



L A T I T U D E

Latitude Group Holdings Limited  
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**2 September 2021**

## **ASX ANNOUNCEMENT**

### **Launch of the Latitude Capital Notes Offer**

Latitude Group Holdings Limited (ASX:LFS) (**Latitude**) today announced its intention to issue Capital Notes, to raise approximately \$125 million, with the ability to raise more or less (the **Offer**). The Capital Notes are expected to be quoted on the Australian Securities Exchange (**ASX**) under the code LFSPA.

The Capital Notes are perpetual, subordinated, unsecured notes to be issued by Latitude. The Capital Notes are scheduled to pay quarterly, discretionary, cumulative, floating rate distributions, which are expected to be franked at the same proportion as Latitude's ordinary share dividends.

The Capital Notes are being issued as part of Latitude's ongoing optimisation of funding and capital, with a view to improving flexibility in the Latitude Group's capital structure. The Capital Notes will also allow Latitude to pursue and accelerate incremental growth opportunities. These opportunities may include the acquisition of complementary portfolios and platforms as well as organic growth in existing markets and products and the roll-out of L-Pay in Singapore and Malaysia in conjunction with key merchant partners.

Latitude is a leading instalments and lending business, with 2.8 million customer accounts, as at 30 June 2021, and more than 5,500 merchant partners (with over 13,200 outlets) in Australia and New Zealand.

The Margin for Distributions on the Capital Notes will be determined following a bookbuild which is expected to be completed on 9 September 2021. A replacement Prospectus containing the Margin is expected to be made available on 10 September 2021.

This announcement only contains a summary of the features of the Capital Notes and the Offer. Full details of this opportunity along with the terms of the Capital Notes are set out in the prospectus lodged with the Australian Securities and Investment Commission (**ASIC**) and ASX today. The Prospectus is also available to Australian investors at [www.latitudecapitalnotes.com.au](http://www.latitudecapitalnotes.com.au).

The Capital Notes are complex and involve risks that are different from ordinary equity. They are not suitable for all investors and contain features which may make their terms of issue difficult to understand. Investors should read and carefully consider the Prospectus in full before deciding whether to invest in the Capital Notes. Latitude strongly recommends that investors seek professional advice from a licenced adviser which takes into account their particular investment objectives and circumstances before deciding whether to participate in the Offer.

Insight Capital Advisors Pty Ltd has been appointed as Arranger to the Offer. Insight Capital Advisors Pty Ltd, Morgans Financial Limited, National Australia Bank Limited, Ord Minnett Limited and Westpac Institutional Bank, a division of Westpac Banking Corporation, have been appointed Joint Lead Managers.

## Information about the Offer

Terms used but not defined in this announcement are defined in the Prospectus.

The Offer comprises:

- an Institutional Offer made to Institutional Investors; and
- a Broker Firm Offer made to Australian resident retail and high net worth clients of Syndicate Brokers.

The Capital Notes are not being offered to the general public and retail investors must be a client of a Syndicate Broker in order to participate in the Offer. Broker Firm Applicants should contact their Syndicate Broker for instructions on how to apply.

## Key features of the Capital Notes

The Capital Notes are perpetual, subordinated, unsecured notes to be issued by Latitude and have the following key features:

- **Fully paid** – each Capital Note has a Face Value of \$100;
- **Subordinated** – the Capital Notes have priority over Latitude Ordinary Shares but are subordinated to the claims of Senior Creditors in a Winding-up of the Company;
- **Perpetual** – the Capital Notes do not have any fixed maturity date and you may not receive your capital back;
- **Discretionary Distributions** – Holders are expected to receive quarterly, floating rate discretionary Distributions, which are cumulative. Distributions on the Capital Notes are expected to be franked at the same rate as dividends on Latitude Ordinary Shares;
- **Distribution Rate** – the Distribution Rate for each Distribution Period will be calculated as the sum of the 3-month Bank Bill Rate plus the Margin, adjusted for franking credits. The Margin will be determined pursuant to the Bookbuild and is expected to be within the range of 4.75% to 5.00% per annum;
- **Dividend stopper** – For so long as any Unpaid Distribution remains outstanding, the Company must not declare, determine to pay or pay a dividend on Latitude Ordinary Shares or undertake any Buy-Back or Capital Reduction, until the Unpaid Distribution Amount has been paid in full;
- **Margin Step-Up** – if the Capital Notes are not Converted or Redeemed on the Optional Exchange Date, then the Margin will be increased by 3.00% per annum. If the Capital Notes are not redeemed following a Change of Control Event, then the margin will be increased by a further 5.00% per annum, with effect from the later of the Optional Exchange Date and 15 Business Days following the date of the Change of Control Event;
- **Convertible and Redeemable** – Latitude may Convert or Redeem the Capital Notes on the Optional Exchange Date (27 October 2026) and in certain other circumstances;
- **Conversion** – if the Capital Notes are Converted, Holders will receive a number of Latitude Ordinary Shares in exchange for their Capital Notes (the '**Conversion Number**'). The Conversion Number is determined based on the prevailing VWAP of Latitude Ordinary Shares (for the VWAP Period prior to the relevant Exchange Date), less a 2.50% discount;
- **Redemption** – if the Capital Notes are Redeemed, Holders will receive an amount equal to their Face Value together with accrued Distributions and Unpaid Distributions;
- **Not guaranteed or secured** – the Capital Notes are not guaranteed and are unsecured, meaning repayment is not secured by a mortgage, charge or other security over any of Latitude's assets; and
- **Quoted** – Latitude will apply to ASX for the Capital Notes to be quoted on ASX and the Capital Notes are expected to trade under ASX code "LFSPA".

The Capital Notes are subject to various risks which could affect their performance, many of which are outside the control of Latitude. These risks include interest rate risk and market price fluctuations. Information about the key risks of investing in the Capital Notes are set out in Section 5 of the Prospectus.

## Indicative timetable

### Key Dates for the Offer

Lodgement of this Prospectus with ASIC	2 September 2021
Bookbuild to determine the Margin	9 September 2021
Announcement of the Margin	9 September 2021
Lodgement of the replacement Prospectus with ASIC	10 September 2021
Opening Date	10 September 2021
Closing Date	23 September 2021
Issue Date	28 September 2021
Capital Notes commence trading on ASX (normal settlement basis)	29 September 2021

### Dates may change

These dates are indicative only and may change without notice.

Latitude, in consultation with the Arranger, reserves the right to vary any or all of these times and dates (subject to the ASX Listing Rules and the Corporations Act), including to close the Offer early, extend the Offer, defer the Closing Date, accept late Applications either generally or in particular cases, or withdraw the Offer, without prior notification at any time before the Capital Notes are issued.

Authorised for release by Paul Burke, Company Secretary.

### For further information:

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### **DISCLAIMER – GENERAL**

The information provided in this announcement is not financial product advice (nor tax, accounting or legal advice) and has been prepared without taking into account individual investment objectives, financial situations or particular needs (including financial and taxation issues).

As noted above, this announcement only contains a summary of the features of the Capital Notes and the Offer. The Offer of the Capital Notes will be made in the Prospectus. Investors should read and consider the Prospectus in full before deciding whether to apply for or invest in the Capital Notes. Latitude strongly recommends that investors seek professional advice from a licensed adviser which takes into account their particular investment objectives and circumstances before deciding whether to participate in the Offer.

### **DISCLAIMER - NO OFFER OF SECURITIES**

This announcement does not constitute an offer of any securities (including the Capital Notes) for sale or issue or for the purchase of any securities. No action has been taken to register or qualify Capital Notes, or invite persons to purchase the Capital Notes, outside Australia. In particular, this announcement does not constitute an offer of securities for sale, or invitation to purchase securities, in the United States. The Capital Notes have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States. The Capital Notes are being offered and sold in the Offer solely outside the United States pursuant to Regulation S under the US Securities Act.

### **DISCLAIMER - FORWARD-LOOKING STATEMENTS**

The forward-looking statements, estimates and projections contained in this announcement are not representations as to future performance and nothing in this release should be relied upon as guarantees or representations of future performance.