



PSC Insurance Group

15 January 2016

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ACQUISITION OF RELIANCE PARTNERS FRANCHISE BUSINESS AND THE AUSTRALIAN RELIANCE BROKING BUSINESS

PSC Insurance Group Limited (PSC) (ASX: PSI) has today entered into conditional agreements to acquire the Australian Reliance corporate insurance broking business and Reliance Partners insurance adviser franchise network.

Australian Reliance has broker businesses in Perth, Melbourne, Sydney and Brisbane. Reliance Partners has franchisees throughout Australia. The majority of the franchisees are partly owned by Reliance Partners and partly owned by the franchisee management.

The intention is that the interests of local management in the Australian Reliance broker businesses and Reliance Partners franchisees will be maintained. Details of the split in ownership are noted below. PSC will also acquire a book of loans from Franchise Partners and Australian Reliance.

The acquisition is consistent with PSC's strategy of looking for opportunities that allow capable people that service existing customers to be coupled with PSC's systems and management to produce a strong outcome for clients, staff and shareholders.

On completion, PSC will appoint John Dwyer, who is a current director of PSC, as CEO and Dougald Elmer as CFO of the Reliance Group.

PSC has agreed to pay an unadjusted purchase price of \$31.57 million (which includes a payment for the loan book). Over all of the transactions, PSC will pay up to 69% of this amount in cash on completion.

Other than acquisition of the interests in the franchisees and the Melbourne business of Australian Reliance, the transaction agreements include a rise and fall formula for the payment of a further deferred consideration payment, calculated by reference to the income of the relevant businesses for the 12 month period post completion compared to the income for the 12 month period prior to completion.

The transaction agreements are conditional on a number of items, for the benefit of PSC, with the expectation that completion will occur by the end of February 2016.

The purchase price will be funded from existing cash reserves and by accessing the company's debt facility. The transaction agreements document the following acquisitions:

- 100% of the business of Reliance Franchise Partners Pty Ltd.
- between 50% and 100% of the shares of 33 franchisee entities operating in the Reliance Partners franchise network.
- 66% of Reliance Insurance Brokers Pty Ltd, the Melbourne business.



PSC Insurance Group

- 60% of Australian Reliance - Brisbane Pty Ltd, the Brisbane business.
- 70% of AR (WA) Pty Ltd, the Perth business.
- 100% of the businesses of AR Portfolio (NSW) Pty Ltd and Australian Reliance (NSW) Pty Ltd, the Sydney business.

PSC believes this acquisition will provide significant value for clients, staff and shareholders and additionally provides a material step up in gross written premium which helps in its dealings with insurers both in Australia and the UK through the PSC UK business.

Please direct any queries to Paul Dwyer, Managing Director, on 0409 995 105.



PSC Insurance Group Limited – ABN 81 147 812 164

A member of **brokerslink**
Australia | United Kingdom | New Zealand

PO Box 33, Doncaster VIC 3108 | Suite 1, 90-94 Tram Road, Doncaster VIC 3108
Telephone: + 61 3 9851 3200
Website: www.pscinsurancegroup.com.au