

CENTREPOINT ALLIANCE LIMITED

ACN 052 507 507

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Centrepoint Alliance Limited (**Company**) will be held at 11:00am (AEDT time) on 01 November 2021 via Digital videoconference (Online) at <https://web.lumiagm.com>. Due to continuing developments in relation to the Coronavirus (COVID-19) (including the government's guidance and restrictions on travel and limitations on public gatherings), the meeting will be held as a virtual meeting.

Annual financial and other reports

To receive the Company's financial report, directors' report and auditor's report for the financial year ended 30 June 2021.

Resolution 1 — Adoption of Remuneration Report

To consider and if thought fit pass the following resolution as a resolution in accordance with section 250R(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**):

"That the Company's remuneration report for the year ended 30 June 2021 be adopted."

Note: The Company's remuneration report for the year ended 30 June 2021 is set out in the Company's annual report for the year ended 30 June 2021. The vote on this resolution is advisory only and does not bind the Company or its directors.

Resolution 2 — Re-election of Alan Fisher

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

"That Alan Fisher who retires by rotation in accordance with rule 58(a)(ii) of the Company's constitution and, being eligible, be re-elected as a director of the Company."

Resolution 3 — Re-election of Martin Pretty

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

"That Martin Pretty who retires by rotation in accordance with rule 58(a)(ii) of the Company's constitution and, being eligible, be re-elected as a director of the Company."

Resolution 4 — Approval of the issue of the Consideration Shares to ClearView Wealth Limited pursuant to the Proposed Transaction

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

"That, for the purposes of item 7, section 611 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and for all other purposes, Shareholders approve and authorise the Company to issue 48,000,000 Shares to ClearView Wealth Limited as the Consideration Shares under the Proposed Transaction, resulting in ClearView Wealth Limited having up to 25% of the Voting Power in the Company, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Resolution 5 — Appointment of Simon Swanson as a director of the Company

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

“That, subject to and with effect from completion of the Proposed Transaction, Simon Swanson be appointed as a director of the Company.”

Resolution 6 - Approval of voluntary escrow arrangements

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

“That, subject to Resolution 4 being passed, for the purposes of item 7, section 611 of the Corporations Act and for all other purposes, Shareholders approve the acquisition by the Company of a relevant interest in the 48,000,000 Shares to be issued to ClearView Wealth Limited as the Consideration Shares under the Proposed Transaction, which is acquired as a result of the escrow restrictions described in the Explanatory Statement.”

Resolution 7 – Appointment of Auditor

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

“That, for the purposes of section 327C(2) of the Corporations Act and for all other purposes, BDO Audit Pty Ltd, having consented in writing to act as auditors of the Company, be appointed as auditors of the Company.”

Resolution 8 – Grant of Performance Rights to Mr John Shuttleworth

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

“That, for the purposes of Listing Rule 10.14 and Sections 200B, 200C and 200E and Part 2E of the Corporations Act and for all other purposes, the Company be authorised to issue, 8,000,000 Performance Rights to the Company’s Chief Executive Officer, Mr John Shuttleworth or his nominee, and to issue or transfer Shares to or for the benefit of Mr Shuttleworth or his nominee upon the vesting and exercise of those Performance Rights, under the Company’s long term incentive plan and on the terms and conditions set out in the Explanatory Statement.”

Resolution 9 - Approval of proposed termination benefits

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

“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 10.19 and for all other purposes, approval is given for giving of benefits described in the Explanatory Statement to any person who from time to time is or has been a member of the Key Management Personnel or holds or has held a managerial or executive office in the Company or a related body corporate, in connection with that person ceasing to hold that managerial or executive office. This approval applies for benefits given in the period prior to the conclusion of the third annual general meeting of the Company after the date on which this Resolution 9 is passed.”

By order of the Board



Kim Clark

Company Secretary

29 September 2021

Notes:

VOTING EXCLUSION STATEMENT:

CORPORATIONS ACT

Resolution 1

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- a. any Director;
- b. a member of the Company's Key Management Personnel (**KMP**) named in the remuneration report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or
- c. as a proxy by a member of the Company's KMP at the date of the Annual General Meeting (**AGM**) or a closely related party of such a member; or
- d. an Associate of those persons.

However, the Company will not disregard a vote cast by any of the foregoing persons (the **voter**) if the vote is not cast by the voter on behalf of any of the foregoing persons and either:

- a. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- b. the voter is the chair of the meeting (Chair) and the appointment of the Chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

Resolution 4

In accordance with item 7, section 611 of the Corporations Act, a vote in favour of Resolution 4 must not be cast by or on behalf of:

- a. ClearView Wealth Limited; or
- b. any Associates of ClearView Wealth Limited
- c. ClearView Wealth Limited; or
- d. Any Associate of ClearView Wealth Limited.

Resolution 6

In accordance with item 7, section 611 of the Corporations Act, a vote in favour of Resolution 6 must not be cast by or on behalf of:

- a. the Company; or
- b. any Associates of the Company.

Resolution 8

In accordance with Listing Rule 10.14, The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- a. a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme the subject Resolution 8; and
- b. an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 8 by:

- a. a person as proxy or attorney for a person who is entitled to vote on Resolution 8, in accordance with directions given to the proxy or attorney to vote on Resolution 8 in that way; or
- b. the Chair as proxy or attorney for a person who is entitled to vote of Resolution 8, in accordance with a direction given to the Chair to vote on Resolution 8 as the Chair decides; or
- c. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 8; and
 - ii. the holder votes on Resolution 8 in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with Part 2E of the Corporations Act, a vote on Resolution 8 must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given, or an associate of such a related party. Accordingly, the Company will disregard any votes cast on Resolution 8 by Mr Shuttleworth and any associate of Mr Shuttleworth.

In accordance with section 250BD of the Corporations Act, the Company will disregard any votes cast in favour of Resolution 8 by:

- a. any KMP of the Company; or
- b. their Closely Related Parties,

who are appointed as a Shareholder's proxy and where the Shareholder does not direct in writing the way the proxy is to vote on Resolution 8.

However, the Company will not disregard a vote cast by any of the foregoing persons (the **voter**) if the vote is not cast by the voter on behalf of any of the foregoing persons and either:

- a. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- b. the voter is the chair of the meeting (Chair) and the appointment of the Chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

In accordance with section 200E of the Corporations Act, a vote in favour of Resolution 8 must not be cast by or on behalf of:

- a. Mr John Shuttleworth; or
- b. any Associates of Mr John Shuttleworth.

Resolution 9

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of any person or entity who, at the date of the AGM, is a Relevant Executive or an associate of that person or entity, as well as an officer of the Company or any of its child entities who is entitled to participate in a termination benefit.

However, this does not apply to a vote cast in favour of Resolution 9 by:

- a. a person as proxy or attorney for a person who is entitled to vote on that resolution, in accordance with directions given to the proxy or attorney to vote on the relevant resolution in that way; or

- b. the Chair as proxy or attorney for a person who is entitled to vote on that resolution in accordance with a direction given to the Chair to vote on the relevant resolution as the Chair decides; or
- c. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, the Company will disregard any votes cast in favour of Resolution 9 by:

- a. any KMP of the Company; or
- b. their Closely Related Parties,

who are appointed as a Shareholder's proxy and where the Shareholder does not direct in writing the way the proxy is to vote on Resolution 9.

However, the Company will not disregard a vote cast by any of the foregoing persons (the **voter**) if the vote is not cast by the voter on behalf of any of the foregoing persons and either:

- a. the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- b. the voter is the chair of the meeting (Chair) and the appointment of the Chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.

Notes: Resolution 4 & 6

Independent Expert's Report (Resolutions 4 & 6)

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the approval required under item 7 of section 611 of the Corporations Act which is enclosed with this Notice in Attachment 1. The Independent Expert has concluded that the Proposed Transaction (including the relevant interest acquired by the Company as a consequence of the Escrow Restrictions) is fair and reasonable to the non-associated Shareholders.

Further details regarding the Proposed Transaction and the Escrow Restrictions are set out in the accompanying Explanatory Statement and Independent Expert Report which the Directors recommend Shareholders read in full before making any decision in relation to Resolutions 4 or 6.

Disclaimers as to forward looking statements

Some of the statements appearing in this Notice of Meeting and Explanatory Statement (including the Independent Expert's Report) may be in the nature of forward looking statements. You should be aware that such statements are not based on historical facts, but rather reflect the current views of the Company held only as of the date of this Notice of Meeting and Explanatory Statement concerning future results and events and are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company and ClearView Advice operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the

financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

Some of the risks that Shareholders may be exposed to if the Proposed Transaction is completed are set out in the Explanatory Statement. None of the Company, ClearView, their respective officers or employees, any persons named in this Notice of Meeting and Explanatory Statement with their consent or any person involved in the preparation of this Notice of Meeting and Explanatory Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Notice of Meeting and Explanatory Statement are made only as of, and reflect views held only as at, the date of this Notice of Meeting and Explanatory Statement.

HOW TO VOTE:

How to Vote

You may vote by attending the meeting virtually. **Shareholders are encouraged to attend virtually to mitigate the risk of transmission of COVID-19.**

Virtual participation

In accordance with the Treasury Laws Amendment (2021 Measures No. 1) Act 2021, to facilitate Shareholder participation, the Board has determined that Shareholders will have the opportunity to participate in the AGM through an online platform.

Shareholders who wish to participate in the AGM online may do so:

- from their computer, by entering the URL in their browser: <https://web.lumiagm.com/368825052>
- If you choose to participate in the AGM online, you can log in to the meeting by entering the meeting ID for the online AGM, which is ID: 368825052
- your username is your Computershare internal security reference number, which is located on your Proxy Form; and
- your password, which is the postcode registered to your holding if you are an Australian Shareholder. Overseas Shareholders will need to enter their country of their registered holding address.

We recommend logging in to the virtual meeting platform at least 15 minutes prior to the scheduled start time for the AGM.

If you choose to participate in the meeting this way, you will be able to view the AGM live, lodge an online proxy vote in real time and ask questions online.

Shareholders participating in the Meeting using the online platform will be able to cast direct votes between the commencement of the AGM at 11 am (AEDT) on Monday, 1 November 2021, and the closure of voting as announced by the Chairman during the AGM.

Shareholders who elect to participate at the AGM using the online platform will be entitled to the same as if they had attended the meeting, including:

- to be counted as being present at the meeting for any purpose, including for the purpose of determining whether there is a quorum;
- to ask questions or make comments; and
- to vote on resolutions they are entitled to vote on.

More information regarding online participation at the AGM (including how to vote and ask questions online during the AGM) is available in the User Guide. The User Guide is attached to this Notice of Meeting and will be lodged with the ASX. It will also be available from the Company's website.

Voting by corporate representative

Corporate shareholders who wish to appoint a representative to participate and vote at the AGM on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative. Shareholders can download and fill out the "Appointment of Corporate Representative" form from the website of the Company's share registry. To be effective, evidence of the appointment must be returned in the same manner and by the same time as specified for proxy appointments (below).

Voting by proxy

If you are entitled to participate and vote at the online AGM, you can appoint a proxy to participate and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a shareholder.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf and may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes that each proxy is entitled to exercise, each proxy may exercise half of the votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the chairman of the meeting, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 11.00am (AEDT time) on Saturday, 30 October 2021. Any proxy form received after that time will not be valid for the scheduled meeting.

a) at Computershare Investor Services Pty Ltd

By mail Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia

By fax 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Online At www.investorvote.com.au

By mobile Scan the QR Code on your proxy form and follow the prompts

Custodian voting For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

Regulation 7.11.37 determination: A determination has been made by the Board under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that those persons who are registered as the holders of shares in the Company as at 7.00pm (AEDT time) on Saturday, 30 October 2021 will be taken to be the holders of shares for the purposes of determining voting entitlements at the meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

EXPLANATORY STATEMENT

1. GENERAL INFORMATION

This Explanatory Statement is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the notice of annual general meeting (**AGM**) of members of Centrepont Alliance Limited (**Company**) to be held on Monday, 01 November 2021 (**Notice of AGM**).

If you have any questions regarding the matters set out in this Explanatory Statement (or elsewhere in the Notice of AGM), please contact the Company, or your stockbroker or other professional adviser.

The Directors have appointed Leadenhall Corporate Advisory Pty Ltd as an independent expert to assess the Proposed Transaction which is the subject of Resolution 4. The Independent Expert has concluded that the Proposed Transaction, specifically the acquisition of ClearView Advice for Shares and cash consideration and the deemed acquisition by the Company of a relevant interest in its shares as a consequence of the Escrow Restrictions, is fair and reasonable to the Company's non-associated Shareholders.

The Directors recommend Shareholders read the accompanying Notice, this Explanatory Statement and the Independent Expert's Report in full before making any decision in relation to the Resolutions.

2. ANNUAL FINANCIAL AND OTHER REPORTS

The Corporations Act requires that the report of the directors, the auditor's report and the financial report be laid before the AGM.

Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of shareholders at the AGM on the financial statements and reports of the Company.

Shareholders will be given a reasonable opportunity at the AGM to raise questions and make comments on these statements and reports.

In addition to asking questions at the AGM, shareholders may address written questions to the Chairman about the management of the Company or to the Company's auditor for the relevant financial period, BDO, if the question is relevant to:

- the content of the auditor's report to be considered at the AGM; or
- the conduct of the audit of the annual financial report to be considered at the AGM.

Note: Under section 250PA(1) of the Corporations Act, a shareholder must submit the question to the Company no later than the fifth business day before the day on which the AGM is held.

Written questions for the auditor must be delivered to the Company by 5.00pm on Friday, 18 October 2021. Please send any written questions for the attention of the company secretary at Level 2, 28 O'Connell St, Sydney, New South Wales, 2000.

3. RESOLUTION 1 — ADOPTION OF REMUNERATION REPORT

There will be an opportunity for shareholders at the AGM to comment on and ask questions about the remuneration report, which is contained within the Company's annual report for the year ended 30 June 2021.

The Corporations Act requires that the remuneration report be put to a vote of shareholders.

The vote on the resolution to adopt the remuneration report is advisory only and will not bind the Company or its directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy and practices.

As the resolution relates to matters including the remuneration of the directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, makes no recommendation regarding this resolution.

4. RESOLUTION 2 — RE-ELECTION OF ALAN FISHER

Rule 58(a) of the Constitution states that at each AGM of the Company, directors (other than the managing director) must retire from office if they held office past the third annual general meeting or 3 years since the director's last election, or where there is no director to retire under rule 58(a)(i), the director (or directors) to retire is the director (or directors) who has been longest in office since last being elected rule 58(a)(ii). A retiring director is eligible for re-election.

In accordance with these requirements, Alan Fisher retires under rule 58(a)(ii) at this year's AGM and, being eligible, stands for re-election.

Alan is an experienced corporate adviser and public company director. He has a proven track record of implementing strategies that enhance shareholder value. His main areas of expertise include mergers and acquisitions, public and private equity raisings, business restructurings and strategic advice. Alan holds a Bachelor of Commerce from the University of Melbourne, is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors. In addition to his role as a non-executive Director of the Company, Mr Fisher is Chair of the Board and a member of the Group Nomination, Remuneration and Governance Committee.

Alan is currently Non-Executive Director and Chairman of IDT Australia Limited (ASX:IDT), Non-Executive Director and Chairman of Audit and Risk Committees of Bionomics Limited (ASX:BNO) and Thorney Technologies Limited (ASX:TEK) and Non-Executive Director of Simavita Limited, (formerly ASX:SVA).

The directors (other than Mr Fisher) recommend that shareholders vote in favour of resolution 2.

5. RESOLUTION 3 — RE-ELECTION OF MARTIN PRETTY

Rule 58(a) of the Constitution states that at each AGM of the Company, directors (other than the managing director) must retire from office if they held office past the third annual general meeting or 3 years since the director's last election, or where there is no director to retire under rule 58(a)(i), the director (or directors) to retire is the director (or directors) who has been longest in office since last being elected rule 58(a)(ii). A retiring director is eligible for re-election.

In accordance with these requirements, Martin Pretty retires under rule 58(a)(ii) at this year's AGM and, being eligible, stands for re-election.

Martin brings to the Board over 19 years' experience in the finance section. The majority of this experience was gained within ASX-listed financial services businesses including Hub24 Limited, Bell Financial Group Limited and IWL Limited. Martin has also previously worked as a finance journalist with the Australian Financial Review.

Martin holds a Bachelor of Arts (Honours) from the University of Melbourne, and a graduate Diploma of Applied Finance from FINSIA. Martin is a CFA Charter holder and a graduate of the Australian Institute of Company Directors.

He is currently Non-Executive Director of Scout Security Limited (ASX:SCT) and MGM Wireless Limited (ASX:MWR).

In addition to his role as a non-executive Director of the Company, Mr Pretty is Chair of the Group Nomination, Remuneration and Governance Committee.

The directors (other than Mr Pretty) recommend that shareholders vote in favour of resolution 3.

6. RESOLUTIONS 4 AND 6 — APPROVAL OF THE ISSUE OF THE CONSIDERATION SHARES TO CLEARVIEW WEALTH LIMITED PURSUANT TO THE PROPOSED TRANSACTION AND APPROVAL OF VOLUNTARY ESCROW ARRANGEMENTS

(a) *Transaction Summary*

As announced by the Company on 25 August 2021, the Company has entered into a share sale and purchase agreement (**Sale Agreement**) to acquire all of the issued capital in certain subsidiaries of ClearView Wealth Limited (**ClearView**), in exchange for both 48 million Shares (at an issue price of \$0.25) in the Company and cash consideration of \$3.17 million, subject to (amongst other things) obtaining Shareholder approval for the issue of the Consideration Shares to ClearView.

The vendor, ClearView, is an Australian based diversified financial services company which specialises in life insurance, wealth management products and financial advice products and solutions. ClearView Advice (which are the ClearView subsidiaries to be acquired in the Proposed Transaction) provide financial advice and licensee support services (including licensing, systems, compliance, training and technical advice) to financial advisers through its two licensed dealer groups and also provides outsourced B2B licensee services to other AFS Licensees.

The Company is pursuing the Proposed Transaction given the material synergies with the Company's current business and the opportunity to accelerate the growth of the Company's existing financial advice business, which has been a key strategic goal of the Company.

The combined entity will have significant scale and access to further growth opportunities with 1,303 advisers (490 licensed and 813 self-licensed), market-leading advice technology (Lumen compliance monitoring, Enzumo adviser technology customisation and Compass integrated financial planning software) and a strong institutional shareholder and strategic partner in ClearView, which will become a substantial (25%) shareholder in the Company.

Together with ClearView Advice's complementary business and strong technology capability, the Company will continue to be a leading provider of advice technology and will continue to invest to

digitise the advice process. The Company's investment in financial services technology will improve efficiencies and productivity for its anticipated 1,303 advisers.

As announced by the Company on 25 August 2021 and 16 September 2021, the Company has declared an ordinary fully franked dividend of \$0.01 per share with a record date of 24 September and a payment date of 8 October 2021 and a special fully franked dividend of \$0.01 per share with a record date of 29 October 2021 and a payment date of 10 November 2021. Both of these dividends will be paid prior to completion of the Proposed Transaction.

(b) Background

Over the past three years the Company has undertaken a transformational restructure of its business and operations to reduce its reliance on platform non-recurring revenue and replace this with fee for service recurring revenue.

Gross Revenue has increased by 18% since 2019 with an increase in the quality of advisers (revenue per adviser up by circa 20%) and fee for service pricing implementation. Advice services makes up over 90% of the total revenue year-on-year. Gross profit has declined however by 8% due to the increased cost to serve of transitioning to a fee for service model underpinned by licensing, compliance, education, training, practice management and technical support.

The Company has concurrently focused on significant fixed cost reductions predominantly in employment, professional fees and travel and marketing. Management expenses have reduced by 9% since 2019 (despite the inclusion of the acquired fixed costs of Enzumo in June 2020). These cost reduction initiatives and a material reduction in claims expenses, has driven a slight increase of net profit before tax of \$1.5m in FY21 (\$1.2m in F19).

As at June 2021, the Company had \$11.2m in net assets and is very well positioned to capitalise on industry disruption and rationalisation driven by increasing costs of compliance, professional indemnity insurance and education standards. The Company was the leading recruiter of advisers in the market with 62 advisers acquired and as at June 2021, had 315 licensed advisers and 707 self-licensed advisers.

The Company has been actively pursuing inorganic opportunities over the past twelve months to compliment the organic growth and revenue transformation, to set a platform for more robust future profitability and invest in further improvements in client solutions. The Company has identified ClearView Advice as the ideal acquisition to combine the best of two market leading platforms and management teams, realise very material synergies in labour, software, rent and professional fees and build immediate scale to facilitate further aggregation. The acquisition of ClearView Advice will result in the Company having 490 licensed advisers and 813 self-licensed advisers.

(c) ClearView Advice

ClearView Advice is highly rated by independent research company Core Data, winning 'Licensee of the Year' 3 out of the last 5 years. As at 30 June 2021, there are 169 self-licensed and 6 salaried advisers in the AFSL entities ClearView Financial Advice Pty Limited and Matrix Planning Solutions Limited and 106 self-licensed advisers in La Vista Licensee Solutions Pty Ltd. These three subsidiaries of ClearView, are all being acquired as ClearView Advice.

ClearView Advice was the first to incorporate the cloud based Lumen technology into their compliance and monitoring systems which provides fundamental successful risk management by providing front

end proactive alert compliance monitoring of advisers and the advice they provide. The Lumen platform is highly scalable, monitors advice compliance in real time and has been a primary contributor to a very clean compliance record.

ClearView Advice has a strong management team with deep experience in the financial advice industry. The operating model of ClearView Advice is very similar to the Company and there is strong cultural alignment between the Company and ClearView Advice.

ClearView Financial Advice Pty Limited and Matrix Planning Solutions Limited have \$12 billion in funds under advice and \$203 million premiums under advice.

(d) Key Advantages of the Proposed Transaction

Technology and Compliance

The Company will be in a position to leverage best of breed technology and processes to become the primary engine for consolidation and trusted licensee solutions for the proliferation of new AFSLs who require significant investment in technology automation and compliance, to ensure regulatory requirements are continuously met.

Continuity of Adviser Services

The Company will continue to operate under its own brand name and ClearView Advice will continue to operate under its existing brand name for a transitional period post completion of the Proposed Transaction. The Company and ClearView Advice will focus on maintaining and enhancing the highly personalised professional service to their advisers and the adviser's clients in their respective communities. The open non-aligned approved product list will continue to allow advisers to choose from the highly valued broad range of products, best suited to the individual needs of their clients.

Delivering Scaled Advice

Both ClearView Advice and the Company have focused on building high quality platforms and are now positioned to deliver scale which will generate significant operating leverage, as much of the operating cost is fixed. Having sufficient scale is critical to providing access to services at competitive prices.

Practice Management and Business Development

The Company and ClearView Advice have focused significantly on practice management support to enable advisers to focus on business strategy and development and strategic financial advice. Supporting advisers navigate through continued structural and regulatory change will continue to be a major focus to facilitate advisers to grow their businesses and improve profitability.

Sustainably Profitable Advice Business

The Company anticipates increased distribution channels benefiting the lending and investment solutions businesses.

The combined business provides immediate scale with a culturally aligned strong and effective management team, trusted market leading compliance technology and enhanced distribution channels to build a strategically successful and profitable advice business.

The proposed transaction provides the Company with access to a strong strategic partner in ClearView with alignment of interests given ClearView will have a 25% shareholding in the Company.

The Company will leverage a stronger balance sheet to invest in other growth opportunities that it will continue to actively pursue.

Growing the advice business of the Company

The Proposed Transaction will accelerate the growth of the Company's existing financial advice business, in a market where non-aligned financial advice providers are seeing significant opportunities for both organic and inorganic growth.

Benefiting from material synergies

The Company intends to leverage applicable best practices and procedures of ClearView Advice, and benefit from their counterparty arrangements, to continue to deliver affordable, high-quality advice services to clients.

Benefit of Escrow Restrictions

The application of the Escrow Restrictions is, subject to obtaining approval for Resolution 6, a requirement of the Proposed Transaction.

The application of the Escrow Restrictions over all of the Consideration Shares will limit the ability for the Consideration Shares to be traded on market or otherwise dealt with for 12 months from issue (subject to the permitted disposals under the terms of the Escrow Deed which are outlined below).

(e) *Key Disadvantages of the Proposed Transaction*

Dilution of current shareholdings

The issue of the Consideration Shares will dilute the holdings of current Shareholders. The effect of the issue of the Consideration Shares on the equity position of the Company is set out below.

Control implications

If Shareholders approve Resolution 4 and the Company issues the Consideration Shares, the Voting Power of ClearView will increase from 0% to 25%. As a result, ClearView will be able to vote the stake it holds (subject to all applicable laws) in relation to matters requiring Shareholder approval, including the election of directors, significant corporate transactions and certain issues of equity securities. In this regard, ClearView's interests may not always be aligned with these of other Shareholders.

Takeover offer may become more difficult

If Resolution 4 is passed and the Proposed Transaction completes, ClearView will become a major Shareholder. As such, any takeover offer for 100% of the Shares would require the support of ClearView and this may reduce the likelihood of the Company receiving a takeover offer in the foreseeable future.

Liquidity of the Shares on issue

The Consideration Shares will comprise 25 % of the Shares and will be subject to escrow for 12 months under the proposed Escrow Restrictions. As a result, the free float of the Shares (on a percentage basis) will be reduced during this period and may reduce the liquidity from current levels. The effect of the escrow will be alleviated when the Consideration Shares are released from the Escrow Restrictions. In addition, sales of the Consideration Shares in the future by ClearView may result in movements in the share price of the Shares.

Assumption of ClearView Advice's liabilities

On Completion, the liabilities of ClearView Advice will become liabilities of the Company's group, including legal, tax, and regulatory liabilities for which the Company may not be indemnified (or adequately indemnified). The Sale Agreement contains a number of representations, warranties and indemnities in favour of the Company, subject to certain limitations. While the Company can bring a claim against ClearView based on the indemnities given in favour of the Company, the maximum recourse the Company can have for a successful claim is limited to the consideration paid. Any material unsatisfied warranty or indemnity claims could adversely affect the Company.

Integration issues

The Proposed Transaction involves bringing ClearView Advice into the Group. The integration process may take longer than anticipated, may result in fewer synergies than expected and may have significant one-time restructuring charges and unanticipated costs. If successful integration is not achieved, it will pose a material risk to the Group.

(f) *Financial Impact of the Proposed Transaction on the Company*

Financial Position

The unaudited summary pro forma statement of the financial position set out below represents the audited statement of financial position of the Company as at 30 June 2021 (released on 25 August 2021) in summary form, adjusted to take account of the implementation of the Proposed Transaction. The pro forma statement of financial position does not reflect transaction costs and has not been reviewed by external auditors. This financial pro forma reflects indicative net tangible assets (**NTA**) acquired of \$3.4m and consideration of 48 million Shares at a \$0.25 issue price and \$3.17m cash. The Intangible Assets of \$11.8m will need to be updated following the purchase price accounting post completion, to determine the fair value of net assets acquired (including identifiable intangibles and/or goodwill). The pro forma statements are intended to be illustrative only and neither reflect the actual position of the Company as at the date of this Explanatory Statement nor on implementation of the Proposed Transaction.

Pro Forma Balance Sheet

A\$'000	Jun21A	Jun21A		Jun21A	
	CAF	Target PF	Trans'n	Elim'ns	PF
Cash	11,130	4,913	(3,200)	-	12,843
Investments	116	0	-	-	116
Other receivables	6,664	738	-	-	7,402
Interest bearing receivables	1,206	(100)	-	-	1,106
Other current assets	1,029	-	-	-	1,029
Trade and other receivables I/C	-	-	-	-	-
Total current assets	20,144	5,552	(3,200)	-	22,497
Deferred Tax Asset	2,919	-	-	-	2,919
Property, plant and equipment	811	-	-	-	811
Intangible Assets	3,086	(0)	-	11,785	14,871
Other non-current assets	114	-	-	-	114
Investment in subsidiary	-	-	15,200	(15,200)	-
Total non-current assets	6,930	(0)	15,200	(3,415)	18,715
Total assets	27,074	5,552	12,000	(3,415)	41,211
Trade and other payables	(9,814)	(1,094)	-	-	(10,907)
Borrowings	(491)	-	-	-	(491)
Trade and other payables I/C	-	-	-	-	-
Employee benefits (curr)	(3,089)	(287)	-	-	(3,376)
Provisions	(2,086)	(308)	-	-	(2,393)
Total current liabilities	(15,479)	(1,688)	-	-	(17,167)
Employee benefits (non-curr)	(365)	(449)	-	-	(813)
Total non-current liabilities	(365)	(449)	-	-	(813)
Total liabilities	(15,844)	(2,137)	-	-	(17,981)
Net assets	11,230	3,415	12,000	(3,415)	23,230
Issued capital	(34,301)	(23,999)	(12,000)	23,999	(46,301)
Retained earnings	29,409	20,084	-	(20,084)	29,409
Reserves	(6,220)	500	-	(500)	(6,220)
Minority interest	(118)	-	-	-	(118)
Total equity	(11,231)	(3,415)	(12,000)	3,415	(23,231)

Notes:

1. The column headed "June21A CAF" reflects the financial position of the Company as at 30 June 2021 in summary form as set out in the audited financial statements of the Company for the financial year ended 30 June 2021.
2. The column headed "June21A Target Pf." reflects the net assets to be acquired from ClearView (on an unaudited basis). Note the balance sheet of ClearView Advice at completion will consist of cash, net adviser loans receivable (other receivable), provisions for claims, commissions payable and employee entitlements transferred as part of the Proposed Transaction. The NTA committed by ClearView Advice is \$3.4m.
3. The column headed "June21A Trans'n." reflects consideration for acquisition of ClearView Advice.
4. The column headed "June21A Pf Elim'ns." reflects elimination entries by the Company.
5. The column headed "June21A PF." reflects the adjusted Pro Forma accounts on completion of the Proposed Transaction.

Impact on Financial Performance

The completion of the Proposed Transaction will be deemed to take effect on 31 October 2021, subject to shareholder approval on 1 November 2021 and all other conditions to the Proposed Transaction being satisfied or waived. The effective completion date is designed to facilitate a clean integration of an end of month balance sheet. The following discussion of the anticipated impact of the Proposed Transaction on the Company assumes that completion occurs with an effective date of 31 October 2021. Management considers that an assessment on an annualised basis of the effect of the Proposed Transaction provides the most reasonable guidance of financial impact of the Proposed Transaction and the following guidance is provided on an annualised basis from the effective date of completion of the Proposed Transaction.

