



# Acquisition of Financial Synergy

~A\$85m Placement and Share Purchase Plan

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## **Summary information**

This Presentation contains summary information about the current activities of IRESS and its subsidiaries as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all of the information that an investor should consider when making an investment decision nor does it contain all the information that would be required in a disclosure document or prospectus prepared in accordance with the Corporations Act. It should be read in conjunction with IRESS’ periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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All dollar values are in Australian dollars.

All financial data is presented as at 30 June 2016 unless otherwise stated.

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# Disclaimer

(continued)

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The underwriter and/or its affiliates are also acting as exclusive financial adviser to IRESS in relation to the acquisition of Financial Synergy Holdings Pty Ltd and sole lead manager and underwriter of the Offer, and will receive fees and the reimbursement of expenses in connection with these roles.

The underwriter is acting for and providing services to IRESS in relation to the Offer and will not be acting for or providing services to IRESS shareholders or any other investors. The underwriter has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with IRESS. The engagement of the underwriter by IRESS is not intended to create any agency, fiduciary or other relationship between the underwriter and IRESS, its shareholders or any other investors.

The information in the Presentation remains subject to change without notice. IRESS and the underwriter reserve the right to withdraw or vary the timetable for the Offer in their absolute discretion (including, without limitation, closing the bookbuild for the Offer early) and IRESS will announce any such changes to the ASX.

Not for release or distribution in the United States of America.

# Transaction Summary

# Transaction overview

Cash purchase price up to A\$90 million<sup>1</sup>.

Expected to be more than 2% EPS accretive in 2017<sup>2</sup>

Acquisition will be funded by a ~\$85 million fully underwritten placement to institutional investors and non-underwritten share purchase plan (“SPP”) for existing eligible IRESS shareholders



Oversight and Advisory Committee established for integration

Financial Synergy management and employees retained

iress.com (1) Final transaction consideration contingent upon future events. Excludes transaction costs for the acquisition of approximately \$6m, of which approximately \$2m associated with the Placement & SPP will be capitalised and the remaining balance expensed in 2016. Purchase price is subject to completion adjustments.

(2) EPS accretion applies to underlying EPS, driven by expected Financial Synergy earnings after change to accounting policy under IRESS ownership and the funding structure utilised.

# About Financial Synergy

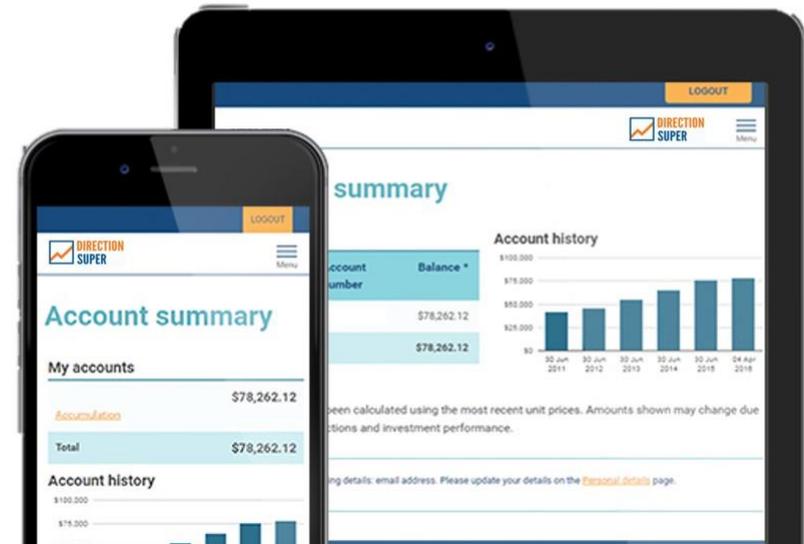
Established Australian business and leading software supplier



- The leading independent software provider to Australia's superannuation segment
- Financial Synergy's software and online solutions are core to the operations of its clients, helping them service efficiently, address ongoing legislative change and to deliver superior services to members, employers and advisers
- Operates at the centre of Australia's \$2 trillion superannuation system – projected to increase to \$9.5 trillion by 2035 (Deloitte Actuaries & Consultants; November 2015)
- Reported revenue of \$27.5m and EBITDA of \$9.4m for 12 months ending 30 June 2016. Under IRESS accounting policies, Financial Synergy's reported EBITDA over the same period would have been \$8 million.
- Blue-chip superannuation client base that services over 4 million member accounts that represent over \$250 billion in superannuation assets
- 126 employees. Headquartered in Melbourne.

