



HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

13 March 2017

Market Announcements Office
ASX Limited
Level 5, 20 Bridge Street
Sydney NSW 2000

First Supplementary Target's Statement in response to bid from Pinnacle Bidder

On 9 March 2017, Hunter Hall International Limited (**Hunter Hall**) announced that it has entered into an agreement with certain shareholders of Pengana Holdings Pty Ltd (**Pengana**), under which it is proposed that Hunter Hall will acquire all the issued share capital of Pengana (**Pengana Shares**) from the Pengana shareholders. Under this agreement, each Pengana shareholder will receive approximately 120.2 Hunter Hall Shares for every one Pengana Share (**Merger Agreement**) (**Proposed Merger**).

The Pengana shareholders which are party to the Merger Agreement include WHSP Pengana Pty Ltd (**WHSP Pengana**), a wholly owned subsidiary of Washington H. Soul Pattinson and Company Limited (**WHSP**).

Following the Proposed Merger, Hunter Hall shareholders will own approximately 27% and Pengana shareholders will own approximately 73% of the issued equity of Hunter Hall, comprising approximately 101.5 million shares post transaction.

The board of Hunter Hall intends to unanimously recommend that shareholders vote in favour of the Proposed Merger subject to no superior offer emerging and the independent expert concluding that the Proposed Merger is fair and reasonable to Hunter Hall shareholders.

Hunter Hall considers that the Proposed Merger is a factor in the making of a decision by a Hunter Hall shareholder whether or not to accept the takeover offer from Pinnacle Ethical Investment Holdings Limited (**Pinnacle Bidder**) (**Offer**).

As set out in the First Supplementary Target's Statement attached to this announcement, the directors of Hunter Hall continue to recommend that you **REJECT** the Offer as they consider it significantly undervalues your Hunter Hall shares. Hunter Hall shareholders should read the First Supplemental Target's Statement carefully.

To **REJECT** the Offer, Hunter Hall shareholders do not need to do anything. As such, **NO ACTION** is required by Hunter Hall shareholders at this time.

The directors are being advised by K&L Gates as legal advisor and Moelis & Company as financial advisor.



**HUNTER HALL
INTERNATIONAL LIMITED**

ABN 43 059 300 426

Yours sincerely

Kevin Eley

Non-executive Chairman

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This document is a supplementary target's statement made by Hunter Hall International Limited (**Hunter Hall**) under section 644 of the Corporations Act 2001 (Cth) (**Corporations Act**) and dated 13 March 2017. It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by Hunter Hall in response to the offer made by Pinnacle Ethical Investment Holdings Limited (**Pinnacle Bidder**) under its off-market takeover offer contained in its Bidder's Statement dated 30 January 2017 (**Bidder's Statement**) and varied or supplemented by the first supplementary bidder's statement dated 14 February 2017 (**First Supplementary Bidder's Statement**) (**Offer**).

The First Supplementary Target's Statement supplements, and should be read together with, the target's statement lodged with the Australian Securities and Investments Commission (**ASIC**) on 17 February 2017 (**Target's Statement**).

A copy of this First Supplementary Target's Statement was lodged with ASIC, and provided to ASX, on 13 March 2017. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this First Supplementary Target's Statement. This First Supplementary Target's Statement has been approved by a resolution passed by the directors of the Hunter Hall.

Words and phrases defined in the Target's Statement have the same meaning in this First Supplementary Target's Statement unless the context requires otherwise.

1. Proposed merger of Hunter Hall and Pengana

On 9 March 2017, Hunter Hall announced that it has entered into an agreement with certain shareholders of Pengana Holdings Pty Ltd (**Pengana**), which includes WHSP Pengana Pty Ltd (**WHSP Pengana**), a wholly owned subsidiary of Washington H. Soul Pattinson and Company Limited (**WHSP**), under which it is proposed that Hunter Hall will acquire all the issued share capital of Pengana (**Pengana Shares**) from the Pengana shareholders and each Pengana shareholder will receive approximately 120.2 Hunter Hall shares for every one Pengana Share (**Merger Agreement**) (**Proposed Merger**).