Shareholders are reminded that past performance is not a reliable indicator of future performance. This section includes forward looking statements. Shareholders are referred to the 'Notes: Resolution 4 & 6 - Disclaimers as to forward looking statements' section at the beginning of this notice for a discussion of such statements.

Gross Profit

It is expected that total Gross Profit of the Group will increase from \$28.1m to an annualised figure of \$41.3m with adviser fees contributing \$20.4m. These revenues reflect the 2021 Gross Profit performances for both the Company and ClearView Advice and assume no increases to existing revenue run rates.

Expenses

The highly synergistic nature of the Proposed Transaction is expected to deliver very material expense reductions given the cost base for these two similar dealer groups are predominantly fixed and highly scalable. The domains where cost savings can be expected to be achieved are:

- i) labour through scale efficiencies in management, operations and technology (more than 70% of total synergies);
- ii) non staff through professional fees, licenses and subscriptions; and
- iii) overheads in rent and facilities.

Significant analysis has been conducted on a combined organisational chart with a view to implementing and operationalising at completion of the Proposed Transaction, to maximise controllable synergy targeted savings, from day one.

EBITDA (Annualised)

As noted above, management intends to make appropriate adjustments to the combined cost base of the Group which are anticipated to deliver immediate accretive earnings. The combined budgeted stand-alone EBITDA run rate for FY22 has been modelled with expected expense synergies to forecast annualised EBITDA of more than \$8m. Revenue assumptions include gross adviser growth for both the Company and ClearView Advice in line with prior year. There are no assumptions for revenue upside from the strength of the combined businesses.

As at 30 June 2021, the Company had carried forward tax losses of \$61.8m which includes revenue losses of \$25.9m and capital losses of \$35.9m.

One off Transaction and Transition Costs

The Company will incur costs in the order of \$0.4m to \$0.5m in preparation for the Proposed Transaction which are non-recoverable if shareholder approval for the Proposed Transaction is not passed. These costs include financial and legal due diligence, and the independent expert report.

The Company will incur between \$1.0m and \$1.75m in transition costs to reconfigure the direct labour expense base, in order to deliver material year on year savings. The transition costs are principally driven by an agreed sharing of redundancies, as well as costs embedded in the transition services agreement. Management from both businesses are collaborating closely with integrating planning to mitigate duplicity of costs post completion.

(g) *Timeline*

If Resolution 4 is approved, the proposed timetable for the issue of the Consideration Shares and the completion of the Proposed Transaction is as follows:

Event	Proposed date
AGM	1 November 2021
Completion and Issue of Consideration Shares	1 November 2021
Deemed effective date of Completion of Proposed Transaction	31 October 2021

(h) *Other material terms of the Proposed Transaction*

Other material terms of the Proposed Transaction are as follows:

- the Company will purchase all of the shares in each entity making up ClearView Advice, resulting in ClearView Advice becoming wholly owned subsidiaries of the Company;
- the consideration to be paid to ClearView for the acquisition of ClearView Advice is proposed to be a total of \$15,170,000 (subject to adjustments as noted below) to be satisfied as follows:
 - 48,000,000 Shares, with a deemed issue price of \$0.25 each (**Consideration Shares**); and
 - cash consideration of \$3,170,000 (subject to agreed adjustments regarding net assets and debt).
- the Consideration Shares are to be subject to voluntary escrow for a period of 12 months, subject to certain permitted dealings described below;
- completion of the Proposed Transaction is conditional on satisfaction of a number of matters including the following key conditions:
 - Shareholders approving the issue of the Consideration Shares to ClearView for the purposes of item 7, s611 of the Corporations Act (the purpose of Resolution 4);
 - the transfer of certain key employees of ClearView Administration Services Pty Limited who work in the ClearView Advice businesses to Centrepont Services Pty Ltd;
 - the subsidiaries of ClearView Advice that are not being acquired under the Proposed Transaction being transferred to another ClearView group company;

- all necessary regulatory approvals and third party consents, and releases of any security interests, being obtained;
- there being no material adverse changes in ClearView Advice;
- the discharge and/or termination of certain liabilities and obligations between ClearView Advice and the other ClearView group companies;
- ClearView entering the Escrow Deed.
- At the request of the Company, ClearView will provide transitional services to the Company to facilitate the orderly separation of ClearView Advice from the ClearView group. The Company and ClearView are currently assessing which transitional services will be required post completion of the Proposed Transaction which may include services in respect of portfolio management and reporting, office leases, supply of computer hardware and telephones, provision of existing telephone systems and other utilities services. It is intended that ClearView and the Company will enter a formal transition services agreement prior to completion of the Proposed Transaction to reflect the terms on which such services are to be provided.
- The rights and interests in certain loans owed to ClearView Advice are excluded from the sale and will remain with ClearView.
- ClearView will have the right to appoint a nominee director to the board of the Company for so long as ClearView holds at least 20% of the Shares - ClearView has nominated Simon Swanson, the Managing Director of ClearView, for this purpose, and his appointment is the subject of Resolution 5.
- ClearView has provided typical warranties and indemnities to the Company for certain matters, including certain historical claims, subject to agreed qualifications and limitations.
- ClearView agrees that, following completion for an agreed period and in an agreed area, it will not engage in specific conduct that could damage the goodwill of ClearView Advice's business.

The material terms of the Escrow Restrictions are as follows:

- Subject to Shareholders approving Resolution 6, all Consideration Shares will be subject to voluntary escrow for a period of 12 months.
- The Escrow Restrictions restrict ClearView from selling, transferring or otherwise disposing or encumbering of any Consideration Shares for a 12 month period commencing on issue of the Consideration Shares except in the following circumstances:
 - if there is a bona fide takeover bid which is accepted by Shareholders holding at least half of the Shares that are not held by ClearView;
 - if the transfer or cancellation occurs as part of a scheme of arrangement in respect of the Company or as a result of a buyback or other similar reorganisation or acquisition of share capital of the Company which has received all necessary approvals;
 - the transfer is to a Shareholder as at the date of the transfer, provided that the relevant transferee in respect of such transfer is not a competitor of the Company and also enters into an escrow arrangement with the Company on substantially the same terms as the Escrow Deed for the remaining duration of the escrow period;
 - where, in respect of ClearView (and with prior consultation with the Company):

- ClearView's shareholders have approved a scheme of arrangement relating to a transfer of more than 50% of ClearView's securities but before implementation of the scheme; or
- after a bidder for ClearView's ordinary shares under Chapter 6 of the Corporations Act receives acceptances for more than 50% of ClearView's voting securities but before the bidder receives acceptances for 100% of ClearView's voting securities; and
- provided that the relevant transferee in respect of such transfer is not a competitor of the Company (unless the transfer occurs as a result of an in-specie distribution of the Consideration Shares to all shareholders of ClearView on a pro rata basis).

There are no other relevant agreements between the Company and either ClearView Advice or ClearView (or any of its associates) that is conditional on (or directly or indirectly depends on) Shareholder approval of the Proposed Transaction.

(i) *Risk Factors*

There are general risks which may have an adverse impact on the Company's operations irrespective of whether the Company implements the Proposed Transaction or not and many of which are largely beyond the control of the Company and difficult to predict or anticipate.

In addition to these general risks, the Company may be faced with specific risks if the Proposed Transaction are completed. The Board aims to manage these risks by carefully planning the Group's activities and implementing risk control measures. However, some of the risks identified are unpredictable and the extent to which the Company is able to effectively manage them may be limited.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Group is exposed or will, following completion of the Proposed Transactions, be exposed. These risk factors should be taken into account in your voting decisions.

- **Reliance on information provided by ClearView:** In entering the Proposed Transaction and preparing this Explanatory Statement, the Company has relied on information from ClearView including during the due diligence process conducted by the Company. To the extent that the information provided is incomplete, incorrect, inaccurate or misleading, or the actual results achieved by ClearView Advice are weaker than those indicated by the Company's analysis, there is a risk that the profitability and future results of the operations of the Group may differ (including in a materially adverse way) from the Company's expectations as reflected in this Explanatory Statement, or that additional liabilities may emerge.
- **Contract/Revenue risk:** There is a risk that material contracts are unable to be assigned or novated to the Company or that any assignment or novation may take longer than anticipated. The Company may be required to re-negotiate certain contracts.
- **Integration risk:** The Proposed Transaction involves bringing ClearView Advice into the Group. The integration process may take longer than anticipated, may result in fewer synergies than expected and may have significant one-time restructuring charges and unanticipated costs. If successful integration is not achieved, it will pose a material risk to the Group. Further, the advantages of the Proposed Transaction outlined above, include forward looking statements, which are predictions only and are subject to inherent risks and uncertainties. The advantages may not be realised and actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

- **Historical financial information and pro forma combined financial information:** The historical financial information included in this Explanatory Statement may not be representative of future performance. The pro forma combined financial information included in this document may not reflect what the Group's position or performance would have been, if it had been a combined entity during the periods presented. The pro forma combined financial information presented is based on various assumptions, and the Company cannot assure that these assumptions will prove to be accurate over time or continue to apply in the future.

(j) Chapter 6 - Takeovers

The Company is subject to the provisions of Chapter 6 of the Corporations Act, which prohibit the acquisition by a person of a relevant interest in voting shares of a company if, because of the acquisition, that person's voting power in the company would increase from 20% or below to more than 20%, or from a starting point above 20% and below 90%.

The prohibition in Chapter 6 is subject to various exceptions set out in section 611 of the Corporations Act. One of those exceptions is an acquisition that is approved by a resolution passed at a general meeting of the company in which the acquisition is made, where the approval is given in accordance with the requirements set out in item 7 of section 611 of the Corporations Act.

The issue of the Consideration Shares to ClearView will result in ClearView holding a relevant interest of 25% of the Company's voting Shares. In addition, the application of the Escrow Restrictions by the Company over the Consideration Shares will result in the Company holding a relevant interest of 25% of the Company's voting Shares, as the Company will control the exercise of the power to dispose of the Consideration Shares.

Accordingly, the Board has determined to seek Shareholder approval of the issue of the Consideration Shares to ClearView (Resolution 4) and for the application of the Escrow Restrictions by the Company (Resolution 6) for the purposes of item 7 of section 611 of the Corporations Act.

The passing of Resolution 6 is conditional upon Resolution 4 being approved by the Shareholders. Resolutions 4 and 6 are ordinary resolutions.

(k) Information required for the purposes of item 7 of section 611

1) The identity of the person proposing to make the acquisition and their associates

The Consideration Shares are to be issued to ClearView.

As discussed above, the Company itself will also acquire a Relevant Interest in the Consideration Shares because of the voluntary escrow arrangements with ClearView. Although the Company will not own any of the Consideration Shares held by ClearView (or have any ability to control how the Consideration Shares are voted), the Company will technically be considered to have acquired a relevant interest in the Consideration Shares as a result of the negative control rights in the Escrow Restrictions.

2) the maximum extent of the increase in that person’s Voting Power in the company that would result from the acquisition

As at the date of this Explanatory Statement, ClearView does not hold any Shares and the Voting Power held by ClearView and its Associates is nil.

It is proposed that 48,000,000 new Shares will be issued to ClearView, comprising the Consideration Shares, which will result in the Voting Power held by ClearView increasing from 0% to 25%, as summarised in the following table:

Holder	Pre-Proposed Transaction		Post-Proposed Transaction	
Other shareholders	144,282,969	(100%)	144,282,969	(75%)
ClearView	Nil	(0%)	48,000,000	(25%)
Total	144,282,969	(100%)	192,282,969	(100%)

**Note: the above table assumes all Consideration Shares are issued, and does not include the 7,598,920 performance rights the Company has on issue or the 8,000,000 performance rights which are proposed to be issued pursuant to resolution 8 (and which, for avoidance of doubt, have no voting rights until they are exercised/convert) - if these were to convert in full into Shares, post-Proposed Transaction the Company would have 207,881,889 Shares on issue, of which ClearView would hold approximately 23.09% (i.e. 48,000,000 Shares).*

While the Company will acquire a Relevant Interest in the Consideration Shares as a result of the Escrow Restrictions, the Company will not obtain any power to vote in respect of any of the Consideration Shares.

3) the Voting Power that person would have as a result of the acquisition

The table in (2) above sets out details of the possible Voting Power of ClearView, which will be 25% as a result of the Proposed Transaction.

While the Company will acquire a Relevant Interest in the Consideration Shares as a result of the Escrow Restrictions, the Company will not obtain any power to vote in respect of any of the Consideration Shares.

4) the maximum extent of the increase in the Voting Power of each of that person’s associates that would result from the acquisition

ClearView has advised the Company that it has no Associates holding securities in the Company.

While the Company will acquire a Relevant Interest in the Consideration Shares as a result of the Escrow Restrictions, the Company will not obtain any power to vote in respect of any of the Consideration Shares.

5) the Voting Power that each of that person's associates would have as a result of the acquisition

ClearView has advised the Company that it has no Associates holding securities in the Company.

The Company has no Associates holding securities in the Company.

(l) Additional information provided in respect of the Proposed Transaction

The following additional information is provided in respect of the Proposed Transaction in accordance with ASIC Regulatory Guide 74.

Independent Expert

The Board have appointed the Independent Expert to assess the Proposed Transaction and the Escrow Restrictions.

After considering overall the relative advantages and disadvantages of the Proposed Transaction and all other relevant matters, the Independent Expert has concluded that the Proposed Transaction specifically:

- the acquisition of ClearView Advice for Shares and cash consideration; and
- the deemed acquisition by the Company of a relevant interest in its shares as a consequence of the Escrow Restrictions,

is fair and reasonable to the Company's non-associated Shareholders.

The reason the Independent Expert has deemed the Proposed Transaction (including the relevant interest acquired by the Company as a consequence of the Escrow Restrictions) as "fair" is that the fair market value of a Company Share before the Proposed Transaction (on a control basis) is less than the fair market value of a Share in the Company after the Proposed Transaction (on a minority basis). As set out in the Independent Expert's Report, the Independent Expert's assessed value for a Share before the Proposed Transaction (on a control basis) ranges from \$0.25 to \$0.29, while the value of a Share post-Proposed Transaction (on a minority basis) ranges from \$0.27 to \$0.33.

The reason the Independent Expert has deemed the Proposed Transaction (including the relevant interest acquired by the Company as a consequence of the Escrow Restrictions) as "reasonable" is that given the acquisition is assessed as fair (as noted above), it is therefore reasonable. The Independent Expert also considered the advantages and disadvantages of the Proposed Transaction to Shareholders, and these are detailed in section 10.2 of the Independent Expert's Report.

ClearView's intentions

If Resolution 4 is approved by Shareholders and the Proposed Transaction completes and the Escrow Restrictions are applied, ClearView has advised the Company that other than set out above:

- it has no intention to change the business of the Company;
- it has no intention to inject capital into the Company;
- it has no intention to make any change to the employees of the Company;
- there are no proposals where assets will be transferred between the Company and ClearView or their associates, except in respect of the Proposed Transaction (including the transitional services agreement);

- it has no intention to otherwise redeploy the fixed assets of the Company; and
- it has no intention to significantly change the financial or dividend distribution policies of the Company.

Given the Consideration Shares constitute 25% of the Company's Shares on issue, ClearView will not 'control' the Company as a result of the Proposed Transaction.

Substantial holders

The impact of the Proposed Transaction on the interests of substantial Shareholders is as follows:

Holder	Pre-Proposed Transaction		Post-Proposed Transaction	
Tiga Trading Pty Ltd	51,987,171	(36.0%)	51,987,171	(27.0%)
Mr Alexander Beard and Mr Alexander Beard and Mrs Pascale Marie Beard ATF AD & MP Beard Superannuation Fund A/C	10,998,296	(7.6%)	10,998,296	(5.7%)
ClearView	Nil	(0%)	48,000,000	(25.0%)
Other shareholders	81,297,502	(56.4%)	81,297,502	(42.3%)
Total	144,282,969	(100%)	192,282,969	(100%)

Note: This table assumes that the 7,598,920 performance rights the Company has on issue or the 8,000,000 performance rights the subject of Resolution 8 are not exercised into Shares.

Director Interests

No current director of the Company has a material personal interest in the outcome of Resolution 4 or 6, save for any interest they may have solely in their capacity as Shareholders which interest they hold in common with the other non-Associated Shareholders.

The number of Shares in which each director has a relevant interest as at the date of this Explanatory Statement is set out in the table below. As indicated earlier, the directors recommend the Proposed Transaction and intend to vote in favour of the Resolutions in the Notice of Meeting (to the extent they are entitled to vote on them) in respect of the Shares that they hold or control.

Director	Number of Shares	% of Shares ¹ - no exercise of performance rights	% of Shares ² - on a fully diluted basis
A.D. Fischer	Nil	Nil	Nil
M.P. Pretty	105,000	0.07%	0.07%
G.J. Chmiel	800,000	0.55%	0.50%
A.D.H Beard	10,998,296	7.62%	6.88%

Note 1: this percentage is based on the Company's current total shares on issue of 144,282,969, and does not include the 7,598,920 performance rights the Company has on issue or the 8,000,000 performance rights the subject of Resolution 8.

Note 2: this percentage assumes the 7,598,920 performance rights the Company currently has on issue and the 8,000,000 performance rights the subject of Resolution 8 are issued and then fully exercised, resulting in a total issued share capital of 159,881,889.00.

On completion of the Proposed Transaction, Mr Swanson will be appointed as a non-executive director of the Company. Details regarding Mr Swanson are set out in respect of Resolution 5 below. Mr Swanson is also a shareholder in ClearView, and may benefit from the Proposed Transaction in his capacity as a shareholder of ClearView which is an interest he holds in common with the other shareholders of ClearView.

The total director fees for the Company are not budgeted to change as a result of the Proposed Transaction.

Advantages and Disadvantages

Detailed information regarding the advantages and disadvantages of the Proposed Transaction as well as the rationale for undertaking the Proposed Transaction are set out above.

Effect of Resolution 4

If Shareholders approve Resolution 4, the Company will be able to issue the Consideration Shares, and complete the Proposed Transaction.

If Shareholders do not approve Resolution 4, the Company will not be able to issue the Consideration Shares, and the Proposed Transaction will not complete.

Effect of Resolution 6

If Shareholders approve Resolution 6, the Company will be able to apply the Escrow Restrictions over all of the Consideration Shares once issued.

If Shareholders do not approve Resolution 6, the Company will not be able to apply the Escrow Restrictions over all of the Consideration Shares once issued and will only be able to apply Escrow Restrictions over 38,437,365 Consideration Shares (which equals 19.99% of voting Shares of the Company).

Consequences if the Proposed Transaction does not proceed

If the Proposed Transaction does not proceed:

- there will be no change to the Company's business, directors or scale of the business.
- the proposed issue of the Consideration Shares will not occur and as a result there will be no corresponding dilution of existing Shareholders.
- the Share price may fall lower than the share price at the time of the announcement of the Proposed Transaction (this risk may also be impacted by equity market volatility).
- the Company will also have incurred various costs associated with the Proposed Transaction which it cannot recover.

- it may be difficult to find the appropriate acquisition target which is in line with the Company's long term strategy and business. Further, similar opportunities that offer synergistic goodwill may be limited.

(m) Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, an entity must not issue or agree to issue more equity securities than the number calculated according to the formula set out in ASX Listing Rule 7.1.

In effect, ASX Listing Rule 7.1 requires that the approval of the holders of the ordinary securities be obtained in respect of any proposal to issue more equity securities in any 12 month period than the number which exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of the issue or agreement (as determined in accordance with the formula set out in ASX Listing Rule 7.1).

ASX Listing Rule 7.2 sets out various exceptions to ASX Listing Rule 7.1. ASX Listing Rule 7.2, Exception 16 provides that ASX Listing Rule 7.1 does not apply to an issue of securities approved for the purposes of Item 7 of section 611 of the Corporations Act and as such, the issue of the Consideration Shares will not count towards the Company's 15% capacity under ASX Listing Rule 7.1.

(n) Voting Exclusion Statement

A voting exclusion statement is set out in the Notice in respect of Resolutions 4 and 6.

(o) Board recommendation

The Board recommends that Shareholders vote IN FAVOUR of Resolutions 4 and 6 to enable the Company to complete the Proposed Transaction and apply the Escrow Restrictions. The reasons for this recommendation are that:

- the Company is pursuing the Proposed Transaction given the synergies with the Company's current business and the opportunity to accelerate the growth of the Company's existing financial advice business, which has been a key strategic goal of the Company;
- the Independent Expert has determined that the Proposed Transaction (including the relevant interest acquired by the Company as a consequence of the Escrow Restrictions) is fair and reasonable to the Company's non-associated Shareholders.

The Chair intends to vote undirected proxies in favour of Resolutions 4 and 6.

7. RESOLUTION 5 — ELECTION OF SIMON SWANSON

As noted above, as part of the Proposed Transaction the Company has agreed to appoint a nominee of ClearView as a director of the Company. ClearView has nominated Simon Swanson for this role, the current managing director of ClearView.

Simon Swanson BEC, BBus, ANZIIF (Fellow), CIP, FCPA

Mr Swanson is an internationally experienced financial services executive having worked for over 30 years across life insurance, funds management, general insurance and health insurance. He has

successfully led the largest life insurer (Commlnsure, Sovereign and Colonial) in three countries and spent half of his career in the Asia Pacific region.

Mr Swanson was previously a director of the Australian Literacy and Numeracy Foundation and former Chairman of ANZIIF's Life, Health and Retirement Income Faculty Advisory Board.

Simon was effectively the founder of ClearView in its current form and was appointed as Managing Director of ClearView on 26 March 2010.

In accordance with rule 58(d) of the Constitution, Simon Swanson has been recommended by the Board for election as a director of the Company.

Accordingly, it is proposed that it be put to Shareholders as an ordinary resolution that Mr Swanson be appointed as a director of the Company. This appointment is subject to and will take effect from completion of the Proposed Transaction. If the Proposed Transaction does not complete, Mr Swanson will not be appointed as a director of the Company pursuant to this Resolution 5. If Resolution 5 is not passed, then Mr Swanson will not be appointed as a director of the Company with the approval of Shareholders and the Board may either appoint Mr Swanson or another nominee of ClearView as a casual director appointment under rule 47 of the Constitution.

The directors recommend that Shareholders vote in favour of Resolution 5.

8. RESOLUTION 7 — AUDITOR APPOINTMENT

The Board appointed BDO Audit Pty Ltd (BDO) as the Company's new auditors with effect on 18 January 2021.

This appointment followed the resignation of Deloitte as the Company's auditor and ASIC's consent to Deloitte's resignation, in accordance with the Corporations Act.

The transition of auditor occurred due to the Company tendering its external audit program. BDO was selected by the Company after considering proposals received.

In accordance with the Corporations Act:

- BDO holds office as auditor until this AGM of the Company and is standing for re-appointment as auditor pursuant to this Resolution 7; and
- the Company has sought and obtained a nomination from a shareholder for BDO to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Memorandum as Attachment 2.

BDO have given their written consent to act as the Company's auditor subject to shareholder approval of this Resolution 7.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

9. RESOLUTION 8 — GRANT OF PERFORMANCE RIGHTS TO MR JOHN SHUTTLEWORTH

(a) *Introduction*

The Directors have resolved to refer to Shareholders for approval the proposed grant of 8,000,000 performance rights to the Company's Chief Executive Officer, Mr Shuttleworth (the **Performance Rights**) under the Company's long term incentive plan (**LTIP**). The terms of the Performance Rights and the LTIP are set out in more detail below.

Approval for the issue of the Performance Rights is sought in accordance with the provisions of Listing Rule 10.14 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rules 7.1 or 10.11. In order for the Performance Rights to be granted to Mr Shuttleworth, who as per the Company's announcement of 4 August 2021 is expected to join the Board in due course, the Board has determined that the requirements of Part 2E of the Corporations Act should also be observed. In addition, due to the terms of the Performance Rights, approval is also being sought under Sections 200B, 200C and 200E of the Corporations Act which relate to a company giving a person a benefit in connection with them ceasing to hold a managerial or executive office or on the transfer of undertaking or property.

(b) *Performance Rights terms*

A summary of the Performance Rights and the LTIP is set out below:

- The Performance Rights are being issued for no cash consideration.
- The grant date of the Performance Rights will be, subject to Shareholder approval of Resolution 8, the business day following the AGM, i.e. 2 November 2021, and each will have an expiry date of 3 years after their Vesting Date.
- The Performance Rights are subject to vesting conditions, and will vest in tranches of 2,000,000 rights, subject to the following:
 - Performance-based Vesting Condition: if the share price (**Share Price**) of the Company's shares equals or exceeds the following strike prices (**Strike Price**) in respect of each of the following tranches:

Tranche No.	Number of Rights	Strike Price
1	2,000,000	\$0.30
2	2,000,000	\$0.35
3	2,000,000	\$0.42
4	2,000,000	\$0.55

- The Share Price noted above will be tested on an annual basis by the Board as at 30 June each year (ie 30 June 2022, 30 June 2023, and 30 June 2024) (each being a **Testing Date**).
- The Share price will be calculated based on the 30 day volume weighted average price of Company shares on the ASX prior to (and including) the relevant Testing Date.
- The Performance-based Vesting Condition for a particular Tranche need only be satisfied on a single Testing Date (even if the Share Price on its actual Vesting Date has decreased).

- Service-based Vesting Condition: Mr Shuttleworth being employed as CEO at the actual Vesting Date, and not serving a period of notice of termination or cessation of employment at that time subject to the Good Leaver provisions described below.
- Maximum Performance Rights which may vest each year:
 - Up to an aggregate total of 4,000,000 Performance Rights will be eligible to vest on 30 June 2022.
 - Up to an aggregate total of 6,000,000 Performance Rights will be eligible to vest on 30 June 2023 (including any Performance Rights which have already vested).
 - Up to an aggregate total of 8,000,000 Performance Rights will be eligible to vest on or before 30 June 2024 (including any Performance Rights which have already vested),

though the Board may waive the vesting conditions at its absolute discretion.

- In accordance with the terms of the LTIP, Mr Shuttleworth may not create a security interest in, or transfer, assign, dispose or otherwise deal with the Performance Rights, or any interest in the Performance Rights, without the prior written consent of the Board (other than a transfer to a legal personal representative in the event of Mr Shuttleworth's death). There are however no disposal restrictions on the shares to be issued on exercise of the Performance Rights.
- In accordance with the terms of the LTIP, any vested Performance Rights not exercised by the date that is 3 years after the Vesting Date (**Expiry Date**) will expire.
- The Performance Rights, once vested, may be exercised for no exercise price, but in order to be issued a share Mr Shuttleworth must give notice to the Company.
- If Mr Shuttleworth resigns from his employment, or his employment is terminated without notice by the Company in accordance with the terms of his employment agreement (i.e. for conduct justifying summary dismissal) prior to the Vesting Date (**Bad Leaver**) all unvested Performance Rights will be forfeited and immediately lapse. All vested Performance Rights will remain on foot in accordance with their terms.
- If Mr Shuttleworth's employment ends prior to the Vesting Date for any other reason (**Good Leaver**) a proportion of each tranche of Performance Rights will remain capable of vesting on the Vesting Date notwithstanding that the Service-based Vesting Condition will not be satisfied (subject to satisfaction of the performance-based vesting condition described above) equivalent to the proportion of the period from the commencement of his employment as CEO and the Vesting Date for which Mr Shuttleworth was employed, and any Performance Rights that remain capable of Vesting can only be exercised within 24 months of the end of Mr Shuttleworth's employment after which time they will lapse.
- The Performance Rights will be unlisted.
- Shares issued on exercise of the Performance Rights will rank equally with all existing Company shares from the date of issue, and the Company will use its best endeavours to have such shares quoted on the ASX.
- Under the terms of the LTIP Performance Rights Holders do not have any right to participate in pro rata or bonus issues of shares to Shareholders or dividends unless the Performance Rights are exercised.

- If a pro rata bonus or cash issue of securities is awarded by the Company, the number of shares over which a Performance Right exists will be adjusted as specified in the Listing Rules, and written notice given to the LTIP participants.
- Performance Rights do not give any rights to vote at Company meetings.
- Under the terms of the LTIP, in the event of a Change of Control Trigger Event, the Board must give written notice to each participant in the LTIP and the vesting date of any performance rights on issue will be the date of the trigger of the Change of Control Trigger Event.
- Under the Performance Right terms, in the event of a Change of Control Trigger Event, the tranches of Performance Rights will automatically vest on the Vesting Date (as amended per the process above) if the final consideration per Company share (or equivalent) received under the Change in Control (as determined by the Board acting reasonably) is equal to or exceeds the Strike Price as set out in the Performance based Vesting Condition set out above, and the remaining Performance Rights will lapse (unless otherwise determined by the Board in its complete discretion).

Shareholders are referred to the Company's notice of meeting for its 2019 AGM as announced to the ASX on 14 October 2019 for a further summary of the terms of the LTIP.

(c) Regulatory requirements - Part 2E of the Corporations Act

Part 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Part 2E in relation to the convening of that meeting have been met.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of the public company or (as in the case of Mr Shuttleworth) a person who has reasonable grounds to believe they will become a related party at any time in the future. As per the Company's announcement of 4 August 2021, Mr Shuttleworth is expected to join the Board in due course.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The proposed Resolution 8, if passed, will confer a financial benefit to the recipient of the Performance Rights and therefore the Company seeks to obtain member approval in accordance with the requirements of Part 2E of the Corporations Act. For this reason, and for all other purposes, the following information is provided to Shareholders.

The related party to whom Resolution 8 would permit the financial benefit to be given: Mr John Shuttleworth or his nominee. Mr Shuttleworth is the Chief Executive Office of the Company and as per the Company's announcement of 4 August 2021 is expected to join the Board in due course.

The nature of the financial benefit: the issue of 8,000,000 Performance Rights for nil cash consideration, exercisable (subject to vesting conditions) into fully paid ordinary shares in the Company for nil exercise price.

Director's Recommendations: With respect to Resolution 8, the Directors (none of whom has an interest in the grant of the Performance Rights) recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- the grant of the Performance Rights as proposed to Mr Shuttleworth are intended to drive consistent governance and oversight of the Company and its management and are awarded based on vesting conditions;
- the Performance Rights are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration).

Director's interests:

No current director of the Company has a material personal interest in the outcome of Resolution 8, save for any interest they may have solely in their capacity as Shareholders which interest they hold in common with the other Shareholders.

Interests and other remuneration:

Mr Shuttleworth does not currently hold any Shares or securities in the Company.

Other than the Performance Rights to be issued to Mr Shuttleworth pursuant to Resolution 8, Mr Shuttleworth currently receives remuneration of \$475,000 per annum (total cost to the Company) from the Company for his services as CEO.

