



ABN 53 000 364 465

17 July 2020

Euroz and Hartleys Sign Bid Implementation Agreement

Euroz Limited ("Euroz") (ASX: EZL) is pleased to provide the following update on its proposed merger with Hartleys Limited (**Hartleys**).

Euroz and Hartleys have today entered into a binding bid implementation agreement (**Bid Implementation Agreement**) whereby Euroz has agreed to make an off-market takeover offer in accordance with Chapter 6 of the Corporations Act to acquire 100% of the issued capital in Hartleys (**Offers**).

Under the Offers, holders of Hartleys shares will be entitled to receive 3.3033304 new Euroz shares (rounded up) for every Hartleys share accepted into the Offers. This equates to the issue of approximately 33 million Euroz shares as consideration for the acquisition of 100% of Hartleys, with Hartleys shareholders to own up to approximately 17% of the combined group.

The transaction is expected to be completed by October with the integration of the two businesses to commence shortly thereafter.

Details of the Offers

The Offers are subject to certain conditions including, without limitation:

- (a) a 90% non-waivable minimum acceptance condition;
- (b) no regulatory action on the part of any Government Authority (as defined in the Bid Implementation Agreement);
- (c) no Prescribed Occurrences (as defined in the Bid Implementation Agreement) other than transactions that are expressly permitted in the Bid Implementation Agreement;
- (d) the amendment of the Hartleys constitution to permit a transfer of Hartleys shares to Euroz;
- (e) the execution of employment agreements (containing restraints consistent with existing Euroz employee restraints) with each of the continuing Hartleys employees who are existing Hartleys shareholders, and those relevant Hartleys shareholders entering into separate restraints and also restriction arrangements in respect to a portion of the Euroz shares to be received as consideration under the Offers as outlined below;
- (f) no Hartleys Material Adverse Change (as defined in the Bid Implementation Agreement) occurs; and
- (g) no breach of Representation or Warranty (as defined in the Bid Implementation Agreement).

As mentioned above, a condition of the Offers is that continuing Hartleys employees who are existing Hartleys shareholders enter into restriction arrangements in respect to a portion of the Euroz shares received as consideration under the Offers as follows:

- (a) 12% of those consideration shares will be subject to a voluntary escrow period of 42 months from the Offers being declared unconditional; and

- (b) a further 12% of those consideration shares will be subject to a voluntary escrow period of 56 months from the Offers being declared unconditional.

These escrowed shares may be forfeited in certain circumstances relating to the resignation or termination of employment from Euroz within the relevant escrow periods. The escrow restrictions will however immediately be lifted in the event that the relevant employee is made redundant or has their employment terminated by Euroz (other than for cause).

Euroz and Hartleys have agreed to a deal protection regime including customary no shop and no talk restrictions, a right to match any superior offer and payment of an agreed break fee of A\$150,000 in certain circumstances.

Further details about the Offers, the conditions to the Offers and the proposed timetable to implement the transaction are set out in the Bid Implementation Agreement, which is annexed to this announcement in Annexure A, and will be set out in detail in the Bidder's Statement and Target's Statement. It is expected that Euroz's Bidder's Statement and Hartleys' Target's Statement will be released and sent to Hartleys' shareholders by mid-August.

Post Transaction

Following completion of the transaction, Hartleys will be renamed "Euroz Hartleys Limited" with the existing Euroz Securities business to merge with this rebranded entity.

A broad restructure of the Euroz Limited board will coincide with the completion of the transaction, with four of the existing board members of Euroz Limited to resign and existing Hartleys directors Richard Simpson and Ian Parker to join the Euroz Limited board. A recruitment process has been initiated to identify possible appropriate candidates to join the Euroz Limited board as Independent Directors.

Speaking on the transaction today, Euroz Executive Chairman, Andrew McKenzie, commented:

"This is a great outcome for both businesses. Euroz and Hartleys are highly complementary to one-another and our merger will create a financial services company with a strong balance sheet, critical scale, strong operational synergies, with solid recurring and transactional revenues. The merger of the two businesses will deliver a positive outcome for clients and shareholders alike and positions the businesses well for the future."

Hartleys Chairman, Ian Parker, said:

"The merger of Euroz and Hartleys provides an opportunity to build on our strong history of providing exceptional service to our clients. The combination of the two firms offers the opportunity for our entire team to expand our service offering to clients and we are confident in our ability to successfully integrate both businesses and our client focused cultures."

For further information please contact:

Andrew McKenzie
Executive Chairman
M: 0438 755 727
E: amckenzie@euroz.com

This announcement is authorised for release by the Board of Euroz.

ANNEXURE A – BID IMPLEMENTATION AGREEMENT

**EUROZ LIMITED
ACN 000 364 465
(EZL)**

and

**HARTLEYS LIMITED
ACN 104 195 057
(Hartleys)**

BID IMPLEMENTATION AGREEMENT

TABLE OF CONTENTS

1.	DEFINITIONS AND INTERPRETATION	1
2.	CO-OPERATION	9
3.	THE OFFERS	12
4.	DOCUMENTATION AND RECOMMENDING DIRECTORS' RECOMMENDATION.....	14
5.	CONDUCT OF BUSINESS	16
6.	EXCLUSIVITY	18
7.	REIMBURSEMENT FEE	22
8.	WARRANTIES.....	25
9.	TERMINATION	28
10.	ANNOUNCEMENT OF TAKEOVER BID	29
11.	CONFIDENTIAL INFORMATION OBLIGATIONS.....	30
12.	NOTICES AND OTHER COMMUNICATIONS	31
13.	GOODS AND SERVICES TAX (GST)	32
14.	MISCELLANEOUS	33
	SCHEDULE 1 – TIMETABLE.....	36
	SCHEDULE 2 – BID CONDITIONS.....	37
	SCHEDULE 3 – PRESCRIBED OCCURRENCES	42
	ANNEXURE A – FORM OF INITIAL ANNOUNCEMENT	44

BETWEEN

EUROZ LIMITED (ACN 000 364 465) of 'Alluvion' Level 18, 58 Mounts Bay Road, Perth, Western Australia 6000 (**EZL**);

AND

HARTLEYS LIMITED (ACN 104 195 057) of Level 6, 141 St Georges Terrace, Perth, Western Australia 6000 (**Hartleys**).

RECITALS

- A.** EZL is proposing to acquire all of the Hartleys Shares by way of the Takeover Bid, with the Offers made pursuant to the Takeover Bid being subject to (amongst other things) a non-waivable minimum acceptance condition so as to ensure that EZL acquires 100% of Hartleys if the transaction is to proceed.
- B.** The Hartleys Board proposes to recommend that Hartleys Shareholders accept the Offers in the absence of a Superior Proposal.
- C.** EZL and Hartleys have agreed to implement the Takeover Bid on the terms and conditions set out in this agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following words have these meanings in this agreement unless the contrary intention appears:

Advisers means, in relation to an entity, its legal, financial and other expert advisers.

Agreed Redundancies means the Hartleys employees that Hartleys has agreed in writing with Euroz to make redundant in connection with the completion of the Takeover Bid.

Amount of the Consideration means:

- (a) the amount of any payment in connection with a supply; and
- (b) in relation to non-monetary consideration in connection with a supply, the GST exclusive market value of that consideration as reasonably determined by the supplier.

Announcement Date means the date of this agreement, being the date on which the announcement referred to in clause 10.1 is released to ASX.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning in section 12 of the Corporations Act as if subsection (1) of that section is included as a reference to this agreement.

ASX means ASX Limited (ACN 008 624 691) or where the context requires, the financial market that it operates.

Beneficiary means a present or former director or officer of Hartleys in respect of whom the Insurance Policy applies.

Bidder's Statement means the bidder's statement to be issued by EZL in respect of the Takeover Bid in accordance with Chapter 6 of the Corporations Act.

Business Day means a business day as defined in the Listing Rules.

Competing Transaction means any expression of interest, proposal, offer or transaction notified to the Hartleys Board which, if completed substantially in accordance with its terms, would mean a person (other than EZL or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of:
 - (A) 20% or more of all Hartleys Shares;
 - (B) voting power of more than 20% in Hartleys; or
 - (C) all or a substantial part of the business conducted by the Hartleys Group;
- (a) acquire control of Hartleys, within the meaning of section 50AA of the Corporations Act; or
- (b) otherwise directly or indirectly acquire or merge with Hartleys or acquire an economic interest in the whole or a substantial part of Hartleys or its businesses or assets (including by takeover offer, scheme of arrangement, capital reduction, sale of assets, strategic alliance, joint venture, partnership or reverse takeover bid).

Conditions means the conditions to the Offers which are set out in Schedule 2.

Confidential Information means EZL Confidential Information or Hartleys Confidential Information, as the case requires.

Confidentiality Agreement means the confidentiality agreement entered into between EZL and Hartleys on 3 March 2020.

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

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

End Date means the earliest of:

- (a) date of termination of this agreement in accordance with its terms; and
- (b) the end of the Offer Period,

or such later date as the parties agree.

Excluded Information means EZL Confidential Information or Hartleys Confidential Information which:

- (a) is in or becomes part of the public domain other than through a breach of this agreement or an obligation of confidence owed to the party providing the Confidential Information;
- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or
- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party providing the Confidential Information where such source is entitled to disclose it.

Exclusivity Period means the period from and including the date of this agreement until the earlier of:

- (a) the date of termination of this agreement in accordance with its terms;
- (b) the end of the Offer Period; and
- (c) the date that is 5 months after the date of this agreement.

EZL Board means the board of directors of EZL.

EZL Confidential Information means all confidential, non-public or proprietary information, regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this agreement relating to the business, technology or other affairs of EZL, the terms of this agreement, its existence and the fact the parties are in negotiations in relation to the agreement.

EZL Group means EZL and its Subsidiaries.

