Party entitled to benefit	Party responsible
(b)	(ASIC and ASX) before 8.00am on the Second Court Date, ASIC and ASX issue or provide all reliefs, waivers, confirmations, exemptions, consents or approvals, and have done all other acts, necessary, or which Target and Bidder agree are desirable, to implement the Scheme and such reliefs, waivers, confirmations, exemptions, consents, approvals or other acts (as the case may be) have not been withdrawn, suspended or revoked at 8.00am on the Second Court Date.	Both	Both
(c)	(Shareholder approval) Target Shareholders approve the Scheme by the requisite majorities required under section 411(4)(a)(ii) in accordance with the Corporations Act.	Cannot be waived	Target
(d)	(Court approval) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	Cannot be waived	Target
(e)	(Regulatory Authority) before 8.00am on the Second Court Date, the approvals of each Regulatory Authority which Bidder and Target agree (acting reasonably) are necessary to implement the Scheme or conduct the Target Group's business on and from the Implementation lawfully and in a manner consistent with its conduct prior to the Implementation Date.	Both	Both
(f)	(Regulatory intervention) no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme and no such order, decree, ruling, other action or refusal is in effect as at 8.00am on the Second Court Date.	Both	Both
(g)	(Independent Expert) the Independent Expert issues a report which concludes that the Scheme is in the best interests of Scheme Participants before the date on which the Scheme Booklet is lodged with ASIC.	Target	Target
(h)	(No Target Prescribed Event) no Target Prescribed Event occurs between the date of this document and 8.00am on the Second Court Date.	Bidder	
(i)	(No Material Adverse Effect) no Material Adverse Effect occurs between the date of this document and 8.00am on the Second	Bidder	Target

Condition Precedent		Party entitled to benefit	Party responsible
	Court Date.		
(j)	(Target Representations and Warranties) the Target Representations and Warranties are true and correct in all material respects at all times between the date of this document and as at 8.00am on the Second Court Date, except where expressed to be operative at another date.	Bidder	Target
(k)	(Employee Share Rights) before 8.00am on the Second Court Date, all Employee Share Rights and any other securities convertible into Target Shares are converted and/or exercised and subject to the Scheme or are otherwise cancelled or acquired on terms acceptable to Bidder.	Bidder	Target
(l)	(Enforcement) no material enforcement action is announced or commenced by a Regulatory Authority against, or involving, a Target Group entity, other than general industry consultation or enquiry which is not specifically targeting a Target Group entity, which relates to a material contravention or alleged material contravention of applicable laws or regulations by a Target Group entity and which has or is likely to have an adverse financial impact on the consolidated net assets of \$20.6 million or PBITDA of the Target Group of at least \$7.2 million (including for this purpose any fines and penalties) in the Target Group's financial years ending 30 June 2019 and/or 30 June 2020.	Bidder	Target
(m)	(Continuation of Target Warehouse Facilities) each relevant counterparty to each of the Target Warehouse Facilities consents to the change of control arising from the implementation of the Scheme and such consent is not withdrawn or revoked before 8:00am on the Second Court Date.	Bidder	Target

3.2 Reasonable endeavours

Each of Target and Bidder agree to use reasonable endeavours to procure that:

- (a) each of the Conditions Precedent for which it is a party responsible (as noted in clause 3.1):
 - (i) is satisfied as soon as practicable after the date of this document; and
 - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and

- (b) there is no occurrence that would prevent the Condition Precedent for which it is a party responsible being satisfied.

3.3 Regulatory matters

Without limiting clause 3.2, each party:

- (a) **(applying for Regulatory Approvals)** must promptly apply for all relevant Regulatory Approvals and provide each other party with a copy of those applications (provided that any commercially sensitive information may be redacted from the copy provided);
- (b) **(Regulatory Approvals process)** must take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information at the earliest practicable time;
- (c) **(representation)** has the right to be represented and make submissions at any meeting with any Regulatory Authority relating to a Regulatory Approval;
- (d) **(consultation)** must consult with the other party in advance in relation to all communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval and:
 - (i) provide the other party with drafts of any material written communications to be sent to a Regulatory Authority and make any amendments as the other party reasonably requires; and
 - (ii) provide copies of any material written communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),
 in each case to the extent it is reasonable to do so; and
- (e) **(Regulatory Authority)** must promptly offer to the relevant Regulatory Authority, and agree or accept, all undertakings, commitments and conditions necessary or appropriate in order to obtain the approval or consent (as the case may be) as soon as possible, unless it would be unreasonable to do so.

3.4 FIRB conditions

The parties acknowledge that the tax conditions set out in Parts A and B of Attachment A to Guidance Note 47 issued by FIRB from time to time are acceptable if imposed on the no objections notifications.

3.5 Waiver of Conditions Precedent

- (a) A Condition Precedent may only be waived in writing by the party or parties entitled to the benefit of that Condition Precedent as noted in clause 3.1 and will be effective only to the extent specifically set out in that waiver.
- (b) A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.5 may do so in its absolute discretion.
- (c) If either Target or Bidder waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause 3.5, then:

- (i) subject to clause 3.5(c)(ii), that waiver precludes that party from suing the other for any breach of this document arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent; but
- (ii) if the waiver of the Condition Precedent is itself conditional and the other party:
 - (A) accepts the condition, the terms of that condition apply notwithstanding any inconsistency with clause 3.5(c)(i); or
 - (B) does not accept the condition, the Condition Precedent has not been waived.
- (d) A waiver of a breach or non-fulfilment in respect of a Condition Precedent does not constitute:
 - (i) a waiver of a breach or non-fulfilment of any other Condition Precedent arising from the same event; or
 - (ii) a waiver of a breach or non-fulfilment of that Condition Precedent resulting from any other event.

3.6 Notices in relation to Conditions Precedent

Each party must:

- (a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
- (b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent, or of any event which will prevent a Condition Precedent being satisfied; and
- (c) **(notice of waiver)** upon receipt of a notice given under clause 3.6(b), give written notice to the other party as soon as possible (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question.

3.7 Consultation on failure of Condition Precedent

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this document by the time or date specified in this document for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this document for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this document); or
- (c) the Scheme has not become Effective by the End Date,

the parties must consult in good faith with a view to determine whether:

- (d) the Scheme may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.8 Failure to agree

- (a) If the parties are unable to reach agreement under clause 3.7 within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):
 - (i) subject to clause 3.8(a)(ii) and 3.8(c), either party may terminate this document (and that termination will be in accordance with clause 14.1(f)(i)); or
 - (ii) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this document (and that termination will be in accordance with clause 14.1(f)(ii)),in each case before 8.00am on the Second Court Date.
- (b) A party will not be entitled to terminate this document under this clause 3.8 if the relevant Condition Precedent has not been satisfied (or agreement cannot be reached) as a result of a breach of this document by that party or a deliberate act or omission of that party.
- (c) If an investigation by a Regulatory Authority under the Condition Precedent in clause 3.1(l) is announced or commenced and Bidder wishes to terminate this document under this clause 3.8, Bidder must first obtain an opinion from senior counsel that, in the opinion of counsel, the investigation relates to a material contravention or alleged material contravention of applicable laws or regulations by a Target Group entity.

4 Outline of Scheme

4.1 Scheme

Target must propose a scheme of arrangement under which:

- (a) all of the Target Shares held by Scheme Participants at the Record Date will be transferred to Bidder; and
- (b) each Scheme Participant will be entitled to receive the Scheme Consideration.

4.2 Scheme Consideration

Subject to and in accordance with this document and the Scheme, each Scheme Participant is entitled to receive the Scheme Consideration in respect of each Target Share held by that Scheme Participant.

4.3 Provision of Scheme Consideration

Subject to this document and the Scheme, Bidder undertakes to Target (in its own right and separately as trustee or nominee of each Scheme Participant) that, in consideration of the transfer to Bidder of each Target Share held by a Scheme Participant, Bidder will, on the Implementation Date:

- (a) accept that transfer; and
- (b) provide and will procure HoldCo to provide the relevant component of the Scheme Consideration in accordance with the Scheme.

Where the calculation of the Cash Scheme Consideration to be provided to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded up (as applicable) to the nearest cent.

4.4 Issue of HoldCo Shares

- (a) Subject to the Scheme becoming Effective, Bidder must:
 - (i) issue (or procure the issue of) the HoldCo Shares to the Management Shareholders who have made valid Elections to receive the Scrip Scheme Consideration in accordance with the Scheme on terms that each HoldCo Share will rank equally in all respects with each other HoldCo Share and will have the rights set out in the HoldCo Constitution and the Investment Deed; and
 - (ii) ensure that on issue each HoldCo Share will be fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.
- (b) To facilitate the issue of HoldCo Shares to eligible Scheme Participants, Target must provide Bidder, or procure the provision to Bidder of, an extract of the Target register of members as at the Record Date (which must include the name, address and registered holding of each Management Shareholder as at the Record Date), within two Business Days of the Record Date. The details and information to be provided under this clause must be provided in such form as Bidder may reasonably require.

4.5 Election mechanism

- (a) Target must ensure that an Election Form is made available to the Management Shareholders.
- (b) The Election Form must include the relevant matters set out in the Scheme and must otherwise be in a form agreed by the parties in writing.

4.6 Employee incentives

- (a) Target must ensure that, by no later than the day after the Effective Date, there are no outstanding Employee Share Rights.
- (b) In order to comply with its obligation under clause 4.6(a), Target must take such action as may be necessary to cancel:
 - (i) for no consideration, any outstanding Employee Share Rights which it does not cause to vest; and

- (ii) any Employee Share Rights that are vested but which are not converted and/or exercised prior to the Scheme Meeting, for an amount of consideration which is equivalent to the net Scheme Consideration that the relevant holder would have received had the Employee Share Rights been validly exercised or converted by the relevant holder prior to the Scheme Meeting after deduction of any applicable exercise price that would otherwise have been payable to validly exercise or convert the Employee Share Rights.

4.7 No amendment to the Scheme without consent

Target must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Bidder (not to be unreasonably withheld or delayed).

5 Implementation

5.1 General obligations

Target and Bidder must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme as soon as reasonably practicable and in accordance with the Timetable.

5.2 Target's obligations

Target must take all reasonable steps to implement the Scheme on a basis consistent with this document and as soon as reasonably practicable, and in particular must:

- (a) **(announce directors' recommendation)** following execution of this document, announce, in a form agreed between Target and Bidder (on the basis of statements made to Target by each member of the Target Board) that:
 - (i) the Target Board intends to unanimously recommend to Scheme Participants that the Scheme be approved; and
 - (ii) each Target Board Member intends to vote, or procure the voting of, any Director Target Share in favour of the Scheme,subject to:
 - (iii) the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Target Shareholders; and
 - (iv) there being no Superior Proposal.

