

**ASX Announcement**

19 July 2019

**Takeover Bid for CBG Capital Limited**

In accordance with section 633(1) item 5 of the *Corporations Act* 2001 (Cth), attached is a copy of Clime Capital Limited (ASX: CAM) (**CAM**) bidder's statement and offer (**Bidder's Statement**) in relation to its off-market takeover bid for the shares in CBG Capital Limited (ASX: CBC) (**CBG**).

The Bidder's Statement was lodged with the Australian Securities and Investments Commission and sent to CBG earlier today.

Yours sincerely,

Biju Vikraman  
Company Secretary

**Clime Capital Limited**

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# Bidder's Statement

Off-Market Offer

By

**Clime Capital Limited**  
(ACN 106 282 777)

to acquire all of your shares in

**CBG Capital Limited**  
(ACN 168 936 249)

The CBG Independent Directors recommend that you **ACCEPT** the Offer in the absence of a superior proposal and subject to receipt of an independent expert's report acceptable to the CBG Independent Directors

**This is an important document and requires your immediate attention.**

If you are in any doubt as to how to deal with it, you should consult your financial or other professional adviser.

To accept this Offer please complete the enclosed Acceptance Form and return to Boardroom Pty Limited.

The Offer is dated [●] 2019 and will expire at 7:00pm (Sydney time) on [●] 2019 unless earlier withdrawn or extended. ASIC takes no responsibility for this Bidder's Statement.

**ShawandPartners**  
an EFG company

Financial Adviser

**WM**  
WATSON MANGIONI  
Legal Adviser

# Important Information

## Key Dates

Event	Date
Announcement Date	18 June 2019
Date of Bidder's Statement	19 July 2019
Offer opens (date of Offer)	[●] 2019
Date of Offers conditions notice*	[●] 2019
Close of Offers*	[●] 2019

\* This date is indicative only and may be changed as permitted by the Corporations Act.

### Bidder's Statement and Offer

This is the Bidder's Statement dated 19 July 2019 given by CAM to CBG and each holder of CBG Shares under Part 6.5 of Chapter 6 of the Corporations Act.

This Bidder's Statement was approved by a unanimous resolution of the Board of CAM. It includes an Offer for the CBG Shares dated [●] 2019.

The Offer extends to CBG Shares on issue on 24 July 2019 and any CBG Shares issued during the Offer Period.

### ASIC

A copy of this Bidder's Statement was lodged with ASIC and ASX on 19 July 2019. None of ASIC, ASX or their officers take any responsibility for the contents of this Bidder's Statement.

### Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of each CBG Shareholder or any other person. CBG Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

### Forward looking statements

Except for historical information contained in this Bidder's Statement, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only forecasts and are subject to inherent risks and uncertainty. Those risks and uncertainties include factors and risks specific to the industry in which CAM and CBG operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially. For a discussion of important risk factors which could cause actual results to differ materially from such forward-looking statements, refer to Section 10 of this Bidder's Statement.

None of CAM's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or

implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

### CBG and Merged Group

The information in this Bidder's Statement concerning CBG has been prepared by CAM using publicly available information and information made available to CAM by CBG and has not been independently verified. Accordingly, CAM does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information, other than as required by the Corporations Act.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on CBG, has been prepared using publicly available information and information made available to CAM and has not been independently verified. Accordingly, information in relation to the Merged Group is subject to the above disclaimer to that extent.

Further information relating to CBG may be included in CBG's target statement which will be sent to you by CBG.

### Offers outside Australia

CBG Shareholders should note that the consideration under the Offer is securities of CAM, an Australian public company listed on ASX. The Offer is subject to disclosure requirements in Australia which are different from those applicable in other countries. Foreign Ineligible Shareholders will not be entitled to receive CAM Securities on acceptance of the Offer (unless CAM determines otherwise). Foreign Ineligible Shareholders who accept the Offer will receive a cash amount calculated in accordance with Section 14 of this Bidder's Statement.

This Bidder's Statement does not constitute an offer to issue or sell, or the soliciting of an offer to buy, any securities referred to in this Bidder's Statement to or from any person where, or in any jurisdiction in which, the issue, sale or purchase of such securities would be unlawful. The distribution of this Bidder's Statement to persons or in jurisdictions outside Australia may be restricted by law and any person into whose possession this Bidder's Statement comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. The CAM Securities

have not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered or sold in the United States of America or to, or for the account of or benefit of, US persons except pursuant to an exemption from such registration requirements. Accordingly, neither this Bidder's Statement nor the Acceptance Form may be sent to investors in the United States or otherwise distributed in the United States of America, except in compliance with the requirements of an exemption from such registration requirements.

**Defined terms**

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 15. Unless the contrary intention appears, the

context requires otherwise, or words are defined in Section 15, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

**Privacy**

CAM has collected your personal information from the register of CBG Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of CBG Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to CAM's related bodies corporate and holders of securities in CAM and its related bodies corporate, service providers and advisers, and may be required to be disclosed to regulators such as ASIC.

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## Chairman's Letter

Dear CBG Shareholder

We are pleased to enclose the Bidder's Statement in relation to the offer by Clime Capital Limited (**CAM**) to acquire all of the shares in CBG Capital Limited (**CBG**) that it does not currently own by way of an off-market takeover offer (the **Offer**), which was announced on the ASX on 18 June 2019.

### Details of the Offer

Under the Offer, you will receive consideration of 0.8441 CAM Shares and 0.2740 CAM Notes for each CBG Share that you own (**Offer Consideration**). Based on the 5-day volume weighted share price (**VWAP**) of CAM Shares and CAM Notes up to and including 14 June 2019, being the last day on which CAM Securities traded prior to the Announcement Date, the implied value of the Offer Consideration was \$1.0336 per CBG Share. The implied Offer Consideration value compared to the market value of CBG Shares (calculated on the same basis) and Post-tax NTA as at 14 June 2019 is as follows:

Basis of assessing implied Offer value and market value <sup>1</sup>	Market value of a CBG Share	CBG Post-tax NTA (May 19)	Implied value of Offer consideration <sup>2</sup>	Implied premium
Closing price of CBG Shares on 14 June 2019	\$0.9350	-	\$1.0255	9.7%
Based on the 5 day VWAP of CBG Shares	\$0.9350	-	\$1.0336	10.5%
Based on the 30 day VWAP of CBG Shares	\$0.9400	-	\$1.0245	9.0%
Offer value based on the 5 day VWAP relative to CBG Post-tax NTA	-	\$1.0300	\$1.0336	0.3%

Based on the closing price of CAM Shares and CAM Notes on 18 July 2019 (being the last practicable trading date prior to the date of this Bidder's Statement) of \$0.9350 and \$1.0050 respectively, the implied value of the Offer Consideration is \$1.0646, which represents an increase in value since the Announcement Date, and an improved premium of 2.4% to CBG's Post-tax NTA as at 30 June 2019 of \$1.04 per share. The implied value of the Offer Consideration will change as a consequence of changes in the market price of CAM Securities.

The CAM Shares to be issued under the Offer will be fully paid ordinary shares and will rank equally with existing CAM shares from the date of issue. Further, the CAM Notes to be issued under the Offer will be issued on the same terms as the existing CAM Notes and at a face value of \$0.96 per CAM Note. The CAM Notes have an interest coupon of 6.25% per annum, paid quarterly (no franking), and are convertible into CAM Shares at the option of the holder at any time at a ratio of 1.025 CAM

<sup>1</sup> Each VWAP calculation is made up to and including 14 June 2019, being the last day CBG Shares, CAM Shares and CAM Notes traded prior to the Announcement Date. VWAP is calculated based on the cumulative value traded on the ASX divided by cumulative volume traded on the ASX.

<sup>2</sup> The implied Offer value per CBG Share is calculated based on the offer consideration of 0.8441 CAM Shares and 0.2740 CAM Notes per CBG Share when the value of the CAM Shares and CAM Notes is assessed on the basis set out in the first column of the table above.

Shares for each CAM Note until maturity on 30 November 2021. Importantly, while the CAM Notes will be issued at \$0.96 per CAM Note, they have consistently traded on the ASX at a premium to face value, and the closing price of CAM Notes on 18 July 2019 (being the last practicable trading date prior to the date of this Bidder's Statement) was \$1.0050.

In relation to future dividends and interest payments, there are a number of relevant dates that may enable accepting CBG Shareholders to receive additional value. In the event that CAM has declared the Offer unconditional and accepting CBG Shareholders have received the Offer Consideration on or prior to:

- the next CAM Notes interest payment date (13 September 2019), those CBG Shareholders who continue to hold the CAM Notes issued to them as at the following CAM Notes interest payment record date (3 December 2019) will be entitled to receive interest for the full quarter period ending 30 November 2019; and
- the next CAM dividend record date (typically early October), those CBG Shareholders who continue to hold the CAM Shares issued to them as at that record date will be entitled to receive the next CAM quarterly dividend which would typically be paid late October 2019.

### Benefits of the Offer

CAM believes that the Offer for CBG is highly attractive and will give CBG Shareholders the opportunity to be part of an enlarged listed investment company, which will provide CBG Shareholders with:

1. a material increase in pro forma portfolio value and securities on issue, which is expected to deliver improved on-market liquidity;
2. a reduced pro forma management expense ratio arising from economies of scale, and the removal of duplicated costs and expenses (estimated to be \$0.2 million before any saving in directors' fees);
3. a higher relative dividend yield; and
4. the potential to narrow the discount to Post-tax NTA in CAM's share price given the benefits flowing from the above.

### Recommended Offer

The CBG Independent Directors (being Mr Peter Velez and Mr James Beecher) have announced that they unanimously recommend that CBG Shareholders **ACCEPT** the Offer, in the absence of a superior proposal and subject to receipt of an independent expert's report in a form acceptable to the CBG Independent Directors.

The CBG Independent Directors have appointed an independent expert to provide a report as to whether or not the proposed Offer is fair and reasonable to non-associated CBG Shareholders and will provide a copy of this report to CBG Shareholders together with the Target's Statement.

### Conditions and Risks

The Offer is subject to a number of Conditions which are set out in this Bidder's Statement. In terms of a minimum acceptance condition, the Offer is subject to CAM receiving at least 50.1% ownership in CBG (unless CAM decided to waive such a condition). At the date of this Bidder's Statement CAM currently owns 1.5% of CBG Shares.

An investment in CAM, following acceptance of the Offer, is not without risk, although the risks are similar to the risks from holding CBG Shares. These risks include investment risk, performance fee structure risk, securities risk, key personnel risk, and capital structure / leverage risk. CBG Shareholders are presently exposed to many of these risks through their investment in CBG. In deciding whether to accept the Offer, you should consider the risk factors outlined in Section 10.

**How to accept**

If you choose to accept the Offer you can either direct your Broker to accept the Offer on your CHESS holding on your behalf, or complete and sign the enclosed Acceptance Form and return it in the reply-paid envelope so that it is received before the closing date.

The Offer is scheduled to close at 7:00pm (Sydney time) on [●] 2019.

**More information**

It is important that you read the information in this Bidder's Statement in deciding on our Offer and if necessary, contact a qualified investment adviser for assistance.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized initial 'J' followed by a long horizontal line.

**John Abernethy**  
**Chairman**  
**Clime Capital Limited**



## Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

<b>The Bidder</b>	CAM is the company making the Offer.
<b>The Offer</b>	CAM is offering to acquire all of your CBG Shares.
<b>Offer Consideration</b>	You are offered 0.8441 CAM Shares and 0.2740 CAM Notes for every 1 CBG Share.
<b>Closing date</b>	The Offer is scheduled to close at 7:00pm (Sydney time) on [●] 2019 (but it may be extended).

<b>Conditions</b>	<p>The Offer is subject to the Conditions set out in Section 14.8 of this Bidder's Statement. These Conditions are:</p> <ul style="list-style-type: none"> <li>(a) during, or at the end of the Offer Period, CAM has Relevant Interests in at least 50.1% of the CBG Shares;</li> <li>(b) between the Announcement Date and the end of the Offer Period (each inclusive), the Investment Management Agreement is not terminated, amended or assigned, and no proposal to terminate, amend or assign the Investment Management Agreement is made (in each case, other than by or to CAM or its Associates);</li> <li>(c) the S&amp;P/ASX 200 Index not closing on a trading day during the Offer Period at a level that is 10% or more below the level on the trading day immediately prior to the date of the Bidder's Statement (that level being 6,649.1) and remaining at or below that level for at least 3 consecutive trading days;</li> <li>(d) during the period from the Announcement Date to the end of the Offer Period (each inclusive): <ul style="list-style-type: none"> <li>(i) no preliminary or final decision, order or decree is made or issued;</li> <li>(ii) no action, proceeding or investigation is announced, commenced or threatened; and</li> <li>(iii) no application is made (other than by CAM or its Associates), by or to any regulatory organisation or Governmental Agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the CBG Shares by CAM, the rights of CAM in respect of CBG and the CBG Shares or the continued operation of the businesses of CBG or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act);</li> </ul> </li> <li>(e) during the period from 19 July 2019 to the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs; and</li> <li>(f) during the period beginning on the Announcement Date and ending on 18 July 2019 (inclusive), no Prescribed Occurrence occurs.</li> </ul> <p>The above is only a summary. The full terms of these Conditions are set out in Section 14.8 of this Bidder's Statement.</p> <p>CAM may choose to waive any of the Conditions in accordance with the Offer.</p>
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The Offer is also subject to a statutory condition that:

- (a) an application for admission of CAM Securities to be issued under this Offer to quotation on ASX is made within 7 days after commencement of the Offer Period; and
- (b) permission for admission of CAM Securities to be issued under this Offer to quotation on ASX is granted no later than 7 days before the expiry of the Offer Period.

CAM may not waive this statutory condition.

**Settlement terms**

If you accept the Offer, CAM Securities will be issued to you on the later of:

- 1 month after the date you validly accept the Offer; or
- 1 month after the date the Offer becomes or is declared unconditional,

and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.

**How to accept the Offer**

**CHESSE Holdings**

If your CBG Shares are in a CHESSE Holding, to accept you must either:

- instruct your Controlling Participant (usually your Broker though may be instructed by your financial adviser) to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

**Issuer Sponsored Holdings**

If your CBG Shares are in an Issuer Sponsored Holding, to accept you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

Signed Acceptance Forms must be received before the end of the Offer Period at:

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

A business reply-paid envelope is enclosed.

**No stamp duty**

You will not pay any stamp duty on accepting the Offer.

**Further information**

For questions about your CBG Shares, the Offer or how to accept the Offer please refer to the remainder of this Bidder's Statement.

## Reasons Why You Should Accept the Offer

1. **The implied value of the Offer Consideration represents an attractive premium to the recent trading value of CBG Shares, and is approximately equal to CBG's Post-tax NTA**
2. **The Offer provides exposure to a higher yield and more regular dividend and interest payments**
3. **The Offer (assuming CAM acquires 100% of CBG) will result in a reduced pro forma management expense ratio arising from economies of scale, and the removal of duplicated costs and expenses**
4. **The Offer (assuming CAM acquires 100% of CBG) will result in a material increase in CAM's portfolio value and shareholder base relative to CBG on a stand-alone basis, which should help improve market liquidity**
5. **The Offer provides the potential to narrow the discount to Post-tax NTA**
6. **Acceptance of the Offer is recommended by the CBG Independent Directors, in the absence of a superior proposal and subject to receipt of an independent expert's report in a form acceptable to the CBG Independent Directors**
7. **The CBG Share price may fall if the Offer lapses**
8. **There is no superior proposal or alternative offer for your CBG Shares**
9. **You may risk becoming a minority CBG Shareholder if you do not accept the Offer**

### Risk factors

In deciding whether to accept the Offer, you should consider the risk factors outlined in Section 10.

### The Offer is subject to Conditions

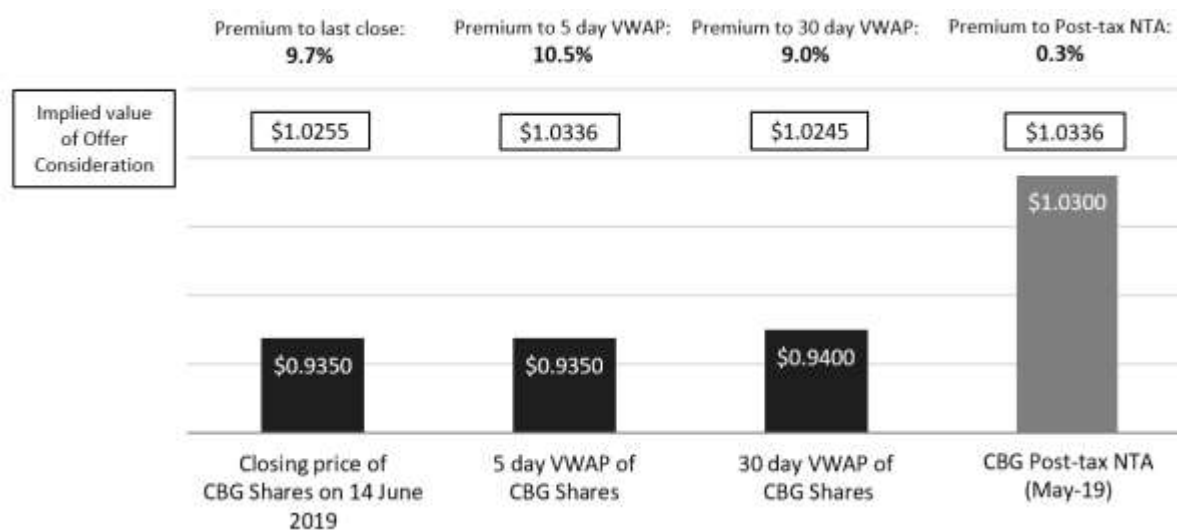
The Offer is subject to a number of Conditions which are summarised in Section 2 and set out in full in Section 14. There is a risk that some of these Conditions may not be satisfied or waived and that, as a result, the Offer does not become unconditional. In this event, CBG Shareholders who accept the Offer will not receive the Offer Consideration and will retain their CBG Shares.

## 1. Reasons Why You Should Accept the Offer

### 1.1. The implied value of the Offer Consideration represents an attractive premium to the recent trading value of CBG Shares, and is approximately equal to CBG's Post-tax NTA

The Offer Consideration is 0.8441 CAM Shares and 0.2740 CAM Notes for each CBG Share you own. Based on the 5 day VWAP of CAM Shares and CAM Notes up to and including 14 June 2019, being the last day on which CAM Securities traded prior to the Announcement Date, the implied value of the Offer Consideration was \$1.0336 which represents an attractive premium to historical trading prices of CBG Shares and is approximately equal to CBG's Post-tax NTA as set out below.

**Figure 1.1.1:** Implied value of the Offer Consideration vs market value of CBG Shares and CBG's Post-tax NTA at announcement of the Offer.

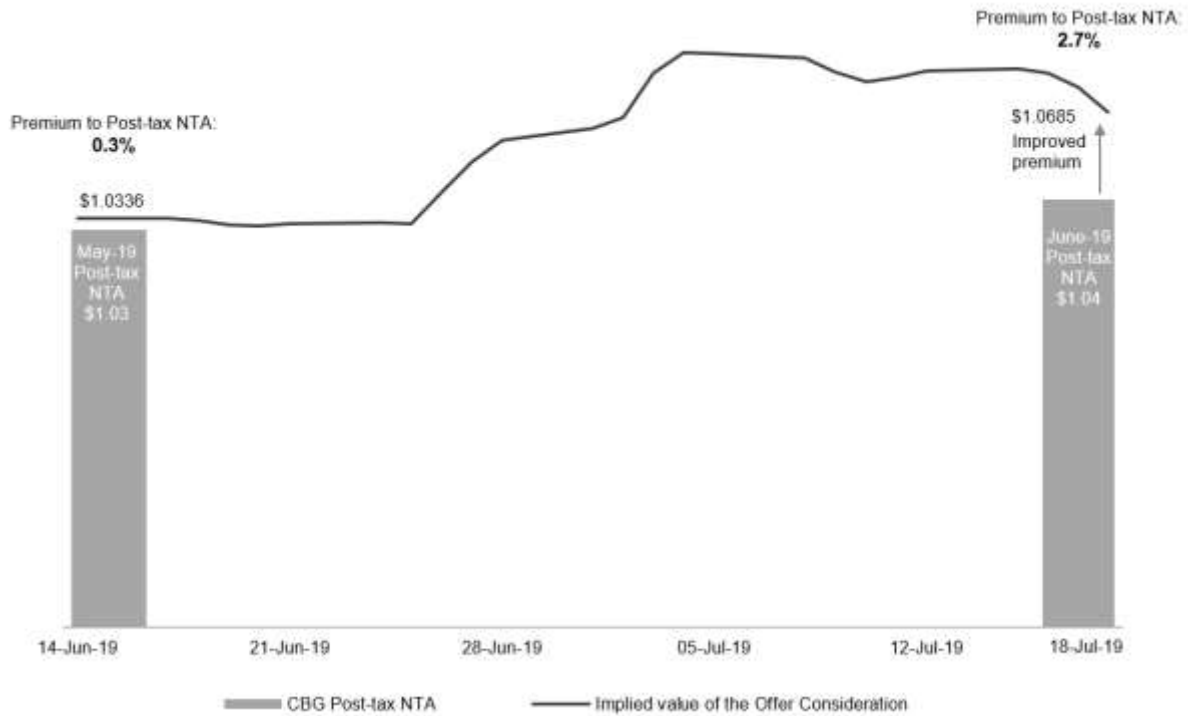


Source: Historical share prices based on trading data prepared by IRESS<sup>3</sup>. Each VWAP calculation is made up to and including 14 June 2019, being the last day CBG Shares, CAM Shares and CAM Notes traded prior to the Announcement Date. VWAP is calculated based on the cumulative value traded on the ASX divided by cumulative volume traded on the ASX.

Since the Announcement Date, the price of CAM Shares has increased. As a result, the implied value of the Offer Consideration has increased to \$1.0646 as at 18 July 2019, being the last practicable trading day before this Bidder's Statement. This represents an improved premium to CBG's Post-tax NTA as at 30 June 2019 of \$1.04 per share, as set out below.

<sup>3</sup> As permitted by ASIC Class Order 07/429, the table above contains ASX trading data prepared by IRESS. IRESS has not consented to the use of this trading data in this Bidder's Statement.  
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**Figure 1.1.2:** Implied value of the Offer Consideration (based on the 5 day VWAP of CAM Shares and CAM Notes) since the Announcement Date of the Offer vs CBG reported Post-tax NTA.



Source: Historical share prices based on trading data prepared by IRESS.

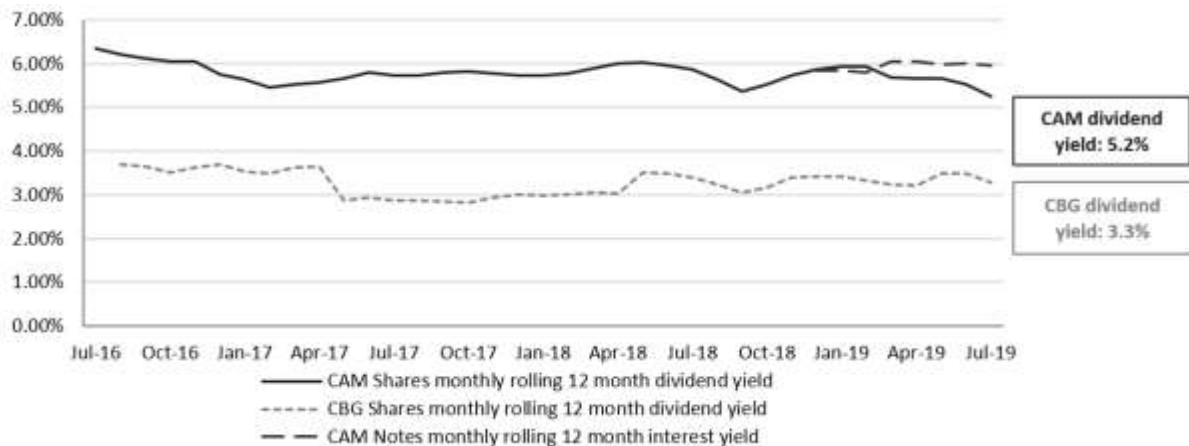
The implied value of the Offer Consideration will change as a consequence of changes in the market price of CAM Securities.

**1.2. The Offer provides exposure to a higher yield and more regular dividend and interest payments**

The Board of CAM has regularly paid quarterly dividends, compared with CBG’s semi-annual dividends. CAM has paid a higher dividend yield compared with CBG, as shown below.

In addition, the CAM Notes carry an interest coupon of 6.25% per annum on face value, paid quarterly.

**Figure 1.2.1:** Implied dividend yield on CAM Shares and CBG Shares, and yield on CAM Notes – last 3 years.



Source: Historical CAM Share and CAM Note prices based on trading data prepared by IRESS. Dividend and interest payments per CAM and CBG disclosures.

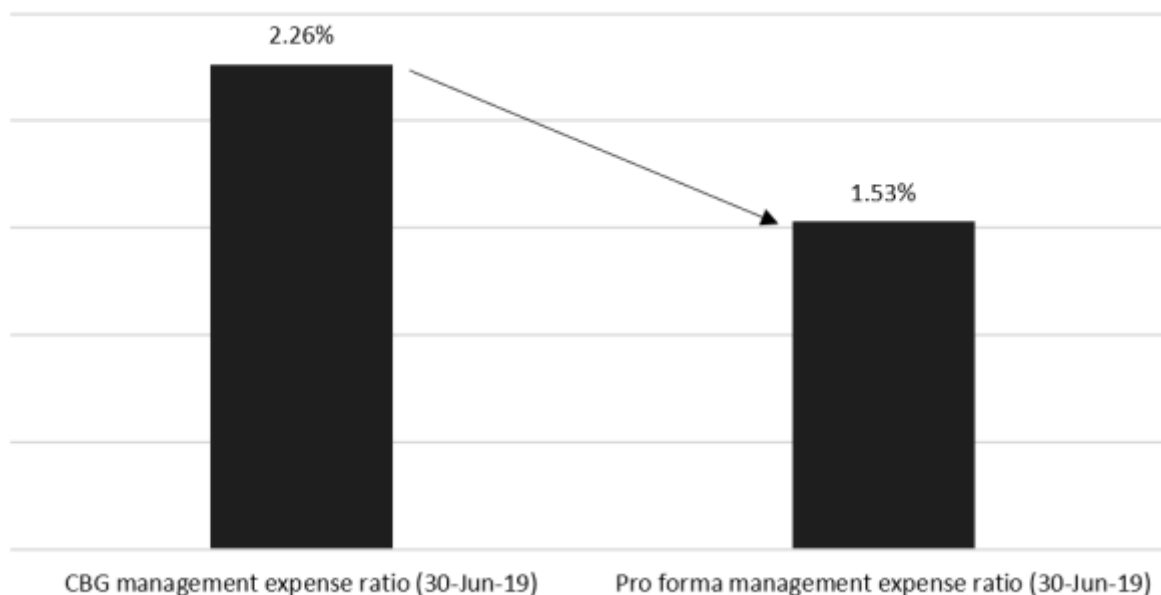
The current yield on CAM Shares is 5.2% fully franked, implying a grossed-up yield of 7.4%. Based on the consideration mix of CAM Shares and CAM Notes, the grossed-up yield of the Offer Consideration is 7.1%, which is substantially higher than the current grossed-up CBG yield of 4.7% (3.3% fully franked).<sup>4</sup>

The Board of CAM does not expect to change its dividend policy, and the interest payable on CAM Notes is fixed at 6.25% per annum (on face value).