EZL Material Adverse Change means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

- (a) has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the EZL Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (b) any event, matter or thing, as described in sub-paragraph (a), which occurred before the date of this agreement but was not reasonably apparent from public filings by EZL before then, becomes public,

where the financial impact of such event, change, condition, matter or thing on the EZL Group exceeds \$500,000, but does not include:

- (c) anything which has arisen solely as a result of any actions taken by any member of the EZL Group in the ordinary course of its business;

- (d) those events or circumstances required to be done or procured by EZL pursuant to this agreement;
- (e) an event, circumstance, matter or information that is known to Hartleys or its Representatives on or prior to the date of this agreement or otherwise disclosed in public filings by EZL with ASIC or provided to ASX on or prior to the date of this agreement (unless such event, circumstance, matter or information was not reasonably apparent from such filings with ASIC or ASX).

EZL Share means a fully paid ordinary share in EZL.

GST means a goods and services or similar tax imposed in Australia.

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Hartleys A Class Share means an A Class Share (ordinary share) issued by Hartleys on such terms as described in Hartleys constitution and otherwise as varied.

Hartleys Board means the board of directors of Hartleys.

Hartleys Confidential Information means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this agreement relating to the business, technology or other affairs of Hartleys or its Subsidiaries, the terms of this agreement, its existence and the fact the parties are in negotiations in relation to the agreement.

Hartleys Director means a director of Hartleys.

Hartleys E Class Share means an E Class Share issued by Hartleys on such terms as described in Hartleys constitution.

Hartleys Group means Hartleys and its Subsidiaries.

Hartleys Material Adverse Change means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

- (a) has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the Hartleys Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (b) any event, matter or thing, as described in sub-paragraph (a), which occurred before the date of this agreement but was not reasonably apparent from public filings of Hartleys before then, becomes public,

where the financial impact of such event, change, condition, matter or thing on the Hartleys Group exceeds \$500,000, but does not include:

- (a) anything which has arisen solely as a result of actions taken by any member of the Hartleys Group in the ordinary course of its business;
- (b) those events or circumstances required to be done or procured by Hartleys pursuant to this agreement;

- (c) an event, circumstance, matter or information that is known to EZL or its Representatives on or prior to the date of this agreement or otherwise disclosed in public filings by Hartleys on or prior to the date of this agreement (unless such event, circumstance, matter or information was not reasonably apparent from such filings).

Hartleys Shares means:

- (a) the Hartleys A Class Shares; and
(b) the Hartleys E Class Shares.

Hartleys Shareholder means a registered holder of Hartleys A Class Shares or Hartleys E Class Shares (as applicable).

Input Tax Credit has the meaning it has in the GST Act.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it or its Subsidiaries is in liquidation, in provisional liquidation, under administration or wound up or has had a controller, receiver or receiver and manager appointed to any part of its property;
- (c) it or its Subsidiaries enters into a deed of company arrangement;
- (d) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement);
- (e) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;
- (f) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (g) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which the other party to this agreement reasonably deduces it is so subject);
- (h) it is otherwise unable to pay its debts when they fall due; or
- (i) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Insurance Policy means the Hartleys directors and officers insurance policy in effect as at the date of this agreement.

Insurance Run Off Period means the period expiring on the date 7 years after the Retirement Date.

Listing Rules means the Listing Rules of ASX.

Lodgement Date means the date EZL lodges the Bidder's Statement with ASIC.

Material Contract means a contract or commitment requiring total payments by, or providing revenue to, a party in excess of \$200,000.

Offer Date means:

- (a) the date which is 5 Business Days after the Lodgement Date, unless the parties otherwise agree on an earlier despatch date for the Offers following lodgement of the Bidder's Statement with ASIC, in which case the Offer Date will be the earlier despatch date agreed by the parties; or
- (b) such other date agreed on in writing by the parties.

Offer Period means the period during which the Offers are open for acceptance.

Offers means the offers to Hartleys Shareholders by way of the Takeover Bid in respect of the Hartleys Shares on issue as at the Offer Date.

Officers means, in relation to an entity, its directors, officers, and employees.

Permitted Distribution means the distribution to Hartleys Shareholders of an aggregate amount equal to:

- (a) the cash and cash equivalent assets held by Hartleys as at 30 June 2020, less an amount equal to the aggregate of the provisions in Hartleys' 30 June 2020 financial statements for long service leave, annual leave and tax liabilities and less an amount equal to the cash costs of proceeding with the Agreed Redundancies; plus
- (b) if any Hartleys employee who is employed by Hartleys as at 30 June 2020 resigns, is made redundant or otherwise ceases to be employed by Hartleys at any time after 30 June 2020 but prior to the close of the Offers the subject of the Takeover Bid, the amount by which the provision for long service leave liabilities in the Hartleys 30 June 2020 financial statements would have been reduced if the relevant employee(s) had resigned, been made redundant or otherwise ceased to be employed by Hartleys as at 30 June 2020; plus
- (c) the cash proceeds of sale of the securities held by Zenix Nominees Pty Ltd as at 30 June 2020 (after allowing for the costs of sale and any related commissions or expenses) less the amount of tax payable in connection with the liquidation of those securities,

by way of a fully franked dividend (where there are sufficient franking credits and retained earnings available to do so, and where the dividend may be paid in one or more instalments and at different times, such as the payment of an interim dividend before any final dividend distribution is paid), with any residual amount being distributed by way of a return of capital (subject to all necessary approvals, including the approval of Hartleys Shareholders, being obtained).

Permitted Interim Bonuses means the payment of bonuses to Hartleys' employees in:

- (a) the corporate finance division of Hartleys in relation to the corporate finance revenue between 1 July 2020 and the close of the Offers, in accordance with existing Hartleys corporate finance remuneration arrangements; and

- (b) the management and research divisions of Hartleys, as well as any other Hartleys employees who are considered for 6 monthly bonuses in the ordinary course, up to an aggregate amount of \$300,000, in relation to their performance between 1 July 2020 and the close of the Offers, in accordance with existing Hartleys' remuneration arrangements.

Prescribed Occurrence means any of the events listed in Schedule 3.

Register means the shareholders register of Hartleys and **Registry** has a corresponding meaning.

Register Date means the date set by EZL pursuant to section 633(2) of the Corporations Act.

Regulatory Authority includes:

- (a) ASX and ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority including the Takeovers Panel;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or
- (d) any regulatory organisation established under statute.

Reimbursement Fee means \$150,000.

Related Bodies Corporate has the meaning given to it in the Corporations Act.

Related Person in respect of a party or its Related Bodies Corporate, each director, officer, employee, Adviser (and each director, officer, employee or contractor of that Adviser), agent or representative of that party or Related Body Corporate.

Relevant Interest has the meaning given to it in the Corporations Act.

Representatives of a party includes:

- (a) a Related Bodies Corporate of the party; and
- (b) each of the Officers and Advisers of the party or any of its Related Bodies Corporate.

Restriction Period means the period commencing on the date of this agreement and ending on the End Date.

Retirement Date means the date on which the last of the Hartleys Directors at the date of this agreement ceases to be a Hartleys Director.

Subsidiaries has the meaning given in the Corporations Act.

Superior Proposal means a Competing Transaction which is, in the determination of the Hartleys Board acting in good faith and in order to satisfy what the Hartleys Board consider to be their fiduciary and statutory duties:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and

- (b) more favourable to Hartleys Shareholders than the Takeover Bid, taking into account all terms and conditions of the Competing Transaction.

Takeover Bid means the off-market takeover bid by EZL for all Hartleys Shares to be implemented in accordance with Chapter 6 of the Corporations Act and the terms and conditions set out in this agreement.

Target's Statement means the target's statement to be issued by Hartleys in respect of the Takeover Bid under Section 638 of the Corporations Act.

Tax means any tax, levy, impost, charge or duty that is assessed, levied, imposed or collected by any Regulatory Authority together with any related interest, penalties, fines and expenses in connection with them.

Third Party means a person other than Hartleys, EZL or their respective Related Bodies Corporate or Associates.

Term Sheet means the non-binding term sheet entered into between EZL and Hartleys dated 18 June 2020.

Timetable means the timetable set out in Schedule 1.

1.2 Interpretation

In this agreement:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) no provision of this agreement will be construed adversely to a party because that party was responsible for the preparation of this agreement or that provision;
- (c) specifying anything after the words "include" or "for example" or similar expressions does not limit what else is included;

and unless the context otherwise requires:

- (d) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (f) a reference to any document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (g) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (h) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;

- (i) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this agreement and a reference to this agreement includes any schedule, exhibit or annexure to this agreement;
- (j) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (k) a reference to time is to Western Standard Time as observed in Perth, Western Australia;
- (l) if a period of time is specified and dates from a given day or the day of an event, it is to be calculated exclusive of that day;
- (a) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (m) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (n) if an act under this agreement to be done by a party on or by a given day is done after 5.00 pm on that day, it is taken to be done on the next day;
- (o) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified;
- (p) a reference to **\$** or **dollar** is to the lawful currency of the Commonwealth of Australia; and
- (q) a reference to a party using or an obligation on a party to use reasonable endeavours or its best endeavours does not oblige that party to agree to commercially onerous or unreasonable conditions.

2. CO-OPERATION

2.1 General obligations

Hartleys and EZL must each:

- (a) use all reasonable endeavours and commit necessary resources (including the resources of Advisers); and
- (b) procure that its Representatives work in good faith and in a timely and co-operative fashion with the other party and its Representatives (including by attending meetings and by providing such records and information as the other party reasonably requires),

to implement the Takeover Bid in accordance with the terms and conditions set out in this agreement.