- (b) **(preparation of Scheme Booklet)** subject to clause 5.2(e)(i), as soon as practicable after the date of this document, prepare and despatch the Scheme Booklet:
 - (i) in accordance with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules; and
 - (ii) which includes a statement by the Target Board:
 - (A) unanimously recommending that Target Shareholders vote in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Target Shareholders and there being no Superior Proposal; and
 - (B) that each Target Board member intends to vote, or procure the voting of, any Director Target Shares in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Target Shareholders and there being no Superior Proposal,

unless there has been a change or withdrawal of recommendation under clause 6.1;
- (c) **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable the Independent Expert to prepare its report for the Scheme Booklet as soon as practicable;
- (d) **(section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (e) **(consultation with Bidder)** consult with Bidder as to the content and presentation of:
 - (i) the Scheme Booklet, which includes:
 - (A) allowing Bidder a reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet (accepting that any review of the Independent Expert's Report is limited to review for factual accuracy of those parts that include information relating to Bidder);
 - (B) taking any reasonable comments made by Bidder into account in good faith when producing a revised draft of the Scheme Booklet;
 - (C) providing to Bidder a revised draft of the Scheme Booklet within a reasonable time before the draft of the Scheme Booklet which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act is finalised; and
 - (D) obtaining Bidder's consent to the inclusion of the Bidder Information (including in respect of the form and context in which the Bidder Information appears in the Scheme Booklet); and

- (ii) documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating processes, affidavits, submissions and draft minutes of Court orders), and consider in good faith any comments on, or suggested amendments to, those documents from Bidder prior to filing those documents with the Court;
- (f) **(lodgement of Regulator's Draft)**
 - (i) no later than 14 days before the First Court Date, provide an advanced draft of the Scheme Booklet ("**Regulator's Draft**") to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and provide a copy of the Regulator's Draft to Bidder immediately thereafter; and
 - (ii) keep Bidder reasonably informed of any material issues raised by ASIC in relation to the Regulator's Draft and, where practical to do so, consult with Bidder in good faith prior to taking any steps or actions to address those material issues (provided that, where those issues relate to Bidder Information, Target must not take any steps to address them without Bidder's prior written consent, not to be unreasonably withheld);
- (g) **(supplementary disclosure)** if, after despatch of the Scheme Booklet, Target becomes aware:
 - (i) that information included in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise); or
 - (ii) of information that is required to be disclosed to Target Shareholders under any applicable law but was not included in the Scheme Booklet,

promptly consult with Bidder in good faith as to the need for, and the form of, any supplementary disclosure to Target Shareholders, and make any disclosure that Target considers reasonably necessary in the circumstances, having regard to applicable laws and to ensure that there would be no breach of clause 13.1(g) if it applied as at the date that information arose;
- (h) **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing Target to convene the Scheme Meeting;
- (i) **(send Scheme Booklet)** send the Scheme Booklet to Target Shareholders as soon as practicable after the Court orders Target to convene the Scheme Meeting;
- (j) **(Scheme Meeting)** convene the Scheme Meeting to agree to the Scheme in accordance with any orders made by the Court pursuant to section 411(1) of the Corporations Act;
- (k) **(director's voting)** use its reasonable endeavours to procure that each member of the Target Board votes any Target Shares in which they have a Relevant Interest in favour of the Scheme;
- (l) **(Court approval)** subject to all Conditions Precedent, other than paragraph (d) in clause 3.1 being satisfied or waived in accordance with

this document, apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act;

- (m) **(Conditions Precedent certificate)** at the hearing on the Second Court Date, provide to the Court (through its counsel):
 - (i) a certificate confirming (in respect of matters within Target's knowledge) whether or not the Conditions Precedent for which it is responsible, as noted in clause 3.1 (other than paragraph (d)), have been satisfied or waived in accordance with clause 3, a draft of which must be provided to Bidder by 5.00pm on the Business Day prior to the Second Court Date; and
 - (ii) any certificate provided to it by Bidder under clause 5.3(f);
- (n) **(lodge copy of Court order)** lodge with ASIC an office copy of the Court order approving the Scheme as approved by the Target Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act on the day after that office copy is received (or any later date agreed in writing by Bidder);
- (o) **(Register)** close the Register as at the Record Date to determine the identity of Scheme Participants and their entitlements to Scheme Consideration;
- (p) **(instruments of transfer)** subject to Bidder satisfying its obligations under clause 4.3, on the Implementation Date:
 - (i) execute proper instruments of transfer and effect the transfer of Target Shares to Bidder in accordance with the Scheme; and
 - (ii) register all transfers of Target Shares held by Scheme Participants to Bidder;
- (q) **(Suspension of trading)** apply to ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date;
- (r) **(listing)** take all reasonable steps to maintain Target's listing on ASX, notwithstanding any suspension of the quotation of Target Shares, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC; and
- (s) **(other steps)** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

5.3 Bidder's obligations

Bidder must take all reasonable steps to assist Target to implement the Scheme on a basis consistent with this document and as soon as reasonably practicable, and in particular must:

- (a) **(Bidder Information)**
 - (i) prepare and promptly provide to Target for inclusion in the Scheme Booklet the Bidder Information (in accordance with all applicable laws, including the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 and the Listing Rules) and consent to the inclusion of that information in the Scheme Booklet;

- (ii) provide Target with drafts of the Bidder Information in a timely manner and, acting reasonably in good faith and subject to clause 5.5, take into account all reasonable comments from Target and its Representatives on those drafts;
- (b) **(confirmation of Bidder Information)** subject to Target complying with clauses 5.2(e), 5.2(f) and 5.5(a), promptly after Target requires that it does so, confirm in writing to Target that it consents to the inclusion of the Bidder Information in the Scheme Booklet, in the form and context in which the Bidder Information appears;
- (c) **(further Bidder Information)** promptly provide to Target any further or new Bidder Information as may arise after the Scheme Booklet has been sent to Target Shareholders and until the date of the Scheme Meeting as may be necessary to ensure that the Bidder Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission) and to ensure that there would be no breach of clause 13.4(g) if it applied as at the date on which such further or new Bidder Information arose;
- (d) **(Independent Expert information)** provide any assistance or information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (e) **(Deed Poll)** prior to the Scheme Booklet being sent, sign and deliver the Deed Poll and procure that HoldCo sign and deliver to Target the Deed Poll;
- (f) **(Conditions Precedent certificate)** before 8.00am on the Second Court Date, provide to Target for provision to the Court at the hearing on that date a certificate confirming (in respect of matters within Bidder's knowledge) whether or not the Conditions Precedent for which Bidder is responsible, as noted in clause 3.1 (other than paragraph (d)), have been satisfied or waived in accordance with clause 3, a draft of which must be provided to Target by 5.00pm on the Business Day prior to the Second Court Date;
- (g) **(Share transfer)** if the Scheme becomes Effective, accept a transfer of the Target Shares as contemplated by clause 4.3(a) and execute (or procure the execution of) proper instruments of transfer of the Target Shares to Bidder in accordance with the Scheme;
- (h) **(Scheme Consideration)** if the Scheme becomes Effective, provide or procure the provision of the Scheme Consideration in the manner and amount contemplated by clause 4.3(b) and the terms of the Scheme; and
- (i) **(other steps)** do all other things reasonably necessary to ensure that the Scheme is effected in accordance with all applicable laws, regulations and policy.

5.4 Scheme Booklet responsibility statement

The responsibility statement to appear in the Scheme Booklet, in a form to be agreed by the parties, will contain words to the effect of:

- (a) Target has prepared, and is responsible for, the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Bidder Information, the Independent Expert's Report or any other report or letter issued to Target by a third party; and

- (b) Bidder has prepared, and is responsible for, the Bidder Information in the Scheme Booklet (and no other part of the Scheme Booklet).

5.5 Disagreement on content of Scheme Booklet

If Bidder and Target disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle an agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Bidder Information contained in the Scheme Booklet, Target will make any amendments as Bidder reasonably requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Target Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

5.6 Verification

Each party must undertake appropriate verification processes for the information supplied by that party in the Scheme Booklet.

5.7 Conduct of Court proceeding

- (a) Target and Bidder are entitled to separate representation at all Court proceedings relating to the Scheme. This document does not give Target or Bidder any right or power to give undertakings to the Court for or on behalf of the other party without that party's written consent. Target and Bidder must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this document.
- (b) Target and Bidder must defend, or cause to be defended, any lawsuit or other legal proceeding brought against it (or any of its Subsidiaries) challenging this document or the completion of the Scheme, unless Target has in good faith determined that such action is not in the best interests of Target Shareholders.

5.8 Appeal process

If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, Bidder and Target must appeal the Court's decision to the fullest extent possible except to the extent that:

- (a) the parties agree otherwise; or
- (b) an independent senior counsel of the New South Wales or Victorian bar advises that, in their opinion, an appeal would have no reasonable prospect of success before the End Date,

in which case either party may terminate this document in accordance with clause 14.1(f)(iii).

5.9 Transaction Implementation Committee

The parties must establish a Transaction Implementation Committee as soon as reasonably practical after the date of this document. The role of the Transaction Implementation Committee will be to act as a forum for consultation and planning by the parties to:

- (a) implement the Scheme; and
- (b) subject to clause 5.10, ensure the smooth transition of the management of the business and affairs of the Target Group to Bidder following the implementation of the Scheme.

5.10 No partnership or joint venture

Subject to this document, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this document constitutes the relationship of a partnership or a joint venture between the parties.

6 Target Board recommendation

6.1 Reasonable endeavours

- (a) Target must use its reasonable endeavours to procure that none of its directors withdraws, or changes their recommendation in favour of the Scheme, unless:
 - (i) there is a Superior Proposal; or
 - (ii) the Independent Expert concludes that the Scheme is not in the best interests of Target Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interests of Target Shareholders,

(Recommendation).

For the purpose of this clause, customary qualifications and explanations contained in the Scheme Booklet in relation to a recommendation to vote in favour of the Scheme to the effect that the recommendation is made in the absence of a Superior Proposal from a third party will not be regarded as a failure to make or withdraw the making of a recommendation in favour of the Scheme.

- (b) The parties acknowledge and agree that the Target Board members may, in their discretion, as part of the Recommendation:
 - (i) recommend only the Cash Scheme Consideration and make no recommendation in relation to the Scrip Scheme Consideration; and/or
 - (ii) make no recommendation at all in relation to whether Management Shareholders should make an Election or receive the Cash Scheme Consideration.

6.2 Withdrawal or change of recommendation

Without limiting clause 10, if a member of the Target Board proposes to withdraw or change its recommendation in accordance with clause 6.1:

- (a) Target must notify Bidder in writing immediately; and
- (b) the parties must consult in good faith for 2 Business Days after the date on which the notification in sub clause (a) is given to consider and determine whether the recommendation in place at the time can be

maintained. That recommendation cannot be withdrawn or changed in accordance with clause 6.1 until the end of the consultation period.

7 Directors and employees

7.1 Appointment/retirement of Target directors

On the Implementation Date, but subject to the Scheme Consideration having been provided to the Scheme Participants and receipt by Target of signed consents to act, Target must use its reasonable endeavours to:

- (a) cause the appointment of each Incoming Director to the Target Board; and
- (b) procure that each of the Outgoing Directors retire from the Target Board and provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against Target,

in each case, in accordance with Target's constitution, the Corporations Act and the Listing Rules.

7.2 Directors' and officers' insurance

Subject to the Scheme becoming Effective and subject to the Corporations Act, Bidder undertakes in favour of Target and each other person who is a Target Indemnified Party that it will:

- (a) for a period of 7 years from the Implementation Date, ensure that the constitutions of Target and each other member of the Target Group are on materially no less favourable terms overall as are contained in those constitutions as at the date of this document that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Bidder Group; and
- (b) procure that Target and each other member of the Target Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that the directors' and officers' run-off insurance cover for those directors and officers is maintained, subject to clause 7.3, for a period of 7 years from the retirement date of each director and officer.

7.3 Period of undertaking

The undertakings contained in clause 7.2 are given until the earlier of the end of the relevant period specified in that clause or the relevant member of the Target Group ceasing to be part of the Bidder Group.

7.4 Benefit of undertaking for Target Group

Target acknowledges that it receives and holds the benefit of clause 7.2 to the extent it relates to each director and officer of a member of the Target Group on behalf of each of them.

8 Conduct of business

8.1 Overview

From the date of this document up to and including the Implementation Date, Target must, and must cause each member of the Target Group to, conduct its business in the ordinary and usual course consistent with the business plans and budgets Fairly Disclosed and in substantially the same manner as previously conducted in the 12 month period prior to the date of this document and must regularly consult with Bidder on the manner of conduct of the business.

8.2 Specific obligations

Without limiting clause 8.1 and other than with the prior approval of Bidder (which approval must not be unreasonably withheld or delayed) or as required by this document, Target must, during the period contemplated by clause 8.1, use all reasonable endeavours to ensure that Target and each member of the Target Group:

- (a) **(business and assets)** preserve and maintain the value and condition of the businesses and assets of the Target Group;
- (b) **(officers and employees)** keeps available the services of its officers and employees;
- (c) **(relationships)** maintains and preserves its relationships with Regulatory Authorities, financial institution or group of financial institutions, bank or other provider of finance, including any agent or trustee acting on behalf of any of the foregoing, customers and others with whom it has business dealings; and
- (d) **(cash)** ensures that the cash in the Target is managed in the ordinary course and consistent with the practice of the Target as at the date of this Agreement.