**1.3. The Offer (assuming CAM acquires 100% of CBG) will result in a reduced pro forma management expense ratio arising from economies of scale, and the removal of duplicated costs and expenses**

Assuming the Offer is successful, and CAM acquires 90% or more of the CBG Shares and proceeds to compulsory acquisition of the remaining CBG Shares, the Merged Group will be able to remove duplicated costs and expenses, which are estimated to be \$0.2 million per annum (pre tax) before any further savings in directors' fees. This will result in a relatively static CAM cost base spread across a higher pro forma gross asset value, leading to a reduced management expense ratio from 2.26% on reported CBG gross asset values as at 30 June 2019 (unaudited) to 1.53% on the pro forma gross asset value.<sup>5</sup>

**Figure 1.3.1:** Pre-merger vs pro forma management expense ratio of CBG and CAM



Source: The above information has been prepared based on the unaudited financial statements of CAM and CBG for the year ended 30 June 2019.

**1.4. The Offer (assuming CAM acquires 100% of CBG) will result in a material increase in CAM's portfolio value and shareholder base relative to CBG on a stand-alone basis, which is expected to help improve market liquidity**

CAM believes that shares in larger LICs are more likely to trade at a lower discount to their pre-tax NTA than shares of smaller LICs.

Assuming the Offer is successful, and CAM acquires 90% of CBG and proceeds to compulsory acquisition, the Merged Group will be significantly larger than CBG on a stand alone basis. On this basis, CAM's pro forma gross portfolio asset value of \$138.0 million represents a five-fold increase in CBG's gross portfolio asset value as at 30 June 2019 (unaudited).

<sup>4</sup> Current as at 30 June 2019.

<sup>5</sup> Pro forma management expense ratio calculated as total expenses adjusted for assumed pre-tax cost savings of \$0.2m, and removal of performance fees, brokerage costs, and interest expenses on existing and new Notes issued under the Offer.  
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Furthermore, assuming the Offer is successful, and CAM acquires 90% of CBG and proceeds to compulsory acquisition, the pro forma number of CAM Shareholders is expected to be 2,772<sup>6</sup>, representing an increase of 589.6% on CBG's number of shareholders as at 30 June 2019.

### 1.5. The Offer provides the potential to narrow the discount to Post-tax NTA

CAM Shares have generally traded at a smaller discount to Post-tax NTA than CBG Shares, as set out below. Since the Announcement Date, CAM Shares' discount to Post-tax NTA has reduced and on 18 July 2019 CAM Shares closed at a \$0.9350 relative to the last reported Post-tax NTA (June 2019) of \$0.9400.

Figure 1.5.1: Implied premium / discount to Post-tax NTA of CAM Shares and CBG Shares.



Source: Historical share prices based on trading data prepared by IRESS. Shown relative to historic Post-tax NTA for CAM and CBG respectively, disclosed on a monthly basis.

### 1.6. Recommended Offer

The CBG Independent Directors unanimously recommend that CBG Shareholders **ACCEPT** the Offer, in the absence of a superior proposal and subject to the receipt of an independent expert's report in a form acceptable to the CBG Independent Directors.

The CBG Independent Directors have appointed an independent expert to provide a report as to whether or not the proposed Offer is fair and reasonable to non-associated CBG Shareholders and will provide a copy of this report to CBG Shareholders together with the Target's Statement.

### 1.7. CBG Share price may fall if the Offer lapses

While there are many factors that influence the market price of CBG Shares, there is a risk that CBG's Share price will fall to levels experienced prior to 14 June 2019 (the last trading day prior to announcement of CAM's intention to make the Offer), at least in the short-term, if the Offer does not succeed and no other alternative offer or proposal emerges.

<sup>6</sup> Total is based on combination of registered holders in both CAM and CBG. May include some common holders.

**Figure 1.7.1:** Trading price of CBG Shares – last the 36 months prior to 14 June 2019.



Source: Historical share prices based on trading data prepared by IRESS.

### 1.8. There is no superior proposal or alternative offer for your CBG Shares

The Offer is the only offer available to CBG Shareholders as at the date of this Bidder's Statement.

### 1.9. You risk becoming a minority CBG Shareholder if you do not accept the Offer

If CAM gains majority control of CBG but CAM is not entitled to compulsorily acquire the remaining CBG Shares, those CBG Shareholders who have not accepted the Offer will become minority CBG Shareholders, with less influence over the future direction and control of CBG.

If CAM owns a majority of outstanding CBG Shares, there may be reduced liquidity in CBG Shares. This may mean that minority CBG Shareholders could find it more difficult to buy and sell CBG Shares.

In these circumstances, CAM will also seek to appoint nominees to the CBG Board in proportion to its shareholding. CAM may gain control over the CBG Board and, in this case, CAM (through its representatives on the CBG Board) will control the decisions and the future direction of CBG to the extent permissible by law and the Listing Rules, including in relation to dividend policy.

If there is limited spread of CBG Shareholders, or limited volume of trading in CBG Shares, following completion of the Offer, CAM will assess the appropriateness of CBG remaining listed on the ASX and may seek to arrange for CBG to be removed from the Official List of the ASX.

See Section 7 for further information concerning CAM's intentions with respect to CBG.



## 2. Key Questions

This Section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

### 2.1. What is the Bidder's Statement?

The Bidder's Statement sets out the terms of CAM's Offer and information relating to the Offer and the consideration you will receive.

### 2.2. What is the Offer?

CAM is offering to acquire your CBG Shares by way of an off-market takeover offer. The Offer extends to CBG Shares on issue at 7.00pm on 24 July 2019 and any CBG Shares issued during the Offer Period.

The Offer Consideration is 0.8441 CAM Shares and 0.2740 CAM Notes for every 1 CBG Share.

If you become entitled to a fraction of a CAM Share or CAM Note under this Offer, that fractional entitlement will:

- (a) if less than 0.5, be rounded down to zero; and
- (b) otherwise, be rounded up to one CAM Share or CAM Note (as applicable).

### 2.3. What is the value of the Offer?

Based on the 5 day volume weighted share price of CAM Shares and CAM Notes on the ASX up to and including 14 June 2019 (the last day on which CAM Securities traded before the Announcement Date) of \$0.8995 and \$1.0010 respectively, the implied Offer value is approximately \$1.0336 per CBG Share. Based on the respective closing prices on 18 July 2019, the implied Offer value is approximately \$1.0646 per CBG Share. The implied Offer value will change as a consequence of changes in the market price of CAM Securities.

### 2.4. Who is CAM?

CAM is a listed investment company with a strong history of solid returns for shareholders. The capital structure of CAM comprises ordinary shares and convertible notes. CAM's purpose is to deliver value to CAM Shareholders based on our corporate values of integrity, transparency and conviction.

CAM's investment style is to focus on quality with a strong valuation discipline. Our primary focus is on achieving strong risk-adjusted returns for shareholders in excess of the benchmark for lower levels of risk. This allows CAM to grow and protect shareholder capital in the accumulation phase and generate meaningful income in the retirement phase.

CAM's portfolio is managed by Clime Asset Management Pty Limited, a wholly-owned subsidiary of Clime Investment Management Limited (ASX:CIW).

See Section 3 for further information about CAM's history and business operations.

### 2.5. What are CAM Notes?

CAM Notes are redeemable, unsecured convertible notes listed on the ASX with a term expiring 30 November 2021 and accrue interest at a fixed interest rate of 6.25% per annum payable quarterly in arrears. See Section 4.8 for further information on CAM Notes.

## **2.6. If I accept the Offer will I be entitled to receive the next CAM dividend and CAM Notes interest payment?**

If the Offer has been declared unconditional and the Offer Consideration has been issued to accepting CBG Shareholders prior to the next CAM dividend record date (typically early October) and accepting CBG Shareholders continue to hold the CAM Shares issued to them as at that record date, then accepting CBG Shareholders will be eligible to receive the CAM quarterly dividend in respect of the quarter to 30 September 2019.

Similarly, in the event the Offer has been declared unconditional and the Offer Consideration is issued on or prior to the next CAM Notes interest payment date (13 September 2019), then accepting CBG Shareholders who continue to hold the CAM Notes issued to them as at the following CAM Notes interest payment record date (3 December 2019) will be eligible to receive interest on CAM Notes for the full quarter ending 30 November 2019.

## **2.7. How do I accept the Offer?**

### *CHESSE Holdings*

If your CBG Shares are in a CHESSE Holding, to accept you must either:

- instruct your Controlling Participant (usually your Broker though may be instructed by your financial adviser) to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

### *Issuer Sponsored Holdings*

If your CBG Shares are in an Issuer Sponsored Holding, to accept you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

### *Participants*

If you are a Participant (as defined in the ASX Settlement Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Rules.

## **2.8. Can I accept the Offer for part of my holding?**

No, you can only accept for all of your holding. Your acceptance will be treated as being for all your CBG Shares plus any additional CBG Shares registered as held by you at the date your acceptance is processed.

## **2.9. What happens if I do not accept the Offer?**

Subject to what is stated below, you will remain the holder of your CBG Shares if you do not accept the Offer.

If CAM obtains a relevant interest in at least 90% of the CBG Shares (by number) on issue at any time during the Offer Period and the Conditions are satisfied or waived, CAM presently intends to proceed to compulsorily acquire your CBG Shares if you have not accepted the Offer (see Section 7.2). At the conclusion of the compulsory acquisition process, you will receive 0.8441 CAM Shares and 0.2740 CAM Notes for every 1 CBG Share which is compulsorily acquired. You will receive consideration for your CBG Shares sooner if you accept the Offer.

If CAM does not have a relevant interest in at least 90% of the CBG Shares at any time during the Offer Period, CAM will not be able to proceed to compulsorily acquire your CBG Shares. CAM's intentions if it has an interest in less than 90% of CBG Shares are described in Section 7.

## 2.10. Can I withdraw my acceptance?

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, CAM varies the Offer in a way that postpones for more than 1 month the time when CAM has to pay you under the Offer (for example if CAM extends the Offer for more than 1 month while the Offer remains conditional).

## 2.11. When does the Offer close?

The Offer is currently scheduled to close at 7:00 pm (Sydney time) on [●] 2019, unless extended or withdrawn.

## 2.12. Can CAM extend the Offer Period?

Yes, the Offer can be extended by CAM or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

## 2.13. Can I sell on the market the CAM Securities I receive from accepting the Offer?

Yes. You will be able to sell on the ASX the CAM Securities you receive.

## 2.14. What if I am a foreign shareholder?

Foreign Ineligible Shareholders of CBG Shares will not be entitled to receive CAM Securities on accepting the Offer. Foreign Ineligible Shareholders who accept the Offer will be paid the net cash sale proceeds of CAM Securities which they would otherwise have received (see Section 14.7). Foreign Ineligible Shareholders are (unless CAM determines otherwise) holders of CBG Shares whose address as shown in the register of members of CBG is in a jurisdiction other than Australia and its external territories or New Zealand.

## 2.15. What if I would be entitled to receive an Unmarketable Parcel of CAM Shares or CAM Notes?

CBG Shareholders that would otherwise receive an Unmarketable Parcel of CAM Shares or CAM Notes (**Unmarketable Parcel Holders**) will not be entitled to receive those CAM Shares or CAM Notes (as applicable) on accepting the Offer. Unmarketable Parcel Holders will be paid the net cash sale proceeds of the Unmarketable Parcel of CAM Shares or CAM Notes (as applicable) which they would otherwise have received (see Section 14.7(c)).

## 2.16. If I accept the Offer, when will I receive CAM Securities?

If you accept this Offer (and are not a Foreign Ineligible Shareholder or an Unmarketable Parcel Holder), CAM will, in the usual course, issue you with CAM Securities on or before the earlier of:

- (a) the day 1 month after you accept this Offer or, if this Offer is subject to a Condition when accepted, 1 month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Full details of when you will be issued CAM Shares and CAM Notes are set out in Section 14.7.

## 2.17. Will I need to pay brokerage or stamp duty if I accept the Offer?

You will not pay any stamp duty on accepting the Offer.

If your CBG Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to CAM, you will not incur any brokerage connected with you accepting the Offer.

If your CBG Shares are in a CHESS Holding or you hold your CBG Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

## **2.18. What are the tax implications of accepting the Offer?**

### *Taxation risks*

Tax liabilities are the responsibility of each individual investor, and CAM is not responsible either for taxation or penalties incurred by investors. Investors should consult their own taxation advisers to ascertain the tax implications of their investment.

### *Taxation considerations*

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 11. However, this summary is general in nature and, as the circumstances for each CBG Shareholder may vary, CBG Shareholders should seek professional taxation advice in relation to their own position.

Changes to the taxation environment, including taxation laws and their commercial application may have a material adverse effect on a CBG Shareholder's investment in CAM Securities or otherwise have a material adverse effect on CAM's business and financial position.

## **2.19. What are the Conditions to the Offer?**

The Conditions of the Offer are set out in Section 14.8 of this Bidder's Statement. These Conditions are:

- (a) during, or at the end of the Offer Period, CAM has Relevant Interests in at least 50.1% of the CBG Shares;
- (b) between the Announcement Date and the end of the Offer Period (each inclusive), the Investment Management Agreement is not terminated, amended or assigned, and no proposal to terminate, amend or assign the Investment Management Agreement is made (in each case, other than by or to CAM or its Associates);
- (c) the S&P/ASX 200 Index not closing on a trading day during the Offer Period at a level that is 10% or more below the level on the trading day immediately prior to the date of the Bidder's Statement and remaining at or below that level for at least 3 consecutive trading days;
- (d) during the period from the Announcement Date to the end of the Offer Period (each inclusive):
  - (i) no preliminary or final decision, order or decree is made or issued;
  - (ii) no action, proceeding or investigation is announced, commenced or threatened; and
  - (iii) no application is made (other than by CAM or its Associates),

by or to any regulatory organisation or Governmental Agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the CBG Shares by CAM, the rights of CAM in respect of CBG and the CBG Shares or the continued operation of the businesses of CBG or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act);

- (e) during the period from 19 July 2019 to the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs; and

- (f) during the period beginning on the Announcement Date and ending on 18 July 2019 (inclusive), no Prescribed Occurrence occurs.

The above is only a summary. The full terms of these Conditions are set out in Section 14.8 of this Bidder's Statement.

**2.20. What happens if the Conditions are not satisfied or waived?**

If the Conditions are not satisfied before the Offer closes or waived by CAM the Offer will lapse. CAM will make an announcement to the ASX if the Conditions are satisfied or waived during the Offer Period.

**2.21. Are there any risks in accepting the Offer?**

If you accept the Offer you will become a shareholder and noteholder in CAM. There are risks in holding CAM Securities and these are summarised in Section 10.

## What you should do next

- Step 1:** Carefully read the entire Bidder's Statement and consider the information provided.
- Step 2:** Read the Target's Statement to be provided by CBG.
- Step 3:** If you need advice, consult your Broker or your legal, financial or other professional adviser.
- Step 4:** If you wish to accept the Offer follow the instructions below.

## How to accept the Offer

You should read Section 14.5 for full details on how to accept the Offer.

### CHESSE Holdings

If your CBG Shares are in a CHESSE Holding, to accept you must either:

- instruct your Controlling Participant (usually your Broker though may be instructed by your financial adviser) to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

### Issuer Sponsored Holdings

If your CBG Shares are in an Issuer Sponsored Holding, to accept you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

If your SRN begins with an "I", this indicates that your CBG Shares are in an Issuer Sponsored Holding.

### Participants

If you are a Participant (as defined in the ASX Settlement Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Rules.

### 3. Information on CAM

#### 3.1. Overview

Clime Capital Limited (**CAM**) is a listed investment company with a strong history of solid returns for shareholders. The capital structure of CAM comprises ordinary shares and convertible notes. CAM's purpose is to deliver value to CAM Shareholders.

CAM's investment style is to focus on quality with a strong valuation discipline. Our primary focus is on achieving strong risk-adjusted returns for shareholders in excess of the benchmark for lower levels of risk. This allows CAM to grow and protect shareholder capital in the accumulation phase and generate meaningful income in the retirement phase.

CAM's portfolio is managed by the CAM Investment Manager, Clime. Clime believes that attractive long-term investment returns can be achieved through the implementation of a disciplined investment process, using bottom-up fundamental analysis and with a focus on high quality companies. While CAM's approach is therefore more focused on bottom-up analysis as a primary driver, a macro-economic overlay is applied within the investment process.

CAM's 'All Cap' strategy is employed to look 'beyond the blue chips', in order to deliver meaningful growth and income across the small-cap and mid-cap, as well as large-cap market segments. CAM has the ability to hold elevated cash levels when market risks are considered to be excessive or value is not apparent. The CAM Investment Manager has the ability to look across listed and unlisted asset classes to seek returns.

#### 3.2. CAM Directors and corporate governance

Information relating to CAM's Directors and corporate governance is set out in Section 12.

#### 3.3. Overview of CAM and its principal activities

CAM was listed on the ASX in February 2004 to provide investors with the opportunity to participate in a long-term approach to investing using the Clime Group investment style of investing in quality companies with a strong valuation discipline.

##### **Clime's Seven Point Checklist**

Clime seeks to identify high quality securities issued by businesses which contain most if not all of the following characteristics:

1. *A competitive advantage, leadership within a specific niche and a sound track record*
2. *Financial strength with high levels of profitability and margin (both historical and forecast)*
3. *Low financial leverage*
4. *Relatively low capital requirements allowing a business to generate cash while growing*
5. *Highly capable management team aligned with creating shareholder value*
6. *Companies that can deliver genuine sustainable long-term growth*
7. *Investments that can be purchased at appropriate prices*

##### **CAM's alpha sources, competitive edge and value add encompasses the following:**

- **'All Cap' focus:** Applying Clime's proprietary quality framework, Clime invests in leaders across all market capitalization segments of the ASX that are positioned for long term success.

- **Quality and valuation discipline:** Clime has a quality focus with strong valuation discipline. Clime has internally developed its own quality filter (the “Clime Quality Score” that is embedded in the investment process.
- **A disciplined, unique investment process:** Distills an investment universe of over 2,000 companies to a short list of potential investments. This ultimately builds a high conviction portfolio.
- **A dedicated and highly aligned investment team:** The Investment Team invest in CAM and the various Clime Group investment portfolios, with the investment process implemented by a team of 11 investment professionals with aggregate investment experience of about 150 years.
- **Due diligence:** Going beyond the ordinary to gain unique insights that assist in driving alpha. Primary research with companies, their clients and competitors and where possible, road testing the product or service.
- **Risk management:** The Clime investment team applies a rigorous valuation methodology, coupled with sound portfolio construction principles, to identify upside while mitigating downside risks.
- **We are Nimble:** As a boutique specialist investment manager, Clime invests in dynamic, high quality businesses.
- **Diversification:** The ASX is dominated by financials and miners. Clime provides exposure to dynamic businesses with deep pools of growth opportunity.



### 3.4. CAM historical financial information

A summary of CAM's historical financial performance, financial position and cash flows for the financial years ended 30 June 2019<sup>1</sup>, 30 June 2018 and 30 June 2017 are set out below:

<b>Statement of Financial Performance</b>			
<i>in \$'000 except earnings per share</i>	<b>30-Jun-19<sup>1</sup></b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Investment income</b>			
Investment revenue	3,956	3,259	3,066
Net realised gain/(loss) on disposal of financial assets at fair value through profit or loss	6,131	3,324	(3,649)
Net unrealised gain on financial assets at fair value through profit or loss	1,849	6,279	8,567
Net foreign exchange gain/(loss)	41	89	(160)
<b>Total investment income</b>	<b>11,977</b>	<b>12,952</b>	<b>7,823</b>
<b>Expenses</b>			
Management fees	(1,087)	(978)	(828)
Administrative expenses	(374)	(331)	(275)
Brokerage costs	(343)	(178)	(181)
Directors and company secretarial fees	(166)	(155)	(139)
<b>Total expenses</b>	<b>(1,971)</b>	<b>(1,643)</b>	<b>(1,423)</b>
Finance cost	(1,526)	(799)	-
<b>Profit for the year before income tax expense</b>	<b>8,481</b>	<b>10,510</b>	<b>6,401</b>
Income tax (expense)	(1,879)	(2,557)	(1,250)
<b>Profit for the year</b>	<b>6,601</b>	<b>7,952</b>	<b>5,151</b>
<b>Basic earnings per share (cents)</b>	<b>7.21</b>	<b>8.64</b>	<b>4.98</b>
<b>Diluted earnings per share (cents)</b>	<b>6.71</b>	<b>8.17</b>	<b>4.98</b>

**Statement of Financial Position**

<i>in \$'000</i>	<b>30-Jun-19<sup>1</sup></b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Assets</b>			
Cash and cash equivalents	4,585	12,024	14,106
Trade and other receivables	865	587	587
Financial assets at fair value through profit or loss	105,120	94,308	66,274
Current tax benefit	-	35	821
Deferred tax assets	-	-	470
Prepayments	4	51	23
<b>Total assets</b>	<b>110,573</b>	<b>107,005</b>	<b>82,281</b>
<b>Liabilities</b>			
Trade and other payables	747	377	1,289
Dividends payable	1,147	1,117	1,119
Current tax liability	361	-	-
Deferred tax liabilities	1,803	1,331	-
Convertible notes	20,963	20,774	-
<b>Total liabilities</b>	<b>25,020</b>	<b>23,599</b>	<b>2,408</b>
<b>Net assets</b>	<b>85,553</b>	<b>83,407</b>	<b>79,873</b>
<b>Equity</b>			
Issued capital	81,439	81,318	81,448
Option premium on convertible notes	196	196	-
Retained earnings	(10,362)	(10,444)	(10,471)
Profit reserve	14,280	12,337	8,896
<b>Total equity</b>	<b>85,553</b>	<b>83,407</b>	<b>79,873</b>

**Statement of Cash Flows**

<i>in \$'000</i>	<b>30-Jun-19<sup>1</sup></b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments	86,263	59,387	86,554
Payments for purchase of investments	(89,166)	(78,654)	(82,481)
	(2,904)	(19,267)	4,074
Dividends and trust distributions received	3,937	3,080	2,829
Interest received	162	99	281
Other income received	44	-	-
Payments for administrative and other expenses	(821)	(728)	(560)
Investment and manager's fees paid	(1,084)	(955)	(827)
Income tax paid	(1,012)	(53)	(657)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,678)</b>	<b>(17,825)</b>	<b>5,141</b>
<b>Cash flows from financing activities</b>			
Dividends paid net of dividend reinvestment	(3,832)	(3,752)	(4,497)
Proceeds from issue of convertible notes (net of raising costs)	-	20,874	-
Payment for share buy-back including transaction costs	(593)	(866)	(414)
Interest paid on convertible notes	(1,337)	(619)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(5,762)</b>	<b>15,638</b>	<b>(4,911)</b>
<b>Net (decrease)/increase in cash held</b>	<b>(7,439)</b>	<b>(2,187)</b>	<b>230</b>
Effects of exchange rate movements on cash	-	105	74
Cash and cash equivalents at the beginning of the financial year	12,024	14,106	13,802
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4,585</b>	<b>12,024</b>	<b>14,106</b>

<sup>1</sup>Unaudited accounts.

Source: The above information has been drawn from the (i) unaudited financial statements of CAM for the year ended 30 June 2019 and (ii) audited financial statements presented in CAM's Annual Reports for the years ended 30 June 2018 and 30 June 2017.

### 3.5. Dividend policy

The Board is committed to paying quarterly fully franked dividends to CAM Shareholders, subject to CAM having sufficient profit reserves and franking credits and dividend payment being within prudent capital management practice.

CAM's ability to generate franking credits is dependent upon the receipt of franked dividends from investments and the payment of tax. The current investment portfolio of CAM has a high level of income generation from its shares and yielding investments.

Dividends have historically been paid on a quarterly basis and the dividend reinvestment plan is currently available to CAM Shareholders for all quarterly dividends. The current subscription price for CAM Shares issued pursuant to the Dividend Reinvestment Plan is a 1% discount to the weighted average market price of CAM Shares sold on the ASX on the record date and the three trading days preceding that date.

More information on CAM's Dividend Re-Investment Plan Rules can be found on CAM's website at <https://www.climecapital.com.au/newsite/wp-content/uploads/2015/09/DRP-plan-rules.pdf>

See Section 4.5 for details of CAM's dividend payment history.

### **3.6. Public announcements by CAM**

As a disclosing entity for Corporations Act purposes, CAM is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to CAM may be obtained from, or inspected at, an ASIC office.

Each recipient of this Bidder's Statement has a right to obtain a copy of:

- (a) the CAM 2018 Annual Report, being the annual financial report most recently lodged with ASIC by CAM (lodged with ASX on 16 August 2018);
- (b) the half year financial report of CAM for the six months ended 31 December 2018 (lodged with the ASX on 21 February 2019); and
- (c) all continuous disclosure notices used to notify the ASX of information relating to CAM after the lodgement of that annual financial report and before the lodgement of this Bidder's Statement with ASIC. The documents listed in Appendix A to this Bidder's Statement were lodged by CAM with the ASX during this period.

Recipients of this Bidder's Statement who ask CAM for a copy of any of those documents during the Offer Period will be given copies free of charge.

In addition, CAM released on ASX its unaudited financial results for the financial year ended 30 June 2019 on 19 July 2019. Recipients of this Bidder's Statement can find this and the other documents referred to above on ASX's website.

## 4. Information on CAM Shares

### 4.1. CAM issued securities

As at the date of this Bidder's Statement, CAM has on issue:

- (a) 91,720,037 CAM Shares; and
- (b) 22,280,162 CAM Notes.

CAM Notes are able to be converted into CAM Shares (see Section 4.8). Other than the CAM Notes, CAM has no options or other convertible securities on issue.

Further information regarding the terms and conditions applicable to CAM Shares and CAM Notes are set out below in this Section 4.

### 4.2. Ownership of CAM

As at the date of this Bidder's Statement, the name of the substantial shareholders in CAM, the number of CAM Shares in which the substantial shareholder (and its Associates) have a relevant interest and the Voting Power of the substantial holder (and its Associates), as disclosed in notices of substantial holding and notices of change in substantial holding given to CAM up to that date, are set out in the below table.

