

ASX Release

26 August 2014

Acquisition of ADX Management

IMI expands proposed Data Centre Management Strategy

- **IMI has entered into an agreement to acquire ADX Management Pty Ltd**
- **The proposed acquisition expands and accelerates IMI's strategy to become manager of a major data centre Trust**
- **ADX is manager of the Australian Data Exchange Trust**
- **The Trust has an exclusivity agreement in respect of the acquisition of a building at Tullamarine, Victoria for conversion into a major data centre and will own a site for construction of a data centre in Brisbane**
- **First stage conversion of the Tullamarine site is expected to be complete by mid 2015**
- **IMI will be manager of the Trust with an interest in 35% of the units**

Overview of the Acquisition

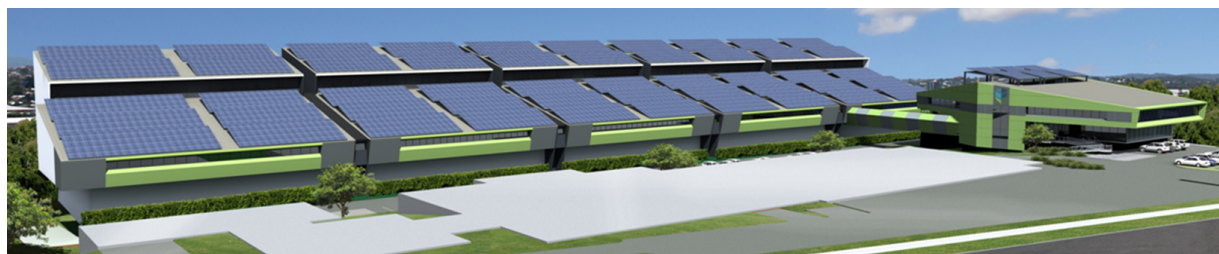
IMI Limited (ASX: IMI, IMIO) ("**IMI**" or "**the Company**") has terminated its previous agreement with White Data Limited and is pleased to announce that it has entered into a broader agreement to acquire 100% of ADX Management Limited ("**ADX**") in exchange for \$6.0 million of shares in IMI (based on an issue price of 0.2 cents per new IMI share) ("**the Acquisition**"). The Acquisition is subject to certain conditions described in this announcement being satisfied.



ADX is a specialist management company, and is manager of the Australian Data Exchange Trust (the “**Trust**”). ADX is focussed on becoming a leading provider of data centre, disaster recovery and technology solutions in Australia.

The Trust has entered into an exclusivity agreement to acquire a 24,000 m² property at Tullamarine in Victoria for conversion into a major data centre. The first stage of fit-out at Tullamarine is to comprise approximately 2,300m² data centre technical space. The Trust has a non-binding heads of agreement to lease the first stage of the Tullamarine data centre to Ascalon (Mel) Pty Ltd for \$8.1m p.a.

ADX intends to offer data centre facilities and solutions to cloud computing service providers, telecommunications and information technology providers, and corporate and government departments generally.



Proposed Brisbane Data Centre

The Board believes that the proposed acquisition of ADX and change of business is in the interests of IMI shareholders and is a very positive step for the Company. Following completion of the Acquisition, IMI expects to have a single clear focus on development and management of data centre and cloud computing services.

The Trust has an exclusivity agreement to acquire a major former newspaper print facility at 31-69 Western Avenue, Westmeadows at Tullamarine, Victoria (“**Tullamarine**”). On completion on the Acquisition the Trust will also own a data centre development site in Brisbane (“**Brisbane Data Centre**”). The Trust intends to commence conversion of the Tullamarine building into a major data centre on completion of the Acquisition.

The Trust’s initial focus will be the development of Stage 1 of the Tullamarine data centre in Melbourne. The Trust’s strategy is to proceed with the Brisbane data centre as a subsequent development in stages based on tenant demand. The Trust is also in discussions regarding potential additional data centre sites and development opportunities in both other Australian major cities.

On completion of the Acquisition, IMI will have a right to approximately 35.5% of the units in the Trust through a \$3 million convertible loan.

