



NONI B

ACQUISITION OF PRETTY GIRL
FASHION GROUP

Not for US Distribution

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Disclaimer

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All dollar values are in Australian dollars (**A\$**) and financial data is presented as at 26 June 2016 for Noni B Group and 3 July 2016 for Pretty Girl unless otherwise stated. Investors should note that this Presentation contains pro forma financial information. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being Noni B Group's (or anyone else's) views on its or Pretty Girl's future financial condition and/or performance. The pro forma financial information has been prepared by Noni B Group in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia. Please refer to the appendix for details of the basis of preparation of financial data.

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Pretty Girl Transaction Overview

- On 3 August 2016 Noni B Limited (**Noni B Group**) announced that it had entered into a binding contract to acquire all of the shares in CPH Fashion Pty Limited (**Pretty Girl**) from Consolidated Press Holdings Pty Ltd (**CPH**) (the **Transaction**)
- The Transaction will result in Noni B Group becoming a leading business in the Australian womenswear market, with a network of 597 stores spanning four complementary standalone brands, being Noni B, Rockmans, W.Lane and BeMe
 - Post Transaction, Noni B Group will have combined revenue of \$334m and pro forma EBITDA of \$21m¹ based on Noni B audited accounts and Pretty Girl unaudited management accounts for the financial year 2016 (**FY2016**)²
- The initial Transaction consideration of \$74.7m, will comprise \$65m in cash and \$9.7m in Noni B Group shares, being 7.72m shares at the entitlement offer price of \$1.25 per share
 - The share consideration will provide CPH with a fully diluted interest of 10% in Noni B Group
 - Inclusive of transaction costs, the total upfront cash funding requirement is \$68m
- The initial Transaction consideration represents a multiple of 6.6x pro forma EBITDA for the financial year 2016 (unaudited), before any synergies attributable to the combination with Noni B Group
 - In addition, the transaction consideration includes a deferred cash component of up to \$7.3m payable in two tranches, contingent on the existing Pretty Girl store network meeting certain like-for-like sales thresholds for the financial years 2017 and 2018
- Noni B Group will fund \$38m of the Transaction consideration and associated costs through a fully underwritten 39:50 accelerated non-renounceable entitlement offer at a price of \$1.25 per share (**Entitlement Offer**):
 - The Entitlement Offer price represents a 2.9% discount to the theoretical ex-rights price³
 - The Entitlement Offer price represents an enterprise value multiple of 5.5x pro forma EBITDA (based on pro forma net debt as at 26 June 2016)
 - The Entitlement Offer has been fully underwritten by Noni B Group's major shareholder, Alceon Group Pty Limited (**Alceon**)
 - Noni B Group's implied pro forma market capitalisation at the Entitlement Offer price is \$97m
- The balance of the cash funding requirement will be provided by committed \$30m acquisition debt facilities from ANZ
- The Transaction is subject to certain conditions, and is expected to close on 5 September 2016

1. Includes pro forma FY2016 EBITDA adjustments for annualisation of net new stores, 53 week adjustment, discontinued businesses but before any synergies attributable to the combination of Noni B Group and Pretty Girl.

2. Noni B Group's financial year ended 26 June 2016, Pretty Girl's financial year ended 3 July 2016.

3. Calculated including Entitlement Offer shares and CPH consideration shares at \$1.25.

Investment Highlights

✓	Transformational Acquisition	<ul style="list-style-type: none"> ➤ Noni B Group's acquisition of Pretty Girl will create a leading business in the Australian womenswear market ➤ Noni B Group will grow from FY2016 reported sales of \$107m and EBITDA of \$7m across 217 stores (including online stores) to combined FY2016 sales of \$334m and EBITDA of \$21m¹ across a total network of 597 stores
✓	Complementary Portfolio	<ul style="list-style-type: none"> ➤ Noni B Group will have 4 complementary standalone womenswear brands sold through owned branded or multi-owned branded boutiques
✓	Significant Opportunity for Growth	<ul style="list-style-type: none"> ➤ 20 committed stores to open in Australia across the combined portfolio brands during the 2017 financial year ➤ Strong growth potential in the W.Lane and BeMe brands which currently have store footprints of 77 and 24 respectively ➤ Potential opportunities in the multi-owned branded store format ➤ Continuation of growth in the online offering of the combined business
✓	Attractive Returns to Shareholders	<ul style="list-style-type: none"> ➤ Pro forma EPS shows a significant uplift when compared against Noni B Group reported underlying FY 2016 EPS ➤ Potential synergies from supply chain optimisation, centralised costs and other benefits in combining the two businesses are expected to further increase profitability as they are realised over time
✓	Strong Combined Management Team	<ul style="list-style-type: none"> ➤ Noni B Group and Pretty Girl have strong management teams who have delivered meaningful profit improvement in recent years
✓	Strategic Support	<ul style="list-style-type: none"> ➤ Showing strong confidence in the strategic vision of Noni B Group, CPH (the Pretty Girl vendor) will become a 10% shareholder in Noni B Group and has nominated a director to the Noni B Group board ➤ Alceon will retain a majority shareholding in Noni B Group post transaction ➤ Directors holding shares in Noni B Group will take up a portion of their entitlements under the Entitlement Offer

1. Includes pro forma adjustments for annualisation of net new stores, 53 week adjustment, discontinued businesses but before any synergies attributable to the combination of Noni B Group and Pretty Girl. See page 12 for further detail.