8.3 Prohibited actions

Other than with the prior approval of Bidder (which approval must not be unreasonably withheld or delayed) or as required by this document, Target must not, and must ensure that each member of the Target Group does not, during the period referred to in clause 8.1:

- (a) **(Material Contracts)** enter into or terminate a Material Contract;
- (b) **(Target Prescribed Events)** take any action that constitutes a Target Prescribed Event or that could reasonably be expected to result in a Target Prescribed Event;
- (c) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this document;
- (d) **(information technology)** take any action in respect of its information technology systems which would have a material impact on those systems apart from any proposed action Fairly Disclosed in the Disclosure Material or which result in expenditure of less than \$1.5 million; or
- (e) **(acquisitions, disposals or tenders)**: other than in connection with debtor finance or specialised finance contracts entered into in the ordinary course of business with clients of the Target Group:

- (i) acquire or dispose of;
- (ii) agree to acquire or dispose of; or
- (iii) offer, propose, announce a bid or tender for,
any business, assets, entity or undertaking the value of which exceeds \$5 million in respect of an acquisition or tender, and \$2.5 million in respect of a disposal;
- (k) **(employment arrangements)** other than in the ordinary course of business and consistent with past practice:
 - (i) increase the remuneration of (including with regard to superannuation benefits) or benefits provided to or pay any bonus (other than in accordance with an existing contract in place as at the date of this document and a copy of which has previously been provided to Bidder) or issue any incentive options to, or otherwise vary the employment arrangements with, any of its directors or Key Employees;
 - (ii) accelerate the rights of any of its directors or Key Employees to compensation or benefits of any kind (including under any Target executive or employee share plans), unless the proposed acceleration was Fairly Disclosed in the Disclosure Materials; or
 - (iii) pay any of its directors or Key Employees a termination or retention payment (otherwise than in accordance with an existing contract in place as at the date of this document and a copy of which has previously been provided to Bidder);
- (l) **(commitments and settlements)** other than in the ordinary course of business and consistent with past practice:
 - (i) terminate or amend in a material manner any contract material to the conduct of the Target Group's business or which involves revenue or expenditure of more than \$5 million over the term of the contract;
 - (ii) waive any material third party default where the financial impact of the waiver on the Target Group as a whole will be in excess of \$2.5 million (individually or in aggregate) other than in the ordinary course of the Target Group's lending business; or
 - (iii) accept as a settlement or compromise of a material claim, investigation or dispute:
 - (A) an obligation on Target or a Target Group Member to pay an amount or amounts in aggregate in excess of \$1 million; or
 - (B) (relating to an amount or amounts in aggregate in excess of \$5 million) less than 80% of the full compensation due to Target or a Target Group Member (unless based on advice of appropriate legal counsel and a determination by Target that it would be in the best interests of the Target Group Member to accept such lesser amount);
- (m) **(Joint ventures)** enter into or resolve to enter into a joint venture or partnership with any person;

- (n) **(agree)** agree to do any of the matters set out above.

8.4 Exceptions to conduct of business provisions

Nothing in this clause 8 restricts the ability of Target to take any action which:

- (a) is expressly required or permitted by this document, the Scheme, or otherwise required by law, the rules of a recognised stock exchange or, a Regulatory Authority;
- (b) has been Fairly Disclosed to Bidder prior to the execution of this document as being an action that Target will carry out between (and including) the date of this document and the Implementation Date; or
- (c) has been agreed to in writing by Bidder (such agreement not to be unreasonably withheld).

8.5 Access to people and Target Information

Between the date of this document and the Implementation Date, Target must:

- (a) as soon as reasonably practicable provide Bidder and its officers and advisers with any documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) reasonably requested by them; and
- (b) provide Bidder and its officers and advisers with reasonable access to Target's officers and advisers which Bidder reasonably requires for the purposes of:
 - (i) understanding Target's financial position (including its cash flow and working capital position), trading performance and management control systems;
 - (ii) implementing the Scheme;
 - (iii) preparing for carrying on the business of Target following implementation of the Scheme; and
 - (iv) any other purpose which is agreed in writing between the parties,

provided in every case that such access is reasonably necessary to Bidder and does not place an unreasonable burden on the ability of Target to run its business.

8.6 No amendment or waiver of Equity Commitment Letter

As a continuing obligation Bidder will not, without Target's prior written consent, amend or permit the amendment of the Equity Commitment Letter nor waive any of its rights under the Equity Commitment Letter in any respect which will, or is reasonably likely to, prejudice Bidder's ability to provide the Scheme Consideration in accordance with this document, the Scheme and the Deed Poll.

8.7 Change of control

As soon as practicable after the date of this document, the parties must:

- (a) seek to identify any change of control or similar provisions in material contracts, joint venture documentation and leases to which a Target

Group Member is a party which may be triggered by the implementation of the Scheme ("**Change of Control Requirements**"); and

- (b) unless otherwise agreed between Target and Bidder, use all reasonable endeavours to obtain any material consents required in accordance with the terms of any identified Change of Control Requirements as soon as practicable and in any event before the Second Court Date.

9 Releases

9.1 Release of Target and Target Indemnified Parties

Subject to the Corporations Act, Bidder releases its rights, and agrees with Target that it will not make a claim, against any Target Indemnified Party (other than Target and its Related Bodies Corporate) as at the date of this document and from time to time in connection with:

- (a) any breach of any representations and warranties of Target or any other member of Target Group in this document; or
- (b) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Target Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. Nothing in this clause 9.1 limits Bidder's rights to terminate this document under clause 14.1.

9.2 Benefit for Target Indemnified Parties

Target receives and holds the benefit of this clause 9 to the extent it relates to each Target Indemnified Party on behalf of each of them.

9.3 Release of Bidder and Bidder directors and officers

Subject to the Corporations Act, Target releases its rights, and agrees with Bidder that it will not make a claim, against any Bidder Indemnified Party (other than Bidder) as at the date of this document and from time to time in connection with:

- (a) any breach of any representations and warranties of Bidder or any other member of the Bidder Group in this document; or
- (b) any disclosure containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Bidder Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. Nothing in this clause 9.3 limits Target's rights to terminate this document under clause 14.1.

9.4 Benefit for Bidder Indemnified Parties

Bidder receives and holds the benefit of this clause 9 to the extent it relates to each Bidder Indemnified Party on behalf of each of them.

10 Exclusivity

10.1 No existing discussions

Target represents and warrants that, other than the discussions with Bidder in respect of the Scheme, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person.

10.2 No-shop

During the Exclusivity Period, Target must ensure that neither it nor any of its Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, negotiations or discussions; or
- (b) communicates any intention to do any of these things,

with a view to obtaining any offer, proposal or expression of interest from any person in relation to a Competing Transaction.

10.3 No-talk

Subject to clause 10.5, during the Exclusivity Period, Target must ensure that neither it nor any of its Representatives:

- (a) negotiates or enters into; or
- (b) participates in negotiations or discussions with any other person regarding,

a Competing Transaction or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Target or any of its Representatives or the person has publicly announced the Competing Transaction.

10.4 Due diligence information

Subject to clauses 10.5 and 10.6, during the Exclusivity Period, Target must ensure that neither it nor any of its Representatives in relation to a Competing Transaction:

- (a) enables any other person other than Bidder to undertake due diligence investigations on any member of the Target Group or their businesses or operations; or
- (b) makes available to any other person, or permits any other person to receive, other than Bidder (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the Target Group or their businesses or operations.

10.5 Exceptions

Clause 10.3 and clause 10.4 do not apply to the extent that they restrict Target or the Target Board from taking or refusing to take any action with respect to a genuine Competing Transaction (which was not solicited, invited, encouraged or initiated by Target in contravention of clause 10.2) provided that the Target Board has determined, in good faith and acting reasonably that:

- (a) after consultation with its financial advisors, such a genuine Competing Transaction is a Superior Proposal; and
- (b) after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature) that failing to respond to such Competing Transaction would constitute, or be reasonably likely to constitute, a breach of the Target Board's fiduciary or statutory obligations or a breach of the Target's statutory obligations.

10.6 Further exceptions

Nothing in this document prevents Target from:

- (a) continuing to make normal presentations to, and to respond to enquiries from, brokers, portfolio investors and analysts in the ordinary course in relation to the Scheme or its business generally; or
- (b) fulfilling its continuous disclosure requirements.

10.7 Notice of unsolicited approach

During the Exclusivity Period, Target must promptly inform Bidder if it or any of its Representatives:

- (a) receives any unsolicited approach with respect to any Competing Transaction and must disclose to Bidder all material details of the Competing Transaction, including details of the proposed bidder or acquirer (to the extent known by Target);
- (b) receives any request for information relating to Target or any of its Related Bodies Corporate or any of their businesses or operations or any request for access to the books or records of Target or any of its Related Bodies Corporate, which Target has reasonable grounds to suspect may relate to a current or future Competing Transaction; and
- (c) provides any information relating to Target or any of its Related Bodies Corporate or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction.

10.8 Matching right

Without limiting clauses 10.2 and 10.3, during the Exclusivity Period, Target:

- (a) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party, Target or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Transaction; and
- (b) must use its best endeavours to procure that none of its directors change their recommendation in favour of the Scheme to publicly recommend an actual, proposed or potential Competing Transaction (or recommend against the Scheme),

unless:

- (c) the Target Board acting in good faith and in order to satisfy what the Target Board considers to be its statutory or fiduciary duties (having received written advice from its external legal advisers), determines that

the Competing Transaction would be or would be likely to be an actual, proposed or potential Superior Proposal;

- (d) Target has provided Bidder with the material terms and conditions of the actual, proposed or potential Competing Transaction, including price and the identity of the Third Party making the actual, proposed or potential Competing Transaction;
- (e) Target has given Bidder 5 Business Days after the date of the provision of the information referred to in clause 10.8(d) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and
- (f) Bidder has not submitted or proposed to Target a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction by the expiry of the 5 Business Day period referred to in clause 10.8(e).

Target acknowledges and agrees that each successive modification of any actual, proposed or potential Competing Transaction will constitute a new actual, proposed or potential Competing Transaction for the purposes of the requirements under clause 10.8 and accordingly Target must comply with clause 10.8(a) and clause 10.8(b) of this clause in respect of any new actual, proposed or potential Competing Transaction unless clause 10.8(c) to 10.8(f) (inclusive) apply.

10.9 Bidder counterproposal

If Bidder proposes to Target, or announces amendments to the Scheme or a new proposal that constitute a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction ("**Bidder Counterproposal**") by the expiry of the 5 Business Day period referred to in clause 10.8(e), Target must procure that the Target Board considers the Bidder Counterproposal and if the Target Board, acting reasonably and in good faith, determines that the Bidder Counterproposal would provide an equivalent or superior outcome for Target Shareholders as a whole compared with the Competing Transaction, taking into account all of the terms and conditions of the Bidder Counterproposal, then:

- (a) Target and Bidder must use their best endeavours to agree the amendments to this document and, if applicable, the Scheme and Deed Poll that are reasonably necessary to reflect the Bidder Counterproposal and to implement the Bidder Counterproposal, in each case as soon as reasonably practicable; and
- (b) Target must use its best endeavours to procure that each of the directors of Target continues to recommend the Scheme (as modified by the Bidder Counterproposal) to Target Shareholders.

10.10 Legal advice

Target acknowledges that it has received legal advice on this document and the operation of this clause.

11 Break Fee

11.1 Background

This clause has been agreed in circumstances where:

- (a) Bidder and Target believe that the Scheme will provide significant benefits to Bidder, Target and their respective shareholders, and Bidder and Target acknowledge that, if they enter into this document and the Scheme is subsequently not implemented, Bidder will incur significant costs, including those set out in clause 11.5;
- (b) Bidder requested that provision be made for the Break Fee, without which Bidder would not have entered into this document;
- (c) both the Bidder Board and Target Board believe that it is appropriate for both parties to agree to the payment referred to in this clause to secure Bidder's participation in the Scheme; and
- (d) both parties have received legal advice on this document and the operation of this clause.

11.2 Payment by Target to Bidder

Subject to clause 11.3, Target agrees to pay the Break Fee to Bidder without withholding or set off if the Scheme does not proceed because:

- (a) **(Competing Transaction)** on or before the End Date, a Competing Transaction is announced and within 12 months of the End Date the third party who announced or made the Competing Transaction (and/or any of its Associates):
 - (i) completes a Competing Transaction; or
 - (ii) acquires a Relevant Interest in more than 50% of the Target Shares for which any defeating conditions have been satisfied or waived (and for the purposes of this paragraph (a)(ii), sections 609(6) and 609(7) of the Corporations Act will be disregarded when calculating such Relevant Interest in Target Shares);
- (b) **(change of recommendation)** any Target Director fails to recommend the Scheme or withdraws their recommendation, adversely changes or qualifies their recommendation or otherwise makes a public statement indicating that he or she no longer supports the Scheme, except where:
 - (i) the change of recommendation or statement is made after the Independent Expert concludes that in the opinion of the Independent Expert the Scheme is not in the best interests of Target Shareholders (other than where a Competing Transaction has been proposed or announced before the report is issued which the Independent Expert may reasonably regard to be on more favourable terms than the transaction contemplated by this document); or
 - (ii) Target is entitled to terminate this document in accordance with clause 14.1(c) and has given the appropriate termination notice to the Bidder; or
- (c) **(termination)** Bidder validly terminates this document in accordance with:

- (i) clause 14.1(c); or;
- (ii) clause 14.1(d).