The board of Hunter Hall intend to unanimously recommend that shareholders vote in favour of the Proposed Merger subject to no superior offer emerging and the independent expert concluding that the Proposed Merger is fair and reasonable to Hunter Hall shareholders.

Hunter Hall considers that the Proposed Merger is a material factor in the making of a decision by a Hunter Hall shareholder whether or not to accept the Offer. If implemented, the Proposed Merger will result in an enlarged Hunter Hall group. Following the Proposed Merger, Hunter Hall shareholders will own approximately 27% and Pengana shareholders will own approximately 73% of the issued equity of Hunter Hall, which will comprise approximately 101.5 million shares post transaction.

Implementation of the Proposed Merger is subject to conditions, and implementation may not occur if these conditions are not satisfied. These conditions include the Hunter Hall shareholders voting to approve the Proposed Merger and 100% of Pengana shareholders agreeing to sell their shares to Hunter Hall. The required resolutions will require an affirmative vote of a majority of the votes cast by Hunter Hall shareholders. WHSP and its associates (who are shareholders in Hunter Hall) will not be able to vote on the approval resolutions.



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A copy of the Merger Agreement and an investor presentation relating to the Proposed Merger are contained in an announcement issued on 9 March 2017 by Hunter Hall. These documents are available in electronic form at www.asx.com.au.

Hunter Hall shareholders that accept the Offer will not participate in any increase in value or other benefits that may accrue to Hunter Hall shareholders as a result of Hunter Hall performing more strongly after implementation of the Proposed Merger, should that occur.

2. WHSP's intentions if Proposed Merger is implemented

If the Proposed Merger is implemented, WHSP's wholly owned subsidiary, WHSP Pengana, will acquire approximately 27% of all Hunter Hall shares on issue after implementation of the Proposed Merger. WHSP's existing percentage stake in Hunter Hall would be diluted. Nonetheless, WHSP, WHSP Hunter Hall Pty Ltd ACN 616 648 241 (**WHSP Bidder**) and WHSP Pengana (together **WHSP Group**) would emerge holding approximately 32% of all Hunter Hall Shares on issue after implementation of the Merger Proposal, assuming that the WHSP Bidder does not receive more acceptances under its takeover offer and retains its existing holding of 20.2% of all Hunter Hall shares currently on issue. The percentage holding of the WHSP Group would increase if WHSP Bidder receives more acceptances under the Offer.

If the Proposed Merger is implemented, WHSP has indicated that it will appoint a director to the Hunter Hall board.

In addition, WHSP has indicated that its intentions with respect to the continuation of the business of Hunter Hall, any major changes to be made to the business of Hunter Hall and the future employment of the present employees of Hunter Hall would be influenced by WHSP's, WHSP Pengana's and Hunter Hall's objectives for Hunter Hall and its business. According to an announcement by Hunter Hall to ASX on 9 March 2017 these objectives include to achieve circa \$6 million per annum of synergies by the reduction of back-office charges, reduction of occupancy costs and process improvements.

3. Recommendation and other important information for Hunter Hall shareholders

The directors have carefully considered the Offer and continue to recommend that you **REJECT** the Offer as they consider that it significantly undervalues your Hunter Hall shares.

To **REJECT** the Offer, Hunter Hall shareholders do not need to do anything. As such, **NO ACTION** is required by Hunter Hall shareholders at this time.



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Key Dates

Date of Bidder's Statement*	30 January 2017
Date of Target's Statement**	17 February 2017
Close of Offer Period (unless extended or withdrawn)	7.00pm (Sydney time) on 15 March 2017

*Pinnacle Bidder has also lodged a first supplementary bidder's statement on 14 February 2017.

**Hunter Hall has also lodged this first supplementary target's statement.

Date

This First Supplementary Target's Statement is dated 13 March 2017, which is the date it was lodged with ASIC.

Approval

This First Supplementary Target's Statement was approved by a resolution of the directors on 13 March 2017.

Signed for and on behalf of Hunter Hall International Limited:

Kevin Eley

Non-executive Chairman