Name	No. of Shares	Voting Power
Clime Investment Management Limited & Clime Asset Management Pty Limited	10,544,697	11.50%

### 4.3. Recent trading of CAM Shares

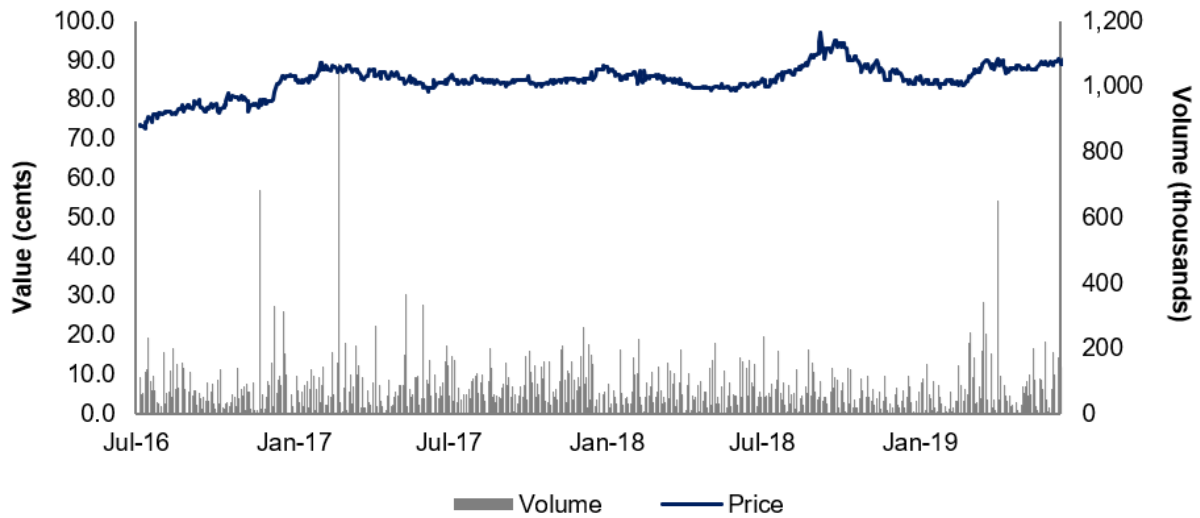
The last recorded sale price of CAM Shares on ASX on 14 June 2019 (being the last day of trading before the Announcement Date) was \$0.8900.

In the four months before the Announcement Date:

- (a) the highest recorded trading price of a CAM Share on ASX was \$0.9100. CAM Shares traded at this price on 2 April 2019; and
- (b) the lowest recorded trading price of a CAM Share was \$0.8350 on 15 February 2019.

The chart below illustrates the share price and volume of trades over the 36 months ending on 14 June 2019, being the last day traded before the Announcement Date.

Figure 7: Trading price and volume of CAM Shares.



Source: IRESS.

**4.4. Recent trading of CAM Notes**

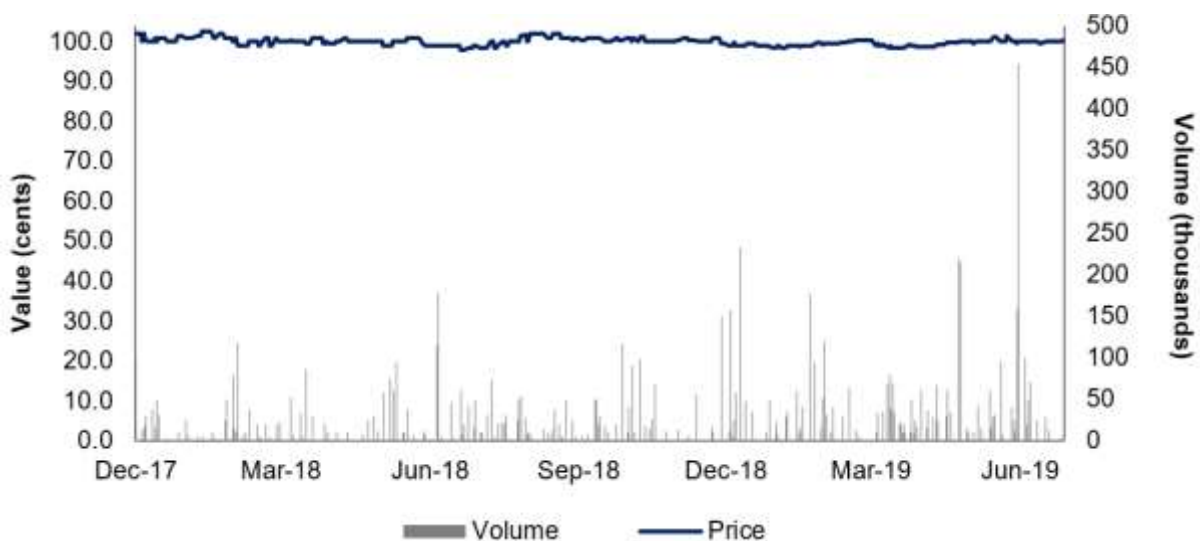
The last recorded sale price of CAM Notes on ASX on 14 June 2019 (being the last day of trading before the Announcement Date) was \$1.001.

In the four months before the Announcement Date:

- (a) the highest recorded trading price of a CAM Note on ASX was \$1.0140. CAM Notes traded at this price on 27, 28 and 31 May 2019; and
- (b) the lowest recorded trading price of a CAM Note was \$0.9820 on 22 March 2019.

The chart below illustrates the share price and volume of trades since CAM Notes first traded on 8 December 2017 and ending on 14 June 2019, being the last day of trading before the Announcement Date.

Figure 8: Trading price and volume of CAM Notes.



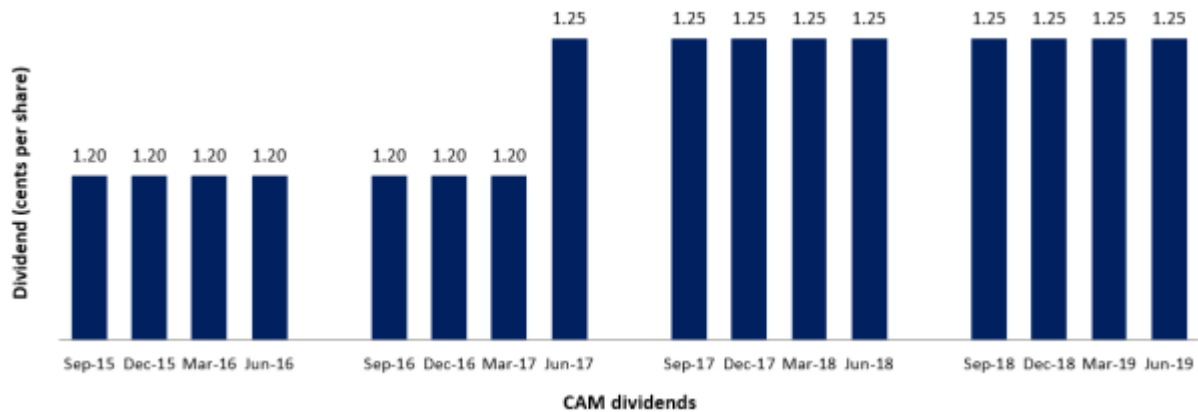
Source: IRESS.

#### 4.5. Dividend history

CAM has a history of paying dividends. CAM has paid quarterly dividends of 1.25 cents per CAM Share in respect of each of the 2018 and 2019 financial years.

In addition, CAM completed a 1 for 40 bonus issue of CAM Shares on 24 September 2018. CAM continued to pay quarterly dividends of 1.25 cents per CAM Share following this bonus issue.

**Figure 9:** CAM's historical dividends.



Source: IRESS.

#### 4.6. Capital management

CAM regularly institutes on-market buy-back programs as part of its ongoing capital management initiatives.

CAM announced its current on-market buy-back on 10 January 2019. Under this buy-back, CAM may buy on-market up to 10% of the CAM Shares over a 12 month period. The buy-back will conclude on 27 January 2020. As at the date of this Bidder's Statement, CAM has bought back 86,693 CAM Shares under this buy-back.

CAM has not bought back any CAM Shares since 13 May 2019 and has suspended the buy-back program pending close of the Offer Period.

#### 4.7. Rights attaching to CAM Shares

The CAM Shares to be issued under the Offers will be issued fully paid and will rank equally for dividends and other rights with existing CAM Shares.

Under section 140(1) of the Corporations Act, the constitution of CAM has effect as a contract between CAM and each member and between a member of CAM and each other member. Accordingly, if you accept CAM Shares as consideration you will become liable to comply with the constitution of CAM. As the CAM Shares issued as consideration under the Offer will be issued credited as fully paid, no monetary liability attaches to them.

The constitution of CAM also sets out the principal rights attaching to CAM Shares. This Section provides a summary of these rights and the liabilities attaching to CAM Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of CAM.

The principal rights attaching to CAM Shares set out in the CAM constitution are summarised as follows:

- (a) **Meetings of shareholders and voting rights:** Each CAM Shareholder is entitled to receive notice of, attend and vote at general meetings of CAM and to receive all notices, accounts

and other documents required to be sent to shareholders under the constitution of CAM or the Corporations Act or the ASX Listing Rules.

At a general meeting, every person present who is a CAM Shareholder or a proxy, attorney or representative of a CAM Shareholder has one vote on a show of hands and one vote on a poll for each fully paid share held. A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Voting at any general meeting of CAM Shareholders is by a show of hands, unless a poll is demanded by at least five CAM Shareholders entitled to vote on the resolution, or CAM Shareholders holding not less than 5% of the total voting rights of all shareholders having the right to vote on the resolution, or the chairman.

Where there are two or more joint holders of a share and more than one of them is present at a general meeting, in person or by proxy, attorney or representative, and tender a vote in respect of the share, CAM will count only the vote cast by, or on behalf of, the CAM Shareholder whose name appears first in CAM's register of members.

- (b) **Issues of further shares:** The CAM Directors may, on behalf of CAM, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the CAM Directors decide. However, the CAM Directors must act in accordance with the restrictions imposed by CAM's constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.
- (c) **Share buy-backs:** CAM may buy back CAM Shares on market to the extent permitted by the ASX Listing Rules, the Corporations Act and the terms and conditions of any relevant ASIC exemption. Once CAM has entered into an agreement to buy back CAM Shares, all rights attaching to those CAM Shares are suspended. Immediately after registration of the transfer to CAM of any CAM Shares acquired under a buy back, the CAM Shares must be cancelled.
- (d) **Dividends:** Each CAM Share entitles the holder to participate in any dividend declared by the CAM Directors from time to time.
- (e) **Winding up:** Subject to any special resolution or special rights attaching to any CAM Shares or class of shares, CAM Shareholders will be entitled on a winding up to a share in any surplus assets of CAM in proportion to the shares held by them.
- (f) **Transfer of CAM Shares:** CAM Shares are traded on the ASX. Subject to CAM's constitution, the Corporations Act and the ASX Listing Rules, CAM Shares are freely transferable.

CAM Shareholders may transfer their CAM Shares by a written transfer in the usual form or by a proper transfer effected in accordance with the ASX Settlement Rules and ASX requirements. All transfers must comply with CAM's constitution, the Listing Rules, the ASX Settlement Rules and the Corporations Act. The CAM Directors may refuse to register a transfer of shares in circumstances permitted by the Listing Rules or the ASX Settlement Rules. If the CAM Directors refuse to register a transfer, they must give the lodging party written notice in accordance with the Listing Rules. The CAM Directors must refuse to register a transfer of shares where required to do so by the Listing Rules or the ASX Settlement Rules.

- (g) **Dividend reinvestment and share plans:** The CAM Directors have adopted and have the power to implement dividend reinvestment plans (under which any CAM Shareholder may elect that dividends payable by CAM be reinvested by way of subscription for fully paid shares in CAM). The Directors can also establish a share plan under which any CAM Shareholder may elect to forego any dividends that may be payable on all or some of the shares held by that CAM Shareholder and to receive instead fully paid CAM shares, to the extent determined by the Directors.



- (h) **Variation of rights attaching to shares:** With the consent in writing of the holders of at least three quarters of the issued shares in the particular class, or the sanction of a special resolution passed at a meeting of the holders of shares in that class, the rights attached to a class of shares may be varied or cancelled. In either case, the holders of not less than ten per cent of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.
- (i) **Amendment:** The constitution of CAM may be amended only by a special resolution passed by at least three quarters of the votes cast by CAM Shareholders entitled to vote on the resolution. At least 28 days' written notice of a meeting of shareholders must be given.

#### 4.8. Rights attaching to CAM Notes

A summary of the significant rights and liabilities attaching to CAM Notes is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of CAM Noteholders. The full terms of the CAM Notes are set out in Appendix C.

- (a) **Face value:** \$0.96 per CAM Note.
- (b) **Maturity:** Unless earlier converted or redeemed, CAM will redeem all outstanding CAM Notes at their face value on 30 November 2021.
- (c) **Interest rate:** 6.25% per annum, payable quarterly in arrears (on the 10th business day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November) until and including maturity (or if earlier conversion or redemption).
- (d) **Conversion rights:** A CAM Noteholder has the right to convert some or all of their CAM Notes to CAM Shares at any time before maturity at a ratio of 1.025 CAM Shares for each CAM Note.<sup>7</sup>
- (e) **Negative covenant:** For so long as any of the CAM Notes remain outstanding, CAM must not, without the approval of CAM Noteholders by ordinary resolution, incur any indebtedness that would cause CAM's total indebtedness to exceed 40% of CAM's total assets.
- (f) **Security:** The CAM Notes are not secured by any assets of CAM.
- (g) **Ranking:** Each CAM Note ranks for payment in a winding up of CAM:
- (i) behind secured creditors of CAM;
  - (ii) equally amongst themselves and at least equally with all other unsecured and unsubordinated debt obligations of CAM, other than those obligations mandatorily preferred by law; and
  - (iii) ahead of ordinary equity of CAM and any of CAM's obligations that are subordinated to the CAM Notes.

On conversion, the resulting shares will rank equally with all other issued CAM Shares.

- (h) **Trustee:** Equity Trustees Limited has been appointed as the trustee in relation to the CAM Notes pursuant to the terms of the Trust Deed.
- (i) **Events of default:** If certain events of default occur (as set out in the CAM Note Terms), the Trustee may require CAM to redeem the CAM Notes immediately at their face value and may take enforcement action against CAM in accordance with the Trust Deed.
- (j) **Voting:** CAM Noteholders do not have a right to vote at meetings of CAM Shareholders. CAM Noteholders may vote at meetings of CAM Noteholders in accordance with the Trust Deed.

<sup>7</sup> Adjusted from an initial 1:1 basis in accordance with clause 4.7 of the CAM Note Terms as a result of a bonus issue of CAM Shares undertaken in September 2018. Further adjustments may be made in accordance with the CAM Note Terms.

## **5. Information on CBG**

### **5.1. Disclaimer**

The following description of CBG and the financial information concerning CBG contained in this Section have been prepared by CAM primarily using publicly available information and information provided by CBG. Information in this document concerning CBG's business has not been independently verified and CAM has not conducted due diligence on CBG's business. To the extent permitted by law, CAM does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The information on CBG in this Bidder's Statement should not be considered comprehensive. You should refer to CBG's ASX announcements and CBG's Target Statement, which CBG must provide to CBG Shareholders in response to this Bidder's Statement.

### **5.2. Overview of CBG**

CBG is a listed investment company that was established on 4 April 2014 to provide investors with attractive medium to long-term investment returns. CBG was established to provide investors with an opportunity to invest in a listed vehicle which aims to primarily invest in Australian listed securities, with the flexibility to invest up to 10% of the market value of the portfolio in to both shares of listed international companies and listed hybrid interest rate securities respectively.

The objective of CBG is to achieve an attractive rate of return for Shareholders over the medium to long term i.e. five to seven years, while minimising the risk of permanent capital loss. CBG aims to provide both capital growth and franked dividend income.

Clime Investment Management Limited (ASX:CIW), the owner of the CAM Investment Manager, acquired a 100% interest in CBG Asset Management Limited (the CBG Investment Manager) on 14 July 2017.

### **5.3. Board of CBG**

The current directors of CBG comprise:

- (a) Mr Ronni Chalmers – executive chairman;
- (b) Mr James Beecher – independent non-executive director; and
- (c) Mr Peter Velez – independent non-executive director.

Information about each of the CBG director's experience and qualifications is contained on page 7 and 8 of CBG's 2018 Annual Report (other than Mr Peter Velez, who was appointed on 24 August 2018). The ASX announcement regarding the appointment of Peter Velez and the Annual Report can be obtained for free at [www.asx.com.au](http://www.asx.com.au).

#### 5.4. Overview of financial performance and history

A summary of CBG's historical financial performance, financial position and cash flows for the financial years ended 30 June 2019<sup>1</sup>, 30 June 2018 and 30 June 2017 are set out below:

<b>Statement of Financial Performance</b>			
<i>in \$'000</i>	<b>30-Jun-19<sup>1</sup></b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Investment income from ordinary activities</b>			
Realised gains/(losses) on investments	1,631	135	335
Unrealised gains on investments	684	2,568	439
Other revenue from ordinary activities	997	970	848
<b>Total income</b>	<b>3,312</b>	<b>3,673</b>	<b>1,622</b>
<b>Expenses</b>			
Management and performance fees	(415)	(329)	(243)
Transaction costs	(42)	(95)	(47)
Accounting fees	(69)	(68)	(73)
Share registry fees	(23)	(14)	(24)
Custody fees	(21)	(17)	(18)
Tax fees	(6)	(6)	(6)
Directors' fees	(65)	(63)	(52)
ASX fees	(38)	(35)	(34)
Audit fees	(21)	(23)	(19)
Other expenses	(83)	(56)	(60)
<b>Total expenses</b>	<b>(783)</b>	<b>(706)</b>	<b>(576)</b>
<b>Profit/(loss) before income tax</b>	<b>2,529</b>	<b>2,967</b>	<b>1,046</b>
Income tax (expense)/benefit	(379)	(583)	(115)
<b>Net profit for the year</b>	<b>2,150</b>	<b>2,384</b>	<b>931</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>2,150</b>	<b>2,384</b>	<b>931</b>
<b>Basic earnings per share (cents)</b>	<b>8.22</b>	<b>9.15</b>	<b>3.75</b>
<b>Diluted earnings per share (cents)</b>	<b>8.22</b>	<b>9.15</b>	<b>3.75</b>

**Statement of Financial Position**

<i>in \$'000</i>	<b>30-Jun-19<sup>1</sup></b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	4,382	297	2,196
Trade and other receivables	214	151	423
Financial assets at fair value through profit or loss	23,686	25,863	21,891
Other current assets	15	51	39
<b>Total current assets</b>	<b>28,297</b>	<b>26,362</b>	<b>24,549</b>
<i>Non-current assets</i>			
Deferred tax assets	436	640	542
<b>Total non-current assets</b>	<b>436</b>	<b>640</b>	<b>542</b>
<b>Total assets</b>	<b>28,733</b>	<b>27,002</b>	<b>25,091</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	400	187	691
<b>Current liabilities</b>	<b>400</b>	<b>187</b>	<b>691</b>
<i>Non-current liabilities</i>			
Deferred tax liabilities	976	800	120
<b>Total non-current liabilities</b>	<b>976</b>	<b>800</b>	<b>120</b>
<b>Total liabilities</b>	<b>1,376</b>	<b>987</b>	<b>811</b>
<b>Net assets</b>	<b>27,357</b>	<b>26,015</b>	<b>24,280</b>
<b>Equity</b>			
Issued capital	24,762	24,707	24,592
Reserves	2,595	2,568	948
Accumulated losses	-	(1,260)	(1,260)
<b>Total equity</b>	<b>27,357</b>	<b>26,015</b>	<b>24,280</b>

**Statement of Cash Flows**

<i>in \$'000</i>	<b>30-Jun-19<sup>1</sup></b>	<b>30-Jun-18</b>	<b>30-Jun-17</b>
<b>Cash flows from operating activities</b>			
Proceeds from disposal of financial instruments at fair value through profit and loss	21,958	18,835	10,603
Payments for purchases of financial instruments at fair value through profit and loss	(17,456)	(20,475)	(9,672)
Interest received	28	10	33
Dividends and trust distributions received	1,047	989	877
Other income received	(74)	-	-
Management and performance fees paid	(268)	(253)	(243)
Transaction costs paid	(41)	(95)	(48)
Payments for other expenses	(301)	(260)	(287)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>4,893</b>	<b>(1,249)</b>	<b>1,263</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities	(23)	-	275
Dividends paid to the Company's shareholders	(785)	(647)	(562)
Shares issued on options exercised	-	-	13
Costs of raising capital	-	(3)	(16)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(808)</b>	<b>(650)</b>	<b>(290)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>4,085</b>	<b>(1,899)</b>	<b>973</b>
Cash and cash equivalents at the beginning of the year	297	2,196	1,223
<b>Cash and cash equivalents at the end of the year</b>	<b>4,382</b>	<b>297</b>	<b>2,196</b>
<b>Non-cash financing activities</b>			
Dividends reinvested	78	115	58

<sup>1</sup>Unaudited accounts

Source: The above information has been drawn from the (i) unaudited financial statements of CBG for the year ended 30 June 2019 and (ii) audited financial statements presented in CBG's Annual Reports for the years ended 30 June 2018 and 30 June 2017.

## **5.5. Publicly available information**

CBG is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. For information concerning the financial position and affairs of CBG, you should refer to the information that has been disclosed by CBG pursuant to these requirements. Copies of announcements made by CBG to ASX are available from ASX.

The annual financial report for CBG for the year ended 30 June 2018 was lodged with ASIC on 16 August 2018 and given to ASX on that date. The half year report for CBG for the six months ended 30 December 2018 was lodged with ASIC on 19 February 2019 and given to ASX on that date.

A list of CBG's announcements which have been lodged with ASX since 30 June 2018 (being the end of the last financial period for which audited financial statements of CBG were prepared), is set out in Appendix B. In addition, CBG released on ASX its unaudited financial results for the financial year ended 30 June 2019 on 19 July 2019. This information may be relevant to your assessment of the Offer. A copy of each of these announcements can be obtained from ASX.

The Corporations Act requires the CBG Directors to provide a target's statement to holders of CBG Shares, setting out their recommendations in relation to this Offer and all the information that the holders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer.

## 6. Information on CBG Shares

### 6.1. Capital structure of CBG

At the date of this Offer, CBG has on issue 26,189,170 CBG Shares.

### 6.2. CAM's interest in CBG Shares

As at the date of this Bidder's Statement and at the date of the Offer, CAM holds a Relevant Interest in 391,419 CBG Shares, representing 1.5% of the total number of CBG Shares on issue as at that date.

### 6.3. Ownership of CBG

The names of the substantial shareholders in CBG, the number of CBG Shares in which the substantial shareholder (and its Associates) have a relevant interest and the Voting Power of the substantial holder (and its Associates), as disclosed in notices of substantial holding and notices of change in substantial holding given to CBG and filed at ASX as at the date of this Bidder's Statement, are:

Holder	CBG Shares	Voting Power
Jacqueline Kay Pty Limited <sup>1</sup>	2,520,000	9.62%
Dynasty Peak Pty Limited <sup>2</sup>	2,000,000	8.25%

Notes:

1. Notice only disclosed the number of CBG Shares held, not Voting Power. Voting Power has been calculated by CAM based on the number of CBG Shares disclosed in the notice and the current issued capital of CBG.
2. Notice lodged on 22 December 2014.

### 6.4. Recent trading of fully paid CBG Shares

Set out below is trading data regarding the price at which fully paid CBG Shares have traded on ASX on various dates prior to the Announcement Date:

Date / Period	Open	High	Low	Close	VWAP	Volume
Last day of trading prior to Announcement Date	\$0.9350	\$0.9350	\$0.9350	\$0.9350	\$0.9350	1,335
1 month period prior to the Announcement Date	\$0.9500	\$0.9550	\$0.8800	\$0.9350	\$0.9386	404,115
6 month period prior to the Announcement Date	\$0.9050	\$1.0400	\$0.8800	\$0.9350	\$0.9642	2,462,208
12 month period prior to the Announcement Date	\$0.8654	\$1.0400	\$0.8557	\$0.9350	\$0.9527	4,443,627

Source: IRESS

## 7. CAM's Intentions

### 7.1. General

The intentions of CAM in relation to CBG are set out in this Section 7 of the Bidder's Statement. These intentions have been formed on the basis of facts and information concerning CBG, and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions will only be reached by CAM in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intention only and accordingly may vary as new information becomes available or circumstances change.

### 7.2. CAM's intentions upon controlling 90% or more of CBG Shares

This Section sets out CAM's intentions if it controls 90% or more of CBG Shares and becomes entitled to proceed to compulsory acquisition of CBG Shares under the Corporations Act.

- (a) CAM currently intends to proceed to compulsory acquisition of the remaining CBG Shares if it becomes entitled to do so under Part 6A.1 of the Corporations Act;
- (b) CAM will seek to remove CBG from the Official List of the ASX;
- (c) CAM intends to appoint all current CAM Directors to the CBG Board and to appoint all current CBG Directors to the Board of CAM, with the boards of each company comprising 4 independent directors and 2 non-independent directors for an interim period. As part of the annual Director re-election process at the CAM AGM, CAM intends to target a reduction in the number of CAM independent Directors to 3, and will subsequently reconstitute the CBG Board to match the Board of CAM;
- (d) CAM intends to terminate the Investment Management Arrangement. Following termination, the assets of CBG would be managed by the CAM Investment Manager under the CAM Investment Management Agreement. The CBG Investment Manager has advised CAM that it has agreed to waive any termination fee or penalty for early termination of the Investment Management Agreement in the event that CAM achieves greater than 90% acceptances. As such, there will be no cost to CBG Shareholders, or CAM Shareholders, from an early termination;
- (e) CAM intends to integrate CBG's investment portfolio with CAM's and to manage the expanded portfolio consistent with the CAM investment strategy. The current CBG and CAM investment strategies are very similar and it is expected that the CBG investment portfolio will largely remain intact post transaction. In addition, Mr Ronni Chalmers, the current Chairman of CBG and a Director of the CBG Investment Manager, has advised Clime Investment Management Ltd (the ultimate parent of the CAM Investment Manager) that he intends to remain as a Fund Manager with the broader Clime Group; and
- (f) CAM intends to review the appropriate capital structure of the Merged Group on an ongoing basis, including the issuance of CAM Notes, consistent with the terms set out in the CAM Notes prospectus dated 17 November 2017.

### 7.3. CAM's intentions upon controlling more than 50.1% but less than 90% of CBG Shares

If CAM, by virtue of acceptance of the Offer, acquires a Relevant Interest in CBG Shares of more than 50.1% but less than 90.0%, its current intentions are set out in this Section.

- (a) CBG will become a controlled entity of CAM;
- (b) CAM intends, subject to the Corporations Act, Listing Rules and the constitution of CBG to seek (through discussion and negotiation, but failing agreement, by convening a meeting of CBG Shareholders) to re-constitute the CBG Board of Directors with nominees of CAM, so that there is a majority of CAM nominees on the CBG Board and the proportion of such nominees is not less than the Voting Power of CAM. If CBG remains listed on the ASX, CAM would consider, but not necessarily be bound by, the recommendations in the ASX Corporate



Governance Principles and Recommendations when determining the composition of the CBG Board. The identity of the CBG Directors on the re-constituted CBG Board have not yet been finally decided by CAM and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement CBG Directors will be Directors of CAM;

- (c) CAM does not currently intend to seek to have CBG terminate or vary the Investment Management Arrangement. However, to avoid double paying of management fees, CAM has agreed with the CAM Investment Manager that so long as the Investment Management Agreement remains on foot, it will not charge management fees in relation to any CBG shares CAM acquires under the Offer;
- (d) CAM intends, through its nominees on the CBG Board, to propose that CBG undertake a review of CBG's assets and policies and, from time to time, consider the appropriate dividend policy having regard to current strategic direction. This review may result in a reduction to CBG's dividend payout ratio over time;
- (e) if there is limited spread of CBG Shareholders, or limited volume of trading in CBG Shares, following completion of the CBG Offer, CAM may seek to arrange for CBG to be removed from the Official List of the ASX;
- (f) CAM may consider acquiring additional CBG Shares under the "creep" provisions of Item 9 in section 611 of the Corporations Act (which allows for CAM to acquire up to 3% of CBG Shares every 6 months); and
- (g) if CAM becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporates Act, it may exercise those rights.