Continuation of Noni B Group Strategy

- A majority interest in Noni B Group was acquired by certain trusts controlled by Alceon pursuant to an off-market takeover bid announced on 3 September 2014
- Alceon, together with the incoming management team, had identified Noni B Group as an operational turnaround and improvement opportunity, and this has been the focus for Noni B Group management since Alceon acquired control
- The turnaround has progressed well and a number of key aspects have been delivered, resulting in Noni B being on a stable financial footing
- Noni B Group achieved EBITDA of \$7.0m¹ for FY2016 compared with an EBITDA loss in financial year 2015
 - EBITDA of \$9.3m for financial year 2016 when accounting for annualisation of net new stores
 - Ungeared balance sheet with cash balances of \$12.9m as at 26 June 2016
- Noni B Group is now poised to assess the second phase of its overall turnaround strategy, being the identification and execution of future growth, both organic and acquisition-led
- Pretty Girl presents a strategic and complementary portfolio acquisition for Noni B Group to create a leading business in the Australian womenswear market
- Key areas of growth and value creation for the combined business are outlined further within this presentation

1. Excludes Queenspark and Events discontinued business.

Noni B Group Overview



- Noni B Group (ASX: NBL) is a women's fashion retailer, founded in 1977
- The Company sells its products through a national network of 217 boutique stores under two exclusive brands – Noni B and Liz Jordan

Brand	N O N I B	L I Z J O R D A N
Proposition	Timeless Casual	Smart Elegance
Overview	Noni B create classic, timeless, elegant fashion for the 50+ woman. Wherever she is going in her day, Noni B has her covered with clothes that make her feel beautiful for every occasion.	Liz Jordan designs capsule collections for Smart Casual, Work, After Dark, Luxe Traveller.
Sales (FY2016) ¹	\$102m	
Stores (26 June 2016)	217 (including 1 online store)	
Brand Imagery		

1. Excludes Queenspark and Events discontinued business.

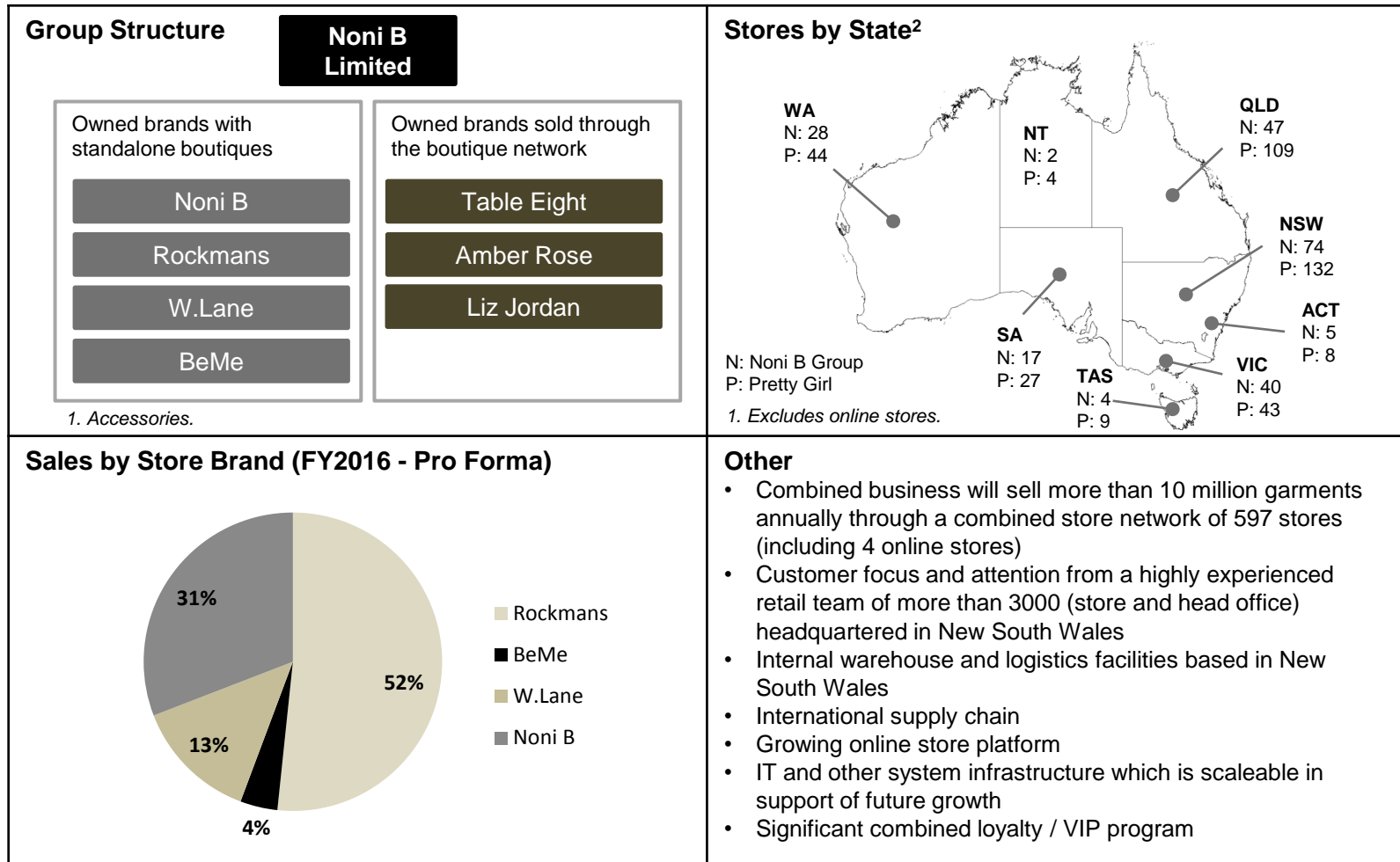
Pretty Girl Overview

- Pretty Girl is a longstanding Australian womenswear retailer with a loyal customer base across differentiated brands

