

The Manager – Listings  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

21 April 2017

**BUSINESS UPDATE: TERMS SHEET SIGNED FOR PARTIAL ACQUISITION OF EQUIPMENT FINANCE BROKER**

QPF Holdings Pty Limited (QPF) is a 50% owned subsidiary of Consolidated Operations Group Limited (COG).

QPF today has executed a Terms Sheet to purchase 50% of an equipment finance broker for \$1.72m. The COG contribution to this purchase is expected to be around \$860k and is supported by a cash contribution by existing QPF minorities to purchase new QPF shares to fund the acquisition.

The acquisition is a great fit for QPF and COG:

- The Equipment Finance Broker has approximately \$763k of normalised EBITDA for the year ended 30 June 2016;
- The agreed multiple is 4.5 times normalized EBITDA;
- The Equipment Finance Broker's existing management will remain in the business with an ongoing shareholding working together with the QPF management team who hold expertise as an equipment finance broker
- The Equipment Finance Broker is an existing member of Consolidated Finance Group Pty Limited (CFG), which is 80% owned by COG;
- The consideration will be approximately \$1.72m and will be 50% cash and 50% COG shares; and
- The Vendors will be able to sell down their remaining shareholding no earlier than 3 years post settlement of the transaction.

The transaction is expected to be completed around 1 July 2017 and is contingent on matters such as the audit, due diligence, no objection from the ACCC and bank approval.

The acquisition is seen to be a good, cultural, strategic and geographical fit with QPF and the COG group and the target has a consistent financial history.

**COG'S STRATEGY**

The partial acquisition through QPF is consistent with COG's strategy to buy brokers through subsidiaries where the subsidiary's management has 'skin in the game' and the skills and experience to add value through the ongoing management of the acquired entities. This represents the second COG acquisition in the last 6 months.

For further information please contact:

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