

Dear Mr. Mischewski,

John Bridgeman Limited (The "Company"): General Disclosure Query

NSX refers to the below transactions reported in the Disclosures made by the Company.

Acquisition of Genesis Proprietary Trading Pty Ltd (Genesis):

- 1) The Company's 2017 Annual Report¹ lodged on 29 September 2017² in Subsequent events to reporting date confirms the amount paid on 12 September 2017 by RSM for shares in Genesis Proprietary Trading Pty Ltd (Genesis) to be \$5,747,289.

Subsequent events to reporting date

On 3 July 2017 RSM acquired 100% of the issued shares in Australian Legal Support Group Pty Ltd (ALSG) for consideration of \$3,000,000. ALSG provides mercantile services and complements existing Group operations in that segment.

On 12 September 2017 RSM acquired 100% of the issued shares in Genesis Proprietary Trading Pty Ltd (Genesis) for consideration of \$5,747,289. Genesis is one of Australia's largest proprietary trading companies, with offices in Sydney, Melbourne, Manly and Warriewood.

Henry Morgan Limited (HML.ASX) on 25 January 2018 lodged the 2017 Annual Report for JB Financial Group Ltd. This report makes reference to share purchase agreement with the owners of Genesis Proprietary Trading Pty Ltd. valued at \$11,247,286.

JB FINANCIAL GROUP LTD ACN 613 592 135
DIRECTORS' REPORT

b. Genesis Proprietary Trading

On 12 September 2017, JBFG entered into a share purchase agreement with the owners of Genesis Proprietary Trading Pty Ltd (GPT) to acquire a 100% stake in GPT. The consideration of \$11,247,286 was settled in cash (\$3,675,631), shares in JBFG to the value of \$5,499,997 (895,765 shares at \$6.14 per share) and by assuming a loan payable* to GPT (\$2,071,658). Genesis is one of Australia's largest proprietary trading companies, with offices in Sydney, Melbourne, Manly and Warriewood. Management believes GPT's offering of services complements the broking services business within the Group.

The provisional fair value of the identifiable net assets acquired was \$1,343,865 and goodwill is estimated to be \$9,903,421. The provisional fair value of identifiable net assets is represented by:

Cash and cash equivalents	6,780,051
Other current assets	5,920,578
Property, plant and equipment	146,102
Intangible assets	25,680
Other non-current assets	720,865
Trade creditors and other payables	(7,067,151)
Payroll liabilities	(149,549)
Income tax provision	(32,711)
Borrowings	(5,000,000)
Net assets	<u>1,343,865</u>

Management is currently finalising the fair value assessment of identifiable assets and liabilities.

* The loan incurs interest at 5% per annum payable monthly in arrears. The loan is payable on demand in writing.

Given the two transactions noted above have been reported to have occurred on the same day (12 September 2017) and for the same entity (Genesis Proprietary Trading Pty Ltd.) for different consideration amounts please respond to the below questions:

- a) When did Risk Management Group acquire Genesis Proprietary Trading Pty Ltd. and for how much?

¹ <https://www.nsx.com.au/ftp/news/021734086.PDF>

- b) Please confirm whether Risk Management Group recorded the acquisition of Genesis Proprietary Trading Pty Ltd. in the Subsequent events after the reporting period in its accounts.
- c) Please confirm the shareholding of John Bridgeman Limited in Risk and Security Management Pty Ltd as at 12 September 2017 and 1 July 2018.
- d) Please confirm the shareholding of John Bridgeman Limited in JB Financial Group as at 1 August 2018.

2) Dividend Update

NSX refers to the Company's announcement³ on 18 December 2017 regarding a special dividend of approximately 15 cents per share.

- e) The Company is requested to provide an update to the market regarding the special dividend.

3) Investment Manager

The Company has confirmed that it is acting as an Investment Manager for the below entities:

Investment Manager for:	Commencement date	Cessation date
Henry Morgan Limited	12/03/2015	N/A
Aliom Managed Futures Fund No 1	13/03/2015	December 2015
Benjamin Hornigold Ltd	29/03/2017	N/A
Bartholomew Roberts Pty Ltd	21/06/2016	N/A

NSX refers to the below link to the Information Memorandum dated 18 April 2018 for the JB High Alpha Fund is managed by John Bridgeman Limited.