Brand	 rockmans	TABLE EIGHT	beme	W · L A N E
Proposition	Value Fashion	Premium Fashion	Plus Size	Contemporary Mature
Overview	Established in 1931, Rockmans is an iconic Australian brand that delivers quality on-trend fashion at value prices. Primarily targets value conscious and fashion aware women. Strong in regional locations.	Offers high quality, stylish garments at higher price points for women. Retailed through Rockmans and Rockmans' Emporium stores.	Specifically tailors the latest fashions with a focus on fit, quality and style.	Offers fashion that provides style and quality for everyday living. Classic items and contemporary fashion. Targets financially secure women with a metropolitan focus.
Sales (FY2016) ¹	\$164m	Included in Rockmans	\$13m	\$44m
Stores (3 July 2016)	277	N/A	24	77
Brand Imagery				

1. Unaudited net sales by store brand for 12 months ended 3 July 2016.

Overview of Combined Business



Key Areas Of Value Creation

- An acquisition of Pretty Girl provides significant opportunity for value creation across the combined businesses. Key areas are:

Expansion of Store Portfolio	<ul style="list-style-type: none"> Noni B Group has 12 committed new stores to open during the 2017 financial year as at 26 June 2016 Pretty Girl has 8 committed new stores to open during the 2017 financial year as at 3 July 2016 In addition, the rollout of further new stores will focus on the following initiatives: <ul style="list-style-type: none"> ➤ Noni B store portfolio growth through a number of identified potential sites ➤ Expansion of W.Lane and BeMe brands which currently have store footprints of 77 and 24 respectively ➤ Increased representation of Rockmans in metropolitan shopping malls ➤ Further regional expansion across the portfolio ➤ Opportunity for large store formats by combining brands
Centralised Costs	<ul style="list-style-type: none"> Efficiencies to be gained in shared services Combination of physical head office facilities Procurement savings through expanded purchasing power Other administration savings
Supply Chain	<ul style="list-style-type: none"> Application of learnings from the Noni B Group supply chain reconfiguration to Pretty Girl's operations, where product volumes are currently 3.5 times greater than Noni B Group Optimisation of vertically-integrated supply chain across both businesses Other scale purchasing benefits
Online	<ul style="list-style-type: none"> The combined business' online offering is at a relatively early stage of development with Pretty Girl and Noni B Group online sales representing 2.4% of total sales respectively Significant investment in team expansion and marketing is expected to grow and enhance the online and omni-channel offering
Other	<ul style="list-style-type: none"> Application of best practice across the brands in key areas such as customer engagement, social media, visual merchandising, ranging and new product development Potential for cross marketing to the combined pool of VIP customers of the enlarged Noni B Group

Pro Forma Profit and Loss (FY2016)

Post Transaction, Noni B Group will have combined revenue of \$334m and pro forma FY2016 EBITDA of \$21m based on audited Noni B Group accounts and unaudited Pretty Girl accounts for FY2016

\$m	Noni B	PGFG	Pro Forma
Sales Revenue	105.1	229.1	334.2
Gross Margin	74.1	150.2	224.3
Gross Margin %	70.5%	65.6%	67.1%
Operating Expenses	67.1	138.8	205.9
EBITDA	7.0	11.4	18.4
Pro Forma FY2016 EBITDA Adjustments			2.5
Pro Forma Adjusted FY2016 EBITDA			20.9
Depreciation & Amortisation	2.3	5.8	8.1
Pro Forma Interest Expense			1.5
Other Expenses			0.6
Underlying Profit Before Tax			10.7
Tax (30%)			3.2
Underlying Profit After Tax			7.5

- The underlying financial information presented above has been sourced from the audited financial statements of Noni B Group for the year ended 26 June 2016 and the unaudited Pretty Girl accounts for the year ended 3 July 2016.
- For details of the basis of preparation and assumptions adopted in the presentation of the pro forma financial information above refer to page 19.
- Noni B Group financials above are presented exclusive of Queenspark and Events which the company made the decision to discontinue in FY2016. The pro forma profit and loss excludes the impact of \$5.2m revenue, \$2.5m gross margin and a \$0.8m EBITDA loss incurred in FY2016 by Queenspark and Events.
- The adjustments made to Noni B Group and Pretty Girl standalone financial information to present a pro forma profit and loss for FY2016 comprise the following:
 - 53 week adjustment – Pretty Girl traded on a 53 week basis in FY2016. To reflect trading on a 52 week basis going forward, one week of total store cash contribution for FY2016 has been excluded from the pro forma profit and loss
 - Pretty Girl stores annualisation – pro forma run rate EBITDA adjustment that represents a full year of trading for stores that opened in FY2016 and the exclusion of the full year contribution from stores that closed during FY2016
 - Noni B Group annualisation - pro forma run rate EBITDA adjustment that represents a full year of trading for stores that opened in FY2016 and the exclusion of the full year contribution from stores that closed during FY2016.
- The pro forma interest expense includes incremental interest expenses arising on the additional \$30m debt funding to be raised by Noni B Group to fund the acquisition of Pretty Girl.
- Income tax expense is based on a 30% corporate tax rate on profit before tax, ignoring existing tax losses which may be utilised in future periods.
- Underlying profit after tax represents net profit after tax before the impact of unrealised foreign exchange gains or losses, share based payment expenses, and amortisation of identifiable intangibles arising from the Transaction.

