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News Release
TSX-V: AFCC
May 29, 2017

Automotive Finco Corp. Announces Significant Transaction, Dividend Increase and \$40 million financing

TORONTO, ONTARIO, May 29, 2017 – Automotive Finco Corp. (TSX-V: AFCC) (**AFCC** or the **Company**) is pleased to announce that, through its subsidiary Automotive Finance LP (the **Partnership**), it intends to provide new debt financing to three affiliates of AA Finance Co LP in the aggregate amount of \$43,000,000 (the **Investments**). The Investments will each have a 25-year term and bear interest at 10.5%, which will provide the Partnership with annual aggregate interest revenue of \$4,515,000.

Following completion of the Investments, the Partnership expects to generate annualized interest revenue of \$8,015,000. Additional *pro forma* financial information for AFCC, following completion of the Investments, is displayed below:

**Annualized AFCC Pro-Forma Summary Financial Information
Next 12 Months**

In \$ mm's other than per share amounts

	<u>Current</u>	<u>Pro-Forma New Loan Investments</u>
Partnership Interest Revenue	\$3.5	\$8.0
AFCC EBITDA	\$2.7	\$7.2
Distributable Cash Flow	\$2.7	\$4.9
Estimated Basic Shares O/S	18.3	22.0
Estimated Distributable Cash Flow ("DCF") / Share	\$0.148	\$0.221
<i>Estimated DCF / Share Accretion</i>		<i>50.0%</i>

Notes:

See Non-GAAP Financial Disclosure Note within this press release

AFCC EBITDA based on management expense estimates for the next 12 months

Distributable Cash Flow assumes \$30 mm in convertible debentures issued and the use of existing NOLs

Estimated Basic Shares Outstanding assumes \$10 mm of AFCC shares issued at \$2.70 / share

Dividend Increase

Given the material increase in EBITDA* and confidence in its growth profile, the Company is pleased to announce an increase in its annual dividend to \$0.205 per common share payable monthly (\$0.0171 / month). This represents an increase of approximately 22% above its current dividend per share. The Company anticipates the dividend increase to be reflected beginning with the July 2017 payment and further information relating to the record date and payment date for such dividend payment will be announced by the Company in due course.

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Transaction Financing

In order to finance the Investments, the Company is pleased to announce that the Company has entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. (the **Underwriters**) whereby they have agreed to purchase, on a bought deal basis, 3,705,000 common shares (the **Shares**) at \$2.70 per Share and \$10,000,000 aggregate principal amount of 6.75% convertible unsecured subordinated debentures due June 30, 2022 at a price of \$1,000 per debenture (the **Debentures**, together with the Shares, the **Securities**) for aggregate gross proceeds of \$20,003,500 (the **Offering**). The Company has also granted the Underwriters an over-allotment option to purchase up to an additional \$1,500,000 principal amount of Debentures and up to an additional 370,500 Shares, in each case on the same terms and conditions of the Offering, exercisable in each case in whole or in part at any time up to and including the 30th day after closing of the Offering.

The Debentures will be convertible at a price of \$3.50 per common share, subject to adjustment in certain circumstances, and may be redeemed by the Company at any time following June 30, 2019 at 103% of face value, following June 30, 2020 at 102% of face value and following June 30, 2021 until maturity at 101% of face value (the Debentures may not be redeemed on or before June 30, 2019).

Concurrent with the closing of the Offering, the Company also expects to enter into agreements with certain investors to purchase \$20,000,000 aggregate principal amount of the Debentures on a non-brokered private placement basis and at the same terms described above (the **Private Placement**). Completion of the Offering is subject to completion of the Private Placement. In accordance with applicable securities laws, the Debentures issued under the Private Placement and any Common Shares to be issued on their conversion will be subject to a four month and one day hold period from the date of issuance of the Debentures.

Closing of the Offering and Private Placement is expected to occur on or about June 20, 2017, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX Venture Exchange and securities regulatory authorities.

The net proceeds of the Offering and Private Placement will be used to fund the Investments and for general corporate and working capital purposes.

The Offering will be made by way of short form prospectus which the Company intends to file with securities regulatory authorities in each of the provinces of Canada.