“We believe that a robust core platform which can support customised and tailored propositions to address funds' increasingly diverse needs and service expectations will be crucial.”

*KPMG (2015): Supertrends. The trends shaping Australia's superannuation industry.*



# Strategic context

## Acquisition supports IRESS strategy in Australia



“The online investing, trading, advice and administration worlds are converging, and we’re starting to see a world where the fund’s online administration and compliance, brokerage account and banking are all linked.”

*KPMG (2015): Supertrends. The trends shaping Australia’s superannuation industry.*

# Strategic context

## Superannuation seeking more from technology

### Member engagement

- Increasing demand for a digitally-enabled multi-channel experience for members.
- Members seeking information and content supported by relevant technology to assist them with their financial decisions.

### Efficiency

- Relentless competition and fee pressure, balanced against strategic investment, must be offset by operational efficiency in administration and delivery across all services.
- Technology increasingly used as a solution to the complexity of compliance, business intelligence and automation.

### Unified technology

### Financial advice

- Growing number of Australians in the compulsory superannuation system from workforce commencement prompting demand for broader services including advice.
- Price effective delivery underpinned by connectedness and controls, through technology.

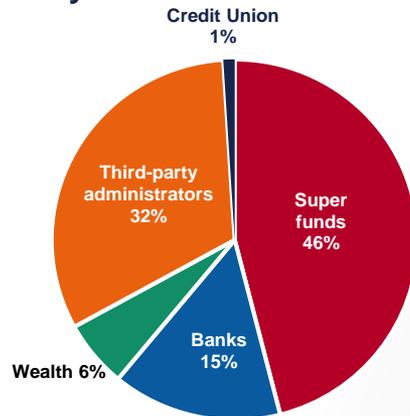
### Seamless delivery

- Unified technology solutions necessary when putting members first
- Client engagement, advice delivery, self service, digital or human, need consistency in delivery, pre-advice planning and compliance, and post-advice assessment.

# Overview of Financial Synergy

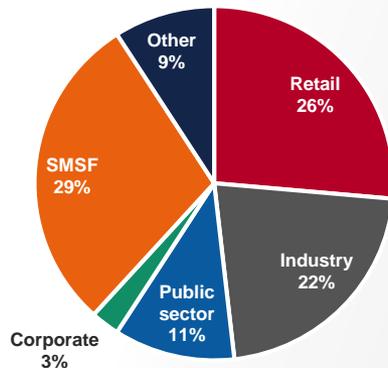
Longstanding blue-chip client base in superannuation

## Top 20 Acurity Clients – Revenue relativity FY16



- Strong relationships with Australia's leading superannuation funds, third party administrators and financial institutions
- Clients represent funds and administrators of public sector, industry, and retail superannuation
- Longstanding superannuation client relationships extending beyond 10+ years
- No client losses to a competitor since inception
- Existing clients have contributed meaningfully to revenue growth over time through expanded and enhanced services
- Significant proportion (~50%) of revenue is recurring in nature

