



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

9 July 2018

Update on JB Financial Group transaction

Key updates:

- On 11 May 2018, Henry Morgan entered into a binding term sheet with JB Financial Group to enable the disposal of its interests in all unlisted assets for a total combined consideration of \$79.16 million cash¹.
- Having considered commercial, accounting, taxation and legal advice, Henry Morgan signed an Implementation and Put Option Agreement with JB Financial Group reflecting the key terms and conditions of the proposed transaction².
- Formal convertible note documentation has now been signed reflecting the terms and conditions of the proposed transaction.
- The Independent Committee of Directors is currently finalising the meeting material with advisors. The Board hopes that this material, together with Leadenhall's independent expert's report, will be ready to lodge with ASIC shortly and then sent to shareholders over the next few weeks.
- The Board is pleased with the key terms of the proposed transaction as it provides increased consideration and certainty for shareholders, above previous proposals.
- The Board believes that in the event of shareholders' favourable consideration of the terms of the proposed transaction, an increase in the Company's NTA may be reasonably expected.

The transaction documents reflecting the key terms of and conditions of the proposed transaction have been signed by the Company.

The key terms of the transaction are summarised in Annexure A.

Leadenhall Corporate Advisory Pty Ltd is finalising an Independent Expert's Report in relation to the offer as to whether or not the offer is fair and reasonable as regards the non-aligned shareholders. This IER will accompany meeting materials to be sent to shareholders seeking consideration and, if thought fit, approval for the transaction. The Independent Committee of Directors is currently finalising the meeting material with advisors.

Further details will be provided as they become available.

Kevin Mischewski

Company Secretary

Henry Morgan Limited

Email: cosec@henrymorgan.com.au

¹ ASX announcement 11 May 2018 – Update on JB Financial transaction.

² ASX announcement 20 June 2018 – Update on JB Financial Group transaction.



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

Annexure A – Key terms of the proposed transaction

- 1) Henry Morgan will enter into an exclusive trading agreement with JB Trading House Pty Ltd for a period of 5 years and can:
 - a) sell its shares in JB Financial Group Pty Ltd to JB Financial Group Pty Ltd or nominee; and
 - b) sell its shares in Bartholomew Roberts Pty Ltd to JB Financial Group Pty Ltd or nominee.
- 2) JB Financial Group will grant a put option in respect of Henry Morgan's shareholding in Bartholomew Roberts and JB Financial Group, pursuant to which JB Financial Group will:
 - a) pay \$67.16 million in tranches in the event of exercise of the put option 2-5 years post grant; plus
 - b) provide security against all of the issued shares in King's Currency Exchange Pty Ltd and Harnewei Pty Ltd in a first priority position for the discharge of this debt.
- 3) JB Trading House Pty Ltd will issue convertible notes to Henry Morgan with a total face value of \$12 million and a coupon of 4.1% per annum. The convertible notes are to be secured over JB Trading House Pty Ltd and its 100% owned subsidiaries.

In respect of the convertible notes, Henry Morgan will have the right to elect to either:

- i) After four (4) years, be paid A\$12 million by JB Trading House, which shall then be paid in 12 equal monthly instalments from that date; or
 - ii) At any time within four (4) years, convert all or some of the convertible notes into shares in JB Trading House at a price which represents a 40% discount to the pre-money IPO or other valuation of JB Trading House.
- 4) Completion of the transaction under the Implementation and Put Option Agreement is subject to certain conditions precedent, including:
 - a) Henry Morgan obtaining an independent expert's report on whether the transaction is fair and reasonable, for the purposes of ASX Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, the terms of which are satisfactory to the directors of Henry Morgan acting reasonably;
 - b) Henry Morgan obtaining all relevant shareholder approvals;
 - c) JB Financial Group obtaining all necessary or desirable shareholder approvals (as required);
 - d) Bartholomew Roberts obtaining all necessary or desirable shareholder approvals (as required);
 - e) JB Trading House obtaining and procuring all relevant JB Trading House group shareholder approvals;
 - f) Each of the convertible note documents being duly executed by all parties and becoming unconditional; and
 - g) The exclusive trading documents being duly executed by all parties and becoming unconditional.