



TOUCHCORP LIMITED

(ASX: TCH)

ASX and Media Release

19 June 2017

Chairman's Address to Shareholders at the Touchcorp Scheme Meeting

Introduction to the Merger

A Scheme Booklet was dispatched to all shareholders from 19 May and contained the notice of today's meeting. Thank you for taking the time to read the Scheme Booklet.

The Scheme Booklet explains the proposal for Touchcorp and Afterpay Holdings Limited ("**Afterpay**") to merge under a new holding company, which is called Afterpay Touch Group Limited or "**APT**". At today's meeting, we will ask Touchcorp Shareholders to approve the Touchcorp Scheme of Arrangement ("**Touchcorp Scheme**"), which forms a key part of the merger with Afterpay.

For the purpose of transparency, I would like to clarify one statement in the Scheme Booklet relating to Keith Cleeve's biography. The biography on page 42 states that Keith founded Touchcorp with his brother Adrian. To be precise, Keith and Adrian were not founders of the actual legal entity listed on ASX today, Touchcorp Limited, but a predecessor business to the current Touchcorp group.

The terms of the Touchcorp Scheme are set out in Annexure C of the Scheme Booklet.

The Touchcorp Board unanimously supports the merger and recommends that you vote in favour of the Touchcorp Scheme.

The Independent Expert, RSM, has also concluded that the Touchcorp Scheme is fair and reasonable and in the best interests of Touchcorp Shareholders.

As shareholders in Touchcorp, the Touchcorp Directors will vote in favour of the proposed resolution in respect of their own shareholdings.

Next steps

If the Touchcorp Scheme is approved today by the Touchcorp Shareholders, Touchcorp will apply to the Bermudian Court for sanction of the Touchcorp Scheme. It is expected that this court hearing take place on Friday 23 June, in Bermuda.

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The Touchcorp Scheme and Afterpay Scheme are inter-conditional. This means that the Touchcorp Scheme (and the merger) cannot occur unless the Afterpay Scheme is also approved. We understand that this morning the Afterpay Shareholders approved the Afterpay Scheme. As a result, Afterpay will also be seeking the Australian Federal Court's approval of the Afterpay Scheme. If approval is received by the relevant courts and all other conditions precedent to the merger are satisfied (as further set out in the Touchcorp Scheme in Annexure C of the Scheme Booklet) the following will take place:

- Afterpay Touch Group will become the holder of all Touchcorp Shares and Touchcorp will become a wholly owned subsidiary of Afterpay Touch Group;
- Touchcorp Shareholders will receive 0.64 Afterpay Touch Group Shares for each Touchcorp Share they hold as at the Record Date; and
- Afterpay Touch Group will become listed on ASX.

If the merger proceeds, Afterpay Touch Group shares are expected to commence trading on ASX on a deferred settlement basis on 29 June 2017, with normal trading expected to commence on 10 July 2017.

Subject to the conditions to the merger being satisfied, the Touchcorp Scheme will legally bind all Touchcorp Shareholders. The merger is expected to be implemented on 6 July 2017.

The Directors have carefully considered the key reasons to vote in favour of the Touchcorp Scheme and possible key reasons to vote against the Touchcorp Scheme, and these are detailed in the Scheme Booklet. We believe that the Touchcorp Scheme, and accordingly the Merger, is in the best interests of Touchcorp Shareholders and unanimously recommend that Touchcorp Shareholders vote in favour of the Touchcorp Scheme in the absence of a superior proposal. No superior proposal has been received to date.

Accordingly, we continue to recommend that Touchcorp Shareholders vote in favour of the Touchcorp Scheme.

-ENDS

For further information, contact:

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