



Clime Capital Limited

9 June 2021

Company Announcements
Australian Securities Exchange

GROSS ASSET VALUE EXCEEDS \$158 MILLION

DIVIDEND GUIDANCE FOR SEPTEMBER 2021 QUARTER OF NO LESS THAN 1.265 cents

The Board of Clime Capital Limited (ASX: CAM) is pleased to update shareholders of continuing strong returns from its portfolio.

This has resulted in the CAM Board providing dividend guidance of no less than **1.265 cents per share (fully franked) for the September 2021 quarter**. The actual dividend will be declared in August along with the annual results.

As at the date of this release the **gross asset value of CAM exceeds \$158 million and is at a record level**. The recent strong uplift has been augmented by a number of takeover bids launched for companies held inside the CAM portfolio.

Portfolio update

From time to time, investee companies become the target of strategic acquirers and in select circumstances, this allows CAM to realise significant gains in relatively short periods of time. This has occurred on three occasions in recent months, with takeover offers received for APN Property Group (APD), Hansen Technologies (HSN) and Primewest (PWG).

Both APD and HSN have been core long term investments for the company, having delivered sound returns for investors over many years. On 11 May 2021, APD announced that it had entered into a scheme implementation deed with Dexus (DXS), under which Dexus will acquire 100% of APD. The proposed acquisition is for cash consideration of \$320 million at 91.5 cents, a 50% premium over APN's previous closing price of 61.0 cents.

On 7 June 2021, Hansen Technologies (HSN) disclosed receipt of a non-binding conditional proposal at \$6.50 per share, a 25% premium to the \$5.18 closing price on Friday, 4 June 2021. While still early stage in nature and subject to various conditions, the market reacted positively to this news and marked HSN's shares up accordingly.

Owing to its relatively short time frame as a listed entity, Primewest (PWG) was a more recent addition to the CAM portfolio. Centuria's offer for PWG has now been declared unconditional, with CAM to receive \$0.20 in cash plus 0.473 Centuria securities for each PWG security held shortly. Against CAM's cost base, this also represents a good outcome for shareholders.

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While we expect markets to remain volatile, the company is well positioned with:

- A. Significant profit reserves (noting that May trading resulted in a further addition to profit reserves); and
- B. Realised capital gains (from takeover bids and market trading) leading to a strengthened ability to continue paying shareholders a growing stream of quarterly fully franked dividends.

CAM will continue to keep shareholders informed of the company's progress via weekly and monthly NTA updates.

The CAM offer

Clime Capital (ASX: CAM) provides investors with exposure to a portfolio of high-quality large caps, small caps, and income focused securities. In turn, this allows CAM to meet its objective of delivering a dividend yield and franking rate that is consistently higher than that achieved by the S&P/ASX200 Index.

CAM has paid a quarterly fully franked dividend every quarter since 2009. The company has now increased its dividend for the last four quarters from 1.05c in the June 2020 quarter to 1.25c for the June 2021 quarter. The Board is now guiding to a 1.265 cent dividend in the September quarter 2021.

The company generates a reliable stream of fully franked dividends from its portfolio. In addition, CAM may also realise gains upon the sale of investments. The realisation of invested capital typically occurs when prices more than fully reflect fair value, and may include cases whereby investee companies are acquired. In doing so, the company realises a profit, pays tax, and generates further franking credits to be distributed to shareholders in the form of fully franked dividends.

Clime's focus on investing in quality companies while maintaining strong valuation discipline generally translates to longer term holding periods. As companies within the portfolio execute against their strategic objectives successfully, value is created via an increasing stream of earnings and dividends. This allows the investment manager to take a longer term view, reflecting the permanent capital of the company.

This announcement is authorised for release by the Board of Clime Capital Limited.

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