2.2 Access to people and information

- (a) Between the date of this agreement and the earlier of the end of the Offer Period and the date this agreement is terminated, each party must, to the extent reasonably required to implement the Takeover Bid:
 - (A) as soon as reasonably practicable provide the other party and its Representatives with any documents, records, and other information (subject to any existing confidentiality obligations owed to third parties or applicable privacy laws) reasonably requested by them; and
 - (B) provide the other party and its Officers and Advisers with reasonable access within normal business hours to the other party's Officers and Advisers (provided that such access does not impose an undue burden) which the party reasonably requires for the purposes of:
 - (A) further understanding the other party's financial position (including its working capital position), trading performance and management control systems;
 - (B) implementing the Takeover Bid;
 - (C) preparing for carrying on the business of Hartleys and EZL following implementation of the Takeover Bid; and
 - (D) any other purpose which is agreed in writing between the parties.
- (b) The obligations in clause 2.2(a) do not apply to the extent that:
 - (A) in respect of Hartleys, the access or information is connected to the Hartleys Board's or management's deliberations in relation to the transactions contemplated by this agreement, or information connected to a potential Competing Transaction; and
 - (B) in respect of EZL, the access or information is connected to the EZL Board's or management's deliberations in relation to the transactions contemplated by this agreement.
- (c) Each party must:
 - (A) keep all information obtained by it under this clause 2.2 confidential (except to the extent that disclosure of that information is required to be made by law, including in the Bidder's Statement or Target's Statement);
 - (B) provide the other party with reasonable notice of any request for information or access; and
 - (C) comply with the reasonable requirements of the other party in relation to any access granted.
- (d) Nothing in this clause 2.2:
 - (A) gives EZL any rights as to the decision making of any member of the Hartleys Group or its business; or

- (B) will require Hartleys to provide, or procure the provision of, information if to do so would or would be reasonably likely to result in a waiver of legal professional privilege.
- (e) Hartleys may provide to EZL its records at a place other than Hartleys' business premises.

2.3 Implementation obligations of Hartleys

Hartleys must:

- (a) provide all necessary information about the Register to EZL which EZL reasonably requires;
- (b) provide all necessary directions to the Registry promptly to provide any information that EZL reasonably requests in relation to the Register, including any sub-register, and, where requested by EZL, Hartleys must procure such information is provided to EZL in such electronic form as is reasonably requested by EZL; and
- (c) undertake regular beneficial shareholder analysis and promptly exercise its powers under section 672A of the Corporations Act if requested to do so by EZL, acting reasonably, subject to EZL meeting 100% of the costs of such services and preparing the requests to the shareholders,

in each case in order to assist EZL to solicit acceptances under the Takeover Bid.

2.4 Hartleys Board changes

- (a) Subject to clause 2.4(b), as soon as practicable after EZL has a Relevant Interest in more than 90% of the Hartleys Shares and the Offers become unconditional or are declared by EZL to be free of all Conditions, Hartleys must take all actions necessary to ensure the resignation and appointment of directors of Hartleys (subject to those persons having provided a consent to act as directors of Hartleys) such that a majority of the Hartleys Board are directors nominated by EZL in writing.
- (b) Clause 2.4(a) is subject always to:
 - (A) a minimum of two (2) of the existing Hartleys Board remaining as directors of Hartleys;
 - (B) a proper board being constituted at all times; and
 - (C) EZL procuring that its appointees to the Hartleys Board do not participate in decisions of Hartleys in relation to the Takeover Bid until after the End Date and a quorum remains for that purpose.

2.5 EZL Board changes

As soon as practicable after EZL has a Relevant Interest in more than 90% of the Hartleys Shares and the Offers become unconditional or are declared by EZL to be free of all Conditions, EZL must procure the:

- (a) appointment of two (2) nominees of Hartleys to the EZL Board; and
- (b) resignation of directors of EZL such that three (3) of the existing EZL Board remain as directors of EZL after the completion of the Takeover Bid,

provided that a proper EZL Board is constituted at all times with a majority of EZL directors and that Hartleys procures that its appointees to the EZL Board do not participate in decisions of EZL in relation to the Takeover Bid until after the End Date and a quorum remains for that purpose.

3. THE OFFERS

3.1 Offers by EZL

EZL must:

- (a) by no later than the Offer Date, and in any event as soon as reasonably practicable after the date of this agreement, make Offers to all Hartleys Shareholders in respect of all of their Hartleys Shares on the terms of this agreement or terms no less favourable to Hartleys Shareholders than the terms of this agreement and otherwise in accordance with all applicable provisions of the Corporations Act; and
- (b) without limiting this clause 3.1, publicly announce a proposal to make offers under the Takeover Bid, in accordance with clause 10.1, immediately after both parties have executed this agreement.

3.2 Consideration

- (a) The consideration offered by EZL under the Takeover Bid will be:
 - (A) 3.3033304 EZL Shares for every Hartleys A Class Share held as at the Register Date; and
 - (B) 3.3033304 EZL Shares for every Hartleys E Class Share held as at the Register Date,with such EZL Shares to be issued on an ex-dividend basis in relation to any dividend declared by the EZL Board (in respect of the financial year ended 30 June 2020) which shall not be more than 6 cents per EZL Share.
- (b) EZL undertakes to do all things reasonably necessary or desirable to ensure that capital gains tax roll-over relief under Subdivision 124-M of the Income Tax Assessment Act 1997 is available to Hartleys Shareholders who accept the Offers made to them (including acquiring the required percentage of Hartleys Shares and not making any election under section 124-795(4) for the rollover not to apply).
- (c) The EZL Shares to be issued to Hartleys Shareholders who accept the Offers made under the Takeover Bid are to be issued on or before the earlier of:
 - (A) 7 days after the Offers become or are declared unconditional; and
 - (B) 7 days after the end of the Offer Period.

3.3 Fractional entitlements

If the number of Hartleys Shares held by a Hartleys Shareholder means that their aggregate entitlement to EZL Shares is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number.

3.4 Conditions of the Offers

- (a) The Offers and any contract which results from their acceptance will be subject to the Conditions.
- (b) Each party must use all reasonable endeavours to satisfy the Conditions as soon as practicable after the date of this agreement.
- (c) Hartleys must use all reasonable endeavours to ensure that the Conditions in paragraphs 3 (No Prescribed Occurrence) and 5 (Conduct of Business) of Schedule 2 are not breached prior to the end of the Offer Period, provided that nothing in this clause requires the directors of Hartleys to take any action which would result in a breach of a statutory or fiduciary duty or which would otherwise prevent Hartleys from taking any of the actions contemplated in clause 3.7.
- (d) EZL may waive the satisfaction of any Condition in its sole discretion, other than:
 - (A) Condition 1 (the Minimum Acceptance Condition); and
 - (B) Condition 6 (Amendment to Constitution),the satisfaction of which Conditions may not be waived by EZL without the prior written consent of Hartleys.
- (e) If Conditions 1 (the Minimum Acceptance Condition) and Condition 6 (Amendment to Constitution) are satisfied and Condition 7 (Employment) being either satisfied or waived by EZL, then subject to no other Conditions being breached or otherwise becoming incapable of being satisfied at the time of the last of Conditions **Error! Reference source not found.**, 6 and 7 being satisfied or (if applicable) waived by EZL in accordance with this agreement, EZL must immediately waive all outstanding Conditions and must exercise its rights of compulsory acquisition in accordance with the requirements of the Corporations Act.

3.5 Offer Period

The parties intend that the Offer Period will be one (1) month, but acknowledge and agree that the Offer Period may be extended by EZL at its discretion by not more than a total of 2 months (unless the prior written consent of Hartleys has been obtained) or automatically, in accordance with the Corporations Act.

3.6 Variation

- (a) EZL may vary the Offers in accordance with the Corporations Act.
- (b) Subject always to the Corporations Act and clauses 3.4 and 3.5 above, EZL may declare the Offers to be free from any Condition or extend the Offer Period at any time.

3.7 Non-reliance on and waiver of potential prior breach of Conditions

EZL agrees that it will not rely on a breach of:

- (a) Condition 4 (No exercise of rights under certain agreements or arrangements):

- (A) to the extent that any person purports to exercise, states an intention to exercise (whether or not that intention is stated to be a final decision), or asserts the ability to exercise (as contemplated in paragraph 4(b) of that Condition), any right stated in that Condition, where such person is not entitled to exercise that right; or
 - (B) to the extent that obligations or liabilities under any such agreement total less than \$200,000 (as contemplated in paragraph (d) of that Condition); or
 - (C) in relation to any mandates in connection with the Takeover Bid which have been disclosed in writing to EZL prior to signing this agreement;
- (b) Condition 5(e) to the extent that a variation of a contract, commitment or arrangement is not material;
 - (c) Condition 5(g) to the extent that the contract, commitment or other arrangement is not material; and
 - (d) Condition 5(i) in relation to any fees from mandates in connection with the Takeover Bid which have been disclosed in writing to EZL prior to signing this agreement,

and EZL agrees to waive each of those Conditions to the extent as set out above.

4. DOCUMENTATION AND RECOMMENDING DIRECTORS' RECOMMENDATION

4.1 EZL's obligations to prepare documentation

- (a) EZL will prepare:
 - (A) the Bidder's Statement; and
 - (B) an acceptance form for the Offers,in each case consistent with clauses 3.2 to 3.5 and in accordance with the Corporations Act.
- (b) EZL agrees to do and to procure its Officers to do such things as are reasonably necessary to prepare the Bidder's Statement, its lodgement with ASIC and despatch to Hartleys Shareholders in accordance with the Timetable, subject to Hartleys granting any necessary consents and ASIC granting any necessary modifications.

4.2 Hartleys's obligations to prepare documentation

- (a) Hartleys will prepare the Target's Statement in response to the Offers in accordance with the Corporations Act.
- (b) Hartleys agrees to do and to procure its Officers to do such things as are reasonably necessary to prepare the Target's Statement, its lodgement with ASIC and despatch to Hartleys Shareholders in accordance with the Timetable, subject to EZL granting any necessary consents and ASIC granting any necessary modifications.

