

ASX ANNOUNCEMENT

25 February 2015

ASX Market Announcements Australian Securities Exchange

Proposed buy-back of minority shares

The Board of CIC Australia Limited (CIC) (ASX Code: CNB) is pleased to announce that CIC intends to proceed with a proposal to buy-back of all of the CIC shares held by shareholders other than major shareholder Peet Limited (Peet) (the Buy-Back). CIC intends to implement the Buy-Back via a scheme of arrangement which (if all necessary approvals are obtained) would be binding on all minority shareholders. If completed, the Buy-Back would see Peet's shareholding increase to 100% from its current 86.05%.

The indicative terms of the buy-back include a price per CIC share of 82.7 cents, which approximates CIC's net assets as at 31 December 2014. CIC has obtained early indications that of this amount approximately 49 cents per share would be treated as a capital return and the balance of 33.7 cents per share as a fully franked dividend for Australian tax purposes. However, the final tax treatment of the Buy-Back proceeds for participating shareholders will be subject to the terms of a class ruling which CIC will seek from the Australian Taxation Office (ATO) in connection with the scheme of arrangement.

The Board cautioned that these indicative terms are not yet capable of acceptance or commitment, and may be withdrawn or modified. Further, there are a number of conditions that would have to be satisfied before the Buy-Back could be implemented, including shareholder and regulatory approvals for the scheme of arrangement and Buy-Back, and obtaining a satisfactory draft ATO class ruling. The final class ruling will not be issued by the ATO until after the shares have been bought back and the Buy-Back is complete.

Approval process

As the proposal is to be implemented by means of a scheme of arrangement which binds all minority shareholders, it would need to be approved by both the Court and by minority shareholders voting as a class (that is, without Peet being entitled to vote). The applicable approval thresholds are that votes in favour of the scheme must be cast by at least 75% of shares voted at the scheme meeting, and by a majority of the shareholders who vote at the meeting.

Separately, the Buy-Back would also need to be approved by special resolution at a general meeting of CIC at which no votes can be cast in favour of the proposal by any shareholder who will participate, meaning that Peet is the only shareholder entitled to vote in favour (although any shareholder could vote against). This general meeting approval will be sought in conjunction with the scheme meeting.

There are a number of steps involved in a scheme of arrangement, including ASIC and Court approval of shareholder meeting documents. At this stage the Board anticipates holding shareholder meetings in late April or early May 2015.

Minority shareholders will have the benefit of an Independent Expert's Report on the transaction, which will be included in the meeting materials. CIC has engaged BDO Corporate Finance to provide this report. The Board will not proceed with the proposal unless the independent expert concludes that it is in the best interests of minority shareholders (in the absence of a superior proposal).

Finally, completion of the Buy-Back will be conditional on CIC obtaining a satisfactory draft class ruling from the ATO. However, the ATO will not issue the final class ruling until after the Buy-Back is completed.

CIC has not entered into any exclusivity or break fee arrangements in relation to the proposal.

Funding

The total Buy-Back payments would, if implemented, be approximately \$14.6 million. CIC intends that these funds will be sourced from a new loan agreement to be entered into with Peet.

Support of shareholders

CIC has received confirmations from minority shareholders who between them hold approximately 12.2% of CIC's total issued shares indicating their intention to vote in favour of the proposal, in the absence of a superior offer and subject to CIC obtaining an ATO class ruling to the satisfaction of CIC and/ or the shareholder. These shareholders have consented to CIC publicly disclosing their intentions.

The Board again cautions that no firm transaction is yet ready to be put to minority shareholders, and there is no assurance that a transaction will be implemented. Further announcements regarding the process will be made to ASX in due course.

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