



QMS Media Limited

ABN 71 603 037 341

214 Park Street

South Melbourne, VIC 3205

T +61 3 9268 7000

www.qmsmedia.com

ASX RELEASE

6 February 2020

GENERAL SCHEME MEETING - CHAIRMAN'S ADDRESS

In accordance with ASX Listing Rule 3.13, attached to this announcement is the Chairman's address which will be made at today's meeting of all QMS Shareholders other than the Rollover Shareholders (as defined below) (General Scheme Meeting), commencing at 10:00am (Melbourne time).

The slides accompanying the Chairman's address will be released simultaneously with this announcement.

A separate meeting of the Rollover Shareholders, being QMS Shareholders who are entities controlled by QMS Group CEO Barclay Nettlefold and QMS Australia CEO John O'Neill, will be held immediately following the General Scheme Meeting.

Director's recommendation and voting intentions

QMS' Board of Directors continues to unanimously recommend that QMS shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert appointed to assess the merits of the Scheme continuing to conclude that the Scheme is in the best interests of QMS shareholders (the **Qualifications**).

In respect of the recommendations of two QMS directors, Barclay Nettlefold and David Edmonds, QMS shareholders should have regard to the fact that, if the Scheme is implemented, they will each receive additional benefits that will not be received by other shareholders. These additional benefits are detailed in Section 2 of the Scheme Booklet relating to the Scheme which was dispatched to shareholders on 19 December 2019 and is available at www.qmsmedia.com/investors/quadrant-acquisition/.

Each Director of QMS (other than Barclay Nettlefold as noted below), intends to vote all the QMS shares held or controlled by them in favour of the Scheme, subject to the Qualifications.

Under a Voting and Rollover Agreement entered into between Barclay Nettlefold, BidCo and others, Barclay Nettlefold has unconditionally agreed to vote all the QMS Shares held or controlled by him in favour of the Scheme as long as that agreement remains operative.

Further information

QMS shareholders can obtain further information in relation to the Scheme by calling the QMS Shareholder Information Line on 1300 069 339 (within Australia) or +61 3 9415 4275 (outside Australia) between 8.30am and 5.00pm (Melbourne time) on business days.

For more information, please contact:

Malcolm Pearce
QMS Media Ltd
T: +61 3 9268 7000
malcolm.pearce@qmsmedia.com

About QMS

QMS Media Limited is a publicly listed company on the Australian Stock Exchange. QMS is a leading outdoor media company in Australia, New Zealand and Indonesia, specialising in premium landmark digital and static billboards, street furniture, sport, airport and transit media.

QMS three distinct business segments of QMS Australia, Mediaworks and QMS Sport continues to set QMS apart from the rest of the industry with each of the business segments having its own unique value proposition, growth profile and scalability.

CHAIRMAN'S ADDRESS

DECLARING THE GENERAL SCHEME MEETING OPEN

Good morning ladies and gentlemen and welcome to today's General Scheme Meeting.

My name is Wayne Stevenson. I am the Chairman of QMS Media Limited and I will be chairing today's General Scheme Meeting. It is my pleasure to welcome you all here today.

Before we commence proceedings, can I please ask you to kindly ensure that all mobile phones are turned off or switched to silent. Thank you.

On application by QMS, the Federal Court of Australia has ordered that this meeting, and the Rollover Shareholders Scheme Meeting (which will follow this General Scheme Meeting), be convened to give QMS shareholders the opportunity to consider and vote on a proposed scheme of arrangement between QMS and its shareholders.

Has everyone present registered their attendance with the Computershare staff at reception? If not, could you please do so now. If you would like to ask a question, you will need a yellow card or a blue card. If you would like to vote, you will need a blue card.

It is now 10.00am, being the scheduled commencement time for the General Scheme Meeting. The Company Secretary has confirmed that a quorum is present. I therefore declare the General Scheme Meeting of QMS Meeting Limited open.

