



Henry Morgan

Fourth Supplementary Target's Statement

**In response to the offer by John Bridgeman Limited (JBL) to
acquire all of the shares in Henry Morgan Limited (HML)**

**The Voting Directors of HML recommend that, in the absence of a
Superior Proposal, you accept the JBL Offer to purchase all of your
HML Shares for 0.95 JBL Shares per HML Share.**

**The Independent Expert has concluded that the JBL Offer is
not fair but is reasonable for HML Shareholders not Associated
with JBL.**

This is an important document and requires your immediate attention.

**If you are in doubt as to how to deal with this document, you should consult your
legal, financial or other professional adviser immediately.**

1. Introduction

1.1 Nature of this document

This document is a supplementary Target's Statement dated 8 April 2019 (**Fourth Supplementary Target's Statement**).

This Fourth Supplementary Target's Statement supplements, and must be read with, the target's statement issued by HML and dated and lodged with ASIC on 6 December 2018 (**Target's Statement**). It should also be read with the first supplementary target's statement dispatched in a form acceptable to ASIC on 19 February 2019 (**First Supplementary Target's Statement**), the second supplementary target's statement dated and lodged with ASIC on 7 March 2019 (**Second Supplementary Target's Statement**) and the third supplementary targets statement dated and lodged with ASIC on 29 March 2019 (**Third Supplementary Target's Statement**)

Annexure A to this Fourth Supplementary Target's Statement is an addendum to the independent expert's supplementary expert's report (**Addendum to Expert's Report**).

This is an important document and requires your immediate attention.

1.2 Fourth Supplementary Target's Statement prevails

This Fourth Supplementary Target's Statement prevails over the Target's Statement, the First Supplementary Target's Statement, Second Supplementary Target's Statement and Third Supplementary Target's Statement to the extent of any inconsistency.

1.3 ASIC and ASX

A copy of this Fourth Supplementary Target's Statement was lodged with ASIC on 8 April 2019 and provided to the ASX on the same date.

Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Fourth Supplementary Target's Statement.

1.4 Target's Statement definitions and interpretation apply

Capitalised terms used in this Fourth Supplementary Target's Statement have the same meaning given to them in the Target's Statement, unless defined otherwise in this Fourth Supplementary Target's Statement or the context otherwise requires.

Section 11.2 of the Target's Statement sets out certain rules on interpretation, which apply equally to this Fourth Supplementary Target's Statement.

2. Amendments to the Target's Statement

The following are amendments to the Third Supplementary Target's Statement.

2.1 Panel Orders: Order 8(b): Relationships

The Panel ordered that JBL disclose descriptions of the various relationships and transactions between JBL, HML, BHD, Bartholomew Roberts Pty Limited, JB Financial Group Pty Ltd, JB Trading House Pty Ltd and their associates. These are described in sections 4.2 and 4.3 of the Replacement Bidder's Statement.

The Voting Directors have no additional information to supplement the disclosure made by JBL in the Replacement Bidder's Statement and are of the view that to do so, or to opine on such relationships and transactions, is inappropriate given they have no direct knowledge of the relevant circumstances.

HML Shareholders are encouraged to read the Replacement Bidders Statement, the Third Supplementary Target's Statement and Supplementary Independent Expert's Report and this Fourth Supplementary Target's Statement before making a decision whether to accept the JBL Offer for their HML Shares.

2.2 The Independent Expert has concluded that the JBL Offer is not fair but reasonable to non-Associated HML Shareholders

Clause 6.1 is amended to read:

The Independent Expert has valued at HML share between 81 cents and 91 cents (on a control basis) and the JBL Offer Consideration (assuming 100% of HML shareholders accept the JBL Offer) is between 45 cents and 51 cents per HML Share. As a result, the value of a HML Share (on a control basis) is above the fair market value of the 0.95 JBL Shares per HML Share in the Merged Group (on a minority basis) to be received by HML Shareholders who accept the JBL Offer as consideration.

