

HFA Holdings Limited
ACN 101 585 737



26 June 2014
ASX Announcement

Buy-Back of Mandatory Convertible Notes and Capital Raising

HFA Holdings Limited ("HFA" or "Group") has entered into an agreement to buy-back 50 of the 75 Mandatory Convertible Notes ("MCNs") on issue ("Buy-Back").

Each repurchased MCN will be bought back at its initial face value from an affiliate of Apollo Global Management, LLC (NYSE: APO) (together with its consolidated subsidiaries, "Apollo") for a total face value of US\$50 million.

The Buy-Back will be funded primarily from existing cash held by HFA, as well as a fully underwritten placement to eligible institutional investors to raise approximately A\$16 million ("Capital Raising").

The transaction is expected to be materially accretive to HFA's diluted EPS in FY15 (excluding one-off impacts of the transaction). As a part of the Buy-Back, Apollo will conclude its strategic alliance with HFA.

HFA's Acting Chairman, Mr. Michael Shepherd, said, "I am pleased we have been able to achieve this transaction, which has allowed us to reduce the size of the MCN issuance and thus reduce the total number of diluted shares. The transaction will also help HFA achieve a more flexible capital structure and provide HFA with greater financial flexibility, including with respect to dividend policy. As part of this transaction, it was timely to conclude our commercial arrangements with Apollo, and we thank them for their support over the past several years."

Mr. Anthony Civale, a Director of HFA and Lead Partner and Chief Operating Officer of Apollo's credit business said, "We believe HFA remains well positioned for continued growth. We are grateful for our association with HFA and wish HFA every continued success."

As part of the Buy-Back, the HFA directors associated with Apollo (Mr. Anthony Civale, Mr. Michael Fox and Mr. Barry Cohen) will be stepping down from the board of HFA. The board intends to replace these directors with other qualified individuals who will continue to support the strategic plan and growth initiatives of HFA.

The remaining 25 MCNs will remain on issue, subject to certain amendments to the terms as explained in the investor presentation provided to the ASX on the date of this release.

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Capital Raising details

The Capital Raising comprises a fully underwritten placement to eligible institutional investors conducted at a fixed price of A\$0.90 (Offer Price) per new share (New Share) to raise approximately A\$16 million.

The Offer Price represents a 5.3% discount to the last closing price of A\$0.95 per share prior to the Capital Raising announcement.

New Shares issued under the Capital Raising will rank equally from issue in all respects with existing fully paid ordinary HFA shares.

Settlement of the Capital Raising is expected on Tuesday, 1 July 2014, with allotment expected on Wednesday, 2 July 2014. The Capital Raising will be made within HFA's placement capacity and accordingly shareholder approval will not be required.

UBS AG, Australia Branch is acting as sole lead manager and underwriter of the Capital Raising.

ENDS:

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