



31 March 2015

Sale of Certitude Global Investments Limited to Ironbark Asset Management Pty Ltd

HFA Holdings Limited (ASX: 'HFA') has agreed to sell its Australian subsidiary, Certitude Global Investments Limited (**Certitude**) to Ironbark Asset Management Pty Ltd (**Ironbark**).

Ironbark will acquire 100% of the issued capital of Certitude from HFA. Certitude is the responsible entity of a number of registered managed investment schemes (**the Certitude funds**). The management and operation of the Certitude funds will transition to the Ironbark Group on Completion of the sale. The existing relationships with the investment managers of the Certitude funds will be maintained, which includes HFA subsidiary Lighthouse Partners, LLC (**Lighthouse**), Asian specialist manager GaveKal Capital Limited and global investment house Columbia Threadneedle Investments.

Completion of the sale is expected to occur on 30 April 2015 (**Completion date**). Consideration payable by Ironbark will be 0.91% of Assets Under Management (**AUM**) of specified Certitude funds as at Completion date. 85% of the consideration will be due on the Completion date, whilst the remaining consideration will be deferred and indexed to any movement in AUM at the end of the 12 month anniversary of the Completion date.¹ Total consideration is expected to be approximately A\$3 million, prior to restructuring costs to be incurred by HFA relating to the rationalisation of its operations in Australia following the sale.

HFA's Chairman, Michael Shepherd, explained the HFA board made the decision to sell the Certitude business following a detailed consideration of its strategy and operations, after which a competitive bidding process was undertaken.

"This is a value creating transaction for our shareholders, Certitude's partnered investment managers and of course investors in Certitude funds. Ironbark has a great reputation in the industry and the ability to effectively meet Certitude's client needs. These were key considerations in HFA Holdings' decision," Mr Shepherd said.

Craig Mowll, Certitude Chief Executive Officer, said: "We know this transaction will deliver the scale opportunities to Certitude's existing investment management suite which will ultimately benefit our clients. Certitude and Ironbark have compatible business models, and this move consolidates the operation of the Certitude funds into an existing quality funds management business with scale, which ideally positions them to continue growing."

Ironbark is an independent provider of global asset management solutions. The acquisition is in line with Ironbark's strategy to maximise their footprint in the Australian asset management market.

¹ Annexure A contains additional information in relation to the calculation and payment of the consideration.

Ironbark Chief Executive Officer, Chris Larsen, said the acquisition was a good strategic fit with its existing partnerships.

“The Certitude business provides a particular capability in global asset management that complements Ironbark’s existing offers and fund managers. We are delighted to be acquiring a business of such strength and capability, with strong customer relationships,” he said.

Sean McGould, President of Lighthouse and a director and substantial shareholder of HFA, endorses Mr Shepherd’s comments.

“This transaction provides great benefits to all parties. It provides the opportunity for HFA to rationalise its Australian operations and to free up cash currently used to meet Australian regulatory capital requirements for the Certitude business. In addition to this, it allows Lighthouse to deepen our customer relationships in the Australian market where we have been present for 15 years. We’re pleased to be associated with such a well-regarded business as Ironbark,” Mr McGould said.

Following completion of the sale, HFA Holdings Limited’s remaining operations will be the Lighthouse Group, based primarily in the United States. A small number of staff will remain in Australia to perform on-going finance, corporate secretarial and investor relations functions for the consolidated HFA Group.

A summary of the key terms is attached.

Amber Stoney
Chief Financial Officer & Company Secretary
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Annexure A

Key Terms

HFA Holdings Limited has agreed to sell Certitude Global Investments Limited to Ironbark Asset Management Pty Ltd.

