

14 November 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000  
**Electronic Lodgement**

## **AFIC TO RAISE FUNDS THROUGH A 6.25% UNSECURED CONVERTIBLE NOTE ISSUE**

The Company has today lodged a Prospectus (**Prospectus**) with the Australian Securities and Investment Commission (**ASIC**) for the issue of Unsecured Convertible Notes with a five year fixed interest rate return of 6.25% per annum (**AFIC Notes**).

The AFIC Notes aim to provide investors with a security offering an attractive fixed interest yield with the possibility of converting into AFIC ordinary shares depending on the performance of AFIC's share price over time or the repayment of funds at maturity.

### **Key terms of the AFIC Notes**

- Value – Each AFIC Note will have a Face Value of \$100;
- Interest payment – 6.25% per annum fixed coupon payable semi-annually in arrears on 28 February and 31 August each year;
- Maturity – 28 February 2017 (if not already redeemed or converted);
- Convertibility – convertible into Ordinary Shares on each Interest Payment Date at a fixed Conversion Price (subject to adjustment for certain dilutionary and other capital transactions). The Conversion Price is initially set at a 25% premium to the volume weighted average price of AFIC Ordinary Shares traded during the five Trading Days prior to the issue of AFIC Notes on 19 December 2011;
- Size – The Board intends to raise \$200 million of AFIC Notes with the ability to raise more or less (subject to a minimum of \$100 million);
- Ranking – unsecured, and ranking for payment after any secured creditors are paid. AFIC Notes rank equally with AFIC's current bank facilities and ahead of AFIC Ordinary Shares; and
- Liquidity – AFIC Notes will be listed on ASX.

## Financial Position

AFIC is in a strong financial position to support the payment of interest on the AFIC Notes and for the return of funds at maturity. The Company's investment and trading portfolio currently comprises listed securities in just over 75 different companies. The market value of the investment and trading portfolio at 30 September 2011, excluding cash, was \$4.32 billion. AFIC has a long history of sound profit performance, with Reported Profit after Tax for the year to 30 June 2011 of \$233.3 million.

## Issue Structure

The Issue comprises two components:

### *Shareholder Priority Offer*

An offer to all of the Company's shareholders who have a registered address in Australia or New Zealand to apply for AFIC Notes subject to a minimum subscription of 50 notes (\$5,000). Shareholders have to be on the register on the record date of 22 November 2011 to be eligible to participate in this part of the Offer.

The Board has determined to reserve a minimum allocation of \$150 million for shareholders in this Offer. AFIC will endeavour to provide shareholders with a priority Allocation under the Shareholder Priority Offer of at least 50 AFIC Notes. However, AFIC does not guarantee any minimum priority Allocation under the Shareholder Priority Offer and the extent of any Allocation will ultimately depend on the total level of Applications under the Offer.

### *Broker Firm Offer*

A firm offer to Australian and New Zealand retail clients of participating brokers.

## Summary of Key Dates

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Lodgement of Prospectus with ASIC	14 November 2011
Record Date for Shareholder Priority Offer	22 November 2011
Opening Date of the Offer	23 November 2011
Closing Date of the Offer	5.00pm <sup>1</sup> on 12 December 2011
Broker Firm Offer Settlement date	16 December 2011
Issue Date of AFIC Notes	19 December 2011
Holding statements despatched	21 December 2011
Notes expected to begin trading on ASX (on a normal settlement basis)	22 December 2011
First Interest payment date	28 February 2012
Maturity date	28 February 2017

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The key dates and times for the Offer are indicative only and may change without notice.

<sup>1</sup> Melbourne Time

Please direct any enquiries to:

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