



17 May 2017

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Waiver application & further explanation of earn-out structure

LandMark White Limited (ASX: LMW) (**Company**) refers to its recent ASX announcement regarding the proposed acquisition of MVS National (**MVS**) and its Notice of Meeting dated 24 April 2017 (**NOM**) seeking shareholder approval for shares to be issued under the proposed acquisition and share placement.

As part of the transaction, the Company submitted an application for a waiver from ASX Listing Rule 7.3.2 which requires shares to be issued within three months after obtaining shareholder approval. The Company is seeking shareholder approval to issue earn-out shares (if any) to the vendors of MVS approximately three years after the Company's Extraordinary General Meeting scheduled for Thursday, 25 May 2017 (**EGM**) to consider the resolution (please refer to Resolution 1 in the NOM).

The ASX has approved the waiver application with the following conditions:

1. the earn-out shares must be issued no later than 13 November 2020;
2. the *maximum* number of earn-out shares that may be issued is 21,272,727. This maximum number assumes the maximum earn-out amount of \$11.7 million is achieved *and* there is a downward adjustment to the issue price from \$0.60 to \$0.55. The number of earn-out shares actually issued could be significantly less (even zero) if the MVS business does not perform well over the next three years. Please refer to sections 1.3 and 2.1 in the Explanatory Memorandum of the NOM for more information; and
3. the ASX requested that further explanation should be provided to shareholders ahead of the Company's EGM in relation to the earn-out structure. Specifically, there are certain acceleration events which, if activated, would require the earn-out shares to be issued to the vendors of MVS earlier than the anticipated September 2020 date including:
 - a court approves a scheme of arrangement resulting in a person (and the person's associates) having a relevant interest in more than 50% of the Company's shares;
 - a person (and the person's associates) acquires a relevant interest in at least 50% of the Company's shares or assets; or
 - an insolvency event occurs in relation to the Company.

If an acceleration event occurs before the 2017 earn-out accounts for the period 1 January 2017 - 31 December 2017 (**2017 Earn-Out Period**) are determined (circa March 2018), the value of earn-out shares will be fixed at \$8.7 million. If an acceleration event occurs after the accounts for the 2017 Earn-Out Period are determined but before the earn-out amount is determined in 2020, then the amount of the earn-out will be:



- if the value of the MVS business over the 2017 Earn-Out Period is equal to or greater than \$35 million - \$11.7 million (i.e. the maximum earn-out amount); otherwise
- if the value of the MVS business for the 2017 Earn-Out Period is less than \$35 million - that amount minus the \$23.3 million in cash and scrip paid at completion (i.e. less than \$11.7 million).

As the vendors of MVS will only receive part of their consideration for selling MVS at completion, the acceleration events are designed to ensure that the vendors receive full value in the unlikely event of a takeover, scheme of arrangement or insolvency.

By way of update in relation to the transaction overall, the Company is working closely with the vendors of MVS and their advisors to satisfy the conditions precedent. The grant of the ASX waiver is another step forward in satisfying those conditions. The Company is tracking well to close off the rights issue and placement by 5pm on Friday 26 May 2017. At this stage the transaction is scheduled to complete on or around 31 May 2017.

For further information please contact our Company Secretary as below:

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