

A background image showing a complex network of white lines and nodes on a blue gradient background, resembling a molecular or data network structure.

# Acquisition of Avelo and \$206m Entitlement Offer

**Peter Dunai, Chairman**  
**Andrew Walsh, Chief Executive Officer**  
**Stuart Bland, Chief Financial Officer**

6 August 2013



# DISCLAIMER

## Disclaimer

This investor presentation (Presentation) has been prepared by IRESS Limited (ACN 060 313 359) (IRESS). This Presentation has been prepared in relation to an accelerated pro rata renounceable entitlement offer of new IRESS ordinary shares (New Shares) to be made to:

- Eligible institutional shareholders of IRESS (Institutional Entitlement Offer); and
- Eligible retail shareholders of IRESS (Retail Entitlement Offer),

under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act), as modified by applicable ASIC Class Order relief (together, the Entitlement Offer).

## Summary information

This Presentation contains summary information about the current activities of IRESS and its subsidiaries as at the date of this Presentation. This 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).

No member of the IRESS group gives any representations or warranties in relation to the statements and information in this Presentation.

## Not financial product advice

This Presentation is for information purposes only and is not a prospectus, disclosure document or other offering document under Australian law or under any other law. This Presentation is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. IRESS is not licensed to provide financial product advice in respect of IRESS shares. Cooling off rights do not apply to the acquisition of IRESS shares.

## Financial data

All dollar values are in Australian dollars. All pound values are in UK pounds sterling.

Currency conversion applied (unless otherwise specified) is at an exchange rate of AUD/GBP of 0.5821, based on pricing as at 5 August 2013.

All financial data is presented as at 5 August 2013 unless otherwise stated.

Investors should be aware that certain financial data included in this Presentation is "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission ("ASIC"). IRESS believes the non-IFRS financial information provides useful information to users in measuring the financial performance and condition of IRESS. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Presentation.

## Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

## Future performance

This Presentation contains certain forward looking statements.

Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "should", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements in this Presentation regarding certain plans, strategies and objectives of management and expected financial performance, the conduct and outcome of the Entitlement Offer, the use of proceeds, and IRESS' debt arrangements.

The forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. They involve known and unknown risks, uncertainties and other factors, many of which are outside the control of IRESS and its officers, employees, agents and associates, including the risks set out in the "Key Risks" section of this Presentation. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Any forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. You should not place undue reliance on forward-looking statements.

IRESS disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. IRESS disclaims any responsibility to update or revise any forward-looking statement to reflect any change in IRESS' financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

# DISCLAIMER (CONT'D)

## **Past performance**

Past performance and pro forma historical information in this Presentation is given for illustrative purposes only and should not be relied on (and is not) an indication of future performance including future share price information. Historical information in this Presentation relating to IRESS is information that has been released to the market. For further information, please see past announcements released to the Australian Securities Exchange.

## **Not an offer**

This Presentation is not and should not be considered an offer or an invitation to acquire New Shares or any other financial products.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including the assumptions, uncertainties and contingencies which may affect IRESS' future operations and the values and the impact that future outcomes may have on IRESS.

The retail offer booklet for the Retail Entitlement Offer will be available following its lodgment with the Australian Securities Exchange. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the retail offer booklet in deciding whether to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the retail offer booklet and the entitlement and application forms. This Presentation does not constitute financial product advice and does not and will not form part of any contract for the acquisition of New Shares.

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares will not be registered under the US Securities Act of 1933 and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, the registration requirements under the Securities Act and any applicable US state securities laws.

The distribution of this Presentation in other jurisdictions outside Australia may also be restricted by law and such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **IRESS and the underwriter**

None of the underwriter, nor any of its advisors, nor the advisors to IRESS, have authorised, permitted or caused the issue, lodgment, submission, dispatch or provision of this Presentation and do not make or purport to make any statement in this Presentation and there is no statement in this Presentation that is based on any statement by any of those parties.

IRESS, the underwriter and their respective affiliates, officers, employees, agents and advisors, to the maximum extent permitted by law, expressly disclaim all liabilities, including without limitation liability for negligence in respect of and make no representations or warranties regarding, and take no responsibility for, any part of this Presentation and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation.

The underwriter, together with its affiliates, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services including for which it has received or may receive customary fees and expenses.

The underwriter and/or its affiliates are acting as exclusive financial adviser to IRESS in relation to the acquisition of Avelo FS Holdings Limited, sole lead manager and underwriter of both the Institutional Entitlement Offer and Retail Entitlement Offer, and sole mandated lead arranger, underwriter and bookrunner of the acquisition debt facilities. It will also provide a FX forward to hedge the equity and a portion of the AUD-debt financing to GBP and will be a counterparty on an AUD/GBP cross-currency swap for the remainder of the debt facility.

The underwriter is acting for and providing services to IRESS in relation to the Entitlement Offer and will not be acting for or providing services to Shareholders. 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 sole lead manager and underwriter by IRESS is not intended to create any agency or other relationship between the underwriter and the IRESS shareholders.

The information in the Presentation remains subject to change without notice. IRESS reserves the right to withdraw or vary the timetable for the Retail Entitlement Offer and/or Institutional Entitlement Offer without notice.

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

## I. TRANSACTION SUMMARY AND STRATEGIC HIGHLIGHTS



# ACQUISITION SUMMARY

## IRESS acquires a leading provider of financial services technology in the UK

- IRESS to acquire Avelo for £210 million cash purchase price<sup>1</sup>
- Consistent with IRESS' existing growth strategy
- Compelling opportunity for IRESS to acquire market leading revenue footprint in the UK
- Avelo's management team and key staff retained
- The acquisition is to be funded by a combination of internal cash resources, new debt and an entitlement offer to all IRESS shareholders
- Expected to be more than 10% EPS accretive in calendar year 2014<sup>2</sup>
- Completion is conditional on FCA regulatory approval<sup>3</sup> and is subject to Avelo making certain accounting adjustments in line with IRESS' accounting policy

(1) Based on an AUD/GBP exchange rate of 0.5821 as at 5-Aug-2013, the purchase price is equal to approximately \$360 million. Excludes transaction costs for the acquisition of approximately \$16 million, of which approximately \$7 million associated with the entitlement offer will be capitalised and the remaining balance will be expensed in 2013. Purchase price is subject to completion adjustments.