11.3 No amount payable if Scheme becomes Effective

- (a) Notwithstanding the occurrence of any event in clause 11.2, if the Scheme becomes Effective:
 - (i) no amount is payable by Target under clause 11.2; and
 - (ii) if any amount has already been paid under clause 11.2 it must be refunded by Bidder.
- (b) Target is liable to pay the Break Fee once and in no circumstances can the Target be required to pay the Break Fee more than once.

11.4 Timing of payment

- (a) A demand by Bidder for payment of the Break Fee under clause 11.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account in the name of Bidder into which Target must pay the Break Fee.
- (b) Target must pay the Break Fee to Bidder under clause 11.2 within 15 Business Days of receipt by Target of a valid demand for payment from Bidder under clause 11.4(a).

The demand may only be made after the occurrence of an event referred to in clause 11.2.

11.5 Nature of payment

The Break Fee is an amount to compensate Bidder for:

- (a) advisory costs;
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) the distraction of Bidder's management from conducting Bidder's business as usual caused by pursuing the Scheme;
- (e) reasonable opportunity costs incurred by Bidder in pursuing the Scheme or in not pursuing alternative acquisitions or strategic initiatives which Bidder could have developed to further its business and objectives; and
- (f) damage to Bidder's reputation associated with a failed transaction and the implications of that damage to Bidder's business.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 11.2.

11.6 Target's limitation of liability

- (a) Notwithstanding any other provision of this document but subject to clauses 11.6(b), 4.2 and 11.7 the maximum liability of Target to Bidder under or in connection with this document including in respect of any breach of this document will be the Break Fee.
- (b) Clause 11.6(a) does not apply to a breach of clauses 10.2, 10.8 or 10.9 by Target in reliance of which Bidder has validly terminated this document in accordance with clause 14.1(c).

11.7 Compliance with law

If it is finally determined following the exhaustion of all reasonable avenues of appeal to the Takeovers Panel or a Court that all or any part of the amount payable under clause 11.2:

- (a) is unlawful or would if performed be, unlawful;
- (b) involves a breach of the duties of the Target Board; or
- (c) constitutes unacceptable circumstances within the meaning of the Corporations Act,

then Target's obligation to pay the applicable amount or part of the amount payable under clause 11.2 does not apply and if Bidder has received any such part of the payment due under clause 11.2 it must refund it within 5 Business Days of such final determination.

The parties must not make or cause or permit to be made any application to a Court, arbitral tribunal or the Takeovers Panel for or in relation to a determination referred to in this clause 11.6.

12 Reverse Break Fee

12.1 Background

This clause 12 has been agreed in circumstances where:

- (a) Bidder and Target believe that the Scheme will provide significant benefits to Bidder, Target and their respective shareholders, and Bidder and Target acknowledge that, if they enter into this document and the Scheme is subsequently not implemented, Target and Target Shareholders will incur significant costs including those set out in clause 12.5;
- (b) Target requested that provision be made for the payment of the Reverse Break Fee, without which Target would not have entered into this document;
- (c) both the Bidder Board and Target Board believe that it is appropriate for both parties to agree to the payment referred to in this clause to secure Target's participation in the Scheme; and

- (d) both parties have received legal advice on this document and the operation of this clause.

12.2 Payment by Bidder to Target

Bidder agrees to pay the Reverse Break Fee to Target without withholding or set off if the Scheme does not proceed because Target validly terminates this document in accordance with clause 14.1(c).

12.3 No amount payable if Scheme becomes Effective

Notwithstanding the occurrence of any event in clause 12.2, if the Scheme becomes Effective:

- (a) no amount is payable by Bidder under clause 12.2; and
- (b) if any amount has already been paid under clause 12.2 it must be refunded by Target.

12.4 Timing of payment

- (a) A demand by Target for payment of the Reverse Break Fee under clause 12.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account in the name of Target into which Bidder must pay the Reverse Break Fee.
- (b) Bidder must pay the Reverse Break Fee to Target within 15 Business Days of receipt by Bidder of a valid demand for payment from Target under clause 12.4(a).

The demand may only be made after the occurrence of an event referred to in clause 12.2.

12.5 Nature of payment

The Reverse Break Fee is an amount to compensate Target for:

- (a) advisory costs;
- (b) costs of management and directors' time;
- (c) out-of-pocket expenses;
- (d) the distraction of Target's management from conducting Target's business as usual caused by pursuing the Scheme;
- (e) reasonable opportunity costs incurred by Target in pursuing the Scheme or in not pursuing strategic initiatives which Target could have developed to further its business and objectives; and
- (f) damage to Target's reputation associated with a failed transaction and the implications of that damage to Target's business.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the amount payable under clause 12.2.

12.6 Bidder's limitation of liability

Notwithstanding any other provision of this document:

- (a) the maximum liability of Bidder to Target under or in connection with this document including in respect of any breach of this document will be the Reverse Break Fee; and
- (b) the payment by Bidder of the Reverse Break Fee represents the sole and absolute liability of Bidder under or in connection with this document and no further damages, fees, expenses or reimbursements of any kind will payable by Bidder under or in connection with this document.

13 Representations and warranties

13.1 Target's representations and warranties

Target represents and warrants to Bidder (on its own behalf and separately as trustee or nominee for each of the Bidder directors) that each of the following statements is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;
- (d) **(authorisations)** other than Change of Control Authorisations, it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(reliance)** the Target Information contained in the Scheme Booklet will be included in good faith and on the understanding that Bidder and its directors will rely on that information for the purposes of considering and approving the Bidder Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme;
- (g) **(Target Information)** the Target Information provided in accordance with this document and included in the Scheme Booklet as at the date of the Scheme Booklet will not contain any material statement which is

misleading or deceptive in any material respect, nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides and other guidelines and requirements of ASIC;

- (h) **(Disclosure)** Target has provided to Bidder all material information actually known to it (having made reasonable enquiries) as at the date of this document regarding matters affecting or relating to it, which is not already in the public domain;
- (i) **(continuous disclosure)** Target is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure (other than the transaction contemplated by this document);
- (j) **(complete and accurate)** the Disclosure Materials were prepared, compiled and made available to Bidder and its Representatives in good faith with reasonable care, and as far as the Target is aware, all the Disclosure Material is complete and accurate and is not misleading or deceptive, whether by way of omission or otherwise;
- (k) **(reasonable assumptions)** to the extent the Target Information includes forward looking statements, those forward looking statements are based on assumptions which Target believes, as at the date the information was provided and continues to believe, to be reasonable;
- (l) **(compliance)** so far the Target is aware, the Target Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and authorisations necessary for it to conduct its business as it has been conducted in the 12 months prior to the date of this document;
- (m) **(opinions)** any statement of opinion or belief contained in the Target Information is honestly held and there are reasonable grounds for holding the opinion or belief;
- (n) **(provision of information to Independent Expert)** all information provided by or on behalf of Target to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report;
- (o) **(no default)** so far as the Target is aware and other than as Fairly Disclosed in the Disclosure Materials, neither Target nor any of its Subsidiaries is in default under any document, agreement or instrument binding on it or its assets nor has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event, or give another party a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect;
- (p) **(securities)** Target's issued securities as at the date of this document are 139,191,601 Target Shares and 4,095,480 Target Options, and other than as Fairly Disclosed in the Disclosure Materials it has not issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Target Shares; and

- (q) **(no Encumbrances)** there are no Encumbrances over all or any of its assets or revenues other than as Fairly Disclosed in the Disclosure Materials;
- (r) **(Insolvency event)** no material member of the Target Group is Insolvent;
- (s) **(Target Prescribed Events)** other than as Fairly Disclosed in the Disclosure Materials:
 - (i) no Target Prescribed Event has occurred between 1 July 2018 and the date of this document; and
 - (ii) no event has occurred between 1 July 2018 and the date of this document that would have been a breach of clause 8.3 had this document been entered into on 1 July 2018;
- (t) **(regulatory approvals)** so far as the Target is aware, as at the date of this document, no regulatory approval is required to be obtained by Target in order for it to execute, deliver and perform this document, other than those approvals set out in clause 3.1, and so far as the Target is aware, as at the date of this document no regulatory action of any nature has been taken that would prevent or restrict its ability to fulfil its obligations under this document; and
- (u) **(Anti-Corruption Laws and Sanctions)**
 - (i) So far as the Target is aware, neither the Target Group, nor any of its respective shareholders, officers, directors or employees, nor any agent or other third party representative acting on behalf of the Target Group, has made, offered, promised, or authorised, directly or indirectly, any payment for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, or any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment to any person for the purpose of either gaining an improper business advantage or encouraging the recipient to violate the policies of his or her employer or to breach an obligation of good faith or loyalty, in each case in violation of any applicable Anti-Corruption Laws.
 - (ii) So far as the Target is aware, neither the Target Group nor any of its officers, directors, employees, agents, or representatives acting on its behalf is a Sanctioned Person or has transacted business with a Sanctioned Person or in violation of Sanctions.
 - (iii) None of Target Group's principals, owners, officers, directors, or agents is currently a Government Official.
 - (iv) The Target Group has implemented and adhered to policies and procedures designed to prevent conduct that would constitute a violation of applicable Anti-Corruption Laws, Sanctions, and Anti-Money Laundering Laws, and have maintained complete and accurate books and records, including records of payments to any agents, consultants, representatives, third parties and Government Officials.
 - (v) During the 5 years prior to the date of this document, the Target Group has not received from any governmental authority or any other person any notice, inquiry, or internal or external allegation, or made any voluntary or involuntary disclosure to a

governmental authority related to any actual or potential violation of applicable Anti-Corruption Laws, Anti-Money Laundering Laws, or Sanctions. No proceeding by or before any government authority involving Target with respect to Anti-Corruption Laws, Anti-Money Laundering Laws, or Sanctions is pending, or to the knowledge of Target, is threatened.

- (vi) Target will not use any proceeds transferred pursuant to this Transaction in violation of any Anti-Corruption Laws, nor will it directly or knowingly indirectly transfer such proceeds to or for the benefit of any Sanctioned Person or in violation of Sanctions.

13.2 Target's indemnity

Target indemnifies the Bidder and its directors against all Losses incurred directly or indirectly as a result of any breach of the representations and warranties in clause 13.1.

13.3 Qualifications on Target Representations and Warranties

The representations and warranties in clause 13.1 and the indemnity in clause 13.2 are each subject to matters that:

- (a) have been Fairly Disclosed in the Disclosure Materials;
- (b) have been Fairly Disclosed by Target in an announcement made to Target on ASX; or
- (c) as at the date of this document are within the actual knowledge of Bidder or any of the Bidder's Representatives designated in the Disclosure Letter for the purpose of this paragraph (c).

Any representations and warranties in clause 13.1 that are given subject to Target's awareness, knowledge or belief are given by reference to the actual awareness, knowledge or belief of the Target Representatives referred to in clause 13.6(a) after having made reasonable enquiries.