## Total Australian Superannuation Assets \$A billion



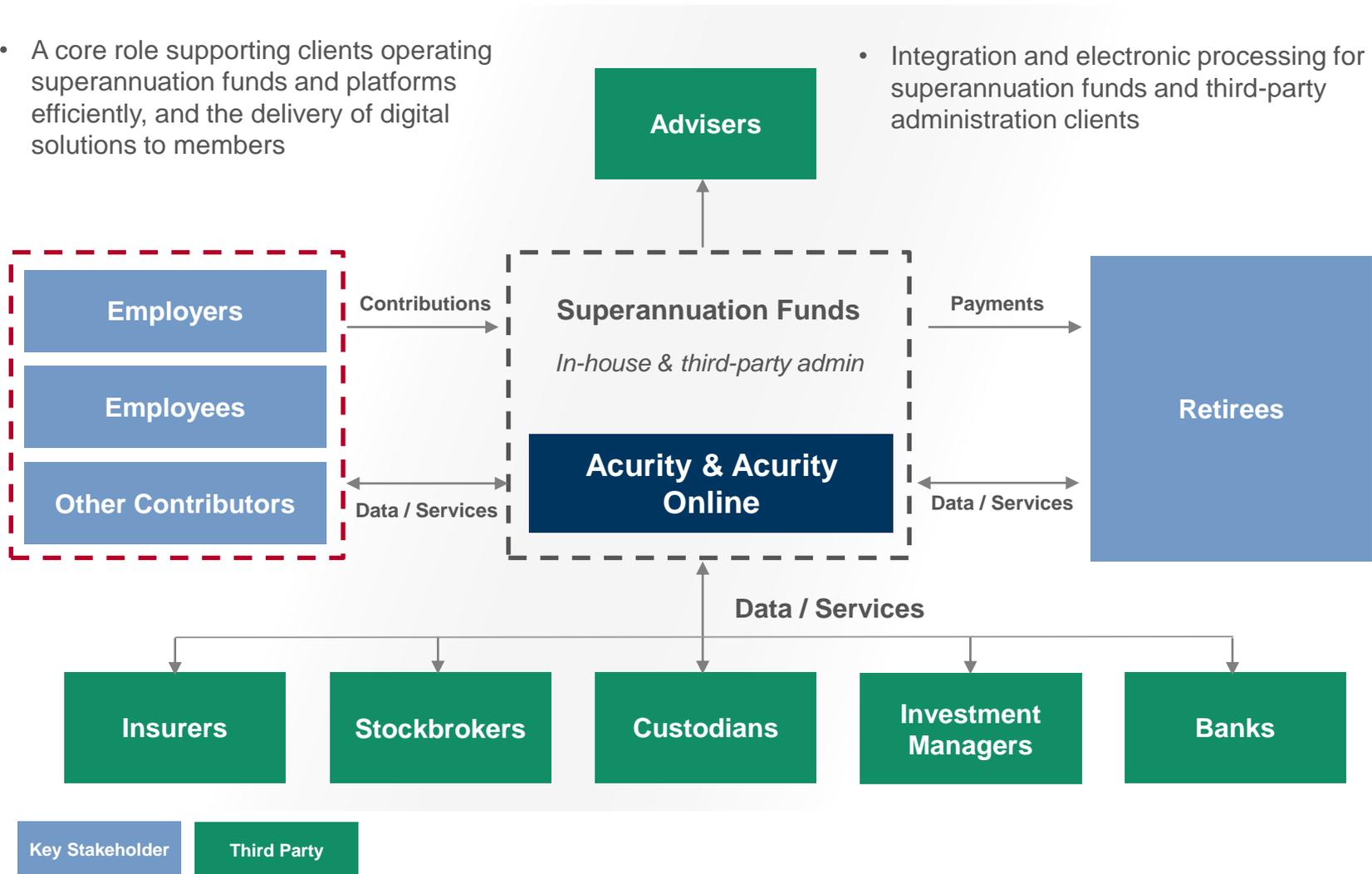
Source: APRA, Quarterly Superannuation Performance, December 2015

# Overview of Financial Synergy

## Core role in superannuation workflow and integration

- A core role supporting clients operating superannuation funds and platforms efficiently, and the delivery of digital solutions to members

- Integration and electronic processing for superannuation funds and third-party administration clients



# Overview of Financial Synergy

Broad and flexible asset and liability coverage and workflow

## Diverse administration technology capability

- Provides the ability to manage a comprehensive array of product types and asset classes including complex superannuation, retirement income, and investment products

### Acurity Technology Platform

#### Wealth Management Product Categories

Superannuation	Retirement Income	Non-Superannuation
<ul style="list-style-type: none"><li>• Industry Funds</li><li>• Government Defined Benefit Funds</li><li>• Eligible Rollover Funds</li><li>• Master Funds</li><li>• Corporate Funds</li><li>• Hybrid Defined Benefit Funds</li><li>• Pooled Super Trusts</li><li>• Retirement Savings Accounts</li><li>• Self Managed Super Funds</li></ul>	<ul style="list-style-type: none"><li>• Income Stream Products</li><li>• Allocated Pension</li><li>• Complying Pensions</li><li>• Term Allocated Pensions</li><li>• Annuities</li></ul>	<ul style="list-style-type: none"><li>• Wrap Accounts (IDPS)</li><li>• Unit Trusts</li><li>• Insurance Bonds</li><li>• Savings Accounts</li><li>• Self-Managed Accounts</li><li>• Separately Managed Accounts</li></ul>