(2) EPS accretion applies to both reported and underlying EPS, driven by the expected growth in Avelo earnings, the funding structure utilised and the phased benefit of estimated synergies of \$3-4 million p.a.

(3) Under the UK's Financial Services and Markets Act 2000, IRESS, as a proposed controller of Avelo Portal Limited ("APL"), a subsidiary of Avelo, must obtain approval from the UK Financial Conduct Authority ("FCA") before acquiring control over APL.

# STRATEGIC HIGHLIGHTS

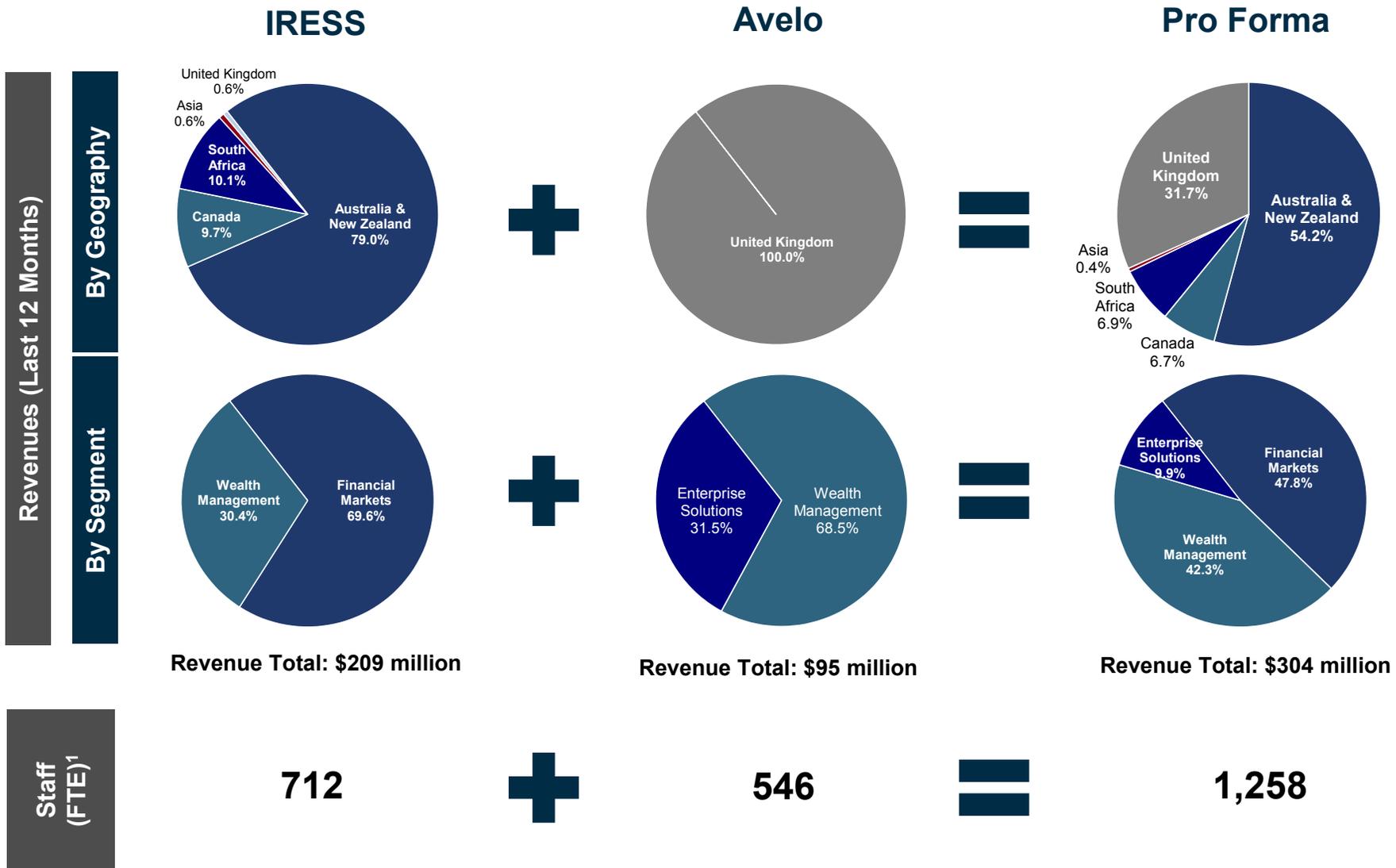
## Achieves IRESS' objective of technology scale in the UK

- Unique opportunity for scale, revenue and relationship footprint in UK
- Significantly builds on IRESS' organic success to date and relevance post RDR<sup>1</sup>
- Introduces UK mortgage sourcing and distribution technology strength to IRESS
- UK regulatory trends are a key driver of technology demand supporting scale relevance
- IRESS product suite has proven highly competitive in the UK. Combination of product strength and industry scale offers attractive revenue growth opportunities in medium term

*(1) The Retail Distribution Review (RDR) is an initiative introduced by the UK Financial Services Authority designed to (amongst other things), raise professional standards in the retail investment industry in the UK, introduce greater clarity between the different types of services available and make the cost of advice very clear with a focus on treating customers fairly*

