

13 June 2018

Clarification regarding proposed convertible note

Benjamin Hornigold Ltd (ASX: BHD) (**Benjamin Hornigold** or **BHD**) wishes to respond to shareholder queries regarding the proposed convertible note transaction with JB Trading House Pty Ltd (**JB Trading House**) (**Convertible Note**), announced to the market on 6 June 2018.

Benjamin Hornigold provides the following summary of the current proposal:

- Benjamin Hornigold has been offered an arrangement under which it trades exclusively through JB Trading House subsidiaries (JB Markets Pty Ltd, JB Alpha Ltd and Genesis Proprietary Trading Pty Ltd) in consideration for the Convertible Note;
- Benjamin Hornigold will not provide cash to JB Trading House in return for the Convertible Note;
- BHD's financial resources will not be at risk as the only consideration for the Convertible Note is the exclusive trading arrangement;
- there will be no minimum trading requirements imposed on Benjamin Hornigold;
- the transaction documents will set out minimum service levels to be met by JB Trading House;
- the Convertible Note will have a face value of \$13.5 million;
- the Convertible Note will have a term of four (4) years, unless converted early (see below);
- Benjamin Hornigold will be paid a coupon of 4.1% per annum on the Convertible Note, and hold security over JB Trading House;
- Benjamin Hornigold may elect to either:
 - at any time within four (4) years of the date of issue of the Convertible Note, convert all or part of the Convertible Note into stock in JB Trading House at a price which represents a 40% discount to the valuation of JB Trading House; or
 - after four (4) years from the date of issue of the Convertible Note, be paid \$13.5 million by JB Trading House in cash;
- a committee of independent directors (**Committee**) has been established, and has appointed an independent expert to provide an opinion on the proposed transaction.

Stuart McAuliffe, Executive Chairman, said, "The Board supports the Committee in briefing advisors and considering the proposed transaction. Benjamin Hornigold is a substantial market participant, particularly in respect of FX derivatives. It is also prepared to take directional risk in these markets around global macro strategy. In recent years, investment and commercial banks have reduced their participation in these markets for various reasons. This has enabled a number of non-bank liquidity providers to take market share and build substantial capital value. BHD is a participant in these markets. Under the terms of the proposed transaction, for no additional capital risk, Benjamin Hornigold could potentially profit as a liquidity provider as well as pursue its global macro hedge fund strategy. We look forward to the Committee's recommendation in due course."

Further details will be provided as they become available.

ENDS

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