

4 April 2022

Update on Proposed Scheme – MAE Condition and Scheme Consideration

Ozgrowth Limited (**Ozgrowth** or the **Company**) (ASX: OZG) is pleased to provide the following update on the status of the proposed scheme of arrangement (**Scheme**) under which WAM Capital Limited (**WAM Capital**) (ASX: WAM) is proposing to acquire all the Ozgrowth shares that it does not currently own.

A copy of the Scheme Implementation Agreement (**SIA**) was announced to the Australian Securities Exchange (**ASX**) on 23 December 2021, and the Scheme Booklet was dispatched to Ozgrowth shareholders on 3 March 2022.

Under the proposed Scheme, Ozgrowth shareholders will receive new WAM Capital shares as consideration for their Ozgrowth shares (**Scheme Consideration**). The SIA provided that the number of WAM Capital shares to be offered for each Ozgrowth share was to be determined by a formula based on the ratio of the one day volume weighted average price (**VWAP**) for WAM Capital shares on 31 March 2022 (the **Calculation Date**) and a 7.5% premium to the pre-tax net tangible assets (**NTA**) of Ozgrowth on the Calculation Date.

It was a condition precedent to the Scheme that at the Calculation Date, the WAM Capital share price premium to NTA remained between 12.5% and 25% (**MAE Condition**).

Annexed to the Scheme Booklet was an Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**), in which the Independent Expert concluded that the Scheme is fair and reasonable and therefore in the best interests of Ozgrowth Shareholders, in the absence of a Superior Proposal.

MAE Condition

As noted in the Company's trading halt request on 1 April 2022, the Company has given WAM Capital formal notice under clause 3.5(b) of the SIA of a breach of the MAE Condition. A Material Adverse Effect occurred under paragraph (c) of the definition of Material Adverse Effect in clause 1.1 of the SIA, because:

- (a) the WAM Capital share price premium to NTA was greater than 25% on the Calculation Date; and
- (b) none of the exceptions under paragraphs (d) to (i) of the definition of Material Adverse Effect applied.

As there was a breach of the MAE Condition, pursuant to clause 3.7 of the SIA the parties have consulted in good faith with a view to determine whether the Scheme may proceed by way of alternative means or methods or whether to adjourn or change the date of an application to the Court.

Waiver of MAE Condition and Scheme Consideration Update

Ozgrowth has agreed to waive the breach of the MAE Condition under the Scheme in conjunction with the parties agreeing to vary the SIA in relation to the calculation of the WAM Capital VWAP used to calculate the Scheme Consideration. The Ozgrowth Board continues to recommend that Ozgrowth Shareholders vote in favour of the Scheme (subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Ozgrowth Shareholders – see below).

The parties have agreed to vary the SIA so that the WAM Capital VWAP used to calculate the Scheme Consideration is a 7 day VWAP for the 7 consecutive trading days ending on (and including) the Calculation Date (rather than 1 day VWAP for the Calculation Date). WAM Capital has agreed to the variation on the condition that the current timetable for the Scheme is maintained. Utilising the 7 day VWAP ending on (and including) the Calculation Date, the estimated WAM Capital share price premium to the WAM Capital NTA* on the Calculation Date was approximately 29.9%. Based on the 1 day VWAP for WAM Capital Shares on the Calculation Date, the estimated WAM Capital share price premium to the WAM Capital NTA on the Calculation Date was approximately 31.2%.

The table below sets out the revised estimated Scheme Consideration compared to the estimated Scheme Consideration announced by Ozgrowth on 30 March 2022, and with reference to the Independent Expert's Report in the Scheme Booklet:

Estimated Scheme Consideration (WAM Capital shares per Ozgrowth Share) as at 29 March 2022 ¹	0.174
Ozgrowth NTA at the Calculation Date	\$0.371
One day VWAP of WAM Capital for the Calculation Date ²	\$2.282
Scheme Consideration (WAM Capital shares per Ozgrowth Share) as at the Calculation Date (calculated under the SIA prior to this announcement)³	0.175
IER exchange ratio range (WAM Capital shares per Ozgrowth Share) ⁴	0.155 - 0.189
Seven-day VWAP of WAM Capital for the seven consecutive trading days ending on and included the Calculation Date ⁵	\$2.259
Scheme Consideration (WAM Capital shares per Ozgrowth Share) as at the Calculation Date (varied as outlined in this announcement)⁶	0.177

Notes:

1. Calculated in accordance with the terms of the Scheme and announced to ASX on 30 March 2022.

* The WAM Capital NTA as at 31 March 2022 utilised for the calculation of the approximate premium to NTA is estimated only. WAM Capital's NTA is calculated as at the end of each month and will be published in accordance with ASX requirements by 14 March 2022.