Pro Forma Accretion Analysis (FY2016)

Post Transaction, Noni B Group pro forma EPS (excluding the benefit of any synergies from combining Noni B Group and Pretty Girl) shows a significant uplift when compared to Noni B Group underlying EPS for the financial year 2016

FY2016 Pro Forma EPS Analysis	
Noni B Underlying Profit After Tax (\$m)	2.4
Noni B Shares Outstanding (m)	39.1
Noni B Group EPS (cents)	6.1
Pro Forma Underlying Profit After Tax (\$m)	7.5
Pro Forma Shares Outstanding (m)	77.3
Pro Forma Noni B Group EPS (cents)	9.7
Pro Forma Uplift Compared to Reported Underlying EPS	58%

1. The underlying financial information presented above has been sourced from the audited financial statements of Noni B Group for the year ending 26 June 2016 and the unaudited Pretty Girl accounts for the year ending 3 July 2016.
2. For details of the basis of preparation and assumptions adopted in the presentation of the pro forma financial information above refer to page 19.
3. Underlying profit after tax represents net profit after tax before the effect of non-recurring significant items and fair value movements including the impact of unrealised foreign exchange gains or losses, share based payment expenses, and amortisation of identifiable intangibles arising from the Transaction. Noni B Group believes that underlying profit after tax is a better measure to illustrate the underlying performance of the acquisition, and allows for more relevant comparison of financial performance between financial periods.

Pro Forma Leverage

Noni B Group will have a pro forma Gross Debt / EBITDA ratio of 1.44x at financial year 2016. It is expected that Noni B Group's free cash flow will be used to reduce leverage over time.

Pro Forma Leverage	
Pro Forma Gross Debt (\$m)	30.0
Cash (\$m as at 26-Jun-16)	12.9
Net Debt (\$m)	17.1
Pro Forma Book Value of Equity (\$m)	69.5
Gross Debt / Pro Forma EBITDA (x)	1.44
Net Debt / Pro Forma EBITDA (x)	0.93
Gross Book Gearing %	30%

1. The underlying financial information presented above has been sourced from the audited financial statements of Noni B Group for the year ending 26 June 2016 and the unaudited Pretty Girl accounts for the year ending 3 July 2016.
2. For details of the basis of preparation and assumptions adopted in the presentation of the pro forma financial information above refer to page 19.
3. For a detailed pro-forma Noni B Group balance sheet refer to page 22.
4. Pro forma net debt includes borrowings of \$30m used to fund the acquisition (post adjustments for debt establishment costs) and includes the cash balances of Noni B Group as at 26 June 2016.
5. Gross book gearing ratio is calculated by dividing gross debt by the sum of gross debt and pro forma shareholder equity.

Offer Details

Entitlement Offer	<ul style="list-style-type: none"> • 39:50 accelerated pro-rata non-renounceable entitlement offer to raise approximately \$38m <ul style="list-style-type: none"> ➢ 30.5 million new fully paid ordinary shares, equivalent to approximately 80% of current issued capital (before the CPH Placement) ➢ Fully underwritten by Noni B Group's major shareholder, Alceon • \$1.25 Offer Price <ul style="list-style-type: none"> ➢ Represents a 3.3% discount to the theoretical ex-rights price prior to issuance of the CPH share consideration, and a 7.5% premium to the theoretical ex-rights price post issuance of the CPH share consideration ➢ Represents a multiple of approximately 5.5x pro forma FY2016 EBITDA¹ • Record Date of 24 August 2016 • The shares will rank parri-passu with all other ordinary shares on issue • Shareholders in Noni B at the Record Date will be entitled to subscribe for their entitlements under the Entitlement Offer
CPH Placement	<ul style="list-style-type: none"> • As part of the transaction consideration, CPH will be issued 7.72m shares in Noni B, representing 10% of the fully diluted share capital following completion of the Entitlement Offer • Shares will be issued at a price of \$1.25 per share, consistent with the Entitlement Offer, representing consideration of \$9.7m

1. Based on pro forma FY2016 EBITDA as detailed on page 12 and the pro-forma balance sheet as detailed on page 22.

Entitlement Offer Timetable

Event	Date
Announcement of Entitlement Offer and Noni B Group Trading Halt	Monday, 22 August 2016
Institutional Entitlement Offer Bookbuild	Monday, 22 to Tuesday, 23 August 2016
Noni B Group resumes trading ex. entitlements	Wednesday, 24 August 2016
Record Date	Wednesday, 24 August 2016
Retail Entitlement offer opens	Friday, 26 August 2016
Retail offer booklet despatched	Friday, 26 August 2016
Institutional Settlement Date	Thursday, 1 September 2016
Institutional Allotment and Trading Date	Friday, 2 September 2016
Transaction Completion	Monday, 5 September 2016
Retail Entitlement Offer closes	Wednesday, 7 September 2016
Retail Allotment Date	Wednesday, 14 September 2016
Retail Trading Date	Thursday, 15 September 2016