#### **7.4. Limitations on intentions**

The intentions and statements of future conduct set out in this Section 7 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions given that, if CAM gains control of CBG but does not acquire all of the CBG Shares, it will be treated as a related party of CBG for these purposes; and
- (b) the legal obligation of the CBG Directors at the time, including any nominees of CAM, to act in good faith and the best interests of CBG and for proper purposes and to have regard to the interest of all CBG Shareholders (in which regard the role of independent directors of CBG will also be important).

## 8. Impact on CAM

### 8.1. Introduction

This Section 8 presents the impact of the completion of the Offer of CAM.

The Offer is subject to a minimum acceptance condition of 50.1%. If CAM achieves this minimum acceptance condition but does not receive acceptances for 90% or more of the issued CBG Shares, CBG will become a subsidiary of CAM but will not be a wholly owned subsidiary. This Section 8 also outlines the position of CAM in the event that CAM achieves acceptances of not less than 90% of the issued CBG Shares.

### 8.2. Overview of Merged Group

If the Offer proceeds and CAM achieves a Relevant Interest in at least 50.1% of CBG Shares, CBG will become a subsidiary of CAM. If CAM receives acceptances of not less than 90% under the Offer then CAM intends to compulsorily acquire the balance of CBG Shares outstanding, in which circumstances CBG would also become a wholly owned subsidiary of CAM.

The Merged Group would be publicly listed on the ASX, and its investments will continue to be managed by the CAM Investment Manager. Assuming that CAM acquires 100% of CBG, the Merged Group would have a combined post-tax net tangible assets of approximately \$106.3 million as at 30 June 2019 as shown below.

#### Pro forma Post-tax NTA at 30 June 2019 based on unaudited accounts

<i>in '000s except per share</i>	Post-tax net tangible assets		CBG shares owned by CAM <sup>4</sup>	Notes to be issued <sup>5</sup>	Transaction costs <sup>6</sup>	Deferred taxes <sup>7</sup>	Pro forma post- tax net tangible assets
	Per share	Total					
CAM <sup>1</sup>	0.94	86,406	(395)	(6,786)	(549)	299	78,976
CBG <sup>2</sup>	1.04	27,305	-	-	-	-	27,305
<b>Pro forma post-tax net tangible assets</b>		<b>113,712</b>	<b>(395)</b>	<b>(6,786)</b>	<b>(549)</b>	<b>299</b>	<b>106,281</b>
<i>Pro forma Post-tax NTA (per share)<sup>3</sup></i>							<i>0.94</i>

<sup>1</sup>CAM's post-tax net tangible assets is from CAM's 2019 preliminary unaudited financial report released on ASX on 19 July 2019.

<sup>2</sup>CBG's post-tax net tangible assets is from CAM's 2019 preliminary unaudited financial report released on ASX on 19 July 2019.

<sup>3</sup>Pro forma Post-tax NTA at 30 June 2019 is calculated using the post Offer capital structure of CAM presented under Section 8.6. The Post-tax NTA of CAM and CBG at 30 June 2019 were \$0.94 and \$1.04, respectively.

<sup>4</sup>CAM owned 391,419 CBG Shares at 30 June 2019. The amount deducted from the post-tax net tangible assets of CAM is based on the last closing price on ASX of CBG Shares on or prior to 30 June 2019 which was \$1.01.

<sup>5</sup>Each CAM Note to be issued will be at a face value of \$0.96.

<sup>6</sup>Transaction costs include estimated legal, tax, accounting, success and listing fees. The entire amount of transactions costs is assumed to be recognised as an outright expense.

<sup>7</sup>Deferred taxes is the difference between the post-tax net tangible assets of CBG and the Offer Consideration value tax effected at 30%. The calculation is detailed under Note 3 of Section 8.5.

The combined pro-forma analysis above suggests the transaction will be Post-Tax NTA neutral for CAM Shares assuming CAM acquires 100% of CBG.

### 8.3. Management of CAM following the Offer

If CAM controls 90% or more of CBG Shares and becomes entitled to proceed to compulsory acquisition of CBG Shares under the Corporations Act, all of the current CBG Directors will be invited to join the CAM Board, resulting in the CAM Board comprising 4 independent Directors and 2 non-

independent Directors for an interim period. As part of the annual Director re-election process at the CAM AGM, CAM intends to reduce the number of CAM independent Directors to 3. See Section 7.2(c) for further details.

Otherwise the management of CAM will not vary as a result of the Offer.

#### 8.4. Unaudited pro forma Post-tax NTA

The pro forma Post-tax NTA of CAM set out below has been prepared to illustrate the effect of the Offer on CAM's Post-tax NTA assuming that the Offer completed as at 30 June 2019.

The pro forma Post-tax NTA is presented as three illustrative scenarios:

- (a) completion of the Offer with CAM owning 50.1% of the issued CBG Shares (**Scenario 1**);
- (b) completion of the Offer with CAM owning 75.0% of the issued CBG Shares (**Scenario 2**); and
- (c) completion of the Offer with CAM owning 100% of the issued CBG Shares (**Scenario 3**).

These pro forma Post-tax NTA figures are intended to be illustrative and will not reflect the actual Post-tax NTA of CAM as at 30 June 2019 or at the date of completion of the Offer. The pro forma Post-tax NTA of CAM set out below has been prepared to illustrate the Post-tax NTA of CAM assuming that the Offer completed as at 30 June 2019.

#### Pro forma Post-tax NTA at 30 June 2019

<i>in '000s</i>	<b>Post-tax net tangible assets</b>	<b>CBG shares owned by CAM<sup>4</sup></b>	<b>Notes to be issued<sup>5</sup></b>	<b>Transaction costs<sup>6</sup></b>	<b>Deferred taxes<sup>7</sup></b>	<b>Pro forma post-tax net tangible assets</b>
<b>Scenario 1</b>						
CAM <sup>1</sup>	86,406	(395)	(3,348)	(445)	146	82,363
CBG <sup>2</sup>	13,680	-	-	-		13,680
<b>Pro-forma post-tax net tangible assets</b>	<b>100,086</b>	<b>(395)</b>	<b>(3,348)</b>	<b>(445)</b>		<b>96,043</b>
<i>Pro forma Post-tax NTA (per share)<sup>3</sup></i>						<i>0.94</i>
<b>Scenario 2</b>						
CAM <sup>1</sup>	86,406	(395)	(5,064)	(512)	223	80,658
CBG <sup>2</sup>	20,479	-	-	-		20,479
<b>Pro-forma post-tax net tangible assets</b>	<b>106,885</b>	<b>(395)</b>	<b>(5,064)</b>	<b>(512)</b>		<b>101,137</b>
<i>Pro forma Post-tax NTA (per share)<sup>3</sup></i>						<i>0.94</i>
<b>Scenario 3</b>						
CAM <sup>1</sup>	86,406	(395)	(6,786)	(549)	299	78,976
CBG <sup>2</sup>	27,305	-	-	-		27,305
<b>Pro-forma post-tax net tangible assets</b>	<b>113,712</b>	<b>(395)</b>	<b>(6,786)</b>	<b>(549)</b>		<b>106,281</b>
<i>Pro forma Post-tax NTA (per share)<sup>3</sup></i>						<i>0.94</i>

<sup>1</sup>CAM's post-tax net tangible assets is from CAM's 2019 preliminary unaudited financial report released on ASX on 19 July 2019.

<sup>2</sup>CBG's post-tax net tangible assets is from CAM's 2019 preliminary unaudited financial report released on ASX on 19 July 2019.

<sup>3</sup>Pro forma Post-tax NTA at 30 June 2019 is calculated using the post Offer capital structure of CAM presented under Section 8.6. The Post-tax NTA of CAM and CBG at 30 June 2019 were \$0.94 and \$1.04, respectively.

<sup>4</sup>CAM owned 391,419 CBG Shares at 30 June 2019. The amount deducted from the post-tax net tangible assets of CAM is based on the last closing price on ASX of CBG Shares on or prior to 30 June 2019 which was \$1.01.

<sup>5</sup>Each CAM Note to be issued will be at a face value of \$0.96.

<sup>6</sup>Transaction costs include estimated legal, tax, accounting, success and listing fees. The entire amount of transactions costs is assumed to be recognised as an outright expense.

<sup>7</sup>Deferred taxes is the difference between the post-tax net tangible assets of CBG and the Offer Consideration value tax effected at 30%. The calculation is detailed under Note 3 of Section 8.5.

## **8.5. Unaudited pro forma statements of financial position**

The pro forma statements of financial position of CAM set out below have been prepared to illustrate the financial position of CAM assuming that the Offer completed as at 30 June 2019 in each of Scenarios 1 to 3 (as described in Section 8.4 above). Also summarised below is the unaudited balance sheet of CAM as at 30 June 2019.

The CAM Directors have assessed the requirements of AASB 10 Consolidated Financial Statements – Investment Entities and have applied the criteria set out in that standard to the operations of CAM and CBG. Both entities are considered to be investment entities and as a result, the investment in CBG would not be consolidated into the financial statements, but rather is accounted for as a financial asset. After acquisition, subsequent movements in the fair value of the identifiable net assets of CBG are recorded as fair value gains or losses through the statement of financial performance.

These pro forma statements of financial position are intended to be illustrative and will not reflect the actual position and balances of CAM as at 30 June 2019 or at the date of completion of the Offer.

The pro forma statements of financial position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards. CAM's financial information has been prepared in accordance with the significant accounting policies set out in note 1 to the notes to the financial statements contained in CAM's 2019 preliminary unaudited financial report released on ASX on 19 July 2019.

**Scenario 1 (50.1% ownership) pro forma Balance Sheet at 30 June 2019**

<i>in '000s</i>	Note	CAM	Pro forma adjustments	Pro forma Balance Sheet
<b>Assets</b>				
Cash and cash equivalents	1	4,585	(445)	4,140
Trade and other receivables		865		865
Financial assets at fair value through profit or loss	2	105,120	13,285	118,404
Deferred tax assets	3	-	146	146
Prepayments and other current assets		4		4
<b>Total assets</b>		<b>110,573</b>	<b>12,986</b>	<b>123,559</b>
<b>Liabilities</b>				
Trade and other payables		747		747
Dividends payable		1,147		1,147
Current tax liability		361		361
Deferred tax liabilities	3	1,803	-	1,803
Convertible notes	4	20,963	3,348	24,311
<b>Total liabilities</b>		<b>25,020</b>	<b>3,348</b>	<b>28,368</b>
<b>Net assets</b>		<b>85,553</b>	<b>9,637</b>	<b>95,191</b>
<b>Equity</b>				
Issued capital	5	81,439	10,423	91,861
Option premium on convertible notes		196		196
Retained earnings	1, 3	(10,362)	(785)	(11,147)
Profit reserve		14,280		14,280
<b>Total equity</b>		<b>85,553</b>	<b>9,637</b>	<b>95,191</b>
<b>Net assets</b>				<b>95,191</b>
Est. CAM selling costs recognised in net tangible assets				(50)
Est. equity impact of convertible notes				197
Difference between the face value and carrying value of convertible notes				536
Option premium				196
Increment in market value not yet recognised in net tangible assets				(27)
<b>Pro forma post-tax net tangible assets</b>				<b>96,043</b>

**Scenario 2 (75% ownership) pro forma Balance Sheet at 30 June 2019**

<i>in '000s</i>	Note	CAM	Pro forma adjustments	Pro forma Balance Sheet
<b>Assets</b>				
Cash and cash equivalents	1	4,585	(512)	4,073
Trade and other receivables		865		865
Financial assets at fair value through profit or loss	2	105,120	20,084	125,203
Deferred tax assets	3	-	223	223
Prepayments and other current assets		4		4
<b>Total assets</b>		<b>110,573</b>	<b>19,794</b>	<b>130,368</b>
<b>Liabilities</b>				
Trade and other payables		747		747
Dividends payable		1,147		1,147
Current tax liability		361		361
Deferred tax liabilities	3	1,803	-	1,803
Convertible notes	4	20,963	5,064	26,027
<b>Total liabilities</b>		<b>25,020</b>	<b>5,064</b>	<b>30,084</b>
<b>Net assets</b>		<b>85,553</b>	<b>14,731</b>	<b>100,284</b>
<b>Equity</b>				
Issued capital	4	81,439	15,762	97,201
Option premium on convertible notes		196		196
Retained earnings	1, 3	(10,362)	(1,031)	(11,393)
Profit reserve		14,280		14,280
<b>Total equity</b>		<b>85,553</b>	<b>14,731</b>	<b>100,284</b>
<b>Net assets</b>				<b>100,284</b>
Est. CAM selling costs recognised in net tangible assets				(50)
Est. equity impact of convertible notes				197
Difference between the face value and carrying value of convertible notes				536
Option premium				196
Increment in market value not yet recognised in net tangible assets				(27)
<b>Pro forma post-tax net tangible assets</b>				<b>101,137</b>

**Scenario 3 (100% ownership) pro forma Balance Sheet at 30 June 2019**

<i>in '000s</i>	Note	CAM	Pro forma adjustments	Pro forma Balance Sheet
<b>Assets</b>				
Cash and cash equivalents	1	4,585	(549)	4,036
Trade and other receivables		865		865
Financial assets at fair value through profit or loss	2	105,120	26,910	132,030
Deferred tax assets	3	-	299	299
Prepayments and other current assets		4		4
<b>Total assets</b>		<b>110,573</b>	<b>26,661</b>	<b>137,234</b>
<b>Liabilities</b>				
Trade and other payables		747		747
Dividends payable		1,147		1,147
Current tax liability		361		361
Deferred tax liabilities	3	1,803	-	1,803
Convertible notes	4	20,963	6,786	27,749
<b>Total liabilities</b>		<b>25,020</b>	<b>6,786</b>	<b>31,806</b>
<b>Net assets</b>		<b>85,553</b>	<b>19,875</b>	<b>105,428</b>
<b>Equity</b>				
Issued capital	5	81,439	21,123	102,561
Option premium on convertible notes		196		196
Retained earnings	1, 3	(10,362)	(1,248)	(11,609)
Profit reserve		14,280		14,280
<b>Total equity</b>		<b>85,553</b>	<b>19,875</b>	<b>105,428</b>
<b>Net assets</b>				<b>105,428</b>
Est. CAM selling costs recognised in net tangible assets				(50)
Est. equity impact of convertible notes				197
Difference between the face value and carrying value of convertible notes				536
Option premium				196
Increment in market value not yet recognised in net tangible assets				(27)
<b>Pro forma post-tax net tangible assets</b>				<b>106,281</b>

**Note 1: Cash and cash equivalents**

The pro forma adjustment to cash and cash equivalents pertains to estimated transaction costs which are assumed to have been fully paid in cash at 30 June 2019 and immediately recognised as expenses. The amount of the estimated transaction costs varies by scenario due to the success and listing fee components which are dependent on the level of acceptance. Transaction costs is estimated to range between \$0.4 million, which is at 50.1% ownership (Scenario 1), and \$0.5 million, which is at 100.0% ownership (Scenario 3).

**Note 2: Financial assets at fair value through profit or loss**

The pro forma adjustment to financial assets at fair value through profit or loss at 30 June 2019 has two components: (i) eliminating the fair value of CBG shares owned by CAM valued at the price last published by the ASX on or prior to 30 June 2019; and (ii) recognising the post Offer ownership of CAM in CBG valued at post-tax net tangible assets. These figures have been presented under Section 8.4.

**Note 3: Deferred tax assets and fair value gain or loss**

Deferred taxed at 30 June 2019 has been adjusted to consider the fair value gain or loss on the transaction. Arriving at the adjustment requires estimating the value of the Offer Consideration. The estimated value of the Offer Consideration at 30 June 2019 under Scenarios 1 to 3 is the sum of the CAM Shares to be issued valued at the ASX share price last published on or prior to 30 June 2019 and the CAM Notes to be issued valued at their face value of \$0.96. The Offer Consideration value calculation for Scenarios 1 to 3 is set out below:

<b>Total Offer Consideration</b>		Scenario 1	Scenario 2	Scenario 3
No. of CAM Shares to be issued as Offer consideration	'000s	10,745	16,249	21,776
ASX share price at 30 June 2019	\$	0.9700	0.9700	0.9700
<b>Value of CAM Shares to be issued</b>	<b>\$'000s</b>	<b>10,423</b>	<b>15,762</b>	<b>21,123</b>
No. of CAM Notes to be issued as Offer Consideration	'000s	3,488	5,275	7,069
Face value of CAM Notes	\$	0.9600	0.9600	0.9600
<b>Value of CAM Notes to be issued</b>	<b>\$'000s</b>	<b>3,348</b>	<b>5,064</b>	<b>6,786</b>
<b>Total Offer Consideration value</b>	<b>\$'000s</b>	<b>13,771</b>	<b>20,825</b>	<b>27,908</b>

After estimating the Offer Consideration value, the post-tax net tangible assets of CBG at 30 June 2019 (presented in Section 8.4) is taken to be compared to the Offer Consideration value. The difference between the post-tax net tangible assets of CBG and the Offer Consideration value represents the gain or loss on the transaction to which a tax rate of 30% is applied to arrive at the deferred tax amount.

The difference between the gain or loss and the deferred tax is the fair value gain or loss recognised in profit reserve.

<b>Transaction fair value loss</b>			
	Scenario 1	Scenario 2	Scenario 3
Identifiable post-tax net tangible assets of CBG	13,285	20,084	26,910
Total Offer Consideration value	13,771	20,825	27,908
<b>Total fair value loss on acquisition of controlled entity</b>	<b>(486)</b>	<b>(742)</b>	<b>(998)</b>
Less: taxation benefit at 30% (deferred tax)	146	223	299
<b>Total fair value loss after tax</b>	<b>(340)</b>	<b>(519)</b>	<b>(699)</b>

**Note 4: CAM Notes**

Part of the Offer Consideration is the issuance of 0.2740 CAM Notes for every CBG Share acquired. The CAM Notes issued under the Offer have been included as a pro forma adjustment to the balance sheet at a face value of \$0.96 per CAM Note. The calculation of the value of CAM Notes is set out under Note 2 of this Section.

**Note 5: Issued capital**

Part of the Offer Consideration is the issuance of 0.8441 CAM Shares for every CBG Share acquired. The CAM Shares issued under the Offer has been included as a pro forma adjustment to the balance sheet at the ASX closing price of \$0.97 per share last published on or prior to 30 June 2019. The calculation of the value of CAM Shares is set out in Note 2 of this Section.



### 8.6. Capital structure after the Offer

The capital structure of CAM currently and in each of Scenarios 1 to 3 (as described in Section 8.4 above) is set out below.

#### Post Offer CAM Capital Structure at 30 June 2019

<i>in '000s</i>	Scenario 1	Scenario 2	Scenario 3
Issued CAM Shares	91,720	91,720	91,720
Issuance of CAM Shares for the Offer	10,745	16,249	21,776
<b>Post Offer issued CAM Shares</b>	<b>102,465</b>	<b>107,969</b>	<b>113,496</b>
CAM Shares issued under the Offer as a percentage of post Offer issued CAM Shares	10.6%	15.1%	19.3%

### 8.7. Impact on control

The substantial holder in CAM and its voting power in CAM currently and in each of Scenarios 1 to 3 (as described in Section 8.4 above) are set out below.

#### Post Offer Ownership of Substantial Shareholders of CAM at 30 June 2019

<i>in '000s</i>	Pre Offer		Post Offer Scenario 1		Scenario 2		Scenario 3	
	Shares	%	Shares	%	Shares	%	Shares	%
Clime Investment Management Limited & Clime Asset Management Pty Limited	10,545	11.5%	10,771	10.5%	10,771	10.0%	10,771	9.5%

The substantial holder set out above also holds 268,607 CBG Shares and has advised CAM that it intends to accept the Offer in respect of those CBG Shares. The post Offer scenarios set out above assume that it does so and that otherwise Scenarios 1 to 3 transpire.

## **9. Sources of Bid Consideration**

### **9.1. Consideration under the Offer**

The consideration for the acquisition of the CBG Shares to which the Offer relates will be satisfied by the issue of CAM Shares and CAM Notes.

### **9.2. CBG Shares consideration**

Based on the number of CBG Shares on issue as at the date of this Bidder's Statement, the maximum number of CAM Securities that would be required to settle acceptances under the Offer is:

Acceptance scenario: 50.1%

- (a) 10,744,849 CAM Shares; and
- (b) 3,487,843 CAM Notes,

Acceptance scenario: 75.0%

- (c) 16,249,312 CAM Shares; and
- (d) 5,274,626 CAM Notes,

Acceptance scenario: 100.0%

- (e) 21,775,882 CAM Shares; and
- (f) 7,068,584 CAM Notes,

(subject to rounding of entitlements).

### **9.3. CAM Shareholder approval**

CAM does not require CAM Shareholder approval to issue CAM Securities as Offer Consideration.

### **9.4. Provision of Offer Consideration**

Subject to the fulfilment or waiver of the Conditions to the Offer, CAM is of the opinion that it has reasonable basis for holding the view, and holds the view, that CAM will be able to provide the Offer Consideration.

## 10. Risk Factors

### 10.1. Risk factors associated with owning CAM Shares and CAM Notes

If the Offer becomes unconditional, CBG Shareholders who accept the Offer (other than Foreign Ineligible Shareholders and Unmarketable Parcel Holders) will become shareholders and noteholders in CAM. In that event, CBG Shareholders will:

- continue to be indirectly exposed to the risks associated with having an interest in CBG's assets and general economic, share market and industry risks;
- become exposed to additional risks, through their holding of CAM Shares and CAM Notes, which are specific to CAM and its current operations; and
- become exposed to additional risks relating to the Offer.

The financial performance and operations of CAM's businesses, including the businesses of the Merged Group, the price of CAM Shares and CAM Notes and the amount and timing of any dividends that CAM pays will be influenced by a range of factors. Some of these factors can be mitigated by the use of safeguards and appropriate commercial action. However, many of these factors are beyond the control of CAM and the CAM Board. Many of these factors also affect the businesses of other companies operating in the same industry.

Section 10 provides a summary, which is not exhaustive, of some of the major risk factors associated with an investment in CAM. CBG Shareholders should consider carefully these risk factors and the other information contained in this Bidder's Statement.

### 10.2. Risks relating to the CAM business

#### (a) *Investment risk*

As is currently the case with CBG, there is a risk with CAM that the CAM's investment portfolio could fall in value over the short or long term or may experience sustained periods of poor investment performance, or fail to meet the CAM's investment objectives. Individual security prices may fluctuate and underperform other asset classes over time. Investors in CAM are exposed to this risk through both their holdings in CAM Securities and through the CAM's investment in equity assets.

However, CAM notes that both CAM and CBG are managed with similar investment strategies and objectives and their respective investment managers are ultimately owned by the same parent, Clime Investment Management Ltd.

#### (b) *Performance fee structure risk*

As with CBG, CAM is also potentially liable for performance fees if the CAM Investment Manager outperforms. These performance fee arrangements may create an incentive for the CAM Investment Manager to make more speculative or higher risk investments than would be the case in the absence of such a fee. CAM notes that the performance fee arrangements for CAM and CBG are similar. The CAM Investment Manager's investment process and methodology is reviewed at each Board meeting.

#### (c) *Securities risk*

As with CBG, there are risks associated with any investment in listed securities. The market price of listed securities is affected by numerous factors including hostilities, tension and acts of terrorism, general investor sentiment and the movement of prices on local and international share markets. As a consequence, securities carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Share markets tend to move in cycles, and individual share prices may fluctuate and underperform other asset classes over extended periods of time. CAM Shareholders are exposed to this risk through their holding of CAM Shares and CAM Notes, as well as through the CAM's investment portfolio.

(d) *Key personnel risk*

The performance of CAM is highly dependent on a number of highly skilled personnel, including the CAM Directors and the CAM Investment Manager. The loss or departure of one or more key personnel and/or the inability to hire new personnel, may have a material adverse effect on the CAM's performance or ability to grow. The CAM Investment Manager consists of a team of 11 investment personnel with aggregated experience of over 150 years. In addition CAM notes that Mr Ronni Chalmers is a senior member of the CAM Investment Manager.

(e) *Capital structure / leverage*

Within its capital structure, CAM has issued CAM Notes. CAM Notes are unsecured convertibles notes which are listed on the ASX and accrue interest at a fixed interest rate of 6.25% per annum payable quarterly in arrears.

See Section 4.8 for further information on CAM Notes.

(f) *Compliance with and changes to financial services legislation and regulation*

The financial services industry is highly regulated in Australia. The CAM Investment Manager operates under an AFSL and is subject to the regulatory regime associated with carrying on business pursuant to that AFSL. If the CAM Investment Manager does not or cannot comply with the necessary laws and regulations, it may be exposed to fines, penalties or loss of its AFSL authorisation, which may alone or in combination have a material adverse effect on the CAM Investment Manager's ability to operate as a fund manager, and therefore its financial performance and reputation. As a consequence, these factors may have a material adverse effect on CAM's financial performance and future prospects.

(g) *Listed investment company risk*

As with CBG, a listed investment company's share price may trade at a premium or discount to net tangible asset backing per share and may not be correlated with the performance of the CAM's investment portfolio. The operations and financial performance of Listed Investment Companies are driven by a number of factors, including, but not limited to:

- domestic and international economic growth;
- performance of domestic and international financial markets;
- domestic and international political events; and
- relevant regulation in Australia and overseas.

(h) *Further capital requirements of CAM*

There is no assurance that CAM will not need to raise additional capital to fully exploit future business opportunities available to it. There can be no assurance that CAM will be able to raise such capital on favourable terms (if at all) or, if it is able to raise capital, that it will be able to invest that capital efficiently. If CAM is unable to obtain or invest such additional capital, CAM may be required to reduce the scope of its investment activities or forgo an investment opportunity which could adversely affect its business, financial condition and results of operation.

(i) *Business risk*

The profitability and success of CAM is highly dependent on the ability of CAM Directors and key personnel to assess business risks and make appropriate investment decisions. No guarantee can be given in respect to future earnings of CAM or the earnings and capital appreciation of its investments.

(j) *Currency risk*

CAM may invest in international securities. Investing in international markets may expose CAM to changes in exchange rates. The possibility that foreign currencies may fall in value relative to the Australian dollar can have an adverse impact on investment returns.

(k) *Derivative risk*

The CAM Investment Manager may in the future use derivatives strategies in implementing its strategy, such as exchange traded derivatives and over-the-counter derivatives including futures and options contracts.

There is a risk that the use of derivatives can have a negative impact due to an adverse movement in the underlying asset or where the position is difficult or costly to reverse or maintain. The use of derivatives potentially exposes CAM to counterparty, legal and documentation risks. In addition to any risk associated with the underlying asset for which a derivative is valued, derivative prices are affected by other factors including market liquidity, interest rates, and counterparty risk.

(l) *Litigation risk*

Exposure to litigation brought by third parties such as investors, regulators, employees or business associates could negatively impact operations and financial performance through increased costs, payment of damages and damage to reputation. The CAM Directors are currently not aware of any impending litigation.

