



# Armidale Investment

CORPORATION

## ASX Company Announcements

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

### MAJORITY ACQUISITION UPDATE PLATFORM FINANCE AND LEASING GROUP PTY LTD - AGGREGATION BUSINESS

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 today executed all documents for the 60% acquisition by AIK of Platform Finance and Leasing Group Pty Ltd (PFLG).

PFLG operates as an asset finance broker and aggregator comprising the following main businesses:

- Melbourne Finance Broking Pty Ltd;
- Mildura Finance Limited;
- Platinum Direct Finance Australia Pty Ltd; and
- BeCar Wise Pty Ltd.

PFLG operates across Australia for predominantly motor vehicle and some general business equipment finance. Total business processed through the controlled group in FY2015 was \$851 million. The acquisition places an enterprise value on PFLG of \$40 million, which is approximately 9.28 x FY2015 EBITDA. FY2015 EBITDA increased from FY2014 by 16%. Management will be focused on extracting the expected benefits of growth and the value of referrals of operating leases to the Hal Group. It is on this basis that acquisition is considered of great value to the group.

The original member Companies were established before 2011, with Melbourne Finance and Broking Pty Limited being the longest established entity at 20 years. PFLG was incorporated 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, the equipment finance specialist that is 98% owned by AIK;
- AIK management are experienced in the finance industry;
- A number of the financiers used by PFLG also have relationships with Hal; and
- General equipment opportunities received by PFLG will be referred to Hal creating another channel to market.

The following information sets out the material components of the transaction:



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C O R P O R A T I O N

- AIK to take a 60% equity stake in PFLG 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 is 30 November 2015, which is the deemed date for the purpose of determining AIK's entitlement to profits of PFLG;
- \$8 million of the cash component will be paid today; 47,694,762 ordinary shares in AIK based on a share value of \$0.1258 per share will be issued to the Vendors today;
- \$6 million of the cash component will be payable at the time the "completion accounts" and working capital adjustment have been agreed, estimated to be late January 2016;
- On the 1 year anniversary of completion, AIK will pay the remaining \$4 million of the cash component, subject to any warranty claims;
- Each of the key employees has entered into employment contracts and will continue on in their key positions in PFLG;
- Each Vendor has provided non-compete covenants for periods of 2 or 3 years depending on their key positions in PFLG;
- The Share Purchase Agreement includes warranties and indemnities suitable for a transaction of this value and nature;
- There is a dividend policy in place which required PFLG to distribute 75% of profits as dividends every 2 months after the initial 3 months period;
- The PFLG board has 4 directors, 2 appointed by AIK and 2 appointed by the vendors. The chairperson selected by AIK has a casting vote, except for matters that require support of at least 3 directors. The AIK directors are Andrew Grant (AIK Managing Director) and Cameron McCullagh (AIK Executive Director). Cameron is the Chairperson of PFLG. The two directors appointed by the Vendors are Peter Schroeder and Michael Nicholls (the majority Vendors); and
- The Shareholders Agreement provides 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 8 x maintainable EBITDA.

For further information please contact:

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