



2017 PROFIT RESULT AND INTENTION TO ACQUIRE PRIVATE INVESTMENT COMPANY

East 72 Holdings Limited (**E72**) has today released its audited Annual Report and financial statements for the year to 30 June 2017. E72 recorded a pre-tax profit of \$242,475 in its first full year of investment operation. After tax profit of \$197,437 is equivalent to 4.8c per share on average capital. The Directors have not declared a dividend, but are cognisant of E72's pool of franking credits.

Proposed Acquisition of Stiletto Investments Pty. Limited

E72 is today announcing the proposed acquisition of Stiletto Investments Pty. Limited (**Stiletto**), a private equity and derivative investment company (**Proposed Transaction**). Stiletto is an associated company of E72 Executive Director, Andrew Brown, and has been operating in its current form since August 2010. Over that period of time, Stiletto has recorded an unaudited pre-tax annualised return of 22.5%pa (20.1%pa after tax) to 30 June 2017.

Stiletto is the predecessor company referred to in E72's February 2017 investment presentation, and is proposed to be acquired by the issue of shares in E72. Each company will be valued on an after tax per share basis on the pricing date (currently anticipated to be Friday 22nd September) and E72 shares will be issued to acquire all of the issued capital of Stiletto, if approved. As a guide, had the transaction been priced on 30 June 2017, E72 would have issued 6,180,402 new shares to Stiletto shareholders being 41% of the pro-forma enlarged E72 capital base of 14,836,830 shares. The enlarged base includes an adjustment for the cancellation of 400,000 E72 shares owned by Stiletto which would be cancelled.

Stiletto has pre-tax shareholders' funds of approximately \$2.3million at 30 June 2017, which would lift E72's pre tax equity base to approximately \$5.5million. After payment of Stiletto's tax provision in respect of the 2017 year, the combined entity will have a franking credit pool of \$358,000 in tax paid franking credits, equivalent to 2.4c per pro-forma E72 Share, or the ability to pay out 5.6c of fully franked dividends if the relevant considerations of ATO TR2012/5 are met.

Annual General Meeting

Stiletto has been run on the same lines as E72 and is owned by 14 separate entities or individuals, of whom 7 are related parties of Andrew Brown, who is a Director of Stiletto. Andrew Brown's relevant interest in E72 would increase to approximately 33%. As a consequence, E72 Shareholder approval (with requisite voting exclusions) is required to effect the acquisition, in compliance with NSX Listing Rule 6.43 and sections 208 and 611 (item 7) of Corporations Act (Cth) 2001. These regulations also require that all relevant material be lodged with ASIC and that an Independent Expert opine on the Proposed Transaction. Stantons International Securities have been appointed by the non-conflicted Directors of E72 to provide this report.

It is intended to combine the shareholder meeting to vote on the Proposed Transaction with E72's AGM, with a tentative date of Thursday 21st September 2017. Full details of Stiletto and the pro-forma merged entity will be contained in the Notice of AGM

Andrew Brown

Executive Director

East 72 Holdings Limited

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