

## **ASX ANNOUNCEMENT**

**27 December 2019**

Sequoia Financial Group Limited (**ASX: SEQ**) (**Company** or **Sequoia**) is pleased to announce that InterPrac Financial Planning Pty Ltd (**InterPrac**), a wholly owned subsidiary of Sequoia, today signed a Sale Agreement and Cross Referral Agreement to provide wealth management solutions to the Yellow Brick Road group (**YBR**). This transaction will simultaneously enhance Sequoia's wealth management business and YBR's mortgage distribution business.

InterPrac is purchasing YBR's share of the rights to the recurring revenue streams currently derived from its wealth advice and life insurance distribution businesses. Following due diligence by a specialist third party compliance consultancy business, InterPrac has selected 56 existing YBR wealth advisers to operate under the AFSL of InterPrac after completing an onboarding process.

If all selected YBR advisers transfer to InterPrac, this will drive up to an additional \$10M gross revenue / \$0.6M EBIT over the first 12 months. The purchase is being funded by cash from existing reserves and is in line with Sequoia's previously stated objective of generating at least 15% return on all shareholder equity investments. The \$2.5M purchase price is subject to the YBR advisers remaining exclusively authorised under InterPrac over the next three years and will be paid in four instalments over 18 months.

A Cross-Referral arrangement has also been agreed by the parties, where Sequoia will act as the preferred referral partner of wealth advice and services for YBR's 1,200-odd strong mortgage broking network (including YBR, Resi and Vow brands), and YBR will become the preferred referral partner of mortgage origination advice and services to Sequoia, and its existing advisor and accountant network.

YBR is a well established mortgage broking business and Australian credit licensee with over 1,200 mortgage brokers across Australia offering a range of mortgage products, which include securitization products that will be of particular benefit to self employed business owners. This should strongly complement the existing Sequoia/ InterPrac business, which has many of these customers already being supported by our advisors.

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**ABOUT SEQUOIA FINANCIAL GROUP LIMITED**

ASX-listed Sequoia Financial Group Limited (ASX: SEQ) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third party professional service firms.

It provides:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

Sequoia operates various AFS Licenses and its subsidiary Morrison Securities Pty Ltd is an ASX Market Participant.

**Sequoia CEO Garry Crole said** “We are very pleased with the outcome of our negotiations with YBR, seeing this transaction as a positive change for all parties involved.

From Sequoia’s perspective, this gives us the opportunity to significantly enhance our core existing advisory and wealth management business, whilst providing our advisors with expert solutions for their clients’ mortgage needs.

YBR achieves its goal of being able to focus 100% on its mortgage business, whilst its wealth advisors who transition to SEQ will gain access to a broader range of market leading products and services, thus meaning customers will receive specialist expertise in all areas of financial management.”

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