13.4 Bidder's representations and warranties

Bidder represents and warrants to Target (on its own behalf and separately as trustee or nominee for each of the Target directors) that each of the following statements is true and correct in all material respects as at the date of this document and as at 5.00pm on the Business Day immediately prior to the Second Court Date:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded; or
 - (ii) any law binding on or applicable to it or its assets;

- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms;
- (f) **(reliance)** the Bidder Information provided to Target for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that Target and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Scheme in accordance with the Corporations Act;
- (g) **(Bidder Information)** the Bidder Information provided in accordance with this document and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements and will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides and other guidelines and requirements of ASIC;
- (h) **(reasonable assumptions)** to the extent the Bidder Information includes forward looking statements, those forward looking statements are based on assumptions which Bidder believes, as at the date the information was provided and continues to believe, to be reasonable;
- (i) **(opinions)** any statement of opinion or belief contained in the Bidder Information is honestly held and there are reasonable grounds for holding the opinion or belief;
- (j) **(compliance)** so far as the Bidder is aware, the Bidder Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over it and has all material licenses, permits and franchises necessary for it to conduct its businesses as presently being conducted;
- (k) **(no dealing with Target Shareholders)** neither it nor, so far as the Bidder is aware, any of its Associates has any agreement, arrangement or understanding with any Target Shareholder under which that Target Shareholder (or an Associate of that Target Shareholder) would be entitled to receive consideration for their Target Shares different from the Scheme Consideration or under which the Target Shareholder agrees to vote in favour of the Scheme or against any Competing Transaction;
- (l) **(reasonable basis)** it has a reasonable basis to expect that it will, by the Implementation Date, have available to it sufficient cash amounts (whether from internal cash reserves or external funding arrangements, including equity and debt financing or a combination of both) to satisfy Bidder's obligations to provide or procure the provision of the Scheme Consideration in accordance with its obligations under this document, the Scheme and the Deed Poll;
- (m) **(provision of information to Independent Expert)** all information provided by or on behalf of Bidder to the Independent Expert to enable the Independent Expert's Report to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report;

- (n) **(Equity Commitment Letter)** Bidder has given to Target a true, correct and complete copy of the Equity Commitment Letter;
- (o) **(due execution and enforceability of the Equity Commitment Letter)** the Equity Commitment Letter has been duly executed by Concordant Investments Pte Ltd and constitutes a legally binding obligation of Concordant Investments Pte Ltd enforceable in accordance with its terms;
- (p) **(No termination of Commitment Letters)** the Equity Commitment Letter has not been terminated by Concordant Investments Pte Ltd;
- (q) **(regulatory approval)** so far as the Bidder is aware, no regulatory approval is required to be obtained by the Bidder in order for it to execute, deliver and perform this document, other than those approvals set out in clause 3.1, and so far as the Bidder is aware, as at the date of this document no regulatory action of any nature has been taken that would prevent or restrict the Bidder's ability to fulfil its obligations under this document; and
- (r) **(Insolvency event)** so far as the Bidder is aware, no member of the Bidder Group is Insolvent.

13.5 Bidder's indemnity

Bidder indemnifies the Target and its Subsidiaries and each director of Target and its Subsidiaries against all Losses incurred directly or indirectly as a result of any breach of the representations and warranties in clause 13.4.

13.6 Qualifications on Bidder Representations and Warranties

- (a) The Bidder Representations and Warranties in clause 13.4 and the indemnity in clause 13.5 are each subject to matters that as at the date of this document are within the actual knowledge of the Target Representatives designated in the Disclosure Letter for the purposes of this clause 13.6(a).
- (b) Any Bidder Representations and Warranties that are given subject to Bidder's awareness, knowledge or belief are given by reference to the actual awareness, knowledge or belief of the Bidder Representatives who have been directly involved in the assessment and/or negotiation of the transactions contemplated by this document after having made reasonable enquiries.

14 Termination

14.1 Termination events

This document may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective on or before the End Date;
- (b) **(lack of support)** by Bidder at any time prior to 8.00am on the Second Court Date if any member of the Target Board changes its recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to its recommendation, or otherwise makes a public

statement indicating that it no longer supports the Scheme (excluding a statement that no action should be taken by Target Shareholders pending the assessment of a Competing Proposal by the Target Board);

- (c) **(material breach)** by either Bidder or Target at any time prior to 8.00am on the Second Court Date, if the other is in material breach of a term of this document (including any material breach of any representation and warranty contained in clause 12), taken in the context of the Scheme as a whole, provided that Bidder or Target (as the case may be) has given notice to the other setting out the relevant circumstances and the relevant circumstances continue to exist 10 Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given;
- (d) **(competing interest)** by Bidder, if a person (other than Bidder or its Associates) and/or any of its Associates has a Relevant Interest in more than 20% of the Target Shares. For the purposes of this paragraph (d), sections 609(6) and 609(7) of the Corporations Act will be disregarded when calculating the Relevant Interest in Target Shares;
- (e) **(Competing Transaction)** by Target if the Target Board determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of clause 10.2 is a Superior Proposal;
- (f) **(consultation or appeal failure)** in accordance with and pursuant to:
 - (i) clause 3.8(a)(i);
 - (ii) clause 3.8(a)(ii); or
 - (iii) clause 5.8; or
- (g) **(agreement)** if agreed to in writing by Bidder and Target.

14.2 Termination

Where a party has a right to terminate this document, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this document.

14.3 Effect of Termination

If this document is terminated by either party, or if this document otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this document, other than the obligations set out in this clause 14.3 and in clauses 11 and 15 to 21 (inclusive) will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this document.

14.4 Damages

In addition to the right of termination under clause 14.1 where there is no appropriate remedy for the breach in this document (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this document. This clause 14.4 does not prejudice the Target's right to obtain an order for specific performance in respect of Bidder's obligation in clause 8.6 or for performance of Bidder's obligations under this Agreement.

15 Public announcements

15.1 Public announcement of Scheme

Immediately after signing this document, Target and Bidder must issue a joint public announcement of the proposed Scheme in the form contained in Annexure A.

15.2 Required disclosure

Where a party is required by any applicable law or any Listing Rule to make any announcement or make any disclosure in connection with the Scheme, it must use all reasonable endeavours, to the extent possible, to consult with the other party prior to making the relevant disclosure.

15.3 Other announcements

Subject to clauses 15.1 and 15.2, no party may make any public announcement or disclosure in connection with the Scheme (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable. Nothing in this clause requires the giving of prior notice or the taking of any action if doing so would lead to a party breaching an applicable law or the Listing Rules.

16 Confidential Information

16.1 Disclosure of Bidder Confidential Information

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party on, before or after the date of this document.

17 Notices and other communications

17.1 Form

Unless this document expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this document must be in writing and signed by the sender (if an individual) or an Authorised Officer of the sender.

All communications (other than email communications) must also be marked for the attention of the person referred to in the Details (or, if the recipient has notified otherwise, then marked for attention in the way last notified).

Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

17.2 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by international courier to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

17.3 When effective

Communications take effect from the time they are received or taken to be received under clause 17.4 (whichever happens first) unless a later time is specified in the communication.

17.4 When taken to be received

Communications are taken to be received:

- (a) if sent by international courier, on delivery of the communication;
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

17.5 Receipt outside business hours

Despite anything else in this clause 17, if communications are received or taken to be received under clause 17.4 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

18 GST

18.1 Definitions and interpretation

For the purposes of this clause:

- (a) “**GST Act**” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);
- (b) a term which has a defined meaning in the GST Act has the same meaning when used in this clause, unless the contrary intention appears; and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as if it were a separate supply.

18.2 GST exclusive

Unless this document expressly states otherwise, all consideration to be provided under this document is exclusive of GST.

18.3 Payment of GST

- (a) If GST is payable, or notionally payable, on a supply in connection with this document, the party providing the consideration for the supply agrees to pay to the supplier an additional amount equal to the amount of GST payable on that supply ("**GST Amount**").
- (b) Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time as the GST-exclusive consideration for the supply, or the first part of the GST-exclusive consideration for the supply (as the case may be), is payable or is to be provided.
- (c) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.

18.4 Adjustment events

If an adjustment event arises for a supply made in connection with this document, the GST Amount must be recalculated to reflect that adjustment. The supplier or the recipient (as the case may be) agrees to make any payments necessary to reflect the adjustment and the supplier agrees to issue an adjustment note.

18.5 Reimbursements

Any payment, indemnity, reimbursement or similar obligation that is required to be made in connection with this document which is calculated by reference to an amount paid by another party must be reduced by the amount of any input tax credits which the other party (or the representative member of any GST group of which the other party is a member) is entitled. If the reduced payment is consideration for a taxable supply, clause 18.3 will apply to the reduced payment.

19 Costs

19.1 Costs

The parties agree to pay their own Costs in connection with the preparation, negotiation, execution and completion of this document, except for amounts covered by clause 19.2.

19.2 Stamp duty and registration fees

Bidder:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of those amounts); and
- (b) indemnifies Target against, and agrees to reimburse and compensate it for, any liability in respect of stamp duty under clause 19.2(a).

Bidder agrees to pay amounts due to Target under this clause within 3 Business Days of demand from Bidder.

However, Bidder need not pay, reimburse or indemnify against any fees, fines, penalties or interest to the extent they have been imposed because of Target's delay.

20 General

20.1 Variation and waiver

A provision of this document, or right, power or remedy created under it, may not be varied or waived except in writing signed by the party to be bound.

20.2 Consents, approvals or waivers

By giving any approval, consent or waiver a party does not give any representation or warranty as to any circumstance in connection with the subject matter of the consent, approval or waiver.

20.3 Discretion in exercising rights

Unless this document expressly states otherwise, a party may exercise a right, power or remedy or give or refuse its consent, approval or a waiver in connection with this document in its absolute discretion (including by imposing conditions).

20.4 Partial exercising of rights

Unless this document expressly states otherwise, if a party does not exercise a right, power or remedy in connection with this document fully or at a given time, they may still exercise it later.

20.5 Conflict of interest

Each party may exercise their rights, powers and remedies in connection with this document even if this involves a conflict of duty or they have a personal interest in their exercise.

20.6 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

20.7 Indemnities and reimbursement obligations

Any indemnity, reimbursement or similar obligation in this document.

- (a) is a continuing obligation despite the satisfaction of any payment or other obligation in connection with this document, any settlement or any other thing;
- (b) is independent of any other obligations under this document; and
- (c) continues after this document, or any obligation arising under it, ends.

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity in connection with this document.

20.8 Inconsistent law

To the extent the law permits, this document prevails to the extent it is inconsistent with any law.

20.9 Supervening law

Any present or future law which operates to vary the obligations of a party in connection with this document with the result that another party's rights, powers or remedies are adversely affected (including, by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

20.10 Counterparts

This document may consist of a number of copies, each signed by one or more parties to it. If so, the signed copies are treated as making up a single document.

20.11 Entire agreement

This document constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

20.12 Further steps

Each party agrees to do anything (such as obtaining consents, signing and producing documents, producing receipts and getting documents completed and signed), which the other party asks and considers necessary to:

- (a) bind the party and any other person intended to be bound under this document; or
- (b) show whether the party is complying with this document.

20.13 No liability for loss

Unless this document expressly states otherwise, a party is not liable for any loss, liability or costs arising in connection with the exercise or attempted exercise of, failure to exercise, or delay in exercising, a right, power or remedy in connection with this document.

20.14 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this document or is contrary to public policy.

20.15 Rules of construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this document or any part of it.

20.16 Assignment

- (a) Except as provided in clause 20.16(b), a party may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of the other party.
- (b) Notwithstanding any other provision of this document:
 - (i) the benefit of this document may be assigned by Bidder to a Related Body Corporate of Bidder or any Affiliate of the Bidder; and

- (ii) Bidder's rights under this document may otherwise be encumbered by way of security (whether by charge, mortgage or otherwise) for the benefit of each financial institution or group of financial institutions, bank or other provider of finance, including any agent or trustee acting on behalf of any of the foregoing, with which Bidder or any of its Affiliates, or, following the Implementation Date, any Target Group Member, incurs financial indebtedness from time to time, and any such security may be enforced or released.

20.17 Enforceability

For the purpose of this document:

- (a) Target is taken to be acting as trustee for the benefit of all Target Indemnified Parties; and
- (b) Bidder is taken to be acting as trustee for the benefit of all Bidder Indemnified Parties,

and all of those persons are to this extent taken to be parties to this document.

20.18 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this document, except for representations or inducements expressly set out in this document;
- (b) it does not enter into this document in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this document; and
- (c) clauses 20.18(a) and 20.18(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

21 Governing law

21.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

21.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address for service of notices under clause 17.2.