If all of the Performance Rights vest and are exercised by Mr Shuttleworth, the following will be the effect on his holdings in the Company (assuming no other Shares are issued or acquired by him):

Holder	Current Share Holding	% of total Share Capital*	Share Capital on exercise	% of total Share Capital*
Mr John Shuttleworth	Nil	Nil	8,000,000	5.25%
Other Shareholders	144,282,969	100%	144,282,969	94.75
Total	144,282,969	100%	152,282,969	100%

**Note: assumes the share capital of the Company is 144,282,969 (as it is at the date of this Explanatory Memorandum) and does not include the 7,598,920 performance rights the Company has on issue or any Shares the issue of which is the subject of other resolutions in the Notice of Meeting (including the 48million Shares proposed to be issued to ClearView pursuant to resolution 4).*

Valuation:

The Performance Rights are not equity securities which are currently quoted on the ASX and as such have no readily observed market value. The Performance Rights each grant the holder a right to subscribe for one Share upon vesting of each Performance Right. Accordingly, the Performance Rights may have a present value at the date of their grant.

The Performance Rights may acquire future value dependent upon the extent to which the market price of the Shares exceed the Strike Price in the Performance-based vesting conditions during the term of the Performance Rights.

As a general proposition, performance rights giving the ability to subscribe for ordinary fully paid shares in a company (for nil cash consideration) have value.

Various factors impact upon the value of performance rights including things such as:

- the period outstanding before the expiry date of the performance rights;
- any market price hurdles relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the performance rights may be converted; and
- whether or not the rights are listed (i.e. readily capable of being liquidated),

and so on.

There are various formulae which can be applied to determining the theoretical value of performance rights (including the formula known as the Monte Carlo simulation approach).

The Company has received an independent valuation of the Performance Rights utilising the Monte Carlo simulation approach, which is appropriate for valuing awards subject to share price performance conditions. Within the Monte Carlo approach, the underlying stochastic process of the Company's TSR is assumed to follow Geometric Brownian motion under a risk-neutral measure and each simulation comprises of the following steps:

- Simulate Share price performance as at the end of the performance period.
- Proportion of Share price hurdled award vested is calculated based on the Strike Price targets schedule.
- Present value of Share price hurdled award vested is recorded.

The process above is repeated multiple times and the estimated fair value is the average of the above simulation results. The law of large numbers ensures the estimated fair value converges to the correct value as the number of simulations increase. The valuation undertaken used more than fifty million simulations which provide an accurate determination of fair value.

Inherent in the application of the Monte Carlo simulation approach are a number of inputs, some of which must be assumed.

The data relied upon in the valuation applying the Monte Carlo simulation approach was as follows:

Tranche	1 & 2	3	4
Grant Date	5 November 2021	5 November 2021	5 November 2021
Valuation Date	9 September 2021	9 September 2021	9 September 2021
Type of Award	Performance Right	Performance Right	Performance Right

Tranche	1 & 2	3	4
Vesting Conditions	Share Price Hurdle (\$0.30 & \$0.35)	Share Price Hurdle (\$0.42)	Share Price Hurdle (\$0.55)
Share price	\$0.245	\$0.245	\$0.245
Exercise Price	N/A	N/A	N/A
Expected volatility	64%	64%	64%
Expected Life	0.65 - 2.65 years	1.65 - 2.65 years	2.65 years
Risk free interest rate	0.00%	0.00%	0.00%
Dividend yield	12.24%	10.20%	9.52%

For completeness, it is noted that non-market conditions such as service periods, are not to be taken into account when estimating the fair value of share-based equity instruments.

Based on the independent valuation, the Company has adopted an indicative value for the Performance Rights the subject of this resolution 8 as follows:

Tranche No.	Number of Rights	Strike Price	Valuation per Performance Right	Valuation per Tranche
1	2,000,000	\$0.30	\$0.1668	\$333,600
2	2,000,000	\$0.35	\$0.1495	\$299,000
3	2,000,000	\$0.42	\$0.1188	\$237,600
4	2,000,000	\$0.55	\$0.0820	\$160,400
Total	8,000,000			\$1,030,600

Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors: There is no other information known to the Company or any of the Directors save and except as follows:

The Performance Right valuation noted above is based on a market price of the Shares at the time of the valuation being 9 September 2021 of \$0.245. There is a possibility that the market price of the Shares on the date of issue of the Performance Rights will be different to this and that the market price of the Shares will change up to the date of the AGM.

The opportunity costs and benefits foregone by the Company issuing the Performance Rights to Mr Shuttleworth, or his respective nominee, is the potentially dilutionary impact on the issued Share capital of the Company (in the event that the Performance Rights are exercised). Until exercised, the issue of the Performance Rights will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company

securing the services of an experienced and skilled CEO on appropriate incentive terms. A summary of the potential dilutionary effect of the issue of Shares on exercise of the Performance Rights is set out above. It is also considered that the potential increase of value in the Performance Rights is dependent upon a concomitant increase in the value of the Company generally.

As at Wednesday, 15 September 2021, the closing price of Shares on ASX was \$0.26. Set out below is the trading history of the Shares over the past 12 months.

	Closing Market Price 6 months prior to Notice of Meeting	Closing Market Price 12 months prior to Notice of Meeting
High	\$0.29	\$0.32
Low	\$0.215	\$0.14
VWAP	\$0.24	\$0.22

No stamp duty will be payable in respect of the grant of the Performance Rights. No GST will be payable by the Company in respect of the grant of the Performance Rights (or if it is then it will be recoverable as an input credit).

(d) Regulatory requirements - Listing Rule 10.14

The Company is proposing to issue the Performance Rights under the LTIP.

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- Listing Rule 10.14.1: a director of the Company;
- Listing Rule 10.14.2: an associate of a director of the Company; or
- Listing Rule 10.14.3: a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its Shareholders,

unless it obtains the approval of its Shareholders.

While Mr Shuttleworth is not currently a director of the Company, ASX have confirmed that it is appropriate to obtain approval for the issue of the Performance Rights under Listing Rule 10.14.

Resolution 8 seeks the required Shareholder approval to issue the Performance Rights under and for the purposes of Listing Rule 10.14.

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Performance Rights and Mr Shuttleworth will be remunerated accordingly based on the achievement of the vesting conditions set out above.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Non-Performance Rights and the Company may need to consider other forms of performance-based remuneration in that regard.

For the purposes of Listing Rule 10.15, the Company advises as follows:

- Mr Shuttleworth (or his nominee) is to be the recipient of the Performance Rights;

- Mr Shuttleworth has a reasonable expectation of becoming a director (and therefore is considered a related party) of the Company in the future. While Mr Shuttleworth is not currently a director of the Company, ASX have confirmed that it is appropriate to obtain approval for the issue of the Performance Rights under Listing Rule 10.14. As such, Mr Shuttleworth is considered to fall within the category stipulated by Listing Rule 10.14.3. In the event the Performance Rights are issued to a nominee of Mr Shuttleworth, that person will fall within the category stipulated by Listing Rule 10.14.3.
- The maximum number of Performance Rights to be issued to Mr Shuttleworth or his nominee is 8,000,000 Performance Rights;
- Details of the total remuneration package of Mr Shuttleworth are set out above.
- No securities have previously been issued to Mr Shuttleworth under the LTIP.
- A summary of the material terms of the Performance Rights is set out above.
- The Company has proposed to issue the Performance Rights to reward and incentivise Mr Shuttleworth to contribute to the growth of the Company. The Performance Rights are intended to drive consistent governance and oversight of the Company and its management and are awarded based on the achievement of certain vesting conditions. The Company believes that the grant of the Performance Rights provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. increased remuneration).
- Details regarding the value of the Performance Rights are set out above.
- The Performance Rights are intended to be granted as soon as possible following the meeting, but in any event, within three (3) years of the date of the AGM.
- The Performance Rights are being issued for nil cash consideration and the Performance Rights have a zero exercise price.
- No funds are being raised by the grant or exercise of the Performance Rights. Accordingly, no loan of any description will be provided to Mr Shuttleworth in relation to the Performance Rights.
- A summary of the material terms of the LTIP is set out in Attachment 3 to this Explanatory Memorandum:
- Details of any securities issued under the LTIP will be published in the Company's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional Directors covered by Listing Rule 10.14 who will become entitled to participate in an issue of securities under the LTIP after Resolution 8 is approved (should it be approved) and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

In accordance with Listing Rule 7.2, as approval is being sought under Listing Rule 10.14, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 8.

(e) Regulatory requirements - 200B, 200C and 200E of the Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Sections 200B, 200C and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the terms of Mr Shuttleworth’s Performance Rights, including the discretion to determine the accelerated vesting, or automatic vesting of Performance Rights where Mr Shuttleworth is a ‘Good Leaver’ (as summarised above in this Explanatory Memorandum in relation to Resolution 8).

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 8.

10. RESOLUTION 9 — APPROVAL OF PROPOSED TERMINATION BENEFITS

(a) *Part 2D.2 of the Corporations Act*

Part 2D.2 of the Corporations Act restricts the benefits that can be given to individuals who hold, or have held in the last three years, a managerial or executive office or position (as defined in the Corporations Act) with the Company and its related bodies corporate.

Under section 200B of the Corporations Act, the Company may only give a person a “benefit” in connection with their retirement from their managerial or executive office or position, in the Company or a related body corporate if it is approved by Shareholders or an exemption applies.

Under section 200C of the Corporations Act, the Company may not give a benefit to a person who holds, or has at any previous time held, a managerial or executive office in the Company or a related body corporate, or such a person’s spouse, relative or spouse’s relative, in connection with the transfer of the whole or any part of the undertaking or property of the Company. This prohibition does not apply where member approval is given under section 200E.

(b) *Listing Rule 10.19*

Listing Rule 10.19 provides that, without the approval of ordinary Shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules (**5% Threshold**).

(c) *What is the Company seeking approval for?*

The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretion in respect of any potential termination benefit that may be provided to any past, current, or future individuals who hold a managerial or executive position or office (as that term is defined in the Corporations Act) or its related bodies corporate, or any current or future employees who are (or become) KMP, and either hold that role at the time of their termination, or were in the role within the three years prior to their termination (**Relevant Executive**), including in respect of any future participant in the LTIP.

Depending upon the value of the termination benefits (as described below), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if the value of the termination benefits would exceed this 5% threshold. Shareholder approval is being sought under Listing Rule 10.19 in order to give the Company maximum flexibility, in case the value of the termination benefits exceeds this 5% threshold.

If Shareholder approval is obtained, the Board may exercise its discretion to provide a current or future Relevant Executive with a termination benefit in connection with that person ceasing to be an officer or holding a managerial or executive office in the Company which exceeds the 5% Threshold under Listing Rule 10.19.

If Shareholder approval is not obtained, the Relevant Executive will be precluded from receiving any termination benefit with a value in excess of the 5% Threshold.

If Shareholder approval is obtained, this will not guarantee that a Relevant Executive will receive any of the termination benefits described below. The Company is conscious of the need to strike an appropriate balance between ensuring fair treatment of KMP on retirement from office and avoiding excessive termination payouts.

The Board has proposed this Resolution so as to provide the Company the ability to discharge its obligations to ceasing employees that may otherwise be restricted by the termination benefits of the Corporations Act.

Specifically, the Company is seeking Shareholder approval for any potential termination benefits that may be provided to a Relevant Executive (including as a result of the exercise of Board discretion or automatic or accelerated vesting), including:

- the accelerated vesting of Awards, including any existing securities on issue in accordance with their terms and any issued under the LTIP (as described below);
- payment of any death and disablement benefits to which a Relevant Executive is contractually entitled upon cessation of their employment; and
- payment of additional termination benefits to a Relevant Executive, including payments under an employment contract (such payments in lieu of notice and redundancy payments) and other entitlements or benefits (such as leave benefits, insured benefits, superannuation and other forms of retirement savings, relocation costs, customary payments made in foreign jurisdictions, modest retirement gifts and the retention of Company property, such as phones), up to a maximum of 12 months' base salary (based on the salary of the Relevant Executive at the time their employment ceases).

The Company is committed to transparency in communicating its remuneration arrangements to Shareholders. To enable Shareholders to meaningfully assess whether to approve this Resolution, the summary below outlines the key categories of potential termination benefits that may become payable to Relevant Executives.

“Benefit” is defined broadly in the Corporations Act to include most forms of valuable consideration. “Termination benefits” under the Corporations Act include a range of payments or benefits given in connection with a person ceasing to hold an office or position of employment including termination payments or other benefits such as an accelerated or automatic vesting of share-based payments at or due to retirement.

There is an exception to the prohibition on the provision of benefits where the value of the benefits do not exceed one year's fixed pay (as calculated in accordance with the Corporations Act). In addition, there are certain benefits which are excluded from the definition of "benefit" under the Corporations Act and which do not require Shareholder approval. These include:

- certain types of "deferred bonuses"
- a payment from a defined benefits superannuation scheme that was in existence when Regulation 2D.2 of the Corporations Regulations 2001 (Cth) commenced;
- a genuine superannuation contribution that is paid by an employer or employee on or after the commencement of Regulation 2D.2 of the Corporations Regulations 2001 (Cth);
- genuine accrued benefits that are payable;
- a payment made under a requirement imposed by a law of another country;
- a reasonable payment that is made:
 - in accordance with a policy of the company or body that applies to all employees; and
 - as a result of a genuine redundancy; and
 - having regard to the length of a person's service in an office or position;
- a payment from a prescribed superannuation fund due to death or incapacity.

(d) Summary of the Company's benefits?

This summary is not intended to provide an exhaustive list of every benefit that could become payable to a Relevant Executive in every potential termination scenario. Part of the reason the Company is seeking Shareholder approval is to preserve a degree of flexibility for the Company to tailor the termination arrangements for Relevant Executives having regard to their circumstances and the cessation of their employment and within the parameters imposed by:

- the Company's remuneration philosophy and policy, as set out in the remuneration report;
- the Relevant Executive's employment contract;
- the terms of any Awards granted to the Relevant Executives including under the LTIP); and
- prevailing market practice and governance expectations at the time the Relevant Executive retires from office or position.

The amount and value of these benefits or entitlements that may be provided cannot be ascertained in advance. This is because various matters, events and circumstances are will or are likely to affect the calculation of the amount and value, including:

- the amount of the Relevant Executive's remuneration at the time of termination;
- the exercise of any discretion by the Board in seeking to make any determination that a payment is to be made; and
- the number of terms of any equity incentive that may be affected by accelerated vesting.

(e) LTIP and Acceleration Benefit

Details of the LTIP are summarised above in respect of Resolution 8.

Details of the Performance Rights to be issued to Mr Shuttleworth are summarised in respect of Resolution 8.

Under clause 8 of the LTIP (and the Performance Rights), if a Change of Control Trigger Event (as defined in the LTIP) occurs then the 'Vesting Date' of all performance rights becomes the date on which the Change of Control Trigger Event occurs (or such other date as the Board determines) and per clause 9 of the LTIP the Board must decide whether the performance rights or a pro-rata proportion of the performance rights vest on that 'Vesting Date'. If the Board determines that the performance rights are not to vest, the Board may arrange for rights in the relevant bidder to be granted to the participant on terms decided by the Board and the performance rights will lapse, or the performance rights will immediately lapse unless the Board determines otherwise.

Under clause 5.3 of the LTIP, unless the Board determines otherwise, if an event in the following table occurs before the vesting date for a performance right, the rights will be treated as follows:

Event	Treatment of Rights
Lawful termination of employment	Rights lapse immediately
Resignation or vacation from the Board, employment or consultancy	Rights lapse immediately
Made redundant	Rights do not lapse
Becomes disabled and is unable to perform their duties	Rights do not lapse
Death	Rights do not lapse
Lose control of permitted nominee	Rights lapse immediately unless they are transferred to the eligible participant
Breach by participant of the material terms of the LTIP	Rights lapse immediately

Further, under the proposed terms of issue of the Performance Rights if Mr Shuttleworth's employment ends prior to the Vesting Date for any reason other than he resigns from his employment, or his employment is terminated without notice by the Company in accordance with the terms of his employment agreement (i.e. for conduct justifying summary dismissal) (**Good Leaver**) a proportion of each tranche of Performance Rights will remain capable of vesting on the Vesting Date (subject to satisfaction of the performance-based vesting condition described above) equivalent to the proportion of the period from the commencement of his employment as CEO and the Vesting Date for which Mr Shuttleworth was employed, and any Performance Rights that remain capable of Vesting can only be exercised within 24 months of the end of Mr Shuttleworth's employment after which time they will lapse.

The accelerated vesting of Awards (including the Performance Rights) as described above is considered a "benefit" (the value of that benefit being the **Acceleration Benefit**) for the purposes of Part 2D.2 of the Corporations Act. When combined with the Participant's other termination benefits under their employment or other arrangements with the Company (**Other Benefits**), the Acceleration Benefit may, in some circumstances, result in the total benefit payable exceeding the limit permitted where there is no shareholder approval under the Corporations Act.

In addition to the above, certain existing equity incentives already on issue in the Company contain similar Acceleration Benefits.

Consequently, to the extent that the value of the acceleration benefit arising upon the retirement from office or employment of a Relevant Executive may be beyond the benefit permitted to be given by the Company without Shareholder approval, Shareholder approval is now sought in accordance with section 200B and 200E of the Corporations Act and Listing Rule 10.19 under Resolution 9.

(f) Value of the Acceleration Benefit

For the purposes of section 200E of the Corporations Act and for all other purposes the following information is provided:

- the value of the Acceleration Benefit cannot be determined as at the date of this Explanatory Memorandum;
- the Company would calculate the value of the Acceleration Benefit as being equal to the total value of the number of Awards that vest, where the value of a vested Award is determined as being equal to the closing market price of a share on the ASX on the ASX trading day before the date of the calculation (and noting that valuation information in respect of the Performance Rights are set out in Resolution 8 above);
- matters, events and circumstances which are likely to affect the value of the Acceleration Benefit payable to a Participant include:
 - the number of Awards held by the Participant at the time the Acceleration Benefit is provided; and
 - the Company's share price at the time the Acceleration Benefit is provided.

(g) Employment contract Benefits

Notice of termination is a contractual entitlement provided for in each Relevant Executive's employment contract. The required notice period for the Company's Key Management Personnel is 6 months, and the Company has discretion to make a payment in lieu of all or part of the notice period.

Payment in lieu of notice will only be made in appropriate circumstances.

Where a Relevant Executive is terminated for cause, the Company may terminate their employment immediately without notice or any payment in lieu of notice.

The amount of the payment in lieu of notice (if any) will be calculated on the Relevant Executive's fixed pay (as at the termination date) for any part of the notice period the Relevant Executive is not required to continue to be employed by the Company. The amount of these payments can only be determined once notice is given. Accordingly, the amount of any payment in lieu of notice cannot be ascertained as at the date of this Notice of Meeting as neither the period nor the particular Relevant Executive's fixed pay at the termination date are currently known. However, in all cases, the notice period will not exceed the contractual periods described above.

Key matters, events or circumstances which will, or are likely to affect the calculation of the payment in lieu of notice include:

- the Relevant Executive's fixed pay at the time of termination;
- the length of the notice period for which payment is being made;
- the exercise of any discretion by the Board in paying any discretionary element of the termination payment;

- who gave the notice of termination and the Relevant Executive's future employment plans – for instance, a Relevant Executive who presents a business risk by working through their notice period will most likely receive payment in lieu of notice; and
- whether the Company's operational requirements at the time notice is given require the executive to work through part or all of their notice period.

(h) Leave, insurance, superannuation and other forms of retirement saving

On retirement from office or employment, Relevant Executives may be paid accrued leave, insurance, superannuation and other forms of retirement saving entitlements.

These benefits would not generally be considered "termination benefits" under the Corporations Act and no Shareholder approval would normally be required to make these payments. However, to the extent that any of these benefits would constitute a termination payment under the Corporations Act, the approval sought will operate to allow for the provision of the benefit to Relevant Executives on retirement of office or employment.

(i) Voting Exclusion Statement

A voting exclusion statement is included in the Notice in relation to this Resolution.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

“**AFSL**” means Australian Financial Services Licence.

“**AGM**” means Annual General Meeting.

“**ASIC**” means the Australian Securities and Investments Commission.

“**Associates**” has the meaning given to that term in the Corporations Act.

“**ASX**” means ASX Limited or the stock exchange operated by it (as the context requires).

“**Awards**” means securities or rights granted to a participant in the LTIP.

“**Board**” means the board of directors of the Company from time to time.

“**Chairman**” means the chairman of the Board.

“**ClearView**” means ClearView Wealth Limited ACN 106 248 248.

“**ClearView Advice**” means:

- a) LaVista Licensee Solutions Pty Ltd ACN 630 086 716;
- b) Matrix Planning Solutions Limited ACN 087 470 200; and
- c) ClearView Financial Advice Pty Limited ACN 133 593 012.

“**Change of Control Trigger Event**” means:

- a) a person acquires voting power (within the meaning of section 610 Corporations Act) in more than 50% of the ordinary shares in the Company;
- b) an order of the court made for the purposes of section 411(4)(b) Corporations Act, in connection with a members’ scheme of arrangement to effect a change of Control of the Company, is lodged with ASIC under section 411(10) Corporations Act;
- c) the Company disposes of the whole or a substantial part of its assets or undertaking; or
- d) an event set out in paragraph (a), (b) or (c) is, in the opinion of the Board, likely to occur in the near future and the Board decides to nominate a date on which a Change of Control Trigger Event is taken to have occurred.

“**Company**” means Centrepoint Alliance Limited ACN 052 507 507.

“**Consideration Shares**” means the 48,000,000 Shares proposed to be issued to ClearView as part of the consideration for the Proposed Transaction and the subject of approval under Resolution 4.

“**Constitution**” means the constitution of the Company from time to time.

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

“**Directors**” means the directors of the Company.

“**Escrow Deed**” means the deed proposed to be entered by the Company and ClearView which imposes the Escrow Restrictions on the Consideration Shares;

“**Escrow Restrictions**” means the voluntary escrow restrictions to be placed on the Consideration Shares in connection with the Proposed Transaction, key details of which are set out in the Explanatory Statement.

“**Explanatory Statement**” means this explanatory statement.

“**Group**” means the Company and its controlled entities, which will include ClearView Advice on completion of the Proposed Transaction.

“**Independent Expert**” means Leadenhall Corporate Advisory Pty Ltd.

“**Independent Expert Report**” means the Independent Expert report set out in Attachment 1 of the Notice.

“**Listing Rules**” means the Listing Rules of the ASX.

“**LTIP**” means the Company’s long term incentive plan, approved by Shareholders at the Company’s 2019 AGM.

“**Notice**”, “**Notice of Meeting**” or “**Notice of AGM**” means the notice of annual general meeting which accompanies this Explanatory Statement.

“**Performance Rights**” means the 8,000,000 performance rights proposed to be issued to Mr John Shuttleworth, the subject of Resolution 8.

“**Proposed Transaction**” means the acquisition by the Company of all of the issued shares in ClearView Advice from ClearView, for which the Consideration Shares are to be issued as partial consideration.

“**Relevant Executive**” has the meaning given in section 10(c) of the Explanatory Statement.

“**Shares**” means fully paid ordinary shares in the Company.

“**Shareholders**” means the holders of Shares.

“**Voting Power**” has the meaning given to that term in section 610 of the Corporations Act.

Attachment 1



CENTREPOINT ALLIANCE LIMITED

PROPOSED ACQUISITION OF THE FINANCIAL ADVICE BUSINESS OF CLEARVIEW WEALTH
LIMITED

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE
29 SEPTEMBER 2021



29 September 2021

The Directors
Centrepont Alliance Limited
Level 2, 28 O'Connell Street
Sydney NSW 2000

Dear Directors,

Independent Expert's Report for Centrepont Alliance Limited

1. Introduction

Centrepont Alliance Limited ("**Centrepont**") is an Australian Securities Exchange ("**ASX**") listed provider of financial advice and business support services to financial advisers. It also offers portfolio services and investment management services to financial advisers and their clients.

ClearView Wealth Limited ("**ClearView**") is also an ASX-listed financial services company which specialises in life insurance, wealth management and financial advice products and solutions.

On 25 August 2021 Centrepont and ClearView announced that they had agreed to the terms of a transaction whereby Centrepont would acquire the financial advice business of ClearView ("**ClearView Advice**") through the acquisition of the ClearView subsidiaries that operate the business ("**Proposed Transaction**"). The consideration for the Proposed Transaction is \$3.17 million cash ("**Cash Consideration**") and Centrepont shares equating to a 25%¹ interest in the ordinary shares of Centrepont ("**Scrip Consideration**"). We have defined the combined Centrepont and ClearView Advice as ("**Enlarged Centrepont**").

The shares to be issued to ClearView under the Proposed Transaction will initially be subject to an escrow arrangement ("**Escrow Restrictions**"). The escrow period is 12 months ("**Escrow Period**").

Further details of the Proposed Transaction are set out in Section 1 of our detailed report.

2. Purpose of the report

If the Proposed Transaction is approved, ClearView will acquire a 25% interest in Centrepont. In addition, Centrepont will be deemed to have acquired a relevant interest in the shares to be issued to ClearView for the Escrow Period.

An acquisition of securities that enables a shareholder to increase its relevant interests in a public company from below 20% to above 20% is prohibited, except in certain circumstances. One of the exceptions is if the acquisition is approved at a general meeting. The approval of the Proposed Transaction is therefore being sought at a general meeting of Centrepont's shareholders ("**Shareholders**").

The directors of Centrepont have engaged Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") to prepare an independent expert's report ("**IER**") assessing whether the Proposed Transaction is fair and reasonable to Shareholders. Our opinion specifically includes assessment of:

- ◆ The issue of shares to ClearView
- ◆ Centrepont's deemed acquisition of a relevant interest in its shares over the Escrow Period.

The report will be included in the notice of meeting ("**NOM**") that will be sent to Shareholders regarding the Proposed Transaction.

Further information regarding our scope and purpose is set out in Section 2 of our detailed report.

¹ Before the dilutionary impact of unvested and unexercised performance rights under Centrepont's employee share plan.

3. Basis of evaluation

In accordance with *Regulatory Guide 111 Contents of expert reports* ("RG 111") issued by Australian Securities and Investments Commission ("ASIC"), in order to assess whether the Proposed Transaction is fair and reasonable we have:

- ◆ Assessed it as fair if the value of a share in Enlarged Centrepoint after the Proposed Transaction (on a minority basis) is greater than or equal to the value of an Centrepoint share before the Proposed Transaction (on a control basis)
- ◆ Assessed it as reasonable if it is fair, or despite not being fair, the advantages to Shareholders outweigh the disadvantages.

Consistent with RG 111.63, we have prepared one analysis of whether the Proposed Transaction is fair and reasonable covering both the issue of shares to ClearView and the Escrow Restrictions.

Further details of the basis of evaluation are provided in Section 2 of our detailed report.

4. The Proposed Transaction is fair to Shareholders

Assessed value of Centrepoint before the Proposed Transaction

We have assessed the fair market value of a Centrepoint share (on a control basis) using the capitalisation of future maintainable earnings ("CFME") method as summarised in the following table:

Table 1: Valuation summary - Centrepoint

Equity Value (Control Basis) (\$'000)	EBITDA	
	Low	High
Maintainable earnings	3,000	3,000
Multiple (control)	11.0x	12.0x
Enterprise value	33,000	36,000
Surplus assets	1,325	3,268
Non-operating liabilities	(1,875)	(1,875)
Surplus cash	6,978	6,978
Equity value	39,428	44,371
Allocation to New Performance Rights	(1,017)	(1,017)
Value allocated to ordinary shares	38,411	43,353
Fully diluted ordinary shares ('000)	151,881	151,881
Assessed value per ordinary share on a control basis (\$)	0.25	0.29

Source: Leadenhall Analysis

In applying the CFME methodology for Centrepoint we have:

- ◆ Determined a maintainable level of EBITDA of \$3.0 million. In selecting maintainable earnings we have considered:
 - Historical earnings normalised to remove non-recurring items including product-related rebates and commissions and the full-year impact of new clients
 - Year to date earnings and FY22 budgets/forecasts prepared by Centrepoint management.
- ◆ Applied an EBITDA multiple of 11.0x to 12.0x. These are control multiples, derived from analysis of takeover transactions and share market trading prices of companies with similar businesses to Centrepoint
- ◆ Added surplus assets and deducted non-operating liabilities of Centrepoint
- ◆ Added net surplus cash balance of Centrepoint (after allowing for regulatory cash requirements of the business)
- ◆ Estimated the dilutionary impact of the proposed issue of 8,000,000 new performance rights ("New Performance Rights") to John Shuttleworth.

We have also cross-checked our assessed valuation range under the CFME approach (on a control basis) with the control premiums implied by share trading in Centrepoint (up until the announcement of the Proposed Transaction) which provided broad support for our assessed value of Centrepoint.

Further details of our valuation of Centrepoint before the Proposed Transaction are provided in Section 8 of our detailed report.

Assessed value of Centrepoint after the Proposed Transaction

We have assessed the fair market value of an Enlarged Centrepoint share (on a minority basis) using the CFME method as summarised in the following table:

Table 2: Valuation summary – Enlarged Centrepoint

	Equity Value (Minority Basis) (\$'000)	
	EBITDA	
	Low	High
Maintainable earnings	8,000	8,000
Multiple (minority)	7.0x	8.0x
Enterprise value	56,000	64,000
Surplus assets	1,325	5,210
Non-operating liabilities	(4,875)	(4,875)
Surplus cash	3,778	3,778
Equity value	56,228	68,113
Allocation to New Performance Rights	(1,273)	(1,273)
Value allocated to ordinary shares	54,955	66,840
Fully diluted ordinary shares ('000)	199,881	199,881
Assessed value per ordinary share on a minority basis (\$)	0.27	0.33

Source: Leadenhall analysis

In applying the CFME methodology for Enlarged Centrepoint we have:

- ◆ Determined a maintainable level of EBITDA of \$8.0 million. In selecting maintainable earnings we have considered:
 - Our selected maintainable earnings for Centrepoint on a standalone basis
 - Earnings potential for ClearView Advice having regard to normalised earnings for the business and near-term earnings expectations on a stand-alone basis
 - The announced cost saving expectations for Enlarged Centrepoint
 - Centrepoint management's expected run-rate EBITDA for Enlarged Centrepoint of \$8.0 million.
- ◆ Applied an EBITDA multiple of 7.0x to 8.0x. These are minority multiples, derived from analysis of share market trading prices of companies with similar businesses to Centrepoint and takeover transactions (after notional adjustments for the embedded control premiums)
- ◆ Added surplus assets and deducted non-operating liabilities of Centrepoint (including \$3.0 million in transaction and implementation costs)
- ◆ Added net surplus cash balance of Enlarged Centrepoint (after allowing for Cash Consideration)
- ◆ Estimated the dilutionary impact of the proposed issue of the New Performance Rights.

