



Armidale Investment

CORPORATION

17 February 2017

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

TERMS SHEET

PARTIAL ACQUISITION OF EQUIPMENT FINANCE BROKER

Platform Finance & Leasing Pty Limited (Platform) is a 60% owned subsidiary of Armidale Investment Corporation Limited (AIK).

Platform has today executed a Terms Sheet to purchase 80% of an Asset Finance Broker for \$6.4 million. The AIK contribution to this purchase is expected to be around \$4 million and is supported by a cash contribution by existing Platform minorities to purchase new Platform shares to fund the acquisition.

This acquisition is a good fit for AIK:

- The Asset Finance Broker has approximately \$2 million of normalised EBITDA for the calendar year ended 31 December 2016;
- The agreed multiple is approximately 4 times normalised EBITDA;
- The Asset Finance Broker's existing management will remain in the business with an ongoing shareholding and Platform management have experience in their industry and specialisation;
- The Asset Finance Broker's major financier is one the Platform and CFG financiers;
- The consideration will be approximately \$4.6 million cash and \$1.8 million in AIK shares; and
- There will be a put and call option over the vendors' remaining shares 30 months after completion.

The transaction is expected to be completed by 31st March 2017 and is contingent on matters such as the audit, due diligence, ACCC and bank approval.

The EBITDA multiple of around 4 represents a premium to historic market rates for Asset Finance Brokers with around \$2 million of normalised EBITDA, but represents good value for AIK due to its strong strategic, cultural and commercial fit. The Asset Finance Broker being acquired has an exceptional culture and has experienced strong growth in revenue and profit.



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C O R P O R A T I O N

AIK's Ongoing Strategy

The partial acquisition through Platform is consistent with AIK's strategy to buy brokers through subsidiaries where the subsidiary's management has 'skin in the game' and the skills and experience to add value through the ongoing management of the acquired entities.

As previously noted, AIK have been targeting between 3-5 acquisitions within the next 18 months.

For further information please contact:

Cameron McCullagh

Joint Managing Director

02 8117 4432

David Franks

Company Secretary

02 9299 9690