(m) *Interest rate risk*

Interest rate movements may adversely affect the value of the CAM through their effect on the price of a security and the cost of borrowing.

(n) *Default risk*

Investment in securities and financial instruments generally involves third parties such as custodial and counter parties to contracts. Use of third parties carries risk of default and failure to secure custody that could adversely affect the value of CAM shares. CAM outsources key operational functions and there is a risk that third party service providers may intentionally or unintentionally breach their obligations to CAM or provide services below standards that are expected by the CAM, causing loss to the Company.

**10.3. Risks relating to the Offer**(a) *Limited acceptance risk*

The Offer is subject to a 50.1% minimum acceptance condition. If CAM achieves voting power in CBG prior to the end of the offer period of 90% or more, it will be in a position to undertake compulsory acquisition of all remaining CBG Shares and CBG will become a wholly owned subsidiary of CAM.

If this threshold for compulsory acquisition is not achieved but CAM satisfies its minimum acceptance condition of 50.1% of CBG, CAM will be in a position to determine the financial and operating policies of CBG and so CBG will become a subsidiary of CAM. However, the board of CBG in these circumstances will be obliged to act bona fide in the best interests of shareholders of CBG including minority shareholders holding CBG Shares that CAM has not acquired under the Offer. Among other things:

- CAM may not be able to ensure that a special resolution of members of CBG is passed unless its shareholding in CBG exceeds 75%;
- CAM will not be in a position to include CBG in a tax consolidated group which may place limitations on the efficient sharing of tax benefits between CAM and CBG;

- the ability of CAM to realise synergies associated with the acquisition of CBG pursuant to the Offer may be constrained.

While CAM does not presently intend to do so, it is open to CAM to declare the Offer free from the 50.1% minimum acceptance condition. If CAM does waive this condition and does not achieve acceptances in respect of 50.1% of the issued CBG Shares, CBG will not become a subsidiary of CAM and CAM's ability to determine the financial and operating policies of CBG may be constrained.

The ability of CAM to influence the affairs of CBG will depend on, among other things, the extent of acceptances it receives under the Offer and subsequently, its ability to secure the appointment of its nominees to the board of CBG and the composition of the remaining share register of CBG. CAM's ability to realise synergies from the Offer will be further constrained in these circumstances.

(b) *Issue of CAM Shares and CAM Notes*

Pursuant to the Offer, CAM will issue a significant number of new CAM Shares and CAM Notes. Some CBG Shareholders may not wish to continue to hold CAM Shares and/or CAM Notes which they receive and may sell them on the ASX. Further, a nominee appointed by CAM (and approved by ASIC) will be issued any CAM Shares or CAM Notes attributable to Foreign Ineligible Shareholders or Unmarketable Parcel Holders and will sell them.

If a significant number of CAM Shares or CAM Notes are sold, or there is a significant number of CBG Shares held by Foreign Ineligible Shareholders or Unmarketable Parcel Holders (resulting in a significant number of CAM Shares or CAM Notes sold by the nominee) the price at which CAM Shares or CAM Notes are traded on ASX may be adversely affected.

(c) *Information on CBG*

In preparing the information on CBG included in this Bidder's Statement, CAM has primarily relied on publicly available information and information provided by CBG. Any inaccuracy in the information on CBG contained in this Bidder's Statement could have an adverse impact on the financial performance of CAM following the Offer and the value of CAM Shares.

In addition, it is possible that additional risks may exist in relation to CBG's business which are unknown to CAM.

#### **10.4. Risks associated with investing in CAM Notes**

(a) *Interest payments*

CAM expects to make interest payments using available cash balances and cash flow from its operations. There may be insufficient cash available to CAM to make interest payments on the due date. CAM intends to mitigate this risk by ensuring it has cash or liquid interests to make interest payment when due.

(b) *Redemption risk*

CAM expects to be able to redeem the CAM Notes using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of investments.

There is a risk that CAM may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings and may, in that case, have insufficient cash to redeem the CAM Notes at the maturity date (or any earlier date as otherwise required under the CAM Note Terms).

If CAM fails to make interest payments or redeem the CAM Notes when due, the Trustee has certain rights under the Trust Deed and the CAM Note Terms to take enforcement action against CAM. The rights of each CAM Noteholder to enforce the obligations of CAM under the CAM Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed.

(c) *Interest rate risk*

Interest on the CAM Notes is fixed at 6.25% per annum (payable quarterly in arrears). No adjustment will be made to the rate of interest paid to CAM Noteholders as other market based interest rates rise or fall.

The market price of the CAM Notes on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment towards CAM.

(d) *Inflation rate risk*

An increase in the inflation rate may erode in real terms the value of the capital invested in the CAM Notes.

(e) *Financial market conditions*

The market price of the CAM Notes will fluctuate due to various factors, including worldwide economic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets, movements in the market price of CAM Shares, factors which may affect CAM's financial position and earnings and investor sentiment.

The market price of CAM Notes may be more sensitive than that of the CAM Shares to changes in interest rates and, therefore, the CAM Notes could trade on ASX at a price below the issue price.

The CAM Shares issued as a result of conversion of any CAM Notes will, following conversion, rank equally with the existing CAM Shares. Accordingly, their value after issue will depend upon the market price of the CAM Shares (which price, compared to the face value of the CAM Note, may rise or fall).

(f) *Market price of CAM Shares*

The market price of the CAM Shares may be volatile. The volatility of the market price of the CAM Shares may cause volatility in the price of the CAM Notes and affect the ability of CAM Noteholders to sell their CAM Notes either at all or at an acceptable price. Additionally, this may result in greater volatility in the market price of the CAM Notes than would be expected for nonconvertible debt securities.

(g) *Liquidity*

While CAM will seek quotation of the CAM Notes on ASX in order to facilitate on market trading of the CAM Notes, the market for CAM Notes may be less liquid than the market for CAM Shares and, as such, there can be no assurance that CAM Noteholders will be able to buy or sell CAM Notes on ASX.

(h) *Ranking*

If CAM is wound-up, CAM Noteholders will rank behind secured creditors of CAM and equally with other unsecured creditors and unsubordinated creditors of CAM (other than those mandatorily preferred at law) and ahead of CAM Shareholders.

If there is a shortfall of funds on winding-up, there is a risk that CAM Noteholders will not receive a full (or any) repayment of their money invested in the CAM Notes or payment of unpaid interest.

(i) *Conversion*

The CAM Shares held by CAM Noteholders following conversion of their CAM Notes will have the same rights as other existing CAM Shares, which are different from the rights attached to the CAM Notes.

The market price of the CAM Shares may fluctuate over time as a result of a number of factors.

(j) *Change in the Australian tax system*

Prospective investors should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of CAM Notes and the market price of the CAM Notes.

(k) *Enforcement risk*

The CAM Note Terms provide that rights under the CAM Note Terms and the Trust Deed may generally only be enforced by the Trustee and not by the CAM Noteholders directly.

CAM Noteholders must therefore notify their claims to the Trustee and rely on enforcement by the Trustee, except in certain circumstances where the Trustee has failed to take action after being directed by the CAM Noteholders to do so.

The Trustee is not obliged to take any enforcement action unless it is indemnified and first placed in funds. The Trustee may waive any breach of the Trust Deed except for non-payment of the face value of CAM Notes.

CAM Noteholders may, by special resolution, amend the CAM Note Terms in order to waive a breach of the CAM Note Terms or for other purposes. A large Noteholder may influence the outcome of any such vote.

**10.5. General investment risks**

CBG Shareholders should be aware that acquiring CAM Shares and CAM Notes involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of CAM or CBG. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and the Australian interest rates, foreign exchange, taxation and labour relations environments.

These are risks of investment which are considered beyond the control of CAM.

(a) *Possible volatility of CAM Share and CAM Note price*

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies. The market price of CAM Shares and CAM Notes may be volatile and may go down as well as up. Factors that may have a significant impact on the market price and marketability of CAM Shares and CAM Notes include announcements as to government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in CAM's operating results.

(b) *Regulation and publicity*

Changes to the regulatory environment for the industries in which CAM operates or any publicity may have an impact on CAM which may materially affect an investment.

(c) *Macro economic risks*

The general state of the Australian and international economies as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the profitability of CAM, and may affect the value of CAM Shares and CAM Notes.

(d) *Taxation risks*

Tax liabilities are the responsibility of each individual investor, and CAM is not responsible either for taxation or penalties incurred by investors. Investors should consult their own taxation advisers to ascertain the tax implications of their investment.



(e) *Taxation considerations*

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 11. However, this summary is general in nature and, as the circumstances for each CBG Shareholder may vary, CBG Shareholders should seek professional taxation advice in relation to their own position.

Changes to the taxation environment, including taxation laws and their commercial application may have a material adverse effect on a CBG Shareholder's investment in CAM Shares or otherwise have a material adverse effect on CAM's business and financial position.

(f) *Future securities issues*

Subject to the Listing Rules, CAM may, without the approval of CAM Shareholders and CAM Noteholders issue further CAM Securities or other securities. Any such issue may dilute the interest a CAM Shareholder will have in CAM.

(g) *Regulatory changes*

Changes to the regulatory environment, including the Corporations Act and ASIC policy and their commercial application may have a material adverse effect on a CAM Shareholder's investment in CAM Securities or otherwise have a material adverse effect on CAM's business and financial position.

**10.6. Note on risk factors**

The above list of general and specific risk factors should not be taken as exhaustive of the risks faced by CAM, CBG or by CBG Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of CAM and CBG and the value of CAM Shares and CAM Notes. Therefore, CAM Shares and CAM Notes carry no guarantee with respect to the payment of dividends or returns of capital. Neither CAM nor any of its Directors guarantees that any specific objectives of CAM and CBG will be achieved or that any particular performance of CAM, CBG or of CAM Shares or CAM Notes will be achieved.

## 11. Taxation Implications

**This Section 11 provides a general overview of the Australian income tax, goods and services tax and stamp duty consequences for you if the Offer is accepted. This Section 11 does not consider any tax implications in jurisdictions outside of Australia.**

**The overview provided in this Section 11 does not take into account your specific circumstances and is not intended to be exhaustive, or a substitute for, or to constitute, specific taxation advice.**

**This Section 11 is based on Australian income tax legislation, public taxation rulings, determinations and administrative practice as at the date of this Bidder's Statement.**

**The application of the taxation legislation may vary according to your individual circumstances. As such, you are advised to obtain professional taxation advice that takes into account your specific circumstances before deciding how to vote in relation to the Offer.**

### 11.1. Introduction

The Offer will, if accepted by you and implemented by CAM, result in the disposal by CBG Shareholders, of their CBG Shares to CAM.

Sections 11.2 to 11.6 below contain general comments of the Australian income tax, goods and services tax (GST) and stamp duty implications for certain CBG Shareholders. The comments set out in this Section 11 are only relevant for CBG Shareholders that are individuals, complying superannuation funds and corporate shareholders. In particular, these comments are not intended to cover CBG Shareholders who:

- (a) hold their CBG Shares on revenue account for Australian income tax purposes (e.g. trading stock);
- (b) are exempt from Australian income tax;
- (c) hold their CBG Shares through a trust that is not a complying superannuation fund;
- (d) acquired their CBG Shares, or any other right in relation to CBG Shares under an employee share scheme or other employment incentive program;
- (e) are under a legal disability;
- (f) are subject to the taxation of financial arrangement regime under Division 230 of the Income Tax Assessment Act 1997; and
- (g) are not Australian tax resident and hold their CBG Shares in carrying on a business at or through a permanent establishment in Australia.

The comments set out in this Section 11 do not constitute financial product advice as defined in the Corporations Act, are confined to Australian income tax, goods and services tax and stamp duty issues only, and only outline some of the matters CBG Shareholders should consider when making a decision about their investments. CBG Shareholders should consider taking advice from a licensed advisor before making a decision about their investments.

## 11.2. Australia capital gains tax (CGT) consequences – Australian resident CBG Shareholders

### (a) CGT event

CBG Shareholders who participate under the Offer will dispose of their CBG Shares by way of transfer. The disposal of CBG Shares will constitute a CGT event for CBG Shareholders. The timing of the CGT event will be:

- when CAM is legally required to make the bid; or
- the date when the compulsory acquisition of CBG Shares occur for CBG Shareholders that choose not to accept the Offer but have their CBG Shares compulsorily acquired (refer to Section 7.2(a) of this Bidder Statement).

Unless a partial CGT roll-over relief is available (discussed below), the following Australian income tax consequences are expected to arise for CBG Shareholders:

- a capital gain will arise where the capital proceeds received by the CBG Shareholders from the disposal of their CBG Shares exceed the cost base of those shares; or
- a capital loss will arise where the capital proceeds received by the CBG Shareholders from the disposal of their CBG Shares are less than the reduced cost base of those shares.

Such capital losses could be utilised to offset against capital gains derived in the same or in a later income year. Similarly, such capital gains could be reduced by other capital losses arising from the same income year or carried forward from an earlier income year. Specific loss recoupment rules apply to corporate tax entities to limit their ability to utilise capital losses in certain circumstances. Such corporate tax entities should seek their own Australian income tax advice in relation to the operation of those rules.

### (b) Capital proceeds

The capital proceeds on the disposal of the CBG Shares should equal to the Offer Consideration that will be received by the CBG Shareholders.

The capital proceeds will be the market value of the CAM Shares and CAM Notes received by the CBG Shareholders at the date CAM is legally required to make the bid. For the disposal of CBG Shares subject to the compulsory acquisition, the capital proceeds will be the market value of the CAM Shares and CAM Notes received by the CBG Shareholders on the date when the compulsory acquisition of CBG Shares by CAM take legal effect.

### (c) CGT cost base and reduced cost base

The CGT cost base of a CBG Share will generally be the cost incurred by a CBG Shareholder acquiring the share, plus any incidental costs incurred in acquiring, holding and disposal of the CBG Shares (such as legal and brokerage fees).

Reduced cost base is determined in a similar manner as cost base with some potential differences depending on the CBG Shareholder's individual circumstances.

### (d) CGT discount

Australian resident shareholders who are individuals, complying superannuation entities or trusts may be entitled to reduce the amount of any capital gain made on the disposal of their CBG Shares if they have held their CBG shares for at least 12 months prior to the date CAM is legally required to make the bid (excluding the date when those CBG Shares were acquired and the date CAM makes the bid. This is referred to as the 'CGT discount'.

Where available, the CGT discount is applied only after available capital losses have been applied to reduce the gross capital gain.

The discount rate is 50% for individuals and certain trusts, and 33.3% for complying superannuation funds. The ultimate availability of the discount for a trust may depend on a beneficiary's entitlement to the discount. CBG Shareholders that are Australian corporate tax entities are not entitled to CGT discount.

(e) Partial scrip-for-scrip roll-over relief

If CAM acquires 80% or more of the CBG Shares, CBG Shareholders who would otherwise make a capital gain under the CGT event in respect of the disposal of their CBG Shares may choose to obtain scrip-for-scrip roll-over relief under subdivision 124-M of the *Income Tax Assessment Act 1997* (Cth). Such CGT roll-over relief is only available in respect of the CAM Shares portion of the Offer Consideration (i.e. not the CAM Notes portion of the Offer Consideration).

CGT roll-over is not available to a CBG Shareholder:

- who will make a capital loss on the disposal of their CBG Shares;
- in respect of the CAM Notes received as part of the Offer Consideration; or
- if CAM acquires less than 80% ownership interest in CBG.

Where the CBG Shareholder chooses to obtain the scrip-for-scrip roll-over relief, the cost base or reduced cost base of their CBG Shares will need to be reasonably apportioned between the CAM Shares portion and the CAM Notes portion of the Offer Consideration.

Under the CGT roll-over provisions, the portion of the capital gain on the disposal of the CBG Shares that is attributable to the CAM Shares portion of the Offer Consideration will generally be deferred until the ultimate disposal of those CAM Shares. The portion of the capital gain on the disposal of the CBG Shares that is attributable to the CAM Notes portion of the Offer Consideration will be assessable.

### 11.3. Australia CGT consequences– non-Australian resident CBG Shareholders

For a CBG Shareholder who is not a resident of Australia for income tax purposes and who does not hold their CBG Shares in carrying on a business through a permanent establishment in Australia, the disposal of CBG Shares will only result in Australian capital gains tax implications if, in broad terms:

- the CBG Shareholder together with their associates held an interest of 10% or more in CBG at the time of the disposal or for a 12 month period within two years preceding the disposal; and
- more than 50% of the market value of CBG's assets is attributable to direct or indirect 'taxable Australian real property'.

A non-resident individual CBG Shareholder who has previously been an Australian tax resident and chose to disregard their capital gain or loss in respect of their CBG shares on ceasing to be an Australian tax resident will be subject to Australian CGT consequences on the disposal of their CBG Shares.

### 11.4. Stamp duty

No stamp duty should be payable in any Australian jurisdiction by CBG Shareholders in respect of the disposal of their CBG Shares.

### 11.5. Goods and services tax (GST)

CBG Shareholders should not be liable to pay GST in respect of the disposal of their CBG Shares under the Offer.

CBG Shareholders may incur GST on costs (e.g. third-party brokerage and advisor fees) that relate to the Offer. CBG Shareholders that are registered, or required to be registered, may not be entitled to full input tax credits for any GST payable on such costs but may be entitled to 'reduced input tax

credits' for some acquisitions. This will depend on each shareholder's specific circumstances and you should receive your own independent advice.

#### **11.6. Implications to Australian tax residents of holding CAM Shares and CAM Notes**

(a) Receipt of dividends

If CAM pays a dividend on CAM Shares, this payment will be considered assessable income of the CAM Shareholders.

A dividend may or may not have franking credits attached to it. If a dividend includes a franking credit, that franking credit will need to be included in the assessable income of the shareholder and a franking credit offset may be available.

Shareholders are encouraged to seek their own independent advice regarding the taxation implications that may apply to them in respect of any dividend received by CAM, taking into account their specific circumstances.

(b) Receipt of interest

The interest coupon paid on the CAM Notes will be considered assessable interest income of the holders of the CAM Notes.

(c) Conversion of CAM Notes into CAM Shares

Further CGT implications may arise when the CAM Notes are converted to CAM Shares. Such conversion could be treated as a disposal of CAM Notes in consideration for the acquisition of new CAM Shares.

Shareholders should seek their own independent advice regarding the taxation implications that may apply to them in respect of the CGT consequence associated with the conversion of CAM Notes into CAM Shares, taking into account their specific circumstances.

(d) Disposal of CAM Shares and CAM Notes

The disposal of CAM Shares and CAM Notes by an Australian resident will generally give rise to a CGT Event for Australian income tax purposes.

The potential Australian income tax consequence will be similar to those outlined under Sections 11.2. and 11.3 (except for the Section relating to partial scrip-for-scrip roll-over relief).

CAM Shareholders and holders of CAM Notes should seek their own independent advice regarding the taxation implications that may apply to them in respect of the CGT consequence associated with the disposal of their CAM Shares and CAM Notes.

## 12. Directors of CAM and Corporate Governance

### 12.1. Directors of CAM

Brief profiles of the directors of CAM are as follows:

(a) John Abernethy BCom (Ec), LLB (Non-Executive Chairman)

John was appointed director on 31 July 2009. John has over 35 years' funds management experience in Australia having been General Manager Investments of the NRMA. John is a non-executive director of WAM Research Limited, Australian Leaders Fund Limited, Watermark Market Neutral Fund, Watermark Global Limited, Jasco Holdings Limited and Clime Private Limited. Mr. Abernethy is also an executive director of Clime Investment Management Limited.

John is a member of the Nomination Committee and Remuneration Committee.

(b) Julian Gosse (Independent Non-Executive Director)

Julian was appointed non-executive director in September 2003. He has extensive experience in banking and broking both in Australia and overseas, having worked in London for Rowe and Pitman, in the United States for Janney Montgomery and Scott and in Canada for Wood Gundy. Julian has also been involved in the establishment, operation and ownership of several small businesses. Julian is a non-executive director of Australian Leaders Fund Limited and WAM Research Limited.

Julian is Chairman of the Nomination and Remuneration Committee and Audit Committee.

(c) Brett Spork BBus (Independent Non-Executive Director)

Brett was appointed independent Director of CAM in May 2011. Brett has extensive experience in the Funds Management, Banking and Financial Services sectors. Brett's previous roles include CEO of B.T.I.G., CEO of E\*Trade Australia and Executive Director with Macquarie Bank. Brett is a director of Shell Cove Capital Management Limited, PM Capital Global Opportunities Fund Limited, PM Asian Opportunities Limited and EAT Displays Pty Limited.

Brett is a member of the Nomination and Remuneration Committee and Audit Committee.

### 12.2. CAM Directors' interests in CAM Shares

As at the date of this Bidder's Statement, the Relevant Interests of each Director in CAM Shares (either held directly or indirectly) were as follows:

Director	Relevant Interest in CAM Shares
John Abernethy	990,000 CAM Shares 45,000 CAM Notes
Brett Spork	102,500 CAM Shares 16,667 CAM Notes
Julian Gosse	Nil

### 12.3. Interests in CBG Shares

At the date of this Bidder's Statement, John Abernethy is the holder of, and accordingly has a Relevant Interest in, 10,400 CBG Shares.

No other CAM Director has any Relevant Interest in CBG Shares.

#### 12.4. Interests in CIW Shares

The CAM Investment Manager and the CBG Investment Manager are both wholly-owned subsidiaries of Clime Investment Management Limited (ASX: CIW).

At the date of this Bidder's Statement, the following CAM Directors have a Relevant Interest in shares in Clime Investment Management Limited:

Director	Relevant Interest in Clime Investment Management Limited shares
John Abernethy	4,232,850 shares
Brett Spork	35,000 shares

#### 12.5. Directors' fees and benefits

The non-executive directors of CAM are entitled to remuneration for their role as directors of CAM comprising payments of directors' fees. The current aggregate remuneration for CAM non-executive directors is set at \$150,000 per annum. Non-executive directors including the Chairman are not entitled to retirement or termination benefits.

In the financial year ending 30 June 2019, director fees totalling \$140,000 (inclusive of superannuation but exclusive of GST) were to the CAM Directors as follows:

Director	Fees
John Abernethy <sup>1</sup>	\$30,000
Julian Gosse	\$40,000
Brett Spork <sup>2</sup>	\$40,000
Anthony Golowenko <sup>1,3</sup>	\$30,000

Notes:

1. Paid to Clime Investment Management Limited and not to John Abernethy or Anthony Golowenko.
2. Excludes \$10,000 + GST payable paid as fees in connection with management of the merger of CBG with CAM.
3. Retired on 1 July 2019.

#### 12.6. Director disclosures

No CAM Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last ten years which is relevant or material to the performance of their duties as a Director. No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

#### 12.7. Corporate governance

CAM recognises that good corporate governance plays an important role in its overall success and in enhancing shareholder value. Accordingly, CAM has adopted certain corporate governance practices which are reflective of its commitment to good corporate governance and of the recommended

corporate governance guidelines by the ASX Corporate Governance Council (**Best Practice Recommendations**). These are available on the Company's website, at <https://www.climecapital.com.au/about-us/corporate-governance/>.

CAM will provide an explanation of any departures from the Best Practice Recommendations in its future annual reports.

The Board will review the corporate governance policies and structures that CAM has in place on an ongoing basis to ensure that these are appropriate for the size of CAM and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Board is committed.



## 13. Other Material Information

### 13.1. Investment Management Agreement between CAM and the CAM Investment Manager

CAM has an investment management agreement with the CAM Investment Manager, Clime Asset Management Pty Limited, a wholly-owned subsidiary of Clime Investment Management Limited (ASX:CIW) (and related body corporate of the CBG Investment Manager). A Director of CAM, John Abernethy, is also a director of the CAM Investment Manager and Clime Investment Management Limited.

#### (a) *Investments*

The CAM Investment Manager is permitted to undertake investments that fall within CAM's investment strategy on behalf of CAM and without the approval of CAM's Directors. Investments that are outside CAM's investment strategy will require Board approval. In circumstances where Board approval is required, the CAM Investment Manager will provide the Board with details of the relevant investment opportunity. The Board will review the information and will either give or withhold the approval required for CAM to make that investment. If the Board approves the investment, the CAM Investment Manager will then execute the investment on behalf of CAM.

#### (b) *Base fee*

The CAM Investment Manager is entitled to a monthly base fee calculated as 0.08334% (excluding GST) of the market value of all assets less total indebtedness of CAM. The CAM Investment Manager excludes deferred tax assets from the calculation of the base fee, thereby reducing the base fee amount.

#### (c) *Performance fee*

The CAM Investment Manager is entitled to an annual performance fee calculated as 20% (excluding GST) of the amount by which the absolute dollar value of the investment performance of CAM (after deducting the base fee) exceeds the All Ordinaries Accumulation Index for the annual period, provided that the performance is positive.

#### (d) *Term*

The term of the CAM Investment Management Agreement is 25 years. The CAM Investment Manager may terminate the agreement earlier at any time by giving CAM at least 3 months' notice. CAM may terminate the agreement earlier if the CAM Investment Manager goes into liquidation, has a receiver, receiver and manager or controller appointed, is in material default or breach of its obligations which cannot be rectified, or which is not rectified within 30 days, has its AFSL suspended or cancelled or fails persistently to ensure that investments made on behalf of CAM are consistent with CAM's applicable investment strategy.

### 13.2. Related party arrangements

The Directors are entitled to receive the following benefits:

- (a) the maximum total remuneration of the non-executive Directors of CAM has been set at \$150,000 per annum to be divided amongst them in such proportions as they agree. See Section 12.5 for further details; and
- (b) CAM has entered into director protection deeds with each of its directors on standard terms. Under these documents, CAM has agreed to:
  - (i) provide access to board papers and minutes to current and former Directors of CAM while they are CAM Directors and for a period of 7 years from when they cease to be Directors;

- (ii) indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities, which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as a Director of CAM;
- (iii) maintain in favour of each Director a directors' and officers' policy of insurance for the period that he or she is a Director and for a period of 7 years after the officer ceases to be a Director.

### 13.3. Legal proceedings

Except as set out below, CAM is not and has not been, during the 12 months preceding the date of this Bidder's Statement, involved in any legal or arbitration proceedings which have had a significant effect on the financial position on CAM. As far as the CAM Directors are aware, no such proceedings are threatened against CAM.

#### *Class action against UGL Pty Limited (formerly UGL Limited)*

On 18 December 2017, CAM commenced a class action proceeding against UGL Pty Limited (formerly UGL Limited) (**UGL**) on its own behalf and on behalf of persons who acquired an interest in ordinary shares in UGL.

It is claimed that the unlawful conduct by UGL between 16 April 2014 to 5 November 2014 inclusive in failing to disclose the Ichthys Project issues, caused CAM and the other group members who had acquired an interest in UGL shares during this period, to suffer loss. All acquisitions of UGL shares by CAM were made during the claim period.

On 12 June 2019, CAM filed its Second Further Amended Statement of Claim alleging that UGL failed to keep the market informed about problems affecting a major joint venture construction contract (**Ichthys Project**) with which it was involved. It is alleged that the problems relating to the Ichthys Project were not disclosed to the market until 6 November 2014. At this time, UGL informed the market about the significant cost overruns affecting the Ichthys Project, and that the joint venture had recognised a provision.