We have also cross-checked our assessed valuation range under the CFME approach (on a minority basis) with the share trading in Centrepoint subsequent to the announcement of the Proposed Transaction which provided broad support for our assessed value of Enlarged Centrepoint.

Shareholders should be aware that our assessment of the value of a share in Enlarged Centrepoint subsequent to the Proposed Transaction may not reflect the price at which Centrepoint shares will trade if the Proposed Transaction is completed. The price at which Enlarged Centrepoint shares will trade ultimately depends on a range of factors including general economic and market conditions, the supply, demand and liquidity of Enlarged Centrepoint shares as well as the underlying performance of the business and the market perception of its outlook.

Further details of our valuation of Enlarged Centrepoint are provided in Section 9 of our detailed report.

Conclusion on fairness

We have assessed whether the Proposed Transaction is fair by comparing our assessed value of a Centrepoint share before the Proposed Transaction (on a control basis) with the value of a Centrepoint share after the Proposed Transaction (on a minority basis). This comparison is set out in the table below.

Figure 1: Assessment of fairness



Source: Leadenhall Analysis

As the assessed value of Enlarged Centrepoint generally exceeds the value of a Centrepoint share before the Proposed Transaction, as set out above, we have assessed the Proposed Transaction as fair.

Further details of our valuation of Centrepoint are provided in Section 8 of our detailed report.

5. The Proposed Transaction is reasonable to Shareholders

As we have assessed the Proposed Transaction to be fair it is therefore reasonable. However, we have also considered the advantages and disadvantages of the Proposed Transaction to Shareholders. The key advantages and disadvantages are summarised below.

Advantages

Accelerates growth strategy

Centrepoint has been pursuing a growth strategy in order to participate in the likely increased demand and industry consolidation for adviser services as a consequence of the exit of most large institutions from the sector and the increased prevalence of self-licensing practices which require a high degree of support services from companies like Centrepoint.

The Proposed Transaction enables Centrepoint to accelerate this strategy through a combination of enhanced scale, a more diversified adviser base and offering, and enhanced profitability which can fund further growth initiatives.

In the absence of the Proposed Transaction, Centrepoint would likely need to seek an alternate acquisition target to execute its strategy which may require funding through a potentially dilutive capital raising.

Scale and liquidity benefits

If the Proposed Transaction proceeds, Shareholders will hold shares in Enlarged Centrepoint which has the potential to be a significantly larger business than Centrepoint standalone in terms of adviser network, earnings and market capitalisation. This may lead increased demand and liquidity for shares in Enlarged Centrepoint compared to Centrepoint on a stand-alone basis.

This additional scale may also make Enlarged Centrepoint a more attractive takeover target (subject to support from Tiga and ClearView), thereby increasing the probability that Shareholders will realise a control premium at some point in the future.

Potential for additional synergies

Management of Centrepoint and ClearView have identified significant direct cost savings from labour, IT and other costs which are achievable in the near-term as a consequence of the Proposed Transaction as set out in Section 6.4. In addition to the identified cost savings, we understand that there are a number of other strategic benefits of the Proposed Transaction which may facilitate further revenue growth for Enlarged Centrepoint. These benefits are not included in our valuation of Enlarged Centrepoint.

Access to a new strategic investor

ClearView has stated that a key strategic goal to grow ClearView Advice. Whilst this business will be divested to Centrepoint if the Proposed Transaction proceeds, ClearView will remain a strategic investor in the ClearView Advice business with alignment of interests to facilitate growth where possible.

ClearView is anticipated to be a long-term holder which should assist in increasing institutional investor support for Enlarged Centrepoint over time. Furthermore, as a well-capitalised, long-term investor, ClearView is expected to facilitate shareholder support for any future capital raising requirements in order to fund future organic and inorganic growth options.

Post announcement of the Proposed Transaction, ClearView announced that it was undertaking a strategic review of its broader business. This could impact ClearView's long-term intentions in respect of Enlarged Centrepoint in the future.

Potential decline in the share price if Proposed Transaction is not approved

If the Proposed Transaction is not approved, Centrepoint's share price may fall. The quantum of such a fall would be uncertain, however likely linked to increased uncertainty regarding Centrepoint's response to increasing industry pressures in the absence of the Proposed Transaction.

Disadvantages

May preclude future control transaction

If the Proposed Transaction is approved, ClearView would have a 25% interest in the ordinary shares of Enlarged Centrepoint and Tiga would hold 29%. This would make it impossible for a third party to acquire Centrepoint without the support of Clearview and Tiga, thereby potentially reducing the probability of a successful takeover offer in the future.

In the absence of the Proposed Transaction, a takeover offer would only need the support of one large shareholder, Tiga.

Unequal sharing of synergies

While there is a significant increase in the combined enterprise value if the Proposed Transaction proceeds, (due largely to expected synergies), ClearView is participating in the synergies at a greater level than their contribution to Enlarged Centrepoint, which results in more dilution to Shareholders than would otherwise occur.

Risks of achieving synergies

Our assessed value of Enlarged Centrepoint includes significant cost savings anticipated as a consequence of the Proposed Transaction. Whilst the cost savings have been specifically identified and quantified, there remains a risk that savings will not be realised (or will cost more to implement than expected), in which case the value of Enlarged Centrepoint may decline or fail to trade at levels implied by our assessed value.

Furthermore, as the ClearView Advice business currently exists within the broader ClearView business, it is possible that additional costs or liabilities will emerge as the businesses are integrated.

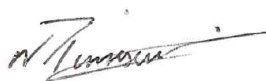
6. Opinion

In our opinion, the Proposed Transaction is fair and reasonable to Shareholders. This opinion should be read in conjunction with our detailed report which sets out our scope, analysis and findings in more detail.

Yours faithfully



Dave Pearson
Director



Nathan Timosevski
Director

*Note: All amounts stated in this report are in Australian dollars unless otherwise stated.
Tables in this report may not add due to rounding.*

LEADENHALL CORPORATE ADVISORY PTY LTD

ABN 11 114 534 619

Australian Financial Services Licence No: 293586

FINANCIAL SERVICES GUIDE

Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In providing this report, we are required to issue this Financial Services Guide ("**FSG**") to retail clients. This FSG is designed to help you to make a decision as to how you might use this general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

Financial Services We are Licensed to Provide

We hold Australian Financial Services Licence 293586 which authorises us to provide financial product advice in relation to securities (such as shares and debentures), managed investment schemes and derivatives.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product. Our report will include a description of the circumstances of our engagement and the party who has engaged us. You will not have engaged us directly but will be provided with a copy of the report because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in that report.

General Financial Product Advice

The advice produced in our report is general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that We May Receive

We charge fees for providing reports. These fees will be agreed with the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Leadenhall is entitled to receive a fixed fee of \$80,000 (excl. GST) for preparing this report. This fee is not contingent upon the outcome of the Proposed Transaction.

Except for the fees referred to above, neither Leadenhall, nor any of its directors, consultants, employees or related entities, receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of this report.

Remuneration or Other Benefits Received by our Employees, Directors and Consultants

All our employees receive a salary. Our employees are eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of this report. Our directors and consultants receive remuneration based on time spent on matters.

Referrals

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are licensed to provide.

Complaints Resolution

As the holder of an Australian Financial Services Licence, we are required to have a system in place for handling complaints from persons to whom we have provided reports. All complaints must be in writing, to the following address:

Leadenhall Corporate Advisory Pty Ltd
GPO Box 1572
Adelaide SA 5001

Email: office@leadenhall.com.au

We will try to resolve your complaint quickly and fairly and will endeavour to settle the matter within 14 days from the time the matter is brought to our attention.

If you do not get a satisfactory outcome, you have the option of contacting the Financial Ombudsman Service (“**FOS**”). The FOS will then be able to advise you as to whether or not they can assist in this matter. The FOS can be contacted at the following address:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Telephone: 1300 780 808
Email: info@fos.org.au

Compensation Arrangements

Leadenhall holds professional indemnity insurance in relation to the services we provide. The insurance cover satisfies the compensation requirements of the Corporations Act 2001.

29 September 2021

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1 THE PROPOSED TRANSACTION

1.1 Background

Centrepoint and its controlled entities provide a range of support services (including licensing, systems, compliance, training and technical advice) and investment solutions to financial advisers, accountants and their clients across Australia, as well as mortgage aggregation services to mortgage brokers.

ClearView is an Australian based diversified financial services company which specialises in life insurance, wealth management services and financial advice products and solutions. Similar to Centrepoint, ClearView's financial advice subsidiaries also provide licensee support services (including licensing, systems, compliance, training and technical advice) to financial advisers through its two licensed dealer groups, Matrix Planning Solutions Limited ("**Matrix Planning**") and ClearView Financial Advice Pty Limited ("**CFA**"). ClearView also provides outsourced licensee services to other Australian Financial Services Licence ("**AFSL**") licensees through LaVista Licensee Solutions Pty Ltd ("**LaVista**").

It is proposed that Centrepoint will acquire the ClearView businesses that provide financial planning services through the acquisition of the entire share capital of Matrix Planning, CFA and LaVista (collectively, "**ClearView Advice**").

The consideration to be paid to ClearView for the acquisition of ClearView Advice (the "**Consideration**") is proposed to be:

- ◆ 48 million fully paid ordinary shares in Centrepoint
- ◆ cash consideration of \$3.17 million subject to usual adjustments regarding working capital, debt and regulatory capital.

If the Proposed Transaction proceeds, ClearView will hold 25% of the issued share capital of Centrepoint.

The shares to be issued to ClearView will be escrowed for the Escrow Period. Although Centrepoint will not own any of the shares to be issued to ClearView (or have any ability to control how the shares are voted), the company will legally be considered to have acquired a relevant interest in the shares as a result of the escrow restrictions.

If the Proposed Transaction is approved, ClearView will nominate a director to be appointed to the board of Centrepoint on completion. ClearView has advised that it is intended that their nominee would be Simon Swanson, Managing Director of ClearView.

There may be further changes to the Board following completion, however, ClearView would only have one nominee on a board of at least four directors.

1.2 Conditions

For the Proposed Transaction to become effective the conditions precedent include:

- ◆ Shareholder approval of the Proposed Transaction
- ◆ All necessary regulatory approvals and third-party consents being obtained
- ◆ There being no material adverse changes in either Centrepoint or ClearView.

Further details are set out in Section 6 of the NOM.

2 SCOPE

2.1 Purpose of the report

If the Proposed Transaction is approved, ClearView will acquire a 25% interest in the issued shares of Centrepoint (and the company will be deemed to have acquired a relevant interest in these shares during the Escrow Period as a consequence of the Escrow Restrictions). An acquisition of securities that enables a shareholder to increase its relevant interests in a public company from below 20% to above 20% is prohibited under Section 606 of the Corporations Act 2001 (“**s606**”), except in certain circumstances.

One of the exceptions to s606 is where the acquisition is approved at a general meeting of the target company (in this case, Centrepoint) in accordance with item 7 (“**Item 7**”) of Section 611 of the Corporations Act 2001 (“**s611**”). Approval for the Proposed Transaction is therefore being sought at a general meeting of Centrepoint’s shareholders in accordance with Item 7.

Item 7 requires shareholders to be provided with all of the information known to the company and to the potential acquirer that is material to the shareholders’ decision. *Regulatory Guide 74: Acquisitions Approved by Members* (“**RG74**”) issued by ASIC provides additional guidance on the information to be provided to shareholders. RG74 states that the directors of the target company should provide shareholders with an IER or a detailed directors’ report in relation to transactions to be approved under Item 7. RG 111 requires an independent expert assessing a transaction that has a similar effect to a takeover bid to assess whether the transaction is fair and reasonable.

The directors of Centrepoint have therefore requested Leadenhall to prepare an IER assessing whether the Proposed Transaction is fair and reasonable to Shareholders, specifically:

- ◆ the acquisition of ClearView Advice for the Scrip Consideration and Cash Consideration
- ◆ Centrepoint’s deemed acquisition of a relevant interest in its shares over the Escrow Period as a consequence of the Escrow Restrictions.

Consistent with RG 111.63, we have prepared one analysis of whether the Proposed Transaction is fair and reasonable. The basis of our assessment is set out below.

This report has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Transaction.

2.2 Basis of evaluation

Introduction

RG111.25 requires an independent expert to evaluate an issue of securities under s611 as if it was a control transaction. As the vendors of ClearView will hold greater than 20% of the issued shares of Enlarged Centrepoint should the Proposed Transaction be approved, we have assessed the Proposed Transaction as a control transaction consistent with the requirement of RG111.24. RG111 requires a separate assessment of whether a control transaction under s611 is ‘fair’ and whether it is ‘reasonable’. We have therefore considered the concepts of ‘fairness’ and ‘reasonableness’ separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

RG111.11 defines a takeover offer as being fair if the value of the consideration is equal to, or greater than, the value of the securities subject to the offer. Accordingly, we have assessed whether the Proposed Transaction is fair by comparing the value of a Centrepoint share before the Proposed Transaction with the consideration offered to Shareholders. As Shareholders would retain their Centrepoint shares if the Proposed Transaction proceeds (as opposed to exchanging them for cash or the acquirer’s scrip as in a takeover offer) the effective consideration is the continued ownership of a Centrepoint share, which will become a share in the Enlarged Centrepoint (i.e. Centrepoint and ClearView combined).

The value of a Centrepoint share before the Proposed Transaction has been determined on a control basis (i.e. including a control premium). This is consistent with the requirement of RG111.11 that the comparison for a takeover must be made assuming a 100% interest in the target company.

After the Proposed Transaction, a Centrepoint share will effectively be a share in the Enlarged Centrepoint. This has been assessed on a minority interest basis (i.e. excluding a control premium) as Shareholders would individually own a minority stake in the Enlarged Centrepoint should the Proposed Transaction occur.

We have assessed the values of a Centrepoint share and a share in the Enlarged Centrepoint at fair market value, which is defined by the International Glossary of Business Valuation Terms as:

The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

While there is no explicit definition of value in RG111, this definition of fair market value is consistent with basis of value described at RG111.11 and common market practice.

Special value is defined as the amount a specific purchaser is willing to pay in excess of fair market value. A specific purchaser may be willing to pay a premium over fair market value as a result of potential economies of scale, reduction in competition or other synergies they may enjoy arising from the acquisition of the asset. However, to the extent a pool of hypothetical purchasers could all achieve the same level of synergies the value of those synergies may be included in fair market value. Special value is typically not considered in forming an opinion on the fair market value of an asset. Our valuations of Centrepoint and the Enlarged Centrepoint do not include any special value.

The analysis for the fairness assessment is the same for each aspect of the Proposed Transaction requiring an IER.

Reasonableness

In accordance with RG111, we have defined the Proposed Transaction as being reasonable if it is fair, or if, despite not being fair, Leadenhall believes that there are sufficient reasons for Shareholders to vote for the proposal. We have therefore considered whether the advantages to Shareholders of the Proposed Transaction outweigh the disadvantages. To assess the reasonableness of the Proposed Transaction we have considered the following significant factors recommended by RG111.13:

- ◆ The size of existing shareholding blocks in Centrepoint
- ◆ The liquidity of the market in Centrepoint's shares
- ◆ Any special value that may be realised as a consequence of the Proposed Transaction
- ◆ The likely market price of Centrepoint shares if the Proposed Transaction is rejected
- ◆ The value of Centrepoint to an alternative bidder and the likelihood of an alternative offer.

We have also considered other significant advantages and disadvantages to Shareholders of the Proposed Transaction.

The analysis for the reasonableness assessment is the same for each aspect of the Proposed Transaction requiring an IER.

2.3 Individual circumstances

We have evaluated the Proposed Transaction for Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser about the impact of the Proposed Transaction on their specific financial circumstances.

3 FINANCIAL PLANNING AND INVESTMENT ADVICE INDUSTRY

3.1 Introduction

The financial planning and investment advice industry provides a wide range of services to predominantly retail clients. Broadly, there are four main services provided, superannuation and retirement advice, loan and investment advice, Self-Managed Superannuation Fund (“**SMSF**”) advice, and tax advice.

The financial planning industry is influenced by factors impacting the broader wealth management sector as summarised below:

Figure 2: Industry value chain



Source: Leadenhall analysis

3.2 Competitive environment

3.2.1 Adviser trends

Changes to the regulatory environment (as discussed further below) have significantly altered the competitive landscape for financial advisers. Specifically, vertically integrated institutions (such as the large retail banks and other large wealth managers) were previously the dominant providers of financial advice and distribution but have significantly reduced their exposure to the sector in recent years as set out below:

Table 3: Number of advisers in the Big Six Financial Institutions in 2018 and 2020

Rank	Group	Advisers 2018	Advisers 2020
1	IOOF Holdings Ltd	1,604	1,879
2	AMP Ltd	2,607	1,808
3	Commonwealth Bank of Australia	1,501	251
4	National Australia Bank Ltd	1,506	-
5	Westpac Banking Corp.	957	-
6	Australia and New Zealand Banking Corp.	398	-
	Big Six	8,573	3,938

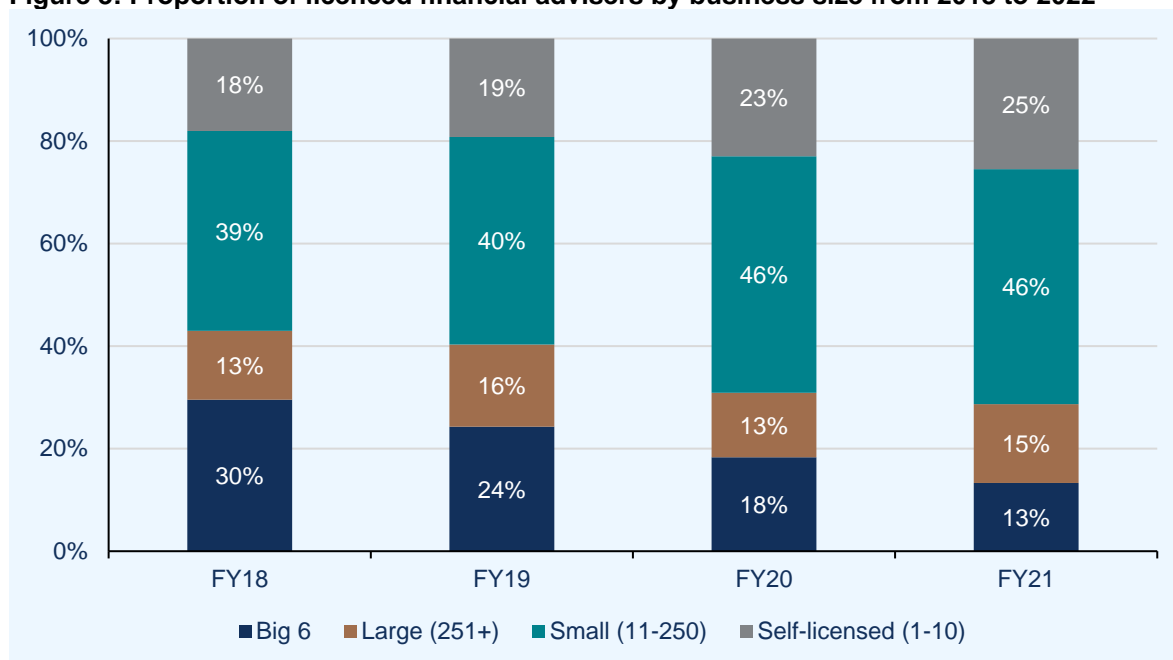
Source: ASX announcements

The reduced exposure from larger diversified financial institutions has been achieved through:

- ◆ The sale of ANZ's OnePath pensions and investments business to IOOF in October 2019
- ◆ NAB entered into a transaction agreement with IOOF to divest 100% of its MLC wealth management business in August 2020
- ◆ Commonwealth Bank announcing the sale of 55% of its wealth management division, Colonial First State, to Kohlberg Kravis Roberts in May 2020 which is expected to complete in late 2021
- ◆ Westpac initiating a process to sell its BT wealth management arm in May 2020.

These changes have resulted in a steady flow of advisers leaving institutionally-linked wealth management teams to establish independent practices as set out in the figure below:

Figure 3: Proportion of licenced financial advisers by business size from 2018 to 2022



Source: Advisor Rating

The increased proportion of independent advisers has resulted in an increased demand for service providers to financial planning practices. The overall adviser market has also been contracting due to the above structural factors, heightened competitive pressures and regulatory reform in recent years.

As a result of these trends, independent dealer groups have seen an increase in advisers despite the overall decline in advisers in the sector in recent years, as set out below:

Table 4: Number of advisers in the Top 10 Independent Dealer Groups in 2018 and 2020

Rank	Group	Advisers 2018	Advisers 2020
1	Synchronised Business Services Pty Ltd	460	505
2	Sequoia Financial Group Ltd	250	393
3	Centrepoint Alliance Ltd	338	317
4	WT Financial Group Ltd	59	275
5	Countplus Ltd	91	268
6	Capstone Financial Planning Pty Ltd	163	261
7	Lifespan Financial Planning Pty Ltd	148	251
8	Easton Ltd	295	246
9	Fortnum Private Wealth Ltd	102	205
10	Morgans Financial Ltd	166	201
Total Top 10 Independents		2,072	2,922

Source: ASX announcements and investor presentations

3.2.2 Increased competition

Competition within the industry is increasing due to organisations in related industries such as insurance and mortgage broking increasing their service offerings. The increased competition is placing downward pressure on revenue.

3.3 Changes to the regulatory environment

3.3.1 FOFA

The Future of Financial Advice (“**FOFA**”) reforms of 2013 had a significant effect on the industry. They imposed a duty on financial advisers to act in the “best interest” of their clients. The amendment has also banned conflicted remuneration arrangements such as commissions and volume-based payments regarding distribution of advice on retail investment products. Furthermore, increased disclosure requirements and enhanced powers for ASIC increased the costs associated with the provision of financial advice.

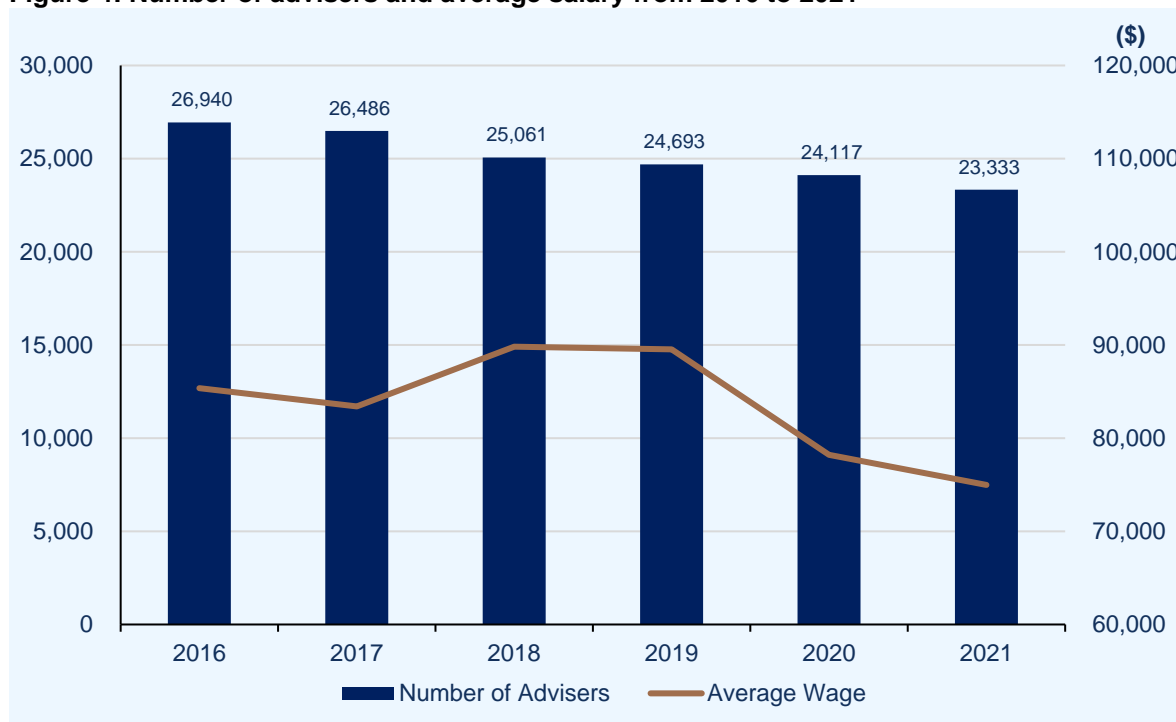
3.3.2 The Financial Adviser Standards and Ethics Authority

In 2017 the Corporations Amendment (Professional Standards of Financial Advisers) Act was enacted and introduced a series of changes, including requiring:

- ◆ New financial advisers to have a degree, pass an exam and undertake a professional year to be authorised to provide unsupervised personal advice to a retail client
- ◆ Existing advisers to bring their qualifications up to degree or equivalent level, through bridging courses or other education-based programs and pass an exam
- ◆ All advisers, both new and existing, to undertake continuing professional development and be party to a code of ethics monitored by an ASIC approved compliance scheme
- ◆ Australian financial services licensees to ensure that their financial advisers comply with the new education standards.

These changes decreased the average salary of financial advisers and the number of financial advisers in the industry, as set out in the figure below.

Figure 4: Number of advisers and average salary from 2016 to 2021



Source: IBISWorld

3.4 Key factors impacting performance

3.4.1 External factors

External factors which will impact the profitability and success of companies in the sector include:

General economic conditions

General economic conditions will impact asset prices (equities, house prices), wealth accumulation and demand for advice products which may impact demand for financial advice. Key drivers include

- ◆ Cash rates impact equity markets as fixed income securities become a less appealing investment in a low interest rate environment
- ◆ Stock-market levels which influence investable funds and impact on consumer wealth.

Superannuation funds flow

Increases in superannuation contributions provide an increased pool of funds that retail investors require financial and investment advice for. In recent years, growth in superannuation contributions has been supported by an increase to the minimum compulsory employer superannuation contributions from 9% to 10%. This is further aided by the tax advantages provided to individual investors for making concessional superannuation contributions.

Consumer demand

High net wealth individuals often have complicated financial affairs with significant wealth outside of superannuation and often seek advice from financial advisers. Furthermore, a growing number of households are looking to secure their financial future by investing disposable income outside of superannuation. These types of retail investors also often seek guidance from financial advisers. The aging of the population will increase the proportion of superannuation funds from accumulation to retirement phase, generally resulting in an increased demand for advice.

Regulatory environment

As discussed above, the regulatory environment can have pervasive impacts on industry participants. Industry participants therefore will need to ensure their business model and adviser network are responsive to any further regulatory changes.

3.4.2 Internal factors

Internal factors which will impact the profitability and success of companies in the sector include:

Access to products/services

Providing access to a comprehensive suite of products/services is critical for financial planners (and service providers to financial planners). This has become more critical due to the increased prevalence of self licensed and small-to-medium sized networks which are dependent on third party infrastructure providers to enable a competitively priced advice offering.

Reputation

The reputation of dealer groups and other service providers is important to retaining and recruiting new advisers and adviser practices. Reputation is determined by a range of factors including culture, compliance history and access to products / services.

Scale

Due to the structural changes in the sector mentioned above, most financial planning firms have experienced declining revenues and increased costs. As a result, service providers to these firms need to provide a compelling value proposition to financial planners. Having sufficient scale to leverage a largely fixed cost base is therefore critical in order to provide access to services at a competitive price.

3.5 Outlook and conclusion

The abovementioned structural changes have resulted in declining revenue and higher costs across the industry in general, and an expectation of only modest revenue growth in the medium term as set out below.

Figure 5: Historical and forecast industry revenue and growth from 2018 to 2027



Source: IBISWorld

Whilst the overall financial advice sector is not expected to grow significantly in the near-term, opportunities exist for firms within the sector (and those that provide services to these firms) to achieve growth from the following factors:

- ◆ The potential for increased demand for advice due to the shift from accumulation to retirement phase associated with the aging of the population, the increased complexity in the superannuation system and the high degree of volatility in capital markets
- ◆ The exit of the retail banks and other institutions has resulted in an increase in the number of licensees that require access to technology, compliance and other services previously provided by large institutions. Consolidation opportunities exist to provide a comprehensive infrastructure solution to small-medium adviser groups
- ◆ Whilst the increasingly regulated environment significantly impacts operations, this also increases the barriers to entry.

4 PROFILE OF CENTREPOINT

4.1 Background

Centrepoint was established in 2005 upon the merger between Alliance Finance Corporation Ltd and the Centrepoint Finance Pty Ltd. Centrepoint has since grown to become a leading provider of services to financial advisers including licensee support and technology solutions. In addition to the licensee and advice business, Centrepoint provides investment solutions to advisers and their clients across Australia. As at 30 June 2021, Centrepoint has a network of 1,022 advisers (315 licensed & 707 self-licensed), 130 mortgage brokers and \$3.2 billion in funds under management and administration (“FUMA”).