# STRATEGIC HIGHLIGHTS

Enlarged group to benefit from greater geographic and segment diversification

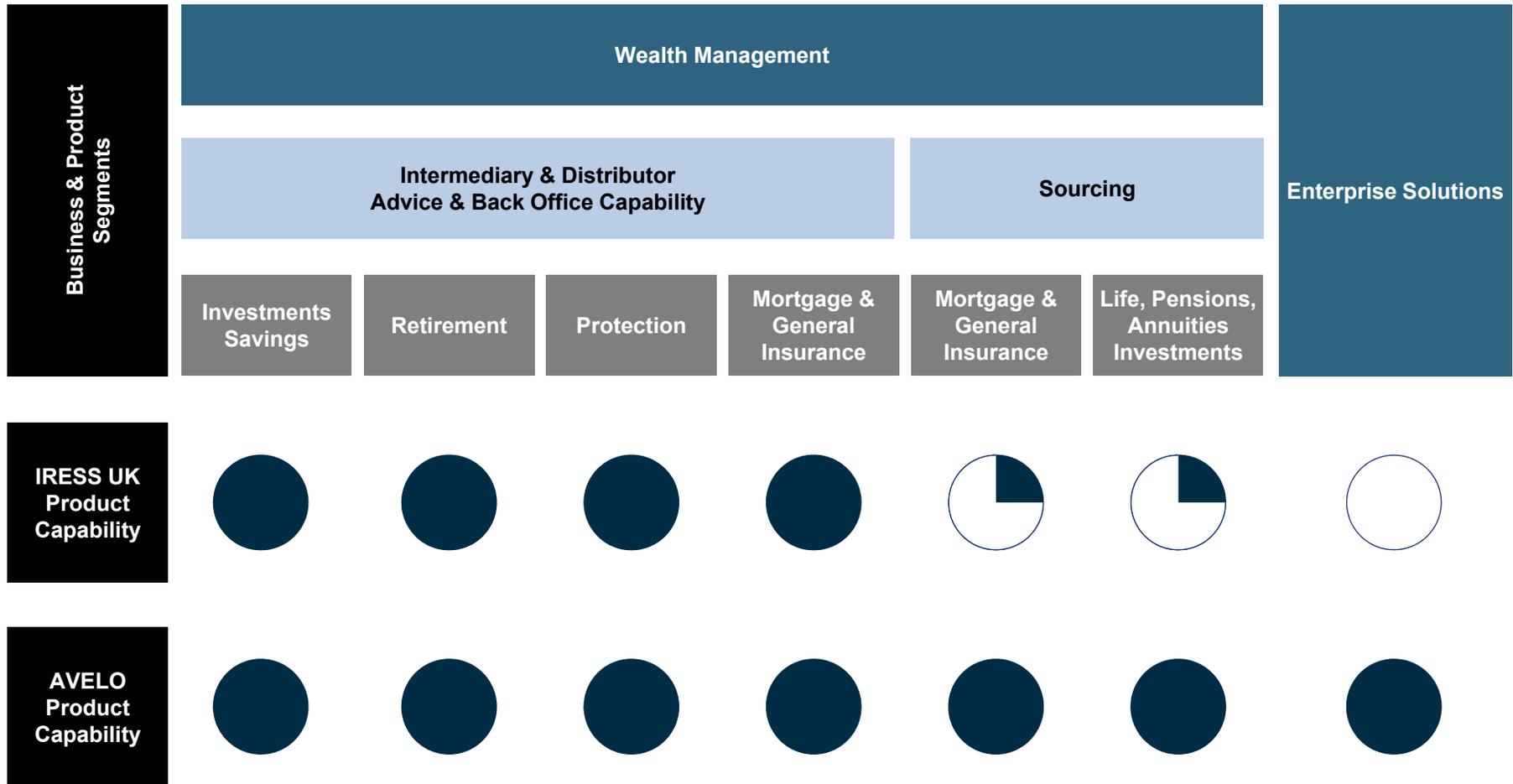


Note: Results based on 12 months ending 30-Jun-2013 and 31-Mar-2013 for IRESS and Avelo respectively, with Avelo revenue converted at the AUD/GBP exchange rate of 0.5821 as at 5-Aug-2013

(1) IRESS full time equivalent staff as at 31-Mar-2013; Avelo staff as at 5-Aug-2013

# STRATEGIC HIGHLIGHTS

Combined product strengths and capability to accelerate joint revenue opportunities



# STRATEGIC HIGHLIGHTS

## Regulatory change is a key driver for technology demand

- Opportunity created by UK regulatory change is driving demand for technology solutions through compliance and commercial responses
  - IRESS has track record of maximising such opportunities
  - Combined product breadth and strength is unique in the UK
  - Greater scale in the UK accelerates ability to capitalise on revenue opportunities
- Compliance need is a primary response to regulatory change and is a key technology driver. Key reforms in the UK include:
  - Retail Distribution Review (RDR)  
Oversight and control, risk management and disclosure
  - Auto-enrolment/National Employment Savings Trust (NEST)  
Workplace advice demands (face to face and automated advice, straight through processing)
  - Mortgage Market Review (MMR)  
Mortgage sales advice and compliance

# FINANCIAL HIGHLIGHTS

Expected to be more than 10% EPS accretive on an underlying basis in CY2014<sup>1</sup>

- Total purchase price of £210 million in cash<sup>2</sup>
- Cost synergies of between \$3-4 million p.a., fully realised in 2015. Associated one-off implementation costs of approximately \$5 million (pre-tax), predominantly incurred over two years
- One-off transaction costs of approximately \$16 million, including:
  - Pre-tax expense of approximately \$9 million to be incurred in 2013 (\$2 million incurred in H1 2013)
  - Capitalised amount of approximately \$7 million associated with entitlement offer
- Acquisition funded by:
  - IRESS cash on balance sheet and new term debt of approximately \$170 million<sup>3</sup>
  - \$206 million fully underwritten entitlement offer<sup>4</sup>
- Modest debt level introduced to capital structure, on attractive UK interest rates
- No change to IRESS dividend policy

(1) EPS accretion applies to both reported and underlying EPS, driven by the expected growth in Avelo earnings, the funding structure utilised and the phased benefit of estimated synergies of \$3-4 million p.a.

