

## **ASX Company Announcements**

10 August 2016

The Manager  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

### **Armidale Investment Corporation Limited (AIK)**

#### **Update on Proposed Partial Acquisition of Asset Broking Businesses**

AIK has completed its due diligence in relation to its proposal to acquire two Asset Finance Brokers and an Asset Finance Broker aggregation business. **The full form contracts for the proposed acquisitions are in substantially agreed form. The parties currently expect to execute the full form binding conditional contracts next week.**

The contracts are not interdependent and will provide for the acquisition of:

- 80% of the issued capital of Consolidated Finance Group Pty Ltd (CFG);
- 50% of the issued capital of Linx Finance Australia Pty Ltd (Linx); and
- 50% of the issued capital of QLD Pacific Finance Pty Ltd (QPF).

#### **Background on the Targets**

CFG is an asset finance aggregator for approximately \$1.8 billion of asset finance in the 2016 financial year. Its members are independent asset finance brokers. CFG provides services to its members such as access to finance sources, enhanced commissions and other income and operational and finance support for its member brokers.

AIK plans to combine the Platinum Finance and Leasing Group Pty Limited (Platform Finance) volumes of approximately \$1 billion with the CFG volumes of approximately \$1.8 billion to enhance the relationships with the financial institutions while maintaining two distinct aggregation brands in the market. Through providing additional volume and services to the financial institutions, AIK expects to achieve revenue and expense synergies, such as common IT development. This will allow AIK to provide an improved offering to CFG and Platform Finance members. In addition, the strength of the combined group places AIK in the position to be the logical acquirer of asset finance brokers, thereby providing aggregation group members with a succession plan. Linx and QPF are the two largest members of CFG (by volume of finance business written).

The owners of Linx are the major shareholders of CFG. Linx (established in 1999) has its headquarters in Melbourne and offers equipment finance, insurance and mortgage solutions to business and individuals throughout Australia.



# Armidale Investment CORPORATION

QPF (established in 1977) has its headquarters in Brisbane and has offices in Queensland and Western Australia. QPF provides finance solutions to businesses throughout Australia via partnerships with equipment vendors and a strong online presence on leading internet equipment sales platforms. Financial services offered include asset finance, working capital finance, and both residential and commercial mortgages.

## **Opportunities for asset finance broker accumulation**

AIK intends to, consistent with previously advised strategic objectives, continue to evaluate additional acquisitions opportunities. The timing and target of any such opportunities will be considered on a “case by case” basis. As such, AIK may be considered to be a “patient purchaser” of future asset finance broker businesses.

## **Terms which are expected to apply to the Proposed Acquisitions**

The proposed acquisitions are expected to have the following characteristics:

- Total consideration paid by AIK across the three businesses equivalent to \$43.1 million;
- 40% consideration in AIK shares;
- 60% consideration in cash; and
- An effective date of 1 July 2016.

**The proposed acquisitions and the associated raising of capital to fund the proposed acquisitions are subject to:**

- **shareholder and regulatory approvals, including the approval by AIK shareholders for the issue of shares in AIK to the Vendors and any additional placement of shares; and**
- **sufficient funds from capital raised and bank loan for the cash consideration for each of the proposed transactions to be completed; and**
- **the ACCC not objecting to the proposed acquisitions.**

## **Timing and Funding**

We expect to issue a Shareholder Booklet on or around 25 August 2016 in anticipation of an Extraordinary General Meeting (EGM) to be held on or around 26 September 2016.

AIK is also seeking approval for a bank loan of \$15 million to partially fund the \$25.9 million of cash consideration for the three businesses.

For further information please contact:

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