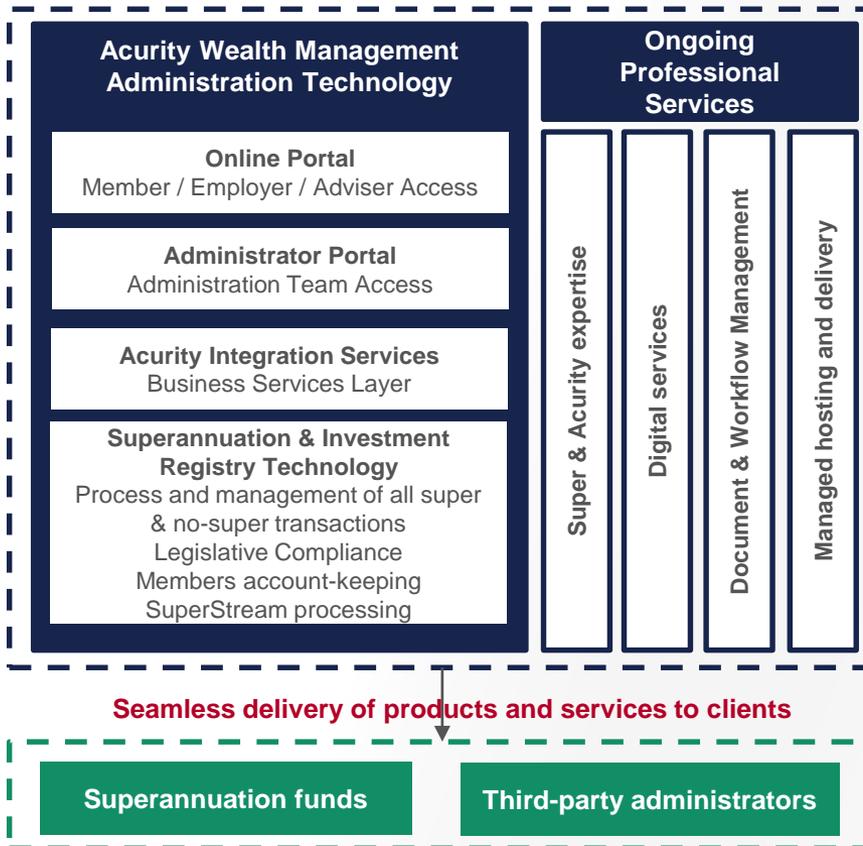
#### Across these investment types, the following asset types are supported:

- |   |  |   |
|---|--|---|
| <ul style="list-style-type: none"><li>• Pooled Superannuation Trusts</li><li>• Retail Managed Funds</li><li>• Wholesale Managed Funds</li></ul> | <ul style="list-style-type: none"><li>• Equities</li><li>• Exchange Traded Funds</li><li>• Listed Investment Companies</li></ul> | <ul style="list-style-type: none"><li>• Term Deposits</li><li>• Cash Accounts</li></ul> |
|---|--|---|

# Overview of Financial Synergy

A comprehensive product and service offering

## Product and Services



- Acuity operates as the core registry system supporting the administration, reporting and compliance requirements of its clients
- Product modules including online access provide flexibility and allow clients to flexibly access operating efficiencies by directly connecting their membership
- Professional Services complement software and are delivered by superannuation and Acuity experts focused on optimising client operations with Acuity

# Implementation

Focus on smooth transition and ongoing delivery

## Reporting structure

- Stephen Mackley becomes Managing Director - Superannuation at IRESS, reporting to Andrew Walsh, CEO.
- All Financial Synergy management and people transition to IRESS.
- Management team other than CFO to report to Stephen Mackley. Andrew Nettleton, Financial Synergy CFO, will report to John Harris, IRESS CFO.
- Financial Synergy founder, David Orford, retained as expert consultant with focus on retirement incomes.

