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# Firstfolio to buy eChoice for $4.2m

October 14, 2008 - 9:42AM

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Home loan provider Firstfolio Ltd has agreed to buy Australia's biggest online mortgage broker, eChoice, for $4.2 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 closed at 2 cents Monday, valuing the share component at $1.2 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.

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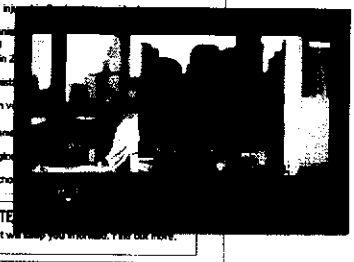

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