(2) Based on an AUD/GBP exchange rate of 0.5821 as at 5-Aug-2013, the purchase price is equal to approximately \$360 million. Purchase price is subject to completion adjustments

(3) Based on an AUD/GBP exchange rate of 0.5821 as at 5-Aug-2013, residual term debt of approximately \$170 million from £210 million acquisition debt facilities following completion of the entitlement offer

(4) ASX Limited has committed to take up its full entitlement at the offer price. In consideration for this commitment, Goldman Sachs will pay ASX a 1.5% commitment fee on the subscription amount for its entitlement

## II. OFFER SUMMARY



# ENTITLEMENT OFFER SUMMARY

<b>Offer Structure and Size</b>	<ul style="list-style-type: none"> <li>• 2 for 9 pro rata accelerated renounceable entitlement offer to raise approximately \$206 million</li> <li>• Approximately \$155 million institutional component and \$51 million retail component</li> <li>• The offer is fully underwritten by Goldman Sachs Australia Pty Limited</li> <li>• ASX has committed to take up its full entitlement at the offer price. In consideration for this commitment, Goldman Sachs will pay ASX a 1.5% commitment fee on the subscription amount for its entitlement</li> </ul>
<b>Dividends / Ranking</b>	<ul style="list-style-type: none"> <li>• New Shares will <u>not</u> be eligible for the 2013 interim dividend of \$0.135</li> <li>• New Shares issued will rank equally in all other respects with existing shares from the date of allotment</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>• \$7.15 per New Share</li> <li>• 10.1% discount to the dividend adjusted TERP of \$7.96<sup>1</sup></li> <li>• 12.1% discount to the dividend adjusted last closing price of \$8.135<sup>2</sup></li> </ul>
<b>Institutional Entitlement Offer</b>	<ul style="list-style-type: none"> <li>• Institutional Entitlement Offer opens from 9.00am (Melbourne) Tuesday, 6 August 2013 and closes at 2:00pm (Melbourne) Wednesday, 7 August 2013</li> <li>• Entitlements not taken up and Entitlements of ineligible institutional shareholders will be sold through the Institutional Bookbuild to be conducted on Thursday, 8 August 2013</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>• Retail Entitlement Offer opens from Monday, 12 August 2013 and closes at 5:00pm (Melbourne) Thursday, 29 August 2013</li> <li>• Entitlements not taken up and Entitlements of ineligible retail shareholders will be sold through the Retail Bookbuild to be conducted on Tuesday, 3 September 2013</li> </ul>
<b>Record Date</b>	<ul style="list-style-type: none"> <li>• 7:00pm (Melbourne) on Friday, 9 August 2013</li> </ul>

(1) The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which IRESS shares should trade immediately after the ex-date for the entitlement offer. The TERP is a theoretical calculation only and the actual price at which IRESS shares trade immediately after the ex-date entitlement offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to IRESS' closing price of \$8.27 on 5-Aug-2013 and deducting the 2013 interim dividend of \$0.135 to reflect the fact that New Shares will not be entitled to receive this dividend payment.

(2) Based on the closing price on 5-Aug-2013 of \$8.27 and deducting the 2013 interim dividend of \$0.135 to reflect the fact that New Shares will not be entitled to receive this dividend payment.

# OFFER TIMETABLE

Trading halt, Institutional Entitlement Offer opens	06-Aug-2013
Institutional Entitlement Offer closes	07-Aug-2013
Institutional shortfall bookbuild	08-Aug-2013
Record Date for eligibility in the Entitlement Offer (7.00pm Melbourne)	09-Aug-2013
Retail Entitlement Offer opens	12-Aug-2013
Dispatch of Retail Offer Booklet	15-Aug-2013
Record Date for entitlement to 2013 interim dividend	19-Aug-2013
Institutional Entitlement Offer Settlement	19-Aug-2013
Issue and quotation of new shares under the Institutional Entitlement Offer	20-Aug-2013
Retail Entitlement Offer closes (5.00pm Melbourne)	29-Aug-2013
Retail shortfall bookbuild	03-Sep-2013
Settlement of the Retail Entitlement Offer	09-Sep-2013
Issue of New Shares under the Retail Entitlement Offer	10-Sep-2013
New shares under the Retail Entitlement Offer commence trading on ASX	11-Sep-2013
Retail premium (if any) dispatched	12-Sep-2013

### III. OVERVIEW OF AVELO



# OVERVIEW OF AVELO

Avelo is a leading financial services technology provider in the UK

	Wealth Management	Enterprise Solutions
	<p><b>FY13 Revenue</b>  <b>£38.0m / 68.5%</b>  <b>Highly recurring, subscription</b></p>	<p><b>FY13 Revenue</b>  <b>£17.5m / 31.5%</b>  <b>Contracted services revenue</b></p>
<b>Clients</b>	<ul style="list-style-type: none"> <li>• Leading market share and comprehensive suite of products</li> <li>• 35,000 financial advisers and brokers (“Intermediaries”)</li> <li>• 32,000 users of online quotation and transaction engine (Exchange Portal)</li> </ul>	<ul style="list-style-type: none"> <li>• Large-scale software solutions provided to leading UK banks and building societies</li> <li>• 1 in 4 mortgages sourced through Avelo platform middleware</li> <li>• Transformational impact on mortgage processing efficiency and workflow</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Technology solutions for professional advisers, distributors and manufacturers</li> <li>• Product suite spans back to front office</li> <li>• Exchange Portal offers largest product coverage in UK processing 120m quotes p.a.</li> <li>• Integration with 95% of UK life &amp; pension providers</li> </ul>	<ul style="list-style-type: none"> <li>• Technology automation and integration platform for mortgage origination and multi-channel distribution</li> <li>• Differentiated reliable and resilient platform used by leading lenders in UK</li> <li>• Implementations include customisation and configuration</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>• 546 FTE based in the UK, supplemented by contractors</li> <li>• Stable employment base and deep talent pool and capabilities</li> </ul>	