INTRODUCTION

First, I would like to take the opportunity to introduce my fellow Directors and our Company Secretary.

From your right we have Mr Barclay Nettlefold, our Group Chief Executive Officer. Next to Barclay we have our Independent, Non-Executive Directors; Mr Bob Alexander and Ms Anne Parsons. Mr Ian Rowden has dialled into this General Scheme Meeting from the United States. Next to Anne is our Executive Director, Mr David Edmonds and our Company Secretary, Mr Malcolm Pearce.

Members of our QMS Executive Management team are seated in the front row, including Ms Kate Solomon, our Group Chief Financial Officer and Mr John O'Neill, our Chief Executive Officer for Australia.

Representatives are also present from:

- Our legal advisers – Lander & Rogers, represented by Mr Peter Monk and Mr Simon Davidson;
- Our financial adviser – CLSA, represented by Mr Bao Nguyen and his colleagues;
- Our share registry – Computershare, represented by Mr Peter Renda; and
- Our auditors – KPMG, represented by Ms Julie Carey, who will also be acting as the scrutineer for this General Scheme Meeting.

PURPOSE OF THE MEETING

The purpose of this meeting is for QMS shareholders (other than the Rollover Shareholders) to consider and, if thought fit, approve the proposed acquisition of all of the issued share capital of QMS by Shelley BidCo Pty Ltd under the Scheme.

If the Scheme is approved by the requisite majorities at both this General Scheme Meeting and the Rollover Shareholders Scheme Meeting to follow, and is implemented, Quadrant Private Equity will acquire all of the shares in QMS, through a special purpose company, Shelley Bidco Pty Ltd.

In consideration for the shares in QMS, QMS shareholders (other than the Rollover Shareholders) will receive a cash amount of \$1.22 for each QMS share they hold on the Scheme Record Date.

The Rollover Shareholders will receive a mixed consideration of cash and shares in the ultimate holding company of Shelley BidCo Pty Ltd, being an entity called Shelley Topco Pty Ltd.

Immediately following this meeting, QMS will hold a further meeting, for the Rollover Shareholders only (being entities related to Group Chief Executive Officer and Executive Director Barclay Nettlefold and an entity related to QMS Australia Chief Executive Officer John O'Neill) at which the Rollover Shareholders will have an opportunity to vote on the Scheme.

Two Scheme Meetings are being held given that the rights of the Rollover Shareholders under the Scheme are sufficiently different from the other shareholders, such that the Rollover Shareholders constitute a separate class of members for the purpose of voting on the Scheme. The orders made by the Federal Court of Australia provide for the holding of these two Scheme Meetings.

The rights of the Rollover Shareholders are different from those of the other shareholders because under the terms of the Scheme, the Rollover Shareholders may elect to receive shares in Shelley Topco Pty Ltd for a number of their QMS Shares, whereas the other shareholders may not.

The Rollover Shareholders have agreed to vote in favour of the Scheme and make an election to receive shares in Shelley Topco Pty Ltd as consideration for some of their QMS Shares under voting and rollover agreements.

These agreements have been disclosed on the ASX and described further in the scheme booklet accompanying the notice of meeting for this meeting.

This General Scheme Meeting provides an opportunity for all QMS shareholders who are not Rollover Shareholders to consider the proposed acquisition and to ultimately determine whether or not it should proceed.

GENERAL SCHEME RESOLUTION

The General Scheme Resolution, as set out in the Notice of General Scheme Meeting, is as follows:

“That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth):

- a. the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of General Scheme Meeting forms part) is agreed to (with or without any modifications, alterations or conditions agreed in writing between QMS and BidCo and approved by the Court or any modifications, alterations or conditions as thought just by the Court to which QMS and BidCo agree in writing); and
- b. the directors of QMS are authorised, subject to the terms of the Scheme Implementation Deed:
 - i. to agree to any modifications, alterations or conditions with BidCo;
 - ii. to agree to any modifications, alterations or conditions as are thought just by the Court; and
 - iii. subject to approval of the Scheme by the Court, to implement the Scheme with any such modifications, alterations or conditions.”