4.2 History

A brief history of Centrepoint is set out in the table below:

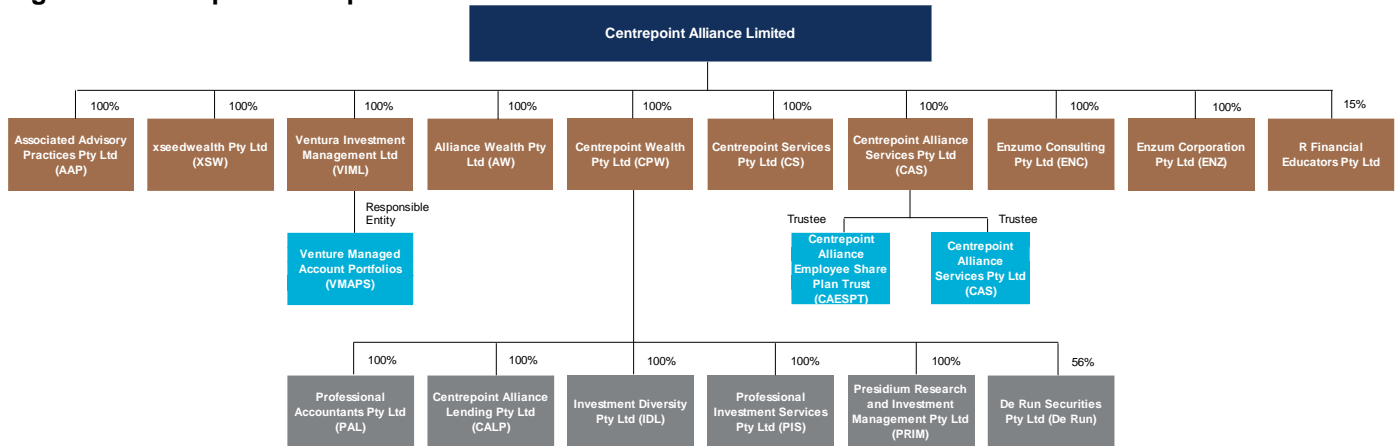
Year	Event
1991	◆ Alliance Finance Corporation Ltd was incorporated
2002	◆ Listed on the ASX
2005	◆ Merged with Centrepoint Finance Pty Ltd Group to form Centrepoint Alliance, specialising in finance broking, asset finance and insurance premium funding
2010	◆ Merged with Professional Investment Holdings to create one of the largest non-institutionally owned financial advice networks in Australia
2011	<ul style="list-style-type: none"> ◆ Acquisition of Ventura Investment Management Ltd for 4,457,600 fully paid ordinary Centrepoint shares ◆ Acquisition of the remaining 50% of finance broker Australian Loan Company Ltd (which was initially acquired as part of the initial merger in 2005) for \$1 million
2013	◆ Acquisition of Associated Advisory Practices Ltd, a provider of AFSL support services
2016	◆ Sale of the premium funding business to BOQ Finance (Aust) Ltd for \$20 million
2020	◆ Acquisition of Enzumo Corporation Pty Ltd and Enzumo Consulting Pty Ltd for \$1.5 million. Enzumo provides software consulting, customisation and implementation for the Australian financial planning industry

Source: Centrepoint

4.3 Corporate structure

The figure below sets out the corporate structure of Centrepont.

Figure 6: Centrepont's corporate structure



Source: Centrepont

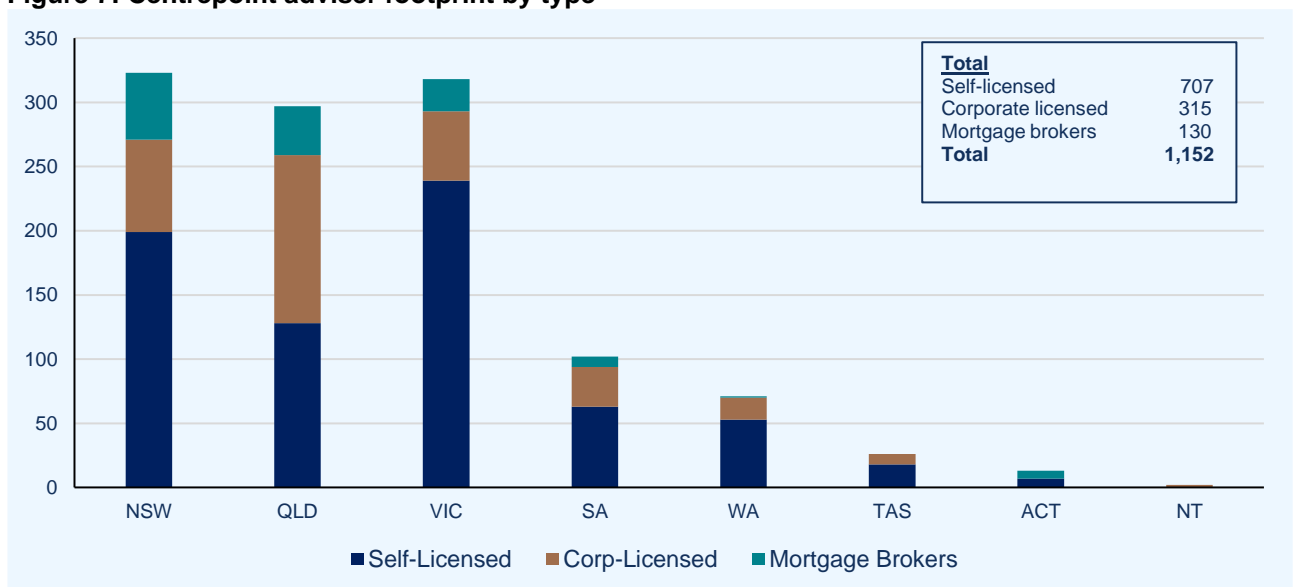
The above subsidiaries provide financial advice and licensee support services with the exception of the following:

- ◆ Through Ventura Investment Management Limited (“VIML”), Centrepont provides investment management advice to financial advisers.
- ◆ There is a separate trust which administers the employee share plan (discussed further in Section 4.9).
- ◆ The 56% interest in De Run Securities Pty Ltd is a legacy investment in run-off with no impact on the operations or revenue of the group.

4.4 Adviser services

Centrepont has a national footprint of advisers that it services which includes self-licensed advisers and corporate licensees / dealer groups as well as a small number of salaried advisers and mortgage brokers as set out below:

Figure 7: Centrepont adviser footprint by type



Source: Centrepont

Centrepoint earns revenue on a fee for service basis which is generally fixed (per-adviser) with higher fees where additional services are provided.

A summary of the offering for each segment is set out below:

Table 5: Summary of key market segments

	Market Segments			
	Licensee	Self-Licensed	Wholesale Licensee	Revenue Extensions
Definition	Licensee for individual advice practices	Service provider for small self-licensed firms	Licensee and tailored wholesale services and solutions for larger firms	Revenue opportunities in addition to core licensing and advice offer
Target Segment	Small advice firms (1-10 advisers) Medium advice firm (10+ advisers)	Small advice firms (1-10 advisers)	Small to medium sized licensee (30-100 advisers)	Revenue expansion within existing CAF network
Client Need	License (AFSL) to operate bundled advice and business services	Unbundled advice services and solutions	Outsourced services at scale, reducing fixed costs of licensee	Outsourced workforce services Technology solutions Business Services
Market Size	Advisers - 15,943	Firms - 1,954 Advisers - 5,074	Licenseses - 70 Advisers - 3,858	Market size based on 2-year CAF ambition of 600 firms and 2,000 advisers
Advisers	Current: 315 Near-term ambition: 500	Firms: ◆ Current: 149 ◆ Near-term ambition: 250 Advisers: ◆ Current: 707 ◆ Near-term ambition: 1,000+	2 wholesale contracts in place	Firms - ~70 Advisers - ~90

Source: Centrepoint

4.5 Other services

4.5.1 Investment services

Through VIML, Centrepoint also provides managed funds and managed portfolios for advisers. As at 30 June 2021, VIML had approximately \$0.9 billion in funds under management (“**FUM**”) and \$1.7 billion in FUMA. The funds management business has been in run-off in recent years. However, management is currently considering the longer-term strategy for this business going forward.

4.5.2 Other

In June 2020 Centrepoint acquired Enzumo. Through Enzumo, Centrepoint provides software consulting, customisation and implementation for the Australian financial planning industry, in particular for implementation of Xplan and other core systems utilised by advisers.

Enzumo generates revenue on a fee for service basis with typical implementation projects resulting in larger revenues in the first year of on-boarding a new client with subsequent client revenue driven by maintenance requirements.

4.6 Key personnel

The Board of Directors of Centrepoint comprises:

Table 6: Key directors and management

Directors	Experience
<p>Alan Fisher Chairman of the Board</p>	<p>Mr Fisher was appointed as the Chairman of Centrepoint's Board in 2015. He founded his own corporate advisory business specialising in mergers and acquisitions ("M&A"), business restructurings, strategic advice and capital raisings for small-cap companies. Previously, he headed the Melbourne Corporate Finance Division at the accounting firm Coopers & Lybrand. He currently holds Non-Executive Director positions at numerous listed companies.</p>
<p>Martin Pretty Non-Executive Director</p>	<p>Mr Pretty was appointed as non-executive director in 2014, with additional special responsibilities of being the Chairman of the Nomination, Remuneration and Governance Committee. He has over 18 years of experience in the finance sector, with the majority of his time spent at ASX-listed companies including HUB24, Bell Financial Group and IWL Limited. He was also a finance journalist at The Australian Financial Review.</p>
<p>Georg Chmiel Non-Executive Director</p>	<p>Mr Chmiel has more than 25 years of experience within the financial services sector, online media and real estate industry where has held numerous executive positions. He was previously the Managing Director and Chief Executive Officer ("CEO") of iProperty Group, Asia's leading online property group. Prior to joining iProperty Group, he was the Managing Director and CEO of LJ Hooker Group.</p>
<p>Alexander Beard Non-Executive Director</p>	<p>Mr Beard has extensive experience across numerous industries. He has acted as the director of numerous public companies in the past 17 years, and is currently Chairman of HGL Limited, Chairman of FOS Capital Limited and a director with Pure Foods Tasmania Limited. Prior to joining Centrepoint, Mr Beard was the CEO of CVC Limited, a diversified investment company that invests in listed investments, private equity and property.</p>
<p>John Shuttleworth CEO</p>	<p>Mr Shuttleworth was appointed as CEO in 2021. Previously, he was the General Manager of Platforms and Investments at BT Financial Group and was responsible for leading BT Super for Life, a low-cost superannuation product. He launched a large-scale technology transformation for the wealth management platform BT Panorama, where he redefined the product, technology and service architecture. Prior to joining BT, he co-founded a technology start-up, which was sold to a Nasdaq-listed company.</p>
<p>Brendon Glass CFO</p>	<p>Mr Glass was appointed as Chief Financial Officer ("CFO") in 2020. He has held CFO and advisory roles across numerous businesses including Pallion, Aquis Farm and Strategic Collision Repair Group. Between 2011 and 2016, he was the National Head of Strategy and Business Development and NSW Desk Head for UBS Wealth Management. Prior to UBS, he was the CFO for Macquarie Private Wealth, where he led financial control functions, fiscal and change management programs and drove business acquisitions.</p>

Source: Centrepoint

4.7 Financial performance

The audited statements of financial performance for the periods ended 30 June 2019, 30 June 2020 and 30 June 2021 are set out in the table below:

Table 7: Centrepoint's financial performance

\$'000	FY19	FY20	FY21
Revenue			
Advice services	91,233	108,828	122,996
Product revenue	25,080	20,730	12,409
Other	566	988	3,602
Total revenue	116,879	130,546	139,007
Direct costs of providing services	(86,843)	(101,680)	(111,119)
Gross profit	30,036	28,866	27,888
Operating expenses			
Employee-related	(18,735)	(17,470)	(17,030)
Professional services	(2,108)	(2,379)	(2,072)
IT and communication	(912)	(428)	(765)
Client claims	(363)	(3,608)	(36)
Property and occupancy	(1,128)	(751)	(531)
Other operating expenses	(5,109)	(4,861)	(4,404)
EBITDA	1,681	(631)	3,050
Depreciation and amortisation	(777)	(1,368)	(1,581)
EBIT	904	(1,999)	1,469
Other non-operating expenses	(286)	(530)	-
Interest income	628	417	175
Interest expenses	(26)	(57)	(99)
Profit/ (loss) before tax	1,220	(2,169)	1,545
Income tax benefit /(expense)	(2,796)	169	302
Profit/(loss) after tax	(1,576)	(2,000)	1,847
Other metrics			
Revenue growth (%)	n/a	11.7%	6.5%
Gross margin (%)	25.7%	22.1%	20.1%
EBITDA margin (%)	1.4%	(0.5%)	2.2%
No. of advisers at year end	1,438	1,181	1,022
Closing FUMA (\$'m)	4,112	3,586	3,163

Source: Centrepoint and Leadenhall analysis

In relation to the historical financial performance of Centrepoint:

- ◆ We have focused our analysis on the results subsequent to FY19 given the structural changes to company and the sector since.
- ◆ Centrepoint has shown a significant improvement in profitability over the period, largely due to the run-off of client claims arising from financial advice provided by authorised representatives ("ARs") prior to 1 July 2010, and also from active cost management.
- ◆ Advice services makes up the majority of the total revenue year-on-year. The increase in revenue for FY21 was underpinned by higher adviser fees as the business transitions from traditional product commissions and platform rebates to a fee-for-service revenue model. Whilst the new pricing structure has resulted in attrition in advisers, revenue per adviser has increased by approximately 20%. This was partly offset by a decline in platform rebates. The increase in 'Other' revenue was driven by the integration of the Enzumo financial planning technology business which was acquired in June 2020.
- ◆ Despite an increase in revenue, gross margin declined in FY21. This is largely driven by the termination of platform rebates in December 2020 and lower investment margins, partially offset by an increase in revenue per adviser under the new pricing structure.
- ◆ Direct costs of providing services represents advisers' revenue share arrangements and fees paid to advisors and fund managers. These costs increased in FY21, consistent with revenue growth.

- ◆ Employee related expenses decreased marginally over the period due to significant cost savings following several redundancies of non-essential management roles in FY21 offset by increased employee costs from the acquisition of Enzumo.
- ◆ Client claims relates to financial advice provided prior to 1 July 2010 (legacy claims) and post 1 July 2010 (non-legacy claims) by ARs of the group. The high level of claim expenses in FY20 is primarily attributed to additional provisions raised for legacy claims lodged during the year. The subsequent decline in FY21 is due to the cessation of further legacy claims, which stemmed from Australian Financial Complaints Authority (“AFCA”) rules which ended in June 2020.
- ◆ Property and occupancy expenses represents lease payments for which Centrepoint elected not to apply AASB 16 Leases (“AASB 16”), including short-term leases, low value asset leases and variable lease payments.
- ◆ Other operating expenses is largely made up of subscriptions, licenses and general administration. The slight decrease in FY21 is in line with the company’s ongoing cost management programme.
- ◆ Depreciation and amortisation expenses increased in FY21, largely due to the acquisition of the Enzumo business in June 2020 and the implementation of AASB 16, resulting in operating lease expenses for buildings and certain equipment no longer being recognised as expenses. Instead, right-of-use assets are recognised on balance sheet and are depreciated, with the related lease also being recognised on balance sheet with lease payments being split between principal amortisation and interest expenses.
- ◆ Income tax benefits are a result of the derecognition of deferred tax in connection with a significant reduction in provisions for client claims as well as the utilisation of carried forward tax losses. As at 30 June 2021, Centrepoint had carried forward tax losses of \$61.9 million which includes revenue losses of \$25.9 million and capital losses of \$36.0 million.
- ◆ Normalised EBITDA is summarised below:

Table 8: Centrepoint's normalised EBITDA

\$'000	FY19	FY20	FY21
Reported EBITDA	1,681	(631)	3,050
Normalisation adjustments			
Termination of rebates	(8,782)	(5,909)	(3,320)
Payment of claims	363	3,608	36
Professional fees	-	-	384
One off contractor and termination payments	-	-	941
Other	-	-	177
Normalised EBITDA	(6,738)	(2,932)	1,268
<i>Normalised EBITDA margin (%)</i>	<i>(5.8%)</i>	<i>(2.2%)</i>	<i>0.9%</i>

Source: Centrepoint

Normalisation adjustments include:

- ◆ Product commissions and rebates which will not be recurring beyond FY21 due to regulatory changes
- ◆ Client claims which pertain to legacy claims which are not expected to be an ongoing expense
- ◆ Professional fees in relation to acquisition searches
- ◆ Enzumo integration costs and other one-off contractor expenses and termination payments.

4.8 Financial position

The audited statements of financial position for Centrepoint are set out in the table below:

Table 9: Centrepoint's financial position

\$'000	30-Jun-19	30-Jun-20	30-Jun-21
Current assets			
Cash	7,917	12,187	11,130
Trade and other receivables	9,183	7,835	6,664
Interest bearing receivables	2,572	2,448	1,108
Other current assets	756	1,272	1,024
Total current assets	20,428	23,742	19,926
Non-current assets			
Deferred tax assets	2,409	2,578	2,881
Interest bearing receivables	4,007	1,199	99
Investments	116	116	116
Property, plant and equipment	531	424	295
Intangible assets	2,675	3,622	3,084
Right-of-use assets	-	954	516
Other non-current assets	886	-	114
Total non-current assets	10,624	8,893	7,105
Total assets	31,052	32,635	27,031
Current liabilities			
Trade and other payables	(9,430)	(9,960)	(9,814)
Lease liabilities	(19)	(708)	(438)
Provisions	(4,221)	(6,309)	(5,170)
Total current liabilities	(13,670)	(16,977)	(15,422)
Non-current liabilities			
Lease liabilities	-	(280)	(52)
Provisions	(502)	(527)	(370)
Total non-current liabilities	(502)	(807)	(422)
Total liabilities	(14,172)	(17,784)	(15,844)
Net assets	16,880	14,851	11,187

Source: Centrepoint

In relation to the historical financial position of Centrepoint:

- ◆ The reduction in the cash balance in FY21 is primarily a result of dividend payments and claim settlements partly offset by cash from operations and loan repayments from the Australian Life Development Pty Ltd ("ALD") loan.
- ◆ Trade and other receivables are non-interest bearing with 30 to 90 day payment terms. The reduction in the receivable balances in FY21 is a result of the cessation of platform rebates in December 2020.
- ◆ Interest-bearing receivables predominately relate to the loan provided to ALD in 2019 which is due for repayment in December 2021, and loans made to financial advisors with terms ranging from one to five years at varying interest rates. The majority of the loans provided to advisors are secured through charges over assets, guarantees or by retention of financial advice fees.
- ◆ Deferred tax assets primarily relate to provisions. The increase in FY21 is driven by doubtful debts and employee benefits. No deferred tax assets were recognised on tax losses carried forward as at 30 June 2021.

- ◆ Investments represent unlisted shares held in Ginger Group Financial Services Ltd (“**Ginger Group**”) which owned an interest in Kepa Financial Services Ltd (“**Kepa**”). Kepa was sold during the year resulting in a dividend payment from Ginger Group. Ginger Group is in the process of being liquidated, with proceeds of \$116,000 expected to be received by Centrepoint.
- ◆ Intangible assets as at 30 June 2021 largely relate to residual goodwill from previous acquisitions, capitalised software development costs, customer relationships and trademarks acquired with Enzumo in June 2020.
- ◆ Right-of-use assets relate to leased buildings and equipment which are initially measured at cost and depreciated over the shorter of the asset’s life and the lease term on a straight-line basis.
- ◆ Trade and other payables include amounts payable to advisers as well as liabilities for goods and services received by Centrepoint that remain unpaid at the end of the reporting period. The balance has decreased in line with cost reductions.
- ◆ Lease liabilities relates to the right-of-use asset, specifically the leased building and equipment.
- ◆ Provisions relate to client claims, employee benefits and property make good obligation. The reduction in FY21 is largely attributable to the resolutions of legacy claims on financial advice provided prior to 2010 and the cessation of further legacy claims as the AFCA rules ended in June 2020. As at 30 June 2021, there are two open legacy claims and 14 non-legacy claims under review with a total related provision of \$1.0 million.

4.9 Capital structure and shareholders

As at 29 September 2021, Centrepoint had a total of 144.3 million ordinary shares on issue. The following table sets out details of Centrepoint’s substantial shareholders as at that date:

Table 10: Centrepoint’s shareholders

Shareholder	No. of shares held	% Total shares
Tiga Trading Pty Ltd	51,987,171	36.0%
Mr Alexander Beard & Mrs Pascale M Beard	10,998,296	7.6%
Other Shareholders	81,297,502	56.3%
Total	144,282,969	100.0%

Source: Centrepoint

Note 1: Tiga Trading Pty Ltd is subsidiary of Thorney Investment Group

The largest shareholder of Centrepoint is Tiga Trading Pty Ltd (“**Tiga**”) which is part of the Thorney Investment Group Pty Ltd (“**Thorney**”). Mr Beard is a non-executive director of Centrepoint.

As at 29 September 2021, Centrepoint had a total of 7.6 million performance rights issued to executives and senior management of Centrepoint under the Centrepoint Alliance Employee Share Plan. In respect of these performance rights:

- ◆ 3.6 million of the rights have met the share price vesting conditions
- ◆ For the remaining 4.0 million performance rights, 50% will vest in the future at a target share price hurdle of 18.0 cents, and 100% will vest at a stretch share price hurdle of 20.0 cents.

In addition, Centrepoint is proposing to issue 8,000,000 New Performance Rights to its CEO, John Shuttleworth, subject to shareholder approval. These performance rights have no exercise price and are segregated into four tranches with a different target share price that needs to be reached for each tranche to vest. The tranches and associated vesting hurdles are set out below:

Table 11: New Performance Rights

Tranche no	Number of rights	Vesting hurdle
1	2,000,000	\$0.30
2	2,000,000	\$0.35
3	2,000,000	\$0.42
4	2,000,000	\$0.55

Other key terms of the New Performance Rights are as follows:

- ◆ In order to determine vesting of the performance rights, the 30-day VWAP for Centrepoint will be compared to the vesting hurdle of each tranche annually as at 30 June 2022, 30 June 2023 and 30 June 2024.
- ◆ Up to 4,000,000 performance rights are eligible to vest by and on 30 June 2022, up to 6,000,000 may vest by and on 30 June 2023 and up to 8,000,000 may vest by and on 30 June 2024.
- ◆ Vested performance rights may be exercised up to three years from their vesting date.
- ◆ Mr Shuttleworth must remain employed by Centrepoint for the performance rights to be eligible for vesting.

4.10 Share trading

The following chart shows the share market trading of Centrepoint shares since 25 August 2020:

Figure 8: Centrepoint's share trading over the past 12 months



Source: S&P Capital IQ

In relation to the recent trading of Centrepoint shares, we note the following:

- ◆ Centrepoint's shares were thinly traded with an average daily volume of approximately 70,610 shares over the 12 months to the announcement of the Proposed Transaction.
- ◆ From August 2020 to January 2021, Centrepoint's share price was on an upward trend, trading at 22.5 cents prior to the announcement of 1HFY21 dividend and update.
- ◆ The spike in trading activity and increase in share price on 2 February 2021 to 29.5 cents, up to a peak of 35 cents on 4 February was likely related to the announcement of 1HFY21 update, reporting a preliminary EBITDA of \$2.1 million compared to the 1HFY20 EBITDA loss of \$0.4 million.
- ◆ From February 2021, Centrepoint's share price mainly ranged between 22 cents and 29 cents in the lead up to the announcement of the Proposed Transaction on 23 August 2021.
- ◆ Following the announcement of the Proposed Transaction, Centrepoint shares traded between 23 cents to 28.5 cents per share.

4.11 Outlook

Whilst the overall financial advice sector is not expected to grow significantly in the near-term, Centrepoint has an opportunity to achieve growth from the following factors:

- ◆ The exit of the large retail banks from the financial advice sector has resulted in a significant increase new AFSs, the majority of which require substantial investment in technology and compliance which may be most economically sourced from third parties such as Centrepoint. Centrepoint therefore has an opportunity to increase its market share in licensee and self-licensed customers in Centrepoint's core market of servicing adviser groups of 30 to 100 AR's.
- ◆ The potential for increase in demand for advice due to increased volatility since the onset of the COVID-19 pandemic, the shift in superannuation accounts from accumulation to retirement phase due to the aging of the population and the increased complexity in the superannuation system.
- ◆ The potential to further grow the managed funds and managed portfolio business of VIML.
- ◆ Making acquisitions of suitable businesses in order to grow scale and achieve cost and revenue synergies.

5 PROFILE OF CLEARVIEW ADVICE

5.1 Background

ClearView provides wealth management, financial advice and life insurance services through over 750 licensees who oversee over \$11.9 billion in funds under advice (“FUA”).

ClearView Advice has been providing comprehensive licensing and other support services (including systems, compliance, training and technical advice) to financial advisers since 1999. As at 30 June 2021 ClearView Advice provided advice and services to 281 advisers comprising 169 licensed, 106 self-licensed and 6 salaried advisers. The ClearView Advice business (Matrix) has won overall licensee of the year three out of the last four years as rated by Core Data.

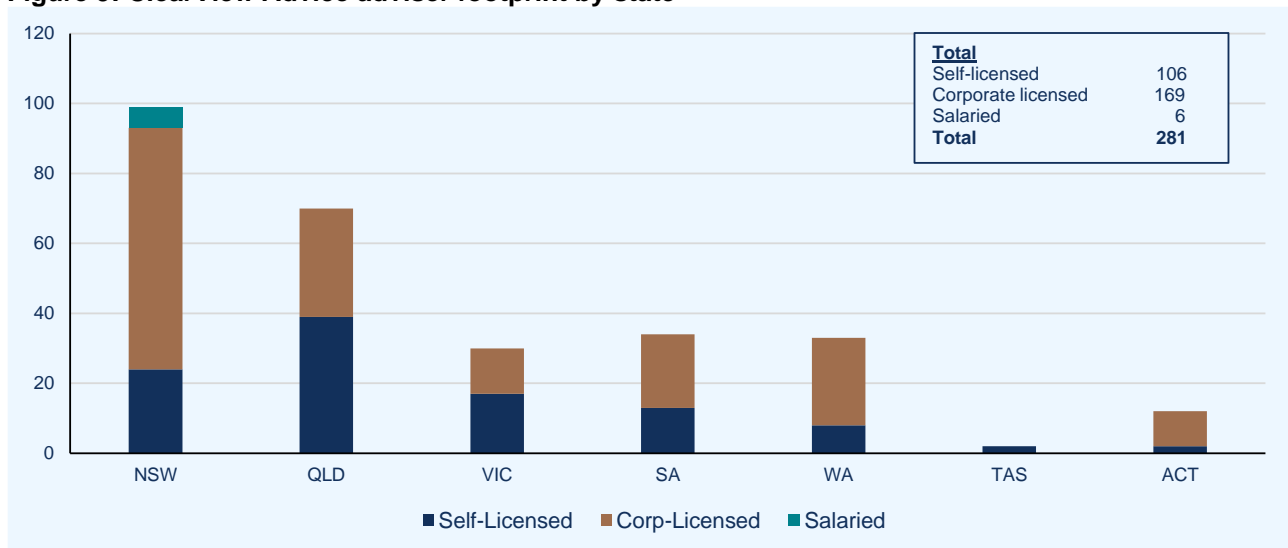
5.2 Corporate structure

It is proposed that Centrepoint will acquire ClearView Advice through the acquisition of the entire share capital of Matrix Planning, CFA and LaVista. This will include the the transfer of certain employees of ClearView who work in the ClearView Advice businesses to Centrepoint and the transfer of certain subsidiaries of ClearView to other ClearView group entities.

5.3 Operations

ClearView Advice services a national footprint of advisers which includes self-licensed advisers and corporate licensees / dealer groups as well as a small number of salaried advisers as set out below:

Figure 9: ClearView Advice adviser footprint by state






Source: ClearView

ClearView Advice earns revenue on a fee for service basis which is generally fixed (per-adviser) with higher fees where additional services are provide.

ClearView Advice currently provides support to advisers through three brands/entities:

Figure 9: ClearView Advice's brands

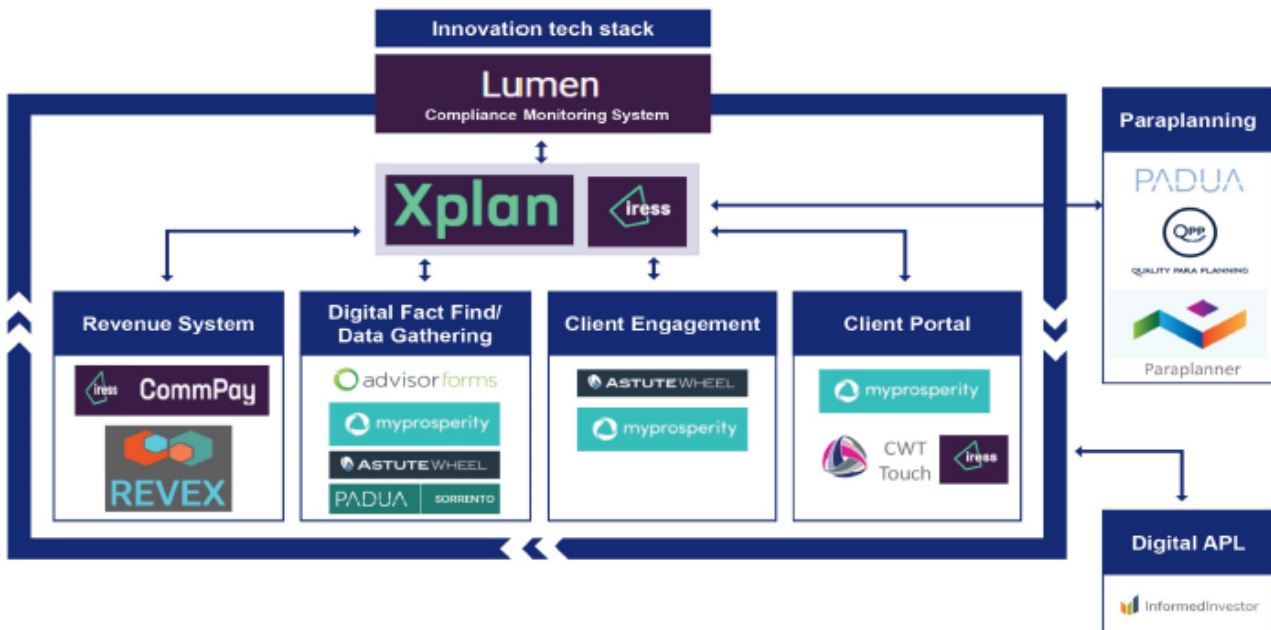
Brand	Description
	CFA was established in 2009 through the acquisition of Community and Corporate Financial Services Pty Ltd which included a dealer group and salaried advisers. CFA is a mid-sized dealer group that provides financial advice through six salaried advisers and 62 self-employed advisers.
	ClearView acquired Matrix in 2014. Matrix is a mid-sized dealer group that provides financial advice through 107 advisers. Matrix also provides strategic support to their advisers with a focus on creating modern professional advisory firms with high levels of client engagement and satisfaction, and sustainable revenue growth.
	Identifying the increased demand for compliance, infrastructure and other support from self-licensed advisers subsequent to the FOFA changes, ClearView established LaVista as a start-up in November 2018 in order to provide a specific offering.

Source: ClearView

ClearView Advice was an early adopter of the Xplan software platform and has since developed relationships with various software providers to provide a comprehensive, cloud-based technology platform to its advisers. For example, ClearView Advice was the first to incorporate the cloud-based Lumen technology into their advice platform which provides front end compliance monitoring of advisers. The Lumen platform is highly scalable that monitors advice compliance in real time. This has been a primary contributor to ClearView Advice's positive compliance record.