4.3 Provision of Information

Each party agrees that it will provide to the other party such information (including Confidential Information on the terms set out in this agreement) as is reasonably required by the other party in order to enable the other party to fulfil its obligations under this agreement, including, but not limited to, the preparation of the Bidder's Statement and Target's Statement.

4.4 Recommendation of Hartleys Directors

Hartleys represents and warrants that all of the Hartleys Directors have informed Hartleys that, if EZL complies with clause 3.1, they:

- (a) will each recommend that all Hartleys Shareholders accept the Offers, subject to there being no Superior Proposal;
- (b) each intend to accept the Offers in respect of all Hartleys Shares owned or controlled by that director, subject to there being no Superior Proposal; and
- (c) will not withdraw, revise, revoke or qualify, or make any public statement inconsistent with, the recommendation in clause 4.4(a), unless a Superior Proposal emerges.

4.5 Review of Bidder's Statement and Target's Statement

Subject to there being no Superior Proposal:

- (a) EZL agrees that it will provide Hartleys with a reasonable opportunity to review the final draft of its Bidder's Statement and any supplementary bidder's statements and Hartleys agrees that it will provide EZL with a reasonable opportunity to review the final draft of its Target's Statement and any supplementary target's statements; and
- (b) each party agrees to consider in good faith, and consult in relation to, all reasonable and timely comments received from the other and its Advisers and make such changes to its statement as are reasonably required by the other.

4.6 Timetable

Each party agrees to use its reasonable endeavours to comply with the Timetable.

4.7 Consent to early dispatch of Bidder's Statement

Hartleys agrees (by authority of its directors) that the Offers and accompanying documents to be sent by EZL under the Takeover Bid under item 6 of section 633(1) of the Corporations Act may (subject to agreement with Hartleys) be sent earlier than the date for sending under item 6 of section 633(1) of the Corporations Act as contemplated in the Timetable.

5. CONDUCT OF BUSINESS

5.1 Overview

- (a) From the date of this agreement until the expiry of the Restriction Period, each party must:
 - (A) conduct its business in the ordinary and proper course and in substantially the same manner as previously conducted or as may be required in order to satisfy a specific requirement of a Regulatory Authority;
 - (B) takes reasonable steps to preserve and maintain the value of its business;
 - (C) comply with all applicable laws; and
 - (D) regularly consult with the other party on the manner of conduct of its business, including on any matters that may have an adverse impact on the integration of the businesses of EZL and Hartleys following implementation of the Takeover Bid.
- (b) For the purpose of clause 5.1(a) and subject to the terms of this agreement:
 - (A) EZL making the Offers and responding to any Competing Transaction (together with all associated activity and expenditure) in accordance with this agreement, is deemed to be EZL conducting its business in the ordinary and proper course; and
 - (B) Hartleys responding to the Offers and responding to any potential Competing Transaction (together with all associated activity and expenditure) in accordance with this agreement, is deemed to be Hartleys conducting its business in the ordinary and proper course.
- (c) Nothing in clause 5.1(a) restricts the ability of either Party to take any action which:
 - (A) is required, permitted or contemplated by this agreement;
 - (B) has been fairly disclosed by the party prior to execution of this agreement, including in public filings to the ASX;
 - (C) is required by any applicable law or Regulatory Authority ;
 - (D) is required by any legal or contractual obligation arising before, and which has been fairly disclosed to the other Party prior to, the date of this agreement;
 - (E) is required to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property);
 - (F) has been agreed to in writing by the other Party; or

- (G) involves the incurring of reasonable costs in relation to the transactions contemplated by the Takeover Bid.

5.2 Prohibited actions - Hartleys

Other than in connection with the Permitted Distribution (including the sale of securities held by Zenix Nominees Pty Ltd to realise cash proceeds in connection with the Permitted Distribution and amending the Hartleys constitution as may be necessary or desirable to facilitate the implementation of the Permitted Distribution), the payment of the Permitted Interim Bonuses or otherwise with EZL's prior written approval (which approval must not be unreasonably withheld or delayed) or as fairly disclosed to EZL in writing before the date of this agreement, Hartleys must not during the Restriction Period:

(a) **Material Contracts**

Enter into, terminate or materially vary, amend or modify a Material Contract other than a contract entered into in the ordinary course of business.

(b) **Employment agreements**

Increase the remuneration of or pay any bonus (including under any existing or proposed employee performance bonus policy or retention bonus policy) or issue or agree to issue any securities or options, or otherwise vary or amend the employment or consultancy agreements with, any of its directors or employees, except that this clause shall not preclude a party from making any payments under an existing employment contract which are not prohibited by the Corporations Act and is in place as at the date of this agreement and a copy of which has previously been provided to the other party.

(c) **Accelerate rights**

Accelerate the rights of any of its directors or employees to benefits of any kind.

(d) **Termination payments**

Pay a director or executive a termination payment, other than as provided for in an existing employment contract in place as at the date of this agreement and a copy of which has previously been provided to EZL.

(e) **Arrangements with financial advisers**

Amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this agreement.

(f) **Financial accommodation**

Obtain or agree to obtain any financial accommodation from any party other than in the ordinary course of business.

(g) **Prescribed Occurrence**

Take any action which would be reasonably expected to give rise to a Prescribed Occurrence.

(h) **Disposals**

Offer to dispose or agree to dispose of, or create, or offer to create an equity interest in, any material asset or a material interest in any such asset without prior consultation of EZL.

(i) **Agreement**

Agree to do any of the matters set out above,

provided always that nothing in this clause 5.2 restricts Hartleys' ability in any way to conduct its existing securities business in the ordinary course, including without limitation entering into mandates, commitments or other binding arrangements relating to equity capital markets or mergers & acquisition related matters, (including agreeing to lead manage and/or underwrite equity raisings, entering into firm commitments with other brokers in connection with capital raisings etc).

5.3 Prohibited actions – Euroz

Other than with Hartleys' prior approval (which approval must not be unreasonably withheld or delayed) or as fairly disclosed to Hartleys in writing prior to the date of this agreement, EZL must not during the Restriction Period:

(a) **Prescribed Occurrence**

Take any action which would be reasonably expected to give rise to a Prescribed Occurrence (as if that definition applied to EZL and its Subsidiaries).

(b) **Dividend**

Announce, declare, determine to pay, make or pay any dividend or other distribution (whether in cash or in specie) other than in relation to the declaration of a dividend in respect of the financial year ended 30 June 2020) which shall not be more than 6 cents per EZL Share.

5.4 Directors and Officers Insurance

(a) Hartleys must, and EZL must procure Hartleys to, ensure that each Beneficiary is at all times covered under run off directors' and officers' liability insurance cover (**Run Off Cover**) on terms not less favourable than the terms of the Insurance Policy. The costs of the Run Off Cover are to be borne by EZL.

(b) The Run Off Cover will cover claims for the Insurance Run Off Period.

(c) The undertakings contained in this clause 5.4 are subject to any Corporations Act restriction and will (if and to the extent required) be read down accordingly.

6. EXCLUSIVITY

6.1 No existing discussions

Hartleys represents and warrants that, other than the discussions with EZL in respect of the Takeover Bid, it is not currently in negotiations or discussions in respect of any Competing Transaction with any person.

6.2 No-shop and no talk

During the Exclusivity Period, Hartleys must not, and must ensure that each of its Related Persons do not, directly or indirectly:

- (a) **(no shop)** solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Transaction or communicate to any person an intention to do anything referred to in this clause 6.2(a); or
- (b) **(no talk and no due diligence)** subject to clause 6.3:
 - (A) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Transaction or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Transaction;
 - (B) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Transaction;
 - (C) disclose or otherwise provide any non-public information about the business or affairs of the Hartleys Group to a Third Party (other than a Regulatory Authority) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Transaction (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Hartleys Group whether by that Third Party or another person); or
 - (D) communicate to any person an intention to do anything referred to in the preceding paragraphs of this clause 6.2(a),

but nothing in this clause 6.2 shall prevent Hartleys from carrying on its business in the ordinary course, including by making normal presentations to brokers, portfolio managers and analysts in the ordinary course of business, or promoting the merits of the Takeover Bid.

6.3 Fiduciary exception

Clauses 6.2(b) and 6.4 (only to the extent it requires disclosure of the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Transaction) do not prohibit any action or inaction by Hartleys or any of its Related Persons in relation to any actual, proposed or potential Competing Transaction, which the Hartleys Board acting in good faith determines, having regard to written advice from its external legal Advisers, is a Superior Proposal (or which may reasonably be expected to result in the Competing Transaction becoming a Superior Proposal) and the failure to take or not take such action would constitute, or would be likely to constitute, a breach of the fiduciary or statutory duties of the directors of Hartleys, provided that the

actual, proposed or potential Competing Transaction was not directly or indirectly brought about by, or facilitated by, a breach of clause 6.2(a).

6.4 Notice of approach

- (a) During the Exclusivity Period, Hartleys must as soon as possible (and in any event within 24 hours) notify EZL in writing if it or any of its Related Persons becomes aware of any:
 - (A) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Transaction;
 - (B) proposal made to Hartleys or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed, or potential Competing Transaction; or
 - (C) provision by Hartleys or any of its Related Persons of any non-public information concerning the business or operations of Hartleys or the Hartleys Group to any a Third Party (other than a Regulatory Authority) in connection with an actual, proposed or potential Competing Transaction,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise unless (and only to the extent that) the Hartleys Board, acting in good faith and having regard to external legal advice, determines that it would be a breach of their fiduciary or statutory duties to notify EZL.

