

Friday, 10 February 2017

By Electronic Lodgement

The Manager
Company Announcements Office
ASX Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Pinnacle announces intention to increase takeover offer for Hunter Hall International Limited to \$2.00 cash per share

Pinnacle announces the intention, through its wholly owned subsidiary, Pinnacle Ethical Investment Holdings Limited (**Pinnacle Bidder**), to increase its offer price under the off market takeover offer to acquire all of the shares in Hunter Hall International Limited (**Hunter Hall**)(ASX: HHL) to \$2.00 per share (**Offer**) payable in cash. This represents a premium of 25% to the revised off-market takeover offer announced by Washington H. Soul Pattinson and Company Limited (**WHSP**)(ASX: SOL) on 10 February 2017.

In addition to increasing the offer price, Pinnacle Bidder will:

- free the Offer of all conditions;
- accelerate payment for valid acceptances under the Offer, such that Pinnacle Bidder will send payment of the consideration due under the contracts formed on acceptance of the Offer within 5 business days of valid acceptances being received in accordance with the terms of the Offer; and
- allow Acceptance Forms to be sent by email.

Pinnacle Bidder will serve all formal documentation necessary to vary the Offer when the Offer opens on 14 February 2017.

As the Offer will be unconditional once varied, Pinnacle Bidder intends to exercise its rights under item 2 of section 611 of the Corporations Act and advise its broker to stand in the market on ASX from Tuesday 14 February 2017 and purchase Hunter Hall shares at \$2.00 on Pinnacle Bidder's behalf.

In the announcement dated 23 January 2017 Pinnacle indicated that if it received acceptances for Hunter Hall shares representing greater than 50% of the issued capital of Hunter Hall, and subject to certain other conditions being satisfied, Pinnacle Bidder would increase its Offer to \$2.00 per share. Pinnacle will waive all of the conditions set out in Section 8.7 of the Bidder's Statement dated 30 January 2017.



In addition, in the announcement dated 23 January 2017 Pinnacle indicated that it intended to engage with the board of Hunter Hall with the aim of conducting comprehensive due diligence to assess the potential impacts of Peter Hall's departure from the company, the investment capability of the remaining investment team, the recent poor performance of the Hunter Hall managed funds and listed investment company, Hunter Hall Global Value Limited (ASX:HHV), the managed funds net flow position as well as the issues being raised by Geoff Wilson of Wilson Asset Management as a significant shareholder of HHV. Pinnacle previously indicated that to the extent that these issues could be addressed to Pinnacle's satisfaction, Pinnacle expected it may be in a position to further increase its offer. Pinnacle requested due diligence access from the Hunter Hall board and its advisers but was declined.

Pinnacle also requested early release of the Bidder's Statement on the basis that the Hunter Hall board granted early release to WHSP although Hunter Hall's Target Statement was not ready for release. Pinnacle's request was denied by the Hunter Hall board.

Pinnacle believes it has the expertise and track record to assist Hunter Hall to manage the transition following the departure of Mr Peter Hall AM as its largest shareholder, Chief Investment Officer and Chief Executive Officer. Pinnacle's expertise and track record include the following:

- current FUM of \$23.3 billion with very strong growth over a period in excess of 10 years, and ongoing.
- Pinnacle currently owns minority interests in seven Affiliates which have all demonstrated consistently outstanding performance over long periods of time (all have exceeded their respective benchmarks since inception and over the past 5 years to 31 December 2016).
- Pinnacle has substantial experience in succession planning, including managing the transition following the departure/retirement of the founding Managing Director of each of three of Pinnacle's Affiliates. These Affiliates have all demonstrated impressive investment performance and strong growth in FUM and profitability subsequent to such transitions.
- Pinnacle Affiliates have been leaders in environmental, social and governance (ESG) investing - actively integrating these important considerations into their investment processes - and have significant experience in running ethically screened portfolios. Most are signatories of both the United Nations Principles of Responsible Investing (UNPRI), a leading proponent of responsible investing, and ESG RA which has the sole objective of increasing the quality of ESG-inclusive stock broker research in Australia. Pinnacle also shares the Hunter Hall philanthropic values, which it implements through initiatives such as the Pinnacle Charitable Foundation.

Mr Ian Macoun, Managing Director of Pinnacle said:

"Pinnacle's offer of \$2.00 cash per share is at a 25% premium to WHSP's revised offer, we have removed our offer conditions and accelerated payment terms to five business days which is superior to WHSP's offer terms. We believe we are the ideal partner for Hunter



Hall and its fund investors to assist in managing a successful transition following Peter Hall's departure."

Please refer to the attached Appendix A for a more detailed overview of Pinnacle.

Pinnacle has appointed Blackpeak Capital as its financial advisor and Gilbert + Tobin as its legal advisor.

Please contact Ian Macoun on +61 2 8970 7700 if you require further information.

