



# Armidale Investment

C O R P O R A T I O N

11 November 2015

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

## MAJORITY ACQUISITION - UPDATE

Further to the Expression of Interest document executed by the parties 23 March 2015 and subsequent updates, Armidale Investment Corporation Limited ("AIK") and the Vendors have now agreed and signed a Terms Sheet.

The entity that is to be majority acquired is the Platform Finance Group ("PFG"). PFG operates as an asset finance broker and aggregator comprising the following businesses; Melbourne Finance Broking Pty Ltd, Mildura Finance Limited, Platinum Direct Finance Australia Pty Ltd and BeCar Wise Pty Ltd.

PFG operates across Australia for predominantly motor vehicle and some general business equipment finance. Total contracts written in FY2015 were \$851 million. The acquisition places an enterprise value on PFG of \$40 million which is approximately 9.28 x FY2015 EBITDA. EBITDA in FY2015 increased from FY2014 by 16%.

PFG was established in 2010 as an umbrella entity to bring the member companies under one roof in order to:

- Establish the companies' reputations as a connected group;
- Allow for the consolidation of all bank accreditations into one legal entity; and
- Increase quality control and efficiency in service delivery.

This acquisition is a very good fit for AIK:

- It broadly operates in the same market as the Hal Group an equipment finance specialist and 98% owned by AIK;
- AIK management are experienced in the finance industry;
- A number of the financiers used by PFG also have relationships with Hal; and
- General equipment opportunities undertaken by PFG will be referred to Hal creating another channel to market.

The following information sets out the material components of the Terms Sheet:

- AIK to take a 60% equity stake in PFG for \$24 million;
- The purchase consideration will be a mix of cash and AIK scrip in a 75:25 ratio;
- The effective date of the transaction will be 30 November 2015 which is the deemed date for the purpose of determining entitlement to profits of PFG;
- \$5 million of the cash component will be payable at the time the execution documents are signed, estimated to be 10 December 2015;
- \$9 million of the cash component will be payable at the time of completion which is after the audit of the financial position at 30 November 2015, estimated to be 19 January 2016;



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- Also at completion AIK will issue 47,694,762 ordinary shares in AIK based on a share value of \$0.1258 per share;
- On the 1 year anniversary of completion, AIK will pay the remaining \$4 million of the cash component;
- Each vendor will enter into 2 or 3 year employment contracts depending on their key positions in PFG;
- Each Vendor will provide non-compete covenants for periods of 2 or 3 years depending on their key positions in PFG;
- The Share Purchase Agreement (“SPA”) will include warranties and indemnities suitable for a transaction of this value and nature;
- The PFG board will have 4 directors, 2 appointed by AIK and 2 appointed by the vendors. The chairperson will be selected by AIK and have a casting vote; and
- The SPA will provide a mechanism whereby AIK can require the vendors to sell 50% of their remaining shares commencing July 2018 and the remaining 50% commencing July 2020. The vendors have an equal option to require AIK to buy in the same time frames. Both options provide for the other party to have a 12 month deferral period on the two exercise dates. The purchase price for the remaining shares will be calculated at 8x maintainable EBITDA.

For further information please contact:

Andrew Grant

Executive Director

0415 166 090

David Franks

Company Secretary

02 9299 9690