- (b) A notification given under clause 6.4(a) must include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Transaction, together with all terms and conditions of the actual, proposed or potential Competing Transaction.
- (c) Commencing upon the provision of any notice referred to in clause 6.4(a), Hartleys must as soon as possible advise EZL of any material developments in relation to an actual, proposed or potential Competing Transaction, including material amendments or proposed amendments to the terms of such actual, proposed or potential Competing Transaction, and advise EZL of the timing of any board meeting to consider that proposal unless (and only to the extent that) the Hartleys Board, acting in good faith and having regard to external legal advice, determines that it would be a breach of their fiduciary or statutory duties to notify EZL.

6.5 Matching right

- (a) Without limiting clause 6.2, during the Exclusivity Period, Hartleys:
 - (A) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, Hartleys or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Transaction; and

- (B) must use reasonable endeavours to procure that none of its directors change their recommendation of the Takeover Bid or publicly recommend an actual, proposed or potential Competing Transaction or recommend against the Takeover Bid (provided that a statement that no action should be taken by Hartleys Shareholders pending the assessment of a Competing Transaction by the Hartleys Board and its Advisers shall not contravene this clause),

unless:

- (C) the Hartleys Board acting in good faith and in order to satisfy what the members of the Hartleys Board consider to be their statutory or fiduciary duties (having received written advice from its external legal Adviser) determines that the Competing Transaction would be or would be likely to be an actual, proposed or potential Superior Proposal;
 - (D) Hartleys has provided EZL with all material terms and conditions of the actual, proposed or potential Competing Transaction, including price and the identity of the Third Party making the actual, proposed or potential Competing Transaction;
 - (E) Hartleys has given EZL at least 2 Business Days after the date of the provision of the information referred to in clause 6.5(a)(D) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and
 - (F) EZL has not announced or otherwise formally proposed to Hartleys a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction by the expiry of the 2 Business Day period in clause 6.5(a)(E) above.
- (b) If EZL proposes to Hartleys, or announces, amendments to the terms of the Takeover Bid including increasing the amount of consideration offered under the Offers or a new proposal that constitutes a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction (**Counterproposal**) by the expiry of the 2 Business Day period in clause 6.5(a)(E) above, Hartleys must procure that the Hartleys Board considers the EZL Counterproposal and if the Hartleys Board, acting reasonably and in good faith, determines that the Counterproposal (as completed) would provide an equivalent or superior outcome for Hartleys Shareholders as a whole (other than EZL and those who are Associates of EZL) compared with the Competing Transaction, taking into account all of the terms and conditions of the Counterproposal, then Hartleys and EZL must use their best endeavours to agree the amendments to this agreement and the Takeover Bid (as applicable) that are reasonably necessary to reflect the Counterproposal and to implement the Counterproposal, in each case as soon as reasonably practicable, and Hartleys must use reasonable endeavours to procure that each of the directors of Hartleys continues to recommend the Takeover Bid (as modified by the Counterproposal) to Hartleys Shareholders.

6.6 Provision of information by Hartleys

During the Exclusivity Period, Hartleys must as soon as reasonably possible provide EZL with:

- (a) in the case of written materials, a copy of; and
- (b) in any other case, a written statement of,

any material non-public information about the business or affairs of Hartleys or the Hartleys Group disclosed or otherwise provided to any Third Party in connection with an actual, proposed or potential Competing Transaction that has not previously been provided to EZL.

6.7 Compliance with law

- (a) If it is finally determined by a court, or the Takeovers Panel, that the agreement by the parties under this clause 6 or any part of it:
 - (A) constituted, or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the Hartleys Board;
 - (B) constituted, or constitutes, or would constitute, 'unacceptable circumstances' within the meaning of the Corporations Act; or
 - (C) was, or is, or would be, unlawful for any other reason,then, to that extent (and only to that extent) Hartleys will not be obliged to comply with that provision of clause 6.
- (b) The parties must not make or cause to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in this clause 6.7.

7. REIMBURSEMENT FEE

7.1 Background to Reimbursement Fee

- (a) Each party acknowledges that, if they enter into this agreement and the Takeover Bid is subsequently not implemented, the parties will incur significant costs, including those set out in clause 7.5.
- (b) In these circumstances, the parties have agreed that provision be made for the payment outlined in this clause 7, without which the parties would not have entered into this agreement or otherwise agreed to implement the Takeover Bid.
- (c) Hartleys and the Hartleys Board believe, having taken advice from its external legal adviser, that the implementation of the Takeover Bid will provide benefits to it and its shareholders, and that it is reasonable and appropriate that Hartleys agree to the payments referred to in clause 7.2 in order to secure EZL's participation in the Takeover Bid.
- (d) EZL and the EZL Board believe, having taken advice from its external legal adviser, that the implementation of the Takeover Bid will provide benefits to it and its shareholders, and that it is reasonable and appropriate that EZL agree to the payments referred to in clause 7.3 in order to secure Hartleys's participation in the Takeover Bid.

7.2 Triggers for payment of Reimbursement Fee by Hartleys

Subject to clauses 7.6 and 7.8, Hartleys must pay the Reimbursement Fee to EZL without set-off or withholding, if:

- (a) during the Exclusivity Period, any one or more members of the Hartleys Board fails to recommend that Hartleys Shareholders accept the Takeover Bid in the manner described in clause 4.4, or, having made such a recommendation, withdraws, adversely revises or adversely qualifies that recommendation for any reason;
- (b) during the Exclusivity Period, any one or more members of the Hartleys Board recommends that Hartleys Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Hartleys Securities held or controlled by them or held on their behalf), a Competing Transaction of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period;
- (c) a Competing Transaction of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement, a Third Party completes a Competing Transaction; or
- (d) EZL has terminated this agreement pursuant to clause 9.1(a) or 9.1(c).

7.3 Triggers for payment of Reimbursement Fee by EZL

Subject to clauses 7.6 and 7.8, EZL must pay the Reimbursement Fee to Hartleys without set-off or withholding, if Hartleys has terminated this agreement pursuant to clause 9.1(a) or 9.1(c).

7.4 Timing of payment of Reimbursement Fee

- (a) A demand by either party for payment of the Reimbursement Fee under clause 7.2 or 7.3 (as applicable) must:
 - (A) be in writing;
 - (B) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (C) state the circumstances which give rise to the demand; and
 - (D) nominate an account into which the other party is to pay the Reimbursement Fee,

and may only be made after the End Date and provided that EZL has not become the registered legal and beneficial holder of at least 90% of Hartleys Shares.

- (b) Subject to clause 7.8, Hartleys must pay the Reimbursement Fee into the account nominated by EZL, without set-off or withholding, within 5 Business Days after receiving a demand for payment where EZL is entitled under clause 7.2 to the Reimbursement Fee.

- (c) Subject to clause 7.8, EZL must pay the Reimbursement Fee into the account nominated by Hartleys, without set-off or withholding, within 5 Business Days after receiving a demand for payment where Hartleys is entitled under clause 7.3 to the Reimbursement Fee.

7.5 Basis of Reimbursement Fee

The amount payable by Hartleys pursuant to clause 7.2 and EZL pursuant to clause 7.3 is purely and strictly compensatory in nature and has been calculated to reimburse the receiving party for costs including the following:

- (a) fees for legal, financial and other professional advice in planning and implementing the Takeover Bid (excluding success fees);
- (b) reasonable opportunity costs incurred in engaging in the Takeover Bid or in not engaging in other alternative or strategic initiatives;
- (c) costs of management and directors' time in planning, considering and implementing the Takeover Bid; and
- (d) out of pocket expenses incurred by a party's employees, advisers and agents in planning, considering and implementing the Takeover Bid,

and the parties agree that:

- (e) the costs actually incurred will be of such a nature that they cannot all be accurately ascertained; and
- (f) the amount payable is a genuine and reasonable pre-estimate of those costs,

and each party represents and warrants that it has received advice from its external legal adviser on the operation of this clause 7.

7.6 Compliance with law

This clause 7 does not impose an obligation on a party to pay the Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Reimbursement Fee:

- (a) is declared by the Takeovers Panel to constitute 'unacceptable circumstances'; or
- (b) is determined to be unenforceable or unlawful by a court,

provided that, in either case, all lawful avenues of appeal and review, judicial and otherwise, have been exhausted. For the avoidance of doubt, any part of the Reimbursement Fee that would not constitute unacceptable circumstances or that is not unenforceable or unlawful (as applicable) must be paid by the relevant party. To the extent that the Reimbursement Fee has already been paid, the recipient of the Reimbursement Fee must refund the relevant portion of the Reimbursement Fee paid under this agreement within 5 Business Days of receipt of a demand for refund.

7.7 Reimbursement Fee payable only once

Where the Reimbursement Fee becomes payable to EZL under clause 7.2 or Hartleys under clause 7.3 and is actually paid, the recipient of the Reimbursement Fee cannot make any claim against the other party for payment of any subsequent Reimbursement Fee.

7.8 Limitation of liability

Notwithstanding any other provision of this agreement:

- (a) the maximum liability of a party to all other parties under or in connection with this agreement including in respect of any breach of this agreement will be the Reimbursement Fee;
- (b) a payment by a party in accordance with this clause 7 represents the sole and absolute liability of that party under or in connection with this agreement and no further damages, fees, expenses or reimbursements of any kind will be payable by that party in connection with this agreement; and
- (c) the amount of the Reimbursement Fee paid to the recipient under this clause 7 shall be reduced by the amount of any loss or damage recovered by any other party in relation to a breach of this agreement.

