



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

11 May 2018

Update on JB Financial transaction

Key updates:

- Henry Morgan agrees to dispose of its interests in all unlisted assets for a total combined consideration of \$79.16 million cash as outlined in this announcement.
- NTA is anticipated to be substantially higher due to the increased consideration under the New Offer. The new NTA will be announced by Henry Morgan before the end of May 2018.
- Shareholder approval of the transaction will be sought at a meeting scheduled for an indicative date of 16 July 2018.
- The Board is pleased with the outcome of the New Offer as it provides increased consideration and certainty for shareholders.

Henry Morgan Limited (ASX: HML) (**Henry Morgan** or **Company**) refers to its announcement of 20 April 2018, which identified a new proposal (**New Offer**) received by Henry Morgan in respect of its shareholding in JB Financial Group Pty Ltd (**JB Financial**). Over the past three weeks, Henry Morgan has been in extensive negotiations regarding this New Offer.

Today, the Board of Henry Morgan entered into a binding term sheet with JB Financial in respect of its shareholdings in JB Financial and Bartholomew Roberts Pty Ltd. The key terms of the agreement are summarised below.

Key terms of New Offer

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|---------------|---|
| New Offer | <p>JB Financial will acquire Henry Morgan's stake in JB Financial (JB Financial Stake) and in Bartholomew Roberts Pty Ltd (BRL Stake) (collectively, the Acquisition), subject to:</p> <ul style="list-style-type: none"> • execution of all documentation satisfactory to Henry Morgan and JB Financial with any amendments required to achieve optimal commercial, accounting and taxation outcomes; and • all relevant regulatory and shareholder approvals being received and compliance with the ASX Listing Rules. |
| Consideration | <p>The consideration for the Acquisition is:</p> <p>a) \$67.16 million in cash (the Debt) with this cash consideration to attract 3.72% per annum interest payable annually in arrears on any unpaid balance if the Debt is not paid within 28 days of the Acquisition, with this Debt secured against all of the issued shares in Kings Currency Exchange Pty Ltd (Kings) in a first priority position. To the extent that an external valuation determines that the value of Kings by way of security for the Debt is less than \$67.16 million, JB</p> |



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| | Financial will secure the balance against the other assets of JB Financial, and sufficient to make up the valuation deficiency; and b) the issue of a convertible note by JB Trading House Pty Ltd to Henry Morgan with a face value of \$12 million. |
| Conditions precedent | a) The negotiation and execution of the transaction documents; b) The parties obtaining all relevant regulatory approvals and the consent of shareholders in accordance with all applicable regulatory requirements, including the requirements of the ASX Listing Rules, and the applicable provisions of the Corporations Act 2001. |

The Board of Henry Morgan (**Board**) has established a committee of three independent directors (**Committee**) to consider the New Offer. The Committee has appointed Leadenhall Corporate Advisory Pty Ltd (**Leadenhall**) to act as the independent expert to prepare an Independent Expert's Report (**IER**) in relation to the New Offer as to whether or not the New Offer is fair and reasonable as regards the non-aligned shareholders.

This IER will accompany meeting materials to be sent to shareholders seeking consideration and if thought fit, approval for the transaction.

Further details will be provided as they become available.

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Henry Morgan Limited

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