



HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

13 March 2017

Market Announcements Office
ASX Limited
Level 5, 20 Bridge Street
Sydney NSW 2000

Market update in relation to takeover offers and Pengana merger

Update on WHSP Cash Offer

WHSP Hunter Hall Pty Ltd ACN 616 648 241 (**WHSP Bidder**), a directly wholly owned subsidiary of Washington H. Soul Pattinson and Company Limited ACN 000 002 728 (**WHSP**), today lodged a seventh Supplementary Bidder's Statement in relation to its takeover offer to acquire all of the shares in Hunter Hall International Limited (**Hunter Hall**) which are not already owned by WHSP (**WHSP Cash Offer**).

Under the (revised) WHSP Cash Offer:

- the offer period has been extended to 7.00pm on Tuesday 21 March 2017 (unless extended); and
- the offer consideration comprises a conditional and unconditional offer price whereby:
 - o the unconditional offer price is \$2.00 cash per Hunter Hall share; and
 - o the conditional offer price will be \$2.60 cash per Hunter Hall share, provided that WHSP reaches a relevant interest in at least 44% of Hunter Hall shares before 7.00pm on Tuesday 21 March 2017 being the date in which the WHSP Cash Offer is scheduled to close (unless extended) (WHSP currently has a relevant interest in approximately 20.18% of Hunter Hall shares).

Update on Pinnacle Cash Offer

As previously announced, on 20 February 2017, Pinnacle Investment Management Group Limited (**Pinnacle**), through its wholly owned subsidiary Pinnacle Ethical Investment Holdings Limited ACN 616 932 711 (**Pinnacle Bidder**), announced an intention to vary its takeover offer to acquire all of the shares in Hunter Hall (**Pinnacle Cash Offer**).

The (revised) Pinnacle Cash Offer consideration comprises a conditional and unconditional offer price whereby:

- the unconditional offer price is \$2.00 cash per Hunter Hall share; and

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- the conditional offer price will be \$2.40 cash per Hunter Hall share, provided that the Pinnacle Bidder reaches a relevant interest in at least 24% of Hunter Hall shares prior to the scheduled offer closing (being 7.00pm on Wednesday 15 March 2017 unless extended) (Pinnacle Bidder currently has a relevant interest in approximately 0.08% of Hunter Hall shares).

Proposed Pengana Merger

As announced on 9 March 2017, Hunter Hall has entered into an agreement with certain shareholders of Pengana Holdings Pty Ltd (**Pengana**), under which it is proposed that Hunter Hall will acquire all the issued share capital of Pengana (**Pengana Shares**) from the Pengana shareholders in return for the issue of shares in Hunter Hall (**Pengana Merger**). Under this agreement, each Pengana shareholder will receive approximately 120.2 Hunter Hall shares for every one Pengana share. You do not need to sell your Hunter Hall shares if the Pengana Merger is approved.

Following the Pengana Merger, Hunter Hall shareholders will own approximately 27% and Pengana shareholders will own approximately 73% of the issued equity of Hunter Hall, comprising approximately 101.5 million shares post transaction.

The combined entity had in excess of \$3 billion in funds under management and approximately \$60 million in pro forma net cash and investments as at 28 February 2017 (after adjusting for transaction costs, other extraordinary expenses and one-off items including approximately \$29 million pertaining to various employee loan plans designed to promote alignment between key executives and shareholders).

The board of Hunter Hall intends to unanimously recommend that shareholders vote in favour of the Pengana Merger subject to no superior offer emerging and the independent expert concluding that the Pengana Merger is fair and reasonable to Hunter Hall shareholders.

The board of Hunter Hall has appointed Leadenhall Corporate Advisory Pty Ltd (**Independent Expert**) to prepare an independent expert report (**IER**) to advise whether, in the Independent Expert's opinion, the Pengana Merger is fair and reasonable to Hunter Hall shareholders.

Hunter Hall will distribute an explanatory memorandum containing all the information required for Hunter Hall shareholders to assess and vote on the Pengana Merger at a general meeting expected to take place in May 2017. The explanatory memorandum, which is anticipated to be distributed to Hunter Hall shareholders by mail in April 2017, will include the IER.

Recommendation & Other Important Information

The Independent Directors of Hunter Hall have carefully considered the revised WHSP Offer and Pinnacle Offer and continue to recommend that you **REJECT** both takeover offers as they consider the Pengana Merger represents a materially superior proposal for Hunter Hall shareholders and that these takeover offers continue to undervalue your Hunter Hall shares.

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Both the WHSP Offer and Pinnacle Offer represent a discount to the estimated fair market value of Hunter Hall shares which has been assessed by the independent expert (as set out in the Target's Statements which have previously been sent to Hunter Hall shareholders) to be \$2.75 to \$3.20 per Hunter Hall share.

To **REJECT** the takeover offers, Hunter Hall shareholders do not need to do anything. As such, **NO ACTION** is required by Hunter Hall shareholders at this time.

The directors are being advised by K&L Gates as legal advisor and Moelis & Company as financial advisor.

Yours sincerely

Kevin Eley
Non-executive Chairman

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