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27 June 2011

IOOF HOLDINGS AND DKN FINANCIAL GROUP ENTER INTO SCHEME IMPLEMENTATION AGREEMENT

- **IOOF and DKN have entered into a definitive agreement under which IOOF, through a wholly owned subsidiary, proposes to acquire DKN via a Scheme of Arrangement**
- **All DKN Board members capable of voting on the proposal have unanimously recommended its shareholders vote in favour of the offer, in the absence of a superior proposal emerging and subject to an independent expert concluding that the offer is fair and reasonable and in the best interests of DKN shareholders**
- **IOOF's all cash offer of A\$0.80 per DKN share represents an attractive premium of 56.9% to the closing price of DKN shares of A\$0.51 on 10 June 2011 (being the last ASX trading day prior to the announcement that the DKN Board received a transaction proposal)**
- **IOOF intends to maintain the current Lonsdale Financial Group operating model and client proposition**
- **The acquisition is in line with IOOF's adviser driven growth strategy**

IOOF Holdings Limited (ASX: IFL) ("IOOF") notes today's statement by DKN Financial Group Limited (ASX: DKN) ("DKN") and confirms that it and its wholly owned subsidiary Austselect Pty Ltd ("Austselect") have entered into a Scheme Implementation Agreement ("SIA") with DKN under which IOOF proposes to acquire DKN.

IOOF announced on 14 June 2011 that it had submitted an indicative proposal to the DKN Board to acquire, through Austselect, 100% of the ordinary shares it does not already own in DKN, to be effected by way of a scheme of arrangement. The proposal was subject to certain conditions, including the unanimous support of the DKN Board members capable of voting on the proposal. These conditions have now been satisfied and the parties have entered into a definitive agreement relating to the proposal.

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Under the terms of the proposed transaction, IOOF has agreed to pay A\$0.80 cash per DKN share for all outstanding shares in DKN, representing a total consideration of A\$94.1 million and a total equity value of A\$115.4 million for DKN. IOOF already holds a relevant interest in DKN of 18.49% through its wholly owned subsidiaries.

The cash payment of A\$0.80 per share to DKN shareholders represents:

- a 56.9% premium to the closing price of DKN shares of A\$0.51 on 10 June 2011;
- a 64.6% premium to the volume weighted average price of DKN shares of A\$0.49 for the one month period to 10 June 2011; and
- a valuation multiple of 15.9 x DKN's underlying net profit after tax for the twelve month period ending 31 December 2010.

In addition, DKN shareholders will receive up to a \$0.025 dividend per DKN share (unfranked) in relation to the second half 2011 results, before the proposal becomes effective.

The funds required for the consideration payable under the proposal will be provided by IOOF to Austselect via an intercompany loan and, if required, from an undrawn facility arrangement entered into by IOOF.

A full copy of the SIA has been released by DKN.

Chairman of IOOF Mr. Ian Blair commented on the Offer:

"We believe this is a compelling offer for DKN shareholders, offering 100% cash, an attractive premium and an opportunity for DKN shareholders to crystallise immediate and certain value for their stock."

CEO of IOOF Mr. Chris Kelaher commented on the strategic fit of the two businesses:

"IOOF has a longstanding and mutually beneficial relationship with DKN, both as a shareholder and also as a long term business partner, and we are pleased to have the opportunity to cement this partnership formally. In line with our adviser driven growth strategy, this transaction will enable increased cross-selling through the combined group, while adding strength and depth to our distribution network.

"Our intention is to maintain the current Lonsdale operating model, including its current platform offering, within the combined business. This will ensure continuity of the existing Lonsdale client proposition, while providing additional benefits through an expanded range of products and services. DKN's Equity Partners should also benefit from IOOF's scale and commitment to growth. IOOF has a strong track record in unlocking the potential of businesses and supporting their growth. This transaction presents an opportunity to deliver benefits to all DKN stakeholders."

DKN is expected to hold a shareholder meeting in September to allow shareholders to vote on the offer.

The indicative timetable for the implementation of the proposal is as follows:

Action	Date
Date of announcement	27 June 2011
Lodge draft Scheme Booklet with ASIC	1 August 2011
First Court Date	18 August 2011
Last date of dispatch of Scheme Booklet	25 August 2011
Determination, record date and payment of the Dividend	Late August 2011
Scheme Meeting Date	26 September 2011
Second Court Date	3 October 2011
Effective Date	4 October 2011
Record Date	11 October 2011
Implementation Date	17 October 2011

Nomura is acting as financial advisor and Blake Dawson as legal advisor to IOOF.

Further information

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About IOOF Holdings Limited

The IOOF Group is one of Australia's largest independent and pure providers of wealth creation product and services. In April 2009, IOOF merged with Australian Wealth Management creating a fully integrated financial services company with offices in every state.

The Group offers the following services:

- Wealth Management
- Superannuation
- Investment Management
- Estate Planning
- Corporate Trust
- Asset Management

The IOOF Group's products and services are designed to accompany the lives of around 700,000 Australians from wealth accumulation into retirement and across to the next generation.

At 31 March 2011, IOOF had \$104.5 billion in funds under management, administration advice, and supervision.

IOOF operates under a variety of brands including Bridges Financial Services, Consultum Financial Advisers, Perennial Investment Partners Limited, Australian Executor Trustees (AET), Spectrum Super, Pursuit, Wealth Builder and Ord Minnett.

Further information about IOOF can be found at www.ioof.com.au