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The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

AGREEMENT TO SELL ACCOUNTING BUSINESS

Yellow Brick Road Holdings Limited (ASX: **YBR**) announces that its wholly-owned subsidiary, Yellow Brick Road Accounting & Wealth Management Pty Ltd, has today entered into a Business Sale Agreement (**BSA**) with DBR Advisory Pty Ltd (**Buyer**) for the Buyer to acquire the YBR accounting business and legal practice and certain related assets including goodwill, certain plant & equipment, client information and records, business contracts, debtors and unbilled work-in-progress. The Buyer is a company controlled by the business's principal and former owner, David Carr (**Principal**). Excluded Assets from the sale include all cash, licences and YBR intellectual property and branding.

The Purchase Price is comprised of several elements which, including standard trading and other adjustments, aggregates approximately \$1.932 million receivable in cash on completion, plus another \$2.750 million receivable over the next 5 years after completion, subject to payment set-off arrangements for certain accounting services (see below).

The effective date of the transaction is 31 July 2016 and completion is subject to two conditions precedent (**CPs**), being all employees accepting the Buyer's offers of employment and YBR's bank releasing the business and assets from its general security interests. Both parties expect the CPs to be satisfied shortly. Completion is to occur one business day after the satisfaction of the CPs.

The Purchase Price receivable under the transaction will be retained within the YBR Group and is not required to be paid to its bank.

YBR is to take a registerable general security interest over the Buyer and its assets for all moneys owing under the BSA, and the obligations of the Buyer are subject to a personal guarantee from the Principal.

Additionally, the BSA provides for other matters including:

- a transitional services arrangement for the Buyer for up to 6 months;
- a 5 year referral arrangement whereby the Buyer will exclusively refer all client requests for Financial Services to YBR; and
- a 5 year accounting services arrangement whereby YBR will engage the Buyer for the provision of accounting services for not less than \$290,000 per annum.

Executive Chairman, Mark Bouris said: "We had already flagged the potential sale of this business in our 30 June 2016 Annual Report via its classification as an asset being held for sale. The strategic decision had been previously made that, as the business was more of a traditional accounting practice, it did not offer any real synergies with the Yellow Brick Road branch or Vow Financial broker distribution networks and, as such, was a non-core asset".

Richard Shaw
Company Secretary
Yellow Brick Road Holdings Limited
ENDS

Yellow Brick Road Holdings Limited | ABN 44 119 436 083