8. WARRANTIES

8.1 EZL Warranties

EZL represents and warrants to Hartleys as at the date of this agreement that, subject to the matters fairly disclosed in public filings of EZL, fairly disclosed by EZL to Hartleys in writing prior to the date of this agreement, are within the actual knowledge of Hartleys or otherwise in the public domain:

- (a) each member of the EZL Group is a validly existing corporation registered under the laws of its place of incorporation;
- (b) the execution and delivery of this agreement by EZL has been properly authorised by all necessary corporate action and EZL has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (c) (subject to the laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it and execution of this agreement will not result in a breach of or default under EZL's constitution or any agreement or agreement or writ, order or injunction, rule or regulation to which EZL or any of its Subsidiaries is a party or to which they are bound or require any consent or approval, authorisation or permit from any governmental agency;
- (d) the EZL Shares to be offered as consideration under clause 3.2 will be duly authorised and validly issued, not liable to the imposition of any duty and be free of all Encumbrances, security interests and third party rights, will be fully paid and will rank equally with all other EZL Shares;
- (e) it has complied with its continuous disclosure obligations under the Listing Rules and the Corporations Act and is not relying on Listing Rule 3.1A to

withhold any information from disclosure other than as disclosed in writing to Hartleys or its Representatives on or before the date of this agreement;

- (f) its accounts are prepared on a consistent basis with past practices (except to the extent that the adoption of Australian Accounting Standards requires a change to past practices) and in accordance with all relevant accounting standards;
- (g) no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets;
- (h) there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the EZL Group that does or is reasonably likely to constitute a EZL Material Adverse Change;
- (i) no regulatory action of any nature has been taken that would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (j) it is not aware of any act, omission, event or fact that would result in one or more of the Conditions being breached, except as disclosed by the EZL to Hartleys in writing prior to the date of this agreement;
- (k) is not prohibited from making the Offers or issuing the EZL Shares pursuant to the terms of the Offers;
- (l) no approvals are required to be obtained by EZL under any law, rule or regulation (including under the Listing Rules) to perform and observe its obligations under this agreement and to consummate the transaction contemplated by this agreement; and
- (m) as at the date of this agreement, EZL has the following securities on issue (as set out in the table below) and there are no other shares, options, notes or other securities of EZL and no rights to be issued such shares, options, notes or other securities other than as a result of the conversion or exercise of convertible securities or as envisaged by this agreement.

Shares	
EZL Shares	162,518,242

8.2 Hartleys Warranties

Hartleys represents and warrants to EZL as at the date of this agreement that, subject to the matters fairly disclosed in public filings of Hartleys, fairly disclosed by Hartleys to EZL in writing prior to the date of this agreement, are within the actual knowledge of EZL or otherwise in the public domain:

- (a) each member of the Hartleys Group is a validly existing corporation registered under the laws of its place of incorporation;

- (b) the execution and delivery of this agreement by Hartleys has been properly authorised by all necessary corporate action and Hartleys has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (c) (subject to the laws generally affecting creditors' rights and the principles of equity) this agreement constitutes legal, valid and binding obligations on it and execution of this agreement will not result in a breach of or default under Hartleys' constitution or any agreement or deed or writ, order or injunction, rule or regulation to which Hartleys or any of its Subsidiaries is a party or to which they are bound or require any consent or approval, authorisation or permit from any governmental agency;
- (d) Hartleys Group's accounts are prepared on a consistent basis with past practices (except to the extent that the adoption of Australian Accounting Standards requires a change to past practices) and in accordance with all relevant accounting standards;
- (e) no resolutions have been passed or steps taken, and no petition or other process has been presented or threatened in writing against it for winding-up or dissolution, and no receiver, receiver and manager, liquidator, administrator or like official has been appointed, or is threatened or expected to be appointed, over the whole or any part of its assets;
- (f) there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the Hartleys Group that does or is reasonably likely to constitute an Hartleys Material Adverse Change;
- (g) no regulatory action of any nature has been taken that would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfil its obligations under this agreement;
- (h) it is not aware of any act, omission, event or fact that would result in one or more of the Conditions being breached, except as disclosed by Hartleys to EZL in writing prior to the date of this agreement; and
- (i) as at the date of this agreement, Hartleys has the following securities on issue (as set out in the table below) and there are no other shares, options, notes or other securities of Hartleys and no rights to be issued such shares, options, notes or other securities other than as a result of the conversion or exercise of convertible securities or as envisaged by this agreement.

Shares	
Hartleys A Class Shares	7,941,607
Hartleys E Class Shares	2,048,311

8.3 Notification

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this clause 8.

9. TERMINATION

9.1 Termination rights

This agreement may be terminated by a party by notice to the other party:

- (a) if the other party is in material breach of this agreement and that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
- (b) if EZL withdraws the Takeover Bid as permitted by the Corporations Act for any reason including non-satisfaction of a Condition or if the Takeover Bid lapses;
- (c) if there is a material breach of a representation or warranty contained in clause 8 by the other party and that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
- (d) if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Takeover Bid; or
- (e) if the other party becomes Insolvent.

9.2 Termination by EZL

This agreement may be terminated by EZL by notice in writing to Hartleys if:

- (a) a Superior Proposal is made or publicly announced for Hartleys by a third party;
- (b) a director of Hartleys fails to recommend the Takeover Bid in accordance with clause 4.4 or, having recommended the Takeover Bid, withdraws or adversely changes his recommendation of the Takeover Bid;
- (c) a person (other than EZL or its Associates) has a Relevant Interest in more than 20% of the Hartleys Shares on issue (other than existing Hartleys Shareholders who at the date of this agreement hold a Relevant Interest in more than 20% of the Hartleys Shares on issue); or
- (d) a Hartleys Material Adverse Change or a Prescribed Occurrence (other than a Prescribed Occurrence that occurs in connection with the satisfaction of Condition 6 (Amendment to Constitution) and/or the completion of the Permitted Distribution (including without limitation any amendment to the Hartleys' constitution which is necessary or desirable in the context of implementing the Permitted Distribution)).

9.3 Termination by Hartleys

This agreement may be terminated by Hartleys by notice in writing to EZL if:

- (a) a Superior Proposal is made or publicly announced for Hartleys by a third party;

- (b) an EZL Material Adverse Change or a Prescribed Occurrence (as if that definition applied to EZL and its Subsidiaries) has occurred other than as a result of the payment of a dividend by EZL in respect of the financial year ended 30 June 2020 (which shall not be more than 6 cents per EZL Share); or
- (c) a majority of the Hartleys Directors recommend a Superior Proposal, provided always that clause 6 has been complied with and EZL has decided not to match that Superior Proposal in accordance with clause 6.5.

9.4 Effect of termination

If this agreement is terminated by a party under this clause 9:

- (a) each party will be released from its obligations under this agreement except that clauses 1, 7, 9, 11, 13 and 14 will continue to apply;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this agreement; and
- (c) in all other respects, all future obligations of the parties under this agreement will immediately terminate and be of no further force or effect, including, without limitation, any further obligations in respect of the Takeover Bid.

10. ANNOUNCEMENT OF TAKEOVER BID

10.1 Public announcement of Takeover Bid

Immediately after signing this agreement, EZL must release an announcement to ASX in the form set out in annexure A or such other form as is mutually agreed between the parties (acting reasonably).

10.2 Required disclosure

- (a) Subject always to clause 10.2(b), each party must use its best endeavours to consult with the other party prior to making any public announcements or disclosures relating to a matter the subject of the Takeover Bid.
- (b) Where a party is required by law or the Listing Rules to make any announcement or disclosure relating to a matter the subject of the Takeover Bid, it must only do so after it has, to the extent reasonably possible in the circumstances:
 - (A) given the other party as much notice as reasonably practicable having regard to its disclosure obligations; and
 - (B) consulted with the other party as to the context of that announcement or disclosure.

10.3 Other announcements

Subject to clause 10.1 and 10.2 and its continuous disclosure obligations under the Listing Rules and applicable laws, no party may make any public announcement or disclosure in connection with the Takeover Bid (including disclosure to a Regulatory Authority) unless it has used best endeavours to obtain the approval of the form of the disclosure by the other party (acting reasonably). Each party

will use all reasonable endeavours to provide such approval as soon as practicable.

11. CONFIDENTIAL INFORMATION OBLIGATIONS

11.1 Disclosure of EZL Confidential Information

No EZL Confidential Information may be disclosed by Hartleys to any person except:

- (a) Representatives of Hartleys or its Related Bodies Corporate requiring the information for the purposes of this agreement;
- (b) with the written consent of EZL;
- (c) if Hartleys is required to do so by law; or
- (d) if Hartleys is required to do so in connection with legal proceedings relating to this agreement.

11.2 Use of EZL's Confidential Information

Hartleys must use EZL's Confidential Information exclusively for the purpose of considering the Takeover Bid, any Competing Transaction and preparing the Target's Statement and for no other purpose (and must not make any use of any EZL's Confidential Information to the competitive disadvantage of EZL or any of its Related Bodies Corporate).

11.3 Disclosure of Hartleys Confidential Information

No Hartleys Confidential Information may be disclosed by EZL to any person except:

- (a) Representatives of EZL requiring the information for the purposes of this agreement;
- (b) with the written consent of Hartleys;
- (c) if EZL is required to do so by law or by the Listing Rules; or
- (d) if EZL is required to do so in connection with legal proceedings relating to this agreement.

11.4 Use of Hartleys Confidential Information

EZL must use the Hartleys Confidential Information exclusively for the purpose of preparing the Bidder's Statement and for no other purpose (and must not make any use of any Hartleys Confidential Information to the competitive disadvantage of Hartleys or any of its Subsidiaries).

11.5 Disclosure by recipient of Confidential Information

Any party disclosing information under clause 11.1(a) or 11.1(b) or 11.3(a) or 11.3(b) must use all reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in clause 11.1 or 11.3.

11.6 Excluded Information

Clauses 11.1 to 11.5 (inclusive) do not apply to the Excluded Information.

11.7 Return of Confidential Information

A party who has received Confidential Information from another under this agreement must, on the request of the other party, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clauses 11.1(a) or 11.1(b) or 11.3(a) or 11.3(b).

11.8 Termination

This clause 11 will survive termination (for whatever reason) of this agreement.

11.9 Termination of existing Confidentiality Agreement

The terms of this clause 11 supersede and replace the obligations of confidentiality set out in:

- (a) the Confidentiality Agreement which is terminated upon execution of this agreement; and
- (b) the Term Sheet.

