

# WAM Capital, Westoz and Ozgrowth set to merge

23 December 2021  
ASX announcement

WAM Capital Limited (WAM Capital) (ASX: WAM), Westoz Investment Company Limited (Westoz) (ASX: WIC) and Ozgrowth Limited (Ozgrowth) (ASX: OZG) are pleased to announce that they have entered into Scheme Implementation Agreements to merge the three entities under separate transactions (**Proposed Transactions**). Each Proposed Transaction is independent and the two mergers are not inter-conditional.

It is proposed that WAM Capital will acquire 100% of the shares in Westoz and Ozgrowth that it does not currently own through a Scheme of Arrangement (**Scheme**) with each entity. Under each Scheme, Westoz and Ozgrowth shareholders will receive new WAM Capital shares as consideration for their respective shares. The number of WAM Capital shares to be offered for each Westoz and Ozgrowth share under their respective Schemes will be determined by a formula, based on the ratio of the share price of WAM Capital to the net tangible assets (**NTA**) of Westoz and Ozgrowth before tax (**pre-tax NTA**).

The WAM Capital Board of Directors believe the merged entity under the Schemes will provide Westoz, Ozgrowth and WAM Capital shareholders with appealing benefits. We look forward to welcoming Westoz and Ozgrowth shareholders to the Wilson Asset Management family.

## Key benefits of the Proposed Transactions

The market capitalisation of the listed investment company (LIC) and listed investment trust (LIT) sector has grown by 78%, or \$24.4 billion over the last five years. Through internal industry consolidation and external opportunities over the past 12 months, WAM Capital has increased its underlying net assets by more than \$360 million. Combined with the announcement of the Proposed Transactions with Westoz and Ozgrowth, WAM Capital will have net assets of approximately \$2.0 billion, with a market capitalisation of over \$2.3 billion. Over its 20 year history, WAM Capital has returned over \$1.2 billion in dividends and franking credits to shareholders.

Chairman Geoff Wilson AO said, "The growth of the LIC sector through corporate activity has strengthened the industry, creating economies of scale, providing opportunities for smaller players to grow and delivering liquidity to investors.

The LIC industry has significant room for continued growth. In more recent times it has been exciting to see a younger generation of investors join the Wilson Asset Management family, as they seek to gain exposure to the market through a single investment vehicle, professionally managed."

If the Proposed Transactions proceed they will create a single listed investment company with a larger capital and shareholder base. WAM Capital shareholders will benefit from the issuance of new shares at a premium to the Company's underlying NTA, which is accretive to WAM Capital's pre-tax NTA. On a pre-tax NTA basis, the expected consideration to be paid by WAM Capital for the Proposed Transactions is approximately \$271.5 million as at 30 November 2021 to acquire \$301.2 million of underlying assets, representing an expected return on investment of approximately 10.9% on each of the Westoz and Ozgrowth Proposed Transactions<sup>1</sup>.

WAM Capital's share price premium to NTA enables it to acquire Westoz and Ozgrowth at a discount to their underlying asset backing in a cost-effective manner for all WAM Capital shareholders.

<sup>1</sup> Based on WAM Capital's closing share price, pre-tax NTA and the Westoz and Ozgrowth pre-tax NTA on 30 November 2021. The implied consideration to be paid by WAM Capital, the underlying assets to be acquired under the Proposed Transactions and the expected return on investment for WAM Capital shareholders depends on the value of WAM Capital's share price, its pre-tax NTA and the Westoz and Ozgrowth pre-tax NTA as at the Calculation Date and could be higher or lower than the example used.

The WAM Capital Board of Directors believe the merged entity will deliver the following benefits:

- a stable and clearly articulated investment strategy and a proven investment manager with a track record of providing investment portfolio performance for shareholders since inception in August 1999;
- a reduced management expense ratio as a result of removing duplication of expenses such as ASX listing fees, share registry fees, audit fees, compliance costs and other public listed company costs, as well as a larger pool of assets to spread the expenses across;
- access to greater on-market liquidity for shareholders;
- improving the prospect of broker and research coverage;
- garnering additional interest from financial planners; and
- equitably and efficiently grow the Company's pre-tax NTA to approximately \$1,981.6 million (based on the reported 30 November 2021 NTA's of WAM Capital, Westoz and Ozgrowth) with approximately 45,700 shareholders.