Sources & Uses of Funding

- Noni B Group has received commitments in relation to \$35.0m of debt funding, comprising \$30.0m acquisition debt facilities and a \$5.0m working capital facility
- Funding for Noni B Group's payment of the cash component of the initial transaction consideration will be through a combination of the Entitlement Offer and the acquisition debt facility
- The share component of the initial transaction consideration will be satisfied by the CPH Placement

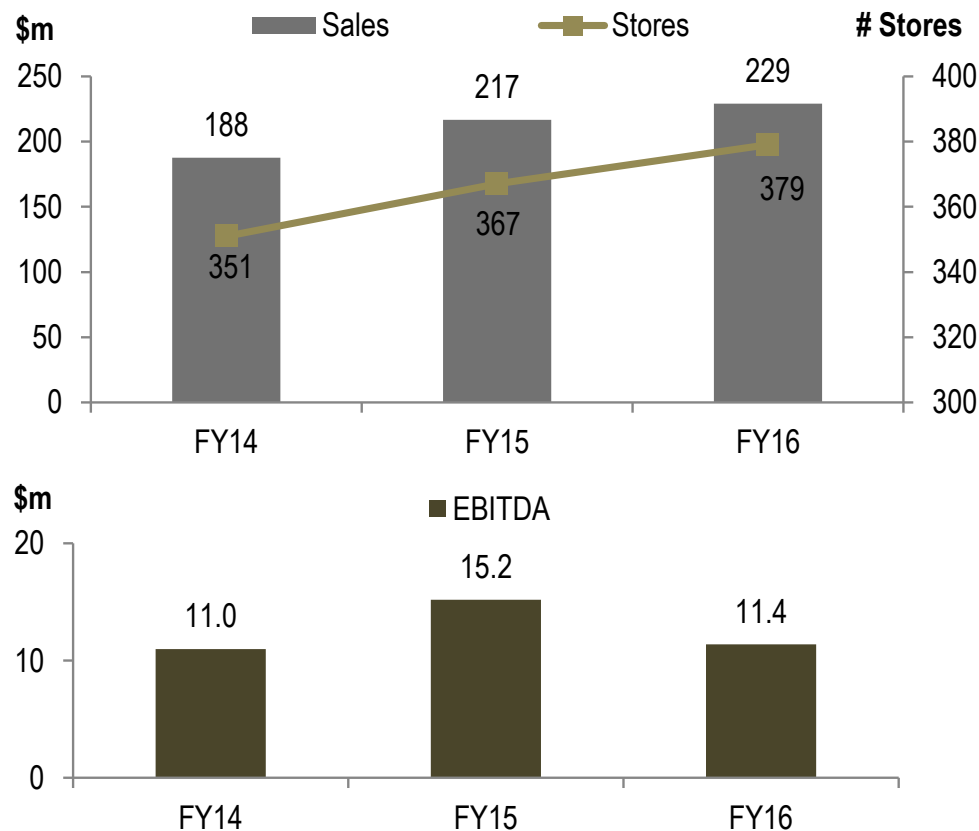
Transaction Sources		Transaction Uses	
Acquisition Debt Facilities	\$30.0m	Initial Transaction Consideration (Cash)	\$65.0m
Entitlement Offer Proceeds	\$38.1m	Transaction Fees & Costs	\$4.0m
Noni B Group Existing Cash	\$0.9m		
Total	\$69.0m	Total	\$69.0m

Appendix – Additional Financial Information

Basis Of Preparation and Key Assumptions

- This section has been prepared to illustrate the pro forma historical financial information of Noni B Group post the acquisition of Pretty Girl
- The pro forma financial information is based on information extracted from the audited financial statements of Noni B Group for the year ended 26 June 2016 and the unaudited financial statements of Pretty Girl for the year ended 3 July 2016 and other supplementary information as was considered necessary, including management accounts and forecast financial information (**Pro Forma Financial Information**)
- The Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation disclosures, statements or comparative information as required by Australian Accounting Standards (**AAS**) applicable to general purpose financial reports prepared in accordance with the Corporations Act
- The Pro Forma Financial Information has been prepared in order to give shareholders an indication of the scale and size of Noni B Group following completion of the proposed transaction
- The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement principles of AAS. The following adjustments have been made to reflect annualisation of changes to each business which occurred during FY 2016 (trading period adjustments, discontinued business, new stores, closed stores).
- Pro Forma adjustments were made to the financial information of Noni B Group and Pretty Girl to reflect a normalised trading position of the combined group, capital raising and funding structure in relation to the acquisition as if the acquisition had occurred at the end of FY 2016
- EBITDA is a non-AAS financial measure, defined for the purposes of this document as earnings before interest, tax, depreciation, amortisation, non-recurring income/expenditure and certain non-cash items such as share based payments and unrealised foreign exchange gains/losses
- Apart from the adjustments outlined in the notes to the Pro Forma Financial Information, no adjustments have been made to the historical financial information of Noni B Group and Pretty Girl. In particular, no adjustments have been made to allow for subsequent events unless specifically mentioned
- The accounting policies adopted for the purposes of the Pro Forma Financial Information are based on each entity's current accounting policies. As such, the Pro Forma Financial Information excludes the amortisation of acquired intangibles as a purchase price allocation exercise has not yet been performed
- Benefits from cost savings and synergies are likely to be realised as a result of the proposed transaction. The Pro Forma Financial Information reflects the size and scale of the combined Noni B Group post acquisition of Pretty Girl before the impact of any cost savings and synergies. The Pro Forma Financial Information also does not include any one off costs anticipated to achieve cost savings or synergies