2.3 Risk of JBL obtaining voting power of less than 50% in HML

Clause 6.1 is supplemented to read as follows:

Where less than 50.1 percent of HML Shareholders accept the JBL Offer, there is a risk that HML Shareholders who accept the JBL Offer and become JBL Shareholders will receive materially less value (which arises as JBL may hold a less than 50.1% interest in a listed investment company). This means that JBL's interest in HML may be classified as an equity investment of JBL, rather than as an entity which JBL controls and which may be consolidated for the purposes of JBL's accounts.

The level of acceptances of HML Shareholders under the JBL Offer will have an impact on the accounting treatment of the HML Loan and HML Extension. If JBL acquires more than 50% of HML, HML's accounts will be consolidated into the accounts of JBL. The effect of this is that the liability will be offset against a corresponding asset. This is set out in section 4.3 of the Replacement Bidder's Statement.

The Voting Directors recommend that HML Shareholders read the Replacement Bidder's Statement in its entirety to ensure they are fully informed regarding the likely impact of the varying scenarios disclosed by JBL in relation to the acquisition of HML and make an informed decision as to whether the JBL investment profile reflects their personal investment strategy and risk profile.

2.4 Risks

(a) Section 10.3(i)(i)(iv) deleted.

The risk detailed in section 10.3(i)(i) (iv) is deleted. There is no lease risk for HML on a change of control event.

(b) Section 10.3(j) supplemented.

The risk detailed in section 10.3(j) is supplemented to note that:

HML does not have any current employees. HML may in the future have a need to recruit and retain employees. There is a risk that HML's inability to hire and retain suitable employees when the need arises may impact HML's financial and operating performance.

(c) **Section 10.4 supplemented**

The following additional risks are added to clause 10.4 of the Third Supplementary Target's Statement:

JBL's current investment portfolio

JBL's current investment portfolio is heavily focussed on investments in unlisted companies which may mean that achieving a return on investment is more difficult than in larger capitalised or listed companies. For example, JBL's investment in JB Financial Group constitutes approximately 40% of JBL's investment portfolio.

There are various relationships and transactions between JBL, HML, BHD, Bartholomew Roberts Pty Limited, JB Financial Group Pty Ltd, JB Trading House Pty Ltd and their associates. These are described in sections 4.2 and 4.3 of the Replacement Bidder's Statement.

More details regarding JBL's investment portfolio is set out in the Replacement Bidder's Statement. HML Shareholders should carefully read these sections to make a determination as to whether the investment portfolio of JBL is appropriate for them before making a decision as to whether or not to accept the JBL Offer.

Liquidity associated with accepting the JBL Offer and becoming a JBL Shareholder

The Offer Consideration is JBL Shares. If you accept the JBL Offer, you will receive the Offer Consideration and become a JBL Shareholder.

JBL Shares are listed on the NSX. Shares on the NSX are generally traded more thinly than on other large, more established exchanges such as the ASX.

The recent performance of JBL Shares on the NSX is set out in section 4.8 of the Replacement Bidder's Statement. The NSX trading details for the calendar year 2018, shows following market trades:¹

Trade Date	Price (\$)	Volume
24.12.2018	0.60	1,525
03.12.2018	1.18	513
13.11.2018	1.18	515
9.11.2018	1.60	15,125
14.02.2018	2.00	2,000
14.02.2018	2.00	1,000
14.02.2018	2.00	1,000
14.02.2018	2.00	2,000

¹ Source: NSX JBL trade history, www.nsx.com.au (extracted 5 April 2019) and excluding the share buyback undertaken by JBL.

Trade Date	Price (\$)	Volume
14.02.2018	2.00	2,000
14.02.2018	2.00	1,500
14.02.2018	1.995	2,000
14.02.2018	1.99	2,000
10.01.2018	1.995	2,000
02.01.2018	2.00	250

(d) **Section 10.4(k)(i) deleted.**

The risk detailed in section 10.4(k)(i) is deleted. JBL has not stated in its Replacement Bidder's Statement that it may require additional funding to undertake its capital expenditure program for the Merged Group.

3. Addendum to Supplementary Independent Expert's Report

ASIC has requested that the Independent Expert provide an addendum to the Supplementary Independent Expert's Report which was included as part of the Third Supplementary Target's Statement to provide clarification of whether the potential for less than 100% acceptance of the HML Offer could impact the opinion of the Independent Expert.

