



Armidale Investment

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ASX Company Announcements

23 May 2016

The Manager
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Business Update – Exclusive Due Diligence and non binding term sheets

The future growth of AIK is expected to be through its organic expansion in its Operating Lease portfolio (The Hal Group) and it's Asset Finance Broking Operations. As previously noted, the AIK Board is committed to a broker accumulation strategy.

Consistent with that strategy and, following the successful completion of purchase of Platform Finance and Leasing Group (PFLG) last year, AIK has entered into three non-binding Term Sheets to allow it to conduct exclusive due diligence and negotiate agreements to acquire:

- 50% of two Asset Finance Brokers; and
- 80% of another Asset Finance Broker aggregation business.

The proposed acquisitions are expected to have the following characteristics:

- Total consideration across the 3 businesses of approximately \$44 million.
- A purchase price calculated based on an EBITDA multiple of eight times (prior to synergies).
- Part of the consideration will be cash and part AIK shares. Shareholder approval will be sought with respect to the issue of AIK shares.
- All are subject to completion of due diligence and execution of binding transaction documents and appropriate shareholder agreements.
- An effective date of 1 July 2016.

The businesses are similar to PFLG and are expected to align well with PFLG.

An indicative timetable for the proposed acquisitions is as follows:

1. Completion of due diligence by 1 July 2016.
2. Execution of binding transaction documents by 15 July 2016.
3. AIK to hold an EGM to approve certain aspects of the proposed acquisitions on or before 12 August 2016.
4. Completion of the acquisitions by 19 August 2016.

Funding of the transaction is currently expected to be through a combination of:

- The issue of AIK shares to the vendors for 40% (or approximately \$17.6 million);
- Bank finance of \$15 million; and
- An issue of shares AIK to raise cash funds for the balance.

The transaction is subject to ASX review and any resultant shareholder and regulatory approvals.



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On completion of these proposed acquisitions, AIK will predominantly be an Asset Finance Broking business with a commitment to a broker accumulation strategy.

For further information please contact:

Andrew Grant
Executive Director
0415 166 090

David Franks
Company Secretary
02 9299 9690