



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

30 November 2017

Henry Morgan Limited and John Bridgeman Limited execute Share Sale and Put & Call Option Agreement

Henry Morgan Limited (ASX: HML) (**Henry Morgan** or **Company**) refers to its previous market announcements regarding the proposal by John Bridgeman Limited (**John Bridgeman** or **JBL**) and its related parties to acquire 100% of the shares held by Henry Morgan in JB Financial Group Ltd (**JB Financial**) (**Proposal**).

Henry Morgan is pleased to announce that following extensive negotiations between the committees of independent directors of each of Henry Morgan and JBL, HML and JBL have today signed a binding share sale and put and call option agreement (**SSA**) which includes the following revised terms:

- (a) JBL will buy 50% of Henry Morgan's shareholding in JB Financial (2,675,000 shares) (**Tranche 1 Shares**) at \$7.90 per share (i.e. for a total of \$21,132,500);
- (b) If by the one year anniversary of the completion of the sale of the Tranche 1 Shares (**Completion Date**):
 - i. 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 has occurred; or
 - ii. the sale of all or substantially all of the shares in JB Financial completes, and the value of each JB Financial share is demonstrated by that liquidity event to have increased by more than 10% of \$7.90 (**Minimum Threshold**), JBL will pay Henry Morgan an amount equivalent to 50% of the increase in value above the Minimum Threshold in respect of the Tranche 1 Shares;
- (c) A put and call option be provided in respect of 25% of Henry Morgan's shareholding in JB Financial (1,337,500 shares) (**Tranche 2 Shares**), pursuant to which:
 - i. JBL may call for the Tranche 2 Shares from Henry Morgan at any time during the 18 months following the Completion Date (**Call**);
 - ii. Henry Morgan may put the Tranche 2 Shares to JBL commencing on the date that is 12 months after the Completion Date and ending 18 months following the Completion Date (**Put**); and
 - iii. On exercise of the Put or Call, the price per Tranche 2 Share will be:
 - i. the fair value determined by independent valuation; or
 - ii. where the Tranche 2 Shares have been quoted for a minimum of three months on an Australian Stock Exchange (and not suspended from trading), the volume weighted average market price of the JB Financial Shares over the preceding period of 20 trading days; and
- (d) If between the date of the SSA and 18 months following the Completion Date, Henry Morgan wishes to transfer:
 - i. the JB Financial Shares (1,337,500 shares) which it retains;
 - ii. any additional JB Financial Shares that it acquires; or
 - iii. any shares it has received in a special purpose holding company formed for the purpose of an initial public offering of the shares in JB Financial that were issued in



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exchange for the shares in sub-paragraphs i. and/or ii. above,
it must first offer such shares to JBL
(the **Transaction**).

Completion of the Transaction under the SSA is subject to certain conditions precedent, including:

- (a) JBL completing an equity capital raising (by way of private placement of its shares) in an amount sufficient to complete the acquisition of the Tranche 1 Shares;
- (b) Nothing coming to the attention of JBL's Independent Directors as a result of their legal due diligence that is reasonably likely to have a material adverse effect on the financial position of JB Financial (by 31 December 2017);
- (c) Receipt of an Independent Expert Report which confirms the Transaction is fair and reasonable to:
 - i. in the case of HML, the HML shareholders; and
 - ii. in the case of JBL, the JBL shareholders,
- (d) HML and JBL obtaining all Shareholder approvals necessary to effect the Transaction; and
- (e) Regulatory approvals.

Indicative Timetable

The SSA contemplates satisfaction of the conditions precedent by 30 April 2018 (save where otherwise stated). On this basis, and subject to the satisfaction or waiver of the conditions precedent under the SSA, HML currently anticipates completion under the SSA will occur in or about April/May 2018.

The Company appreciates the patience of its shareholders during this process and will continue to update shareholders as the Transaction progresses.

ENDS

Kevin Mischewski

Company Secretary

Henry Morgan Limited