This technology platforms utilised by ClearView Advice are set out below:

Figure 9: Technology summary



Source: ClearView

5.4 Key personnel

The key personnel of ClearView Advice include:

Table 12: Key directors and management

Directors	Experience
<p>Simon Swanson Managing Director</p>	<p>Mr Swanson was appointed as Managing Director in 2010. He has over 35 years of experience across insurance and funds management, having led a number of life insurers in three countries, including CommInsure. Previously, he was a director of the Australian Literacy and Numeracy Foundation and Chairman of ANZIIF's Life, Health and Retirement Income Faculty Advisory Board.</p>
<p>Athol Chiert CFO</p>	<p>Mr Chiert was appointed as CFO in 2008. Previously, he served as the CFO of PrefSure Holdings Limited and PrefSure Life Limited (previously Lumley Life Limited) and has over 15 years of experience within the finance industry.</p>
<p>Todd Kardash General Manager, Licensee Services</p>	<p>Mr Kardash joined ClearView in 2011 and was appointed the CEO of CFA and Matrix dealer groups in 2014. Prior to ClearView, he headed the Adviser Distribution and CommInsure and was the State Manager for the NAB dealer group in NSW.</p>
<p>Allison Dummett Chief Executive Officer, Matrix and CFA</p>	<p>Ms Dummett has over 30 years of experience in the financial services industry in Australia. Currently, she is responsible for licensee strategy across Matrix Planning and CFA licences. Prior to Matrix, she has held manager roles in the multinational insurance company Prudential, delivering national strategy for initiatives and promotions related to insurance and investment advisers.</p>
<p>Mike Pope Chief Executive Officer, LaVista</p>	<p>Mr Mike Pope joined ClearView in early 2013 and was appointed the Head of Business Development prior to his appointment as the CEO of LaVista, a dealer services offer, in October 2018. Previously he served as an Executive Director of Millenium3 Financial Services and Elders Financial Services and has over 15 years financial services experience.</p>
<p>Tanya Seale Chief Operating Officer, Licensee Solutions</p>	<p>Ms Seale joined Matrix in 2007 and has spent over 15 years in the financial services industry. As the Chief Operating Officer for ClearView and Matrix Planning, she is responsible for back-office solutions for AFSLs and delivery of tools to support advisers. She has also held roles as practice development manager, compliance manager and has engaged in advice coaching across small and large licensees.</p>

Source: ClearView

5.5 Financial performance

The audited statements of financial performance for the periods ended 30 June 2019, 30 June 2020 and 30 June 2021 are set out in the table below:

Table 13: ClearView Advice's financial performance

\$'000	FY19	FY20	FY21
Revenue			
Net advice services	15,931	17,135	12,895
Rebates	1,431	1,124	341
Total revenue	17,362	18,258	13,236
Operating expenses	(17,431)	(16,210)	(11,892)
EBITDA	(69)	2,049	1,344
Depreciation and amortisation expense	(7,798)	-	-
EBIT	(7,867)	2,049	1,344
Interest income	457	323	190
Interest expenses	-	-	-
Profit/ (loss) before tax	(7,409)	2,372	1,533
Income tax benefit / (expense)	(117)	(409)	(460)
Profit/ (loss) after tax	(7,526)	1,963	1,073
<i>Other metrics</i>			
Revenue growth (%)	n/a	5%	(28%)
EBITDA margin (%)	n/a	11%	10%
FUMA (\$'m)	9,600	11,200	12,000
Total no. of advisers	227	264	281

Source: ClearView and Leadenhall analysis

In relation to the historical financial performance of ClearView Advice:

- ◆ We have focused our analysis on the results since FY19 given the structural changes to company and the sector.
- ◆ ClearView Advice presents its advice fees on a net basis while Centrepoint presents them on a gross revenue basis.
- ◆ Similar to Centrepoint and other industry participants, ClearView Advice has undergone significant changes since FY20 to reposition its dealer groups and establish a sustainable revenue base to address regulatory reforms. This has resulted in a decline in revenue and profitability over the period.
- ◆ ClearView Advice launched LaVista, a B2B outsourced licensee service for self-licensed advisers in FY19 and subsequently implemented a new pricing structure in FY20.
- ◆ Net advice fees includes membership fees from the dealer groups and LaVista as well as salaried planners' fee revenue. The significant decrease in revenue in FY21 is primarily attributable to the termination of grandfathered rebates in January 2021 and a reduction in financial support received from other ClearView entities, partially offset by an increase in dealer group membership fees, following the implementation of a new pricing structure and the growth in LaVista fees from the launch of the business and related recruitment of adviser practices.
- ◆ Operating expenses declined over the period due to a reduction in overhead costs, the impacts of a cost out program initiated in FY19 and completion of the advice remediation program (costs were impacted in FY20 by the program including compensation costs). These remediation programs have now been completed.
- ◆ Operating expenses have been reflected net of any adviser recoveries for relevant expenses.
- ◆ As a result of the structural changes in the industry including the expected changes to grandfathered revenue streams and the implementation of a proposed new fee structure, the goodwill and the client-related intangible assets that were carried in ClearView Advice were impaired in FY19.

- ◆ Normalised EBITDA is summarised below:

Table 14: Normalised EBITDA

\$'000	FY19	FY20	FY21
Reported EBITDA	(69)	2,049	1,344
Normalisation adjustments			
Rebates	(1,431)	(1,124)	(341)
Inter al advice fee	(4,161)	(3,766)	(3,345)
Financial advice remediation	1,600	2,100	300
Cost out program implementation costs	400	300	-
Other costs	300	(100)	(100)
Normalised EBITDA	(3,361)	(541)	(2,143)
<i>Normalised EBITDA margin (%)</i>	<i>(19.4%)</i>	<i>(3.0%)</i>	<i>(16.2%)</i>

Source: ClearView and Leadenhall analysis

Normalisation adjustments include:

- ◆ Rebates which will not be recurring beyond FY21 due to regulatory changes to the termination of grandfathered rebates in January 2021.
- ◆ The reduction in financial support received from other ClearView entities, in particular the cessation of the internal advice fee that will no longer be paid to ClearView Advice from 1 July 2021. This will result in no further financial support being received from other ClearView entities in FY22.
- ◆ Removal of the advice remediation program costs (including compensation). As part of its ongoing compliance and audit processes, the dealer group finalised a back file review of a limited number of financial advisers (including some that have left the dealer group) in FY20.
- ◆ Cost-out program implementation costs relates to a major restructuring initiative started in FY19. This includes redundancy costs, IT transformation and an onerous rent provision that relates to the ClearView Advice businesses.
- ◆ Other costs pertain to the settlement of certain buyer-of-last-resort arrangements (“**BOLR**”) ClearView had with a limited number of financial advice businesses to purchase their books of business.

ClearView Advice is currently loss-making (on a normalised basis) due to:

- ◆ A lack of scale
- ◆ Significant historical investment in infrastructure (to enable future scaling of the business)
- ◆ The cessation of the internal advice fees from ClearView
- ◆ The start-up nature of the LaVista business which commenced operations in November 2018. The business has had significant success in attracting advisers but has not yet achieved a profitable scale.

Based on the current trajectory, and that most of the fixed costs required to scale the business have already been incurred, ClearView Advice is expected to be profitable (on a stand-alone basis) within two to three years.

5.6 Financial position

There is no stand-alone statement of financial position for ClearView Advice. As part of the terms of the Proposed Transaction, the parties have agreed that \$3.4 million in net tangible assets (“**NTA**”) will be transferred to Centrepoint as part of the Proposed Transaction. A pro-forma statement of financial position is set out in Section 6.6.2.

Whilst the components of the NTA have not yet been finalised, the NTA to be acquired by Enlarged Centrepoint is primarily working capital and cash to fund client claims, employee redundancies and other liabilities of ClearView Advice.

5.7 Outlook

Whilst the overall financial advice sector is not expected to grow significantly in the near-term, ClearView has an opportunity to achieve growth from the following factors:

- ◆ Leveraging the technology and service platform that has been established to facilitate growth in the adviser network
- ◆ The strong reputation of ClearView Advice for comprehensive adviser solutions including a strong historical focus on compliance (demonstrated by the Core Data licensee of the year award that ClearView Advice (Matrix) has won for three of the last four years)
- ◆ The potential for an increase in demand for advice due the shift from accumulation to retirement phase of superannuation accounts due to the aging of the population, the increased complexity in the superannuation system and the high degree of volatility in capital markets.

6 PROFILE OF ENLARGED CENTREPOINT

6.1 Background

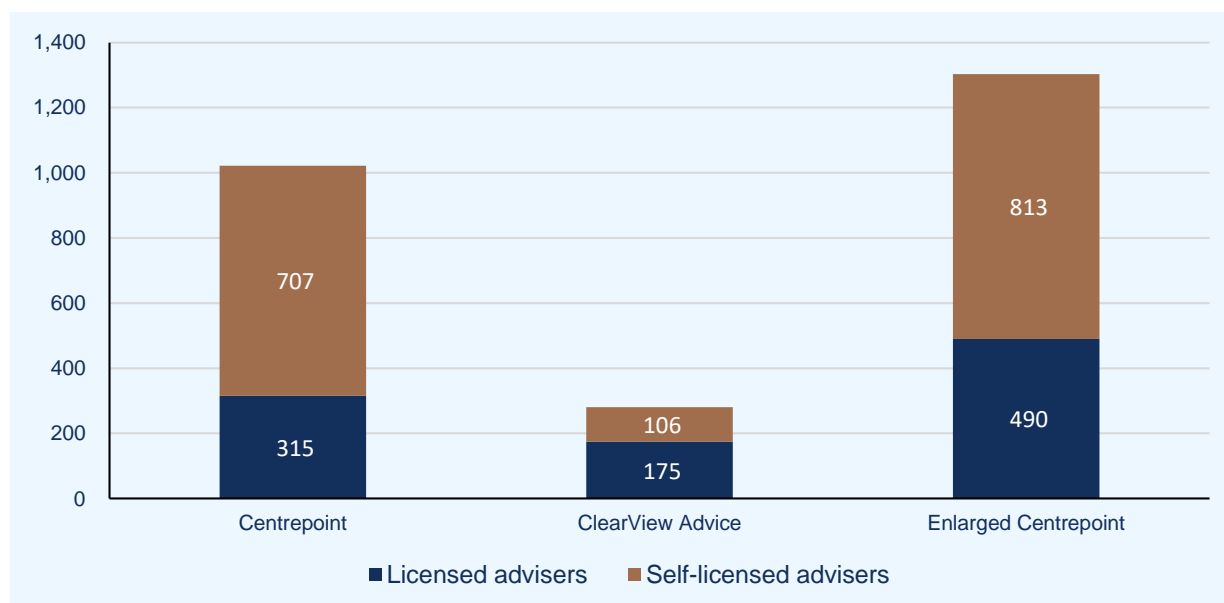
If the Proposed Transaction proceeds, Enlarged Centrepoint will consist of the existing Centrepoint and ClearView Advice businesses and will remain listed on the ASX as Centrepoint.

6.2 Overview of operations

The Proposed Transaction would increase the scale of operations and provide the Enlarged Centrepoint with a more comprehensive set of solutions, which should allow for organic growth from existing advisers and enable a stronger value proposition for recruiting new advisers.

Enlarged Centrepoint will have over 1,300 advisers in the enlarged network, as follows:

Figure 9: Enlarged Centrepoint adviser summary



Source: Centrepoint. Does not include salaried advisers or mortgage brokers.

6.3 Board and key personnel

If the Proposed Transaction proceeds, ClearView will nominate a director to be appointed to the board of Centrepoint) on completion. ClearView has advised that it is intended that their nominee would be Simon Swanson, Managing Director of ClearView.

There may be further changes to the Board following completion, however, ClearView would only have one nominee on a board of at least four directors.

6.4 Rationale for the Proposed Transaction

Growing the advice business of Centrepoint (both organically and inorganically) is a key strategic goal which Centrepoint has been pursuing to set a platform for more robust future profitability and to deliver further improvements in client solutions.

As the Centrepoint and ClearView Advice businesses share significant similarities in service offering, target segments and culture, the Proposed Transaction was seen by both parties as a mechanism to help accelerate their respective growth ambitions.

Centrepoint considers that the Proposed Transaction provides a unique opportunity to realise strategic value and synergies between the two businesses from a range of factors including:

- ◆ Provide a platform with immediate scale to facilitate further aggregation. The acquisition of ClearView Advice will result in Enlarged Centrepoint having 490 licensed advisers and 813 self-licensed advisers

- ◆ Combining the best of both Centrepoint's and ClearView Advice's management, operations and technology to build a market leading platform and capitalise on the increased demand for adviser support services as a consequence of the institutional exit from the sector
- ◆ Combination of strong brands and complimentary cultures
- ◆ Significant cost synergies including:
 - Labour costs savings due to duplication of functions, scale benefits resulting in reduced roles and elimination of ClearView overhead allocations
 - IT and subscription savings
 - Consulting, professional services and other cost savings.
- ◆ The potential to realise strategic revenue synergies over time from leveraging the scale, enhanced offering and best practices of the combined group
- ◆ Access to a strategic partner in ClearView with alignment of interests given ClearView will have a 25% shareholding in Enlarged Centrepoint
- ◆ Leverage a stronger balance sheet to invest in other growth opportunities.

6.5 Enlarged Centrepoint capital structure

If the Proposed Transaction is approved, there would be 192.3 million ordinary shares on issue, of which ClearView would hold 25%, as set out in the following table:

Table 15: Enlarged Centrepoint's substantial shareholders

Shareholder	Pre-Proposed Transaction		Post-Proposed Transaction	
	No. of Shares	%	No. of Shares	%
Tiga	51,987,171	36.0%	51,987,171	27.0%
Mr Alexander Beard & Mrs Pascale	10,998,296	7.6%	10,998,296	5.7%
Other Shareholders	81,297,502	56.3%	81,297,502	42.3%
ClearView	-	0.0%	48,000,000	25.0%
Total	144,282,969	100.0%	192,282,969	100.0%

Source: Centrepoint

Note: The above does not include performance rights

6.6 Financial impact

6.6.1 Financial performance

If the Proposed Transaction proceeds, management intends to make appropriate adjustments to the combined cost base of Enlarged Centrepoint which are anticipated to be immediately accretive to earnings. As a result, Centrepoint's management have estimated annualised EBITDA of at least \$8 million for Enlarged Centrepoint. A substantial component of the increase in EBITDA is underpinned by identified cost savings. Whilst revenue synergies are expected to be generated over time, no improvements to revenue or gross margins from the increased scale of the combined businesses have been factored into this estimate.

6.6.2 Financial position

The pro-forma statement of financial position for Enlarged Centrepoint as at 30 June 2021 is set out below.

Figure 10: Proforma balance sheet for Enlarged Centrepoint

(\$'000)	Centrepoint	ClearView Advice	Proforma adjustments	Enlarged Centrepoint
Current assets				
Cash	11,130	4,913	(3,200)	12,843
Trade and other receivables	6,664	738	-	7,402
Interest bearing receivables	1,107	-	-	1,107
Other current assets	1,028	-	-	1,028
Total current assets	19,929	5,651	(3,200)	22,380
Non-current assets				
Deferred tax assets	2,919	-	-	2,919
Interest bearing receivables	99	-	-	99
Investments	116	-	-	116
Property, plant and equipment	295	-	-	295
Intangible assets	3,086	-	11,785	14,871
Right-of-use assets	516	-	-	516
Other non-current assets	114	-	-	114
Total non-current assets	7,145	-	11,785	18,930
Total assets	27,074	5,651	8,585	41,310
Current liabilities				
Trade and other payables	(9,814)	(1,094)	-	(10,908)
Lease liabilities	(438)	-	-	(438)
Provisions	(5,175)	(593)	-	(5,768)
Interest bearing liabilities	-	(100)	-	(100)
Total current liabilities	(15,427)	(1,787)	-	(17,214)
Non-current liabilities				
Lease liabilities	(52)	-	-	(52)
Provisions	(365)	(449)	-	(814)
Total non-current liabilities	(417)	(449)	-	(866)
Total liabilities	(15,844)	(2,236)	-	(18,080)
Net assets	11,230	3,415	8,585	23,230

Source: Centrepoint

In relation to the pro-forma financial position of Enlarged Centrepoint, the:

- ◆ Figures presented under "Clearview Advice" represent total net assets of \$3.4 million to be acquired from ClearView at completion, on an unaudited basis. The amount will consist of cash, net adviser loans receivable (other receivable), provisions for claims, commissions payable and employee entitlements transferred as part of the Proposed Transaction.
- ◆ \$3.2 million pro-forma adjustment to cash reflects the cash consideration to be paid to ClearView Group upon the completion of the Proposed Transaction.
- ◆ \$11.8 million pro-forma adjustment to intangible assets represents the residual balance after deducting net tangible assets acquired from the agreed purchase price of \$15.2 million.

Further information is provided in Section 6 of the NOM.

7 VALUATION METHODOLOGY

7.1 Available methodologies

To estimate the fair market value of Centrepoint and Enlarged Centrepoint we have considered common market practice and the valuation methodologies recommended in RG 111. There are a number of methods that can be used to value a business including:

- ◆ The discounted cash flow (“**DCF**”) method
- ◆ The CFME method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and availability of the required information. A detailed description of these methods and when they are appropriate is provided in Appendix 2.

7.2 Selected methodology – Centrepoint

In selecting an appropriate valuation methodology for Centrepoint, we have considered the following:

Table 16: Consideration of methodologies

Method	Considerations	Approach
CFME	<ul style="list-style-type: none"> ◆ There are a number of comparable listed companies for which there is sufficient data available to calculate comparable earnings multiples. There have also been a number of recent acquisitions of other adviser services and advice businesses for which earnings multiples can be calculated. ◆ We have been provided with a detailed FY22 budget and have had discussions with management regarding year to date performance. ◆ Whilst Centrepoint's profitability has varied in recent years, we consider the changes to the business and the industry can be incorporated into a level of maintainable earnings. 	Selected
DCF	<ul style="list-style-type: none"> ◆ Long term cash flow projections have not been prepared for Centrepoint. ◆ We consider these factors can be adequately captured by a CFME analysis as they are common to many of the comparable companies. 	Not considered
Share trading	<ul style="list-style-type: none"> ◆ Share market trading in Centrepoint's shares prior to the announcement of the Proposed Transaction has been moderately liquid. We consider that an analysis of share market trading is not as reliable as the CFME method as a primary valuation methodology in assessing the intrinsic value of an Centrepoint share. 	Cross-check
Asset approaches	<ul style="list-style-type: none"> ◆ Centrepoint is neither an asset-based business nor an investment holding company. Asset approaches are generally not appropriate for operating businesses as they ignore the value of most internally generated intangible assets. ◆ We consider Centrepoint to be a going concern as the business is currently profitable and is expected to continue to generate positive earnings. Therefore, an asset approach is not appropriate. 	Not considered
Industry specific rules of thumb	<ul style="list-style-type: none"> ◆ We are not aware of any relevant industry rules of thumb. ◆ Percentage of FUM/FUMA metrics are not considered relevant for businesses primarily focussed on adviser services. 	Not considered

7.3 Selected methodology – Enlarged Centrepont

In selecting an appropriate methodology for the valuation of Enlarged Centrepont, we have considered the following:

Table 17: Consideration of methodologies

Method	Considerations	Approach
CFME	<ul style="list-style-type: none"> ◆ There are a number of comparable listed companies for which there is sufficient data available to calculate comparable earnings multiples. There have also been a number of recent acquisitions of other adviser services and advice businesses for which earnings multiples can be calculated. ◆ We have been provided with a detailed FY22 budget for Enlarged Centrepont and have had discussions with management regarding year-to-date performance of both Centrepont and ClearView Advice. ◆ Whilst Enlarged Centrepont expects to achieve cost synergies, those synergies have been identified and are expected to be achieved in the short term. 	Selected
DCF	<ul style="list-style-type: none"> ◆ Long term cash flow projections have not been prepared for Enlarged Centrepont. ◆ We consider the changes to earnings in the near-term can be adequately captured by CFME analysis. 	Not considered
Share trading	<ul style="list-style-type: none"> ◆ Shares in Centrepont have been traded since the announcement of the Proposed Transaction and trading over this period has been moderately liquid. We consider that an analysis of share market trading subsequent to the announcement of the Proposed Transaction provides a reliable cross-check to our primary valuation approach. 	Cross-check
Asset approaches	<ul style="list-style-type: none"> ◆ Enlarged Centrepont is neither an asset-based business nor an investment holding company. Asset approaches are generally not appropriate for operating businesses as they ignore the value of most internally generated intangible assets. ◆ We consider Enlarged Centrepont to be a going concern as the business is expected to generate positive earnings. Therefore, an asset approach is not appropriate. 	Not considered
Industry specific rules of thumb	<ul style="list-style-type: none"> ◆ We are not aware of any relevant industry rules of thumb. ◆ Percentage of FUM/FUMA/FUA metrics are not considered relevant for businesses primarily focussed on adviser services. 	Not considered

8 VALUATION OF CENTREPOINT

8.1 Overview of method

The CFME method requires consideration of the following factors:

- ◆ An appropriate level of maintainable earnings
- ◆ An appropriate earnings multiple
- ◆ The value of any non-operating assets and liabilities
- ◆ Relevant cross-checks.

These considerations are discussed in more detail below.

8.2 Maintainable earnings

Earnings base

The following measures of earnings are often used for business valuations:

- ◆ **Revenue:** mostly used for companies that do not generate positive earnings or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA:** most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA:** in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT:** while commonly used in practice, multiples of EBITA are usually more reliable than EBIT multiples as they remove the impact of amortisation which is often a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT:** relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

The selection of an appropriate earnings base also takes into consideration available comparable data and industry metrics.

Multiples of EBITDA, EBITA and EBIT are commonly used to value the whole business for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing a minority interest in a company as the investor has no control over the level of debt.

We have selected EBITDA as the appropriate measure for Centrepoint because:

- ◆ Earnings multiples based on EBITDA, EBITA and EBIT are not affected by different financing structures which impact multiples of net profit after tax.
- ◆ EBITDA is a commonly adopted metric in the industry and removes the impact of varying capital and asset structures across comparable companies.
- ◆ Comparable companies have significantly varying investments in intangible assets, particularly capitalised software assets acquired through business combinations. This results in large differences in amortisation costs across the comparable companies that are not necessarily reflective of ongoing investment requirements. Using a multiple of EBITA or EBITDA eliminates the impact of this variance in amortisation expense.
- ◆ Third party forecasts of EBITA for comparable companies are not readily available, making EBITA multiples difficult to apply.

When considering an appropriate level of future maintainable earnings, it is important to base the analysis on a maintainable level of earnings which includes adjustment for any non-recurring items as these items will not impact the ongoing earnings of the business.

Maintainable EBITDA

In considering an appropriate level of maintainable EBITDA we have focussed on the following key factors:

- ◆ **FY21 normalised EBITDA:** of \$1.3 million as set out in Section 4.7.
- ◆ **Recent improvement to earnings:** Reported EBITDA has improved significantly since FY20. The increase in profitability is largely underpinned by the new fee-for-service revenue model, active cost management and settlement of historical legacy claims, moderated by a decline in product commissions and rebates. We therefore do not consider that historical earnings prior to FY21 provide meaningful guidance for maintainable earnings for Centrepoint.
- ◆ **Budget:** We have reviewed Centrepoint's FY22 budget. Meaningful earnings growth is expected from an increase in advice fees, growth in adviser numbers and the full-year impact of cost saving initiatives from employment cost and overhead reductions.
- ◆ **Year-to-date ("YTD") performance:** Based on analysis of recent results, YTD EBITDA is tracking in line with budget.
- ◆ **Additional cost savings:** Based on the discussion with management, there may be the potential for additional cost savings to be realised by Centrepoint on a standalone basis in the absence of the Proposed Transaction.
- ◆ **Longer term outlook:** In relation to the longer-term outlook:
 - Centrepoint has an opportunity to increase its market share in licensee and self-licensed clients due to an increase in the number of independent financial advisers following the exit of the large retail banks and other institutions.
 - The company is investing in technology to create new revenues and cost efficiencies.
 - Centrepoint is currently exploring further mortgage lending initiatives to grow its lending solutions business.
 - There is potential to further grow the investment services business of VIML.

Based on the above analysis, we have selected future maintainable earnings of \$3.0 million having primary regard to FY22 budgeted EBITDA, the near-term outlook for the business and the potential for additional cost savings that could be achieved by Centrepoint on a standalone basis.

8.3 Earnings multiple

Overview

The multiples selected to apply to maintainable earnings implicitly reflect expectations about future growth, risk and the time value of money all compensated for in a single number. Multiples can be derived from three main sources:

- ◆ Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX.
- ◆ Transactions involving companies engaged in the same or similar lines of business.
- ◆ It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations. This approach is generally used when the first two are not possible. We have not considered this approach in valuing Centrepoint.

Trading multiples

In respect of public company trading multiples, we have considered Australian publicly listed companies that operate businesses in the following sectors:

- ◆ Large, diversified wealth managers with significant financial planning businesses ("**Diversified wealth managers**")
- ◆ Independent financial planning and support businesses ("**Independent wealth managers**").

We also considered other service providers to the financial planning sector such as investment platforms, but we do not consider them to be sufficiently comparable to Centrepoint because they are generally higher margin, more scalable businesses which generate FUM or FUA-based revenues.

The following table sets out the historical and forecast trading EBITDA multiples for the selected comparable companies:

Table 18: Trading multiples of comparable companies

Company	EV (\$'m)	Revenue Growth			EBITDA Margin			EBITDA Multiple		
		Historical	Current	Forecast	Historical	Current	Forecast	Historical	Current	Forecast
Diversified wealth managers										
IOOF Holdings Ltd	3,075	24%	12%	0%	18%	26%	29%	12.6x	7.8x	7.2x
Perpetual Limited	2,433	30%	18%	4%	34%	32%	32%	11.3x	10.2x	9.6x
Average		27%	15%	2%	26%	29%	30%	12.0x	9.0x	8.4x
Median		27%	15%	2%	26%	29%	30%	12.0x	9.0x	8.4x
Independent wealth managers										
ClearView Wealth Limited	1,065	103%	n/a	n/a	22%	n/a	n/a	8.4x	n/a	n/a
Fiducian Group Limited	252	7%	n/a	n/a	32%	n/a	n/a	13.3x	n/a	n/a
Euroz Limited	205	182%	n/a	n/a	33%	n/a	n/a	4.7x	n/a	n/a
Kelly Partners Group Holdings Ltd	197	7%	17%	13%	33%	37%	37%	12.2x	9.2x	8.2x
E&P Financial Group Limited	125	-6%	n/a	n/a	15%	n/a	n/a	4.4x	n/a	n/a
CountPlus Limited	109	-3%	2%	5%	9%	16%	17%	14.3x	8.5x	7.3x
Sequoia Financial Group Limited	57	38%	n/a	n/a	9%	n/a	n/a	5.4x	n/a	n/a
Easton Investments Limited	45	53%	n/a	n/a	6%	n/a	n/a	8.3x	n/a	n/a
WT Financial Group Limited ¹	37	20%	448%	n/a	3%	5%	n/a	nmf	11.0x	n/a
Prime Financial Group Limited	36	2%	n/a	n/a	27%	n/a	n/a	6.1x	n/a	n/a
Average		40%	156%	9%	19%	19%	27%	8.6x	9.6x	7.8x
Median		14%	17%	16%	18%	16%	27%	8.3x	9.2x	7.8x
Overall average		34%	100%	5%	19%	23%	29%	9.2x	9.3x	8.1x
Overall median		20%	17%	4%	18%	26%	30%	8.4x	9.2x	7.8x
Centrepoint	30	6%	n/a	n/a	2%	n/a	n/a	9.8x	n/a	n/a

Source: S&P CapIQ, company announcements and Leadenhall analysis as at 1 September 2021

Note 1: WT Financial Group Limited's current EBITDA was estimated assuming NPAT of \$2 million based on guidance indicating NPAT of at least \$2 million, in conjunction with an assumed effective tax rate of 30% and adopting FY21 depreciation and interest. Revenue of \$70 million was assumed based on guidance indicating revenue of over \$70 million.

It should be noted that these multiples are based on trading of minority shareholders. Therefore, in considering the value of a Centrepoint share on a control basis (before the Proposed Transaction), consideration must be given to impact on the minority trading multiples of applying a control premium. The generally observed range of control premiums in Australia is between 20% and 40%. Further information on control premiums is provided in Appendix 5. Table 19 below also includes takeover premiums observed from comparable M&A transactions in Australia.

We have considered the following factors in relation to the comparable company trading multiples in determining an appropriate earnings multiple to apply to the valuation of Centrepoint:

- ◆ The diversified wealth managers are significantly larger and more diversified than Centrepoint with operating activities including master trust platform services, trustee services, structuring of investment and superannuation products and investment management, in addition to the provision of financial planning and advice services. All other things being equal, we would expect Centrepoint to trade on a lower multiple than these businesses due to its smaller size and scale. We note that IOOF is trading at a discount to Perpetual, in terms of current and forecast multiples, which is likely due to a combination of a downward rerating in IOOF's stock price following a recent capital raising and the significant integration risks associated with the acquisitions of the MLC and ANZ wealth businesses.
- ◆ The majority of the independent wealth management businesses provide a diverse range of services which often comprise a mix of financial planning and support services, accounting, funds management, corporate advisory and capital market advisory services. Three of these companies are considered to be most comparable to Centrepoint; being WT Financial Group Limited ("**WT**"), Sequoia Financial Group Limited ("**Sequoia**") and Easton Investments Limited ("**Easton**"). Details of these three companies are set out below.

- **WT:** WT is an AFSL holder which provides dealer group services to its ARs, including licensing, compliance, training, technical support and practice management and development. Whilst consensus forecasts for WT are not available, WT has released guidance on its minimum expected NPAT for FY22 as part of its acquisition of Sentry Group Pty Limited (a similar business). The guidance indicated NPAT for the combined group of over \$2 million. We have utilised the minimum NPAT figure of \$2 million to estimate FY22 EBITDA for WT in order to imply an EBITDA multiple of 11.0x. While this method is somewhat crude given the assumptions required (and that WT has only disclosed a minimum profit target and not a forecast profit).
- **Sequoia:** A large portion (approximately 47% of gross revenue in FY21) of Sequoia's business relates to the provision of licensee support services to its ARs with other parts of the business mainly providing clearing and market execution services. Adjusting Sequoia's minority interest multiple of 5.4x historical EBITDA for an illustrative control premium of 30% would result in a controlling multiple of 7.0x (if applied directly to enterprise value²).
- **Easton:** Easton's business is comprised of a wealth solutions segment (84% of FY21 revenue on a gross basis) and an accounting solutions segment (16% of FY21 revenue). The wealth segment provides dealer group services, operating systems, managed accounts and licensing options to wealth advisers. Adjusting Easton's minority interest multiple of 8.3x historical EBITDA for an illustrative control premium of 30% would result in a controlling multiple of 10.8x (if applied directly to enterprise value²). We note that HUB24 has a significant stake in Easton from the recent transaction discussed below which may indicate that the implied multiple incorporates an element of a control premium.