The Court has ordered that a second mediation of the class action occur by no later than 7 August 2019. Trial of the class action is due to commence on 6 November 2019. CAM has filed lay witness evidence and the majority of its expert evidence in preparation for trial. UGL has been ordered to file its lay evidence in early August 2019, with the remainder of its expert evidence due in August and September 2019.

The class action is funded by litigation funder IMF Bentham Limited. Clime Investment Management Limited is also involved in pursuing the claim.

No provision has been made for any potential award of damages. As at 30 June 2019 CAM has no contingent liabilities or commitments (2018: \$Nil).

### 13.4. Consideration provided for CBG Shares during previous 4 months

CAM has bought CBG Shares on-market during the 4 months before the date of this Bidder's Statement as set out in the following table:

Trade Date	Description	Quantity (Nos)	Purchase price including Brokerage (cents)	Value (\$)
03-04-19	On Market Purchase	200,000	93.05	186,102.30
11-04-19	On Market Purchase	320	93.05	297.77
12-04-19	On Market Purchase	19,888	93.05	18,506.02

03-05-19	On Market Purchase	13,999	95.55	13,376.40
09-05-19	On Market Purchase	10,400	94.55	9,833.40
10-05-19	On Market Purchase	30,000	95.05	28,515.68
15-05-19	On Market Purchase	30,000	94.80	28,440.63
21-05-19	On Market Purchase	20,393	94.29	19,228.93
22-05-19	On Market Purchase	66,419	94.55	62,800.48
	Total	391,419	93.79	367,101.61

Other than as above, neither CAM nor any Associate of CAM has provided (or agreed to provide) consideration for a CBG Share under a purchase or other agreement during the 4 months before the date of this Bidder's Statement and the date of the Offer.

### 13.5. No collateral benefits

Neither CAM nor any Associate of CAM has given, or offered or agreed to give, a benefit to another person in the 4 months prior to the date of this Bidder's Statement and the date of the Offer, likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of CBG Shares,

which benefit was not offered to all CBG Shareholders under the Offer.

### 13.6. No escalation agreements

Neither CAM nor any Associate of CAM has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### 13.7. ASX listing of New CAM Securities

CAM will apply for official quotation on the ASX of the New CAM Securities to be issued under the Offer within 7 days of the date of this Bidder's Statement.

Quotation on the ASX will not be automatic but will depend on the ASX exercising its discretion. CAM has already been admitted to the Official List of the ASX and shares and convertible notes in CAM of the same class as those to be issued under the Offers are already quoted on the ASX. However, CAM cannot guarantee, and does not represent or imply, that the New CAM Securities will be quoted or listed on ASX.

### 13.8. Disclosure of interests and benefits

- (a) Interested Person

For the purposes of this Section 13.8 an **Interested Person** is:

- (i) a CAM Director or proposed director of CAM;
- (ii) a person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with preparing or distributing this Bidder's Statement;

- (iii) a promoter of CAM; or
- (iv) a broker or underwriter to the issue of CAM Shares or CAM Notes.

(b) Interests

Except as disclosed in this Bidder's Statement no Interested Person holds or held at any time during the two years before the date of this Bidder's Statement any interest in:

- (i) forming or promoting CAM;
- (ii) property acquired or proposed to be acquired by CAM in connection with:
  - (A) forming or promoting CAM; or
  - (B) the offer of CAM Shares or CAM Notes; or
- (iii) the offer of CAM Shares or Notes.

(c) Benefits

Except as disclosed in this Bidder's Statement no one has paid or agreed to pay fees or given or agreed to give any benefit to:

- (i) a CAM Director or proposed director of CAM to induce that person to become or qualify as a CAM Director; or
- (ii) any Interested Person for services provided by that person in connection with:
  - (A) forming or promoting CAM; or
  - (B) the offer of CAM Shares or CAM Notes under the Offer.

**13.9. Disclosure of adviser interests**

Shaw and Partners Limited has acted as financial advisers to the Offer. CAM estimates that it will pay amounts totalling up to \$330,000 (excluding disbursements and GST) to Shaw and Partners Limited in respect of this work.

Watson Mangioni Lawyers Pty Limited has acted as solicitors to the Offer. CAM estimates that it will pay amounts totalling \$120,000 (excluding disbursements and GST) to Watson Mangioni Lawyers Pty Limited in respect of this work.

PPNSW Services Pty Limited has acted as tax adviser to the Offer. CAM estimates that it will pay amounts totalling \$24,000 (excluding disbursements and GST) to PPNSW Services Pty Limited in respect of this work.

**13.10. Consents**

Shaw and Partners Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as financial advisers to the Offer in the form and context in which it is named.

Watson Mangioni Lawyers Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as solicitors to the Offer in the form and context in which it is named.

Boardroom Pty Limited has given and before lodgement of this Bidder's Statement has not withdrawn its written consent to be named as share registry of CAM in the form and context in which it is named.

Each of Shaw and Partners Limited, Watson Mangioni Lawyers Pty Limited and Boardroom Pty Limited:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified as in this Section;
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

PPNSW Services Pty Limited has given, and not withdrawn before the lodgement of this Bidder's Statement with ASIC, its written consent to be named in this Bidder's Statement as preparer of Section 11 (Taxation Implications) of this Bidder's Statement. PPNSW Services Pty Limited has not caused or authorised the issue of this Bidder's Statement, does not make or purport to make any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based and takes no responsibility for any part of this Bidder's Statement other than any reference to its name.

### **13.11. Date for determining holders of CBG Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is 24 July 2019.

### **13.12. Potential for waiver of Conditions**

The Offer is subject to the Conditions set out in Section 14.8. Under the terms of the Offer and the Corporations Act, any or all of those Conditions may be waived by CAM.

If an event occurs which results (or would result) in the non-fulfilment of a Condition, CAM might not make a decision as to whether it will either rely on that non-fulfilment, or instead waive the Condition, until the date for giving notice as to the status of the Conditions of the Offer under section 630(3) of the Corporations Act.

If CAM decides that it will waive a Condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act. If any of the Conditions are not fulfilled, and CAM decides to rely on the non-fulfilment, then any contract resulting from acceptance of the Offer will become void at (or, in some cases, shortly after) the end of the Offer Period, and the relevant CBG Shares will be returned to the holder.

### **13.13. Status and effect of other Conditions**

As at the date of this Bidder's Statement, CAM is not aware of any events or circumstances which would result in the non-fulfilment of any of the Conditions in Section 14.

### **13.14. Valuation of Offer Consideration for the purpose of the minimum bid price rule**

CAM may rely on the provisions of ASIC Corporations (Minimum Bid Price) Instrument 2015/1068. That Instrument provides relief from the requirement in section 621(4) of the Corporations Act and allows a bidder up to five Business Days before the date of the takeover bid to value quoted securities that it is offering as part of its bid consideration, for the purpose of determining whether the value of CAM's bid consideration at least equals the maximum value of consideration paid by CAM for CBG Shares in the four months prior to the date of the Offer.

Relying on that relief, CAM may value CAM Shares and CAM Notes to be provided under the Offer at any date nominated by CAM (**Valuation Date**) up to five Business Days before the date of the Offer. The valuation is determined by calculating the VWAP of each of CAM Shares and CAM Notes in the ordinary course of trading on the ASX during two full trading days before the Valuation Date.

Under section 621(4A) (as inserted in the Corporations Act by ASIC Corporations (Minimum Bid Price) Instrument 2015/1068) the following information is provided:

- (a) valuation of CAM Shares under section 621(4A): \$[●] per CAM Share;
- (b) valuation of CAM Notes under section 621(4A): \$[●] per CAM Note;
- (c) Valuation Date: [●] 2019; and
- (d) trading days on which valuation is based: [●] 2019 and [●] 2019.

The value of the Offer Consideration per CBG Share for the purposes of section 621 of the Corporations Act using this valuation is therefore \$[●].

The value exceeds the maximum value of consideration paid by CAM for CBG Shares in the four months prior to the date of Offer.

The value of CAM Securities can fall as well as rise and may be subject to varied and unpredictable influences. Accordingly, there is no guarantee that 1 CAM Share will continue to be worth equal to or above \$[●]. The highest and lowest closing prices of CAM Shares on the ASX in the four months before the Valuation Date were \$[●] and \$[●] respectively. Similarly, there is no guarantee that 1 CAM Note will continue to be worth equal to or above \$[●]. The highest and lowest closing prices of CAM Notes on the ASX in the four months before the Valuation Date were \$[●] and \$[●] respectively.

#### **13.15. ASIC modifications and exemptions**

ASIC has published various other Class Order instruments providing for modifications and exemptions that apply generally to all persons, including CAM.

#### **13.16. Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

#### **13.17. Other material information**

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to CAM and has not previously been disclosed to the holders of CBG Shares) other than as disclosed in this Bidder's Statement.

## 14. The Offer Terms

### 14.1. CAM's Offer

- (a) CAM offers to acquire your CBG Shares on the terms and conditions of this Offer. You may accept this Offer in respect of all of your CBG Shares.
- (b) The consideration being offered by CAM is 0.8441 CAM Shares and 0.2740 CAM Notes for every 1 CBG Share.
- (c) If you accept this Offer and CAM acquires your CBG Shares, CAM is also entitled to any Rights in respect of your CBG Shares.
- (d) The CAM Shares to be issued under the Offer will be issued fully paid and will rank equally in all respect with all other CAM Shares currently on issue.
- (e) The CAM Notes to be issued under the Offer will be issued fully paid and will have a face value of \$0.96 each.
- (f) If you become entitled to a fraction of a CAM Share or CAM Note under this Offer, that fractional entitlement will:
  - (i) if less than 0.5, be rounded down to zero; and
  - (ii) otherwise, be rounded up to one CAM Share or CAM Note (as applicable).

If you are entitled to a fraction of a cent, that fraction is rounded to the nearest cent on the same basis. If CAM reasonably believes that you have manipulated your holding of CBG Shares to take advantage of rounding up, then any fractional entitlement is aggregated or rounded down to the next whole number of CAM Shares or CAM Notes (as applicable).

### 14.2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm on [●] 2019 Sydney time, subject to any extension of that period in accordance with the Corporations Act.

### 14.3. Who may accept

- (a) An offer in the form of this Offer is being made to:
  - (i) each holder of CBG Shares registered, or entitled to be registered, in the register of members of CBG at 7:00pm Sydney time on 24 July 2019; and
  - (ii) each other holder of CBG Shares who becomes so registered before the end of the Offer Period.
- (b) If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of, or entitled to be registered as the holder of, some or all of your CBG Shares (**transferred shares**), CAM is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
  - (i) to the other person, relating to the transferred shares; and
  - (ii) to you, relating to your CBG Shares other than the transferred shares (if any).
- (c) If at any time during the Offer Period and before this Offer is accepted, you hold your CBG Shares in two or more distinct portions (for example, you hold some as trustee, nominee or

otherwise on account of another person) within the meaning of section 653B of the Corporations Act:

- (i) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your CBG Shares;
- (ii) to accept any of those corresponding Offers, you must specify:
  - (A) by written notice accompanying your Acceptance Form; or
  - (B) if the notice relates to CBG Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,

that your CBG Shares consist of distinct portions and the number of the CBG Shares to which the acceptance relates; and
- (iii) otherwise, section 653B of the Corporations Act applies to this Offer in respect of your CBG Shares and any acceptance of this Offer by you.

#### **14.4. Official quotation of New CAM Securities**

- (a) CAM has been admitted to the official list of the ASX. Securities of the same class as those to be issued as Offer Consideration have been granted official quotation by the ASX.
- (b) This Offer and any contract that results from your acceptance of this Offer are subject to a condition that:
  - (i) CAM applies to the ASX within 7 days after this Bidder's Statement is given to CBG, for the admission of the New CAM Securities to official quotation; and
  - (ii) permission for admission to official quotation by ASX of CAM Securities to be issued under the Offers which are accepted, is granted no later than 7 days after the end of the Offer Period.
- (c) The condition in Section 14.4(b) of this Offer is required by section 625(3) of the Corporations Act, is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the Conditions set out in Section 14.8(a) of this Offer. Section 625(3) of the Corporations Act provides that this Offer cannot be freed of the condition prescribed in that section, and consequently no statement made by CAM can be taken to be a waiver of that condition. If this condition is not fulfilled all contracts resulting from acceptance of the Offer will be void automatically.
- (d) Official quotation of securities by the ASX is not granted automatically on application. However, CAM has no reason to believe that the New CAM Securities will not be admitted to quotation by the ASX.

#### **14.5. How to accept this Offer**

- (a) You may only accept this Offer in respect of all of your CBG Shares.
- (b) You may only accept this Offer during the Offer Period.
- (c) If your CBG Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.
- (d) To accept this Offer, you should proceed as follows:
  - (i) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it (together with any documents required by the instructions on it), so that the envelope in which they are sent is received by CAM in accordance with the Acceptance Form before the end of the Offer Period; or



- (ii) if your CBG Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
  - (A) instruct your Controlling Participant (usually your Broker) to initiate acceptance of the Offer in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the end of the Offer Period; or
  - (B) if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

#### **14.6. Effect of acceptance**

- (a) By accepting the Offer in accordance with Section 14.5, you will have:
  - (i) accepted this Offer in respect of all of your CBG Shares;
  - (ii) agreed to transfer your CBG Shares to CAM (subject to this Offer and the contract resulting from your acceptance of it becoming unconditional);
  - (iii) represented and warranted to CAM that your CBG Shares will at the time of acceptance of this Offer and at the time of their transfer to CAM be fully paid up and that CAM will acquire good title to and beneficial ownership of your CBG Shares free from all Encumbrances and other adverse third party interests of any kind;
  - (iv) unless Section 14.7(c) applies to you, you irrevocably authorised CAM to issue to you the CAM Securities you are entitled to receive under this Offer and to enter (or to cause the entry of) your name and address (as shown in the register of members of CBG last notified to CAM by CBG) in the register of members and the register of debenture holders of CAM of in respect of those CAM Securities, and agree to be bound by the constitution of CAM and the CAM Note Terms;
  - (v) agreed that, if you are a Foreign Ineligible Shareholder or an Unmarketable Parcel Holder, or if CAM believes that you are an Foreign Ineligible Shareholder or an Unmarketable Parcel Holder, Section 14.7(c) applies to you;
  - (vi) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, irrevocably appointed CAM and each of its directors, secretaries and officers severally as your attorney to do all things which you could lawfully do in relation to your CBG Shares or in exercise of any right derived from the holding of such CBG Shares, including without limitation:
    - (A) attending and voting at any general meeting of CBG;
    - (B) notifying CBG that your address in the records of CBG for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by CAM; and
    - (C) doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of CAM as the registered holder of your CBG Shares.

CAM must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Section 14.6(a)(vi);
  - (vii) agreed that in exercising the powers conferred by the power of attorney under Section 14.6(a)(vi) the attorney may act in the interests of CAM as the intended registered holder and beneficial holder of those CBG Shares;

- (viii) after the Offer or the contract resulting from your acceptance of the Offer becomes unconditional, agreed not to attend or vote in person at any general meeting of CBG or to exercise or purport to exercise any of the powers conferred on an attorney under Section 14.6(a)(vi);
  - (ix) represented and warranted to CAM that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
  - (x) agreed to indemnify CAM and CBG fully in respect of any claim, demand, action, suit or proceeding made or brought against CBG and any loss, expense, damage or liability whatsoever suffered or incurred by CAM or CBG or both CAM and CBG, in each case as a result of any representation or warranty made by you not being true;
  - (xi) irrevocably authorised and directed CBG to pay to CAM or to account to CAM for all dividends and other distributions and entitlements which are declared, paid or made or which arise or accrue after the Announcement Date in respect of the CBG Shares which CAM acquires pursuant to this Offer, subject if your acceptance of this Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void, to CAM accounting to you for any such dividends, distributions and entitlements received by it; and
  - (xii) represented and warranted to CAM that, unless you have notified CAM in writing otherwise, your CBG Shares do not consist of separate parcels of CBG Shares.
- (b) By completing, signing and returning the Acceptance Form, you will also have:
- (i) authorised CAM and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
    - (A) to make the Acceptance Form an effectual acceptance of this Offer; and
    - (B) to enable registration of the transfer to CAM of your CBG Shares; and
  - (ii) authorised CAM and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant (usually your Broker) to initiate acceptance in accordance with the ASX Settlement Operating Rules.
- (c) CAM may at any time in its absolute discretion:
- (i) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although any of the requirements for a valid acceptance have not been complied with; and
  - (ii) where you have satisfied the requirements for acceptance in respect of only some of your CBG Shares, treat the acceptance as a valid acceptance only in respect of those CBG Shares.

In respect of any part of an acceptance treated by CAM as valid, CAM must provide you with the relevant consideration in accordance with Section 14.7.

#### **14.7. Consideration for your CBG Shares**

- (a) Subject to Section 14.7(c), the obligation of CAM to issue and allot any CAM Securities to which you are entitled as Offer Consideration under the Offer will be satisfied by CAM:
  - (i) entering your name on CAM register of members and register of debenture holders (as applicable); and

- (ii) dispatching or procuring the dispatch to you an uncertificated holding statement in your name (for Issuer Sponsored Holdings) or a confirmation of issue (for CHES Holdings) by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register (or such other address as you may notify in writing to CAM).

If your CBG Shares are held in a joint name, an uncertificated holding statement or a confirmation of issue will be issued in the name of the joint holders.

- (b) Subject to Sections 14.7(c) and 14.7(d), if the contract resulting from your acceptance of this Offer becomes unconditional, CAM will provide the Offer Consideration to which you are entitled on acceptance of this Offer on or before the earlier of:
  - (i) 1 month after the date this Offer is validly accepted by you or, if this Offer is subject to a Condition when accepted, within 1 month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (c) If you accept the Offer and you are a Foreign Ineligible Shareholder or Unmarketable Parcel Holder (or CAM believes that you are a Foreign Ineligible Shareholder or Unmarketable Parcel Holder):
  - (i) in respect of any CAM Shares which you would have otherwise become entitled to receive under Section 14.7(b), CAM will:
    - (A) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of CAM Shares to which you and all other Foreign Ineligible Shareholders and Unmarketable Parcel Shareholders would have become entitled to receive as part of the Offer Consideration as a result of acceptance of the Offer but for this Section 14.7(c)(i) and the equivalent Section in each other offer under the Offer (**Nominee Shares**);
    - (B) cause the Nominee to offer for sale the Nominee Shares on ASX or another relevant financial market licensed under section 795B of the Corporations Act through which retail clients may trade securities as soon as practicable and otherwise in such manner, at such price and on such other terms and conditions as are determined by the Nominee;
    - (C) cause the Nominee to pay to you the amount calculated in accordance with the following formula:

$$\frac{\text{Net Proceeds of Sale x Your CAM Shares}}{\text{Total Nominee Shares}}$$

where:

**Net Proceeds of Sale** is the amount the Nominee receives on sale of all Nominee Shares less tax, brokerage and other sale expenses;

**Your CAM Shares** is the number of CAM Shares which would, but for this Section 14.7(c)(i), have been issued to you under this Offer; and

**Total Nominee Shares** is the total number of Nominee Shares issued to the Nominee under Section 14.7(c)(i)(A) and the equivalent provision in each other offer under the Offer;

- (ii) in respect of any CAM Notes which you would have otherwise become entitled to receive under Section 14.7(b) of this Offer, CAM will:

- (A) arrange for the issue to the Nominee of the number of CAM Notes to which you and all other Foreign Ineligible Shareholders and Unmarketable Parcel Noteholders would have become entitled to receive as part of the Offer Consideration as a result of acceptance of the Offer but for this Section 14.7(c)(ii) and the equivalent Section in each other offer under the Offer (**Nominee Notes**);
- (B) cause the Nominee to offer for sale the Nominee Notes on ASX or another relevant financial market licensed under section 795B of the Corporations Act through which retail clients may trade securities as soon as practicable and otherwise in such manner, at such price and on such other terms and conditions as are determined by the Nominee;
- (C) cause the Nominee to pay to you the amount calculated in accordance with the following formula:

$$\frac{\text{Net Proceeds of Sale x Your CAM Notes}}{\text{Total Nominee Shares}}$$

where:

**Net Proceeds of Sale** is the amount the Nominee receives on sale of all Nominee Notes less tax, brokerage and other sale expenses;

**Your CAM Notes** is the number of CAM Notes which would, but for this Section 14.7(c)(ii), have been issued to you under this Offer; and

**Total Nominee Shares** is the total number of Nominee Notes issued to the Nominee under Section 14.7(c)(i)(A) and the equivalent provision in each other offer under the Offer.

- (iii) payment of the amounts calculated in accordance with Sections 14.7(c)(i) and 14.7(c)(ii) will be made by cheque drawn in Australian currency in your favour. The cheque will be sent at your risk by pre-paid airmail to the address provided on your Acceptance Form. Under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you;
- (iv) you irrevocably appoint CAM as your agent to receive any notice, including a Financial Services Guide (if any) (and any update of any such notice or document), that the Nominee and/or its broker may provide under the Corporations Act and you acknowledge and agree that any such notice or document will be made available by CAM on CAM's website (<https://www.climecapital.com.au/>);
- (v) as the market price of CAM Securities will be subject to change from time to time, the sale price of the CAM Securities sold by the Nominee and the proceeds of those sales cannot be guaranteed. None of CAM or the Nominee gives any assurance as to the price that will be achieved for the sale of the CAM Securities by the Nominee; and
- (vi) the Nominee will be appointed by, and will provide the Nominee services to, CAM. In acting as Nominee, the Nominee will not be acting as agent or subagent of any Foreign Ineligible Shareholder or Unmarketable Parcel Holder, does not have duties or obligations (fiduciary or otherwise) to any Foreign Ineligible Shareholder or Unmarketable Parcel Holder and does not underwrite the sale of the CAM Securities.

Notwithstanding anything else in the Bidder's Statement, CAM is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Foreign Ineligible Shareholders or Unmarketable Parcel Holders to receive CAM Securities or any amounts as set out in this Section 14.7(c).

- (d) Where the Acceptance Form or any subsequent request from CAM requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document requested by CAM to give better effect to your acceptance):
- (i) if the documents are given with your acceptance, CAM will provide the Offer Consideration in accordance with Section 14.7(b) or 14.7(c);
  - (ii) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a Condition at the time that CAM is given the documents, CAM will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
    - (A) 1 month after the contract resulting from your acceptance of this Offer becomes unconditional; and
    - (B) 21 days after the end of the Offer Period; or
  - (iii) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that CAM is given the documents, CAM will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
    - (A) 1 month after CAM is given the documents; and
    - (B) 21 days after the end of the Offer Period; or
  - (iv) if the documents are given after the end of the Offer Period, CAM will provide the Offer Consideration within 21 days after the documents are given.

If you do not provide CAM with the required additional documents within 1 month after the end of the Offer Period, CAM may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

- (e) If CAM becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give CAM all documents necessary to vest those Rights in CAM or otherwise to give CAM the benefit or value of those Rights. If you do not give those documents to CAM, or if you have received the benefit of those Rights, then CAM may reduce the number of New CAM Securities to which you are otherwise entitled under this Offer by the amount equal to the value, (as reasonably assessed by CAM), of those Rights in accordance with Section 14.7(f) of this Offer.
- (f) If:
- (i) you have (or any previous holder of your CBG Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
  - (ii) you are (or any previous holder of your CBG Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your CBG Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or
  - (iii) your CBG Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to CBG Shareholders,

then CAM may reduce the number of New CAM Securities to be issued to you under this Offer by the value (as reasonably assessed by CAM) of such Rights. If CAM does not, or cannot, make such a reduction, you must pay such value or amount to CAM.

(g) If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom any of the following apply:

- (i) Autonomous Sanctions Regulations 2011 (Cth);
- (ii) Part 4 of the Charter of the United Nations Act 1945 (Cth), Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth) or any other regulations made thereunder or otherwise; or
- (iii) any other law of Australia,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

(h) If any amount (the **withholding amount**) is required, under any Australian law or by any Governmental Agency, to be:

- (i) withheld from any consideration otherwise due to you under this Offer and paid or provided to a Governmental Agency; or
- (ii) retained by CAM out of any consideration otherwise due to you under this Offer,

the payment, provision or retention by CAM of the withholding amount (as applicable) will constitute full discharge of CAM's obligation to provide the consideration to you to the extent of the withholding amount.

#### 14.8. Conditions of this Offer

(a) This Offer and the contract that results from acceptance of this Offer are each subject to the fulfilment of the following conditions:

- (i) **minimum acceptance condition:** during, or at the end of the Offer Period, CAM has Relevant Interests in at least 50.1% of the CBG Shares;
- (ii) **no change in investment management arrangements:** between the Announcement Date and the end of the Offer Period (each inclusive), the Investment Management Agreement is not terminated, amended or assigned, and no proposal to terminate, amend or assign the Investment Management Agreement is made (in each case, other than by or to CAM or its Associates);
- (iii) **market fall:** the S&P/ASX 200 Index not closing on a trading day during the Offer Period at a level that is 10% or more below the level on the trading day immediately prior to the date of the Bidder's Statement and remaining at or below that level for at least 3 consecutive trading days;
- (iv) **no regulatory intervention:** during the period from the Announcement Date to the end of the Offer Period (each inclusive):
  - (A) no preliminary or final decision, order or decree is made or issued;
  - (B) no action, proceeding or investigation is announced, commenced or threatened; and
  - (C) no application is made (other than by CAM or its Associates),

by or to any regulatory organisation or Governmental Agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the CBG Shares by CAM, the rights of CAM in

respect of CBG and the CBG Shares or the continued operation of the businesses of CBG or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act);

- (v) **no prescribed occurrences:** during the period from the date on which the Bidder's Statement is given to CBG and the end of the Offer Period (each inclusive), none of the following events occur:
- (A) CBG converts all or any of its shares into a larger or smaller number of shares;
  - (B) CBG or a subsidiary of CBG resolves to reduce its share capital in any way;
  - (C) CBG or a subsidiary of CBG:
    - (1) enters into a buy-back agreement; or
    - (2) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
  - (D) CBG or a subsidiary of CBG issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
  - (E) CBG or a subsidiary of CBG issues, or agrees to issue, convertible notes;
  - (F) CBG or a subsidiary of CBG disposes, or agrees to dispose, of the whole or a substantial part of its business or property;
  - (G) CBG or a subsidiary grants, or agrees to grant, a security interest over the whole or a substantial part of its business or property;
  - (H) CBG or a subsidiary resolves to be wound up;
  - (I) a liquidator or provisional liquidator of CBG or of a subsidiary is appointed;
  - (J) a court makes an order for the winding up of CBG or of a subsidiary;
  - (K) an administrator of CBG, or of a subsidiary, is appointed under sections 436A, 436B or 436C of the Corporations Act;
  - (L) CBG or a subsidiary executes a deed of company arrangement;
  - (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of CBG or of a subsidiary;
  - (N) CBG makes or declares, or announces an intention to make or declare, any distribution (whether by dividend, capital reduction or otherwise and whether in cash or in specie); and
  - (O) CBG or a subsidiary of CBG incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business; and CBG converts all or any of its shares into a larger or smaller number of shares; and
- (vi) **no prescribed occurrences between Announcement Date and date of Bidder's Statement:** during the period beginning on the Announcement Date and ending on the day before the Bidder's Statement is given to CBG (each inclusive), none of the events listed in sub-paragraphs (A) to (O) of Section 14.8(a)(v) occur.
- (b) Each of the Conditions set out in Section 14.8(a) and each sub-Section, sub-sub-Section and sub-sub-sub-Section of Section 14.8(a):

- (i) is and must be construed as a separate condition; and
  - (ii) subject to the Corporations Act, operates only for the benefit of CAM and any breach or non-fulfilment of such condition may be relied upon only by CAM which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that Condition.
- (c) None of the Conditions prevents a contract to sell your CBG Shares resulting from your acceptance of this Offer but:
- (i) breach of any of the Conditions entitles CAM to rescind that contract by notice to you; and
  - (ii) non-fulfilment of any of the Conditions at the end of the Offer Period will have the consequences set out in Section 14.8(g).
- (d) Where an event occurs that would mean at the time the event occurs a Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, each Condition affected by that event becomes two separate Conditions on identical terms except that:
- (i) one of them relates solely to that event; and
  - (ii) the other specifically excludes that event.
- CAM may declare the Offer free under Section 14.8(e) from either of those Conditions without declaring it free from the other and may do so at different times. This Section may apply any number of times to a particular Condition (including a Condition arising from a previous operation of this Section).
- (e) Subject to the Corporations Act, CAM may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Conditions by giving written notice to CBG:
- (i) in the case of the Conditions in Section 14.8(a)(v), not later than 3 business days after the end of the Offer Period; and
  - (ii) in the case of all other Conditions, not less than 7 days before the last day of the Offer Period.
- (f) The date for giving the notice on the status of the Conditions as required by section 630(1) of the Corporations Act is [●] 2019 (subject to extension in accordance with the Corporations Act) if the Offer Period is extended.
- (g) Your acceptance or the contract resulting from your acceptance of this Offer is void if:
- (i) at the end of the Offer Period any of the Conditions in Section 14.8(a) is not fulfilled; and
  - (ii) CAM has not declared this Offer and any contract resulting from the acceptance of it free of that Condition in accordance with Section 14.8(e).

