Mr Andrew Formica
Chairman Magellan Financial Group
Wednesday, March 25, 2026

CC All SPP decision-makers

Sent by email at 1pm on March 25 2026 to s.mosse@magellanfinancialgroup.com and mfgcompany.secretary@magellangroup.com.au

Dear Mr Formica,

I'm a small Magellan shareholder, who also advocates more generally for retail shareholder rights, and am writing to you on behalf of the circa 43,000 retail shareholders who are eligible to apply to participate in the SPP, which closes on March 25. I don't have your direct email address so am sending this to company secretary Sam Mosse and request that this letter be forwarded to all relevant decision makers (including the directors) on the forthcoming SPP allocation decision and outcome announcement. Could Sam please confirm by reply email that this has happened.

This is what I've currently got about your raising on my public master list summarising all capital raisings above $15 million by ASX listed companies since March 2020:

March 25, 2026: Magellan Financial Group (MFG): announced a $130m placement at the market price of $8.45, to be followed by a $20m SPP, in order to help fund its $903m purchase of the shares in Barrenjoey it doesn't already own which values the boutique investment bank at $1.616 billion. It's largely a paper takeover but Magellan is raising the cash to directly buy a 10% stake in Barrenjoey from Barclays for $148.9 million. See transaction presentation. The stock soared when trading resumed on March 3 so it looks like the SPP will be well supported. There was no transparency on the allocation policy for the placement but they said new shareholders were accepted. They sure were as the Lowy family emerged with 5.1% after being allocated $79m of the $130m placement, a disclosure which put a rocket under the stock. Just like when Macquarie raises capital, there were no ticket clippers at all, pointing to how others in the market should raise capital. The latest Magellan annual report says is has 43,173 shareholders so the theoretical maximum in SPP applications is a whopping $1.295 billion. They should at least be given the same $79m allocation as the Lowys who were $20.4m or 26% in front after less than a week with the stock at $10.63 on March 10. Wrote to them on March 25 requesting an expansion of the SPP.

ENDs

This issue also came up with a listener question to The Money Café podcast which I do once a fortnight with Alan Kohler. Below is an extract from the transcript of the March 11 show detailing what was said.

Alan Kohler: Julian from Elsternwick, "Love the show. On Monday, Magellan Financial Group announced a merger with Barrenjoey, alongside a $150 million capital raising comprising a $130 million placement and a $20 million share purchase plan, the SPP. The SPP was capped at $30,000 dollars per investor, regardless of shareholding. Why was the SPP such a small component of the raising? The structure appears to favour institutional investors via the placement over existing shareholders, many of whom, particularly those who invested between 2015 and early 2022, are likely sitting on losses." This is up your alley, Stephen.

Stephen Mayne: Alan, this has got it all, I'm all over it. When Julian says that $130 million went to institutional investors, there's one particular institutional investor, the Lowy Family of Westfield fame, worth $10 billion dollars. They were allocated $79 million dollars of the $130 million dollar placement. They got a majority of the placement at $8.45 and the shares were yesterday, $10.63. The Lowy Family have been given a cheap entry to 5.1 per cent of the stock, they're already more than $20 million in front of this and the 43,173 retail shareholders are being told that they are only going to get $20 million between them at $8.45 and if all of them apply, that will be $1.3 billion dollars of applications chasing a miserable $20 million.

This is a classic example of who you know, big end of town, selective capital raisings, going to the favoured few and squeezing out the ordinary retail punter. I will be writing to my friends at Magellan and advising that they uncap the SPP and accept all applications from retail shareholders, even if it's $300 million, because there's such a long history of retail being sharp, that at least we've been offered an SPP. But really, $20 million against $130 million for the big end of town and one privileged rich-lister getting $79m of that when they weren't a shareholder before and they've suddenly got 5 per cent, they're already $20 million in front in a week! Anyway, is that a rant?

Alan Kohler: Well, yeah, and you might even show up at their annual meeting more in anger than sorrow, perhaps?

Stephen Mayne: Well, I did look at nominating for the board at their upcoming EGM in Sydney, but their nominations had already closed, so I will be writing to them saying, there may well be a board nomination later in the year, unless they treat retail shareholders fairly by lifting the cap and that normally works. Watch this space to see how much people apply for and how much they accept, because it's well in the money, which normally leads to a deluge of applications. But at least the stock has gone up. They've announced this merger, Barrenjoey and Magellan, the market loves it, the stock's gone up 20 per cent. So, at some levels, we're complaining about who gets the benefits of value creation. So, well done on a good deal to get the stock up, but you're not sharing the spoils equally and particularly that selective placement to the Lowy Family looks like a special connected deal when existing shareholders of Magellan should have been given that $130 million dollar placement on a pro rata basis, not some non-shareholder getting in at the ground floor at $8.45 when the stock's at $10.63.

Alan Kohler: Well said, Stephen.

ENDS

In terms of what happens this week, firstly, thank you for including the $20 million SPP in the raise. This is clearly better than this long list of companies which have done stand-alone placements with no SPP at all.

However, the proposed $20 million SPP component is clearly way too small relative to the $130 million institutional placement, particularly given the size of your register. If just 666 or 1.54% of your 8,068 shareholders apply for the maximum $30,000, that will soak up the entire $20 million SPP allocation. I believe the allocation to retail of just 13.3% of a $150 million capital raising should be substantially lifted, assuming there are surplus applications.

There are many precedents for this and it would be great if Magellan was to join this long list of almost 50 examples of companies which completely uncapped their SPPs in the face of strong retail shareholder demand and in order to avoid imposing any form of scale back. Such a move would also provide some tiny compensation to retail shareholders as a class who have been diluted out of tens of billions of dollars since the GFC by Australia's anything goes public company capital raising system, in which the biggest losers are the inert retail shareholders who don't participate in non-renounceable offers or SPPs, in addition to the victims of standalone placements with no SPP at all.

From a retail shareholder perspective, the next best alternative after complete uncapping is partially lifting the SPP cap but still imposing a scale back, as has also been done previously by many companies – see this long list of almost 50 examples.

I believe a fair increase in the Magellan SPP cap would be to $130 million so that both your retail and professional shareholders receive the same overall allocation.

If there is going to be a scale back, there should ideally be a minimum allocation such as $500 or 100 shares for all applicants, in order to reduce the number of holders with an unmarketable parcel. Here is a list of 19 examples of capital raisings by ASX listed companies where there was a minimum allocation before a pro-rata scale back was applied. After that, a pro rata allocation based on size of holding is fair.

Alternatively, you could choose to favour your smaller and poorer retail shareholders by scaling back based on size of application like the many companies on this list.

Whatever you do, please spell out the scale back formula clearly in the SPP outcome announcement, preferably with a table similar to what QBE Insurance produced in this 2009 ASX announcement.

In terms of the outcome announcement, please follow the best practice transparency demonstrated by companies on this list. For the avoidance of doubt, here are some words to demonstrate how it might read.

"The Magellan SPP was open to 42,195 eligible shareholders and the company received applications totalling $127.2 million from 7,797 holders, a participation rate of 18.47%."

Once again, I would appreciate an acknowledgment that this email has been received and forwarded to the relevant parties and look forward to seeing the ASX announcement early next week about the hopefully expanded and uncapped SPP.

I will be commenting about your decision on Twitter, in my next *Intelligent Investor* column (see previous 200-plus columns) and also will raise the issue at the upcoming April 10 EGM in Sydney, which I'll be attending in person.

If you would like to discuss this matter, feel free to contact me via this email address.

Thank you for your consideration.

Kind regards
Stephen Mayne
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