<https://www.jbmarkets.com/wp-content/uploads/2017/08/JBHAF-Information-Memorandum-16112016-29254309v1.pdf>

The latest investment report confirms the investment agreement.

https://www.jbmarkets.com/wp-content/uploads/2018/07/JB-High-Alpha-Fund-Brochure_digital.pdf

- f) The Company is requested to provide details of all the entities for which it is acting as an Investment Manager.

4) Aliom Managed Futures Fund No 1

On 2 May 2018, NSX requested the Company to provide an update regarding Aliom Managed Futures Fund No 1 to which the Company confirmed that it ceased acting as an Investment Manager for Aliom Managed Futures Fund No 1 in December 2015.

According to 2016 Annual Report⁴ signed 30 September 2016, the Aliom Managed Futures Fund No 1 was still in operation. Please refer to the below extract from the Annual Report

- g) The Company is requested to review its response as there have been no announcements made regarding the cessation of Aliom Managed Futures Fund No 1.

³ <https://www.nsx.com.au/ftp/news/021734542.PDF>

⁴ <https://www.nsx.com.au/ftp/news/021731979.PDF>

John Bridgeman Limited ABN 55 603 477 185
DIRECTORS' REPORT
Events after the year end (continued)

On 5 July 2016 JBL provided a loan of \$60,000 to RSM, a company in which BRL holds an effective 60% interest, for working capital. On 5 August JBL provided an additional loan to RSM of \$20,025 to pay stamp duty in respect of RSM's acquisition of TIS. These loans were unsecured, interest free and had no fixed term. The initial \$60,000 was repaid on 23 August 2016.

On 8 July 2016 the Group loaned \$900,000 to Mr Bryan Cook. Mr Cook is a Director and shareholder of Risk & Security Management Limited. The loan is secured against 600,000 of Mr Cook's shares in Risk & Security Management Limited. Interest is payable at 6% per annum and the loan is repayable in 12 months from the date the loan was made.

On 1 August 2016 the Group acquired all of the shares in Aliom Pty Ltd for \$150,000 plus an adjustment for cash held in Aliom Pty Ltd (total settlement \$200,423). Aliom Pty Ltd was renamed JB Markets Pty Ltd. JB Markets Pty Ltd provides broking services.

Future Developments, Prospects and Business Strategies

The Group intends to operate as follows:

- i) Investment management services – the Group will continue operations with mandates to provide investment management services. The first of these mandates will be Aliom Managed Futures Fund No 1, an existing fund for wholesale clients only and currently managed by Stuart McAuliffe (the Managing Director of John Bridgeman Limited). The second of these is Henry Morgan Limited, a public company that is currently listed on the Australian Securities Exchange.
- ii) Investment – the Group will continue to place investments in listed and unlisted companies to achieve targeted outperformance.

5) Indirect Interests

The Company in its response on 2 May 2018 has confirmed its indirect interest in the table on page 5 of the Company's response to the general disclosure query. NSX requests the Company to resubmit the Annexure A as the below two entities have the same ACN being 614 393 172.

Capital Credit Pty Ltd	100	Indirect
Growth Point Capital Pty Ltd	72	Indirect

h) Please resubmit the 'annexure A' as at 1 July 2018.

6) Performance and Management Fees

NSX notes a change in Net Tangible Assets ("NTA") of Benjamin Hornigold Limited (BHD.ASX) for the month of June 2018 as below:

NTA as at 30 June 2018		
Announcement Date	16/07/2018 ⁵	15/08/2018 ⁶
NTA backing before tax	1.1525	0.8056
NTA backing before tax	1.0956	0.8338

⁵ <https://www.asx.com.au/asxpdf/20180716/pdf/43wjqcmkrcrl4q.pdf>

⁶ <https://www.asx.com.au/asxpdf/20180815/pdf/43xbwd1f1331ss.pdf>

- i) In light of the update to the NTA, the Company is requested to confirm whether there are any adjustments to the Management and Performance fee that is/was due from Benjamin Hornigold Ltd.
- j) Is there any cash outflow expected from the Company as part of the refund of any excess Performance and Management fee that may have been charged to Benjamin Hornigold Ltd?
- k) Does the Company believe that this update for NTA has an impact on the NTA for the months of April and May?