2. The WAM Capital one-day VWAP share price is the overall VWAP as reported via IRESS as at the close of business on the day and is inclusive of all transactions including special crossings. No provisions have been made for exclusions or adjustments.
3. Derived using the formula disclosed in the Scheme Booklet. Shareholders were to receive a number of new WAM Capital shares based on the ratio of the WAM Capital one-day VWAP on the Calculation Date and a 7.5 % premium to the Ozgrowth NTA.
4. As set out in the Independent Expert's Report, based on the Ozgrowth NTA and WAM Capital's one day VWAP as at the date of the Independent Expert's Report.
5. The WAM Capital seven-day VWAP share price is the overall VWAP as reported via IRESS for the period of seven consecutive trading days ending on (and including) the close of business on the day and is inclusive of all transactions including special crossings. No provisions have been made for exclusions or adjustments.
6. Derived using the formula disclosed in the Scheme Booklet, as varied so that the WAM Capital VWAP used to calculate the Scheme Consideration is a seven-day VWAP for the seven consecutive trading days ending on (and including) the Calculation Date.

There have been no material changes to the terms of the initial SIA other than to the extent necessary to accommodate the increased Scheme Consideration.

Ozgrowth is pleased to announce that the Scheme is progressing as planned, following the waiver of the MAE Condition and the variation in the Scheme Consideration calculation in relation to the WAM Capital VWAP. Subject to the proposed adjournment of the Scheme Meeting as outlined below to ensure that Ozgrowth shareholders have the opportunity to consider and participate in the revised Scheme Consideration, Ozgrowth has agreed to proceed on the basis that the previously announced indicative timetable for the Scheme will continue to apply.

Independent Expert's Opinion

The Independent Expert has considered the variation to the Scheme Consideration, and has provided the Company with the attached letter confirming that it continues to conclude that the Scheme is fair and reasonable, and therefore in the best interests of Ozgrowth shareholders (in the absence of a superior proposal).

Adjournment of the Scheme Meeting

Ozgrowth has requested that the Chair of the Scheme Meeting adjourn the meeting until 12.00pm on Wednesday, 6 April 2022 to allow Ozgrowth shareholders time to consider the impact of the variation to the Scheme Consideration.

The Chair of the Scheme Meeting has advised Ozgrowth that he will exercise his discretion to adjourn the Scheme Meeting under the orders made by the Court convening the Scheme Meeting.

Ozgrowth shareholders should note that as the deadline for receipt of proxy forms closed at 12:00pm on Saturday 2 April 2022, Ozgrowth shareholders who have already submitted proxy forms who wish to change their vote will need to attend the Scheme Meeting in person or by corporate representative to revoke their proxy and vote at the Scheme Meeting through the online virtual meeting system (available at <https://meetnow.global/MDJYCP>).

Update on other Scheme Conditions

The Company also wishes to advise that the condition precedent under clause 3.1(f) of the SIA has been satisfied, with the Company having entered into a binding deed with Westoz Funds Management Pty Ltd to terminate the Management Agreement (as defined in the SIA) with effect from the implementation of the Scheme.

Further Information

For further information please contact Anthony Hewett, Company Secretary on 08 9488 1445, Monday to Friday from 7:00am to 3:00pm (Perth time).

This announcement has been approved for release by the Board of Ozgrowth Limited.

For further information please contact:

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Company Secretary

Ozgrowth Limited

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08 9488 1445

Commercial in Confidence

03 April 2022

The Directors
Ozgrowth Limited
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Perth WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT RE UPDATE ON THE TRANSACTION

This forms an update to our Independent Expert Report dated 25 February 2022 (**Our IER**). We confirm that we were advised by Ozgrowth Limited (**Ozgrowth or the Company**) of updates to the Scheme Implementation Agreement (**SIA or Scheme**) between Ozgrowth and WAM Capital Limited (**WAM Capital**) (**Update on Transaction**) being:

1. the amendment of the definition of "WAM Capital VWAP" in clause 1.1 of the SIA to change it from a one day Volume Weighted Average Price (**VWAP**) to a seven day VWAP for the period of seven consecutive trading days ending on (and including) the Calculation Date being 31 March 2022 (**Calculation Date**); and
2. the trading halt requested by Ozgrowth following the breach of the condition precedent under clause 3.5(b) of the SIA where at the Calculation Date, the WAM Capital share price premium to NTA should remain between 12.5% and 25.0% (**Condition Precedent**). The WAM Capital share price premium to the WAM Capital NTA on the Calculation Date was approximately 31% thus exceeding the 25% maximum threshold. Ozgrowth has agreed to waive the Condition Precedent after having considered the impact of the variation on the proposed Scheme.

