Australian United Investment Company Limited

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30 January 2026

ASX Announcement

Proposed merger with Diversified United Investment Limited

Australian United Investment Company Ltd (AUI) announces that it has entered into an implementation deed for a proposed merger with Diversified United Investment Ltd (DUI) to be implemented by way of a scheme of arrangement. Under the scheme of arrangement, AUI would acquire all of the shares of DUI it does not own in exchange for the issue of AUI shares to the shareholders of DUI.

This proposal arises from discussions that have been held over many months between the two companies and is mutually agreed by the Board of Directors of both companies.

The scrip consideration to be paid by AUI for each DUI share under the scheme of arrangement will be determined based on the pre-tax net tangible assets of DUI per share divided by the pre-tax net tangible assets of AUI per share on a date that will be 5 business days before the meeting for the proposed scheme. Based on the latest published net tangible asset backing notice for each company as at the date of this announcement, DUI shareholders would receive approximately 0.4815 AUI shares for each DUI share under the scheme of arrangement.[1] It is expected that there will be capital gains tax rollover relief for eligible shareholders of DUI.

The merger of the two companies is a natural combination, as AUI and DUI have similar investment philosophies. Each company plays a role in the investment portfolio of its shareholders in providing:

- in one investment an interest in the shares of leading Australian companies all of which (except for AUI's shareholding in DUI) are in the ASX200. DUI also has some investments in internationally managed funds;

[1] This consideration is subject to change based on changes in the pre-tax net tangible assets for each company, and will be determined definitively on the date that is 5 business days prior to the scheme meeting.

- a portfolio that is long term with an average shareholding period of over ten years;
- a portfolio with modest borrowings at between 0% to 12% of the value of the portfolio;
- an investment with low costs of operation at 0.10% to 0.12% of the value of the portfolio (not counting interest, nor the outside management fees associated with DUI's international portfolio); and
- fully franked dividends that can be reasonably relied on to be maintained, given there has not been a dividend reduction by either company in the last 30 years.

AUI sees benefits from both companies coming together as:

1. AUI has demonstrated strong performance compared to the ASX200 and its peers over the short and long term. Over 1, 3, 5 and 10 years AUI has outperformed the other Traditional Listed Investment Companies. DUI shareholders will benefit from this track record;

2. The larger size and increased liquidity from combining AUI and DUI (AUI market capitalisation $1.4b and DUI market capitalisation $1.13b) may lead to a reduction in the trading discount to the underlying investment portfolio;

3. The two companies share the costs of the secretarial services and rent but have separate costs in relation to directors' fees, Stock Exchange listing, Directors and Officers insurance among other items. The combined costs other than interest costs, of the two companies is around $3.3m and we estimate that there would be around a 21% or $700,000 saving by combining the two companies; and

4. The two companies have a broadly similar Australian share portfolio (DUI also has international investments comprising around 22% of its investment portfolio) and the merger would allow increased flexibility in managing the investment portfolio.

The Directors of AUI expect, in the absence of unforeseen circumstances, to maintain after the merger the current annual fully franked dividend of 37 cents per share and for each of the next four years to pay a special fully franked dividend of eight cents per share.

Call option agreement with The Ian Potter Foundation

AUI currently holds 14,644,155 shares in DUI (6.8%) and has also entered into a call option agreement with The Ian Potter Foundation Limited under which AUI has the right

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to acquire up to 27,977,060 DUI shares (representing 13.1% of the DUI voting shares) held by The Ian Potter Foundation in exchange for newly issued AUI shares, on the terms of the option agreement (which will be attached to a substantial holder notice to be released to ASX by AUI). The Ian Potter Foundation has been a shareholder in AUI for seventy-one years and in DUI for thirty-four years and is very supportive of the proposed merger of the two companies.

The option is exercisable by AUI if a competing proposal is announced or received in respect of DUI. The Ian Potter Foundation would receive for each DUI share acquired under the call option agreement, the number of newly issued AUI shares equal to the pre-tax net tangible assets of DUI per share divided by the pre-tax net tangible assets of AUI per share as stated in the most recently published notice to the ASX for each company prior to the date the option is exercised. This is the same basis proposed to be used to determine the consideration under the scheme of arrangement.

Key conditions and terms for the scheme of arrangement

In summary, conditions for implementation of the scheme of arrangement include:

- DUI shareholder approval in respect of the scheme of arrangement;
- AUI shareholder approval for the proposed acquisition of shares from The Ian Potter Foundation under the scheme for the purposes of ASX Listing Rule 10.1;
- approval of the Federal Court of Australia;
- no prescribed occurrence in relation to DUI and AUI; and
- other customary conditions.

The merger implementation deed contains customary exclusivity provisions in favour of AUI, including no shop, no talk, no due diligence, notification obligations and a matching right. A break fee of 1% of the equity value of DUI is payable by DUI to AUI in certain circumstances. An equivalent reverse break fee is payable by AUI to DUI in certain circumstances.

Under the merger implementation deed, both AUI and DUI are permitted to pay dividends in the ordinary course.

The full terms of the merger implementation deed are attached to DUI's announcement of the scheme released to ASX today.

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Indicative timetable

A shareholder meeting for AUI shareholders and a scheme meeting for DUI shareholders to vote on the scheme of arrangement are both expected to be held in April 2026. The scheme of arrangement is expected to be implemented shortly thereafter, subject to satisfaction or waiver of the conditions to implementation.

Governance and advisers

Mr Charles Goode AC is Chairman of both AUI and DUI and has elected to act in his capacity as Chairman of AUI and absent himself from the Board of DUI when it considers matters relating to the merger.

Herbert Smith Freehills Kramer is acting as legal adviser to AUI.

This announcement was authorised for release by the Board of Directors of AUI.

For media enquiries, contact Six O'Clock Advisory:
Sam Sinclair +61 415 515 233
Jim Stiliadis +61 414 534 703

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Attachment – ASX Listing Rule 11.1 confirmation

ASX Listing Rule 11.1 requires that AUI give notice to the ASX of the scheme of arrangement because it will result in a significant change in the nature or scale of its activities. ASX has the discretion to require shareholder approval or re-compliance with the admission and quotation requirements under ASX Listing Rule 11.1.2 and 11.1.3.

This rule is primarily designed to regulate 'back door listings' to ensure that shareholders' interests are protected and the admission and quotation controls and protections are not circumvented in such transactions. The scheme of arrangement is not a back door listing because it is the acquisition of one listed entity by another listed entity. In addition, the transaction does not result in a fundamental change in the nature of AUI, given that both AUI and DUI have a very similar nature as listed investment companies. Based solely on the information provided, ASX has confirmed that it will not require AUI to seek shareholder approval under ASX Listing Rule 11.1.2 or re-comply with the admission and quotation requirements under ASX Listing Rule 11.1.3 in connection with the scheme of arrangement.

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