# Offer Summary

# Equity raising details

<b>Offer size</b>	<ul style="list-style-type: none"> <li>Fully underwritten institutional placement of approximately 7.49m shares to raise ~\$85m</li> <li>Non-underwritten SPP to existing eligible shareholders in Australia and New Zealand, up to \$15,000 per shareholder</li> <li>The SPP will be capped at A\$20m and IRESS reserves the right to scale back any applications under the SPP</li> </ul>
<b>Issue price</b>	<ul style="list-style-type: none"> <li>Issue price of \$11.35 per new share under the Placement (“Placement Price”)</li> <li>Placement price represents a 4.5% discount to the closing price on 23 September 2016</li> <li>SPP issue price of \$11.35 – the same as the Placement Price</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New shares will rank equally with existing IRESS shares</li> </ul>
<b>Adviser and Underwriter</b>	<ul style="list-style-type: none"> <li>Goldman Sachs Australia Pty Ltd – Sole Lead Manager and Sole Underwriter of the Placement</li> </ul>

Sources*	A\$m	Uses	A\$m
Placement	~\$85m	Financial Synergy approximate purchase price (excluding transactions costs)	~\$90m
Available cash	~\$5m		
<b>Total Sources</b>	<b>~\$90m</b>	<b>Total Uses</b>	<b>~\$90m</b>

Note: \*Based on underwritten price and excludes any proceeds raised under the SPP

# Equity raising timetable

<ul style="list-style-type: none"><li>Record date for SPP (7pm Sydney time)</li></ul>	<b>Friday, 23 September 2016</b>
<ul style="list-style-type: none"><li>Trading halt (before market)</li><li>Bookbuild conducted for the Placement</li></ul>	<b>Monday, 26 September 2016</b>
<ul style="list-style-type: none"><li>Announcement of completion of Placement (pre-market)</li><li>Trading halt lifted (before market)</li></ul>	<b>Tuesday, 27 September 2016</b>
<ul style="list-style-type: none"><li>Settlement of new shares issued under the Placement</li></ul>	<b>Friday, 30 September 2016</b>
<ul style="list-style-type: none"><li>Allotment and normal settlement trading of new shares under the Placement</li></ul>	<b>Tuesday, 4 October 2016</b>
<ul style="list-style-type: none"><li>SPP opens and documentation mailed out</li></ul>	<b>Wednesday, 5 October 2016</b>
<ul style="list-style-type: none"><li>SPP closes (5pm Sydney time)</li></ul>	<b>Wednesday, 26 October 2016</b>
<ul style="list-style-type: none"><li>Allotment of new shares under the SPP</li></ul>	<b>Tuesday, 1 November 2016</b>

*Note: Dates and times are indicative only and subject to change without notice. IRESS reserves the right to alter the dates in this presentation at its discretion and will announce any such changes to the ASX*

# Key risks

## Introduction

Investors should be aware that there are risks associated with an investment in IRESS. Some of the principal factors that may, either individually or in combination, affect the future operating and financial performance of IRESS and the value of IRESS shares (before and after the proposed acquisition of Financial Synergy) are detailed in this section. Some are specific to an investment in IRESS and others are of a more general nature.

The summary of risks that follows is not exhaustive and does not take into account the personal circumstances, financial position or investment requirements of any particular person. Additional risks and uncertainties that IRESS is unaware of, or that it considers to be immaterial, may also become important factors that adversely affect IRESS' operating and financial performance. Therefore, before participating in the placement or SPP or investing in IRESS, it is important that you read and understand this Presentation and consider these risks and uncertainties clearly.

You should have regard to your own investment objectives and should seek advice from your professional adviser, who is licensed by ASIC to give that advice, before deciding whether or not to invest.

# Key risks

## Acquisition Risks

### Integration risk

The acquisition of Financial Synergy involves the integration of the Financial Synergy business, which has previously operated independently to IRESS. Consequently, there is a risk that the integration of Financial Synergy (in particular the integration of employees, corporate culture and information technology systems) may be more complex than currently anticipated. It could also encounter unexpected costs, challenges or issues or take longer than expected, divert management's attention from other areas of the IRESS business or not deliver the expected benefits. This may affect IRESS' operating and financial performance.

IRESS' existing business model primarily focuses on providing front and middle-office solutions to the financial markets and wealth management segments and IRESS has not previously operated in the registry software space. In contrast, Financial Synergy is a provider of back-office software solutions to Australian superannuation fund clients. Integrating these two businesses and transitioning towards a seamless, singular operation may present certain integration risks.