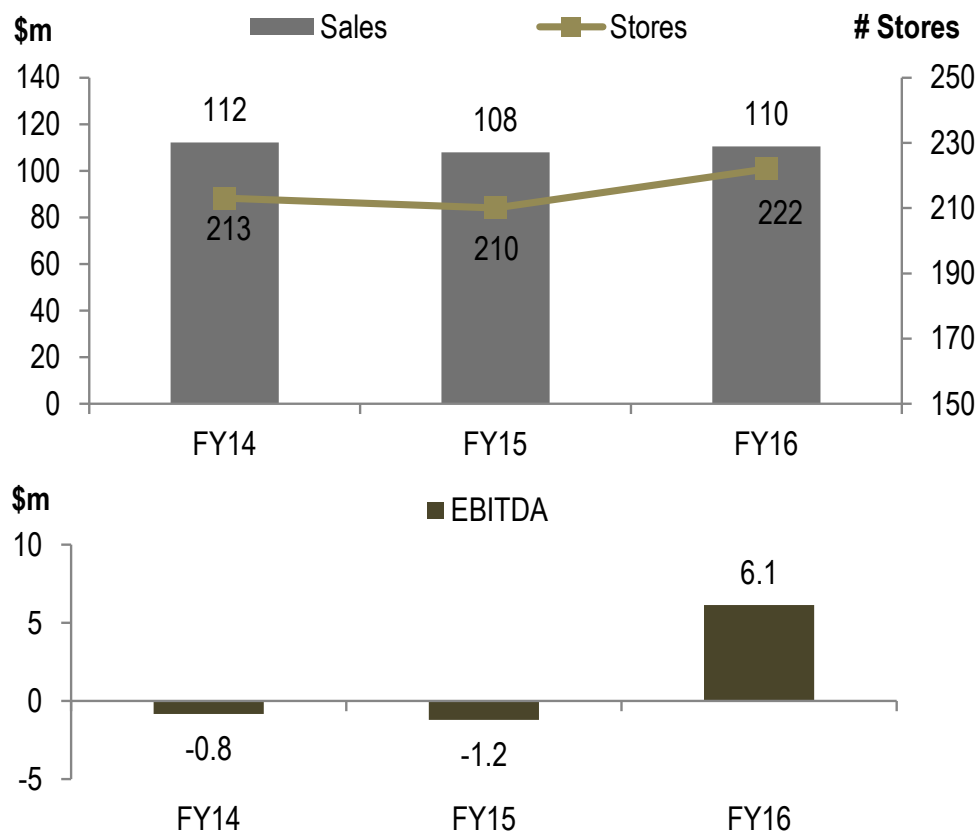
Historical Financials – Pretty Girl



- The summary historical financial performance of Pretty Girl is set out in the adjacent charts
- Pretty Girl management grew sales over the period FY2014 to FY2016 through a combination of like-for-like improvements and new stores
- Over this time period, Pretty Girl management restored the business to profitability (Pretty Girl delivered an EBITDA loss of \$6.2m in FY2013)
- FY2016 earnings was impacted by the unseasonably warm autumn and winter period and resulting wide ranging discounting experienced in the Australian apparel sector

1. The underlying financial information presented above has been sourced from the unaudited Pretty Girl accounts for the year ending 3 July 2016.
2. Stores represent closing number of stores at the end of the relevant financial year, including online stores.

Historical Financials – Noni B Group



- As outlined on page 7, Noni B Group management have been focused on a turnaround of the business since November 2014
- The improvement in profitability over this period has been the result of implementing a number of identified turnaround strategies
- Other areas of focus have included product range improvements and enhancement of the overall customer experience, both in-store and online

1. The underlying financial information presented above has been sourced from the audited financial statements of Noni B Group for the year ending 26 June 2016.
2. No adjustments for discontinued business or annualisation of stores have been made to the above numbers.
3. Stores represent closing number of stores at the end of the relevant financial year, including online stores.

Pro Forma Balance Sheet

\$m	Noni B Group (26-Jun-16)	Acquisition Adjustments	Pro-Forma Noni B Group
Cash and cash equivalents	12.9	-0.9	12.0
Trade and other receivables	1.5	2.3	3.8
Inventories	11.4	19.5	30.9
Other current assets	0.3	0.7	1.0
TOTAL CURRENT ASSETS	26.2	21.5	47.7
Property, plant and equipment	6.4	22.3	28.7
Intangibles	0.5	65.0	65.5
Other non-current assets	3.9	7.2	11.1
TOTAL ASSETS	37.0	116.1	153.1
Trade and other payables	17.7	18.9	36.6
Other current liabilities	4.6	8.8	13.4
TOTAL CURRENT LIABILITIES	22.3	27.7	50.0
Borrowings	0.0	30.0	30.0
Other non-current liabilities	2.7	10.6	13.4
TOTAL LIABILITIES	25.0	68.3	93.3
NET ASSETS	11.9	47.8	59.7
Contributed equity	21.7	47.8	69.5
Reserves	1.1		1.1
Retained profits	-10.9		-10.9
NET EQUITY	11.9	47.8	59.7

