

OROTONGROUP

OrotonGroup to remain trading.

27 December 2017

Deloitte, acting as OrotonGroup Limited's (ASX:ORL) Voluntary Administrators, today announced that after market close on 23 December 2017, it had entered into a binding Implementation Deed with an entity controlled by Mr J Will Vicars (the "Purchaser") in respect of a proposed whole of business outcome for the Company and a continuation of its operations.

Importantly, the proposal would allow OrotonGroup to remain trading and avoid a break-up of the business to the detriment of employees, creditors and other stakeholders, and seeks to ensure a strong and stable future for the Company and its stakeholders.

Voluntary Administrator Vaughan Strawbridge said "Despite interest, there was no other offer that would have resulted in a superior outcome for the business or employees.

"Our objective has been to avoid a break up or closure of Oroton, preserve employment and as much of the Oroton business as is viable, whilst achieving a value maximising result for stakeholders. Having regard to each of our assessment of the business, the prior sale process and our market testing process, we believe a fully implemented 'Vicars' proposal delivers on these objectives. Entering into this agreement is an important first step in implementing a recapitalisation of Oroton and we will work hard to complete the proposal."

Entry into the Implementation Deed follows an extensive, independent and competitive process undertaken by the Administrators, and by the Company prior to administration, in each case assisted by Moelis Australia as financial advisor, to sell or recapitalise the Company.

The Implementation Deed obliges the parties to progress the terms of the proposal under which:

- the Purchaser would propose a Deed of Company Arrangement pursuant to which it would make a cash contribution;
- the Purchaser would not participate in amounts distributed to creditors in respect of its secured debt; and
- a process under section 444GA of the Corporations Act would be undertaken in respect of the shares in the Company (which will require relief to be granted by the Australian Securities and Investments Commission).

The ultimate returns for creditors will depend on a number of factors and will be described and disclosed in the Deed of Company Arrangement, if one is propounded.

The Company and the Administrators have granted the Purchaser a period of exclusivity (on the terms summarised below) and, assisted by Moelis Australia as financial advisor, will work with the Purchaser to finalise the proposal as soon as possible. The Administrators note that they have received an extension to hold the second creditors' meeting, and will provide a further update on timing once the proposal has been progressed by the parties.

ENDS

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Exclusivity arrangements

1. **Cease discussions:** The OrotonGroup companies in Administration and the Administrators (**Oroton Parties**) must cease any discussions or negotiations with any person other than the Purchaser in relation to a competing proposal, and must end the data room/due diligence investigations for the sale process, other than as permitted by the Fiduciary Out (see 4 below).
2. **No-shop:** Until completion of a transaction with the Purchaser under a Deed of Company Arrangement, the Oroton Parties must not solicit, invite, encourage or initiate any inquiry, expression of interest, proposal or discussion by any person in relation to a competing proposal.
3. **No-talk:** Until completion of a transaction with the Purchaser under a Deed of Company Arrangement, the Oroton Parties must not negotiate or enter into or participate in negotiations or discussions with any person in relation to a competing proposal, other than as permitted by the Fiduciary Out (see 4 below).
4. **Fiduciary Out:** The requirement to cease discussions and the no-talk obligations do not apply to the extent they restrict the Oroton Parties from taking or refusing to take any action with respect to an unsolicited and bona fide competing proposal where:
 - (a) the Administrators have determined in good faith that the competing proposal is, or would reasonably be expected to lead to, a superior proposal; and
 - (b) the Administrators have determined that failing to take the action or refusing to take the action with respect to the competing proposal would constitute, or would be likely to constitute, a breach of any of the Administrators' legal obligations.

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