



**Wilson HTM**  
INVESTMENT GROUP

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***By Electronic Lodgement***

The Manager  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**Wilson HTM Investment Group Ltd (ASX : WIG) – MARKET UPDATE**

Further to its presentation to shareholders at its annual general meeting on 26 November 2014, Wilson HTM Investment Group Ltd (**WIG**) is pleased to advise shareholders that negotiations with its securities leadership team to acquire the Wilson HTM Securities business have recently been joined by Craigs Investment Partners (**Craigs**) and the Deutsche Bank Group (**DB**). The parties have now executed a Terms Sheet with the intention of completing the transaction during the current financial year, following further due diligence being undertaken and regulatory and WIG shareholder approval being obtained.

The principal commercial terms proposed are:

- WIG will transfer its shareholdings in the subsidiaries comprising its Securities business to a new corporate vehicle to be known initially as Wilson HTM Securities and Advisory which will ultimately be owned by staff (40%), Craigs (40%) and DB (20%).
- In order to put into effect the deconsolidation from the WIG Group, various cash, deferred taxation asset (**DTA**) and accounting adjustments will be required for WIG and Wilson HTM Securities and Advisory will transfer with net tangible assets of \$5 million.
- WIG will receive cash consideration of \$3 million from Craigs and DB and \$2 million from staff, of which \$1 million is vendor finance.
- WIG will also be entitled to receive a future profit share for the first two years subject to certain conditions being met. However, WIG will also have a range of contingent liabilities relating to its historical ownership of the business which will run off over time.
- It is anticipated that WIG will incur a loss on disposal. This loss will be primarily attributable to the DTA associated with Wilson HTM Securities and Advisory and, together with transaction costs, is expected to be between \$3 million and \$3.5 million. The carrying value

of the remaining circa \$9 million of DTA will also be considered following this transaction and may be substantially lowered or eliminated.

- Following completion of the transaction, WIG and Wilson HTM Securities and Advisory will provide various services to each other to ensure a seamless transition to independence.

Craigs is a leading private wealth and investment management provider in New Zealand operating in similar market segments. WIG's major shareholder DB is also a major shareholder of Craigs owning 49.9%.

This partnership with two leading firms will allow Wilson HTM Securities and Advisory to align the interests of its employees with its clients whilst ensuring clients continue to benefit from global and local research, corporate deal flow and a sophisticated portfolio platform.

After the acquisition, Wilson HTM Securities and Advisory will be led by Brad Gale as Chief Executive Officer and will be overseen by a Board comprising employees, Craigs and DB.

WIG Managing Director Sandy Grant said:

*"Consistent with the interests of its stakeholders, WIG has worked hard to enable its staff to own and manage the Securities business in a supported environment and so that clients will continue to benefit from the service provided. Craigs and DB will bring strong support both from a platform and content basis which will bring further opportunities over time."*

*WIG's strategy will be to then focus primarily on its funds management businesses through Pinnacle Investment Management and the Priority Funds. WIG shareholders will benefit through more consistent profitability, a strong balance sheet and appropriate application and management of its capital."*

Mr Gale said:

*"The new independent Wilson HTM Securities and Advisory, in partnership with these leading firms, provides a structure that allows us to achieve employee alignment while also harnessing the opportunity for shared expertise and critical scale. This is a great opportunity for us to continue investing in the business, differentiating our research and advice to generate value for our clients."*

Frank Aldridge, Craigs' Managing Director said:

*"As we continue to focus on growing our business, this is a great opportunity to gain exposure to a well established investment firm in the Australian market. We believe that this relationship will enable a wider range of investment opportunities for clients whilst continuing to enhance the service levels across the platform."*

James McMurdo MD of DB in Australia commented:

*"DB has had a strong relationship with WIG for a number of years and is looking forward to the next phase by supporting the growth of Wilson HTM Securities and Advisory. I believe that Wilson HTM Securities and Advisory will have a great future as it builds an even stronger force in wealth management and equity capital markets."*

Yours faithfully,



**Eleanor Padman**  
**Company Secretary**  
**Wilson HTM Investment Group Ltd**

**FOR MORE INFORMATION PLEASE CONTACT:**

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