Yours faithfully

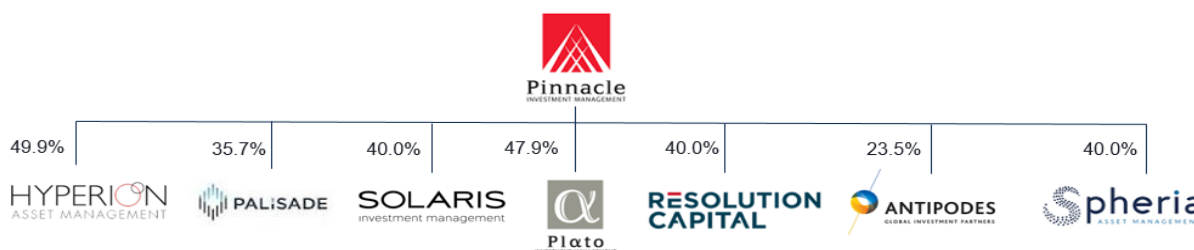
A handwritten signature in black ink, appearing to read 'Eleanor Padman'.

Eleanor Padman
Company Secretary

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Appendix A – Overview of Pinnacle

Pinnacle Investment Management Group Limited (**Pinnacle**)(ASX: PNI) is a leading multi-affiliate investment management firm based in Australia. Pinnacle currently has seven affiliated investment managers (**Affiliates**) with total funds under management (**FUM**) of \$23.3 billion as at 31 December 2016. Founded in 2006, Pinnacle holds equity interests in specialist investment managers and provides them with the infrastructure, distribution and other resources required to create the ideal environment for generating superior investment performance. Pinnacle was recently recognised as the 2016 Distributor of the Year at the Zenith Fund Awards. All of Pinnacle's Affiliates have outperformed their benchmarks over the five years to 31 December 2016 and have experienced strong FUM growth as demonstrated in the accompanying charts.



FUM (as at 31 December 2016): \$5.7 billion

Equity interest: 49.9%

- Leading specialist manager of Australian equities following a quality style
- Global Equities Fund launched in May 2014 and is expected to drive future FUM growth
- Hyperion won Morningstar's Fund Manager of the Year overall and both the Domestic Equities Large Caps Category and the Domestic Equities – Small Caps Category awards in 2016
- Hyperion's Australian funds outperformed their respective benchmarks (by 5.8% p.a. and 18.5% p.a. respectively in the 5 years to 31 December 2016 and) since inception more than 20 years ago



FUM (as at 31 December 2016): \$1.5 billion (\$2.3 billion including investor commitments)

Equity interest: 35.7%

- Specialist manager of unlisted infrastructure assets focusing on mid-market Australian assets
- Offers both pooled funds and separately managed portfolios for institutional investors



- Palisade funds have provided high yields and gross returns of between 12.2% and 17.4% p.a. over the past five years
- Palisade recently launched its Renewable Energy Fund and has a strong pipeline of investment opportunities



FUM (as at 31 December 2016): \$3.5 billion

Equity interest: 47.9%

- Manager of Australian equities following a quantitative style
- Specialises in retirement income for pension phase investors and SMSFs
- Its beta one and low volatility strategies have continued to outperform over the past three years while income strategies have delivered on their income targets
- Global Shares Income Fund launched in November 2015 and has outperformed the market in its first year and delivered 7.8% gross yield



FUM (as at 31 December 2016): \$5.0 billion

Equity interest: 40.0%

- Specialist manager of Australian equities using a style-neutral investment approach
- All Solaris funds have outperformed their respective benchmarks over the past five years and since inception 9 years ago



FUM (as at 31 December 2016): \$5.3 billion

Equity interest: 40.0%

- Specialist manager of Australian and global listed real estate securities portfolios
- Awarded Zenith's Global REIT Fund Manager of the Year in 2016 for the third consecutive year
- Strong long-term outperformance
- Resolution Capital's funds outperformed their respective benchmarks over the 5 years to 31 December 2016 and since inception more than 10 years ago





FUM (as at 31 December 2016): \$2.2 billion

Equity interest: 23.5%

- Specialist manager of global and Asian equities founded in 2015
- Successful IPO of the Antipodes Global Investment Company Limited (ASX:APL) in October 2016 which raised \$313 million
- Awarded Zenith's International Equities – Alternative Strategies Fund Manager of the Year in 2016
- Rapid growth in FUM since inception in 2015
- Antipodes' funds have strongly outperformed their benchmarks over the period of approximately 18 months since inception (by amounts ranging from 7.5% p.a. to 10.2% pa.) to 31 December 2016



FUM (as at 31 December 2016): \$0.2 billion

Equity interest: 40.0%

- Fundamental-based manager with a bottom-up approach focusing on small and microcap companies
- Commenced operations in April 2016
- Appointed as manager of Priority Growth Fund and Priority Core Fund in July 2016
- All Spheria funds have outperformed their benchmarks since inception approximately 6 months ago to 31 December 2016 (by 12% in the case of the Microcap Fund and 3.3% in the case of the Smaller Companies Fund)