



ASX Announcement

1 May 2023

PROPOSED TAKEOVER OFFER FOR BEST & LESS BY AN ENTITY ASSOCIATED WITH BBRC INTERNATIONAL

Best & Less Group Holdings Limited (ASX:BST) (**BLG** or the **Company**) announces that it has been advised by BBRC International Pte. Ltd. as trustee for the BB Family International Trust (**BBRC**) that it and Ray Itaoui intend to make a cash off-market takeover offer of all the shares in BLG¹ for \$1.89 per share (**Takeover Offer**).

BBRC currently has a relevant interest in approximately 16.45% of the BLG shares on issue and is a company associated with Mr Brett Blundy. Mr Blundy is a non-executive director of BLG and is a well-known investor in consumer businesses. Mr Itaoui is also a well-known investor in retail businesses.

The Takeover Offer is conditional on the following:

- Minimum acceptance condition of 55% (inclusive of the 16.45% relevant interest that BBRC already holds)
- No material adverse change
- No legal or regulatory constraints, and no prescribed occurrences

BBRC and Ray Itaoui have advised that the cash offer of \$1.89 per BLG share would be reduced by any dividend or other distribution that might be paid after the announcement of this offer.

The cash offer of \$1.89 per BLG share compares to a closing price of \$1.985 per BLG share on 28 April 2023 and a volume weighted average price of \$1.934 per share in the 3 month period ended 28 April 2023.

This announcement is subsequent to the receipt of a non-binding indicative proposal that was received by BLG from BBRC.

The Board has discussed the terms of the Takeover Offer with its major shareholders, being Allegro Fund III LP and Allegro Services III D Pty Ltd (**Allegro**) which hold approximately 32.43% of the BLG shares on issue and Bignor Family Pty Limited, a company associated with Executive Chairman Jason Murray

¹ Other than those that they already have a relevant interest in, being approximately 16.45% at the date of this announcement.

(Bignor), which holds approximately 8.27% of the BLG shares on issue, given their collective ability to satisfy the minimum acceptance threshold should they be supportive of the Takeover Offer.

Allegro and Bignor have each advised BLG that if the Takeover Offer is made on the terms outlined in this announcement they would intend to accept the Takeover Offer in respect of all their BLG shares, subject to there being no superior proposal. A copy of those advices are attached to this announcement.

BLG has formed an Independent Board Committee (**IBC**) to evaluate and respond to the Takeover Offer.

The recommendation of the directors (other than Brett Blundy) will be included in BLG's target's statement, which will be released in due course together with the bidders statement from the bidding entity of BBRC and Ray Itaoui (the **Bidder**). Commenting on the Takeover Offer, lead independent director Stephen Heath notes:

"We received a non-binding proposal from a major shareholder to increase its holding in BLG. While the offer does not contain a 'typical control premium', we have received statements from both Allegro and Bignor that they each intend to accept the offer in the absence of superior proposal. Accordingly, the IBC has determined that the Takeover Offer should be made available to all shareholders recognising that the decision as to whether to accept the offer or not will be based on individual shareholder preferences.

We will carefully consider the proposal and provide a formal recommendation in our target's statement, and we will also commission an independent expert's report.

That being said, we note that the offer will provide an ability for shareholders who wish to exit large shareholdings in BLG to do so in an orderly fashion without unduly impacting the Company share price. Similarly, the minimum acceptance condition also provides a real opportunity for all remaining shareholders who wish to remain invested in the Company to do so in an entity that, should control pass under the Takeover Offer, is ultimately controlled by Brett Blundy, an individual with a strong track record of delivering value in the retail sector".

The BLG Board intends to otherwise conduct its business in the ordinary course and not make any material changes to the Company's operations, personnel or strategy during this period. As previously advised, Erica Berchtold will commence as chief executive officer of BLG on 4 September 2023, and the making of the Takeover Offer will not have any impact on that appointment.

BBRC has been a cornerstone investor in BLG since its initial public offering in 2021. If the Takeover Offer is made and acceptances are received from Allegro and Bignor, that would result in BLG becoming controlled by entities associated with BBRC and Ray Itaoui. The BLG Board is supportive of BLG shareholders having the opportunity to consider the Takeover Offer while recognising the potential opportunity for BLG shareholders to remain investors alongside BBRC.