Centrepont is of a similar size and is positioned similarly to these companies (in terms of target market). Centrepont's management is anticipating significant growth from further adviser growth and scale benefits from a combination of organic and inorganic initiatives.

Transaction multiples

In addition to our analysis of trading multiples, we have reviewed relevant transaction multiples in Australia. The table below shows the historical and forecast (where available) EBITDA multiples from relevant transactions with publicly available data.

Table 19: Transaction multiples

Target	Acquirer	Date	Implied EV (\$'m)	Takeover premium	EBITDA		EBITDA multiple		
					Historical	Forecast	Historical	Forecast	
MLC Wealth Management Ltd	IOOF Holdings Ltd	May-2021	1,440	n/a	145.0	n/a	9.9x	n/a	
Easton Investments Limited	HUB24 Limited	Feb-2021	53	5.3%	4.3	n/a	12.5x	n/a	
Xplore Wealth Limited	HUB24 Limited	Feb-2021	64	219.0%	0.5	4.8	nmf	13.4x	
OneVue Holdings	IRESS Limited	Nov-2020	113	91.1%	6.6	7.75 to 8.2	17.1x	13.7x to 14.5x	
Enzumo Corporation/Consulting	Centrepont Alliance Limited	Jun-2020	2	n/a	0.4	n/a	4.2x	n/a	
ANZ Wealth Management	IOOF Holdings Ltd	Feb-2020	850	n/a	98.8	n/a	8.6x	n/a	
Ord Minnett Holdings Pty Ltd	Consortium of Private Investors	Sep-2019	164	n/a	26.9	n/a	6.1x	n/a	
Financial Synergy Pty Ltd	Iress Limited	Oct-2016	90	n/a	8.0 to 9.4	n/a	9.6x to 11.3x	n/a	
SFG Australia	IOOF Holdings Ltd	Aug-2014	670	14.3%	55.2	n/a	12.1x	n/a	
Average								10.1x	13.8x

Source: S&P CapIQ, company announcements and Leadenhall analysis

Notes:

1. Takeover premiums were calculated based on the share price of the target one month prior to announcement of the transaction.
2. All the transactions are for controlling stakes except for the Easton Investments Limited transaction in which HUB24 Limited ("HUB24") acquired a 31.51% stake in Easton through a proportional takeover offer for 1 out of every 3 shares in Easton.
3. The forecast EBITDA for Xplore Wealth Limited is derived from the mid-point of the selected maintainable earnings of the independent expert who provided an opinion on the transaction at the time the transaction was announced.
4. The historical EBITDA for ANZ Wealth Management was calculated based on gearing of circa 1.3x of combined group EBITDA and pro forma net debt of \$433 million.

The observed multiples from comparable transactions are control multiples (except for Easton) and include any premium paid for control. Therefore, no adjustment for a control premium is required (except for Easton). These multiples also include any value paid for synergies, including any special value.

We have considered the following factors in relation to the above transaction multiples in determining an appropriate earnings multiple to apply to the valuation of Centrepont:

² Due to unusually high cash reserves, the calculation of a control multiple via the application of a control premium to equity value does not yield a meaningful outcome. We have therefore applied the control premium directly to enterprise value.

- ◆ The most comparable transaction is the acquisition of a strategic stake (31.5%) in Easton by HUB24. As mentioned above, this is not a controlling multiple. As described previously, Easton operates a business which is highly comparable to Centrepoint and is of a broadly similar size.
- ◆ Due to its small size and consulting-oriented business model, the least comparable transaction is the acquisition of Enzumo by Centrepoint. Excluding this transaction, the average historical EBITDA multiple of the comparable transactions would be 9.9x.
- ◆ The remaining transactions comprise acquisitions of diversified wealth managers and wealth management platform service providers which are only broadly similar to Centrepoint. Recent transactions for wealth managers have yielded multiples toward the lower end of the range given the regulatory pressures faced by the industry whereas transactions for service providers have been on the high end of the range. We consider Centrepoint would likely transact at a higher multiple than the wealth managers as the business is positioned to capitalise on ongoing industry consolidation.

Conclusion

We have selected a capitalisation multiple of 11.0x to 12.0x to value Centrepoint on a control basis. Our key considerations in selecting the appropriate multiple are summarised below:

- ◆ The historical and current trading multiples are unlikely to be representative of a forward multiple (i.e. would likely be lower than forecast multiples) given the impact of the change to grandfathered commissions on revenue from 2021 onwards (which is likely to decrease near-term profitability and increase the implied multiples).
- ◆ We have given the most weight to the strategic investment in Easton by HUB24 and the trading multiples of Easton and Sequoia as they are the most comparable to Centrepoint in terms of business model and growth prospects. The historical trading multiples for Sequoia and Easton (after allowing for a notional control premium of 30%) are 7.0x and 10.8x EBITDA respectively.
- ◆ Due to the level of consolidation and transaction activity in the sector (with Easton, in particular, recently the subject of a proportional 1-for-3 takeover bid from HUB24), we consider that trading prices in the sector may already include a level of control premium.

8.4 Non-operating assets and liabilities

In order to assess the value of Centrepoint shares, it is necessary to identify any other assets and liabilities not included in the enterprise value calculated. These can be:

- ◆ **Surplus assets:** assets held by the company that are not utilised in its business operation. This could be investments, unused plant and equipment held for resale, or any other assets not required to run the operating business. It is necessary to ensure that any income from surplus assets (i.e. rent / dividends) is excluded from the business value.
- ◆ **Non-operating liabilities:** liabilities of a company not directly related to its current business operations, although they may relate to previous business activities, for example claims against the entity.
- ◆ **Net debt:** comprising of debt used to fund a business, less surplus cash held by the company.

Each of these factors are considered below.

Surplus assets

We have identified the following surplus assets of Centrepoint:

Table 20: Centrepoint's surplus asset summary

Description (\$'000)	Low	High
Interest bearing receivables	1,209	1,209
Investments	116	116
Tax losses ¹	-	1,943
Total surplus assets	1,325	3,268

Source: Leadenhall analysis

Note 1: Calculated as (\$25.9 million) x (30% corporate tax rate) x (assumed probability weighting).

- ◆ **Loan receivables:** relates to a loan of \$1.1 million provided to ALD in 2019, due for repayment in December 2021 and a loan to financial advisers of \$0.1 million.

- ◆ **Investments:** represents the expected proceeds from the liquidation of unlisted shares held in Ginger Group which is in the process of being wound up.
- ◆ **Tax losses:** As at 30 June 2021, Centrepoint had gross carried forward revenue losses of \$25.9 million. Based on current earnings levels, Centrepoint would utilise these losses over a period of approximately 10 years. Due to the uncertainty over the timing and quantum of utilisation of these losses by a potential acquirer of Centrepoint, as well as the recognition requirements and that any future utilisation would be limited by the available fraction for the potential acquirer, we do not consider that a purchaser would attribute full value to the carried forward tax losses. As such we have applied a probability weighting of nil to 25% to these tax losses for the purpose of our valuation. We have not attributed any value to capital losses of Centrepoint due to the inherent uncertainty concerning whether these losses could be utilised and the potential timing of realisation.

Non-operating liabilities

We have identified one non-operating liability, being provision for client claims of \$1.9 million in relation to previous financial advice provided by ARs which is not expected to be ongoing in nature. Of this provision, \$1.0 million relates to known client claims and the remaining \$0.9 million is a general provision.

Net debt

The expected surplus cash position for Centrepoint as at 31 August 2021 is set out in the table below:

Table 21: Centrepoint's net debt summary

Description (\$'000)	
Cash	9,578
Less: regulatory cash	(2,600)
Surplus cash	6,978

Source: Leadenhall analysis

Note: We have reduced cash by \$2.9 million to reflect a 1 cent ordinary dividend and a 1 cent special dividend declared and expected to be paid prior to completion of the Proposed Transaction.

- ◆ **Cash:** reflects cash and bank balances held by group entities as at 31 August 2021. There are no restrictions on the use of cash balances, aside from the regulatory cash described below.
- ◆ **Regulatory cash:** represents cash amount Centrepoint needs to retain to comply with regulatory capital adequacy requirements.

8.5 New Performance Rights

As set out in Section 4.9, Centrepoint is proposing to issue 8.0 million New Performance Rights. We have assessed the value of the New Performance Rights using a binomial option pricing model with the following key inputs:

- ◆ **Spot price:** A spot price of \$0.27 per share, being the mid-point of our assessed valuation range for Centrepoint.
- ◆ **Exercise price:** A nil exercise price consistent with the terms of the New Performance Rights.
- ◆ **Expected life:** An expected life of 2.8 years, being the period from the valuation date to the last vesting date of 30 June 2024. Given the performance rights can be exercised for nil consideration, we consider that a rational holder would exercise them upon vesting.
- ◆ **Hurdle price:** Hurdle prices ranging between \$0.30 and \$0.55 consistent with the vesting prices for each tranche of New Performance Rights.
- ◆ **Risk-free rate:** A risk-free rate of 1.75% based on the yield on Commonwealth Government bonds that most closely match the expected life above (three-years).
- ◆ **Volatility:** Volatility of 45% having regard to the historical volatility of companies comparable to Centrepoint as set out in Appendix 4.
- ◆ **Dividend yield:** A 4% dividend yield consistent with recent historical dividend yields and management's near-term expectations.
- ◆ **Approval:** We have assumed shareholders will approve the grant of the rights.

Based on these inputs, we have assessed a value of \$1.0 million for the New Performance Rights.

8.6 Valuation summary

Based on the analysis set out above, the value of a Centrepoint share (on a control basis) is as set out in the table below:

Table 22: Valuation summary

Equity Value (Control Basis) (\$'000)		
	EBITDA	
	Low	High
Maintainable earnings	3,000	3,000
Multiple (control)	11.0x	12.0x
Enterprise value	33,000	36,000
Surplus assets	1,325	3,268
Non-operating liabilities	(1,875)	(1,875)
Surplus cash	6,978	6,978
Equity value	39,428	44,371
Allocation to New Performance Rights	(1,017)	(1,017)
Value allocated to ordinary shares	38,411	43,353
Fully diluted ordinary shares ('000)	151,881	151,881
Assessed value per ordinary share on a control basis (\$)	0.25	0.29

Source: Leadenhall analysis

Note: Shares on issue includes 7.6 million performance rights which have met the share price vesting conditions or are in the money.

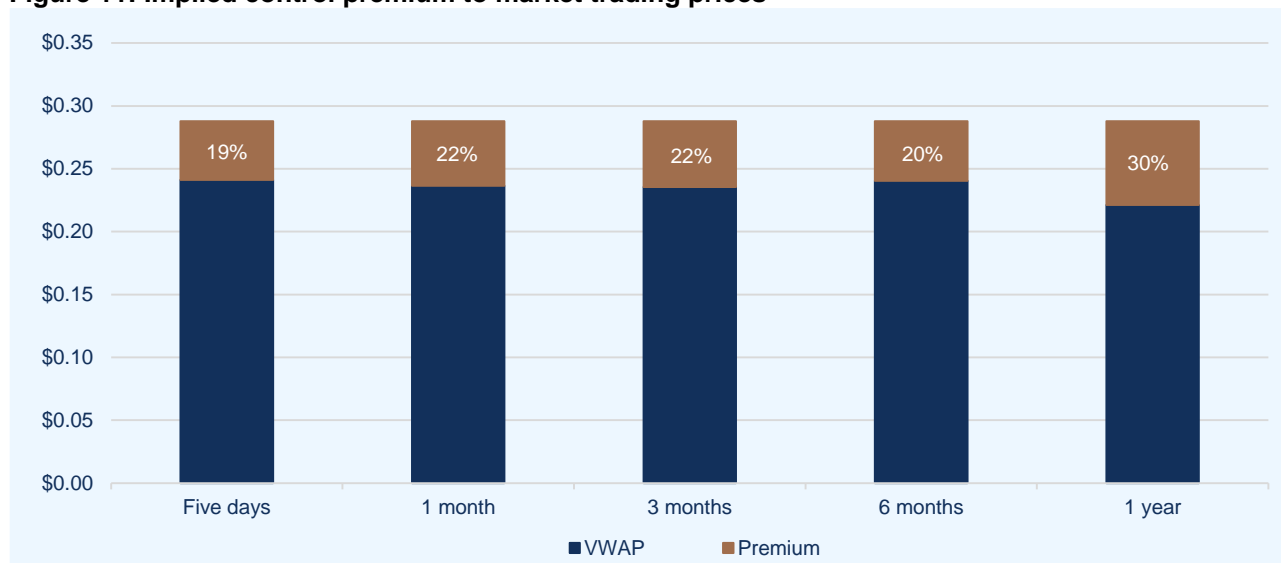
8.7 Share trading analysis (pre-announcement)

Market trading in Centrepoint shares prior to the announcement of the Proposed Transaction provides an indication of the market's assessment of the value of Centrepoint on a minority basis. When assessing market trading, it is necessary to consider whether the market is informed and liquid. In this regard, we note:

- ◆ Centrepoint is a listed company with continuous disclosure obligations under the ASX Listing Rules, thus the market is reasonably informed about its activities.
- ◆ Centrepoint shares are reasonably widely held, with the exception of the shareholding block owned by Tiga. However, in the 12 months leading up to the announcement of the Proposed Transaction, Centrepoint shares traded with an average daily volume of 67,773 and an average daily traded value of \$15,441. This level is below the level at which many institutional investors may wish to trade and may be seen as a deterrent for other significant investors.

As a result of these factors, we consider the market trading to be moderately well-informed and relatively liquid. We have therefore undertaken only a high-level analysis of share market trading by assessing the level of control premium implied by our mid-point valuation range compared to the volume weighted average price ("VWAP") of a Centrepoint share over various periods leading up to the announcement of the Proposed Transaction on 25 August 2021, as set out in the following figure.

Figure 11: Implied control premium to market trading prices



Source: S&P CapIQ and Leadenhall analysis.

Note: As our assessed value of a Centrepoint share is on an ex-dividend basis (i.e. excluding the value of dividends declared and expected to be paid prior to completion of the Proposed Transaction), we have included these dividends in the above comparison to be on a consistent basis with the share price of Centrepoint.

The generally observed range for control premiums in Australia is between 20% and 40%. In addition, the average takeover premium observed for transactions in the financials sector in Australia between 2007 to 2017 ranged from 0.7% to 65.0% (excluding outliers) with an inter-quartile range of 15.1% at the low end to 42.0% at the high end and a median of 27.1%. Further information on observed control premiums and takeover premiums is included in Appendix 5. We also considered the takeover premiums observed in comparable transactions as set out in Table 19 above. However, there were insufficient data points to provide meaningful conclusions.

The control premium implied by our assessed value of a Centrepoint share is either below or at the low end of the range of premiums observed in the financials sector and in general. We do not consider this unreasonable due to Centrepoint's announced growth strategy (which includes inorganic growth intentions) and the level of consolidation and M&A activity expected in the sector in general, which implies that Centrepoint's share price prior to the announcement of the Proposed Transaction may already incorporate an element of a control premium.

This provides support for our primary CFME valuation of Centrepoint before the Proposed Transaction.

9 VALUATION OF ENLARGED CENTREPOINT

9.1 Overview of method

Our CFME valuation of the Enlarged Centrepoint is based on:

- ◆ The future maintainable EBITDA for the Enlarged Centrepoint, inclusive of synergies
- ◆ A minority interest multiple.
- ◆ The value of any non-operating assets and liabilities
- ◆ Relevant cross-checks.

9.2 Maintainable earnings

In considering an appropriate level of maintainable EBITDA we have focussed on the following key factors:

- ◆ **Centrepoint's maintainable earnings:** As discussed in Section 8.2.
- ◆ **ClearView Advice's earnings prospects:** As set out in Section 5.5 ClearView Advice is currently loss-making (on a normalised basis) due to a current lack of scale as the company transitions to the fee-for-service environment, and the start-up nature of the LaVista business. We have reviewed the budget and three-year business plan for ClearView Advice and note that the business is expected to generate positive EBITDA in the near term. The improvement in profitability is primarily driven by growth in self-licensed advisers for LaVista and a decline in cost per adviser over time as optimal fixed costs are achieved.
- ◆ **Management guidance:** Should the Proposed Transaction proceed, Centrepoint management have estimated annualised EBITDA of at least \$8 million (on a run-rate basis) for Enlarged Centrepoint. A significant proportion of the growth in EBITDA is derived from cost synergies as discussed in Section 6.4. The estimates were based on a detailed, bottom-up analysis of costs by Centrepoint, ClearView and their due diligence advisers. While the breakdown of cost synergies is not presented due to its commercially sensitive nature, we note that the majority of cost savings are associated with a reduction in headcount due to duplication of functions, scale benefits resulting in reduced roles and elimination of ClearView overhead allocations.
- ◆ **Longer-term outlook:**
 - Enlarged Centrepoint will enjoy economies of scale and efficiency across the group with best-in-class technologies.
 - Management may consider further acquisitions to potentially leverage the increased scale and gain further traction with inorganic opportunities in the sector.
 - Centrepoint and ClearView management also expect potential additional revenue available to the Enlarged Centrepoint over time through strategic partnership with alignment of interests given ClearView will have a 25% shareholding in Enlarged Centrepoint. However, further analysis needs to be undertaken on the level and extent of these additional revenue synergies.

Based the above analysis, we have selected future maintainable earnings of \$8.0 million having regard to the maintainable earnings for Centrepoint, ClearView Advice and expected cost savings through the combination of the two businesses.

9.3 Capitalisation multiple

In selecting an appropriate multiple for Enlarged Centrepoint (on a minority basis), we have referred to the same peer group of listed companies and comparable transactions analysed in our valuation of Centrepoint in Section 8.3 and have considered the following factors:

- ◆ The business model, revenue and earnings drivers for Enlarged Centrepoint are broadly consistent with Centrepoint on a stand-alone basis
- ◆ The minority multiple implied by our assessed value of Centrepoint on a control basis is 7.7x to 9.0x, assuming a discount for lack of control ("**DLOC**") of 20% to 25% and no gearing. A DLOC is effectively the inverse of a control premium. The generally observed range of control premiums of 20% to 40% implies a DLOC range of 17% to 29%. Refer to Appendix 5 for further information on control premiums.
- ◆ We have given more weight to the multiples implied by the trading of comparable publicly listed companies (in particular, the multiples of WT, Sequoia and Easton) as these represent transactions in minority stakes in these companies.

- ◆ Whilst the scale benefits of the enlarged business could translate to a higher multiple, a substantial portion of the value envisaged for the Enlarged Centrepoint is dependent on the realisation of synergies. As the implementation of synergies is inherently risky in general, this would have a negative impact on the multiple of the Enlarged Centrepoint. However, a moderating factor to this implementation risk is the synergies being entirely cost-related. Generally, the realisation of cost synergies is considered to be substantially less risky than achieving revenue synergies.

After considering the above factors, we have selected a capitalisation multiple of between 7.0x to 8.0x (on a minority basis) to apply to our valuation of the Enlarged Centrepoint.

9.4 Non-operating assets and liabilities

In order to assess the equity value of the Enlarged Centrepoint, it is necessary to identify any non-operating assets and liabilities not used in generating the enterprise value. These items are discussed in Section 8.4.

Surplus assets

We have identified the following surplus assets for the Enlarged Centrepoint:

Table 23: Summary of Enlarged Centrepoint's surplus assets

Description (\$'000)	Low	High
Interest bearing receivables	1,209	1,209
Investments	116	116
Tax losses ¹	-	3,885
Total surplus assets	1,325	5,210

Source: Leadenhall analysis

Note 1: Calculated as (\$25.9 million) x (30% corporate tax rate) x (assumed probability weighting).

- ◆ **Loan receivables:** relates to loans to ALD and advisers as discussed in Section 8.4
- ◆ **Investments:** relates to the expected proceeds from liquidation of Ginger Group as discussed in Section 8.4
- ◆ **Tax losses:** For the reasons set out in our valuation of Centrepoint in Section 8.4 we do not consider that a purchaser would attribute full value to the carried forward tax losses of Enlarged Centrepoint. Due to the increased earnings for Enlarged Centrepoint, these losses could be utilised on an accelerated basis if the Proposed Transaction proceeds. We have therefore applied a probability weighting of nil to 50% for these losses in Enlarged Centrepoint.

Non-operating liabilities

We have identified the following non-operating liabilities for the Enlarged Centrepoint:

Table 24: Enlarged Centrepoint's non-operating liability summary

Description (\$'000)	
Provision for claims	(1,875)
Implementation costs	(3,000)
Total non-operating liabilities	(4,875)

Source: Leadenhall analysis

In addition to the client claims provision for Centrepoint as discussed in Section 8.4, we have also included implementation costs of \$3.0 million associated with the Proposed Transaction and realisation of planned synergies as well as an expected shortfall in earnings below the maintainable level in the short-term.

The claims and other provisions for ClearView Advice are expected to be settled by the cash transferred to Enlarged Centrepoint as part of the agreed NTA. As such, no adjustments for surplus cash or non-operating liabilities of ClearView Advice are required.

Net debt

The expected surplus cash position for the Enlarged Centrepoint as at 31 August 2021 is set out in the table below:

Table 25: Enlarged Centrepoint's net debt summary

Description (\$'000)	
Cash	9,578
Less: regulatory cash	(2,600)
Less: cash payment	(3,200)
Surplus cash	3,778

Source: Leadenhall analysis

Note: We have reduced cash by \$2.9 million to reflect a 1 cent ordinary dividend and a 1 cent special dividend declared and expected to be paid prior to completion of the Proposed Transaction.

- ◆ **Cash:** reflects cash and bank balances held by group entities as at 31 August 2021 as discussed in Section 8.4. We note that no surplus cash will be acquired as part of the Proposed Transaction.
- ◆ **Regulatory cash:** represents regulatory cash requirements as discussed in Section 8.4. We understand that there are no incremental regulatory capital requirements for Enlarged Centrepoint.
- ◆ **Cash payment:** pertains to the Cash Consideration to be paid to ClearView upon the completion of the Proposed Transaction.

9.5 Performance Rights

In determining the value of the New Performance Rights in the Enlarged Centrepoint, we have adopted the same assumptions set out in Section 8.5 except for the spot price adopted. In this instance, we have adopted a spot price of \$0.305, being the mid-point of our assessed valuation range of Enlarged Centrepoint.

Based on these inputs, we have assessed a value of \$1.3 million for the New Performance Rights after the Proposed Transaction.

9.6 Assessed value after the Proposed Transaction

The preceding analysis leads to an assessed value of a share in the Enlarged Centrepoint (on a minority basis) as set out in the following table:

Table 26: Assessed value of a share in the Enlarged Centrepoint

Equity Value (Minority Basis) (\$'000)	EBITDA	
	Low	High
Maintainable earnings	8,000	8,000
Multiple (minority)	7.0x	8.0x
Enterprise value	56,000	64,000
Surplus assets	1,325	5,210
Non-operating liabilities	(4,875)	(4,875)
Surplus cash	3,778	3,778
Equity value	56,228	68,113
Allocation to New Performance Rights	(1,273)	(1,273)
Value allocated to ordinary shares	54,955	66,840
Fully diluted ordinary shares ('000)	199,881	199,881
Assessed value per ordinary share on a minority basis (\$)	0.27	0.33

Source: Leadenhall analysis

Note: Shares on issue includes the 48.0 million ordinary shares to be issued as part of the Proposed Transaction and 7.6 million performance rights which have met the share price vesting conditions or are in the money.

9.7 Share trading analysis (post-announcement)

Market trading in Centrepoint shares since the announcement of the Proposed Transaction provides an indication of the market's assessment of the value of Enlarged Centrepoint on a minority basis. When assessing market trading, it is necessary to consider whether the market is informed and liquid. In this regard, we note that there has been an increase in liquidity since the announcement of the Proposed Transaction. The average daily value traded was approximately \$76,806 on 25 August 2021 and \$21,947 between 26 August 2021 and 24 September 2021, compared to \$15,441 in the 12 months prior.

Having regard to the above, we consider the market trading in Centrepoint shares to be reasonably well informed and moderately liquid. After the Proposed Transaction was announced Centrepoint shares have traded in the range of 23 cents to 28.5 cents with a VWAP of 26.5 cents. The recently traded share price is at the low end assessed range. We do not consider this to be unreasonable due to the limited institutional trading in Centrepoint's shares post announcement of the Proposed Transaction and the transaction still being subject to Shareholder approval.

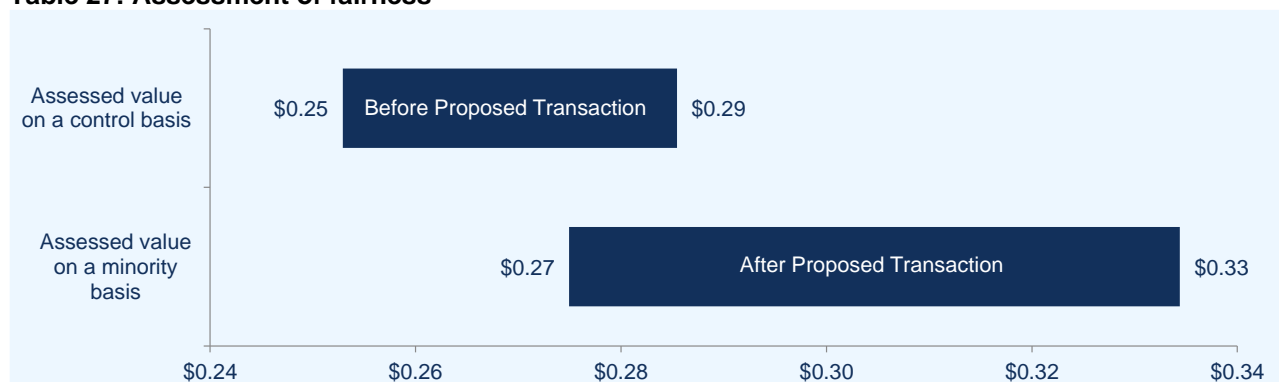
10 EVALUATION

10.1 Fairness

We have assessed the Proposed Transaction as fair if the fair market value of a Centrepoint share before the Proposed Transaction on a control basis is less than or equal to the fair market value of a share in Enlarged Centrepoint after the Proposed Transaction on a minority basis.

This comparison is shown in the following figure:

Table 27: Assessment of fairness



Source: Leadenhall analysis

As the assessed value of an Enlarged Centrepoint share generally exceeds the value of a Centrepoint share before the Proposed Transaction, as set out above, we have assessed the Proposed Transaction as fair.

10.2 Reasonableness

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, the advantages to Shareholders outweigh the disadvantages. We have therefore considered the advantages and disadvantages of the Proposed Transaction to Shareholders.

Advantages

Accelerates growth strategy

Centrepoint has been pursuing a growth strategy in order to participate in the likely increased demand for adviser services as a consequence of the exit of most large institutions from the sector and the increased prevalence of self-licensing practices which require a high degree of support services from companies like Centrepoint.

The Proposed Transaction enables Centrepoint to accelerate this strategy through a combination of enhanced scale, a more diversified adviser base and offering, and enhanced profitability which can fund further growth initiatives.

In the absence of the Proposed Transaction, Centrepoint would likely need to seek an alternate acquisition target to execute its strategy which may require funding through a potentially dilutive capital raising.

Scale and liquidity benefits

If the Proposed Transaction proceeds, Shareholders will hold shares in Enlarged Centrepoint which has the potential to be a significantly larger business than Centrepoint standalone in terms of adviser network, earnings and market capitalisation. This may lead to increased demand and liquidity for shares in Enlarged Centrepoint compared to Centrepoint on a stand-alone basis.

This additional scale may also make Enlarged Centrepoint a more attractive takeover target (subject to support from Tiga and ClearView), thereby increasing the probability that Shareholders will realise a control premium at some point in the future.

Potential for additional synergies

Management of Centrepoint and ClearView have identified significant direct cost savings from labour, IT and other costs which are achievable in the near-term as a consequence of the Proposed Transaction as set out in Section 6.4. In addition to the identified cost savings, we understand that there are a number of other strategic benefits of the Proposed Transaction which may facilitate further revenue growth for Enlarged Centrepoint. These benefits are not included in our valuation of Enlarged Centrepoint. Examples include:

- ◆ Combining the best of both Centrepoint's and ClearView Advice's management, operations and technology to provide a market leading platform to grow the adviser base and capitalise on the increased demand for adviser support services as a consequence of the institutional exit from the sector
- ◆ Applying the experience gained from the launch of the LaVista self-licensing service offering across Enlarged Centrepoint to improve revenue per adviser
- ◆ Leverage a stronger balance sheet to invest in other growth opportunities.

Access to a new strategic investor

ClearView has stated a key strategic goal to grow ClearView Advice. Whilst this business will be divested to Centrepoint if the Proposed Transaction proceeds, ClearView will remain a strategic investor in the ClearView Advice business with alignment of interests to facilitate growth where possible.

ClearView is anticipated to be a long-term holder which should assist in increasing institutional investor support for Enlarged Centrepoint over time. Furthermore, as a well-capitalised, long-term investor, ClearView is expected to facilitate shareholder support for any future capital raising requirements in order to fund future organic and inorganic growth options.

Post announcement of the Proposed Transaction, ClearView announced that it was undertaking a strategic review of its broader business. This could impact ClearView's long-term intentions in respect of Enlarged Centrepoint in the future.

Potential decline in the share price if Proposed Transaction is not approved

If the Proposed Transaction is not approved, Centrepoint's share price may fall. The quantum of such a fall would be uncertain.

No known superior alternatives

At the time of this report, we are not aware of any alternative proposals that are superior to the Proposed Transaction.

Disadvantages

May preclude future control transaction

If the Proposed Transaction is approved, ClearView would have a 25% interest in the ordinary shares of Enlarged Centrepoint and Tiga would hold 29%. This may limit the ability for Enlarged Centrepoint shareholders to accept a takeover offer without the support of Tiga and ClearView, which may reduce the potential for Shareholders to receive a control premium in the future.

In the absence of the Proposed Transaction, a takeover offer would only need the support of one large shareholder, Tiga.

Unequal sharing of synergies

While there is a significant increase in the combined enterprise value if the Proposed Transaction proceeds, (due largely to expected synergies), ClearView is participating in the synergies at a greater level than its contribution to Enlarged Centrepoint which results in more dilution to Shareholders than would otherwise occur.