Transaction structure	<p>Ironbark Asset Management Pty Ltd will acquire 100% of the issued capital of Certitude Global Investments Limited from HFA Holdings Limited.</p> <p>Certitude will complete a return of capital of approximately A\$6.5 million of cash to HFA on or just prior to the Completion date. As at Completion Date, the Certitude balance sheet will have net assets of A\$2.</p>
Completion date	<p>30 April 2015, subject to any required third party consents and other customary conditions.</p>
Consideration	<p>Consideration for the purchase of the issued capital will be calculated on the following formula:</p> <p>AUM at Completion date multiplied by 0.91%, where:</p> <ul style="list-style-type: none">AUM at Completion date is the combined value of the assets under management of the LHP Diversified Investments Fund, the LHP Global Long/Short Fund and the GaveKal Asian Opportunities Fund <p>Consideration will be payable in 2 tranches as follows:</p> <p>Tranche 1</p> <ul style="list-style-type: none">85% of the Consideration to be paid at Completion date, calculated on the 31 March 2015 AUM of the funds noted above. <p>Tranche 1 Adjustments</p> <ul style="list-style-type: none">The difference between the 31 March 2015 AUM and the AUM at the Completion date, multiplied by 0.91% multiplied by 85%. For example, if AUM at Completion is A\$5,000,000 higher than AUM as at 31 March 2015, Ironbark will pay an additional A\$38,675 to HFA on or by 30 June 2015; andThe difference between the net assets on the final Completion Balance sheet and A\$2. For example, if it is determined subsequent to Completion that net assets were actually A\$50,002, Ironbark will pay an additional A\$50,000 to HFA on or by 30 June 2015.Depending on the actual AUM and net assets as at Completion date, HFA may either receive from or pay to Ironbark the net tranche 1 adjustment amount.

Consideration (continued)	<p>Tranche 2</p> <ul style="list-style-type: none"> The remaining 15% of the Consideration (Deferred Consideration) will be payable 35 days after the 12 month anniversary of the Completion date (unless a defined trigger event occurs to bring forward this date). <p>This deferred component will be determined based on the following formula:</p> <p>AUM at anniversary of Completion date multiplied by 0.91% multiplied by 15%. For example, if AUM on the anniversary of the completion date has decreased by A\$10,000,000, the Deferred Consideration will be reduced by A\$13,650.</p>
Use of proceeds	<p>As required under the terms of HFA's cash advance facility agreement, the proceeds of the sale will be used make a principal repayment on HFA's outstanding loan balance with Westpac Banking Corporation.</p> <p>This will accelerate the current debt repayment and reduce the loan balance to approximately US\$8.7m by 30 June 2015. The loan will be repaid in full by its maturity date in March 2016.</p>
Residual revenue rights on certain funds	<p>The HFA Group retains on-going rights to a portion of the management and/or performance fee revenue on the following Certitude funds:</p> <ul style="list-style-type: none"> LHP Institutional Diversified Investments Fund – management fee of 0.375%pa and any performance fees earned from this fund; HFA Octane Global Funds – management fee of 0.03% until scheduled maturity of July 2015; and HFA Octane 5 Fund – management fee of 1.15%pa and any performance fees earned from this fund until scheduled maturity in July 2016.
Transitional Services Agreement	<p>HFA and Ironbark intend to enter into a transition services agreement in respect of transitional services to be provided by HFA for a period of up to 4 months after the Completion date.</p>

About HFA Holdings Limited (ASX: HFA)

The HFA group's business is to deliver global investment products and services to a diverse range of investors and clients. This is primarily through wholly-owned subsidiary Lighthouse Partners, LLC. Lighthouse is based in the United States, with offices in New York, Chicago and Palm Beach Gardens in addition to offices in London and Hong Kong.

Lighthouse has been managing hedge funds since 1999. The business commenced by offering pooled investment vehicles to wholesale investors, and since 2011 has broadened its services to provide customised investment management solutions and services to large institutional clients.

As at 31 December 2014, Lighthouse is managing USD8.4 billion of assets, including USD0.3 billion that it manages on behalf of Certitude products.

About Ironbark Asset Management

Founded in May 2009 by Chris Larsen (Chief Executive Officer) and Brendan Carpenter (Chief Operating Officer and Deputy CEO), Ironbark Asset Management ('Ironbark') is an independent provider of best in class asset management solutions. Ironbark seeks to build investment solutions that are relevant and meet the needs of its distributors and investors. To achieve this, Ironbark invests in quality people to deliver the highest service standards.

Through strategic partnerships with international and Australian fund managers, Ironbark provides investment solutions across a diverse range of asset classes including Australian and international securities, alternative investments, domestic and global property securities, and fixed income securities.