12. NOTICES AND OTHER COMMUNICATIONS

12.1 Requirements for notices

Each notice authorised or required to be given to a party shall be in legible writing and in English addressed to the party's address set out in clause 12.2 (or such other address nominated in accordance with clause 12.3).

12.2 Details

The initial address of the parties shall be as follows:

Party	Address	Attention	E-mail
EZL	'Alluvion' Level 18, 58 Mounts Bay Road, Perth, Western Australia 6000	Anthony Brittain	abrittain@euroz.com
Hartleys	Level 6, 141 St Georges Terrace, Perth, Western Australia 6000	Richard Simpson	richard.simpson@hartleys.com.au

With a copy of communications to EZL to Matthew Hawtin (mhawtin@steinpag.com.au), and a copy of communications to Hartleys to Russell Philip (E-mail: russell.philip@corrs.com.au).

12.3 Change of Address

Each party may from time to time change its address by giving notice pursuant to clause 12.1 to the other party.

12.4 Receipt of notice

Any notice given pursuant to this clause 12 will be conclusively deemed to have been received:

- (a) in the case of personal delivery, on the actual day of delivery;
- (b) if sent by mail, two (2) Business Days from and including the day of posting; or
- (c) if sent by e-mail, when a delivery confirmation report is received by the sender which records the time that the e-mail was delivered to the addressee's e-mail address (unless the sender receives a delivery failure notification indicating that the e-mail has not been delivered to the addressee),

but if the delivery or receipt is on a day that is not a Business Day or is after 5:00 pm (addressee's time) it is regarded as received at 9:00 am on the following Business Day.

13. GOODS AND SERVICES TAX (GST)

13.1 Consideration does not include GST

The consideration specified in this agreement does not include any amount for GST.

13.2 Recovery of GST

If a supply under this agreement is subject to GST, the recipient must pay to the supplier an additional amount equal to the Amount of the Consideration multiplied by the applicable GST rate.

13.3 Time of payment

The additional amount is payable at the same time as the consideration for the supply is payable or is to be provided. However, the additional amount need not be paid until the supplier gives the recipient a tax invoice.

13.4 Adjustment of additional amount

If the additional amount differs from the amount of GST payable by the supplier, the parties must adjust the additional amount.

13.5 Reimbursement

If a party is entitled to be reimbursed or indemnified under this agreement, the amount to be reimbursed or indemnified does not include any amount for GST for which the party is entitled to an Input Tax Credit.

13.6 Survival

This clause 13 will survive termination of this agreement.

14. MISCELLANEOUS**14.1 Discretion in exercising rights**

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions) unless this agreement expressly states otherwise.

14.2 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

14.3 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

14.4 Approvals and consents

By giving its approval or consent, a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

14.5 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

14.6 Remedies cumulative

The rights and remedies in this agreement are in addition to other rights and remedies given by law independently of this agreement.

14.7 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

14.8 No merger

The warranties, undertakings and indemnities in this agreement do not merge on completion of any transaction contemplated by this agreement.

14.9 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

14.10 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing, and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this agreement; or
- (b) to show whether the party is complying with this agreement.

14.11 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

14.12 Costs

The parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this agreement and other related documentation except for stamp duty.

14.13 Duty

EZL:

- (a) must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this agreement or the Takeover Bid or the steps to be taken under this agreement or the Takeover Bid; and
- (b) indemnifies Hartleys against any liability arising from its failure to comply with clause 14.13(a).

14.14 Assignment

A party may not assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied in each case, without the prior written consent of the other party.

14.15 No representation or reliance

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement;
- (b) it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement; and
- (c) clauses 14.15(a) and 14.15(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

14.16 Governing law

This agreement is governed by and is to be construed according to the laws of Western Australia. Each party submits to the non-exclusive jurisdiction of the courts of Western Australia.

14.17 Counterparts

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

14.18 Knowledge and belief

Any statement made by a party on the basis of its knowledge, information, belief or awareness, is made on the basis that the party has, in order to establish that the statement is accurate and not misleading in any material respect, made all reasonable enquiries of its officers, managers and employees who could reasonably be expected to have information relevant to matters to which the statement relates.

SCHEDULE 1 – TIMETABLE

Date	Event
17 July 2020	Announcement Date
7 August 2020	Lodgement Date Date EZL lodges Bidder's Statement with ASIC and serves it on Hartleys and ASX
10 August 2020	Register Date Date set by EZL pursuant to section 633(3) of the Corporations Act
11 August 2020	Offer Date EZL despatch the Bidder's Statement to Hartleys Shareholders
Mid-to-late August	Date Hartleys lodges Target's Statement with ASIC and serves it on EZL and ASX
Mid-to-late August	Hartleys despatch the Target's Statement to Hartleys Shareholders.
14 September 2020	Offer Period ends (unless extended in accordance with the Corporations Act)

SCHEDULE 2 – BID CONDITIONS

Each of the Offers, and any contract resulting from acceptance of the Offers, are subject to the following conditions:

1. Minimum Acceptance

At or before the end of the Offer Period, EZL has a Relevant Interest in:

- (a) the number of Hartleys A Class Shares that represents at least 90% of the aggregate of all the Hartleys A Class Shares on issue (on a fully-diluted basis); and
- (b) the number of Hartleys E Class Shares that represents at least 90% of the aggregate of all the Hartleys E Class Shares on issue.

2. No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or ruling issued by any Government Authority;
- (b) no application is made to any Government Authority (other than by EZL or any associate of EZL);
- (c) no action or investigation is announced, commenced, or threatened by any Government Authority,

in consequence of or in connection with the Offers (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibit or impedes, or threatens to restrain, prohibit or impede, or materially impact on, the making of the Offers and the completion of any transaction completed by the Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of EZL's intentions expressed in the Bidder's Statement) or which requires the divestiture by EZL of any Hartleys Shares or any material assets of the Hartleys Group.

3. No Prescribed Occurrences

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive) no Prescribed Occurrence occurs other than a Prescribed Occurrence in connection with:

- (a) the satisfaction of Condition 6 (Amendment to Constitution); and/or
- (b) the completion of the Permitted Distribution (including any amendment to the Hartleys' constitution which is necessary or desirable in the context of implementing the Permitted Distribution).

4. No exercise of rights under certain agreements or arrangements

If between the Announcement Date and the end of the Offer Period (each inclusive) any person:

- (a) is entitled to exercise, or will as a result of the Takeover Bid or the acquisition of Hartleys Shares by EZL become entitled to exercise; or
- (b) purports to exercise, states an intention to exercise (whether or not that intention is stated to be final decision), or asserts the ability to exercise as a result of the Takeover Bid or the acquisition of Hartleys Shares by EZL,

any right under any provision of any agreement or other arrangement to which any member of the Hartleys Group is a party or to which any member of the Hartleys Group or any of its assets or businesses may be subject, which results in, or could result in:

- (c) any moneys borrowed by any member of the Hartleys Group being or becoming repayable or being declared repayable immediately or earlier than the repayment date provided for in such agreement or arrangement;
- (d) any such agreement or arrangement that imposes or may impose obligations or liabilities on any party of more than \$100,000 per annum or more than \$200,000 in total or that is otherwise material to the business of the Hartleys Group being terminated or modified or not renewed or the performance of any obligations under any such agreement or arrangement being accelerated; or
- (e) any assets of any member of the Hartleys Group, including any interest of any member of the Hartleys Group in any body corporate, trust, joint venture or other entity, being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, or any contractual arrangements relating to any such asset or interest, being terminated or modified, except in relation to the Permitted Distribution,

that person gives the relevant member of the Hartleys Group and EZL in writing a binding, irrevocable and unconditional release or waiver of that right.

5. Conduct of business

Between the Announcement Date and the end of the Offer Period (each inclusive), no member of the Hartleys Group:

- (a) announces, declares, determines to pay, makes or pays any dividend or other distribution (whether in cash or in specie);
- (b) incurs capital expenditure exceeding \$50,000 or, except in the ordinary course of trading, transfers or otherwise disposes of or creates any Encumbrance in respect of, assets having a value exceeding \$50,000;
- (c) acquires or disposes of any shares or other securities in any body corporate or any units in any trust, or substantially all of the assets of any business other than in the ordinary course of business, except where the aggregate consideration paid or received by all members of the Hartleys Group for all such acquisitions or disposals does not exceed \$50,000 or enters into, or terminates any participation in, any partnership, joint venture or similar commitment;
- (d) borrows an amount which when combined with all other amounts borrowed since the Announcement Date exceeds \$50,000 or enters into

- any swap, option, futures contract, forward commitment or other derivative transaction;
- (e) enters into, waives any material rights under, varies or terminates any contract, commitment or arrangement which may require annual expenditure by the relevant member of Hartleys Group in excess of \$50,000 or is otherwise of material importance to the business of the Hartleys Group;
 - (f) enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
 - (i) change the nature of the business conducted by the Hartleys Group; or
 - (ii) have a material adverse impact on the business conducted by the Hartleys Group;
 - (g) enters into, amends, or agrees to enter into or amend any contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act), or an associate of that related party, of Hartleys;
 - (h) other than in the ordinary course of business and consistent with past practice, Hartleys or any of its subsidiaries disposes of, acquires or agrees to dispose of or acquire, or creates or agrees to create an equity interest in respect of any assets (including, without limitation, under any joint venture or similar deed), properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the Hartleys Group, whether in one or more transactions, where the amounts or value involved in such transaction or transactions, commitments or series of commitments exceeds \$50,000 in aggregate;
 - (i) pays or agrees to pay the costs and expenses of all third party advisers to Hartleys Group in connection with the Takeover Bid where such costs and expenses exceed \$250,000;
 - (j) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including, without limitation, the vesting of any performance rights);
 - (k) increases the remuneration of, makes any bonus payment, retention payment or termination payment (being a payment which is in addition to their existing contractual entitlements) to, or otherwise changes the terms and conditions of employment of:
 - (A) any directors of Hartleys; or
 - (B) any employee of any member of the Hartleys Group whose total employment cost exceeds \$50,000.
 - (l) issues any securities convertible into Hartleys Shares;
 - (m) changes its constitution (including adopting a new constitution or modifying or repealing its constitution or a provision of it) or passes any resolution of shareholders or any class of shareholders, other than in connection with Condition 6;

- (n) commences, compromises or settles any litigation or similar proceedings for an amount exceeding \$50,000;
- (o) becomes Insolvent; or
- (p) agrees, conditionally or otherwise, to do any of the things referred to in paragraphs (a) to (o) above, or announces or represents to any person that any of those things will be done,

unless the doing of that thing:

- (q) relates to, or is in connection with implementing, the Permitted Distribution;
- (r) relates to, or is in connection with the payment of, the Permitted Interim Bonuses;
- (s) is authorised or otherwise permitted by the terms of this agreement (including under clause 5); or
- (t) was otherwise fairly disclosed to EZL by Hartleys before the Announcement Date.