Risks of achieving synergies

Our assessed value of Enlarged Centrepoint includes significant cost savings anticipated as a consequence of the Proposed Transaction. Whilst the cost savings have been specifically identified and quantified, there remains a risk that savings will not be realised (or will cost more to implement than expected), in which case the value of Enlarged Centrepoint may decline or fail to trade at levels implied by our assessed value.

Furthermore, as the ClearView Advice business currently exists within the broader ClearView business, it is possible that additional costs or liabilities will emerge as the businesses are integrated.

Potential for additional liabilities

If the Proposed Transaction is approved, the legal, tax, and regulatory liabilities of ClearView Advice will become liabilities of Enlarged Centrepoint (subject to the agreed representations, limitations, warranties and indemnities). Whilst Centrepoint could bring a claim against ClearView based on the indemnities given, the maximum recourse is limited to the Cash Consideration. Therefore, any material unexpected liabilities in excess of this amount would adversely affect Enlarged Centrepoint.

Conclusion on reasonableness

As the Proposed Transaction is fair we have assessed it as reasonable.

10.3 Opinion

The Proposed Transaction is fair and reasonable to Shareholders.

We have evaluated the Proposed Transaction for Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser about the impact of this Proposed Transaction on their specific financial circumstances.

APPENDIX 1: GLOSSARY

Term	Meaning
AASB	Australian Accounting Standards Board
AASB16	AASB 16 Leases
AFSL	Australian Financial Services License
ALD	Australian Life Development Pty Ltd
ARs	Authorised representatives
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BOLR	Buyer-of-last-resort
Cash Consideration	\$3.17 million in cash paid to ClearView, subject to usual adjustments regarding working capital, debt and regulatory capital
Centrepoint	Centrepoint Alliance Limited
CEO	Chief Executive Officer
CFA	ClearView Financial Advice Pty Ltd
CFME	Capitalisation of future maintainable earnings
CFO	Chief Financial Officer
ClearView	ClearView Wealth Limited
ClearView Advice	Financial advice businesses of ClearView, comprising Matrix Planning, CFA and LaVista
Consideration	The consideration to be paid to ClearView for the acquisition of ClearView Advice, comprising the Scrip Consideration and the Cash Consideration
Corporations Act	The Corporations Act 2001
DCF	Discounted cash flow
Diversified wealth managers	Large, diversified wealth managers with significant financial planning businesses
DLOC	Discount for lack of control
Easton	Easton Investments Limited
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
Enlarged Centrepoint	Post-transaction Centrepoint consisting of existing Centrepoint and ClearView Advice businesses
Escrow Period	Period of 12 months for which shares to be issued to ClearView will be escrowed
Escrow Restrictions	The escrow arrangements which the Scrip Consideration is subject to for the Escrow Period
Fair market value	The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts
FOFA	Future of Financial Advice
FOS	Financial Ombudsman Service
FPA	Financial Planning Association
FSG	Financial Services Guide
FUA	Funds under Advice
FUM	Funds under Management
FUMA	Funds under Management and Administration
FY	Financial year
Ginger Group	Ginger Group Financial Services Ltd

Term	Meaning
HUB24	HUB24 Limited
IER	Independent expert's report
Independent wealth managers	Independent financial planning and support businesses
Item 7	Item 7 of Section 611 of the Corporations Act
Kepa	Kepa Financial Services Ltd
LaVista	LaVista Licensee Solutions Pty Ltd
Leadenhall	Leadenhall Corporate Advisory Pty Ltd
Matrix Planning	Matrix Planning Solutions Limited
M&A	Mergers and acquisitions
NOM	Notice of Meeting
NPAT	Net profit after tax
P / E	Price to Earnings
Proposed Transaction	The acquisition of 100% of the shares in Matrix Planning, CFA and LaVista by Centrepoint
RG111	Regulatory Guide 111: Content of Expert Reports
RG74	Regulatory Guide 74: Acquisitions Approved by Members
RSE	Registrable Superannuation Entity
s606	Section 606 of the Corporations Act 2001
s611	Section 611 of the Corporations Act 2001
Scrip Consideration	48 million fully paid ordinary shares in Centrepoint
Sequoia	Sequoia Financial Group Limited
Shareholders	Shareholders of Centrepoint
SMSF	Self-managed Superannuation Fund
Thorney	Thorney Investment Group Pty Ltd
Tiga	Tiga Trading Pty Ltd
VIML	Ventura Investment Management Limited
WACC	Weighted Average Cost of Capital
WT	WT Financial Group Limited
YTD	Year-to-date

APPENDIX 2: VALUATION METHODOLOGIES

In preparing this report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- ◆ The discounted cash flow method
- ◆ The capitalisation of earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

The selection of an appropriate valuation method to estimate fair market value should be guided by the actual practices adopted by potential acquirers of the company involved.

Discounted Cash Flow Method

Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- ◆ A forecast of expected future cash flows
- ◆ An appropriate discount rate

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- ◆ Early-stage companies or projects
- ◆ Limited life assets such as a mine or toll concession
- ◆ Companies where significant growth is expected in future cash flows
- ◆ Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if:

- ◆ Reliable forecasts of cash flow are not available and cannot be determined
- ◆ There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

Capitalisation of Earnings Method

Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- ◆ A level of future maintainable earnings
- ◆ An appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

Revenue – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBITA - in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.

EBIT - whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).

NPAT - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company.

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources. Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. It is also possible to build a multiple from first principles.

Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- ◆ There are no suitable listed company or transaction benchmarks for comparison
- ◆ The asset has a limited life
- ◆ Future earnings or cash flows are expected to be volatile
- ◆ There are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets

Asset Based Methods

Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset-based methods including:

- ◆ Orderly realisation
- ◆ Liquidation value
- ◆ Net assets on a going concern basis
- ◆ Replacement cost
- ◆ Reproduction cost

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

The asset / cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- ◆ An enterprise is loss making and is not expected to become profitable in the foreseeable future
- ◆ Assets are employed profitably but earn less than the cost of capital
- ◆ A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- ◆ It is relatively easy to enter the industry (for example, small machine shops and retail establishments)

Asset based methods are not appropriate if:

- ◆ The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- ◆ A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

Analysis of Share Trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

Industry Specific Rules of Thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as eyeballs for internet businesses, numbers of beds for hotels etc. These methods are typically fairly crude and are therefore usually only appropriate as a cross-check to a valuation determined using an alternative method.

APPENDIX 3: COMPARABLE COMPANIES

The following company description are extracted from descriptions provided by S&P Capital IQ.

Company	Description
Centrepoint Alliance Limited	Centrepoint Alliance Limited, together with its subsidiaries, engages in the financial services industry in Australia.
ClearView Wealth Limited	ClearView Wealth Limited provides life insurance, superannuation, investments, and financial advice products and services in Australia.
CountPlus Limited	CountPlus Limited, together with its subsidiaries, provides accounting, business advisory, and financial planning services in Australia.
E&P Financial Group Limited	E&P Financial Group Limited engages in financial services business in Australia, the United States, and Hong Kong.
Easton Investments Limited	Easton Investments Limited is a publicly owned investment manager.
EQT Holdings Limited	EQT Holdings Limited, together with its subsidiaries, provides philanthropic, trust, and estate services in Australia, the United Kingdom, and Ireland.
Euroz Limited	Euroz Limited, a diversified financial services company, provides stockbroking, corporate finance, funds management, investing, financial advisory, and wealth management services to private, institutional, and corporate clients primarily in Australia.
Fiducian Group Limited	Fiducian Group Limited, through its subsidiaries, operates as a financial services company in Australia and India.
HUB24 Limited	HUB24 Limited, a financial services company, provides wealth management superannuation investment platforms, technology, and data solutions in Australia.
InvestSMART Group Limited	InvestSMART Group Limited provides financial services and products under general advice to retail investors in Australia.
IOOF Holdings Ltd	IOOF Holdings Ltd. provides financial advice, portfolio and estate administration, and investment management services in Australia.
Iress Limited	Iress Limited designs and develops software and services for the financial services industry in Australia, New Zealand, Asia, North America, Europe, South Africa, and the United Kingdom.
Kelly Partners Group Holdings Limited	Kelly Partners Group Holdings Limited provides chartered accounting and other professional services to private businesses and clients, owners, families, and high net worth individuals in Australia.
Mainstream Group Holdings Limited	Mainstream Group Holdings Limited provides fund administration and custodian services for the financial services industry in the Asia Pacific, Americas, and Europe.
Netwealth Group Limited	Netwealth Group Limited, a financial services company, engages in the wealth management business in Australia.
Perpetual Limited	Perpetual Limited is a publicly owned investment manager.
Praemium Limited	Praemium Limited, together with its subsidiaries, provides managed accounts platform, investment management, portfolio administration, and reporting and financial planning software in Australia and internationally.

Company	Description
Prime Financial Group Limited	Prime Financial Group Limited provides integrated accounting and business advisory, wealth management, and capital advisory services in Australia.
Sequoia Financial Group Limited	Sequoia Financial Group Limited, an integrated financial services company, provides financial products and services to retail and wholesale clients, and third-party professional service firms primarily in Australia.
WT Financial Group Limited	WT Financial Group Limited provides a range of financial services.

APPENDIX 4: VOLATILITY ANALYSIS

We have analysed the volatilities for a selection of publicly listed companies comparable to Centrepoint as summarised below.

Company	Market cap (\$m)	4 Year	3 Year	2 Year	1 Year
ClearView Wealth Limited	455	46.8%	50.3%	54.3%	37.8%
Fiducian Group Limited	241	31.0%	32.5%	34.8%	24.3%
Euroz Limited	296	28.1%	29.9%	31.9%	27.5%
Kelly Partners Group Holdings Limited	170	37.8%	40.4%	37.1%	36.2%
E&P Financial Group Limited	143	42.1%	43.7%	48.5%	44.8%
CountPlus Limited	100	39.4%	40.7%	35.7%	24.9%
Sequoia Financial Group Limited	87	48.6%	51.9%	50.4%	45.4%
Easton Investments Limited	43	35.3%	37.0%	37.5%	36.9%
WT Financial Group Limited	39	87.2%	94.7%	106.3%	103.7%
Prime Financial Group Limited	26	49.3%	49.1%	48.4%	47.3%
Average		44.6%	47.0%	48.5%	42.9%
Median		40.8%	42.2%	43.0%	37.3%
Centrepoint Alliance Limited	36	62.9%	63.3%	58.2%	51.9%

Source: Capital IQ as at 31 August 2021 and Leadenhall analysis

Note: The volatilities above have been adjusted for thin trading.

APPENDIX 5: CONTROL PREMIUM

The outbreak of COVID-19 and the consequential general decline in share prices is likely to have an impact on implied control premiums in the current environment. Although there is anecdotal evidence from previous economic downturns of control premiums being higher than the long-term average in times of economic distress, it is difficult to quantify the impact of the current environment on long-term estimates based on currently available data. We have therefore presented our analysis of control premiums prior to the outbreak of COVID-19 noting that any reasonable range of control premiums does not impact our conclusion on the Proposed Transaction.

Background

As discussed above, the difference between the control value and the liquid minority value of a security is the control premium. The inverse of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including the ability to:

- ◆ Appoint or change operational management
- ◆ Appoint or change members of the board
- ◆ Determine management compensation
- ◆ Determine owner's remuneration, including remuneration to related party employees
- ◆ Determine the size and timing of dividends
- ◆ Control the dissemination of information about the company
- ◆ Set strategic focus of the organisation, including acquisitions, divestments and any restructuring
- ◆ Set the financial structure of the company (debt / equity mix)
- ◆ Block any or all of the above actions

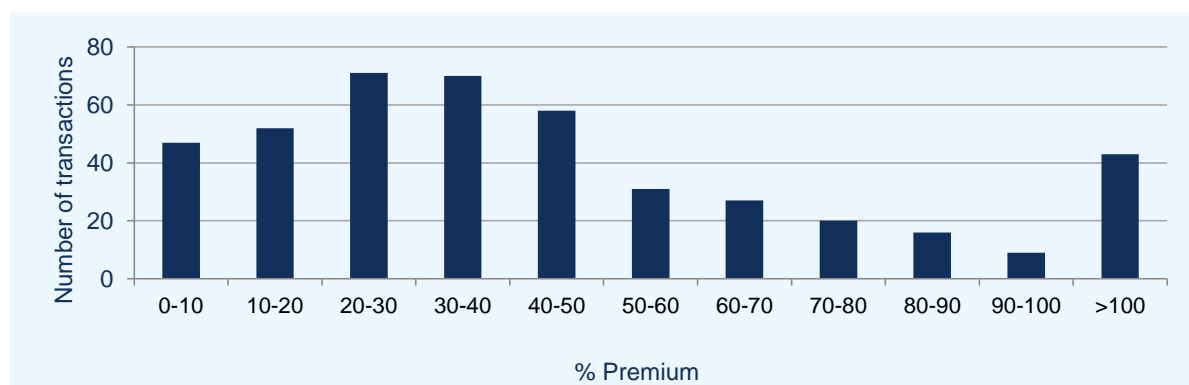
The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Takeover Premiums

Dispersion of premiums

The following chart shows the spread of premiums paid in takeovers between 2007 and 2017. We note that these takeover premiums may not be purely control premiums, for example the very high premiums are likely to include synergy benefits, while the very low premiums may be influenced by share prices rising in anticipation of a bid.

Figure 12: Takeover premium by size



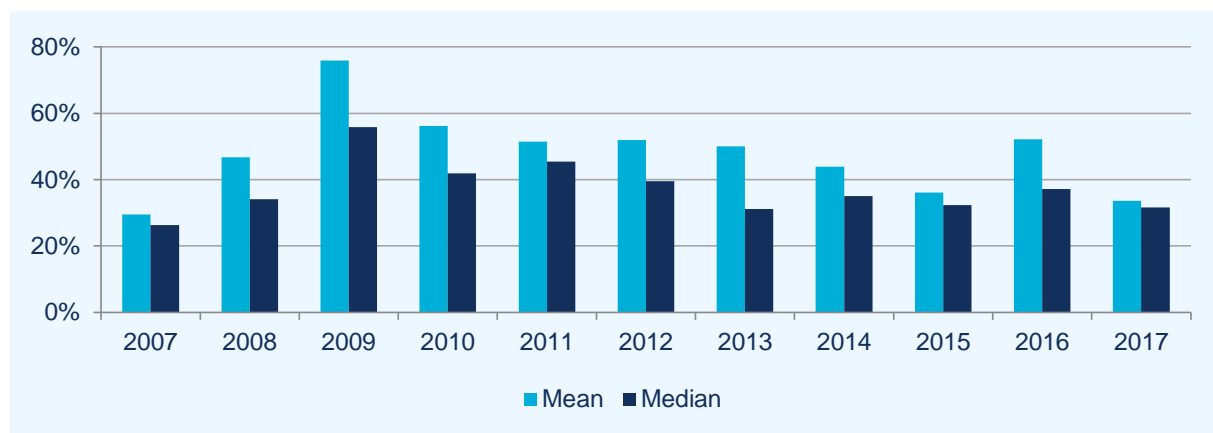
Sources: S&P Capital IQ, Leadenhall analysis

This chart highlights the dispersion of premiums paid in takeovers. The chart shows a long tail of high premium transactions, although the most common recorded premiums are in the range of 20% to 40%, with approximately 65% of all premiums falling in the range of 0% to 50%.

Premiums over time

The following chart shows the average premium paid in completed takeovers compared to the price one month before the initial announcement.

Figure 13: Average takeover premium (1 month)



Sources: S&P Capital IQ, Leadenhall analysis

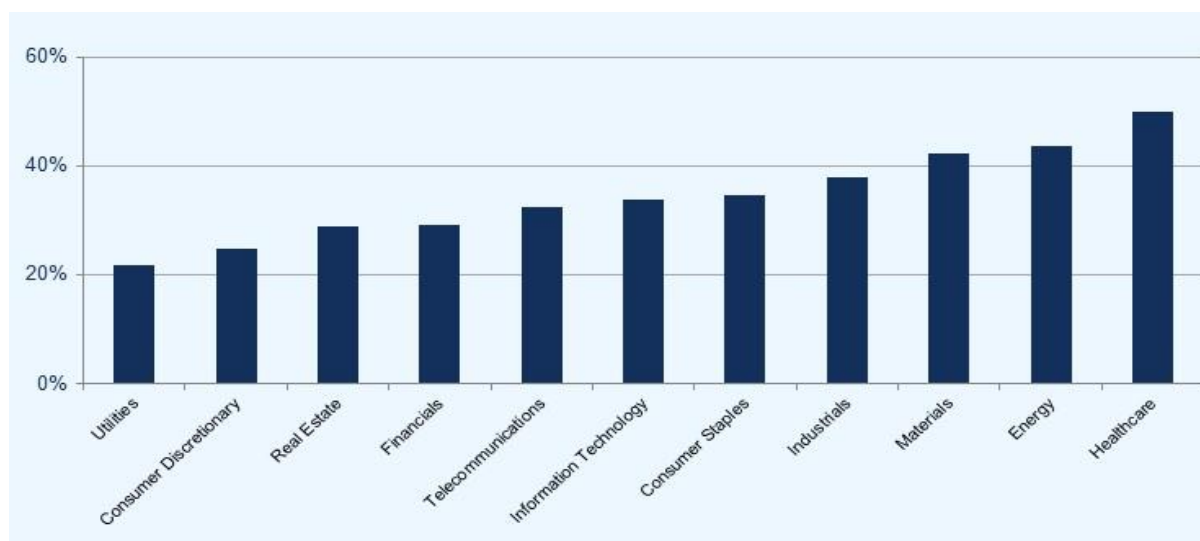
Note: The average premiums presented above exclude transactions with implied control premiums below zero and transactions which we consider to be outliers.

The chart indicates that while premiums vary over time, there is no clearly discernible pattern. The mean is higher than the median due to a small number of high premiums.

Premiums by industry

The following chart shows the average takeover premium by industry, compared to the share price one month before the takeover was announced. Most industries show an average premium of 20% to 40%.

Figure 14: Average takeover premium (2007 to 2017)



Sources: S&P Capital IQ, Leadenhall analysis

Note: The average premiums presented above exclude specific transactions with implied control premiums below zero or over 100% which we consider to be outliers.

Key factors that generally lead to higher premiums being observed include:

- ◆ Competitive tension arising from more than one party presenting a takeover offer.
- ◆ Favourable trading conditions in certain industries (e.g. recent mining and tech booms).
- ◆ Significant synergistic special or strategic value.
- ◆ Scrip offers where the price of the acquiring entity's shares increases between announcement and completion.

Industry Practice

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, as shown in the following list quoting ranges noted in various independent experts' reports.

- ◆ Deloitte - 20% to 40%
- ◆ Ernst & Young - 20% to 40%
- ◆ Grant Samuel - 20% to 35%
- ◆ KPMG - 25% to 35%
- ◆ Lonergan Edwards - 30 to 35%
- ◆ PwC - 20% to 40%

The range of control premiums shown above is consistent with most academic and professional literature on the topic.

Alternative View

Whilst common practice is to accept the existence of a control premium in the order of 20% to 40%, certain industry practitioners (particularly in the US) disagree with the validity of this conclusion. Those with an alternate viewpoint to the fact that very few listed companies are acquired each year as evidence that 100% of a company is not necessarily worth more than the proportionate value of a small interest. Those practitioners agree that the reason we see some takeovers at a premium is that if a company is not well run, there is a control premium related to the difference in value between a hypothetical well run company and the company being run as it is.

Impact of Methodologies Used

The requirement for an explicit valuation adjustment for a control premium depends on the valuation methodology and approach adopted and the level of value to be examined. It may be necessary to apply a control premium to the value of a liquid minority value to determine the control value. Alternatively, in order to estimate the value of a minority interest, it may be necessary to apply a minority discount to a proportional interest in the control value of the company.

Discounted cash flow

The discounted cash flow methodology generally assumes control of the cash flows generated by the assets being valued. Accordingly, such valuations reflect a premium for control. Where a minority value is sought a minority discount must therefore be applied. The most common exception to this is where a discounted dividend model has been used to directly determine the value of an illiquid minority holding.

Capitalisation of earnings

Depending on the type of multiple selected, the capitalisation of earnings methodology can reflect a control value (transaction multiples) or a liquid minority value (listed company trading multiples).

Asset based methodologies

Asset based methodologies implicitly assume control of the assets being valued. Accordingly, such valuations reflect a control value.

Intermediate Levels of Ownership

There are a number of intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- ◆ 90% - can compulsory purchase remaining shares if certain conditions are satisfied
- ◆ 75% - power to pass special resolutions
- ◆ 50% - gives control depending on the structure of other interests (but not absolute control)
- ◆ 25% - ability to block a special resolution
- ◆ 20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- ◆ < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

50%

For all practical purposes, a 50% interest confers a similar level of control to holdings of greater than 50%, at least where the balance of the shares is listed and widely held. Where there are other significant holders, such as in a 50/50 joint venture, 50% interests involve different considerations depending upon the particular circumstances.

Strategic parcels do not always attract a control premium. In fact, if there is no bidder, the owner may be forced to sell the shares through the share market, usually at a discount to the prevailing market price. This reflects the fact that the sale of a parcel of shares significantly larger than the average number of shares traded on an average day in a particular stock generally causes a stock overhang, therefore there is more stock available for sale than there are buyers for the stock and in order to clear the level of stock available, the share price is usually reduced by what is referred to as a blockage discount.

20% to 50%

Holdings of less than 50% but more than 20% can confer a significant degree of influence on the owner. If the balance of shareholders is widely spread, a holding of less than 50% can still convey effective control of the business. However, it may not provide direct ownership of assets or access to cash flow. This level of holding has a strategic value because it may allow the holder significant influence over the company's management, possibly additional access to information and a board seat.

<20%

Holdings of less than 20% are rarely considered strategic and would normally be valued in the same way as a portfolio interest given the stake would not be able to pass any ordinary or special resolution on their own if they were against the interests of the other shareholders. Depending on the circumstances, a blockage discount may also apply.

As explained above, the amount of control premium or minority discount that would apply in specific circumstances is highly subjective. In relation to the appropriate level of control premium, Aswath Damodaran notes "the value of controlling a firm has to lie in being able to run it differently (and better)". A controlling shareholder will be able to implement their desired changes. However, it is not certain that a non-controlling shareholder would be able to implement changes they desired. Thus, following the logic of Damodaran and the fact that the strategic value of the holding typically diminishes as the level of holding decreases, the appropriate control premium for a non-controlling shareholder should be lower than that control premium for a controlling stake.

Key Factors in Determining a Reasonable Control Premium

Key factors to consider in determining a reasonable control premium include:

- ◆ **Size of holding** – Generally, larger stakes attract a higher control premium
- ◆ **Other holdings** – The dispersion of other shareholders is highly relevant to the ability for a major shareholder to exert control. The wider dispersed other holdings are, the higher the control premium
- ◆ **Industry premiums** – Evidence of premiums recently paid in a given industry can indicate the level of premium that may be appropriate
- ◆ **Size** – medium sized businesses in a consolidating industry are likely to be acquired at a larger premium than other businesses
- ◆ **Dividends** – a high dividend pay-out generally leads to a low premium for control
- ◆ **Gearing** – a company that is not optimally geared may attract a higher premium than otherwise, as the incoming shareholder has the opportunity to adjust the financing structure
- ◆ **Board** – the ability to appoint directors would increase the control premium attaching to a given parcel of shares. The existence of independent directors would tend to decrease the level of premium as this may serve to reduce any oppression of minority interests and therefore support the level of the illiquid minority value
- ◆ **Shareholders' agreement** - the existence and contents of a shareholder's agreement, with any protection such as tag along and drag along rights offered to minority shareholders lowers the appropriate control premium.

APPENDIX 6: QUALIFICATIONS, DECLARATIONS AND CONSENTS

Responsibility and purpose

This report has been prepared for Centrepoint's shareholders for the purpose of assessing the fairness and reasonableness of the Proposed Transaction. Leadenhall expressly disclaims any liability to any shareholder, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

Reliance on information

In preparing this report we relied on the information provided to us by Centrepoint being complete and accurate and we have assumed it has been prepared in accordance with applicable Accounting Standards and relevant national and state legislation. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to Centrepoint's management for confirmation of factual accuracy.

Prospective information

To the extent that this report refers to prospective financial information, we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Leadenhall's consideration of this information consisted of enquiries of Centrepoint's personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with Australian Auditing Standards, or any other standards. Nothing has come to our attention as a result of these enquiries to suggest that the financial projections for Centrepoint, when taken as a whole, are unreasonable for the purpose of this report.

We note that the forecasts and projections supplied to us are, by definition, based upon assumptions about events and circumstances that have not yet transpired. Actual results in the future may be different from the prospective financial information of Centrepoint referred to in this report and the variation may be material, since anticipated events frequently do not occur as expected. Accordingly, we give no assurance that any forecast results will be achieved. Any future variation between the actual results and the prospective financial information utilised in this report may affect the conclusions included in this report.

Market conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

As a valuation is based upon expectations of future results it involves significant judgement. Although we consider the assumptions used and the conclusions reached in this report are reasonable, other parties may have alternative expectations of the future, which may result in different valuation conclusions. The conclusions reached by other parties may be outside Leadenhall's preferred range

Indemnities

In recognition that Leadenhall may rely on information provided by Centrepoint and their officers, employees, agents or advisors, Centrepoint has agreed that it will not make any claim against Leadenhall to recover any loss or damage which it may suffer as a result of that reliance and that it will indemnify Leadenhall against any liability that arises out of Leadenhall's reliance on the information provided by Centrepoint and their officers, employees, agents or advisors or the failure by Centrepoint and their officers, employees, agents or advisors to provide Leadenhall with any material information relating to this report.

Qualifications

The personnel of Leadenhall principally involved in the preparation of this report were Dave Pearson, BA (Hons) CA, CFA, CBV, M.App.Fin, Nathan Timosevski, BBus, Grad Dip App Fin, BV Specialist, CA, A.FINSIA, Richard Norris, BA (Hons), FCA, M.App.Fin, F.Fin, Fung Yee, BCom, CPA, Grad Dip App Fin (BV Specialisation) and Vicky Lau, BCom., CA.

This report has been prepared in accordance with "APES 225 – Valuation Services" issued by the Accounting Professional & Ethical Standards Board and this report is a valuation engagement in accordance with that standard and the opinion is a Conclusion of Value.

Independence

Leadenhall has acted independently of Centrepoint. Compensation payable to Leadenhall is not contingent on the conclusion, content or future use of this report.

Leadenhall and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Centrepoint, ClearView or any related entities or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

In the previous two years we have provided valuation advice to Centrepoint in order to assist Centrepoint management in satisfying their financial reporting requirements. This work did not involve Leadenhall participating in setting the terms of this report.

Attachment 2

Nomination of auditor

The Directors
Centrepoint Alliance Limited
Lvl 2, 28 O'Connell St
Sydney NSW 2000

07 September 2021

Dear Directors

NOMINATION OF AUDITOR

Pursuant to section 328B(1) of the *Corporations Act 2001* (Cth), We, being shareholders of Centrepoint Alliance Limited, provide notice of nomination of BDO Audit Pty Ltd as auditors of Centrepoint Alliance Limited.

It is intended that this nomination will be put forward as an item of business for consideration of shareholders at the annual general meeting of the company that is to be held on 01 November 2021.

Your sincerely



Georg Chmiel
Chmiel Super Pty Ltd (atf Chmiel Superannuation Fund)


Attachment 3


Summary	The LTIP is the performance rights plan of the Company established by the Board on 29 November 2016.
Eligibility criteria	Eligible participants are as determined by the Board from time to time and this may include permanent, full-time or part-time employees or directors of the Company or any related body corporate of the Company or consultants to the Company. As at the date of the Notice of AGM, the Board has determined that eligible participants are permanent, full-time or part-time employees or executive directors of the Company or any related body corporate of the Company.
Award	Performance rights will vest and become exercisable to the extent that any applicable performance, service or other vesting conditions specified at the time of grant are satisfied. The Board has the discretion to set the terms and conditions on which it will offer performance rights under the LTIP including the vesting conditions and waiver of the terms and conditions. The Board may determine that the performance rights will be subject to vesting conditions and if so will specify those vesting conditions in the offer. Vesting conditions may include conditions relating to continuous employment, performance of the participant, performance of the Company or the occurrence of specific events.
Performance rights	Subject to any determination by the Board to the contrary, upon satisfaction of any vesting conditions, each performance right will automatically convert to a share on a one for one basis. Performance rights do not carry any voting rights or dividend entitlements.
Vesting of performance rights	Subject to the satisfaction of any other vesting conditions (including employment conditions), performance rights will vest in a manner determined by the Board.
Shares	Shares issued under the LTIP following the vesting (and, if applicable, exercise) of a performance right will rank equally with all other fully paid ordinary shares then on issue. Depending on the terms of issue, shares may be subject to disposal restrictions, so that they may not be disposed or dealt with for a period of time. Shares allocated on vesting or exercise of a performance right carry the same rights and entitlements as other issued shares including dividend and voting rights.
Quotation	Performance rights will not be quoted on the ASX. The Company will apply for official quotation of any shares issued under the LTIP in accordance with the Listing Rules and having regard to any disposal restrictions.
Change in control	The Board has the discretion to accelerate vesting of performance rights in the event of certain changes of control. In addition, unvested performance rights may lapse or remain in place as the Board determines if a change in control occurs.

Disposal restrictions	Without the prior approval of the Board, performance rights may not be sold, transferred, encumbered or otherwise dealt with and a participant cannot enter into any arrangement for the purpose of hedging or otherwise affecting their economic exposure to performance rights.
Cash payment	The Board may decide, in its absolute discretion, to substitute the allocation of shares on the vesting of rights, for the payment to the participant of a cash amount calculated in accordance with the terms of the LTIP.
Trust arrangements	The Board may use an employee share trust or other mechanism for the purpose of holding shares under the LTIP on such terms and conditions as determined by the Board. The Company has established the Trust and appointed the Trustee to hold shares to be issued to participants if the vesting conditions for the performance rights are met.
Amendments	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the LTIP. This includes varying the number of rights or number of shares upon a reorganisation of capital.
Other terms	The LTIP also contains customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the LTIP.



Need assistance?

 **Phone:**
1300 763 925 (within Australia)
+61 3 9415 4870 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00 AM (AEDT) on Saturday, 30 October 2021**.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Centrepoint Alliance Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Centrepoint Alliance Limited to be held as a virtual meeting on Monday, 1 November 2021 at 11:00 AM (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 8 and 9 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 8 and 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 8 and 9 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Alan Fisher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Martin Pretty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the issue of the Consideration Shares to ClearView Wealth Limited pursuant to the Proposed Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Appointment of Simon Swanson as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of voluntary escrow arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Grant of Performance Rights to Mr John Shuttleworth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of proposed termination benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