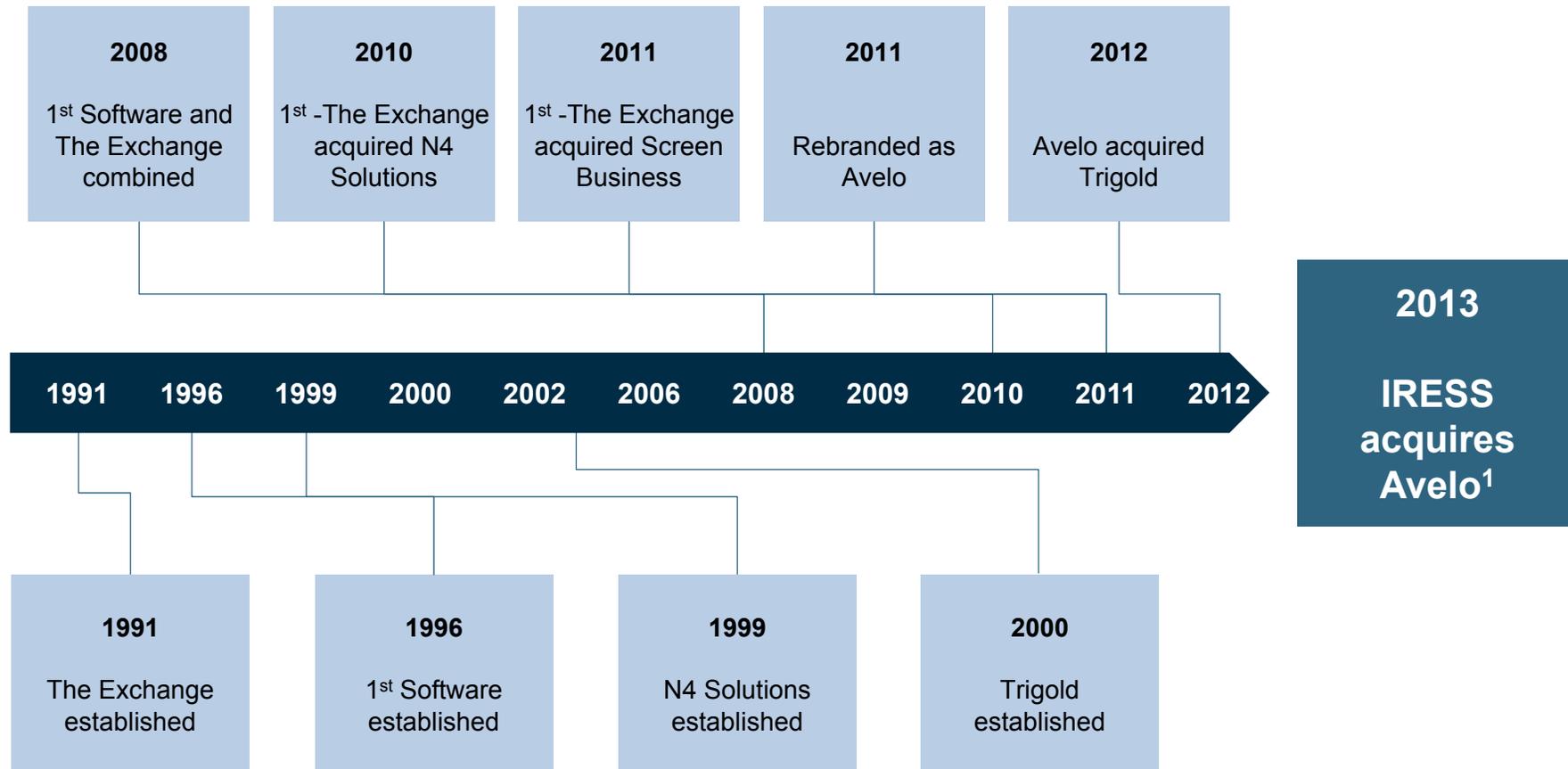
Source: Avelo company information

Overview of Avelo



# OVERVIEW OF AVELO: KEY MILESTONES

Market leading position established over time



(1) Avelo is being sold by a private investor consortium, including LDC (part of Lloyds Banking Group), Vertex and Avelo management  
Source: Avelo company information

# OVERVIEW OF AVELO: WEALTH MANAGEMENT

## Mirrors IRESS' existing wealth management product capability

- Technology offering and client base broadly overlapping with IRESS' existing wealth management segment
- Strong financial profile with visibility from recurring revenue model and sustained profitability

Clients	Technology
<ul style="list-style-type: none"><li>• Deep market penetration and customer relationships with financial advisers and product manufacturers</li><li>• Long-standing blue-chip customer base, with low churn</li><li>• 35,000 financial advisers and broking users, spanning 1,200 SME IFA adviser firms. Includes 93 of the top 100 IFA firms in the UK</li><li>• 70% of all Intermediary-introduced mortgage business through Avelo technology</li><li>• Exchange Portal relationships exceeding 32,000 partners and product manufacturers</li></ul>	<ul style="list-style-type: none"><li>• Middle and back office software solutions for advice intermediaries</li><li>• Client management and point of sale sourcing systems for mortgage intermediaries</li><li>• Exchange Portal provides online quotation and straight-through processing for life insurance, pensions, annuity and investment products<ul style="list-style-type: none"><li>• Provides c.10 million quotes per month over approximately 350 products and 50 providers</li><li>• Executes c.30,000 new electronic transactions per month</li></ul></li></ul>

Source: Avelo company information

Overview of Avelo



# OVERVIEW OF AVELO: ENTERPRISE SOLUTIONS

## Leading product and high growth opportunity

- Engages in the development, customisation and configuration of large scale software solutions in mortgage sourcing and origination (MSO)
- Contracted services revenue, augmented by infrequent license fees

Clients	Technology
<ul style="list-style-type: none"><li>• Institutional clients with substantial demand for outsourced technology solutions</li><li>• Client base includes some of the largest UK banks and building societies, representing 1 out of every 4 loans in the UK</li><li>• Long term client relationships</li><li>• Significant and growing demand flowing from differentiated platform and regulatory change</li></ul>	<ul style="list-style-type: none"><li>• Delivers differentiated solution for mortgage originators and distributors, supporting substantial efficiency improvements</li><li>• Multi-channel solution across distribution and technology platforms</li><li>• Platform architected on modern technologies for resilience and high performance in mission critical mortgage infrastructure</li><li>• Lending demand and regulation are driving efficiency (measured by process time and result) and engagement needs across all lenders</li></ul>