### Reliance on information provided

IRESS undertook a due diligence process in respect of Financial Synergy, which relied in part on the review of financial and other information provided by the vendors of Financial Synergy. Despite making reasonable efforts, IRESS has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, IRESS has prepared (and made assumptions in the preparation of) the financial information relating to Financial Synergy on a stand-alone basis and also the financial information relating to IRESS post-acquisition included in this Presentation in reliance on limited financial information and other information provided by Financial Synergy. IRESS is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied upon by IRESS in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of IRESS and the enlarged group may be materially different to the financial position and performance expected by IRESS and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material adverse effect on IRESS.

### Key employees

Financial Synergy has a core management team and certain staff members with key experience in the markets in which Financial Synergy operates and responsibility for some key client relationships. Failure to retain some of these persons post acquisition may have a material adverse effect on IRESS' ability to deliver the expected benefits of the acquisition in the short to medium term.

### Compliance

Financial Synergy, under its Australian financial services licence ("AFSL"), provides registry services in addition to registry service software. A compliance error caused by human or software error in the carrying out of the registry services could result in a range of potentially adverse financial outcomes for the IRESS group including fines, litigation, settlements, restitution to clients or regulators, or loss of the AFSL.

### Changes in regulatory environment

The industry in which Financial Synergy and Financial Synergy's clients operate has been and continues to be subject to significant regulatory change. The implications of material regulatory changes will place increased technology demands on industry participants and continue to flow through the industry with mergers, aggregation and exits from the industry, some of which are subject to regulatory review which could indirectly impact on IRESS' acquisition of Financial Synergy. Failure by Financial Synergy to retain its clients and meet the demands of its clients through this period of industry change may adversely affect the financial performance or position of IRESS post-acquisition.

# Key risks

## Acquisition Risks (Cont'd)

### **Concentrated client base**

Financial Synergy has a relatively concentrated client base, with its top three clients contributing 50% of FY2016 revenue. If Financial Synergy were to lose one or more of its key clients (for example, as a result of a client not renewing its contract including as a result of being purchased), Financial Synergy's business and financial condition could be adversely impacted. Any concentration risk should be considered alongside the services revenues, which are often disproportionately impacted by implementation revenues.

### **Completion risk**

There is a risk that the acquisition of Financial Synergy may not complete due to a failure to satisfy customary conditions precedent in the sale and purchase agreement. If, for whatever reason, the acquisition does not proceed, IRESS will consider options in relation to the use of funds raised under the Placement, including the use of the funds to repay debt. The alternative deployment of this capital may generate lower returns than the acquisition.

### **Funding risk**

The underwriting agreement that IRESS has entered into with the underwriter contains customary termination rights. In the event that the underwriting agreement is terminated in accordance with its terms, there is a risk that IRESS would need to make a drawdown on its debt facilities to fund the acquisition of Financial Synergy. IRESS' ability to service the possible debt drawdown if the underwriting agreement is terminated will depend on IRESS' future performance and cash flows, which in turn will be affected by various factors, some of which are outside IRESS' control (such as the general risks described on slide 19).

### **Historical liability**

If the acquisition of Financial Synergy is successfully completed, there is a risk that IRESS, as the new owner of Financial Synergy, may become directly or indirectly liable for any liabilities that Financial Synergy has incurred in the past, which were not identified during due diligence or which are greater than expected, and for which there is no protection for IRESS (in the form of insurance, representations and warranties and indemnities). Such liability may adversely affect the financial performance or position of IRESS post-acquisition.

### **Acquisition accounting**

In accounting for the acquisition, IRESS has performed a preliminary fair value assessment of all of the assets, liabilities and contingent liabilities of Financial Synergy, which included the identification and valuation of identifiable intangible assets. IRESS will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Financial Synergy post-acquisition, which may give rise to a materially different fair value allocation to that used for the purposes of the financial information set out in this Presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in the combined group's income statement (and a respective increase or decrease in net profit after tax).

# Key risks

## Operational Risks

### Competition

IRESS' position as a market leader in markets which are characterised by rapid technological developments and competitive pressures means that it is susceptible to aggressive competitive behaviour. Typically, large financial service companies, global information companies and internet-based content providers are IRESS' major competitive threat. Increased competition could result in reduced prices for IRESS' products and services and loss of market share. There is also a risk that increased competition will lead to existing client contracts being terminated, not renewed or renewed on less favorable terms.