#### **14.9. Withdrawal of Offers**

- (a) This Offer, if not previously accepted, may be withdrawn by CAM, but only with ASIC's written consent (which consent may be given subject to any conditions which may be imposed by ASIC).
- (b) Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from CAM given to CBG.



- (c) Subject to any conditions imposed by ASIC on its consent, where CAM withdraws this Offer, if not previously accepted, automatically becomes incapable of acceptance.

**14.10. Variation**

CAM may vary this Offer in accordance with the Corporations Act.

**14.11. CAM's Relevant Interests**

At the date of this Offer, there are 26,189,170 CBG Shares on issue. As at the date of this Bidder's Statement and at the date of the Offer, CAM has a Relevant Interest in 391,419 CBG Shares.

**14.12. Stamp duty**

CAM must pay all stamp duty payable on the transfer of your CBG Shares to it if you accept this Offer.

This Offer is dated [●] 2019.

## 15. Definitions and Interpretation

### 15.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

<b>\$</b>	Australian Dollars.
<b>Acceptance Form</b>	the acceptance form for the Offer accompanying this Bidder's Statement.
<b>Announced NTA</b>	the NTA of CBG as at any date as reported by CBG on ASX in accordance with Listing Rule 4.12.
<b>Announcement Date</b>	the date on which the Offer was announced to ASX, namely 18 June 2019.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	has the same meaning given to that term in section 12 of the Corporations Act.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the market it administers being Australian Securities Exchange (as the context requires).
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ACN 008 504 532).
<b>ASX Settlement Operating Rules</b>	the operating rules of the settlement facility provided by ASX Settlement.
<b>Bidder's Statement</b>	this document, being the statement made by CAM under Part 6.5 Division 2 of the Corporations Act.
<b>Broker</b>	a person who is a share broker and participant in CHESS.
<b>Board</b>	the board of Directors of CAM.
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>CAM</b>	Clime Capital Limited (ACN 106 282 777).
<b>CAM Directors</b>	the directors of CAM.
<b>CAM Investment Management Agreement</b>	the investment management agreement between CAM and the CAM Investment Manager dated 12 November 2003.
<b>CAM Investment Manager</b>	Clime Asset Management Pty Limited
<b>CAM Note Terms</b>	the terms of the CAM Notes set out in Appendix C.
<b>CAM Noteholders</b>	a registered holder of CAM Notes.
<b>CAM Notes</b>	listed convertible notes issued by CAM quoted on ASX with ASX code "CAMG".
<b>CAM Securities</b>	CAM Shares and CAM Notes.

<b>CAM Shareholder</b>	a registered holder of CAM Shares.
<b>CAM Shares</b>	ordinary shares in the capital of CAM.
<b>CBG</b>	CBG Capital Limited (ACN 168 936 249).
<b>CBG Board</b>	the board of Directors of CBG.
<b>CBG Directors</b>	the directors of CBG.
<b>CBG Independent Directors</b>	James Beecher and Peter Velez.
<b>CBG Investment Manager</b>	CBG Asset Management Limited (ACN 098 327 809).
<b>CBG Shareholder</b>	a registered holder of CBG Shares.
<b>CBG Shares</b>	shares in the capital of CBG.
<b>Clime</b>	the CAM Investment Manager (Clime Asset Management Pty Limited).
<b>Clime Group</b>	means Clime Investment Management Limited and its controlled entities.
<b>Conditions</b>	mean the conditions to the Offer set out in Section 14.8 of this Bidder's Statement.
<b>Controlling Participant</b>	has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a Broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).
<b>Foreign Ineligible Shareholder</b>	a person whose address as shown in the register of members of CBG is in a jurisdiction other than Australia and its external territories or New Zealand, unless CAM determines otherwise, being satisfied by the law of that jurisdiction that it is lawful and not onerous to make the Offer to that person and to issue them with CAM Shares and that it is lawful for that person to accept the Offer.
<b>Foreign Law</b>	a law of any jurisdiction other than an Australian jurisdiction.
<b>Governmental Agency</b>	any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
<b>GST</b>	goods and services tax.
<b>Investment Management Agreement</b>	the investment management agreement between CBG and the CBG Investment Manager dated 17 September 2014.
<b>Listing Rules</b>	the listing rules of the ASX.
<b>Marketable Parcel</b>	has the meaning given to it in the ASX Settlement Operating Rules.
<b>Merged Group</b>	the CBG and CAM businesses, assumes that CBG is a wholly owned subsidiary of CAM. This will occur in circumstances where CAM receives acceptances of not less than 90% of CBG Shares under the Offer and moves to compulsory acquire the balance of CBG Shares outstanding.

<b>New CAM Securities</b>	the CAM Shares and CAM Notes to be issued as Offer Consideration.
<b>NTA</b>	the unaudited pre-tax net tangible asset backing per share as at a particular date.
<b>Offer</b>	the offer as set out in Section 14 of this Bidder's Statement (or, if the context so requires, Section 14 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.
<b>Offer Consideration</b>	0.8441 CAM Shares and 0.2740 CAM Notes for every 1 CBG Share.
<b>Offer Period</b>	the period for which the Offer remains open as set out in Section 14.2.
<b>Offers</b>	the Offer and each of the other offers made in the same terms for CBG Shares and includes a reference to those offers as varied in accordance with the Corporations Act.
<b>Official List</b>	the official list of entities that ASX has admitted and not removed.
<b>Official Quotation</b>	official quotation of a security on a market operated by ASX.
<b>Post-Tax NTA</b>	the unaudited post-tax net tangible asset backing per share as at a particular date.
<b>Pre-Tax NTA</b>	NTA.
<b>Prescribed Occurrence</b>	<ul style="list-style-type: none"> <li>(a) CBG converts all or any of its shares into a larger or smaller number of shares;</li> <li>(b) CBG or a subsidiary of CBG resolves to reduce its share capital in any way;</li> <li>(c) CBG or a subsidiary of CBG: <ul style="list-style-type: none"> <li>(i) enters into a buy-back agreement; or</li> <li>(ii) resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;</li> </ul> </li> <li>(d) CBG or a subsidiary of CBG issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;</li> <li>(e) CBG or a subsidiary of CBG issues, or agrees to issue, convertible notes;</li> <li>(f) CBG or a subsidiary of CBG disposes, or agrees to dispose, of the whole or a substantial part of its business or property;</li> <li>(g) CBG or a subsidiary grants, or agrees to grant, a security interest over the whole or a substantial part of its business or property;</li> <li>(h) CBG or a subsidiary resolves to be wound up;</li> </ul>

- (i) a liquidator or provisional liquidator of CBG or of a subsidiary is appointed;
- (j) a court makes an order for the winding up of CBG or of a subsidiary;
- (k) an administrator of CBG, or of a subsidiary, is appointed under sections 436A, 436B or 436C of the Corporations Act;
- (l) CBG or a subsidiary executes a deed of company arrangement;
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of CBG or of a subsidiary;
- (n) CBG makes or declares, or announces an intention to make or declare, any distribution (whether by dividend, capital reduction or otherwise and whether in cash or in specie); and
- (o) CBG or a subsidiary of CBG incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business.

<b>Relevant Interest</b>	has the same meaning given to that term in sections 608 and 609 of the Corporations Act.
<b>Rights</b>	all accretions, rights or benefits of whatever kind attaching to or arising from CBG Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends, distributions, and all rights to receive dividends, distributions or to receive or subscribe for Securities, stock shares, notes, bonds, options or other securities, declared, paid or issued by CBG or any of its controlled entities.
<b>Security</b>	has the meaning as given in section 92 of the Corporations Act.
<b>Takeovers Panel</b>	the Australian Government Takeovers Panel.
<b>Target's Statement</b>	the statement given by CBG under Part 6.5 of the Corporations Act relating to the Offer.
<b>Third Party</b>	a person other than CAM or its representatives.
<b>Trading Day</b>	has the meaning given in the Listing Rules.
<b>Trustee</b>	the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity), initially being Equity Trustees Limited.
<b>Trust Deed</b>	the trust deed entitled 'Convertible Notes Trust Deed' between CAM and the Trustee and dated on or about 16 November 2017.
<b>Unmarketable Parcel</b>	that number of CAM Shares or CAM Notes (as applicable) which is less than a Marketable Parcel (currently a parcel of less than \$500) calculated based on the highest closing price of CAM Shares or CAM Notes (as applicable) on the ASX during the period from the date of this Bidder's Statement until the earlier of the end of the Offer Period and 5 ASX trading days before the first day on which

Bidder must provide Offer Consideration under the Offer.

<b>Unmarketable Parcel Holder</b>	means an Unmarketable Parcel Shareholder or an Unmarketable Parcel Noteholder.
<b>Unmarketable Parcel Noteholder</b>	means a CBG Shareholder which, if it accepted the Offer and the Offer Consideration were issued to it, such Offer Consideration would include an Unmarketable Parcel of CAM Notes.
<b>Unmarketable Parcel Shareholder</b>	means a CBG Shareholder which, if it accepted the Offer and the Offer Consideration were issued to it, such Offer Consideration would include an Unmarketable Parcel of CAM Shares.
<b>Voting Power</b>	has the same meaning given to that term in section 610 of the Corporations Act.
<b>VWAP</b>	the volume weighted average price at which shares trade on ASX in the relevant period.

## 15.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and

- (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to “\$”, “A\$”, “Australian Dollars” or “dollars” is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia;
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

**Approval of Bidder's Statement**

This Bidder's Statement has been approved by a unanimous resolution of the directors of CAM.

**Dated** 19 July 2019

**Signed**

For and on behalf of CAM

A handwritten signature in black ink, consisting of a stylized initial 'D' followed by a horizontal line extending to the right.

**Chairman**



## Appendix A

### CAM ASX Announcements

Date	Announcement
19/07/2019	Appendix 4E Preliminary Final Report FY 2019
12/07/2019	NTA Update – June 2019
12/07/2019	Change in substantial holding from CIW
1/07/2019	Interim Portfolio Update – June 2019
1/07/2019	Change of Company Address
1/07/2019	Final Director's Notice - AG
21/06/2019	Quarterly Report to Trustee and ASIC
18/06/2019	Recommended scrip-for-scrip offer for CBG Capital
18/06/2019	CBC: Scrip-for-scrip Merger Proposal from CAM
17/06/2019	Trading Halt
14/06/2019	NTA Update - May 2019
14/06/2019	Director Resignation - Mr A Golowenko
3/06/2019	Interim Portfolio Update - May 2019
3/06/2019	Dividend/Distribution - CAM
27/05/2019	Form 484 lodged with ASIC - Buyback
17/05/2019	Interest Payment - CAMG
14/05/2019	NTA Update - April 2019
14/05/2019	Daily share buy-back notice - Appendix 3E
1/05/2019	Interim Portfolio Update - April 2019
26/04/2019	Appendix 3B - DRP
17/04/2019	Update - Dividend/Distribution - CAM
15/04/2019	Change of Director's Interest Notice - JA
12/04/2019	NTA Update - March 2019
1/04/2019	Interim Portfolio Update - March 2019
22/03/2019	Quarterly Report to Trustee and ASIC
14/03/2019	NTA Update - February 2019
6/03/2019	Change of Director's Interest Notice - JA
5/03/2019	Change of Director's Interest Notice - JA
1/03/2019	Form 484 lodged with ASIC - Buyback
1/03/2019	Interim Portfolio Update - February 2019
26/02/2019	Change of Director's Interest Notice - JA
26/02/2019	Change of Director's Interest Notice - JA
22/02/2019	Review of 2019 Half Year Results
21/02/2019	Dividend/Distribution - CAM
21/02/2019	Half Yearly Report and Accounts

18/02/2019	Daily share buy-back notice - Appendix 3E
14/02/2019	NTA Update - January 2019
7/02/2019	Interest Payment - CAMG
1/02/2019	Interim Portfolio Update - January 2019
24/01/2019	Appendix 3B - DRP
18/01/2019	Update - Dividend/Distribution - CAM
18/01/2019	Final share buy-back notice - Appendix 3F
14/01/2019	NTA Update - December 2018
10/01/2019	Announcement of buy-back - Appendix 3C
2/01/2019	Interim Portfolio Update - December 2018
19/12/2018	Dividend/Distribution - CAM
19/12/2018	Quarterly Report to Trustee and ASIC
13/12/2018	NTA Update - November 2018
12/12/2018	Form 484 lodged with ASIC - Buyback
3/12/2018	Interim Portfolio Update - November 2018
22/11/2018	Daily share buy-back notice - Appendix 3E
20/11/2018	Interest Payment - CAMG
14/11/2018	NTA Update - October 2018
2/11/2018	Form 484 lodged with ASIC - Buyback
1/11/2018	Interim Portfolio Update - October 2018
26/10/2018	Appendix 3B - DRP
26/10/2018	Daily share buy-back notice - Appendix 3E
25/10/2018	Daily share buy-back notice - Appendix 3E
15/10/2018	Daily share buy-back notice - Appendix 3E
15/10/2018	Update - Dividend/Distribution - CAM
12/10/2018	NTA Update - September 2018
12/10/2018	Daily share buy-back notice - Appendix 3E
11/10/2018	Results of Meeting
11/10/2018	Chairman's Address to Shareholders
10/10/2018	Daily share buy-back notice - Appendix 3E
2/10/2018	Interim Portfolio Update - September 2018
25/09/2018	Change of Director's Interest Notice - BS
25/09/2018	Change of Director's Interest Notice - AG
25/09/2018	Change of Director's Interest Notice - JA
25/09/2018	Form 484 lodged with ASIC - Buyback
20/09/2018	Quarterly Report to Trustee and ASIC
20/09/2018	Daily share buy-back notice - Appendix 3E
14/09/2018	NTA Update - August 2018
14/09/2018	Daily share buy-back notice - Appendix 3E
10/09/2018	Notice of Annual General Meeting/Proxy Form

5/09/2018	Dividend/Distribution - CAM
3/09/2018	Interim Portfolio Update - August 2018
3/09/2018	Daily share buy-back notice - Appendix 3E
30/08/2018	Daily share buy-back notice - Appendix 3E
29/08/2018	Daily share buy-back notice - Appendix 3E
28/08/2018	Daily share buy-back notice - Appendix 3E
27/08/2018	Daily share buy-back notice - Appendix 3E
24/08/2018	Gross Assets Update
24/08/2018	Daily share buy-back notice - Appendix 3E
23/08/2018	Daily share buy-back notice - Appendix 3E
22/08/2018	Daily share buy-back notice - Appendix 3E
20/08/2018	Daily share buy-back notice - Appendix 3E
16/08/2018	Appendix 4G
16/08/2018	Corporate Governance Statement 2018
16/08/2018	Appendix 4E & Annual Report to shareholders 2018
14/08/2018	NTA Update - July 2018
10/08/2018	Interest Payment - CAMG
3/08/2018	Daily share buy-back notice - Appendix 3E
1/08/2018	Interim Portfolio Update - July 2018
30/07/2018	Daily share buy-back notice - Appendix 3E
27/07/2018	Appendix 3B - DRP
27/07/2018	Daily share buy-back notice - Appendix 3E
26/07/2018	Daily share buy-back notice - Appendix 3E
20/07/2018	Update - Dividend/Distribution - CAM
20/07/2018	Daily share buy-back notice - Appendix 3E
17/07/2018	Appendix 3B - Bonus Issue
17/07/2018	Bonus Issue
13/07/2018	NTA Update - June 2018
2/07/2018	Form 484 lodged with ASIC - Buyback
2/07/2018	Interim Portfolio Update - June 2018
2/07/2018	Daily share buy-back notice - Appendix 3E

## Appendix B

### CBG ASX Announcements

Date	Announcements
19/07/2019	Appendix 4E Preliminary Final Report FY 2019
12/07/2019	Investment Update & NTA June 2019
1/07/2019	Change of Company Address
1/07/2019	Interim Portfolio Update – June 2019
18/06/2019	CAM: Recommended scrip-for-scrip offer for CBG Capital
18/06/2019	Scrip-for-scrip Merger Proposal from CAM
17/06/2019	Trading Halt
14/06/2019	Investment Update & NTA May 2019
3/06/2019	Interim Portfolio Update - May 2019
23/05/2019	Appendix 3B - DRP
17/05/2019	Update - Dividend/Distribution - CBC
14/05/2019	Investment Update & NTA April 2019
1/05/2019	Interim Portfolio Update - April 2019
1/05/2019	Form 484 lodged with ASIC - Buyback
12/04/2019	Investment Update & NTA March 2019
4/04/2019	Daily share buy-back notice - Appendix 3E
2/04/2019	Interim Portfolio Update - March 2019
14/03/2019	Investment Update & NTA February 2019
1/03/2019	Interim Portfolio Update - February 2019
19/02/2019	Dividend/Distribution - CBC
19/02/2019	Half Yearly Report and Accounts
14/02/2019	Investment Update & NTA January 2019
1/02/2019	Interim Portfolio Update - January 2019
14/01/2019	Investment Update & NTA December 2018
14/01/2019	Announcement of buy-back - Appendix 3C
2/01/2019	Interim Portfolio Update - December 2018
13/12/2018	Investment Update & NTA November 2018
3/12/2018	Interim Portfolio Update - November 2018
27/11/2018	Appendix 3B - DRP
22/11/2018	Update - Dividend/Distribution - CBC
14/11/2018	Investment Update & NTA October 2018
1/11/2018	Interim Portfolio Update - October 2018
24/10/2018	Change of Director's Interest Notice - R Chalmers
16/10/2018	Change of Director's Interest Notice - P Velez
12/10/2018	Investment Update & NTA September 2018

11/10/2018	Results of Meeting
11/10/2018	Chairman's Address to Shareholders
2/10/2018	Interim Portfolio Update - September 2018
20/09/2018	Change of Director's Interest Notice - R Chalmers
20/09/2018	Change of Director's Interest Notice - J Beecher
14/09/2018	Investment Update & NTA August 2018
10/09/2018	Notice of Annual General Meeting/Proxy Form
3/09/2018	Interim Portfolio Update - August 2018
24/08/2018	Final Director's Interest Notice
24/08/2018	Director Resignation - John Abernethy
24/08/2018	Initial Director's Interest Notice
24/08/2018	Director Appointment - Peter Velez
24/08/2018	Gross Assets Update
16/08/2018	Dividend/Distribution - CBC
16/08/2018	Appendix 4G
16/08/2018	Corporate Governance Statement 2018
16/08/2018	Appendix 4E & Annual Report to shareholders 2018
14/08/2018	Investment Update & NTA July 2018
1/08/2018	Interim Portfolio Update - July 2018
23/07/2018	Appendix 3B - Bonus Issue
23/07/2018	Bonus Issue
13/07/2018	Investment Update & NTA June 2018
2/07/2018	Header Amendment - Interim Portfolio Update - June 2018
2/07/2018	Interim Portfolio Update - May 2018

## Appendix C

### CAM Notes – Terms of Issue

#### 1. Form of CAM Notes

##### 1.1 Form

The Notes are redeemable, convertible notes of the Issuer issued under the Trust Deed. Noteholders are entitled to the benefit of and are bound by the provisions of the Transaction Documents and these Note Terms.

##### 1.2 Face Value and Issue Price

- (a) The Notes are each issued fully paid with a Face Value of \$0.96 (Face Value).
- (b) Each Note will be issued by the Issuer at an issue price of \$0.96 (Issue Price). The Issue Price must be paid in full on application.

##### 1.3 Currency

The Notes are denominated in Australian dollars.

##### 1.4 Clearing System

For such time as the Notes are quoted on ASX, the rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

##### 1.5 No certificates

No certificates will be issued to Noteholders unless the Issuer determines that certificates should be available or are required by any applicable law.

##### 1.6 ASX quotation of Notes

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure that the Notes are, and until Redeemed or Converted remain, quoted on ASX.

##### 1.7 Participating in the new issues

To the maximum extent permitted by the Corporations Act, the ASX Listing Rules and any other applicable laws, Noteholders will be eligible to participate in any future rights on the basis of Notes held at the time of any rights issue. This eligibility to participate in any rights issues is in addition to a right for a Noteholder to participate in any rights issue on the basis of Shares in the Company also held by a Noteholder.

##### 1.8 No other rights

The Notes confer no rights on a Noteholder:

- (a) to vote at any meeting of members of the Issuer; or
- (b) to otherwise participate in the profits or property of the Issuer, except as set out in these Note Terms or the Transaction Documents.

#### 2. Interest

##### 2.1 Interest

- (a) Each Note bears interest on its Face Value from (and including) its Issue Date to (but excluding) its Maturity Date, Conversion Date or Redemption Date at the Interest Rate.
- (b) Interest is payable in arrears on each Interest Payment Date.

### **3. General provisions applicable to interest**

#### **3.1 Calculation of Interest Rate and Interest payable**

- (a) The Issuer must, as soon as practicable in each Interest Period, calculate the amount of interest payable for that Interest Period in respect of the Face Value of each Note.
- (b) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest Payable} = \frac{\text{Interest Rate} \times \$0.96 \times N}{365}$$

Where:

N means, in respect of:

- (a) the first Interest Payment Date in respect of a Note, the number of days from (and including) its Issue Date to (but excluding) that first Interest Payment Date; and
- (b) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date to (but excluding) that Interest Payment Date or, as the case may be, the Maturity Date, Conversion Date or Redemption Date.

#### **3.2 Notification of Interest Rate, Interest payable and other items**

- (a) The Issuer must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of:
  - (i) for each Interest Period, the amount of interest payable; and
  - (ii) any amendment to the amount referred to in subparagraph (A) arising from any extension or reduction in any Interest Period or calculation period.
- (b) The Issuer must give notice under this clause 3.2 of the amount of interest on each Note for the Interest Period by no later than the 10th Business Day of that Interest Period.
- (c) The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Trustee and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) promptly after doing so.

#### **3.3 Default Interest**

If an amount is not paid under these Note Terms on or before the due date, interest accrues on the unpaid amount at eight per cent per annum from (and including) the due date to (but excluding) the date on which payment is made to the Noteholder of the full unpaid amount.

#### **3.4 Determination final**

The determination by the Issuer of all amounts, rates and dates falling to be calculated or determined by it under these Note Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee and each Noteholder.

### 3.5 Calculations

For the purposes of any calculations required under these Note Terms:

- (a) all figures must be rounded to three decimal places (with 0.0005 being rounded up to 0.001); and
- (b) all amounts that are due and payable must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

## 4. Conversion

### 4.1 Notes are Convertible

Subject to these Note Terms and the ASX Listing Rules, the Noteholder has the right (Conversion Right), in accordance with this clause 4, to convert some or all of its Notes into a number of Shares determined by application of the following formula:

$A \div B$  where:

A = the Conversion Amount; and

B = the Conversion Price.

### 4.2 Conversion at the Noteholder's election

- (a) Subject to paragraph 4.2(b)(ii), a Noteholder may elect in its absolute discretion to convert some or all of its Notes into Shares by giving the Registrar notice in writing of its intention to convert some or all of its Notes (Conversion Notice).
- (b) In order to convert any Notes into Shares, either:
  - (i) the Face Value of the Notes the subject of a Conversion Right must be at least the lesser of \$2,000; or
  - (ii) the Noteholder must convert the entire balance of their holding of Notes.

### 4.3 Conversion Notice

- (a) A Conversion Notice must:
  - (i) be in writing (in such form as the Issuer may accept or as is required by the ASX Listing Rules);
  - (ii) specify the number of Notes to be converted; and
  - (iii) be signed by the Noteholder or an authorised representative or officer of the Noteholder.
- (b) Once a Conversion Notice has been given:
  - (i) the notice cannot be withdrawn without the written consent of the Issuer;
  - (ii) the Noteholder must not deal with, transfer, dispose of or otherwise encumber any Notes the subject of the Conversion Notice; and
  - (iii) the Noteholder must provide such evidence of title to the Notes the subject of the Conversion Notice as may be reasonably required by the Issuer and the Registrar.



- (c) Despite receipt by a Noteholder of a notice issued under clause 8.3, a Noteholder may still give a Conversion Notice provided the notice is given not less than five Business Days before the Redemption Date specified in the notice issued under clause 8.3.
- (d) A Conversion Notice given to the Issuer five or more Business Days before an Interest Payment Date will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following the date the notice is given.
- (e) If a Conversion Notice is given to the Issuer less than five Business Days before an Interest Payment Date (Date 1), the Conversion Notice will be effective on such date as may be determined by the Issuer (in its absolute discretion), provided that date is not later than the next Interest Payment Date following Date 1.
- (f) A Conversion Notice will not be effective if it is given less than five Business Days before the Maturity Date.

#### **4.4 Effect of Conversion**

On the Conversion Date:

- (a) the Noteholder's Notes which are the subject of a Conversion Notice will be Redeemed for the Conversion Amount, and the Noteholder will be taken to have agreed to pay the Conversion Amount to the Issuer by way of subscription for new Shares (**Conversion Shares**) at an issue price per Conversion Share that is equal to the Conversion Price, with each obligation to pay the Conversion Amount to be satisfied by way of mutual set-off;
- (b) the Issuer will issue to the Noteholder, and must register the Noteholder as the holder of, the Conversion Shares;
- (c) the Noteholder agrees to be registered as the holder of the Conversion Shares in the register of Members;
- (d) a holding notice in respect of the Conversion Shares is to be sent to the Noteholder at its registered address in respect of the relevant Notes;
- (e) the Issuer must use all reasonable endeavours to procure and maintain quotation of the Conversion Shares on ASX; and
- (f) upon issue of the Conversion Shares, all other rights conferred or restrictions imposed by the Note under these Note Terms will no longer have effect.

