

ASX Release

25 June 2014

Company Announcements
Australian Securities Exchange Limited
20 Bridge Street
Sydney, NSW 2000

New Senior Debt Facility: Execution of Binding Documentation

Firstfolio Limited (ASX: FFF) (**Company** or **Firstfolio**) is pleased to announce that, further to its ASX Announcements of 1 May 2014 and 29 May 2014, it has today entered into binding documentation with Welas Pty Ltd (**Welas**) and Commonwealth Bank of Australia (**CBA**) in relation to the acquisition (**Acquisition**) by Welas of the Company's existing \$29 million senior debt facility from CBA (**Assigned Facility**). Welas is a company associated with Firstfolio director and substantial shareholder, Mr Tony Wales.

The Company and Welas have also entered into binding documentation under which, immediately after completion of the Acquisition, the maturity date of the Assigned Facility will be extended to 7 July 2016.

On completion of the acquisition of the Assigned Facility, and given the \$29.3 million of subordinated loans currently provided by Welas to the Company (**Subordinated Facility**), Welas is now the Company's sole senior debt provider.

Commenting on the Acquisition and the extension of the term of the Assigned Facility, Firstfolio Chairman Eric Dodd said, "This places the Company on a strong financial footing to pursue new growth opportunities while enabling Firstfolio to reduce its debt in a measured manner over time.

"Firstfolio has a very strong nation-wide mortgage broker network with one of the leading online non-bank mortgage providers in eChoice, which provides tailor-made solutions to clients through its innovative technology.

"The consolidation of our debt facilities and extension of the maturity of the Assigned Facility means we are very well placed to consider new alliances and build on the \$18 billion in loans under management across the Company."

Commenting on the Acquisition, Mr Wales said that he was delighted to continue his ongoing financial support of the Company which, with a materially strengthened financing structure, is now well placed to pursue growth opportunities.

"I am a committed long term shareholder and financier to Firstfolio", Mr Wales said.

"Given the ongoing consolidation and evolution of the financial services sector, I believe the Company is well financed to build on its market position and support its customers by delivering innovative financial service solutions."

It is proposed that, following completion of the Acquisition, the Company and Welas will agree to amend the terms of the Assigned Facility and the Subordinated Facility so that they are consolidated into a single facility (**Welas Debt Facility**). The principal terms and conditions of the Welas Debt Facility are as follows:

- Welas will be the Company's first ranking senior secured debt provider for the total amount of approximately \$58.3 million;
- the monies owing under the Welas Debt Facility will become due and payable two years from the date of the advance of the new loan;
- interest margin of 4.5% above BBSW;
- no amortisation and no penalty for early repayment;
- one-off establishment fee of \$450,000; and
- all other terms and conditions for the Welas Debt Facility are to be materially the same as the Assigned Facility and customary for facilities of this nature.

All conditions precedent to the first draw-down under the Welas Debt Facility have been satisfied and it is anticipated that the first draw-down will occur today.

Dustine Pang

Company Secretary

About Firstfolio Limited

Firstfolio Limited (ASX: FFF) is a mortgages and financial services distribution business which offers a diversified range of mortgage solutions through its two key businesses; eChoice and Folio Mortgage & Finance. Firstfolio also offers its customers an alternative funding option through Firstfolio Capital.

eChoice is one of Australia's most recognised online mortgage brands, using industry leading technology to provide customers with mortgage and financial product options through convenient online portals. Folio Mortgage & Finance provides mortgage products, mortgage processing and management services, personal loan products, commercial loans, as well as equipment finance and leasing. Products are provided via a national network of mortgage brokers, affiliates and industry partners.

Loans under management (LUM) were \$18.5 billion at 31 December 2013 – making it one of Australia's largest independent platforms for the delivery of financial products and services.