EXECUTED as an agreement

Scheme Implementation Agreement

Schedule 1 Timetable (clause 5.1)

Event	Date
Lodge Scheme Booklet with ASIC	Thursday, 11 October 2018
Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC	Thursday, 11 October 2018
First Court Date	Friday, 26 October 2018
Despatch of Scheme Booklet	Thursday, 1 November 2018
Scheme Meeting held	Friday, 30 November 2018
Second Court Date	Friday, 7 December 2018
Lodge Court order with ASIC (Effective Date)	Friday, 7 December 2018
Record Date	Friday, 14 December 2018
Implementation Date	Friday, 21 December 2018

Scheme Implementation Agreement

Signing page

DATED: 24 September 2018

EXECUTED by SME CAPITAL
INVESTMENTS III PTY LTD in
accordance with section 127(1) of the
Corporations Act 2001 (Cth) by
authority of its directors:

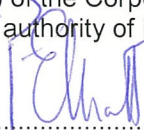
.....
Signature of director

.....
TANG KOK YEW
Name of director (block letters)

.....
Signature of director/company
secretary

.....
ROBIN ENG JIN ONG
Name of director/company secretary
(block letters)

EXECUTED by **SCOTTISH PACIFIC
GROUP LIMITED** in accordance with
section 127(1) of the Corporations Act
2001 (Cth) by authority of its directors:



.....
Signature of director

PATRICK ELLIOTT

.....
Name of director (block letters)



.....
Signature of director/company
secretary

DAVID ROSE

.....
Name of director/company secretary
(block letters)

Scheme Implementation Agreement

Annexure A Public announcement

Scottish Pacific Limited enters into Scheme Implementation Agreement with Affinity Equity Partners

Key highlights:

- SME Capital Investments III Pty Ltd (ACN 628 950 514) (**Bidder**) (an entity owned by funds managed or advised by Affinity Equity Partners Limited and/or its affiliates (**Affinity Equity Partners**)) proposes to acquire 100% of Scottish Pacific Group Limited (**SCO**) by way of scheme of arrangement (**Scheme**).
- Subject to the Scheme becoming Effective, the majority of SCO shareholders will receive \$4.40 per share in cash¹ (**Scheme Consideration**), representing a premium of 27.8% to SCO's 1-month volume weighted average price (**VWAP**) to 19 September 2018 of \$3.44.
- SCO's Directors unanimously recommend that SCO shareholders vote in favour of the Scheme, subject to no superior proposal emerging and the Independent Expert concluding that the Scheme is in the best interests of SCO shareholders.
- A Scheme Booklet containing detailed information of the scheme proposal, including an Independent Expert Report, is expected to be issued to shareholders by early November 2018.
- The transaction is subject to customary conditions which must be satisfied before the Scheme is implemented. Shareholders do not need to take any actions at the present time.

Overview of the Scheme

SCO announces that it has entered into a binding Scheme Implementation Agreement (**SIA**) with the Bidder (an entity owned by funds managed or advised by Affinity Equity Partners) under which it is proposed that the Bidder will acquire 100% of the share capital of SCO by way of the Scheme.

Established in 2004, Affinity Equity Partners is one of the largest independent Asian private equity firms and recently closed a funding round that raised ~US\$6bn in December 2017.

Under the terms of the Scheme, SCO shareholders will be entitled to receive \$4.40 per share in cash, subject to all applicable conditions being satisfied or waived and the Scheme being implemented.

The Scheme Consideration of \$4.40 per share represents:

- 17.6% premium to SCO's closing share price of \$3.74 on 19 September 2018, being the last closing price prior to entering into trading halt and announcing the Scheme;
- 23.8% premium to the 1-week VWAP of \$3.55 (up to and including 19 September);
- 27.8% premium to the 1-month VWAP of \$3.44 (up to and including 19 September);
- 34.4% premium to the 3-month VWAP of \$3.27 (up to and including 19 September);
- 37.5% premium to the 12-month VWAP of \$3.201; and

¹ Members of the SCO's Leadership Team may make an election under the Scheme, to receive \$2.20 in cash plus 0.5 shares in SME Capital Holdings Pty Ltd (ACN 628 947 544) in respect of each SCO share they or their associates hold (in lieu of the \$4.40 cash per share Scheme Consideration). SME Capital Holdings Pty Ltd indirectly wholly owns Bidder. SCO's Leadership Team comprises: Peter Langham (Chief Executive Officer), David Rose (Chief Financial Officer and Executive Director), Craig Michie (Head of Specialised Finance), Wayne Smith (Head of Debtor Finance), Steven Davies (Chief Operating Officer) and Nick McAvoy (Head of IT & Business Systems).

- 18.7x price to FY18 NPATA on a fully diluted basis².

The Scheme Consideration of \$4.40 per share implies a fully diluted market capitalisation for SCO of approximately ~\$630 million.

SCO's Board of Directors unanimously recommend the Scheme

The Directors of SCO unanimously recommend that SCO shareholders vote in favour of the Scheme, subject to no superior proposal emerging and the Independent Expert concluding that the Scheme is in the best interests of SCO shareholders. Subject to those same qualifications, each Director of SCO that holds or controls SCO shares intends to vote in favour of the Scheme.

Each member of SCO's Leadership Team³, who in aggregate hold approximately % of SCO's shares at the date of this announcement, has confirmed that they intend to vote all SCO shares held or controlled by them in favour of the Scheme, subject to the above qualifications.

SCO's Chairman, Patrick Elliott, commented "Affinity Equity Partners' proposal represents a significant premium to Scottish Pacific's recent share price, and entitles all SCO shareholders to receive up to 100%⁴ of the scheme consideration in cash which provides value certainty for shareholders. We believe the proposal is consistent with the Board's efforts to maximise shareholder value."

Transaction structure

The transaction will be implemented by a scheme of arrangement under Australian law.

The Scheme is subject to certain conditions that must be satisfied or waived for the Scheme to be implemented. These include:

- any ASIC or ASX reliefs, waivers, confirmations, exemptions, consents or approvals;
- approval of any relevant Regulatory Authority;
- no Court or Regulatory Authority take steps to restrain or prevent the Scheme;
- the Independent Expert issuing a report which concludes that the Scheme is in the best interest of Scheme Participants;
- no enforcement action initiated by any Regulatory Authority; and
- obtaining consents to the change of control from each relevant counterparty to SCO's Warehouse Facilities.

The Scheme is also subject to a number of customary conditions, including SCO shareholder approval by the requisite majorities, Court approval, no material adverse effect and approval from regulators, including the Foreign Investment Review Board (**FIRB**) and certain other regulatory bodies (including in New Zealand). Unless every condition to the Scheme is satisfied or waived, the Scheme will not be implemented. In this regard, SCO shareholders should note that there is no assurance that the requisite consents and approvals will be obtained.

² Calculated on a fully diluted basis which includes 139,191,601 ordinary shares outstanding and assumed conversion of 4,095,480 unlisted options.

³ SCO's Leadership Team comprises: Peter Langham (Chief Executive Officer), David Rose (Chief Financial Officer and Executive Director), Craig Michie (Head of Specialised Finance), Wayne Smith (Head of Debtor Finance), Steven Davies (Chief Operating Officer) and Nick McAvoy (Head of IT & Business Systems).

⁴ Members of the SCO's Leadership Team may elect to receive \$2.20 in cash plus 0.5 shares in SME Capital Holdings Pty Ltd in lieu of the \$4.40 cash per share.

The Bidder has advised SCO that it expects the cash component of the Scheme Consideration to be fully funded by financing arranged or provided by certain funds managed or advised by Affinity Equity Partners. The Scheme is not conditional on the Bidder securing the funds.

The SIA contains customary exclusivity provisions including no shop restrictions, a notification obligation, no talk restrictions and a matching right (the latter two of which are subject to SCO Directors' fiduciary obligations). The SIA also details circumstances under which a break fee may be payable to the Bidder and a reverse break fee may payable to SCO.

A full copy of the executed SIA with its attachments accompanies this announcement.

Indicative timetable and next steps

SCO shareholders do not need to take any action at the present time.

A Scheme Booklet containing, among other things, further information relating to the Scheme, reasons for the Directors' unanimous recommendation, details of the Scheme meeting and the Independent Expert's report, is expected to be sent to shareholders in early November 2018.

SCO shareholders will be given the opportunity to vote on the Scheme at a meeting that is expected to be held on 30 November 2018. Subject to shareholder approval and the other conditions of the Scheme being satisfied, the Scheme is expected to be implemented in late December 2018.

These dates are indicative and subject to change.

SCO is being advised by Citigroup as financial adviser and PwC as legal and tax adviser.

About Affinity Equity Partners

Affinity Equity Partners is one of the largest independent private equity firms in the Asia Pacific region, advising and managing approximately US\$14bn of funds and assets. Affinity Equity Partners recently completed raising US\$6bn in new capital for Affinity Asia Pacific Fund V. Affinity Equity Partners was established as a standalone entity in 2004, following the separation of its operations from UBS AG. Since inception, Affinity Equity Partners has completed 41 transactions in ten countries with an aggregate transaction value of US\$15 billion.

ENDS

Scheme Implementation Agreement

Annexure B Scheme of Arrangement

Scheme of Arrangement

Dated

Scottish Pacific Group Limited (ACN 164 013 110) ("**Target**")

Scheme Participants

Scheme of Arrangement

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Scheme of Arrangement

Details

Parties

Target	Name	Scottish Pacific Group Limited
	ACN	164 013 110
	Formed in	Victoria
	Address	Level 5, 20 Bond Street, Sydney, NSW 2000
	Email	Patrick.Elliott@nextcapital.com.au LanghamP@scottishpacific.com
	Attention	Patrick Elliott and Peter Langham
Scheme Participants	Each person registered as a holder of fully paid ordinary shares in Target as at the Record Date.	
Governing law	New South Wales	

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

Affiliate means in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person; or
- (c) directly or indirectly under the common Control of the Primary Person and another person or persons.

APRA means the Australia Prudential Regulation Authority.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

AUSTRAC means the Australian Transaction Reports and Analysis Centre.

Bidder means SME Capital Investments III Pty Ltd (ACN 628 950 514).

Business Day means a business day as defined in the Listing Rules.

Cash Scheme Consideration means an amount equal to the aggregate amount of the cash component of the Scheme Consideration payable to Scheme Participants under clauses 6.3(a) and 6.3(b)(ii) of this Scheme.

CHESS means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

Control means, with respect to any person (other than an individual), the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise, and includes the following:

- (a) direct or indirect ownership of more than 50% of the voting rights of such person; or
- (b) the right to appoint the majority of the members of the board of directors of such person (or similar governing body) or to manage on a discretionary basis the assets of such person,

and, for the avoidance of doubt, and, solely for the purposes of the definition of Affiliate:

- (c) a general partner is deemed to Control a limited partnership;

- (d) a fund, client or account advised or managed, directly or indirectly, by a person will also be deemed to be Controlled by such person; and
- (e) a fund, client or account will be deemed to be an Affiliate of the Primary Person if the fund, client or account is advised or managed, directly or indirectly, by a person Controlling directly or indirectly the Primary Person or a person directly or indirectly under the common Control of the Primary Person and another person or persons.

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

Court means the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporations Act agreed in writing by Bidder and Target.

Deed Poll means the deed poll dated _____ 2018 executed by Bidder and HoldCo substantially in the form of Annexure C of the Scheme Implementation Agreement or as otherwise agreed by Bidder and Target under which Bidder covenants in favour of each Scheme Participant to perform (or procure performance of) its obligations under this Scheme.

Details means the section of this agreement headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Election means an election by a Management Shareholder to receive their Scheme Consideration partly in the form of HoldCo Shares and partly in the form of cash in accordance with clause 6.3(b).

Election Date means 5.00pm on the date that is three clear Business Days before the date of the Scheme Meeting or such other date as is agreed in writing between Bidder and Target.

Election Form means a form issued by Target for the purposes of a Management Shareholder making an Election.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the *Personal Property Securities Act 2009* (Cth), or any agreement to create any of them or allow them to exist.

End Date means 15 March 2019 or such other date as is agreed by Bidder and Target.

FCA means the Financial Conduct Authority of the United Kingdom.

FIRB means the Foreign Investment Review Board.

Foreign Shareholder means a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia or New Zealand unless Bidder and Target agree in writing that it is lawful and not unduly onerous or impracticable to issue HoldCo Shares to that Scheme Participant if the Scheme Participant so elects under the Scheme.

HoldCo means SME Capital Holdings Pty Ltd (ACN 628 947 544).

HoldCo Constitution means the constitution adopted, or to be adopted, by HoldCo substantially in the form attached to the Election Form.

HoldCo Share means a fully paid ordinary share in the capital of HoldCo issued on the terms of issue set out in the Investment Deed.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Target.

Implementation Date means the fifth Business Day following the Record Date or such other date as is agreed by Bidder and Target.

Investment Deed means the investment deed in relation to HoldCo substantially in the form attached to the Election Form.

Listing Rules means the Listing Rules of the ASX.

Management Shareholder means any Target Shareholder, other than a Foreign Shareholder, who is an employee (or an Affiliate of an employee) of a member of the Target Group and who earns an annual salary of \$200,000 or more.