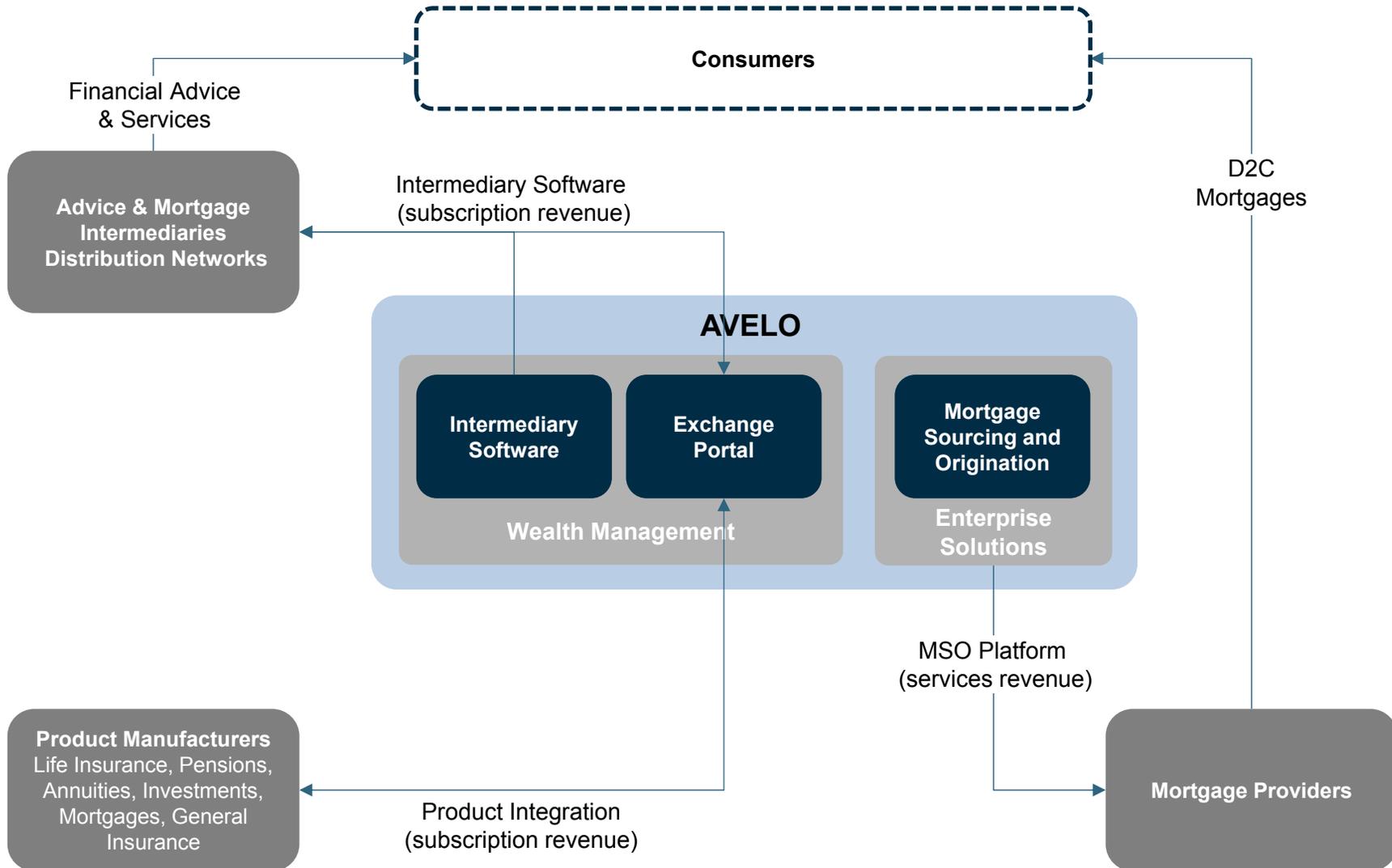
Source: Avelo company information

Overview of Avelo



# OVERVIEW OF AVELO: PRODUCT AND CLIENT MAP

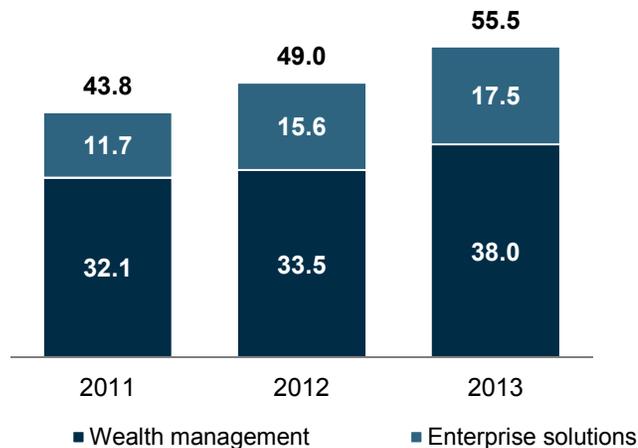
Avelo has a broad range of software and client interactions across the value chain



# OVERVIEW OF AVELO: FINANCIAL SUMMARY

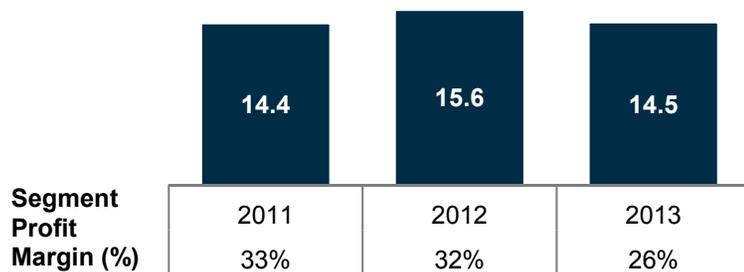
Stable revenue base and highly profitable business well positioned for growth

## Revenue (£m)<sup>1</sup> – March Year End



- Avelo has generated meaningful growth in revenue, supported by organic growth and acquisitions
- Wealth Management revenues are highly recurring, stable and resilient
- Enterprise Solutions revenues have been a driver of growth and diversification
- Staff costs represent the largest component of operating expenses

## Segment Profit (£m)<sup>2</sup> – March Year End



- Segment profit has been flat since 2011, reflecting significant investment in the business
- The enhanced scale and integration of the business provides opportunities to drive efficiencies going forward; accelerated by combination with IRESS

(1) The acquisition of Trigold (May-2012) contributed an additional £4.2m of revenue in FY2013 to wealth management.

(2) Segment Profit for Avelo is calculated on a basis consistent with the approach adopted by IRESS and described in the audited financial statements for the year ending 31 December 2012 (in its "Review of Operations")

Source: Avelo company information.

