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# 360 Capital



## ASX Release

3 November 2020

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PRIVATE EQUITY  
PUBLIC EQUITY  
CREDIT

### 360 Capital Group (ASX: TGP)

#### Letter to Evans Dixon Limited Shareholders and Staff

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Please find attached a letter to the Shareholders and Staff of Evans Dixon Limited that is being sent today in relation to the Takeover Offer that was announced on 27 October 2020.

Authorised for release by, Kimberley Child, Company Secretary.

More information on the Group can be found on the ASX's website at [www.asx.com.au](http://www.asx.com.au) using the Group's ASX code "TGP", on the Group's website [www.360capital.com.au](http://www.360capital.com.au), by calling the 360 Capital investor enquiry line on 1300 082 130 or by emailing [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au).

Alternatively, TGP investors can contact:

**Tony Pitt**  
Managing Director  
360 Capital Group

T: (02) 8405 8860

**Kimberley Child**  
Company Secretary  
360 Capital Group

T: (02) 8405 8860

#### About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, public and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.



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**3 November 2020**

Dear Fellow Evans Dixon (“ED1”) Shareholders and ED1 Team Members,

I wish to explain the background to 360 Capital Group's acquisition of 19.55% of ED1 and its subsequent conditional takeover offer to purchase the remaining shares.

360 Capital have been in discussion with David Evans since August 2019 regarding various strategies to maximise the value of ED1 and the funds it manages. These strategies included privatising ED1, however David was unwilling to engage with us on these strategies.

We recognise that many of you have lost significant amounts of capital as ED1 shareholders. We believe that 360 Capital is strongly aligned with you, both in its desire to restore shareholder value and its appreciation that the future success of ED1 is dependent upon it having a highly aligned and motivated workforce.

We believe that David and the ED1 team have built a broad and enviable platform which can be leveraged to take advantage of the significant opportunities in the financial services sector, particularly those relating to the stockbroking, corporate advisory, advice and wealth businesses.

The level of consolidation and privatisation activity within the financial services sector is testament to the existence of these opportunities. ED1’s business should be a leader in this consolidation due to the high quality nature of the business.

Given this, we believe that the platform, coupled with our involvement and expertise, can drive value for all shareholders and staff. That is the reason why 360 Capital purchased its 19.55% stake in ED1.

Subsequent to our acquisition of 19.55% of ED1, 360 Capital sought to re-engage with David and the Board to privatise ED1. To date, the Board has not engaged with 360 Capital in connection with a privatisation. As a result, 360 Capital have made the decision to engage directly with ED1 shareholders. 360 Capital believes that ED1 should be privatised for several reasons, including:

- giving ED1 greater flexibility to manage its capital base, respond to opportunities and appropriately reward and incentivise staff; and
- being listed on the ASX provides ED1 with limited benefits having regard to its historical trading history, relatively low liquidity, the complexity of its business, and the current challenges it faces including in connection with ASIC proceedings.



If the bid is successful, 360 Capital will seek to ensure:

- ED1 staff and management remain highly aligned, including through ensuring staff enjoy a meaningful share of the profits and an award system that properly takes into account their contribution in the business; and
- the future strategy of ED1 leverages off the existing business platform.

360 Capital has identified and executed on similar opportunities several times before, for example:

- acquisition of 19.9% stake in TGP for \$0.33 per share in 2009, making an \$0.80 per share capital distribution to all shareholders and recapitalising TGP as 360 Capital, which is now trading at \$0.835<sup>1</sup> per security
- acquisition of Becton's funds management business in 2010 for \$28.9m and selling it for more than \$300m in early 2017

### Annual General Meeting (AGM) Resolutions

I would also like to take this opportunity to refer you to some relevant AGM resolutions.

**Resolution 3** relates to the appointment of myself as a director of ED1. I would ask that you support my election to the Board, as 360 Capital's significant holding in ED1 creates a strong alignment. I believe that I can work with the ED1 Board and Chairman to help drive the business and create shareholder value. Accordingly, I ask that you **vote for** Resolution 3 to give us a chance to help the Board with its current challenges.

We also ask that you **vote against** Resolution 6. We are strong believers in employee share plans and the alignment that they provide, however we think this is more appropriate structure, one that rewards staff performance not one that is based on tenure only.

Our opposition to Resolution 6 should not be seen as an opposition to a proper remuneration structure which appropriately rewards and incentivises performance. In fact, without the changes proposed in Resolution 6, ED1 already has the capacity to implement such an incentive program.

A further concern we have about Resolution 6 is that the proposed changes may be misused to consolidate control of the company in a manner which is sub-optimal to employees and shareholders and a manner which ultimately destroys value. As you might know, 360 Capital's takeover offer is conditional on Resolution 6 **not** being passed at the upcoming ED1 AGM.

I am happy to discuss any part of 360 Capital's proposal with you by contacting me on (02) 8405 8860.

Sincerely,

Tony Pitt  
Managing Director  
360 Capital Group

<sup>1</sup> Closing security price on 30 October 2020