1. The Pro forma balance sheet is presented using the audited financial statements of Noni B Group for the year ending 26 June 2016 and the unaudited Pretty Girl accounts for the year ending 3 July 2016, and has been prepared on the basis that the acquisition was completed on 26 June 2016 including the impact of the assets and liabilities of Pretty Girl being transferred to Noni B Group at their historical book value on a consolidated basis and the estimated impact of debt and equity raisings.
2. Noni B Group has agreed to pay initial Transaction consideration of \$74.7m for Pretty Girl, which is expected to be funded through a combination of equity raised of \$38.0m and additional borrowings. Uses of funds are set out at page 17.
3. Adjustments to arrive at a Pro Forma financial position for the combined group comprise the following:
 1. Addition of the assets and liabilities of Pretty Girl as at 3 July 2016
 2. Cash proceeds from the entitlement offer of approximately \$38.0m based on the Offer Price
 3. Debt drawn of \$30.0m via acquisition bank facility with ANZ
 4. Cash consideration component paid of \$65.0m
 5. Assumed transaction costs of \$4.0m
6. The net effect on Pro Forma cash of proceeds and consideration is a \$0.9m decrease. Refer to sources and uses of funds set out at page 17.

Appendix – Key Risks

Key Risks - Business

General Economy	Discretionary retail sales may be adversely impacted by a general decline in economic conditions and, by extension, global economic conditions. Although Noni B Group and the Pretty Girl portfolios are not fashion-led brands, which should reduce their regular trading volatility, they remain inherently linked to consumer sentiment patterns.
Competition	<p>The womenswear apparel retailing sector is competitive, with Noni B Group and Pretty Girl competing for share of wallet with other local and international brands which are sold through stores and boutiques, department stores as well as online channels (discussed below).</p> <p>There is a risk of increased competition from existing retail operators as well as new potential entrants into the Australian market, which may adversely impact Noni B Group's financial performance.</p>
Online	<p>Noni B Group and Pretty Girl currently generate a relatively small proportion of sales through their online channel. Accordingly, Noni B Group and Pretty Girl may risk losing market share to competitors with stronger online offerings or international product sold through online channels.</p> <p>As outlined within this document, a key focus for management team as part of the integration exercise will be the development of both businesses' online offerings in order to mitigate this risk.</p>
Key Personnel	<p>The operational and financial performance of Noni B Group and Pretty Girl is dependent on Noni B Group's ability to attract and retain experienced management. The loss or unavailability of key personnel involved in the management of the businesses could have an adverse impact on Noni B Group's financial performance.</p> <p>Noni B has implemented and operates a Director and Senior Management Share Plan to assist in attracting and retaining key staff</p>

Key Risks – Business

Integration	<p>The combination of the Noni B Group and Pretty Girl businesses is a significant integration exercise which will place increasing demands on the combined management team.</p> <p>While the existing Noni B Group and Pretty Girl management teams have recently delivered turnarounds of their respective businesses, there is a risk that the integration of Noni B Group and Pretty Girl takes longer than anticipated and or delivers financial benefits which are below levels expected by management.</p>
Foreign Exchange	<p>Noni B Group and Pretty Girl are exposed to foreign exchange risk due to their garments being manufactured in countries other than Australia. Noni B Group's primary exposure is to the US dollar.</p> <p>Although Noni B Group has a policy of entering into hedging contracts, this may only provide for relatively short term management of foreign exchange risk. Noni B Group may be exposed to the longer term movements of foreign exchange rates if it is unable to make commensurate adjustments to its selling or purchase price of those same garments.</p>
Interest Rate	<p>Noni B Group will utilise debt facilities in order to fund a proportion of the purchase price for Pretty Girl. As a result, Noni B Group will be exposed to movements in interest rates which may impact Noni B Group's cost of funding and financial performance.</p> <p>Movements in interest rates may also impact Noni B Group's customers' spending patterns.</p> <p>Noni B Group will enter into hedging arrangements to cover the majority of its interest rate exposure.</p>
Financing	<p>Noni B Group will utilise debt facilities in order to fund a proportion of the purchase price for Pretty Girl. The debt facilities will be subject to compliance with certain covenants which may restrict Noni B Group's ability to engage in certain activities or to make payment of dividends to Noni B Group shareholders.</p>

Key Risks - Business

Taxation	The risk that changes in tax law (including goods and services taxes and duties) may impact the tax liabilities of Noni B Group. In addition the ability of Noni B Group to obtain the benefit of existing tax losses and claim other beneficial tax attributes, including those attributable to the acquisition of Pretty Girl, will depend on future circumstances and may be adversely affected by changes in ownership, business activities, and levels of taxable income.
Litigation	Noni B Group may become involved in litigation or disputes, which could adversely affect financial performance and reputation.
Occupational Health & Safety	If there were to be a failure to comply with the applicable occupational health & safety legislative requirements across the jurisdictions in which Noni B Group operates, there is a risk that such non-compliance could result in fines, penalties and / or compensation for damages, as well as reputational consequences.
Trading Price of Noni B Group Shares	<p>There are risks associated with any share market investment. It is important to recognise that share prices and dividends might rise or fall. Factors affecting the operating and financial performance of Noni B Group and the ASX trading price of Noni B Group shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates and other variations in general market conditions.</p> <p>The share prices of many companies are affected by factors which may be unrelated to the operating performance of that company. Such factors may adversely affect the market price of Noni B Group.</p>

Key Risks - Transaction

Change of Control	A certain number of Pretty Girl's contracts include a change of control provision which entitle the counterparty to review, modify or terminate those contracts. If a counterparty were to take such an action in relation to a contract, this may have an adverse impact on Noni B Group.
Reliance on Information	Noni B Group undertook a due diligence process in respect of the Pretty Girl business which relied in part on the review of financial and other information provided by Pretty Girl. Noni B Group has not been able to verify the accuracy, reliability or completeness of all of the information which was provided against independent sources. Noni B Group has also relied on that information for the purposes of preparing the pro forma financial information for the combined businesses as set out within this presentation. Should any of the data or information prove to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the combined businesses may be different to the pro forma financial position and performance set out within this presentation.
Acquisition Accounting	Following the acquisition of Pretty Girl, Noni B Group will be required to perform a purchase price allocation involving the valuation of assets and liabilities acquired. The fair value of assets acquired will provide the basis for subsequent depreciation and amortisation charges in the statement of financial performance for Noni B Group on a consolidated basis. Accordingly, the consolidated earnings may be different to the pro forma financial performance set out within this presentation.

