



Benjamin Hornigold Ltd  
ACN 614 854 045

ASX Announcement  
(ASX: BHD)

28 June 2019

## UPDATE ON LOAN AGREEMENTS

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By way of update the new board of the Company reports to holders as follows.

### **Books and records**

The new board has not been provided with access to a range of books and records, including access to company email accounts and financial records.

Yesterday, John Bridgeman Ltd provided a number of documents that we are in the process of reviewing. As you can imagine we are a small team and these things take time.

Based on the matters disclosed in the limited documents provided to date, the new board is aware of the following matters which remain the subject of ongoing investigation.

### **Update on loan agreements**

On 12 June 2019, minutes of a board meeting indicate that steps were purportedly taken by the former board of BHD to vary the terms of a number of related party loan agreements. The new board is currently investigating the validity of these resolutions and a range of other matters.

### **Loan to Genesis Proprietary Trading Pty Ltd (Genesis) –**

#### **Assigned and novated to JB Financial Group**

Genesis is a wholly owned subsidiary of JB Trading House Pty Ltd, which is in turn a wholly owned subsidiary of JB Financial Group Pty td (**JBFG**), a subsidiary of NSX listed John Bridgeman Ltd (**JBL**).

The Company had previously provided loans to Genesis in June and July 18 and purportedly extended on 24th December 18 to 31st October 2019.

Following on from a proposed restructure of the Genesis business, BHD, Genesis and JBFG appear to have agreed to the assignment and novation of the outstanding loan amount of \$857,994.52 to JBFG, with effect from 7 May 2019. The new board intend to fully investigate the circumstances of this transaction.

The receivable from Genesis of \$70,919 remains.

## **Loan to JB Financial Group Pty Ltd (JBFG) – Loan Term Extended**

### **Initial Loan Agreement**

The Company entered into a convertible loan agreement with JBFG on 11th September 2017 at a rate of 9.65% per annum, for a period of 1 year, secured over 100% of the shares in Genesis.

At the Company's election, any outstanding amount could be settled in cash, shares in JBFG at a fixed rate of \$6.14 per share, or shares in Genesis at \$9.98 per share.

These transactions were subject to ASX queries 23rd February 2018 and 7th March 2018

### **Extension of loan period and amendment of security**

In September 2018, the repayment terms were extended for a further 18 months (to March 2020) and an additional conversion clause inserted to allow (at BHD's discretion) any outstanding amount to be settled in JB Trading House shares.

### **Recent loan term extension and amendment of conversion clause**

At Meetings held on the 7 and 12 June 2019, the **former board of BHD** purported to resolve to relinquish its rights to convert to Genesis shares and reduce the conversion option to JBFG shares to \$4.65 per share and extend the repayment date to September 2020. Under this proposal the interest rate would be increased to 10.5% per annum.

## **Kings Currency Exchange Pty Ltd (Kings Currency)**

### **Initial Services Agreement**

The Company entered into an agreement with Kings Currency to service physical foreign currency notes on the Company's behalf. This was initially at a rate of 9% per

annum. In July 2018 this was reduced to 5% per annum. Kings Currency retains any gains over 5% per annum.

### **Recent loan term extension and amendment of conversion clause**

At meetings held on 7 and 12 June 2019, the former board of BHD purportedly resolved to increase the minimum return to 9.65%pa, extend the Services Agreement to 21st February 2021 and increase the required period to recall the banknotes from **30 days to 8 months**.

**The new board of the Company is unable to confirm the amounts invested in Foreign Currency Notes and loan amounts outstanding. The new board intends to require a full accounting of the whereabouts of the bank notes as this property is held on trust for the benefit of the Company.**

The new board is concerned about the recent extensions and changes to the loan terms (if effective). It seems to the new board that these arrangements were not in the best interests of shareholders and are on less favourable terms than could be achieved with similar levels of risk in the market.

The new board of the Company is considering taking such further action as it may be advised in relation to the delivery up of complete books and records and to ensure compliance with the terms of the Corporations Act.

*The new board will provide further updates as they become available and will endeavour to promote a new era of openness and transparency.*

ENDS

Benjamin Hornigold Ltd