

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY THE CONNÉTABLE OF ST. JOHN
QUESTION SUBMITTED ON MONDAY 25TH OCTOBER 2021
ANSWER TO BE TABLED ON MONDAY 1ST NOVEMBER 2021**

Question

Further to the response to [Written Question 400/2021](#), will the Minister advise –

- (a) why a bid was accepted for the sale of JT's Internet of Things (IoT) without the impact on future returns to the States of Jersey for the next five years in dividends and tax being known;
- (b) how much was spent on professional advice on the sale by the Department of Treasury and Exchequer and, if known by the Minister, how much was spent by JT on such advice; and
- (c) who provided such professional advice and in which areas (i.e. tax, value, legal matters etc)?

Answer

- a) There were a number of powerful reasons for the Minister to approve the acceptance of the bid by the JT Board as was explained during the States Members' briefing that took place on 23 June 2021.

By way of reminder the reasons for the sale were i) that the market was extremely buoyant so an exceptional price was likely and waiting longer to sell could have resulted in a lower price, and ii) the IoT market is highly competitive and dynamic, and it needed a different 'parent' to take the business forward and provide further investment, and not doing that presented substantial risks to the business which JT wasn't able to mitigate.

In reality, the transaction has secured future revenue, since the IoT business will become JT's largest customer and, given the investment the Purchaser is forecast to provide, that revenue is projected to grow. JT retains a 16% shareholding in JT (IoT) Limited and therefore has the potential to participate and benefit from the future growth in value of the IOT business.

- b) The Minister's response to Written Question 343/2021 indicated that there were no direct costs to the Shareholder relating to the sale of the IoT business, other than the engagement of Davies Consulting, the professional fees for which were less than £20,000.

Specialist professionals were engaged to advise JT on the sale of the majority stake in JT (IoT) Limited. As is normal in such cases, Non-Disclosure Agreements and legal contracts were required to ensure commercial confidentiality is adhered to and hence the split of fees between the advisors (Advisory, Legal and Regulatory, Financial) is commercially sensitive and cannot be disclosed.

- c) Arma Partners were the lead advisors to JT and advised JT on all aspects of the potential sale. The process for the selection of these advisors was independently reviewed by Davies Consulting and was found to be appropriate. Davies Consulting further concluded that:-
 - i) the timing of the sale of the IOT was excellent;
 - ii) the sales process was appropriate;
 - iii) the sale of the IOT business aligned with the Shareholder's objectives within the Memorandum of Understanding; and
 - iv) the outcome would exceed expectations and be at the upper end of the valuation range.