

14 December 2017

ACORN CAPITAL INVESTMENT FUND TO PURCHASE A PORTFOLIO OF ASSETS FROM WASHINGTON H SOUL PATTINSON & COMPANY LIMITED

KEY FEATURES

- Acorn Capital Investment Fund Limited (**ACQ**) has entered into an asset sale agreement to acquire a portfolio of seven assets consisting of six unlisted assets and one that is ASX-listed (the **Portfolio**) from Washington H Soul Pattinson & Company Limited (**WHSP**) for approximately \$7.6¹ million (the **Purchase Price**)
- The acquisition of the Portfolio will be funded in two stages :
 - Stage 1 – Initial payment of approximately 70%² of the Purchase Price at transaction completion, anticipated in January 2018; and
 - Stage 2 – Additional payment of approximately 30% of the Purchase Price which will be paid following the valuation of the Portfolio as at 30 June 2018.
- The Purchase Price is proposed to be funded by the issue of ACQ ordinary shares at their most recently published Post Tax NTA at the closing of Stage 1. By way of example, based on the Purchase Price and ACQ's most recently published Post Tax NTA³, this could result in the issue to WHSP of approximately 6.4m ACQ shares or 13.0% of ACQ's undiluted capital.
- WHSP will also be entitled to an earn-out following the sale of the Portfolio's underlying assets.

FURTHER DETAILS OF THE TRANSACTION

ACQ has entered into an asset sale agreement to purchase the Portfolio from WHSP for the Purchase Price. The purchase of some of the constituents of the Portfolio is subject to pre-emptive rights.

Upon the exercise of pre-emptive rights, approximately 70% of the Purchase Price (**Initial Consideration Payment**) will be payable by ACQ to WHSP. The Initial Consideration Payment is payable in ACQ shares which will be issued at a price equal to ACQ's most recently published Monthly Post Tax Net Tangible Asset value per share at completion. The Portfolio will be transferred to ACQ upon receipt by WHSP of the Initial Consideration Payment. ACQ anticipates that transfer will take place in January 2018.

The remainder of the Purchase Price (**Final Consideration Payment**) will be made to WHSP following the completion of ACQ's 30 June 2018 audit, at ACQ's election, in cash or ACQ shares at the same Post-Tax NTA as the shares comprising the Initial Consideration Payment were issued. The Final Consideration Payment will be subject to the assessed fair value of the Portfolio as at 30 June 2018. The sum of the Initial Consideration Payment and the Final Consideration Payment is the **Adjusted Consideration Payment**.

Upon the liquidation for cash of the constituents of the Portfolio and subject to ACQ receiving a cash return equal to the Adjusted Consideration Payment plus 8% p.a., WHSP will be entitled to receive 30% of the cash receipts from such sale of the Portfolio. This amount will be paid, at the election of ACQ, in either cash or ACQ shares at the same Post Tax NTA as the shares comprising the Initial Consideration Payment were issued.

¹ The final purchase price may vary at time of completion primarily as a result of the price of the ASX listed security being acquired and the completion of the pre-emptive process that applies to underlying assets in the Portfolio

² The final split between Stage 1 and Stage 2 payments will be dependent primarily on the price of the listed securities being purchased

³ Last published Post Tax NTA is \$1.206 per share as at 30 November 2017.

For personal use only

Robert Routley, CEO of ACQ's manager Acorn Capital Limited said: "This is an exciting opportunity to leverage the demonstrated expertise of Acorn Capital in the identification and valuation of unlisted securities. Unlisted investment is a key differentiator of the ACQ investment strategy and has been a strong source of investment returns⁴. ACQ provides private investors access to both public and private emerging companies that would be likely to be difficult to replicate in their own investment portfolios".

Robert Millner, Chairman of WHSP said "We look forward to becoming shareholders in ACQ. The fund holds an exciting portfolio of assets and is managed by a long established and reputable manager. We like Acorn's approach to investing and the companies it invests in".

About ACQ

ACQ is a listed investment company that provides investors with access to listed and unlisted companies distinguished by their smaller size and stage of development through a single diversified portfolio. ACQ has recently announced its intention to pay annual dividends targeting at least 5% of closing post-tax NTA for each financial year, franked to the highest extent possible. ACQ aims to become the leading supplier of entrepreneurial capital to emerging Australian companies.

For further information about ACQ:

Robert Routley, Chief Executive Officer, Acorn Capital Limited, +61 3 9639 0522 / robertroutley@acorncapital.com.au

About WHSP

WHSP is Australia's second oldest listed company and holds a diversified investment portfolio totalling approximately \$5 billion (at 30 November 2017). Since listing on the Australian Securities Exchange in 1902, WHSP has paid a dividend every year including throughout the depression of the 1930s. Today WHSP's investments span many different sectors and include telecommunications, pharmaceuticals, financial services, natural resources, building products and real estate amongst others.

For further information about WHSP's investment in ACQ:

Dean Price, Executive Director, Pitt Capital Partners, +61 2 9210 7003 / dprice@pcap.com.au

⁴ Past performance is not a reliable indicator of future performance.