

Firstfolio to buy eChoice for \$4.2 million plus mortgage income

By David McIntyre

SYDNEY, Oct 14 AAP - Home loan provider Firstfolio Ltd has agreed to buy Australia's biggest online mortgage broker, eChoice, for \$4.68 million in shares and cash, as well as income from the mortgage book.

Firstfolio said it would pay eChoice's shareholders, including funds managed by Allen & Buckeridge and Macquarie Group Ltd, 60 million shares, and \$3 million in cash over four years, the company said in a statement.

Shares in Firstfolio rose 0.8 cent to 2.8 cents as of 1327 AEDT, valuing the share component at \$1.68 million.

Firstfolio also will pay a yet-to-be agreed share of income from eChoice's \$2.6 billion loan book.

The takeover, expected to settle on October 31, will increase Firstfolio's loan book to over \$10.5 billion and the Sydney-based company will gain eChoice's online sales and processing platform. Firstfolio's loan portfolio has grown from \$2 billion in 2006.

eChoice, which was established in 1998, recorded a net profit of \$1.9 million in 2007/08 and had positive earnings for the last five years.

Firstfolio said the takeover had the potential to deliver significant cost efficiencies from a combined operating base.

"The acquisition of eChoice will immediately position Firstfolio as a leader in the online mortgage sales segment," Firstfolio chief executive Mark Forsyth said.

"We believe the online segment has untapped potential in Australia."

He said eChoice had 60,000 clients and there was scope to grow that number.

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