Following the Update on Transaction, we updated our valuation of an Ozgrowth Share and our valuation of the Scheme consideration in Our IER by taking into consideration the information in the Update on Transaction while leaving all else constant.

Update on our valuation of Ozgrowth

	Note	31-Dec-21 \$	31-Mar-22 \$
Net Tangible Assets after tax per Ozgrowth Share	1	0.324	0.337
Number of Ozgrowth Shares outstanding	2	350,460,353	350,460,353
Net Tangible Assets after tax		113,549,154	118,105,139
<i>Less</i>			
Scheme transaction costs	2	(300,000)	(300,000)
Operating costs	2	(66,000)	(66,000)
Adjusted Net Asset Value		113,183,154	117,739,139
Number of Ozgrowth Shares outstanding	2	350,460,353	350,460,353
Assessed value per Ozgrowth Share on a control basis		0.323	0.336

We note the following with respect to the net tangible assets per share calculation above:

1. The post-tax NTA per share at 31 December 2021 was announced to the ASX on 5 January 2022. Management has provided us with the post-tax NTA per share at 31 March 2022 as it has not been announced as at the date of this letter.
2. All other inputs are unchanged from those adopted in Our IER.

Update on our valuation of the Scheme Consideration

	Note	31-Dec-21		31-Mar-22	
		Low	High	Low	High
Ozgrowth Pre-tax NTA	<i>\$/Share</i>	0.346	0.346	0.371	0.371
Change in pre-tax NTA	%	-10.00%	10.00%	0.00%	0.00%
Ozgrowth Pre-tax NTA	1 <i>\$/Share</i>	0.311	0.381	0.371	0.371
Premium on Pre-Tax NTA	%	7.50%	7.50%	7.50%	7.50%
Ozgrowth assessed pre-tax NTA	<i>\$/Share</i>	0.335	0.409	0.399	0.399
Exchange Ratio					
Assessed Ozgrowth pre-tax NTA	<i>\$/Share</i>	0.335	0.409	0.399	0.399
VWAP of a WAM Capital share	2 <i>\$/Share</i>	2.160	2.160	2.259	2.259
Assessed Exchange Ratio	3 <i>Ratio</i>	0.155	0.189	0.177	0.177
QMP valuation of a WAM Capital share	4 <i>\$/Share</i>	2.150	2.250	2.200	2.300
Value of the Scheme Consideration	<i>\$/Ozgrowth Share</i>	0.333	0.426	0.388	0.406

We note the following with respect to the calculation of Scheme Consideration:

1. The Ozgrowth assessed pre-tax NTA in our Report was based on the condition precedent to the Scheme whereby a range of values for the pre-tax NTA was adopted. The pre-tax NTA used was based on the most recently announced pre-tax NTA on the ASX prior to the date of Announcement being 23 December 2021. As at Calculation Date we have used Ozgrowth provided pre-tax NTA per share as it has not been announced as at the date of this letter;

2. As at Calculation Date, we have updated the VWAP of a WAM Capital share to be the seven day VWAP for the period of seven consecutive trading days ending on (and including) 31 March 2022;
3. Formula for the exchange ratio on the Calculation Date: $Exchange\ Ratio = \frac{Ozgrowth's\ Pretax\ NTA \times 1.075}{WAM\ Capital's\ 7\ day\ VWAP}$
4. As at Calculation Date, WAM Capital's volume weighted average market price for 10, 30, 60 and 90 day periods to 31 March 2022 are presented below:

Share Price per unit	31-Mar-22	10 Days	30 Days	60 Days	90 Days
Closing price	\$2.280				
Volume weighted average price (VWAP)		\$2.256	\$2.215	\$2.205	\$2.211

Placing more weight to the more recent trading periods and corresponding VWAPs, our assessed range of values for WAM Capital's shares based on market pricing up to 31 March 2022 is between \$2.200 and \$2.300. This value range is reflective of a minority interest.

Update on the Scheme Fairness

		31-Dec-21		31-Mar-22	
		Low	High	Low	High
Value of an Ozgrowth share (control basis)	\$/Share	0.323	0.323	0.336	0.336
Value of the Scheme Consideration	\$/Share	0.333	0.426	0.388	0.406

We note from the table above that the range of values for the Scheme Consideration is still greater than the value of an Ozgrowth (on a control basis). Therefore, in the absence of any other relevant information, no material change to the assumptions and inputs used, and an alternate offer, we consider that the Scheme is still fair and reasonable to Shareholders, and therefore in the best interests of Shareholders.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director