#### **4.5 Ranking of Shares**

Shares issued on conversion of the Notes will be fully paid and will in all respects rank *pari passu* with all other fully paid Shares on issue on the relevant Conversion Date, except that they will not be entitled to any dividend or any other distribution or entitlement that has not been paid as at the Conversion Date but for which the record date was prior to the Conversion Date.

#### **4.6 No fractional shares**

No fractional Shares will be issued on conversion of a Note. If the calculation under this clause results in an entitlement to a number of Shares which includes a fraction of a Share, the fraction will be disregarded.

#### **4.7 Adjustments for reorganisation of capital**

Subject to the ASX Listing Rules, if there is a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Issuer, the basis for conversion of the Notes will be reconstructed in the same proportion as the issued capital of the Issuer is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholders which are

not conferred on Shareholders (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Notes will remain unchanged.

## **5. Redemption**

### **5.1 Scheduled redemption on Maturity Date**

Each Note is Redeemable by the Issuer on the Maturity Date at its Face Value unless:

- (a) the Note has been previously Converted;
- (b) the Note has been previously Redeemed; or
- (c) the Note has been purchased by the Issuer and cancelled.

### **5.2 Purchase**

Subject to compliance with any applicable law or requirement of ASX (and any stock exchange or other relevant authority on which the Notes are quoted):

- (a) the Issuer and any of its Related Bodies Corporate (or any third party nominated by the Issuer) may, at any time, purchase Notes in the open market or otherwise and at any price;
- (b) if purchases are made by tender for the Notes by the Issuer or any of its Related Bodies Corporate, tenders must be available to all Noteholders alike; and
- (c) Notes purchased under this clause 5.2 may be held, resold or cancelled at the discretion of the purchaser (and, if the Notes are to be cancelled, the Issuer).

## **6. Status, security and ranking**

### **6.1 Status**

The Notes at all times constitute unsecured debt obligations of the Issuer.

### **6.2 No Security**

The Notes are unsecured.

### **6.3 Ranking of Notes**

- (a) Each Note ranks for payment in a Winding Up of the Issuer:
  - (i) equally with each other Note;
  - (ii) equally with all present and future unsubordinated and unsecured debt obligations of the Issuer (subject to the laws and principles of equity affecting creditor rights or obligations preferred by mandatory provisions of applicable law); and
  - (iii) ahead of all Shares.
- (b) Without in any way limiting the Issuer's obligations to Redeem the Notes as set out herein, in order to give effect to the ranking specified in clause 6.3, in any Winding Up of the Issuer, the Noteholders agree that their claims are limited to the extent necessary to ensure that Noteholders of the Notes receive payments on a pro-rata basis.
- (c) Without in any way limiting the Issuer's obligations to Redeem the Notes as set out herein, neither the Trustee nor any Noteholder has any right to prove in a Winding Up of the Issuer in respect of the Notes, except on the basis set out in clauses 6.1 and 6.2.

- (d) Neither the Trustee nor any Noteholder may exercise voting rights as a creditor in respect of the Notes in a Winding Up of the Issuer to defeat the subordination in this clause.
- (e) The ranking of Notes is not affected by the date of registration of any Noteholder in the Register.

## 7. Negative covenants

For so long as any of the Notes remain outstanding, the Issuer must not, without the approval of an Ordinary Resolution, incur any indebtedness that would cause the Issuer's total indebtedness to exceed 40% of the Issuer's total assets.

## 8. Events of Default

### 8.1 Events of Default

An Event of Default occurs in relation to the Notes if:

- (a) **(non-issue of Shares)** the Issuer fails to issue Shares on Conversion in accordance with these Note Terms within 10 Business Days after the date on which such issue is to be made;
- (b) **(non-payment)** the Issuer fails to pay any amount payable by it under the Note Terms and such default is not remedied within 3 Business Days;
- (c) **(breach of Negative Covenants)** the Issuer fails to comply with clause 7 and such failure remains unremedied for a period of 10 Business Days;
- (d) **(breach of other obligations)** the Issuer fails to comply with any of its other obligations under the Note Terms or the Transaction Documents and such failure remains unremedied for a period of 10 Business Days after the earlier of (A) the Issuer receiving written notice from the Trustee in respect of the failure to comply and (B) the Issuer becoming aware of the failure to comply;
- (e) **(insolvency)** an Insolvency Event occurs in respect of the Issuer;
- (f) **(delisting)** a Delisting Event occurs in respect of the Issuer;
- (g) **(cessation of business)** the Issuer ceases or suspends (or threatens to cease or suspend) the conduct of all of its business or a substantial part of its business;
- (h) **(unlawfulness)** at any time, it is unlawful for the Issuer to perform any of its payment obligations under the Notes;
- (i) **(Government Agency)** all or substantially all of the assets of the Issuer are resumed or compulsory acquired by any Government Agency; or
- (j) **(vitiation)** all or any rights or obligations of the Issuer, Noteholders or the Trustee under the Trust Deed or the Note Terms are terminated or are or become void, illegal, invalid, unenforceable or of limited force and effect.

### 8.2 Notification

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it but in any event no later than two Business Days after the Event of Default occurs, notify the Trustee of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Noteholders and ASX (and any other stock exchange or other relevant authority on which the Notes are quoted) of the occurrence of the Event of Default. The Trustee is taken not to have knowledge of the occurrence of an Event of Default unless the Trustee has received written notice from the Issuer or a Noteholder stating that an Event of Default has occurred and describing it. Nothing contained in

the Trust Deed imposes on the Trustee an obligation to inform any Noteholder of any breach by the Issuer of any provision of the Trust Deed.

### **8.3 Consequences of an Event of Default**

- (a) If an Event of Default occurs and is continuing in relation to the Notes, the Trustee may:
- (i) declare by notice to the Issuer (with a copy to the Noteholders and the Registrar) that all the Notes are to be Redeemed at their Face Value (together with any accrued Interest) immediately (but not earlier than 10 Business Days after the date the Trustee gives notice under this clause) or on such other date specified in that notice; or
  - (ii) take enforcement action against the Issuer in relation to the Event of Default in accordance with the Transaction Documents.
- (b) The Trustee shall not be bound to take the action referred to in paragraph (i) above to enforce the obligations of the Issuer in respect of the Notes or any other proceedings or action pursuant to or in connection with the Transaction Documents unless:
- (i) it shall have been so directed by a Special Resolution of the Noteholders of the relevant Notes;
  - (ii) it is indemnified, to its satisfaction, against all costs, charges, liabilities and expenses which may be incurred by it (including legal costs on a solicitor and own client basis) in connection with that action;
  - (iii) it is first placed in funds sufficient to cover the costs that it may incur as a result of doing so; and
  - (iv) it is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

If the Trustee forms the view that such action is or could be inconsistent with these Note Terms, the Transaction Documents or the Corporations Act or any applicable law, it must take steps to seek (and, if the court so determines, to obtain) as soon as reasonably practicable a court direction or order to set aside or vary the direction given by Special Resolution, and, while those steps are underway, the Trustee is not obliged to take any action or proceedings it has been directed to take by Special Resolution.

### **8.4 No enforcement by Noteholders**

Unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, the rights of each Noteholder to enforce the obligations of the Issuer under the Notes are limited to the exercise of its rights to enforce and seek due administration by the Trustee of the Trust Deed. In particular, unless the Trustee, having become obliged to take action to enforce the rights of the Noteholders under the Transaction Documents and these Note Terms, fails to do so within 20 Business Days of being obliged to do so and such failure is continuing, no Noteholder may, with respect to payment of any amount due under the Notes held by it:

- (a) sue the Issuer;
- (b) obtain judgment against the Issuer; or
- (c) apply for or seek Winding Up of the Issuer.

## **9. Title and transfer of Notes**

### **9.1 Title**

Title to a Note passes when details of the transfer are entered in the Register.

## **9.2 Effect of entries in Register**

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Noteholder to pay principal, interest and any other amount in accordance with these Note Terms; and
- (b) an entitlement to the other benefits given to Noteholders under these Note Terms and the Transaction Documents in respect of the Note.

For the avoidance of doubt, an entry in the Register does not make the Noteholder a Member of the Issuer or confer rights on a Noteholder to attend or vote at meetings of Members of the Issuer.

## **9.3 Register conclusive as to ownership**

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note, subject to correction for fraud or manifest error.

## **9.4 Non-recognition of interests**

Except as required by law, the Issuer, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a Note as the absolute owner of that Note. This clause 9.4 applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

## **9.5 Joint holders**

Where two or more persons are entered in the Register as the joint holders of a Note, then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any Note.

## **9.6 Transfers in whole**

The Notes may be transferred in whole but not in part.

## **9.7 Transfer**

A Noteholder may, subject to this clause 9, transfer any Notes:

- (a) by a proper ASTC transfer according to the ASX Settlement Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the Corporations Act;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which the Notes are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of a Note.

## **9.8 Market obligations**

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a Note.

## **9.9 Issuer may request holding lock or refuse to register transfer**

If the Notes are quoted on ASX, and if permitted to do so by the ASX Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be; or
- (b) refuse to register a transfer of Notes.

#### **9.10 Issuer must request holding lock or refuse to register transfer**

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of Notes approved by and registered on the CS Facility's electronic sub-register or Notes registered on an issuer-sponsored sub-register, as the case may be, if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of Notes if the Corporations Act, the ASX Listing Rules or the terms of a Restriction Agreement require the Issuer to do so.
- (c) During a breach of the ASX Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the Noteholder of the Restricted Securities is not entitled to any Interest (or other distribution on), or voting rights in respect of, the Restricted Securities.

#### **9.11 Notice of holding lock and refusal to register transfer**

If, in the exercise of its rights under clauses 9.9 and 9.10, the Issuer requests the application of a holding lock to prevent a transfer of Notes or refuses to register a transfer of Notes, it must, within five Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Noteholder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

#### **9.12 Delivery of instrument**

If an instrument is used to transfer the Notes according to clause 9.7, it must be delivered to the Registrar, together with such evidence (if any) as the Issuer and/or the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes.

#### **9.13 Transferor to remain Noteholder until registration**

A transferor of a Note remains the Noteholder in respect of that Note until the transfer is registered and the name of the transferee is entered in the Register.

#### **9.14 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Transaction Documents and the Note Terms in respect of the transferred Notes and the transferee becomes so entitled in accordance with clause 9.2.

#### **9.15 Estates**

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

#### **9.16 Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all the Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the

aggregate of the Face Value of all the Notes registered as having been transferred equals the aggregate of the Face Value of all the Notes expressed to be transferred in the transfer.

## 10. Payments

### (a) Summary of payment provisions

Payments in respect of the Notes will be made in accordance with this clause 10.

### (b) Record Date

All payments under or in respect of a Note will be made only to those persons registered as the holder of that Note at the nominated time on the relevant Record Date.

### (c) Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 11.

### (d) Payments on Business Days

If a payment:

- (i) is due on a Note on a day which is not a Business Day then the due date for payment will be postponed to the first following day that is a Business Day; or
- (ii) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and, in either case, the Noteholder is not entitled to any additional payment in respect of that delay.

### (e) Payments to accounts

Moneys payable by the Issuer to a Noteholder may be paid in any manner the Issuer decides, including by direct credit into a nominated account of the Noteholder at an Australian branch of a financial institution.

### (f) Payments by cheque

- (i) The Issuer may decide that payments in respect of the Notes will be made by cheque sent by prepaid post on the payment date to the Noteholder (or to the first named joint holder of the Notes) at its address appearing in the Register.
- (ii) Cheques sent to the nominated address of a Noteholder will be at the risk of the registered Noteholder and will be taken to have been received by the Noteholder on the payment date and, no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

### (g) Unsuccessful attempts to pay

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (i) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not nominated an account to which amounts are to be paid by that method;
- (ii) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;

- (iii) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (iv) has issued a cheque which has not been presented within six months of its date and, as a consequence, the Issuer has cancelled such cheque,

then, in each case:

- (v) the amount will be taken to have been duly paid to the Noteholder and will not bear Interest; and
- (vi) the amount will be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder (or any legal personal representative of the Noteholder) nominates an account for payment or otherwise claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

(h) Payment to joint Noteholders

A payment to any one of the joint Noteholders of a Note will discharge the Issuer's liability in respect of the payment.

## 11. Deductions

(a) No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction for or in respect of Taxes, unless such withholding or deduction is required by law.

(b) Withholding and other taxes

- (i) The Issuer may withhold or deduct from any amount payable to a Noteholder in respect of the Notes an amount in respect of any Tax which a qualified legal or taxation advisor advises that it is required by law to withhold or deduct from that payment.
- (ii) The Issuer must pay the full amount required to be withheld or deducted to the relevant revenue authority within the time allowed for such payment (without incurring penalty under the applicable law) and must, if required by a Noteholder, deliver to that Noteholder a copy of the relevant receipt issued by the relevant revenue authority without unreasonable delay after it is received by the Issuer.
- (iii) If an amount is deducted or withheld under clause 11(b)(i) from a payment to a Noteholder in respect of any Tax, the full amount payable to the Noteholder will be deemed to have been duly paid and satisfied by the Issuer, and the Issuer will have no obligation to pay any additional amount to the Noteholder on account of the deduction or withholding.

## 12. Amendment of the Note Terms

### 12.1 Amendment without the approval of the Noteholders

At any time, and from time to time, the Note Terms (which, for the avoidance of doubt include this clause) may be modified, altered, cancelled, amended or added to (collectively Modified), without the consent of the Noteholders, if:

- (a) such modification, alteration, cancellation, amendment or addition (collectively Modification) is:



- (i) of a formal or technical nature or made to cure any ambiguity or correct any manifest error;
- (ii) necessary or expedient for the purpose of listing the Notes on ASX or to comply with the applicable ASX Listing Rules or the listing or quotation requirements of any other any securities exchange on which the Issuer may propose to seek a listing of the Notes;
- (iii) necessary or expedient for the purpose of enabling the Notes to be offered for issue or for sale under the laws for the time being in force in any place;
- (iv) necessary or expedient to comply with the provisions of any law or regulation or the requirements of any statutory authority; or
- (v) necessary or advisable following the introduction of, or any amendment to, clarification of, or change (including any announced prospective change) in, any law or regulation of the Commonwealth of Australia or an announcement, action or decision or a proposal to introduce, amend, clarify or change any such law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying any such law or regulation which is likely to cause the Notes to cease to be treated as debt for tax or accounting purposes; and
- (vi) in respect of a Modification sought by a party in reliance on:
  - (A) any one of clauses 12.1(a)(i) to 12.1(a)(iv) above - the Issuer and the Trustee have either jointly or separately obtained a legal opinion from legal advisers of recognised standing in New South Wales, which opinion is in a form satisfactory to the Issuer and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
    - (AA) a Modification within the scope of any one or more of clauses 12.1(a)(i) to 12.1(a)(iv); and
    - (BB) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole); or
  - (B) clause 12.1(a)(v) above - the Issuer and the Trustee have either jointly or separately obtained an opinion from an accountancy or taxation adviser of recognised standing in New South Wales, which opinion is in a form satisfactory to the Issuer and the Trustee, as applicable (each acting reasonably) and is addressed to or is otherwise able to be relied on by each of the Issuer and the Trustee, as applicable, to the effect that such Modification (taken as a whole and in conjunction with all other Modifications) is:
    - (AA) a Modification within the scope of clause 12.1(a)(v); and
    - (BB) not materially prejudicial to the interests of Noteholders of the Notes (taken as a whole).

## **12.2 Amendment with the approval of the Noteholders**

- (a) At any time, and from time to time, but subject to clauses 12.2(b), 12.2(c) and
- (b) of the Note Terms, the Note Terms (which, for the avoidance of doubt, includes this clause) may be Modified if such Modification is authorised by an Ordinary Resolution.

- (c) If the Trustee considers the Modification will materially and adversely affect the rights of all Noteholders, then the Modification must be authorised by a Special Resolution.
- (d) If a clause in the Note Terms provides for Noteholders to give a direction to the Trustee by a Special Resolution, then that clause may only be Modified if such Modification is authorised by a Special Resolution.

### **12.3 Amendment with the approval of the Noteholders but not the Trustee**

If a Modification to the Note Terms (which, for the avoidance of doubt includes this clause) is proposed by the Issuer under clause 12.2 and the Trustee will not consent to the Modification, the Note Terms may be Modified in the manner proposed by the Issuer if such Modification is authorised by a Special Resolution, provided that such amendment does not adversely affect the rights and obligations of the Trustee.

## **13. General**

### **13.1 Reporting**

In addition to any requirements of the Corporations Act and the ASX Listing Rules, each Noteholder (if requested by that Noteholder) will be provided with copies of all annual and half-yearly reports and financial statements provided to holders of Shares.

### **13.2 Time limit for claims**

A claim against the Issuer for a payment under a Note is void unless made within 5 years from the date on which payment first became due.

### **13.3 Voting**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests including certain variations of these Note Terms which require the consent of the Noteholders.

### **13.4 Notices**

The Trust Deed contains provisions for the giving of notices.

### **13.5 Further documents**

The Issuer may require the Trustee to execute, on behalf of all Noteholders, such documents as the Issuer considers necessary or desirable (provided that the Trustee is indemnified to its satisfaction, acting reasonably, against any Taxes, fees, costs, charges, expenses or liabilities (including solicitor and client as well as party and party costs) which it may suffer or incur as a result of doing so, and provided that the Trustee will only be required to execute such documents if the Noteholders give a direction to the Trustee by a Special Resolution passed in favour of such execution to do so).

### **13.6 Governing law and jurisdiction**

- (a) The Note Terms and the Notes are governed by the laws of New South Wales.
- (b) The Issuer and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales in connection with matters concerning the Notes or these Note Terms.
- (c) The Issuer and each Noteholder waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

## 14. Interpretation and definitions

### 14.1 Interpretation

In these Note Terms, except where the context otherwise requires:

- (a) if there is inconsistency between the Note Terms and, the Trust Deed, then, to the maximum extent permitted by law, the Note Terms will prevail;
- (b) a reference to a clause or paragraph is to a clause or paragraph of the Note Terms;
- (c) the Directors may exercise all powers of the Issuer under these Note Terms as are not, by the Corporations Act or by the Constitution of the Issuer required to be exercised by the Issuer in a general meeting;
- (d) if a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places;
- (e) calculations, elections and determinations made by the Issuer under these Note Terms are binding on Noteholders in the absence of manifest error;
- (f) if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day;
- (g) the singular word includes the plural, and vice versa;
- (h) a word which suggests one gender includes the other genders;
- (i) if a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning;
- (j) if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing;
- (k) a reference to "dollars", or "\$" is to an amount in Australian currency;

### 14.2 Non Business Days

If the day on or by which a person must do something under this document is not a Business Day:

- (a) if the act involves a payment that is due on demand, the person must do it on or by the next Business Day; and
- (b) in any other case, the person must do it on or by the previous Business Day.

### 14.3 Definitions

Terms defined in the Transaction Documents have the same meanings in these Note Terms. In addition, the following terms have the following meanings unless the contrary intention appears:

**Applicable Regulations** means such provisions of the ASX Listing Rules, the ASX Settlement Operating Rules, the Corporations Act and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer of a Note.

**ASTC** means the ASX Settlement Pty Ltd (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the settlement rules of ASTC as amended or replaced from time to time.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Business Day** means a day which is a business day within the meaning of the ASX Listing Rules;

**Change of Control Event** means each of:

- (a) a takeover bid is made to acquire all of the Shares and the offer under the takeover bid is, or becomes, unconditional and:
  - (i) the bidder has acquired at any time during the offer period a relevant interest in more than 50% of the Shares on issue; or
  - (ii) the Directors of the Issuer unanimously recommend acceptance of the offer under the takeover bid, and acceptance of that offer would result in the bidder having a relevant interest in 100% of the Shares on issue; or
- (b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100 per cent of the Shares on issue.

**Clearing System** means the Clearing House Electronic Sub-register System operated by ASTC or any other applicable securities trading and/or clearance system.

**Constitution** means the constitution of the Issuer, as amended from time to time.

**Conversion** means the conversion of a Note in accordance with clause 4 and the words Convert, Convertible, Converting and Converted bear a corresponding meaning.

**Conversion Amount** means the aggregate Face Value of the total number of Notes the subject of the relevant Conversion Notice plus, at the option of the Issuer, such amount of the Interest accrued but unpaid on those Notes (as determined by the Issuer) on the Conversion Date.

**Conversion Date** means the date (determined by the Issuer (in its absolute discretion) in accordance with the Note Terms) on which Shares will be issued to the Noteholder on conversion of the Notes under clause 4.

**Conversion Notice** means a notice of conversion given in accordance with clauses 4.2 and 4.3.

**Conversion Price** means an amount equal to the Face Value of the Note.

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

**CS Facility** has the same meaning as 'prescribed CS Facility' in the Corporations Act.

**CS Facility Operator** means the operator of a CS Facility.

**Delisting Event** will occur if:

- (a) the Shares cease to be quoted on ASX;
- (b) the Notes cease to be quoted on ASX; or
- (c) trading of the Shares or Notes on the ASX is suspended for a period of more than 20 consecutive Business Days.

**Directors** means some or all of the directors of the Issuer acting as a board.

**Event of Default** means the happening of any event set out in clause 8.

**Face Value** means the nominal principal amount of each Note, being \$0.96.

**Government Agency** means the Crown, a government, a government department or a governmental, semi-governmental, statutory, administrative, parliamentary, provincial, public, municipal, local, judicial or quasi-judicial body.

**Insolvency Event** occurs in relation to a body corporate if:

- (a) it is (or states that it is) insolvent (as defined in the Corporations Act); or
- (b) it has a controller (as defined in the Corporations Act) appointed, or is in receivership, in receivership and management, in liquidation, in provisional liquidation, under administration or wound up or has had a receiver 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, dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the creditors); or
- (d) an Application or order has been made (and, in the case of an Application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459(F)(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is otherwise unable to pay its debts when they fall due; or
- (g) something having a substantially similar effect to (a) to (f) happens in connection with it under the law of any jurisdiction.

**Interest** means the interest payable from time to time in respect of a Note, including interest payable under in clause 3.1 and, as applicable, default interest payable under clause 3.3.

**Interest Payment Date** means, in respect of a Note:

- (a) 10th Business Day following the quarterly periods ending 28 February, 31 May, 31 August and 30 November;
- (b) the Conversion Date (if the Issuer elects not to include the Interest accrued but unpaid on the Note in the Conversion Amount);
- (c) the Maturity Date; and
- (d) any Redemption Date.

**Interest Period** means, for a Note, each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) its Issue Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date, Conversion Date or the Redemption Date.

**Interest Rate** means, in respect of an Interest Period for a Note, 6.25% per annum

**Issue Date** means, in respect of a Note, the date on which that Note is issued.

**Issuer** means Clime Capital Limited ACN 106 282 777.

**Maturity Date** means 30 November 2021.

**Meeting Provisions** means the rules relating to meetings of Noteholders contained in Schedule 2 to the Trust Deed.

**Member or Shareholder** means a person entered in the register of members as a member, for the time being, of the Issuer.

**Note** means a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

**Note Terms** means, in relation to a Note, the terms and conditions of issue of that Note (as set out in Schedule 1 to the Trust Deed).

**Noteholder** means, in respect of a Note, the person from time to time whose name is entered on the Register as the holder of that Note.

**Ordinary Resolution** means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
  - (i) by at least 50 per cent of the persons voting on a show of hands (unless paragraph (ii) below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of at least 50 per cent of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 50 per cent of the principal amount then outstanding of all of the Notes.

**Record Date** means, in relation to any payment to be made under or in respect of the Notes:

- (a) subject to sub-paragraphs (b) and (c), the date which is eight calendar days before the applicable due date for payment; or
- (b) such other date as is determined by the Issuer in its absolute discretion, and communicated to ASX not less than eight calendar days before the record date which would have been determined under paragraph (a) above; or
- (c) such other date as may be required by, or agreed with, ASX.

**Redemption** means the redemption of a Note in accordance with clause 5 and the words Redeem, Redeemable and Redeemed bear their corresponding meanings.

**Redemption Date** means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed.

**Register** means the register of Noteholders (established and maintained under clause 6 of the Trust Deed) and, where appropriate, the term Register includes:

- (a) a sub-register maintained by or for the Issuer under the Corporations Act, the Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register.

**Registrar** means Boardroom Pty Limited ACN 003 209 836 or any other person appointed by the Issuer (with such appointment notified to the Trustee) to maintain the Register and perform any payment and other duties as specified in that agreement.

**Restriction Agreement** means an agreement which is required to be concluded under Chapter 9 of the ASX Listing Rules or in voluntarily concluded between the Issuer and one or more Noteholders.

**Restricted Securities** has the same meaning as in the ASX Listing Rules and extends to Notes which are subject to voluntary restrictions by agreement between the Issuer and one or more Noteholders.

**Security Interest** means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset, including any retention of title other than in the ordinary course of business and any charge or lien arising by operation of law.

**Shares** means an ordinary share in the capital of the Issuer.

**Special Resolution** means:

- (a) a resolution passed at a meeting of the Noteholders duly called and held under the Meeting Provisions:
  - (i) by at least 75% of the persons voting on a show of hands (unless paragraph below applies); or
  - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or circular written resolution by Noteholders representing (in aggregate) at least 75% of the principal amount then outstanding of all of the Notes.

**Subsidiary** has the meaning given in the Corporations Act, but an entity will also be taken to be a Subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and
- (b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

**Tax** means any tax, levy, impost, charge, rate, withholding or duty (including stamp and transaction duties) levied or imposed by any Government Agency together with any related interest, penalties, fines and expenses in connection with them. It includes GST.

**Transaction Documents** means:

- (a) the Trust Deed (including these Note Terms); and
- (b) each Note.

**Trustee** means the person from time to time acting as the trustee of the trust constituted by the Trust Deed (acting in that capacity), initially being Equity Trustees Limited.

**Trust Deed** means the trust deed entitled 'Convertible Notes Trust Deed' between the Issuer and the Trustee and dated on or about 16 November 2017.

**VWAP** means the average of the daily volume weighted average sale prices of the Shares sold on ASX during the period specified in these Note Terms, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after hours adjust phase and any overseas trades or exchange traded option exercises, subject to the following adjustments:

- (a) where, on some or all of the Business Days in the relevant period, Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement which is not extended to the Noteholder, and the Notes will convert into Ordinary Shares after the date those Shares no longer carry that entitlement, then the VWAP on the Business Days on which those shares

have been quoted cum dividend, or cum any other distribution or entitlement shall be reduced by an amount (Cum Value) equal to:

- (b) in the case of a dividend or other distribution, the amount of that dividend or distribution (with no value included for any franking credits);
- (c) in the case of an entitlement which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant period on the Business Days on which those entitlements were traded; or
- (d) in the case of an entitlement not traded on ASX during the relevant period, the value of the entitlement as reasonably determined by the Directors; and
- (e) where, on some or all of the Business Days in the relevant period, Shares have been quoted ex dividend, ex distribution or ex entitlement, and Notes will convert into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Shares have been quoted ex dividend, ex distribution or ex entitlement shall be increased by the Cum Value.

**Winding Up** means in respect of a person the appointment of a liquidator or provisional liquidator of that person (and where the appointment is made by a court, by a court of competent jurisdiction in Australia).