



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

25 August 2017

Business Update – Bartholomew Roberts Ltd

The Board of Henry Morgan Limited (ASX:HML) ('HML') is pleased to announce that Birdzz Pty Ltd ('Birdzz') has entered into an International Multiple Unit Franchise Agreement ('the Agreement') with Wingstop Restaurants Inc. ('Wingstop') to act as master franchisee in Australia and New Zealand for the Wingstop brand of restaurants. Birdzz Pty Ltd is wholly owned by Bartholomew Roberts Ltd ('BRL'). Henry Morgan Limited holds a 37.29% equity interest in BRL. The obligations of Birdzz under the Agreement are guaranteed by BRL.

Pursuant to the terms of the Agreement, Birdzz has paid a territory fee to Wingstop of US\$1.1 million. The Agreement provides that over the next 10 years, Birdzz will have the exclusive rights (and the obligation), to open 110 Wingstop restaurants across Australia and New Zealand. Birdzz must open four restaurants prior to 31 December 2018. Birdzz plans to open the first restaurant in Brisbane during the first half of 2018. In addition to these terms, the Agreement contains commercially confidential terms typical for franchise agreements of this nature, including terms dealing with the various amounts payable under the Agreement to Wingstop by Birdzz (including franchise fees payable in respect of each restaurant to be opened and royalty fees on gross sales), the right of Birdzz to sub-franchise certain stores, recipes and in-store processes to be followed by Birdzz.

Birdzz has obtained a one year convertible loan from John Bridgeman Limited ('JBL') for \$990,000 with an interest rate of 9.65% pa to assist Birdzz in undertaking this acquisition. JBL's loan is convertible at JBL's discretion into Birdzz fully paid ordinary shares. The conversion price is to be determined by agreement between JBL and Birdzz, or if agreement cannot be reached within 5 business days, at the issue price per share at which Birdzz last issued shares.

HML is not in a position to indicate what impact if any, the future development of this business will have on HML's financial position or the net tangible asset of its securities. HML makes this announcement at this stage in time for information purposes only.

HML notes that Stuart McAuliffe, managing director of Bartholomew Roberts Ltd said,

"This is a very exciting project for our food and beverage team. The chicken category is still to some degree under-served in Australia, and our research indicates that Wingstop's proven success can be replicated in Australia and New Zealand. We have undertaken due diligence and planning over the last year to maximize this opportunity. The team's burgeoning food and beverage management experience combined with its established real estate skills and financial management, places us in a strong position to rapidly expand the Wingstop brand".

HML further notes that Larry Kruguer, president of international at Wingstop, said, *"Our expansion into Australia and New Zealand is an exciting step as we grow our brand internationally and continue on our mission to serve the world flavor. Stuart and his team have been very successful and have begun focusing attention in the local food and beverage sector by introducing great American fast casual brands like ours. Australia is a major consumer of chicken, and our uniquely flavored wings provide a differentiated offering in the market."*

About Wingstop*

Founded in 1994 and headquartered in Dallas, Texas, Wingstop Inc. (NASDAQ:WING) operates and franchises more than 1,000 locations across the United States, Mexico, Singapore, the Philippines,



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Indonesia, the United Arab Emirates, Malaysia and Saudi Arabia. Openings in Australia and New Zealand will mark the eleventh and twelfth international markets outside of the United States; and the sixth and seventh new markets announced over the past 12 months. Wingstop Inc. recently opened the first Wingstop locations in Malaysia and Saudi Arabia.

The Wing Experts' menu features classic and boneless wings with 11 bold, distinctive flavours including Original Hot, Cajun, Atomic, Mild, Teriyaki, Lemon Pepper, Hawaiian, Garlic Parmesan, Hickory Smoked BBQ, Louisiana Rub, and Mango Habanero. Wingstop's wings are always cooked to order, hand-sauced and tossed and served with a variety of house-made sides including fresh-cut, seasoned fries. Having grown its domestic same store sales for 13 consecutive years, Wingstop has been ranked #3 on the "Top 100 Fastest Growing Restaurant Chains" by Nation's Restaurant News (2016), #7 on the "Top 40 Fast Casual Chains" by Restaurant Business (2016), and was named "Best Franchise Deal in North America" by QSR magazine (2014). Wingstop was ranked #88 on Fortune's 100 Best Medium Workplaces list in October 2016. You can follow Wingstop on facebook.com/Wingstop and Twitter @Wingstop.

** Information about Wingstop is based on information provided by and publicly announced by Wingstop Inc. Henry Morgan Limited makes no representations, recommendations or warranties in relation to the accuracy of the information provided by Wingstop.*

ENDS

Stuart McAuliffe
Managing Director
Henry Morgan Limited