DIRECTOR'S RECOMMENDATION

QMS' directors have considered the advantages and disadvantages of the Scheme. These considerations are set out in the Scheme Booklet.

After such consideration, the QMS directors unanimously recommended (and continue to recommend) that QMS Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of QMS Shareholders.

In respect of the recommendations of Barclay Nettlefold and David Edmonds, QMS Shareholders should have regard to the fact that if the Scheme is implemented:

- Barclay Nettlefold will receive the following additional benefits:
 - 592,463 QMS Performance Rights held by him will vest and as a result he will receive an additional 592,463 QMS Shares for which he will be entitled to receive Cash Consideration of \$722,804;
 - he will remain as a director of QMS; and
 - his controlled Rollover Shareholders will, pursuant to the Election made in accordance with the Nettlefold Voting and Rollover Agreement, receive shares in Shelley Topco Pty Ltd (the ultimate holding company of BidCo) instead of Cash Consideration for 32,786,885 of the 46,238,471 QMS Shares held by them (equating to \$40 million in value), allowing him to participate in the future value of QMS; and
- David Edmonds will receive an additional benefit in the form of the vesting of 287,569 of QMS Performance Rights held by him and as a result he will receive an additional 287,569 QMS Shares for which he will be entitled to receive Cash Consideration of \$350,834.

Further details of these additional benefits can be found in Section 2 of the Scheme Booklet.

Since the announcement of the Scheme, your directors have not received any alternative approaches or proposals for QMS.

INDEPENDENT EXPERT

QMS appointed Lonergan Edwards & Associates Limited as the Independent Expert to assess the merits of the Scheme for QMS Shareholders.

The Independent Expert has concluded that, based on the Cash Consideration, the Scheme is fair and reasonable and, therefore, in the best interests of QMS Shareholders in the absence of a superior proposal.

The Independent Expert assessed the value of QMS on a 100% controlling interest basis at between \$1.12 and \$1.29 per QMS share. The total cash consideration payable under the Scheme of \$1.22 per QMS share is within this valuation range.

The Independent Expert has not made any assessment, based on the Scrip Consideration, of whether the Scheme is fair and reasonable and in the best interest of the Rollover Shareholders in the absence of a Superior Proposal.

SCHEME CONDITIONS

Implementation of the Scheme is subject to a number of conditions. These are outlined in section 5.5.1 of the Scheme Booklet.

The regulatory conditions, namely the approval of the Scheme by the Foreign Investment Review Board and the New Zealand Overseas Investment Office, have been satisfied.

The other key conditions which remain outstanding at this time are:

- the approval of the Scheme by QMS shareholders, which is why we are holding this meeting and the Rollover Shareholders Scheme Meeting today; and
- the approval of the Scheme by the Federal Court of Australia, which will be sought following today's meetings in the event QMS shareholders approve the Scheme.

Your directors are not aware of any circumstances to date which would prevent any of the other outstanding customary conditions outlined in the Scheme Booklet from being satisfied.

IMPLEMENTATION TABLE

If the Scheme is approved by QMS shareholders at today's meetings, the expected next key dates in the Scheme timetable are:

- on 10 February 2020, QMS will seek the approval of the Scheme from the Federal Court of Australia;
- if the Court approves the Scheme and makes the orders sought, then on 11 February 2020 QMS will lodge with the Australian Securities and Investments Commission and the ASX, a copy of the Court's orders and the Scheme will become effective. Trading in QMS shares on the ASX will be suspended at the close of trading on the ASX on that day; and
- the Scheme Record Date for the Scheme will be 5:00pm (Melbourne time) on 14 February 2020. QMS shareholders who hold QMS shares on the Scheme Record Date will be entitled to receive the Scheme Consideration in respect of their holding at that time.

With this background, we will now move on to the formal business of the meeting.