This press release does not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The securities being offered have not been approved or disapproved by any Canadian or United States securities regulatory authority, nor has any authority passed upon the accuracy or adequacy of the preliminary prospectus.

The TSX-V has in no way passed upon the merits of the proposed transactions and has neither approved nor disapproved the contents of this press release.

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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This news release contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. All statements, other than statements of historical fact, constitute forward-looking statements or forward-looking information. Such forward-looking information and statements are frequently identified by words such as “may”, “will”, “should”, “anticipate”, “expect”, “believe”, “estimate” and similar terminology, and reflect assumptions, estimates, opinions and analysis made by management in light of its experience, current conditions, expectations of future developments and other factors which it believes to be reasonable and relevant. In particular and without limitation, this news release contains forward-looking statements pertaining to the following: the Investment, including the amount and timing of the Investment; the benefits and effect on revenue that the Investment will have on the Company; the growth in annualized EBITDA and the Company’s growth profile; the amount and timing of future dividends; the timing, size and completion of the Offering and Private Placement; the filing of the preliminary prospectus; and the use of proceeds of the Offering and Private Placement.*

Information contained in this news release may be considered to be a financial outlook or future-ordinated financial information for the purposes of applicable Canadian securities laws. Such financial outlook or future-ordinated financial information provides information about the Company after giving effect to the Investments, Offering and Private Placements. Financial outlook and future-ordinated financial information contained in this news release is based on assumptions about future events, including economic conditions and proposed courses of action (including assumptions as to the effect of the Investment, Offering and Private Placement on the Company, its revenues, expenses and cash flow), based on management’s assessment of the relevant information currently available. Prospective financial information contains forward-looking statements and is based on a number of material assumptions and factors set out above. Actual results may differ significantly from the information presented herein. Readers are cautioned that any such financial outlook or future-ordinated financial information contained or referenced herein may not be appropriate and should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management’s best estimates and judgments at the date hereof, and represent, to the best of management’s knowledge and opinion, the Company’s expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

Forward-looking information and statements involve known and unknown risks and uncertainties that may cause actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking information and statements and, accordingly, undue reliance should not be placed thereon. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause these differences include but are not limited to: the Company’s failure to complete the Investments, Offering and Private Placements; the Company’s failure to obtain requisite regulatory approvals in connection with the Offering and Private Placements; anticipated and unanticipated costs; changes to general market and economic condition; defaults and changes in circumstances in respect of the Investments; Changes in interest rates; changes to the Company’s cash flow and annualized Adjusted Operating Cash Flow. In addition, other risks and uncertainties that may cause actual results to differ materially from forward-looking information can be found in AFCC’s disclosure documents on the SEDAR website at www.sedar.com. AFCC does not undertake to update any forward looking information except in accordance with applicable securities laws.*

**annualized EBITDA and distributable cash flow are not measures defined under the International Financial Reporting Standards (IFRS) applicable within Canada (being the Generally Accepted Accounting Practices (GAAP) applicable to the Company) and they do not have any standardized meaning under GAAP; therefore annualized EBITDA and distributable cash flow may not be comparable to similar measures presented by other issuers. Annualized EBITDA is calculated as the Company’s annualized revenue less operating expenses before interest, taxes and depreciation and amortization with such expenses not to be less than \$1.25 million. Annualized EBITDA provides a more consistent basis to compare the performance of the Company between the periods as it is calculated on a basis which excludes the impact of certain non-cash items as well as how the operations have been financed. Management of the Company utilizes annualized EBITDA to measure*

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and set objectives for the Corporation and believes annualized EBITDA is a measure widely used by securities analysts, investors and others to evaluate the financial performance of the Company and other companies. Distributable cash flow is calculated as EBITDA less interest expenses less cash tax payable less maintenance capital expenditures. While the closest IFRS measure is cash provided by operating activities, Management of the Company believes distributable cash flow is a useful metric for investors when assessing the amount of cash flow generated from normal operations and to evaluate the adequacy of internally generated cash flow to fund dividends. Readers are cautioned that annualized EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as indicators of the Company's performance or to cash flows from operating, investing and financing activities or as a measure of liquidity and cash flows.