

E&P Financial Group Limited ACN 609 913 457

Supplementary Target's Statement in relation to 360 Capital's Offer

Your Directors continue to unanimously recommend that EP1 Shareholders should **REJECT** 360 Capital's Offer **BY TAKING NO ACTION**

The Offer Consideration is **fundamentally unattractive** given it is
predominantly TGP Stapled Securities.

The 360 Capital Offer **materially undervalues** EP1 given EP1's
medium- to long-term prospects.

SEE PART 2 OF THIS SUPPLEMENTARY TARGET'S STATEMENT

1. INTRODUCTION

This is a supplementary target's statement (**Supplementary Target's Statement**) given by E&P Financial Group Limited (**E&P**) under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

This Supplementary Target's Statement relates to and supplements E&P's Target's Statement dated 19 February 2021 and should be read together with that document.

Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning in this Supplementary Target's Statement. To the extent there is any inconsistency between the Target's Statement and this Supplementary Target's Statement, this Supplementary Target's Statement will prevail.

A copy of this Supplementary Target's Statement was lodged with ASIC and provided to ASX on 4 March 2021. Neither ASIC, ASX, nor any of their respective officers takes any responsibility as to the contents of this Supplementary Target's Statement.

This Supplementary Target Statement is an important document and requires your immediate attention. You should seek independent legal, financial, taxation or other professional advice before making a decision as to whether or not to accept the Offer.

If you have recently sold all of your EP1 Shares, please disregard this document.

2. THE EP1 BOARD REAFFIRMS THAT EP1 SHAREHOLDERS SHOULD REJECT 360 Capital's Offer

On 24 February 2021, 360 Capital declared its Offer is unconditional and extended the Offer Period until 31 March 2021. Your Directors firmly reiterate that EP1 Shareholders should **reject** 360 Capital's Offer.

Critically there have been no changes to the Offer nor any new information provided by 360 Capital that in any way alter your Directors' judgment that both (a) the Offer Consideration is **fundamentally unattractive** given it is predominantly TGP Stapled Securities and (b) the Offer **materially undervalues** EP1 given its medium- to long-term prospects.

- *The Offer Consideration is **fundamentally unattractive** given it is predominantly TGP Stapled Securities.*
 - 360 Capital has a substantially different investment profile than EP1, and its move to become a multi-asset class fund manager is embryonic and uncertain. In comparison, EP1 has a long history in operating as an integrated wealth management, institutional and corporate solutions, and funds management company.
360 Capital reported an operating profit after tax of \$0.5 million for 1H 2021, down 67% from 1H 2020.¹ EP1 reported adjusted NPATA of \$7.8 million for 1H 2021, up 29% from 1H2020.²
 - There is no strategic rationale or industrial logic for a combination with 360 Capital nor any clear financial benefits, such as synergies, for EP1 Shareholders.
360 Capital does not offer any wealth management or have scale in corporate and institutional services and its group executive management do not have a sustained track record or experience in either of these markets. E&P Wealth and E&P Capital are the core of EP1's standalone business model going forward, and there is considerable integration between the two segments as well as with E&P Funds
As previously advised, your Directors believe the medium-term growth of E&P Funds will be predominantly through direct equity funds. In contrast, 360 Capital only recently entered equity funds management, a market in which it is facing significant challenges (see below).
Given these facts, your Directors expect it is highly unlikely that there will be material synergies or other operational benefits from a combination that would put EP1 in a more advantageous position than continuing on an independent, standalone basis.
 - There are material integration and business risks associated with combining EP1 and 360 Capital, including 360 Capital's stated but undeveloped intention to sell between 40% and 80% of E&P Wealth and E&P Capital, which are likely to negatively impact the value of the Offer Consideration. Senior executives across all of EP1's operating segments have indicated a fundamental lack of support for the Offer.
An illustration of these risks can be seen in 360 Capital's apparent failure to successfully manage and integrate Ralton Asset Management, an equity managed accounts specialist that it acquired in February 2020. 360 Capital recently disclosed to the market that Ralton's funds under management decreased 75% from \$310 million to \$77 million over the past twelve months due to the departure of key personnel.³
Your Directors have concerns about the ability of 360 Capital to integrate a substantially larger and more complex business as well as to manage ongoing matters such as the ASIC Proceedings and client complaints and disputes, particularly when not supported by key EP1 executives. These risks are likely to have a materially adverse operational and financial impact on all three of EP1's segments and consequently negatively impact the value of TGP Stapled Securities after any combination of EP1 and 360 Capital.

- *The 360 Capital Offer **materially undervalues** EP1 given EP1's medium- to long-term prospects.*

Your Directors are optimistic about EP1's standalone prospects, particularly given the measurable progress to date. Having formed the view that there is no strategic rationale for a combination with 360 Capital nor clear financial benefits to EP1 Shareholders but rather a material risk that 360 Capital's strategy will erode value, your Directors unanimously believe EP1's standalone prospects will deliver superior value over the medium- to long-term to shareholders than the Offer.

Accordingly, your Directors continue to unanimously recommend that shareholders **REJECT 360 Capital's Offer.**

EP1 Shareholders should refer to Reasons 2 and 3 in Section 1 the Target's Statement for further details and note the key risks as set out in Section 6.7 in particular regulatory risk.

To **REJECT** 360 Capital's Offer, shareholders should **do nothing**. Ignore all documents from 360 Capital.

¹ See 360 Capital Appendix 4D for the half year ended 31 December 2020, released on 26 February 2021.

² See EP1 1H21 Results Presentation, released on 25 February 2021. Adjusted NPATA adjusts for the suspension of the ESP and businesses in wind-down (Dixon Projects) are provided to assist with like-for-like comparison with prior periods.

³ See 360 Capital HY21 Results Presentation, released on 26 February 2021.

3. RELIANCE ON ASIC CLASS ORDERS

As permitted by ASIC Class Order 13/521, this Supplementary Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. In accordance with this class order, the consent of 360 Capital or the ASX (respectively) is not required for the inclusion of such statements in this Target's Statement. Any E&P Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting E&P.

4. SHAREHOLDER ENQUIRIES

If you have any questions about the Offer, the Target's Statement or this Supplementary Target's Statement, please contact the Shareholder Information Line on 1300 158 729. The Shareholder Information Line is available Monday to Friday between 9.00am and 5.30pm (Sydney time).

5. APPROVAL

This Supplementary Target's Statement has been approved by resolution passed by the directors of E&P under section 645(3)(a) of the Corporations Act.

This Supplementary Target's Statement is dated 4 March 2021.

Signed for and on behalf of E&P Financial Group Limited.

A handwritten signature in black ink, appearing to read 'David Evans', with a long horizontal line extending to the right.

David Evans
Executive Chairman