

# Firstfolio acquires LeaseChoice

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Listed mortgage and financial services group, Firstfolio Limited, today announced it had acquired selected key assets of Sydney-based LeaseChoice, a leading specialist in business equipment finance and leasing solutions, in a deal that will immediately diversify Firstfolio's earnings.

The assets acquired include the LeaseChoice business name, web-site, origination systems and associated trademarks. Firstfolio will also have access to wholesale funding arrangements previously enjoyed by LeaseChoice Pty. Limited.

The acquisition is expected to be earnings accretive in the first 12 months, contributing up to \$750,000 to Firstfolio's group EBITDA in that period. Initial income will come from fees received on new transactions. Future earnings should be increased as the assets under management originated under Firstfolio ownership deliver additional post-finance term income flows. Loan contracts at the settlement date will be managed by the Vendor and all new contracts will be originated and managed by Firstfolio.

Under the terms of the transaction, Firstfolio will pay \$2.4 million for the specified LeaseChoice assets, comprising a cash payment of \$1.75 million at settlement, shares issued to the value of \$500,000 with agreed escrow or equivalent cash payment within 14 days, and a deferred payment of \$150,000 on 31 December 2010.

The LeaseChoice deal will enable Firstfolio to rapidly deploy a new suite of financial products with strong reach into SME and corporate markets through its existing distribution network, centred on the eastern seaboard.

Firstfolio CEO Mark Forsyth said: "Diversification of product and client portfolio has been a major goal for Firstfolio, and we have always been opportunistic in adding new financial service components that could benefit from our existing distribution platform. "We have also put a priority on expanding into adjacent segments, particularly the SME market. As a leading provider of asset finance to sole traders, successful SMEs and larger companies, LeaseChoice fits this bill perfectly," Mr Forsyth said. "LeaseChoice has a strong distribution network through introducer relationships, such as Mortgage Choice, The Rock Building Society and AMP financial planners, and blue-chip government and institutional clients. Its leading proposition to these businesses and its specialised focus on business equipment made it a compelling proposition for us as we continue to grow our business in Australia," he said.

LeaseChoice offers a range of business equipment for finance, including office equipment, furniture, computers, security systems, trucks and buses, salon equipment and medical equipment. LeaseChoice provides a complete asset management solution through procurement, financing, management and disposal.

The LeaseChoice's origination team will join Firstfolio and LeaseChoice founder Kirk Tsihlis will maintain a close relationship with the business. Mr Tsihlis will focus on introducing or enhancing existing wholesale funding arrangements on an exclusive basis in Australia.