The purpose of the addendum is to confirm that the level of acceptances of the JBL Offer by HML Shareholders does not impact the Independent Expert's opinion as stated in the Supplementary Independent Expert's Report.

The addendum is included as Annexure A to this Fourth Supplementary Target's Statement.

4. Additional information

4.1 Continuous Disclosure

The following announcements have been lodged on HML's ASX platform since the lodgement of the Third Supplementary Target's Statement on 29 March 2019:

<i>Date</i>	<i>Description of announcement</i>
08.04.2019	<i>Change in substantial holding from JBL</i>
05.04.2019	<i>Change in substantial holding from JBL</i>
04.04.2019	<i>Response to ASX Query</i>
04.04.2019	<i>Change in substantial holding from JBL</i>
02.04.2019	<i>Becoming a substantial shareholder</i>
02.04.2019	<i>Change in substantial holding from JBL</i>
01.04.2019	<i>Change in substantial holding from JBL</i>

5. Approval of Fourth Supplementary Target's Statement

This Fourth Supplementary Target's Statement is dated 8 April 2019 (being the date on which this Fourth Supplementary Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of HML.



Mr Peter Ziegler
Chairman
Independent Board Committee

Annexure A Addendum to Expert's Report

8 April 2019

The Independent Directors
Henry Morgan Limited
GPO Box 3112
Brisbane QLD 4001

Dear Directors,

Supplementary Independent Expert's Report for Henry Morgan Limited

1. Introduction

Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") was engaged by the independent directors of Henry Morgan Limited ("**HML**") to prepare a supplementary independent expert's report ("**Supplementary IER**") in order to assess whether the off-market takeover offer by John Bridgeman Limited ("**JBL**") to acquire of the issued shares in HML that it does not already own ("**HML Offer**") was fair and reasonable following consideration of orders received by the Takeovers Panel.

On 29 March 2019 HML issued its replacement target's statement in respect of the HML Offer which included a Supplementary IER from Leadenhall which concluded that the HML Offer was not fair but reasonable to HML Non-Associated Shareholders.

We understand that Australian Securities and Investments Commission has asked for clarification of whether the potential for less than 100% acceptance of the HML Offer could impact our opinion. The purpose of this letter is to confirm that the level of acceptances of the HML Offer does not impact our opinion as stated in the Supplementary IER.

2. Fairness assessment

In assessing whether the HML Offer was fair in the Supplementary IER we made a comparison based on 100% acceptance of the HML Offer as we consider this a reasonable outcome given the level of acceptances to date, the level of acceptances prior to the intervention of the Takeovers Panel and the compelling advantages of the HML Offer compared to the alternatives available to HML shareholders.

A lower level of acceptance would reduce the value of consideration offered to HML shareholders. Thus an alternative level of acceptance could not impact our conclusion in respect to the fairness of the HML Offer. This is demonstrated by the following table which sets out an assessment of fairness based on 100% and 50% acceptance of the HML Offer:

Table 1: Fairness summary

Fairness summary				
\$ /share	100% Acceptance		50% Acceptance	
	Low	High	Low	High
Assessed value per HML share (control basis)	0.81	0.91	0.81	0.91
Consideration				
Assessed value of Enlarged JBL per share (minority basis)	0.47	0.54	0.31	0.38
JBL shares issued as consideration	0.95	0.95	0.95	0.95
Fair market value of consideration	0.45	0.51	0.30	0.36
Fair (unfair) amount per share	(0.37)	(0.40)	(0.51)	(0.55)

Source: Leadenhall analysis

Note: Tables in this report may not add due to rounding.

As set out above, irrespective of the level of acceptances, the HML Offer is not fair.

3. Reasonableness assessment

In reaching the opinion in our IER we considered that all of the alternatives to the Offer are subject to considerable risks and uncertainties in respect of the value to be received by Non-Associated Shareholders and the timeframe over which this could be realised and none conclusively presents a superior alternative to the HML Offer.

As stated in the HML IER, we consider that none of the alternatives identified conclusively presents a superior alternative to the HML Offer. This is irrespective of the level of shareholder acceptance.

This should be read in conjunction with the Supplementary IER which sets out our scope, analysis and findings in more detail.

Yours faithfully



Dave Pearson
Director



Richard Norris
Director