OIO means the Overseas Investment Office of New Zealand.

Record Date means 5.00pm on the fifth Business Day following the Effective Date or such other date as Target and Bidder agree.

Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Regulatory Authority includes, in any jurisdiction:

- (a) a government or governmental, semi-governmental or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (c) any regulatory organisation established under statute,

and includes ASX, ACCC, ASIC, the Takeovers Panel, FIRB, APRA, AUSTRAC, OIO and FCA.

Scheme means this scheme of arrangement between Target and Scheme Participants under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 6, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Target and Bidder in accordance with clause 3.1(c).

Scheme Consideration means the consideration to be provided or procured by Bidder for the transfer of the Scheme Shares held by a Scheme Participant to Bidder determined in accordance with clause 6.3.

Scheme Implementation Agreement means the scheme implementation agreement dated 24 September 2018 between Target and Bidder under which, amongst other things, Target has agreed to propose this Scheme to Target

Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Target Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Target Shareholders will vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Participant means each person who is a Target Shareholder as at the Record Date.

Scheme Share means a Target Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Target Shares issued on or before the Record Date.

Scrip Scheme Consideration means the Scheme Consideration to be provided to Scheme Participants in the form of the issue of HoldCo Shares under clause 6.3(b)(i) of this Scheme.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act in favour of the Bidder as transferee, which may be a master transfer of all Scheme Shares.

Target Board means the board of directors of Target.

Target Group means Target and its Subsidiaries.

Target Option means an option over an unissued ordinary share in Target.

Target Registry means Link Market Service Limited (ACN 083 214 537).

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

Target Shareholder means each person registered in the Register as a holder of Target Shares.

Transaction means:

- (a) the proposed acquisition of the Target Shares by Bidder through implementation of the Scheme in accordance with the terms of this document; and
- (b) all associated transactions and steps contemplated in this document.

Trust Account means the trust account operated by or on behalf of Target to hold the Cash Scheme Consideration on trust for the purpose of paying the Cash Scheme Consideration to the Scheme Participants in accordance with clause 6.4.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;

- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (e) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney, Australia time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (j) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (k) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (l) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (m) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day; and
- (n) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day.

2 Preliminary

2.1 Target

Target is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Victoria; and
- (c) admitted to the official list of the ASX and Target Shares are officially quoted on the stock market conducted by ASX.

As at the date of the Scheme Implementation Agreement, Target’s issued securities are:

- (a) Target Shares: 139,191,601; and

- (b) Target Options: 4,095,480.

2.2 Bidder

Bidder is:

- (a) a proprietary company limited by shares; and
- (b) incorporated in Australia and registered in New South Wales.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Bidder, Target will provide or procure the provision of the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme and the Deed Poll;
- (b) all Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, will be transferred to Bidder on the Implementation Date; and
- (c) Target will enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

2.4 Scheme Implementation Agreement

Target and Bidder have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

2.5 Deed Poll

Bidder and HoldCo have executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) obligations attributed to them under this Scheme, including to provide the Scheme Consideration.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;
- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement (other than the condition precedent in clause 3.1(d) of the Scheme Implementation Agreement) having been satisfied or (other than the conditions precedent in clauses 3.1(a) and 3.1(c) of the Scheme Implementation Agreement) waived in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if

applicable, Target and Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and

- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clauses 5 and 6

The satisfaction of each condition of clause 3.1 is a condition precedent to the operation of clause 5 and 6.

3.3 Certificate in relation to conditions precedent

Target and Bidder must provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 (other than the conditions precedent in clause 3.1(c) and clause 3.1(d)) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificate referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 (other than the conditions precedent in clause 3.1(c) and 3.1(d)) have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with their terms.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 (other than the condition precedent in clause 3.1(d)) are satisfied, Target must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

5.2 Transfer and registration of Target Shares

Subject to the Scheme becoming Effective, the following will occur on the Implementation Date in the order set out below:

- (a) Bidder confirming in writing to Target that:
 - (i) the Cash Scheme Consideration has been provided in accordance with clause 6.4(a); and
 - (ii) the Scrip Scheme Consideration has been provided in accordance with clause 6.4(e);
- (b) payment by Target of the Cash Scheme Consideration in the manner contemplated by clause 6.4(b);
- (c) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Bidder without the need for any further act by any Scheme Participant (other than acts performed by Target as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) Target delivering to Bidder a duly completed and executed Share Scheme Transfer, executed on behalf of the Scheme Participants by Target as their attorney and agent; and
 - (ii) Bidder duly executing the Share Scheme Transfer and delivering it to Target for registration; and
- (d) as soon as practicable after receipt of the duly executed Share Scheme Transfer in accordance with clause 5.2(c)(ii), Target must enter, or procure the entry of, the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.3 Title and rights in Scheme Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

5.4 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees:

- (a) to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme; and
- (b) to the extent they are, or are to be, issued with HoldCo Shares as a component of the Scheme Consideration to which they are entitled, to become a shareholder of Holdco and to be bound by the HoldCo Constitution and the Investment Deed.

5.5 Warranty by Scheme Participants

Each Scheme Participant warrants to Bidder and is deemed to have authorised Target to warrant to Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.5, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Bidder under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and

- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under the Scheme.

5.6 Transfer free of Encumbrances

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Bidder under this Scheme will, at the date of the transfer of them to Bidder, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.7 Appointment of Bidder as sole proxy

Immediately upon provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.4, on and from the Implementation Date until Target registers Bidder as the holder of all of the Scheme Shares in the Register, each Scheme Participant:

- (a) is deemed to have irrevocably appointed Target as attorney and agent (and directs Target in such capacity) to appoint Bidder and each of its directors, officers and any secretary or agent nominated by Bidder from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to:
 - (i) attend shareholders' meetings of Target, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.7(a)); and
 - (ii) execute and deliver any deed or document required by Target, Bidder or HoldCo that causes each Scheme Participant entitled to HoldCo Shares to be bound by the Investment Deed and the HoldCo Constitution;
- (b) must take all other actions in the capacity of the registered holder of Scheme Shares as Bidder reasonably directs; and
- (c) acknowledges and agrees that in exercising the powers referred to in clause 5.7(a), Bidder and any director, officer, secretary or agent nominated under clause 5.7(a) may act in the best interests of Bidder as the intended registered holder of the Scheme Shares.

Target undertakes in favour of each Scheme Participant that it will appoint Bidder and each of its directors, officers and any secretary or agent nominated by Bidder from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.7(a).

5.8 Amendments to Investment Deed

Bidder must ensure (and must procure that HoldCo ensures) that the Investment Deed is not amended without the consent of Target, before the issue of any HoldCo Shares to the Management Shareholders who have made valid Elections in accordance with clause 6.2.

6 Scheme Consideration

6.1 Consideration under the Scheme

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clauses 6.2 to 6.4.

6.2 Election procedure

- (a) Subject to clauses 6.2(b), 6.2(c), and 6.2(d), each of the Management Shareholders will be entitled to make an Election. All Elections will take effect in accordance with this Scheme to the extent that any Management Shareholder who makes an Election qualifies as a Scheme Participant.
- (b) A Management Shareholder who makes an Election may vary, withdraw or revoke that Election by lodging a replacement Election Form so that it is received on or before the Election Date.
- (c) An Election must be made in accordance with the terms and conditions of the Election Form and this clause 6.2, and an Election not so made will not be a valid Election for the purpose of this Scheme and will not be recognised by Bidder or Target for any purpose (provided that Bidder may, with the agreement of Target, waive this requirement and may, with the agreement of Target, settle as it thinks fit any difficulty, matter of interpretation or dispute which may arise in connection with determining the validity of any Election, and any such decision will be conclusive and binding on Bidder, Target and the relevant Management Shareholder).
- (d) If a Management Shareholder makes an Election, that Election will be deemed to apply in respect of that Management Shareholder's entire registered holding of Target Shares at the Record Date, regardless of whether the Management Shareholder's holding of Target Shares at the Record Date is greater or less than the Management Shareholder's holding at the time it made its Election, unless Bidder and Target agree otherwise, in their absolute discretion.

6.3 Determination Scheme Consideration

- (a) If the Scheme Participant is not a Management Shareholder or is a Management Shareholder who has not made a valid Election on or before the Election Date, then the Scheme Consideration applicable for that Scheme Participant is \$4.40 for each Scheme Share held by the Scheme Participant.
- (b) If the Scheme Participant is a Management Shareholder who has made a valid Election on or before the Election Date, then the Scheme Consideration applicable for that Scheme Participant for each Scheme Share held by the Scheme Participant is:
 - (i) 0.5 HoldCo Shares; *plus*
 - (ii) \$2.20.

6.4 Provision of Scheme Consideration

- (a) The obligation of the Target to procure payment of the Cash Scheme Consideration pursuant to clauses 2.3(a) and 5.2(b) will be satisfied by

Target procuring Bidder to, no later than two Business Days before the Implementation Date, deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Cash Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be credited to Bidder's account) such amount to be held by Target on trust for the purpose of paying the Cash Scheme Consideration to Scheme Participants who are entitled to receive it pursuant to clause 6.4(b).

- (b) On the Implementation Date, and subject to receipt of the Cash Scheme Consideration from Bidder in accordance with clause 6.4(a), Target must pay (or procure payment) from the Trust Account to each Scheme Participant an amount equal to the applicable amount of Cash Scheme Consideration for each Scheme Share transferred to Bidder on the Implementation Date by that Scheme Participant.
- (c) Target's obligation under clause 6.4(b) will be satisfied by Target:
 - (i) depositing (or procuring the deposit of) the relevant amount into an account with any Australian ADI (as defined in the Corporations Act) notified to Target by an appropriate authority from the Scheme Participant; or
 - (ii) sending (or procuring the sending of) a cheque for the relevant amount, drawn in Australian currency, to the address of the Scheme Participant as recorded in the Register on the Record Date by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post).
- (d) To the extent that following the satisfaction of Target's obligations under clause 6.4(b), there is a surplus in the Trust Account, that surplus must be paid by Target to Bidder.
- (e) Bidder must procure that HoldCo must, before no later than 12 noon (or such later time as Bidder and Target may agree in writing) on the Implementation Date, procure that the name of each Scheme Participant entitled to be issued HoldCo Shares under this Scheme is entered in HoldCo's register of members as the holder of those HoldCo Shares (and in relation to HoldCo Shares issued to a Scheme Participant, having the same holding name and address and other details as the holding of the relevant Target Shares).
- (f) On or before the date that is five Business Days after the Implementation Date, Bidder must send or procure the sending of a certificate to each Scheme Participant entitled to be issued HoldCo Shares under this Scheme, reflecting the issue of such HoldCo Shares.

6.5 Cancellation and reissue of cheques

Target may cancel a cheque issued under clause 6.4 if the cheque:

- (a) is returned to Target; or
- (b) has not been presented for payment within 6 months after the date on which the cheque was sent.

During the period of one year commencing on the Implementation Date, on request from a Scheme Participant to Target (or Target Registry) (which request may not be made until the date which is 20 Business Days after the

Implementation Date), Target must reissue a cheque that was previously cancelled under this clause 6.5.

6.6 Status of HoldCo Shares

Subject to this Scheme becoming Effective, Bidder must procure that HoldCo:

- (a) issue (or procure the issue of) the HoldCo Shares required to be issued under this Scheme on terms such that each such HoldCo Share will rank equally in all respects with each other HoldCo Share on issue at the time and will have the rights set out in the HoldCo Constitution and the Investment Deed; and
- (b) ensure that each HoldCo Share required to be issued under this Scheme is duly and validly issued in accordance with all applicable laws and the HoldCo Constitution, and is fully paid and free from any Encumbrance (except for any lien arising under the HoldCo Constitution).

6.7 Orders of a court or Regulatory Authority

In the case of notice having been given to Target (or the Target Registry) of an order or direction made by a court of competent jurisdiction or Regulatory Authority:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.4, then Target must procure that payment is made in accordance with that order or direction; or
- (b) which would prevent Target from dispatching payment to any particular Scheme Participant in accordance with clause 6.4, Target will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the applicable amount of Cash Scheme Consideration until such time as payment in accordance with clause 6.4 is permitted by the order or direction or otherwise permitted by law,

and the payment or retention by Target will constitute full discharge of Target's obligations under clause 6.4(a) with respect of the amount so paid or retained until, in the case of clause 6.7(b), it is no longer required to be retained.