### Data sources

IRESS' products rely on IRESS' ability to provide reliable, up-to-date and informative data services including order and trade pricing data sourced from certain exchanges or providers of investment research. The accurate processing, maintenance and integrity of the data sources from which IRESS sources its information, and the nature of any contracts that relate to this information are material to the performance of IRESS' products. If IRESS cannot provide those data services for any reason, or if there is an error in the processing of such data, there could be an adverse impact on IRESS' financial position and performance as well as on its reputation in the market.

Global practice for much of the data sourced by IRESS is for the supplier to require an indemnity from IRESS for protection from any claims arising from errors, omissions, delays or similar in the data made available to IRESS. IRESS in turn requires indemnities from clients for these factors. There is a risk that the indemnities provided to IRESS are not a perfect match to the indemnities required by the data provider. Similarly there is a risk that the IRESS client defaults leaving IRESS with a net exposure to the data provider.

### Connectivity

The ability to maintain robust infrastructure and high-speed connectivity between participants and trading exchanges and other third-party suppliers is a critical component of the business operations of participants. IRESS provides connectivity to several markets as part of its service solutions for participants, relying on the provision of network connectivity through hardware and fibre connections provided in some cases by third party network providers. IRESS seeks to exclude contractual liability for failures in connectivity, but a significant failure could have a material impact on IRESS' reputation as a vendor and therefore on its financial position.

### Technology

The transfer of information to, and compatibility of, systems is integral to IRESS' operations. Given the rate of change within the industries in which IRESS operates, it is pivotal to IRESS' performance that it can ensure systems meet and satisfy clients' requirements, via proprietary and third-party intellectual property and technology. If IRESS cannot keep abreast of technology changes and satisfy the requirements of its clients, there is a possibility that IRESS could lose clients, which would affect IRESS' financial position and performance.

### Personnel

The success of a company that operates in an industry dominated by the development of intellectual property depends greatly on the recruitment and retention of quality staff. If IRESS is unable to attract and retain adequately skilled staff to meet its requirements, it could have a serious effect on IRESS' ability to meet the needs of its clients and compete effectively.

In particular, IRESS' business is complex and requires knowledge on the part of key staff of the detailed operations of different aspects of financial and wealth management markets as well as knowledge of software and information technology. This combination is unusual and IRESS competes in the market for the recruitment and retention of key staff. There is a risk that the loss of key staff could impact the performance of aspects of IRESS' services and IRESS' financial performance.

### Reputational damage

The IRESS brand is important in attracting and maintaining clients. Negative publicity associated with IRESS, for example as a result of poor client service or a data security breach, may damage its reputation, potentially reducing IRESS' client base and ability to attract new clients, therefore adversely impacting IRESS' business, financial performance, and operations.

# Key risks

## Operational Risks (Cont'd)

### **Infringement of intellectual property rights**

A large proportion of IRESS' property is in the form of intellectual property. Infringements are not always easily identified, making protection and enforcement difficult. Unauthorised reproductions of IRESS' intellectual property could reduce its value.

Evolution in and prevalence of some classes of intellectual property rights, such as business process patents, has seen heightened exposure to unintended breaches of another party's intellectual property rights. This phenomenon is increasingly coupled with acquisitions by competitors of third party rights in order to establish competitive positions against incumbents, such as IRESS.

### **Limited range of products and services**

IRESS' products and services are all used by providers of financial services. The sale of IRESS' products and services are sensitive to and could be materially reduced due to factors beyond IRESS' control, such as a material downturn in financial markets or market disruptions or suspensions, or regulatory changes impacting its clients.

### **Failure to retain existing clients and attract new clients**

IRESS' business is dependent on its ability to retain its existing clients and to attract new clients. If IRESS fails to attract new clients or some of its clients choose to terminate or not renew their contracts with IRESS in the future, IRESS' growth or existing earnings could be materially impacted.

### **Consolidation in client industries**

Consolidation in the industries in which IRESS' clients operate may reduce IRESS' attainable market and bargaining power with clients that may lead to IRESS transacting at less advantageous financial terms with those clients.