## IV. SYNERGIES AND IMPLEMENTATION



# SYNERGIES

## Modest synergies provide additional positive financial impact

- Focus on maintaining superior client service and delivery capability
- Cost synergies of between \$3-4 million p.a., fully realised in 2015, comprising:
  - Technology platform alignment over time
  - Benefits from scaled capability
  - Absorption of IRESS' investment level in the UK
- Excludes revenue opportunities anticipated from the combined business
- Associated one-off implementation costs of approximately \$5 million (pre-tax), predominantly incurred over two years

# IMPLEMENTATION

## Commitment to successful implementation overseen by Andrew Walsh, IRESS CEO

- IRESS UK to be led by current Avelo CEO, Simon Badley, reporting to Andrew Walsh
- Mark Thelwell, current IRESS UK MD, responsible for XPLAN strategic positioning and delivery of commitments
- Avelo key management and staff retained
- UK Oversight and Advisory Committee established for integration phase
- IRESS CEO, Andrew Walsh, to directly oversee implementation
- Intended review of broader IRESS management structure and reporting lines in light of opportunities presented by enlarged scale

## V. ACQUISITION FUNDING, BALANCE SHEET AND DIVIDENDS

# ACQUISITION FUNDING

## Equity raising to support overall funding requirements

- IRESS balance sheet maintains significant flexibility
- Purchase price in Australian dollars secured through currency hedging arrangements
- Sources and uses for the Avelo acquisition are:

Sources <sup>1</sup>	\$m
Existing cash resources and new debt <sup>2</sup>	171
Equity raising	206
<b>Total Sources</b>	<b>377</b>

Uses	\$m
Purchase price <sup>2</sup>	361
Transaction costs <sup>3</sup>	16
<b>Total uses</b>	<b>377</b>

(1) Utilisation of hedging to secure GBP equivalent of £210 million from equity and debt raising proceeds

(2) Based on the purchase price of £210 million converted at an AUD/GBP exchange rate of 0.5821 as at 5-Aug-2013

(3) Includes approximately \$9 million of pre-tax transaction costs that will impact 2013 reported earnings. The remaining approximately \$7 million of one-off transaction costs associated with the entitlement offer will be capitalised

# PRO FORMA BALANCE SHEET

## IRESS will retain a strong balance sheet post transaction

\$m	IRESS 30-Jun-13	Avelo assets & liabilities acquired 31-Mar-13	Total acquisition adjustments	Total equity and debt raising adjustments	Pro forma combined
Cash assets	57.3	2.6	-	-	59.8
Trade receivables	13.1	9.1	-	-	22.1
Other receivables	2.6	3.7	-	-	6.3
Tax assets	4.5	-	-	-	4.5
Other financial assets	(0.0)	-	-	-	(0.0)
<b>Total current assets</b>	<b>77.5</b>	<b>15.3</b>	<b>-</b>	<b>-</b>	<b>92.8</b>
Plant and equipment	8.1	2.2	-	-	10.4
Computer software	20.3	-	-	-	20.3
Intangible assets	42.1	-	353.3	-	395.4
Deferred tax assets	8.1	5.8	-	-	13.9
Other financial assets	0.0	-	-	-	0.0
<b>Total non-current assets</b>	<b>78.6</b>	<b>8.1</b>	<b>353.3</b>	<b>-</b>	<b>440.0</b>
<b>Total assets</b>	<b>156.1</b>	<b>23.4</b>	<b>353.3</b>	<b>-</b>	<b>532.8</b>
Trade payables	(10.6)	(0.9)	-	-	(11.4)
Other payables	(10.2)	(15.1)	(365.9)	368.1	(23.0)
Current tax payables	(1.2)	-	0.2	0.4	(0.7)
Provisions	(4.5)	-	-	-	(4.5)
<b>Total current liabilities</b>	<b>(26.5)</b>	<b>(15.9)</b>	<b>(365.7)</b>	<b>368.5</b>	<b>(39.7)</b>
Provisions	(7.3)	-	-	-	(7.3)
Financial liabilities	-	-	-	(170.7)	(170.7)
Deferred tax liabilities	(3.3)	-	-	-	(3.3)
<b>Total non-current liabilities</b>	<b>(10.6)</b>	<b>-</b>	<b>-</b>	<b>(170.7)</b>	<b>(181.2)</b>
<b>Total liabilities</b>	<b>(37.1)</b>	<b>(15.9)</b>	<b>(365.7)</b>	<b>197.9</b>	<b>(220.9)</b>
<b>Net assets</b>	<b>119.0</b>	<b>7.5</b>	<b>(12.4)</b>	<b>197.9</b>	<b>311.9</b>

Notes: Avelo financial information has been converted at an AUD/GBP exchange rate of 0.5821 as at 5-Aug-2013  
Source: Avelo audited financials

# PRO FORMA GEARING METRICS

IRESS will remain strongly capitalised with net debt to Segment Profit of 1.1x

	Pro forma historical <sup>1,2</sup>
Net debt (\$m)	111
Net debt / Pro forma combined Segment Profit	1.1x
Gearing (net debt / net debt + equity)	26.2%
Interest cover ratio (Pro forma combined Segment Profit / gross interest expense)	12.8x

- Debt facilities provided secure 3 and 5 year funding certainty, with approximately \$120 million effectively denominated in GBP
  - Blended pre-tax cost of funds of 4.78%
- Intention to continue to monitor gearing and consider debt repayments over time based on surplus cash generation of the group

(1) Net debt assumes \$170.8 million in new term debt issued is used to fund the acquisition and no surplus cash is utilised

(2) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-recurring items, and strategic amortisation charges ("Segment Profit") and has presented results consistently in this way for the past 8 years. Includes acquisition adjustments for Avelo using a historical average exchange rate over the period ending 31-Mar-2013 of AUD/GBP of 0.6529, excluding any synergy benefits or implementation costs. Segment Profit for Avelo is calculated on a basis consistent with the approach adopted by IRESS and described in the audited financial statements for the year ending 31 December 2012 (in its "Review of Operations")

# DIVIDEND POLICY

## No change in group dividend policy

- Following the acquisition of Avelo, IRESS' dividend policy is not changed
  - Maintain a payout ratio of not less than 80% of underlying group earnings (including growth investments)
  - Dividends will continue to be franked to the maximum extent possible, continuing to reflect the geographical context of the business
- New Shares issued under the entitlement offer will not be eligible to receive the 2013 interim dividend
- One-off transaction costs relating to the acquisition of Avelo recorded in the first half have been excluded from the determination of the interim dividend
- IRESS intends to exclude one-off transaction and implementation costs from the calculation of the final dividend in respect of the six month period ending 31 December 2013

## APPENDIX A: KEY RISKS

# 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 Avelo) 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 Entitlement Offer 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 before deciding whether or not to invest.