IMI, through ADX, expects to receive management fees as manager of the Trust, based on the Trust's gross asset value, property acquisition and fit-out fees, and performance fees against benchmark performance. A wholly owned subsidiary of IMI will become the trustee of the Trust on completion of the Acquisition. IMI will receive a Responsible Entity fee from the Trust (once listed) equivalent to 1% of the gross assets of the trust per annum. IMI will also participate in any distributions by the Trust on conversion of its convertible loan into units in the Trust.

The Tullamarine Data Centre

The building, in excellent condition, is ideally suited for conversion into a major data centre, with significant existing power capacity, power and cooling infrastructure in place. The Tullamarine facility is ideally located 5 km from the Melbourne airport and 19.5 km from the CBD, adjacent to multiple fibre paths.

The 5.97 Ha site, with a Gross Lettable Area of 24,000m² has potential for development into a significant data centre exceeding 7,200m² of multi-tier white space at 20MW capacity. Stage 1 of the proposed development comprises circa 2,300m² of data centre white space at 2.3 MW capacity. The trust has estimates for the Stage 1 fit-out of circa \$35m and a draft valuation on completion of stage 1 of \$103 million.

The Trust has entered into a non-binding Heads of Agreement for a 20 year lease with Ascalon for the entire Stage 1 development at an initial rent of \$8.1million p.a. Construction of the first stage of fit-out of the Tullamarine data centre is scheduled to commence on completion of the Acquisition, funded primarily by debt finance to be arranged prior to completion of the acquisition. The Stage 1 data centre space is expected to become operational progressively from March 2015.

The Proposed Brisbane Data Centre

Development approval has been granted for the construction of a proposed 23,000 square metre data centre facility on the approximately 3.4 Ha site comprised of five data centre halls and an office building. The construction and fitout to shell and core stage has been costed at approximately \$40 million excluding GST.

The base building and fitout is targeting a design that plans to deliver an Uptime Institute Tier III Data Centre rating, a minimum NABERS 5 Star and LEED Gold rating. The design is also intended to deliver a Power Utilisation Efficiency of 1.3 or lower, a key factor in delivering lower operating costs and attracting tenants to the facility.

The data centre is designed for up to 10-12 MW capacity. The Trust's expectation is that the development will proceed in stages based on tenant demand.

A summary of the valuation for both properties is being prepared and will be included in the Company's proposed Notice of Meeting and Prospectus expected to be dispatched to shareholders in September 2014.

New Directors

On completion of the Acquisition, it is proposed that Mr Ian Campbell and Mr Jamie Cullen, will join the Board of IMI. The appointments will bring significant expertise to the IMI Board. A profile of the new and proposed directors is set out later in this announcement.

On completion of the Acquisition, with the appointment of the new directors, existing directors Mr Nigel Blaze, and Mr Paul Burton will resign from the IMI Board.

The Board will consider the appointment of additional experienced potential executives and directors to further broaden the skills and expertise available to the Board. The Company expects to make an announcement regarding proposed senior management in the near future.

The Australian Data Exchange Trust

A wholly owned subsidiary of IMI will become the trustee of the Trust on completion of the Acquisition. The Trust intends to seek a separate ASX listing of the Trust within 12 months.

The Trust is currently in discussions regarding bank finance to fund the fitout of the Tullamarine facility. Completion of the Acquisition is conditional on the Trust entering into an agreement to acquire the Tullamarine property and being offered a debt finance facility on terms acceptable to the Trust, ADX and IMI that is sufficient to complete the acquisition of the Tullamarine property and fund the stage 1 development. The Trust intends to raise circa \$1m by way of a convertible loan to enable it to pay an initial deposit on the Tullamarine acquisition.

In its capacity as trustee of the Trust (through a subsidiary), IMI's medium term objective is for the Trust to acquire and develop additional data centre sites so it becomes a significant specialist property trust.