BLG intends to work cooperatively with the Bidder to despatch the bidder's statement from the Bidder and BLG's target statement to shareholders together in the coming weeks. BLG shareholders need take no action in connection with the Takeover Offer prior to their receipt of offers from the Bidder and the target statement from BLG (including the opinion of the Independent Expert).

BBRC has authorised BLG to make this announcement of the terms of the proposed Takeover Offer on its behalf.

BLG has appointed E&P Corporate Advisory as financial advisor and Ashurst as legal adviser in relation to the Takeover Offer.

ENDS

This announcement was authorised for release by the Board of Directors of Best & Less Group Holdings Limited.

For further information:

Ryan Thompson

+61 423 151 378

investor@bestandlessgroup.com.au

About Best & Less Group:

Best & Less Group (BLG) is a leading value apparel specialty retailer with an omnichannel sales network comprising 248 physical stores and an online platform. BLG's aim is to be the number one choice for mums and families buying baby and kids' value apparel in Australia and New Zealand through its two trusted brands: Best & Less (in Australia) and Postie (in New Zealand).

For more information, visit BLG's investor site at www.bestandlessgroup.com.au

Appendix A

Allegro and Bignor Intention Statements

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30 April 2023

Best & Less Group Holdings Ltd
657-673 Parramatta Road
Leichhardt NSW 2040

Dear directors

Intention to accept proposed takeover offer

We refer to the unsolicited, non-binding indicative offer dated 24 April 2023 from BBRC International Pte Limited as trustee for the BB Family International Trust (**BBRC**) and Mr Ray Itaoui, through a special purpose vehicle, to acquire up to all of the issued ordinary shares of Best & Less Group Holdings Ltd (**BLG**) (the **Indicative Proposal**).

As at the date of this statement, Allegro Fund III LP and Allegro Services III D Pty Ltd (together **Allegro**) beneficially owns, and has a relevant interest in, 40,659,591 fully paid ordinary shares in BLG (**BLG Shares**), representing 32.43% of the issued capital of BLG.

We confirm that on the basis:

- the takeover offers, as made, are on the same terms in all material respects as the offers described in the Indicative Proposal, including as to conditionality and the terms of those conditions;
- no superior offer is received from a third party,

Allegro's intention is to accept the takeover offers in respect of all its BLG shares. Allegro would intend to accept the takeover offers after the release of BLG's target's statement and not less than 1 week before the end of the initially scheduled offer period.

Allegro consents to BLG disclosing this letter and Allegro's intention as outlined in this letter in connection with the Indicative Proposal, ASX announcements relating to the Indicative Proposal and otherwise.

Nothing in this letter restricts in any way Allegro's power to exercise voting rights attached to its BLG Shares or to dispose of any of its BLG Shares in its absolute discretion.

Kind Regards,

Fay Bou

Bignor Family Pty Ltd
ACN 618 886 927
C/- PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

30 April 2023

Best & Less Group Holdings Ltd
657-673 Parramatta Road
Leichhardt NSW 2040

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As at the date of this statement, Bignor Family Pty Ltd as trustee for the Murray Family Trust (**Bignor**) owns, and has a relevant interest in, 10,368,021 fully paid ordinary shares in BLG (**BLG Shares**), representing 8.27% of the issued capital of BLG.

We confirm that on the basis:

- the takeover offers, as made, are on the same terms in all material respects as the offers described in the Indicative Proposal, including as to conditionality and the terms of those conditions;
- no superior offer is received from a third party,

Bignor's intention is to accept the takeover offers in respect of all its BLG shares. Bignor would intend to accept the takeover offers after the release of BLG's target's statement and not less than 1 week before the end of the initially scheduled offer period.

Bignor consents to BLG disclosing this letter and Bignor's intention as outlined in this letter in connection with the Indicative Proposal, ASX announcements relating to the Indicative Proposal and otherwise.

Nothing in this letter restricts in any way Bignor's power to exercise voting rights attached to its BLG Shares or to dispose of any of its BLG Shares in its absolute discretion.



Jason Adam Murray
Director



Anne Murray
Director