

6 October 2014

Dear Shareholder

### **Crowe Horwath enters into Scheme Implementation Agreement with Findex Australia**

I am writing to advise you that Crowe Horwath Australasia Ltd ("**Crowe Horwath**") today announced to the Australian Securities Exchange ("**ASX**") that it has entered into a Scheme Implementation Agreement with Findex Australia Pty Ltd ("**Findex**") under which Findex proposes to acquire all of the shares in Crowe Horwath via a Scheme of Arrangement ("**Scheme**").

#### **Background**

On 8 May 2014, Crowe Horwath advised the ASX that it had agreed to provide information to a party, later identified as Findex, following receipt of a non-binding, indicative and conditional expression of interest to acquire all the shares in Crowe Horwath.

On 4 June 2014, Crowe Horwath advised the ASX that it had signed a process agreement with Findex with an exclusivity period to 30 July 2014 during which time Findex would undertake further due diligence in respect of Crowe Horwath and the parties would seek to negotiate the detailed terms of a scheme implementation agreement including consideration.

On 13 August 2014, Crowe Horwath advised the ASX that it had received an updated proposal from Findex although the terms, including consideration and structure were incomplete. Crowe Horwath has subsequently assisted Findex to complete additional due diligence, including permitting Findex to meet with the principals of the business. Findex has since finalised the terms and structure of its proposal which is detailed in the Scheme Implementation Agreement.

Findex is Australia's largest non-aligned and privately owned financial advisory company with around \$8 billion under portfolio management. It has businesses across the spectrum of the financial advice industry including high net worth, middle range, public sector and online. Findex is part owned by US investment firm, KKR.

#### **Consideration**

Under the terms of the Scheme, Findex will offer Crowe Horwath shareholders consideration of \$0.50 cash per Crowe Horwath share. This represents an attractive premium of:

- 32.0% to Crowe Horwath's volume weighted average price in the 60 days up to and including 3 October 2014<sup>1</sup>; and
- 29.9% to Crowe Horwath's closing share price on 3 October 2014.

The consideration will be reduced by the amount of any special dividend declared for payment to shareholders by Crowe Horwath prior to the date of the second court hearing to approve the Scheme.

<sup>1</sup> The last trading day prior to announcement of the Scheme.

## Details of the Scheme

Findex proposes to acquire all of the shares in Crowe Horwath under the Scheme.

The Scheme is subject to limited conditions, including:

- receipt of all relevant regulatory approvals, including court approvals;
- Crowe Horwath shareholder approval;
- an Independent Expert concluding that the Scheme is in the best interests of Crowe Horwath shareholders; and
- other customary conditions for transactions of this nature.

Full details of the conditions precedent to the Scheme are set out in the Scheme Implementation Agreement which is available on the Crowe Horwath website at [www.crowehorwath.com.au](http://www.crowehorwath.com.au) under the Investors / Shareholder Information section. A copy of Crowe Horwath's ASX announcement relating to the Scheme is also available at this website location.

Implementation of the Scheme is not subject to any bidder financing or due diligence conditions.

The Crowe Horwath Board has appointed Grant Samuel as Independent Expert to advise whether, in its opinion, the offer is in the best interests of Crowe Horwath shareholders.

As part of Findex's proposal, Crowe Horwath's major shareholder, Alceon, has entered into a contractual arrangement with Findex which provides Findex with the option to purchase Alceon's 19.87% shareholding in Crowe Horwath under certain circumstances at the same consideration payable to other Crowe Horwath shareholders of \$0.50 cash per share.

## The Board's View

After careful consideration, the Crowe Horwath Board has unanimously concluded that the proposal from Findex is a compelling value proposition offering Crowe Horwath shareholders a significant premium to the market price and fair value.

The Board unanimously recommends that shareholders vote in favour of the Scheme in the absence of a superior proposal and the Independent Expert concluding that the Scheme is in shareholders' best interests. Subject to these same qualifications, each director of Crowe Horwath intends to vote all the Crowe Horwath shares held or controlled by them in favour of the Scheme.

## Next Steps

**You do not need to take any action regarding the Scheme or your shareholding at this time.**

Crowe Horwath will prepare and deliver a Scheme Booklet to all shareholders around mid-November 2014. The Scheme Booklet will include details of the Scheme, recommendations from Crowe Horwath's Board and the Independent Expert's Report. This will occur after various regulatory requirements have been satisfied and the Court has approved the dispatch of the Scheme Booklet to Crowe Horwath shareholders at a first court hearing.

All Crowe Horwath shareholders will be offered the opportunity to vote on the Scheme at a specially convened meeting called a Scheme Meeting. The Scheme is conditional upon approval from both 75% or more of the votes cast at the Scheme Meeting and 50% or more of the Crowe Horwath shareholders present in person or by proxy at the Scheme Meeting. The Notice of Meeting (including an Explanatory Memorandum and the Scheme Booklet) is expected to be delivered to all shareholders around mid-November 2014. The Scheme Meeting is expected to be held in mid-December 2014 and if approved, the Scheme implemented in early January 2015 subject to a second court hearing.

In the meantime, Crowe Horwath Management and the Board remain focussed on current operational and strategic priorities to drive an improved result in the FY15 year. I would like to take this opportunity to thank you again for your continued support of Crowe Horwath.

Yours faithfully



**Richard Grellman AM**  
Chairman