Acquisition Terms

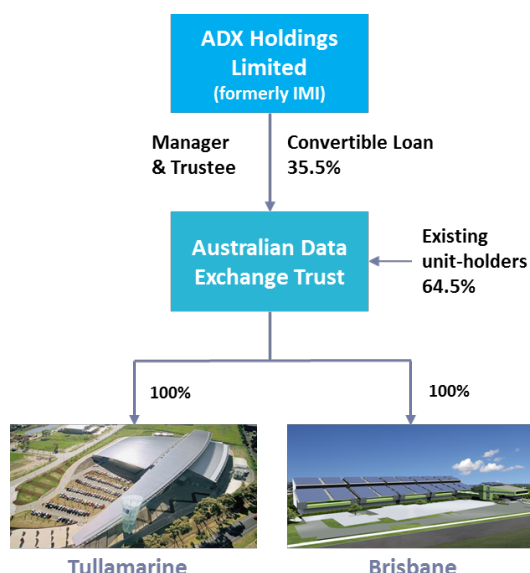
The key terms of the Merger Implementation Agreement, which contains the terms of the Acquisition, are as follows:

- (a) the agreement is subject to a number of conditions including:
 - completion of a minimum of \$6.0 million equity capital raising by IMI that is proposed to be underwritten ("**Equity Capital Raising**");
 - a contract for the sale of the Tullamarine property being executed in a form acceptable to IMI;

- receipt of an offer of debt finance to complete the acquisition of the Tullamarine property, fund the phase 1 development and refinance \$4.2 million of existing debt;
 - completion of the transfer of the Brisbane Data Centre site to the Trust;
 - the Trustee entering into a lease for at least 20 years with Ascolon (MEL) Pty Ltd for the Stage 1 development of the Tullamarine property for an initial rent of at least \$8.1 million per annum, and otherwise on terms no less favourable than the Heads of Agreement;
 - shareholder approval of the matters the subject of this announcement; and
 - re-compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX.
- (b) IMI will acquire all the shares in ADX from its existing shareholders. Consideration for the acquisition of ADX is new IMI shares, with a notional aggregate value of \$6.0 million based on a price of IMI shares of 0.2 cents per share. Immediately following the Acquisition and the Equity raising referred to below, shareholders in ADX will hold approximately 40% of the shares in IMI. The consideration will be paid in post-consolidation shares conditional on IMI completing a share consolidation, as set out under “Capital Structure” below.
- (c) IMI will hold a shareholder meeting to seek approval for:
- (i) the 1 for 100 share consolidation;
 - (ii) the issue of shares as consideration for the Acquisition;
 - (iii) the Equity Capital Raising;
 - (iv) change in the nature and scale of business arising from the Acquisition;
 - (v) change of name of IMI to ADX Holdings Limited and associated change to the constitution;
 - (vi) appointment of the new directors;
 - (vii) the issue of 124 million options (on a pre-consolidation basis) to investors in a share placement announced on 19 December 2013. The options are exercisable at 0.25 cents (pre-consolidation) on or before 30 September 2017 (“Option”); and
 - (viii) other shareholder approvals as required to effect the acquisition of ADX.

Corporate Structure

The proposed corporate structure of the IMI group following completion of the Equity Raising and the Acquisition is set out below.



Re-compliance with Chapters 1 & 2 of the ASX Listing Rules

The proposed acquisition of ADX constitutes a significant change in the nature and scale of the Company's activities of the nature contemplated by Chapter 11 of the ASX Listing Rules. As a result of changing the nature of its activities to the development, management and ownership of data centres, various aspects of the transaction will need to be approved by shareholders and the Company will need to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

The Company intends to convene a meeting of shareholders as soon as practicable to approve the necessary aspects of the transaction. IMI will also issue a prospectus for the Equity Capital Raising to enable the Company to complete the Acquisition and support its intended development strategy. Further details will be provided in the Notice of Meeting and the Prospectus which will be sent to all IMI shareholders.

The Company expects its securities will be suspended from trading from the date of the meeting of shareholders and will remain in suspension until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules. It is anticipated that the IMI shareholder meeting will occur in mid October 2014.

Proposed Share Consolidation, Equity Capital Raising and Use of Funds

The Company intends to seek shareholder approval to consolidate its shares and to raise a minimum of \$6.0 million and up to \$8.0 million via a prospectus offering. The Equity Capital Raising is expected include a priority offer to IMI shareholders of not less than \$2 million. Investors will receive 1 free listed option for every 3 shares subscribed under the Equity Capital Raising (exercisable at 25¢ on or before 30 September 2017) (“**Option**”).

