

26 October 2015 – Conditional Offer to Acquire Webb's

As previously advised to the market Bethunes Investments Limited (NZX:BIL) has been investigating selling its remaining trading asset – Webb's auction house in Auckland.

BIL is pleased to advise that it has accepted a conditional offer from Mossgreen, a leading Australian auction house to acquire the business and assets of Webb's.

Terms of Proposed Transaction

The proposed purchase price is \$800,000 with \$400,000 paid on completion and the balance paid over a two year period from completion in equal quarterly instalments. The purchase price will be subject to customary adjustments.

Subject to satisfaction of conditions it is proposed that the sale would be completed on 1 January 2016. The conditions are:

- Completion of Mossgreen's due diligence investigations on Webb's;
- Entry into a legally binding sale and purchase agreement with Mossgreen;
- BIL shareholder approval under applicable law and the listing rules.

It is anticipated that a shareholder meeting of BIL will be called in early December to consider the transaction.

Implications for BIL

As shareholders will appreciate, the trading performance of Webb's has been highly volatile creating financial uncertainty for BIL. While there are signs Webb's is overcoming this volatility, given the cyclical nature of auction businesses and Webb's operating environment, its financial stability is not assured. This volatility requires considerable attention to be given to the business and BIL has limited resources.

For these reasons the BIL Board considers that the best prospects for Webb's are with a recognised auction house with the resources and expertise to build upon the foundations we have laid at Webb's over the past 12- 24 months.

As discussed at the annual meeting this year it is intended that BIL will start on a new investment programme in new industry sectors. Considerable work is being done in this respect. BIL hopes to update the market further in the near future. Webb's does not fit within the objectives of this proposed investment programme.

It is expected that BIL will record a loss on disposal of Webb's. The extent of such loss will depend upon trading at Webb's until completion and final adjustments. However, shareholders should note that the purchase price under this proposed transaction significantly exceeds the purchase price and terms that were proposed by potential purchasers earlier this year and prior to BIL completing its capital raising.

BIL will update the market further as the transaction develops.

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