# KEY RISKS

## Acquisition Risks

- **Completion risk**

There is a risk that the acquisition of Avelo may not complete due to a failure to satisfy a condition precedent in the sale and purchase agreement. The only condition precedent relates to approval by the Financial Conduct Authority (FCA) in the United Kingdom. Avelo Portal Limited (APL) is a subsidiary of Avelo and is authorised in the United Kingdom by the FCA and in accordance with the United Kingdom's Financial Services and Markets Act 2000, all proposed controllers of APL must obtain approval from the FCA before acquiring control over APL.

- **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 larger drawdown on its new debt facilities than is currently proposed to fund the acquisition of Avelo. IRESS' ability to service the anticipated debt drawdown under the new facilities and any additional drawdowns 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 discussed on the next slide). An inability to secure sufficient debt funding (including to refinance on acceptable terms) from time to time or to service its debt may have a material adverse effect on IRESS' financial performance and prospects. In particular, to the extent that additional equity or debt funding is not available from time to time on acceptable terms, or at all, IRESS may not be able to take advantage of acquisition or other growth opportunities, develop new ideas or respond to competitive pressures.

- **Integration risk**

The acquisition of Avelo involves the integration of the Avelo business, which has previously operated independently to IRESS. Consequently, there is a risk that the integration of Avelo may be more complex than currently anticipated, encounter unexpected 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.

- **Historical liability**

If the acquisition of Avelo is successfully completed, there is a risk that IRESS, as the new owner of Avelo, may become directly or indirectly liable for any liabilities that Avelo 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.

# KEY RISKS

## Acquisition Risks (Cont'd)

- **Reliance on information provided**

IRESS undertook a due diligence process in respect of Avelo, which relied in part on the review of financial and other information provided by the vendors of Avelo. 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 Avelo 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 Avelo. 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.

- **Material clients – contractual entitlements to source code**

Avelo, through what it describes as its 'Enterprise' division, supplies products and in some cases bespoke solutions to several material clients. Some of the agreements include perpetual object code and/or source code licences.

In some cases the source code is accessible through escrow arrangements which may be triggered through a material breach by Avelo of its maintenance or modification obligations under the relevant licence or maintenance agreement. In other cases, the source code is delivered directly to the client periodically and the customer has a right on short notice to terminate its ongoing supply agreement with Avelo for convenience.

A source code licence puts a client in a position whereby upon termination of its contract with Avelo it could continue to use the then Avelo software without any continuing obligation to pay maintenance or support fees to Avelo.

- **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 Avelo, 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 Avelo 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 employees**

Avelo has a core management team with key experience in the markets in which Avelo operates and responsibility for some key client relationships. Failure to retain some of the core management team 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.

- **Changes in regulatory environment**

The industry in which Avelo's clients operate has been and continues to be subject to significant regulatory change, including the UK Financial Services Authority's Retail Distribution Review (RDR) and Mortgage Market Review (MMR). The implications of material regulatory changes will continue to flow through the industry with mergers, aggregation and exits from the industry, and increased technology demands. Failure by Avelo 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

## 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.

# 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.

- **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.

- **Data Protection**

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.

# 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.

- **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.

- **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. On page 27 of this Presentation, IRESS has stated that the IRESS dividend policy is not changed following the acquisition of Avelo. 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.

# KEY RISKS

## Risks associated with renouncing rights

If you are a shareholder and renounce your entitlement (including by doing nothing under the Entitlement Offer), there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process. The ability to sell entitlements under a bookbuild and the ability to obtain any value for them will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the sole lead manager and underwriter, will, if accepted result in otherwise acceptable allocations to clear the entire book. To the maximum extent permitted by law, IRESS, the sole lead manager and underwriter and any of their respective related bodies corporate, affiliates, directors, officers, employees or advisers, will not be liable, including for negligence, for any failure to procure applications for New Shares through the bookbuild or any proceeds for entitlements offered under the bookbuild at prices in excess of the offer price or at all. You should note that if you sell, or do not take up, all or part of your entitlement, then your percentage shareholding in IRESS will be diluted by not participating to the full extent in the Entitlement Offer and you will not be exposed to future increases or decreases in IRESS' share price in respect of the new IRESS shares which could have been issued to you had you taken up all of your entitlement. Any payments will be made to you net of any withholding tax. You should seek independent tax advice and refer to tax disclosure contained in the retail entitlement offer booklet which will provide further information on potential taxation implications for certain Australian shareholders.

## APPENDIX B: INTERNATIONAL SELLING RESTRICTIONS



# INTERNATIONAL SELLING RESTRICTIONS

## New Zealand

The offer of entitlements and New Shares under the Institutional Entitlement Offer, Institutional Bookbuild and Retail Bookbuild referred to in this Presentation is made in New Zealand only to investors:

- a) whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money (for the purposes of section 3(2) of the New Zealand Securities Act 1978 (the NZ Securities Act)); and/or
- b) who are required to pay a minimum subscription price of at least \$500,000 for the New Shares before the allotment of those New Shares, and meet the requirements of section 3(2)(a)(iia) of the NZ Securities Act.

No other investor in New Zealand may receive or accept the offer of entitlements and New Shares under the Institutional Entitlement Offer, Institutional Bookbuild and Retail Bookbuild, and it is the Company's view that the placement of the New Shares under those offers is not being undertaken with a view to them being offered for sale to the public in New Zealand.

## Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), 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 entitlements and 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 entitlements and 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 entitlements and the 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 entitlements or 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

## Singapore

This document and any other materials relating to the entitlements and 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 entitlements and New Shares, may not be issued, circulated or distributed, nor may the entitlements and 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 entitlements or 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 entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services 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 entitlements or the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities 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) 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.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

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.

# INTERNATIONAL SELLING RESTRICTIONS

## Germany

The information in this document has been prepared on the basis that all offers of entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

## 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 entitlements and 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).

# INTERNATIONAL SELLING RESTRICTIONS

## Switzerland

The entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the entitlements and the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.