7) On-Market Buy Back

- l) Please confirm whether the consideration to Henry Morgan Limited and Benjamin Hornigold Limited for the On-Market Buy back was paid in the form of a cash payment?
- m) If answer to the question l) is yes, please confirm the amounts paid to each party and provide the exchange with the receipt of the transaction (this information is not for market release).
- n) If answer to the question l) is no, please confirm the form of the payment and value of the transfer.
- o) We note the responses of Henry Morgan Limited⁷ and Benjamin Hornigold limited⁸ to the ASX query on 20 August 2018, whereby the entities have stated:
'HML is not aware of the contents of NSX trading records'
'BHD is not aware of the contents of NSX Trading records'

Noting above, and the Company's role as Investment Manager for Henry Morgan Limited and Benjamin Hornigold Limited, please confirm whether the directors of Henry Morgan Limited, Benjamin Hornigold Limited and John Bridgeman Limited authorized the execution of the transaction and the consequent transfer of JBL securities that was announced to the market⁹ on 6 August 2018.

Entity	Director Authorized? (Y/N)	Date of Director Authorization	Date of execution of the transaction
John Bridgeman Limited			
Henry Morgan Limited			
Benjamin Hornigold Limited			

8) JB Financial Group acquisition update

- p) The Company is requested to provide a market update to the transaction for the acquisition of all the shares in JB Financial Group as the below anticipated timeline announced¹⁰ to the market on 10 July 2018 has already lapsed.

⁷ <https://www.asx.com.au/asxpdf/20180820/pdf/43xh7phxynnd55.pdf>

⁸ <https://www.asx.com.au/asxpdf/20180820/pdf/43xgzpvnv35wq3n.pdf>

⁹ <https://www.nsx.com.au/ftp/news/021735510.PDF>

¹⁰ <https://www.nsx.com.au/ftp/news/021735410.PDF>

Finalisation of John Bridgeman's acquisition of JB Financial Group shares:

John Bridgeman is currently working with legal advisors and the NSX to finalise meeting materials to be sent to shareholders in the next couple of weeks to approve the acquisition of the balance shares in JB Financial Group. John Bridgeman will, subject to all relevant shareholder and regulatory approvals, issue the following consideration for each JB Financial Group share:

- (i) 3 ordinary shares in John Bridgeman, in listed security class JBL; plus
- (ii) 1 option in the same class as listed security JBLOA, exercisable at \$1.10 and expiring 31 March 2020.

The anticipated timeline* is as follows:

Lodgement of Notice of Meeting with ASIC and NSX	Thursday 19 July 2018
Dispatch Notice of Meeting to Shareholders	Monday 6 August 2018
General meeting of shareholders	Wednesday 5 September 2018

Your response should be sent to me directly no later than **4pm on 27th August 2018**. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

You are reminded that all Issuers must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure, the text of which is set out in the attachment to this letter.

Yours sincerely

Ron Kaushik
Senior Manager- Market Surveillance

Annex B: Excerpts of NSX Listing Rules*Corporate disclosure policy*

6.4 Generally, and apart from compliance with all the specific requirements of this Chapter, the issuer shall keep the Exchange informed without delay, for dissemination of any information relating to the group of which it is aware that:

- (1) is necessary to enable the Exchange and the public to appraise the financial position of the issuer and the group; or
- (2) is necessary to avoid the establishment of a false market in its securities; or
- (3) a reasonable person would expect to have a material effect on the price or value of its securities.

Such information must be made available to the Exchange before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the Exchange of information that:

- (a) is not generally available; and
- (b) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

6.5 Rule 6.4 does not require information to be disclosed while:

- (1) a reasonable person would not expect information to be disclosed; and
- (2) information is confidential and the Exchange has not formed the view that the information has ceased to be confidential; and
- (3) at least one of the following applies:
 - (a) it would be a breach of the law to disclose the information;
 - (b) the information concerns an incomplete proposal or negotiation;
 - (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (d) the information is generated for the internal management purposes of the issuer; or
 - (e) the information is a trade secret.

6.5A If the NSX considers that there is likely to be a false market in an issuer's securities and asks the issuer to correct or prevent a false market, the issuer must provide the information needed to correct or prevent a false market to the Exchange.