The Company has appointed Patersons Securities Limited (“**Patersons**”) as Corporate Adviser in respect of the Acquisition and as Lead Manager to the Equity Capital Raising. The Equity Capital Raising is proposed to be underwritten to the minimum offer, and further details in respect of the capital raising will be set out in the prospectus which the Company expects to lodge in September 2014. The Company intends to make available 30 million options to the underwriter to be issued on the same terms as the Options.

The proceeds of the capital raising will be used to complete the Acquisition, to invest approximately \$3 million in convertible notes in the Trust, to pay the costs of the Acquisition and the Equity Capital Raising and for general working capital purposes.

Capital Structure

The indicative capital structure of IMI is set out below on the basis of completion of the Consolidation, the minimum Equity Capital Raising and the Acquisition.

	Shares (m)	%	Options (m)	Gross Amount Raised (\$m)
Securities on Issue	9.5	12.7%	7.21 ¹	-
Acquisition of ADX	30.0	40.3%		
Prospectus Offer ²	30.0	40.3%	10.0	\$6.0
Performance Shares ³	5.0	6.7%	5.0	
Underwriter Options			31.23 ⁴	
Total	74.5m	\$14.9m	53.4m	\$6.0m

- Existing options exercisable at 72¢ (post-consolidation) on or before 30 September 2016
- The Offer is conditional on completion of a minimum \$6.0 million equity capital raising and:
 - IMI shareholder approval and completion of the acquisition of ADX Management Limited;
 - completion of the transfer of the Brisbane data centre site to the Trust; and
 - re-compliance with Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX
- Performance shares & options issued in 3 tranches are conditional on defined hurdles: (i) listing the Trust by 30 September 2015, (ii) completion of Stage 1 Tullamarine fit-out by 30 June 2015, and (iii) the gross asset value of the Trust increasing to more than \$200 million by 30 June 2016.
- 30.0m Underwriter Options and 1.2m Options to be issued to participants in a prior Placement issued on the same terms as the Options

Details of the proposed share consolidation and the Equity Capital Raising will be set out in the Notice of Meeting and Prospectus expected to be lodged in September 2014.

Change of Company Name

The Company will seek shareholder approval to change its name to ADX Holdings Limited to better reflect the nature of the company after completion of the Transaction.

Indicative Timetable

Event	Expected Date*
Dispatch Shareholder Meeting Documentation	Early September 2014
Dispatch Prospectus	Early September 2014
Shareholder Meeting, Complete Equity Capital Raising	Mid October 2014
Suspend Company Shares	Mid October 2014
Re-comply with Listing Rules 1 & 2	Late October 2014
Complete Acquisition	Late October 2014

* Shareholders should note that the timetable is indicative only and is subject to change. The Company will keep shareholders informed of the timing of implementation of the transaction as it progresses.

New Directors

Hon. Ian Campbell – Proposed Chairman & Non-Executive Director

Non-Executive Director and Chairman elect of ASG Group Limited (ASX: ASZ) a major IT solutions provider to medium to large scale enterprises. Director – Brookfield Financial. Former Federal Senator (17 years) and Cabinet Minister in the Howard Government. As Parliamentary Secretary to the Treasurer, Ian developed the Corporate Law Economic Reform Program (CLERP). As Parliamentary Secretary to the Minister for Communications, he was responsible for ICT policy implementation. Prior to parliament, Ian was a commercial and industrial property consultant, and Company Director.

Jamie Cullen – Proposed Non-Executive Director elect (B.Com, CA, F Fin, FAICD)

Twenty years experience as CEO of ASX listed entities - Resource Equipment Limited (2008 – 2014) and PCH Group Ltd (1994 – 2007), both specialist international rental and contracting businesses serving the mining, oil & gas and construction sectors. Previously finance and management executive in motion picture industry in Los Angeles and prior to that with PriceWaterhouseCoopers in Australia, New Zealand and Los Angeles.

For and on behalf of the IMI Board

Nigel Blaze
Chairman

IM Medical Limited
Level 40
140 William St. Melbourne
VIC 3000Aust
ACN 009 436 908

T 03 9607 8280
F 03 9613 4111
E im.medical@icloud.com
W immedical.com.au