Key Risks - Transaction

Funding risk	The acquisition debt facilities are subject to completion of certain confirmatory requirements and final documentation. If these remaining matters are unable to be successfully completed, the financiers may withdraw the offer to provide the debt facility which would have an adverse impact on Noni B Group's sources of funding to acquire Pretty Girl.
Underwriting risk	<p>Noni B Group has entered into an underwriting agreement with its major shareholder, Alceon pursuant to which Alceon will underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement. The key terms and conditions of the underwriting agreement are summarised on page 31.</p> <p>If these conditions are unable to be satisfied, the underwriting agreement may be terminated which would have an adverse impact on Noni B Group's source of funding to acquire Pretty Girl. Noni B Group would need to find alternative sources of funding in order to satisfy its obligations under the sale and purchase agreement in relation to Pretty Girl.</p>

Appendix – Transaction Documents

Summary Of Key Transaction Documents

SHARE SALE AGREEMENT

- Noni B Group (or its nominee) has agreed to acquire all of the ordinary share capital in CPH Fashion Pty Ltd
- Initial transaction consideration comprises:
 - \$65m in cash
 - 7.72m shares in Noni B Group, representing a fully diluted interest of 10% in Noni B Group
- In addition, the transaction consideration includes a deferred cash component of up to \$7.3m payable in two tranches subject to the existing Pretty Girl store network meeting certain sales thresholds for the financial years 2017 and 2018
- Transaction completion is subject to satisfaction of the following conditions
 - No material adverse change occurring in relation to Noni B Group or Pretty Girl, where material adverse change refers to:
 - any event, circumstance, change or occurrence (singularly or in combination) that occurs that could reasonably be expected to result in the consolidated earnings before interest, tax expense, depreciation and amortisation for each of the 2017 and 2018 financial year being less than 80% of the consolidated earnings before interest, tax expense, depreciation and amortisation for the 2016 financial year
 - Satisfaction of the conditions to the ANZ debt term sheet, which are customary conditions for a corporate debt facility of this nature, including that certain funds are received by Noni B way of equity contribution
- Subject to satisfaction of the conditions outlined above, transaction completion is expected to occur on 5 September 2016. If the conditions are unable to be satisfied by that date, the next scheduled completion date will occur in October 2016 unless otherwise agreed between Noni B Group and CPH

Summary Of Key Transaction Documents

SUBSCRIPTION AGREEMENT

- Pursuant to the terms of the Share Sale Agreement, CPH (or its nominee) has agreed to subscribe for 7.72 million shares in Noni B Group at a price of \$1.25 per share
- Completion under the subscription agreement is conditional upon completion under the share sale agreement
- Under the terms of the subscription agreement, CPH may nominate a director to the board of Noni B Group. CPH has nominated Brad Kady to the board of Noni B Group

UNDERWRITING AGREEMENT

- Noni B Group has entered into an underwriting agreement with its largest shareholder, Alceon, pursuant to which Alceon has underwritten the Accelerated Non-Renounceable Entitlement Offer of up to \$40m at a price of \$1.25 per share ("Underwriting Agreement")
- The key terms of the Underwriting Agreement between Noni B and Alceon dated 2 August 2016 are summarised below:
 - Alceon has underwritten the amount of any shortfall of securities offered under the Entitlement Offer (if any)
 - An underwriting fee of 3% of the issue amount is payable to Alceon plus any fees or costs associated with any sub-underwriters
 - Noni B Group has given various representations and warranties in respect of its business and its compliance with continuous disclosure obligations (amongst others). Noni B Group has also agreed to indemnify Alceon for losses arising from a breach of those representations and warranties. Such representations and warranties are considered customary for agreements of this type
 - Alceon has the right to terminate the agreement upon the occurrence of certain events, including:
 - If one or more conditions precedents are not satisfied, including:
 - The institutional entitlement offer opening no later than 22 August 2016;
 - Compliance with the timetable as set out in ASX Listing Rules Appendix 7A;
 - Approval of the form of offer documents by Alceon; and
 - The due diligence process being completed prior to the issue of any offer documents;
 - In relation to the Transaction, where a material adverse effect (defined as one that could reasonably be expected to result in Noni B's EBITDA for each of 2017 and 2018 financial years being less than 80% of its EBITDA for the 2016 financial year) occurs with respect to Noni B and its related bodies corporate; and
 - a number of other termination events customary to agreements of this nature

Appendix – other

International Selling Restrictions

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- This document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this document does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States
- This document is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia and New Zealand
- No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand
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- Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply
- Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Noni B to lawfully receive your Application Monies

NEW ZEALAND

- The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Noni B with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)
- This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain

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