



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

26 May 2017

Update on proposed sale of stake in JB Financial Group

Henry Morgan Limited (ASX: HML) (**Company**) refers to previous market announcements regarding JB Financial Group Ltd (**JB Financial**). JB Financial is a financial services company with established and profitable broking and foreign exchange arms, and an expanding FinTech Services division. In particular, the Company refers to its announcement of 16 May 2017, which outlined its intention to rebalance its Portfolio by selling approximately \$5 million worth of shares in JB Financial prior to 30 June 2017.

The Company advises that it has been approached by John Bridgeman Limited and its related parties (including Stuart McAuliffe) (**John Bridgeman Group**), to acquire 100% of the shares held by Henry Morgan Limited in JB Financial (**JB Financial Stake**). This proposal has been made on the following key terms:

- (a) \$7.90 per share for the JB Financial Stake (ie. an aggregate of \$42,265,000), with 50% (being \$21,132,500) payable in cash on completion of the transaction and the balance \$21,132,500 being payable 12 months from completion. This represents an approximate 29% premium over the price of \$6.14 per share at which shares in JB Financial were most recently issued;
- (b) If by the one year anniversary of the completion of the transaction, an initial public offering of the shares in JB Financial (or a special purpose holding company formed for the purpose of that offering) accompanied by a listing of the company on an Australian stock exchange or the sale of all or substantially all of the shares in JB Financial completes and the value per share of shares in JB Financial is demonstrated by that liquidity event to have increased by more than 10% of \$7.90 (**Minimum Threshold**), the John Bridgeman Group will pay Henry Morgan Limited an amount equivalent to 50% of the increase in value above the Minimum Threshold;
- (c) In the event that an independent expert places a value on the JB Financial Stake which is greater than the price per share specified under paragraph (a) above, the John Bridgeman Group will consider increasing the consideration payable under paragraph (a) to an amount equal to at least the preferred value attributed to the JB Financial Stake by the independent expert.

The proposed sale of the JB Financial Stake would be subject only to the following:

- completion of a due diligence investigation which is in all respect satisfactory to the John Bridgeman Group;
- the negotiation and execution of the relevant transaction documents;
- the parties obtaining all relevant regulatory approvals and the consent of shareholders to the sale and acquisition of the JB Financial Stake in accordance with all applicable regulatory requirements, including the requirements of the ASX Listing Rules, the NSX Listing Rules (if relevant) and the applicable provisions of the *Corporations Act 2001*; and
- Henry Morgan Limited and, if necessary, the John Bridgeman Group, obtaining an independent expert's report in respect of the value of the JB Financial Stake and otherwise in accordance with the requirements of the ASX and NSX Listing Rules.

Henry Morgan Limited has appointed Peter Burge of Hopgood Ganim to advise on the transaction.



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

The Board of Henry Morgan Limited (**Board**) makes no recommendation to shareholders as to the proposed transaction at this time. The Board has determined to appoint two independent directors to Henry Morgan Limited, and proposes the independent directors appoint an Independent Expert to prepare an Independent Expert's Report (**IER**) as to whether or not the proposed transaction is fair and reasonable as regards the independent/non-aligned shareholders.

This IER will accompany any meeting materials to be sent to shareholders seeking consideration and if thought fit, approval for the transaction.

The Board notes that, if the proposed transaction is approved and implemented, the pre-tax NTA of the Company would increase to \$2.517 (based upon the Company's NTA as at the date of this announcement).

Further disclosure will be made as details become more certain.

ENDS

Stuart McAuliffe
Managing Director
Henry Morgan Limited