



## **Market Announcements**

**ASX Limited**

**16 March 2012**

### **Continued Expansion into Asia**

Equities and Freeholds Limited (ASX: EQF / Company) would like to advise the market that it has executed a non-binding Term Sheet relating to the proposed acquisition of 100% of the outstanding capital of Armytage Asset Management Ltd. The transaction is conditional upon successful completion of due diligence and obtaining shareholder approval at a General Meeting (GM) likely to be held in May 2012.

#### **Armytage Asset Management Ltd (AAM)**

Armytage Asset Management (AAM – formerly Absolute Asset Management Ltd) is a well established investment management and distribution business which currently has approximately \$200m in Funds Under Management. AAM clients are predominantly Asian based investors, with staff in Melbourne and throughout the region.

AAM provides alternative investment products and portfolio management solutions to international clients that include private, corporate and financial institutions. AAM also manages a number of traditional investment funds which are available through various offshore regulated platforms.

In late 2011 AAM established a UCITS compliant multi manager / multi asset class fund range (Harmony Funds) in conjunction with Momentum Global Investment Management Ltd (UK), an FSA regulated manager with over US\$4bn under management. The Harmony Funds have experienced significant growth in the few short months since establishment.

The UCITS structure is a global “best of breed” fund range that is passportable throughout Asia, the Middle East and Europe / UK. The Harmony Funds will continue to be the distribution focus of AAM in its key Asian and Middle Eastern markets, with further expansion planned into Europe.

The Board of EQF is confident that the addition of this well established and profitable funds management group will rapidly advance EQF’s position into the Asian financial services market. Equally, it will provide important synergies with our existing businesses in both Asia and Australia.

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### **Purchase Price**

The purchase price for AAM is \$6.1m, with 90% of the consideration in the form of fully paid ordinary shares in EQF (issued at \$0.25 per share) and 10% in cash. It is expected that the shares when issued will rank equally with all other fully paid ordinary shares in EQF then on issue.

Of the full potential purchase price, twenty percent of the total consideration (\$1.22m - comprised of EQF shares) will only be paid upon the achievement of EBIT hurdles for the Financial Year 2013. Further detailed information regarding the acquisition will be provided in the Explanatory Memorandum accompanying the Notice of GM.

### **Shareholder Approval**

Prior to completion of the acquisition, the shareholdings in AAM will be restructured. In consequence an entity associated with Campbell McComb (Managing Director) who is a related party of EQF, will hold approximately 20% of the shares in AAM proposed to be acquired by EQF. Further, the other shareholders of AAM are likely to be associates of Campbell McComb in respect of EQF's proposed acquisition of all of the shares in AAM, and the consideration for that acquisition will exceed 5% of the equity interests of EQF.

As such, the Company will be calling a GM of Shareholders to approve the acquisition of AAM shares and issue of EQF shares as consideration, in accordance with ASX listing rules 10.1 and 10.11. None of the selling AAM shareholders or their associates will be entitled to vote.

Shareholder approval may also be required under ASX listing rule 7.1 in order to approve the issue of new capital.

### **For further information, please contact:**

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