6. Amendment to Constitution

The approval by Hartleys Shareholders in a general meeting duly convened by Hartleys of an amendment to the Hartleys constitution to permit a transfer of Hartleys Shares to EZL under the Takeover Bid.

7. Employment Agreements

- (a) Each of the Hartleys employees who are Hartleys Shareholders (excluding any of those Hartleys Shareholders that are the subject of the Agreed Redundancies) entering into an employment agreement (**Employment Agreement**) with EZL on terms consistent with the Employment Transition Principles Letter entered into between EZL and Hartleys on the date of this agreement (**Principles Letter**) and the following conditions precedent to the employment of those persons pursuant to those Employment Agreements being satisfied:
 - (i) the Offer becoming unconditional or being declared by EZL to be free of all Conditions;
 - (ii) the execution of a voluntary restriction deed prohibiting the transfer of a portion of the EZL Shares issued as consideration under the Offer on terms consistent in all material respects with the Principles Letter; and
 - (iii) the execution of a restraint deed in favour of EZL, Euroz Securities Limited and Hartleys containing the restraints described in the Principles Letter.
- (b) EZL will use its best endeavours (on its part) to negotiate and agree the terms of the Employment Agreements contemplated by this condition.

8. No inaccurate public information

EZL does not become aware, during the period between the Announcement Date and the end of the Offer Period (each inclusive) that:

(a) any document lodged by or on behalf of Hartleys with ASIC; or

(b) any other public statement made by or on behalf of Hartleys,

is inaccurate or misleading in any material way, including by omission.

9. No Hartleys Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no Hartleys Material Adverse Change occurs.

10. No breach of Representation or Warranty

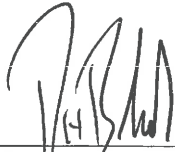
Between the Announcement Date and the end of the Offer Period (each inclusive), the warranties in clause 8.2 are true and correct in all material respects.

SCHEDULE 3 – PRESCRIBED OCCURRENCES

- (a) Hartleys converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act.
- (b) Hartleys or a Subsidiary resolves to reduce its share capital in any way.
- (c) Hartleys or a Subsidiary enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act.
- (d) Hartleys or a Subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option.
- (e) Hartleys or a Subsidiary issues, or agrees to issue, convertible notes.
- (f) Hartleys or a Subsidiary disposes, or agrees to dispose, of the whole or a substantial part of its business or property.
- (g) Hartleys or a Subsidiary grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property.
- (h) Hartleys or a Subsidiary resolves to be wound up.
- (i) A liquidator or provisional liquidator of Hartleys or a Subsidiary is appointed.
- (j) A court makes an order for the winding up of Hartleys or a Subsidiary.
- (k) An administrator of Hartleys or a Subsidiary is appointed under section 436A, 436B or 436C of the Corporations Act.
- (l) Hartleys or a Subsidiary executes a deed of company arrangement.
- (m) A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Hartleys or a Subsidiary.

EXECUTED by the parties as an agreement.

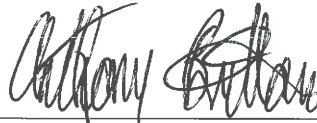
EXECUTED by)
EUROZ LIMITED)
ACN 000 364 465)
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)



Signature of director

ROBERT BLACIC

Name of director



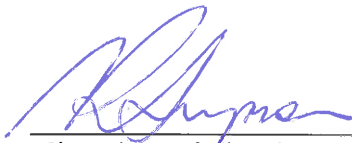
Signature of director/~~company~~
~~secretary*~~

Anthony Brittain

Name of director/~~company~~~~secretary*~~

*please delete as applicable

EXECUTED by)
HARTLEYS LIMITED)
ACN 104 195 057)
in accordance with section 127 of the)
Corporations Act 2001 (Cth):)



Signature of director

RICHARD SIMPSON

Name of director



Signature of director/~~company~~
~~secretary*~~

IAN PARKER.

Name of director/~~company~~~~secretary*~~

*please delete as applicable



ABN 53 000 364 465

17 July 2020

Euroz and Hartleys Sign Bid Implementation Agreement

Euroz Limited ("Euroz") (ASX: EZL) is pleased to provide the following update on its proposed merger with Hartleys Limited (**Hartleys**).

Euroz and Hartleys have today entered into a binding bid implementation agreement (**Bid Implementation Agreement**) whereby Euroz has agreed to make an off-market takeover offer in accordance with Chapter 6 of the Corporations Act to acquire 100% of the issued capital in Hartleys (**Offers**).

Under the Offers, holders of Hartleys shares will be entitled to receive 3.3033304 new Euroz shares (rounded up) for every Hartleys share accepted into the Offers. This equates to the issue of approximately 33 million Euroz shares as consideration for the acquisition of 100% of Hartleys, with Hartleys shareholders to own up to approximately 17% of the combined group.

The transaction is expected to be completed by October with the integration of the two businesses to commence shortly thereafter.

Details of the Offers

The Offers are subject to certain conditions including, without limitation:

- (a) a 90% non-waivable minimum acceptance condition;
- (b) no regulatory action on the part of any Government Authority (as defined in the Bid Implementation Agreement);
- (c) no Prescribed Occurrences (as defined in the Bid Implementation Agreement) other than transactions that are expressly permitted in the Bid Implementation Agreement;
- (d) the amendment of the Hartleys constitution to permit a transfer of Hartleys shares to Euroz;
- (e) the execution of employment agreements (containing restraints consistent with existing Euroz employee restraints) with each of the continuing Hartleys employees who are existing Hartleys shareholders, and those relevant Hartleys shareholders entering into separate restraints and also restriction arrangements in respect to a portion of the Euroz shares to be received as consideration under the Offers as outlined below;
- (f) no Hartleys Material Adverse Change (as defined in the Bid Implementation Agreement) occurs; and
- (g) no breach of Representation or Warranty (as defined in the Bid Implementation Agreement).

As mentioned above, a condition of the Offers is that continuing Hartleys employees who are existing Hartleys shareholders enter into restriction arrangements in respect to a portion of the Euroz shares received as consideration under the Offers as follows:

- (a) 12% of those consideration shares will be subject to a voluntary escrow period of 42 months from the Offers being declared unconditional; and

3470-4901-8896v1Level 18, Alluvion, 58 Mounts Bay Road, Perth WA 6000
Phone : (08) 9488 1400
Fax : (08) 9488 1477

(b) a further 12% of those consideration shares will be subject to a voluntary escrow period of 56 months from the Offers being declared unconditional.

These escrowed shares may be forfeited in certain circumstances relating to the resignation or termination of employment from Euroz within the relevant escrow periods. The escrow restrictions will however immediately be lifted in the event that the relevant employee is made redundant or has their employment terminated by Euroz (other than for cause).

Euroz and Hartleys have agreed to a deal protection regime including customary no shop and no talk restrictions, a right to match any superior offer and payment of an agreed break fee of A\$150,000 in certain circumstances.

Further details about the Offers, the conditions to the Offers and the proposed timetable to implement the transaction are set out in the Bid Implementation Agreement, which is annexed to this announcement in Annexure A, and will be set out in detail in the Bidder's Statement and Target's Statement. It is expected that Euroz's Bidder's Statement and Hartleys' Target's Statement will be released and sent to Hartleys' shareholders by mid-August.

Post Transaction

Following completion of the transaction, Hartleys will be renamed "Euroz Hartleys Limited" with the existing Euroz Securities business to merge with this rebranded entity.

A broad restructure of the Euroz Limited board will coincide with the completion of the transaction, with four of the existing board members of Euroz Limited to resign and existing Hartleys directors Richard Simpson and Ian Parker to join the Euroz Limited board. A recruitment process has been initiated to identify possible appropriate candidates to join the Euroz Limited board as Independent Directors.

Speaking on the transaction today, Euroz Executive Chairman, Andrew McKenzie, commented:

"This is a great outcome for both businesses. Euroz and Hartleys are highly complementary to one-another and our merger will create a financial services company with a strong balance sheet, critical scale, strong operational synergies, with solid recurring and transactional revenues. The merger of the two businesses will deliver a positive outcome for clients and shareholders alike and positions the businesses well for the future."

Hartleys Chairman, Ian Parker, said:

"The merger of Euroz and Hartleys provides an opportunity to build on our strong history of providing exceptional service to our clients. The combination of the two firms offers the opportunity for our entire team to expand our service offering to clients and we are confident in our ability to successfully integrate both businesses and our client focused cultures."

For further information please contact:

Andrew McKenzie
Executive Chairman
M: 0438 755 727
E: amckenzie@euroz.com

This announcement is authorised for release by the Board of Euroz.