### Scheme Consideration and Conditions Precedent

As consideration for their Westoz and Ozgrowth shares under the Scheme, Westoz and Ozgrowth shareholders will receive new WAM Capital shares. The number of WAM Capital shares to be offered for each Westoz and Ozgrowth share will be determined by a formula, based on the ratio of the volume weighted average share price of WAM Capital on the calculation date and a 7.5% premium to the pre-tax NTA of each of Westoz and Ozgrowth. The indicative calculation date for this ratio is 31 March 2022, subject to any adjustments required by ASIC or ASX. It is a condition precedent that, from the date of this announcement to the calculation date, the Westoz and/or Ozgrowth pre-tax NTA not fall more than 10% and the WAM Capital share price premium to NTA remaining between 12.5% and 25.0%.

It is the intention of the WAM Capital Board of Directors to ensure that all Westoz and Ozgrowth shareholders who receive WAM Capital shares issued as part of the Proposed Transactions will be eligible to receive the WAM Capital FY2022 fully franked interim dividend.

### Scheme Implementation Agreement and indicative timeline

WAM Capital, Westoz and Ozgrowth have entered into separate Scheme Implementation Agreements, which contain the terms and conditions on which WAM Capital, Westoz and Ozgrowth will implement the Proposed Transactions. The Scheme Implementation Agreements include a number of customary clauses and are subject to conditions precedent including Westoz and Ozgrowth shareholders approving each Scheme, the independent expert concluding that the Proposed Transactions are in the best interests of Westoz and Ozgrowth shareholders and the Supreme Court of Western Australia approving the Schemes.

It is currently anticipated that Westoz and Ozgrowth shareholders will be given the opportunity to vote on the Schemes at meetings which are expected to be held on 4 April 2022. Detailed information relating to the Schemes will be set out in each Scheme Booklet, which are expected to be sent to Westoz and Ozgrowth shareholders in early March 2022. An indicative timetable for the Proposed Transactions is set out below:

Event	Expected date
First Court date	28 February 2022
Scheme Booklet sent to Westoz and Ozgrowth shareholders	By 4 March 2022
Calculation date for exchange ratio	31 March 2022
Scheme Meeting	4 April 2022
Second Court date	8 April 2022
Effective date	11 April 2022
Record date	13 April 2022
Implementation date	21 April 2022

The indicative timetable is subject to finalisation and review with the ASX and ASIC.

## About WAM Capital

WAM Capital Limited (ASX: WAM) is a listed investment company (LIC) managed by Wilson Asset Management. Listed in August 1999, WAM Capital provides investors with exposure to an actively managed, diversified portfolio of undervalued growth companies listed on the ASX, with a focus on small-to-medium sized businesses. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth and preserve capital.

All major platforms provide access to WAM Capital, including AMP North, BT Panorama, Colonial First State FirstWrap, Netwealth, Macquarie Wrap and Hub24. WAM Capital receives coverage from the following independent investment research providers:



This announcement has been authorised by the Board of WAM Capital Limited.

For further information, visit [wilsonassetmanagement.com.au](http://wilsonassetmanagement.com.au) or contact:

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## About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for eight leading LICs: WAM Capital, WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Microcap (ASX: WMI), WAM Alternative Assets (ASX: WMA), WAM Strategic Value (ASX: WAR), WAM Research (ASX: WAX) and WAM Active (ASX: WAA), Wilson Asset Management invests over \$5.4 billion on behalf of more than 120,000 retail investors.

Wilson Asset Management created and is the lead supporter of the first LICs to deliver both investment and social returns: Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG). Wilson Asset Management advocates and acts for retail investors, is a member of the global philanthropic Pledge 1% movement, is a significant funder of many Australian charities and provides all team members with \$10,000 each year to donate to charities of their choice. All philanthropic investments are made by the Investment Manager.