### **Cyber security and data protection**

The reliability and security of IRESS' information technology systems is essential to its business. Risk may arise from events that cause these systems to fail, including cyber attacks. In particular, IRESS' systems process and store investment data and information relating to the personal details of IRESS' clients and their clients. Any failure in the integrity of IRESS' information security processes which allow unauthorised access to or loss of personal data could have a material impact on IRESS' reputation and could result in IRESS incurring liability to its clients or customers of its clients.

### **Debtor risk**

IRESS does not have any significant credit risk to any single counterparty or group of counterparties having similar characteristics. However, as with any customer based organisation, IRESS is exposed to receivables from clients and in IRESS' case particularly in the financial services and wealth management industries. Changes in market and/or regulatory conditions could result in some of those clients coming under financial distress and delaying or defaulting on payments due.

### **Expansion of international business may not achieve intended outcomes**

A part of IRESS' growth strategy is its goal to grow its presence in the overseas markets in which it already operates. IRESS' growth plans may be inhibited by unforeseen issues particular to an overseas market in which IRESS operates. For example, IRESS' growth plans in the United Kingdom could be impacted by the United Kingdom's decision to leave the European Union. If IRESS cannot successfully grow its business, its future financial performance and position may be adversely affected.

### **Domestic and global economic conditions**

Adverse changes in economic conditions such as economic growth, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside IRESS' control and have the potential to have an adverse impact on IRESS and its operations.

# Key risks

## General Risks

### Market

Investors should be aware that there are risks associated with any investment in a company listed on ASX. The market value of IRESS shares will fluctuate depending on the price at which IRESS shares are traded on ASX, and may rise above or below the current IRESS share price depending on:

- a) the financial and operating performance of IRESS; and
- b) external factors over which IRESS and the Directors have no control.

These external factors (which are unpredictable and may be unrelated or disproportionate to the performance of IRESS) include:

- a) economic conditions in Australia, the other markets in which IRESS has operations and overseas generally which may have a negative impact on equity capital markets;
- b) changing sentiment in the local and international stock markets;
- c) changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- d) developments and general conditions in the various markets in which IRESS operates (and proposes to operate) and which may impact on the future value and pricing of shares.

### Litigation and disputes

From time to time, IRESS is involved in litigation and disputes. There is a risk that the resolution of litigation and disputes may result in provisions for such litigation and disputes being exceeded. There is also the risk that IRESS' reputation may suffer due to the profile of, and public scrutiny surrounding, any such litigation and disputes regardless of their outcome.

### Changes in accounting policy

Changes in accounting policies, arising from recently issued or amended accounting standards by the Australian Accounting Standards Board or the equivalent bodies in the other countries in which IRESS has operations, may affect the reported earnings of IRESS and its financial position from time to time.

### Tax changes

Future changes in Australian taxation law, or the tax law of other jurisdictions in which IRESS has operations, including changes in interpretation or application of the law by the courts or taxation authorities, or IRESS' method of calculation, may affect taxation treatment of an investment in IRESS' shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which IRESS operates, or IRESS' methods of calculation, may impact the tax liabilities of IRESS.

### Exchange rates

IRESS is exposed to movements in foreign exchange rates. IRESS' financial statements are maintained in Australian dollars. However, a portion on IRESS' income is earned in other currencies, primarily Canadian dollars, South African rand, New Zealand dollars, Singaporean dollars, Hong Kong dollars and UK pounds. Exchange rate movements in these currencies will impact IRESS income statement and balance sheet to the extent the foreign exchange rate risk is not hedged or appropriately hedged.

### Dividends

The payment of dividends on IRESS' shares is dependent on a range of factors including its profitability, the availability of cash and capital requirements of the business. Any future dividend levels will be determined by the IRESS Board having regard to its operating results and financial position at the relevant time. IRESS has confirmed that its dividend policy is not changed following the acquisition of Financial Synergy. Nevertheless, there is no guarantee that any dividend will be paid by IRESS or, if paid, that the dividend will be paid on previous levels. The level to which IRESS is able to frank dividends declared is subject to a large number of factors in addition to those outlined above for dividends. In particular, as the IRESS group results are increasingly generated from off-shore operations the ability to pay tax in Australia and generate franking credits is lessened. While under its dividend policy IRESS aims to frank dividends to the maximum extent possible there is no guarantee that any dividend will be franked, or franked at previous levels.

# International selling restrictions

## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## **Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# International selling restrictions

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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