6.8 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants by Bidder must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Record Date;
- (b) any HoldCo Shares comprised in the Scheme Consideration are to be registered in the names of the joint holders; and
- (c) any other document required to be sent under this Scheme will be forwarded, at the sole discretion of Target, either to the holder whose name appears first in the Register as at the Record Date or to joint holders.

6.9 Fractional Entitlements

Where the calculation of the Cash Scheme Consideration or the Scrip Scheme Consideration to be provided to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, or fraction of a Holdco Share, the fractional entitlement will be rounded down (as applicable) to the nearest cent or Holdco Share as the case may be.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Target if:

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

7.2 Register

Target must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) on or before the Record Date.

7.3 No disposals after Effective Date

If this Scheme becomes Effective, a Scheme Participant (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Record Date (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title) and any attempt to do so will have no effect and Target will be entitled to disregard any such disposal.

7.4 Maintenance of Register

For the purpose of determining entitlements to the Scheme Consideration, Target will maintain the Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Participants and Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Bidder contemplated in clauses 5.2 and 7.4, any statements of holding in respect of Scheme Shares will cease to have effect after the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Bidder and its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of

Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

7.6 Details of Scheme Participants

Within three Business Days after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Record Date are available to Bidder in such form as Bidder reasonably requires.

7.7 Quotation of Target Shares

Target will apply to ASX to suspend trading on ASX in Target Shares with effect from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of Target Shares

On a date after the Implementation Date to be determined by Bidder, Target will apply:

- (a) for termination of the official quotation of Target Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8 Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Target and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer;
- (b) executing and delivering any deed or document required by Target, Bidder or HoldCo that causes each Scheme Participant entitled to HoldCo Shares to become a shareholder of HoldCo and to be bound by the Investment Deed and the HoldCo Constitution; and
- (c) enforcing the Deed Poll against Bidder,

and Target accepts such appointment.

9 Notices

9.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Target Registry.

9.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Target Shareholder will not, unless so ordered by the

Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10 General

10.1 Variations, alterations and conditions

Target may, with the consent of Bidder (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned (including, for the avoidance of doubt, all Scheme Participants) to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

10.2 Binding effect of Scheme

To the extent of any inconsistency, this Scheme overrides the Target's constitution and binds Target and all of the Scheme Participants (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at that meeting).

10.3 Further action by Target

Target will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

10.4 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to Target and Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Target and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Target.

10.5 No liability when acting in good faith

Neither Target, Bidder nor HoldCo, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

10.6 Enforcement of Deed Poll

Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against Bidder and/or HoldCo on behalf of and as agent and attorney for the Scheme Participants.

10.7 Stamp duty

Bidder will:

- (a) pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme or the Deed Poll; and
- (b) indemnify each Scheme Participant against any liability incurred by the Scheme Participant arising from failure to comply with clause 10.7(a).

11 Governing law

11.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

11.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

Scheme Implementation Agreement

Annexure C Deed Poll

Deed Poll

Dated

Given by

SME Capital Investments III Pty Ltd (ACN 628 950 514) ("**Bidder**")

SME Capital Holdings Pty Ltd (ACN 628 947 544) ("**HoldCo**")

In favour of each registered holder of fully paid ordinary shares in
Scottish Pacific Group Limited (ACN 164 013 110) ("**Target**") as at the
Record Date ("**Scheme Participants**")

Deed Poll

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Deed Poll

Details

Parties

Bidder	Name	SME Capital Investments III Pty Ltd
	ACN	628 950 514
	Formed in	New South Wales
	Address	C/- King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000
	Email	aarongoh@affinityequity.com and robinong@affinityequity.com
	Attention	Aaron Goh and Robin Ong
HoldCo	Name	SME Capital Holdings Pty Ltd
	ACN	628 947 544
	Formed in	New South Wales
	Address	C/- King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000
	Email	aarongoh@affinityequity.com and robinong@affinityequity.com
	Attention	Aaron Goh and Robin Ong
In favour of	Each registered holder of fully paid ordinary shares in Target as at the Record Date (" Scheme Participants ").	
Governing law	New South Wales	
Recitals	A	The directors of Target have resolved that Target should propose the Scheme.
	B	The effect of the Scheme will be that all Scheme Shares will be transferred to Bidder.
	C	Target and Bidder have entered into the Scheme Implementation Agreement.

- D** In the Scheme Implementation Agreement, Bidder agreed (amongst other things) to provide or procure the provision of the Scheme Consideration to Target on behalf of the Scheme Participants, subject to the satisfaction or waiver of certain conditions.
- E** Each of Bidder and HoldCo is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform (or procure the performance of) obligations attributed to it under the Scheme.
-

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Equity Commitment Letter means a binding executed commitment letter addressed to Bidder from Concordant Investments Pte Ltd dated on or about the date of this document.

Liability means a debt, liability or obligation, whether actual, prospective, contingent or otherwise and whether or not ascertained, and whether or not owing or incurred alone, or jointly and severally, with any other person.

Scheme means the proposed scheme of arrangement between Target and Scheme Participants under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this document, or as otherwise agreed by Bidder and Target, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Target and Bidder in accordance with clause 3.1(c) of the Scheme.

Scheme Implementation Agreement means the scheme implementation agreement dated 24 September 2018 between Target and Bidder under which, amongst other things, Target has agreed to propose the Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document.

1.3 Nature of deed poll

Bidder and HoldCo acknowledge that:

- (a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Target as its agent and attorney to enforce this document against Bidder and HoldCo on behalf of the Scheme Participant.

2 Conditions precedent and termination

2.1 Conditions precedent

Each of Bidder's and HoldCo's obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 Termination

Each of Bidder's and HoldCo's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Bidder and HoldCo are released from their obligations to further perform this document except Bidder's obligations contained in clause 7.2 and any other obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Bidder and HoldCo in respect of any breach of this document which occurs before it is terminated.

3 Performance of obligations generally

Bidder will comply with its obligations under the Scheme Implementation Agreement and, subject to clause 2, each of Bidder and HoldCo covenants in favour of the Scheme Participants that it will perform (or procure the performance of) obligations attributed to it under the Scheme as if Bidder and Holdco were party to the Scheme.

4 Scheme Consideration

4.1 Scheme Consideration

Subject to clause 2, Bidder and HoldCo undertake in favour of each Scheme Participant to:

- (a) provide or procure the provision of the Scheme Consideration to the Scheme Participants in accordance with the Scheme; and
 - (b) undertake all other actions attributed to them under the Scheme,
- subject to and in accordance with the Scheme.

4.2 Provision of Scheme Consideration

The obligations of Bidder and HoldCo under clause 4.1 will be satisfied if, in respect of the Scheme Consideration:

- (a) Bidder, no later than two Business Days before the Implementation Date, deposits (or procures the deposit) in Immediately Available Funds the aggregate amount of the Cash Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be credited to Bidder's account);
- (b) no later than 12 noon (or such later time as Bidder and Target may agree in writing) on the Implementation Date, HoldCo issues all of the HoldCo Shares which it is obligated to issue to applicable Scheme Participants under the Scheme and Bidder provides Target with written confirmation that HoldCo has done so;
- (c) Bidder and HoldCo no later than 12 noon (or such later time as Bidder and Target may agree in writing) on the Implementation Date, procure that the name of each Scheme Participant entitled to be issued HoldCo Shares under the Scheme is entered in HoldCo's register of members as the holder of those HoldCo Shares (and in relation to HoldCo Shares issued to a Scheme Participant, having the same holding name and address and other details as the holding of the relevant Target Shares); and
- (d) on or before the date that is five Business Days after the Implementation Date, Bidder must send or procure the sending of a certificate to each Scheme Participant entitled to be issued HoldCo Shares under the Scheme, reflecting the issue of such HoldCo Shares,

in each case, in accordance with, and subject to, the provisions of the Scheme.

4.3 HoldCo Shares to rank equally

HoldCo covenants in favour of each Scheme Participant entitled to be issued HoldCo Shares that the HoldCo Shares issued in accordance with the Scheme will:

- (a) rank equally in all respects with each other HoldCo Share on issue at the time and will have the rights set out in the HoldCo Constitution and the Investment Deed; and
- (b) be issued fully paid and free from any mortgage, charge, lien, Encumbrance or other security interest.

5 Representations and warranties

- (a) Each of Bidder and HoldCo represents and warrants, in respect of itself, that:
 - (i) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
 - (ii) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
 - (iii) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:

- (A) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (B) any law, judgment, ruling, order or decree binding on or applicable to it or its assets; or
 - (C) any Encumbrance or document binding on or applicable to it;
 - (iv) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
 - (v) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
 - (vi) **(solvency)** is not Insolvent.
- (b) Each of Bidder and HoldCo represents and warrants to each Scheme Participant that, immediately prior to implementation of the Scheme, each of Bidder and HoldCo:
- (i) has not commenced trading or conducted business other than, in connection with their respective incorporations (as applicable), entry into the Scheme Implementation Agreement and any ancillary documents (as agreed between Target and Bidder for the purposes of this clause), the Equity Commitment Letter, the Investment Deed, the Disclosure Letter and this document and the taking of such other actions as are necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Transaction) (each a **"Relevant Matter"**);
 - (ii) does not own any assets and does not have any Liabilities, other than assets derived, or Liabilities incurred, in connection with, as applicable, a Relevant Matter or otherwise disclosed in writing to Target prior to the date of the Scheme Implementation Agreement; and
- in each case, other than as expressly contemplated in this document or the Scheme.
- (c) HoldCo warrants to each Scheme Participant that receives HoldCo Shares in accordance with the Scheme that, from the date of the Scheme Implementation Agreement until immediately prior to the implementation of the Scheme, it has not issued any HoldCo Shares:
- (i) other than for cash;
 - (ii) at an issue price that is less than \$4.40 per HoldCo Share; and
 - (iii) other than in connection with the funding of the Scheme Consideration or the payment of costs, fees and expenses incurred in connection with the Transaction,
- unless otherwise agreed with Target.

6 Continuing obligations

- (a) Subject to clause 9.1, this document is irrevocable and, subject to clause 2, remains in full force and effect until:
 - (i) Bidder and HoldCo have fully performed their respective obligations under this document; or
 - (ii) the earlier termination of this document under clause 2.2.
- (b) From the date of this document until immediately prior to the implementation of the Scheme, HoldCo will not issue any HoldCo Shares:
 - (i) other than for cash;
 - (ii) at an issue price that is less than \$4.40 per HoldCo Share; and
 - (iii) other than in connection with the funding of the Scheme Consideration or payment of costs, fees and expenses incurred in connection with the Transaction,

unless otherwise agreed by Target.

7 Costs

7.1 Costs

Bidder agrees to pay all costs in respect of the Scheme (including in connection with the transfer of Target Shares to Bidder in accordance with the terms of the Scheme).

7.2 Stamp duty and registration fees

Bidder:

- (a) agrees to pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document, or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.2(a).

8 Notices

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address referred to in the Details and (except in the case of email) marked for the attention of the person referred to in the Details. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

9 General

9.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended by Bidder or Holdco unless:

- (a) if before the First Court Date, the variation is agreed to by Target in writing; and
- (b) if on or after the First Court Date, the variation is agreed to by Target in writing and the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Bidder and HoldCo must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 Partial exercising of rights

Unless this document expressly states otherwise, if Bidder or HoldCo does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

9.3 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.4 Assignment or other dealings

Bidder, HoldCo and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Bidder and Target.

9.5 Further steps

Bidder and HoldCo agree to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this document and the transactions contemplated by it.

9.6 Counterparts

This document may consist of a number of copies, each signed by one or more parties to it. If so, the signed copies are treated as making up a single document.

10 Governing law and jurisdiction

10.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. Bidder and HoldCo submit to the non-exclusive jurisdiction of the courts of that place.

10.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on Bidder or HoldCo by being delivered or left at Bidder's or HoldCo's respective address set out in the Details.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED: _____

EXECUTED by **SME CAPITAL
INVESTMENTS III PTY LTD** in
accordance with section 127(1) of the
Corporations Act 2001 (Cth) by
authority of its directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company
secretary

.....
Name of director/company secretary
(block letters)

EXECUTED by **SME CAPITAL
HOLDINGS PTY LTD** in accordance
with section 127(1) of the Corporations
Act 2001 (Cth) by authority of its
directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company
secretary

.....
Name of director/company secretary
(block letters)

Deed Poll

Annexure A - Scheme