



Steadfast

STRENGTH WHEN YOU NEED IT

Prospectus

Steadfast Group Limited
ABN 98 073 659 677

Joint Lead Managers

J.P.Morgan



MACQUARIE

Important Information

Offer

The Offer contained in this Prospectus is an invitation by Steadfast Group Limited ("Steadfast" or "Company") to acquire fully paid ordinary shares ("Shares") in the Company.

Lodgement and Listing

This Prospectus is dated 11 July 2013 and a copy was lodged with the Australian Securities and Investments Commission ("ASIC") on that day. This is a replacement prospectus which replaces the prospectus dated 28 June 2013 ("Initial Prospectus") and lodged with ASIC on that day ("Prospectus Date").

The Company applied to ASX Limited ("ASX") within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or their officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

As set out in Section 7 it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis.

Steadfast disclaims all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Expiry Date

No Shares will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of Steadfast. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of Steadfast or the repayment of capital or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of Steadfast. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus.

Financial information presentation

The Pro-forma Historical Financial Information for FY11, FY12 and 1H13, and the Historical Financial Information for FY11, FY12 and 1H13 included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, except where otherwise stated.

The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Historical Financial Information.

The Pro-forma Historical Financial Information, the Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4.

For illustrative purposes, Steadfast has included certain charts in Section 3 showing GWP, revenue and EBITA on a FY12 pro-forma Proportionally Adjusted basis. The FY11 and FY12 pro-forma view assumes Steadfast had completed the Acquisitions prior to the commencement of FY11 (for more detail on pro-forma information refer to Section 4). Figures or amounts are determined on a Proportionally Adjusted basis by using the base metric (for example, GWP, revenue or EBITA) and multiplying it by Steadfast's proportionate ownership interest in the business in order to calculate Steadfast's effective interest.

Market information

The 2012 J.P. Morgan Taylor Fry General Insurance Barometer provides estimates of market conditions based on samples and surveys of major underwriters, reinsurers and brokers in the Australian general insurance industry, along with certain APRA data. This information should not be used as the sole basis for any business or

investment decision. J.P. Morgan Securities Australia Limited and Taylor Fry do not make any representation or recommendation regarding the Company, this Prospectus or any Offer.

Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. In addition, consistent with customary market practice in offerings in Australia, Forecast Financial Information has been prepared and included in this Prospectus in Section 4.

The Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risk factors that could cause Steadfast's actual results to differ materially from the results expressed, implied or anticipated in these statements. The Forecast Financial Information and other forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors set out in Section 5, the general and specific assumptions set out in Section 4, the sensitivity analysis set out in Section 4 and other information in the Prospectus.

This Prospectus, including the industry overview in Section 2, uses market data, industry forecasts and projections. Steadfast has obtained portions of this information from market research prepared by third parties. There is no assurance that any of the forecasts or projections contained in the reports, surveys and research of third parties which are referred to in this Prospectus will be achieved. Steadfast has not independently verified this information. Estimates, forecasts and projections involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer and Board's List Offer and Qualifying Investors in New Zealand as part of the Stockbroker Firm Offer. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia, please refer to Section 7.

This Prospectus may not be distributed to, or relied upon by, persons in the United States or who are US Persons. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Exposure Period

The Corporations Act prohibits Steadfast from processing Applications in the seven day period after the date of Prospectus Lodgement ("Exposure Period"). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Obtaining a copy of this Prospectus

A paper copy of the Prospectus is available free of charge to any person in Australia by calling the Steadfast Offer Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside Australia) from 8.30am until 5.30pm Sydney Time Monday to Friday (Business Days only).

This Prospectus is also available to Australian resident investors in electronic form at the Offer website, www.steadfast.com.au. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website from Australia. It is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Applications

Applications may only be made during the Offer Period on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.steadfast.com.au. Alternatively, Board's List Offer and Priority Offer Applicants will be provided with log in details to access portals to apply electronically. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the General Insurance Glossary in Section 14 and the General Glossary in Section 15. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney Time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Photographs and diagrams

Photographs and diagrams in this Prospectus do not depict assets owned or used by Steadfast unless otherwise indicated, and are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Privacy

By completing an Application Form, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on its behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in Steadfast's Shareholder register. The information must continue to be included in Steadfast's Shareholder register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the Shareholder register;
- the Joint Lead Managers in order to assess your Application;
- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about Steadfast's privacy practices by contacting the Share Registry. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. Steadfast aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Offer management

The Offer is managed by J.P. Morgan Australia Limited and Macquarie Capital (Australia) Limited (Joint Lead Managers).

This document is important and should be read in its entirety.

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Note: This Prospectus replaces the Initial Prospectus dated 28 June 2013. As foreshadowed in the Initial Prospectus, we have updated this Prospectus for the final Consideration Share Elections by Vendors. This includes updates to the Key Offer Statistics, proposed use of funds, certain financial information in Section 4, the description of the escrow arrangements in Section 10.6 and other disclosures related to the Consideration Shares and details of the Shares on issue following completion of the Offer to take into account the number of Consideration Shares to be issued based on final Consideration Share Elections by Vendors.

Other key differences between this Prospectus and the Initial Prospectus include:

- > updates to the Investment Overview in Section 1 including changes to reduce repetition of disclosure, explaining some key defined terms, providing more detail on Steadfast's key strategies, reducing disclosure on Steadfast's key strengths and investment highlights, providing more detail on the implications for Applicants of the Final Price not being determined at the time they submit an Application and elaborating on factors contributing to the underlying causes of some of the key risks disclosed;
- > updates to Financial Information in Section 4 and the Additional non-IFRS Financial Information in Appendix B to:
 - clarify that the pro forma adjustments to the Financial Information include adjustments to account for IPO Acquisitions and Pre-IPO Acquisitions for which information has been extracted from audited financial statements or unaudited financial statements;
 - clarify the footnotes to the goodwill amount in Section 4.9.1 to explain Steadfast's approach to calculating / presenting goodwill in the Pro-Forma Consolidated Statement of Financial Position and cross referring to Section 4.6.5 which contains further detail of that approach;
 - include a breakdown of components for \$479.8 million of capital raised from the Offer in Section 4.9.3; and
 - include additional line items and notes in Table 12.1.2 to cross refer to the relevant figures in Table 4.3.1 and to the entities that will be equity accounted from Listing as set out in Appendix C;
- > re-ordering the list of Acquisitions in Appendix C by acquisition consideration, including details of the legal entities (in addition to the business names) and identifying whether those entities will be consolidated or equity accounted from Listing for the purposes of Steadfast's financial statements; and
- > updated disclosure in Section 9.2 relating to security arrangements in connection with the IPO Acquisitions not previously contemplated as at the Prospectus Date.

Key Dates

Key dates¹

| Key dates | |
|---|---------------------------|
| Initial Prospectus lodgement date | Friday, 28 June 2013 |
| This Prospectus lodged with ASIC with final number of Consideration Shares ² | Thursday, 11 July 2013 |
| Retail Offer opens | Thursday, 11 July 2013 |
| Retail Offer closes – Board’s List Offer and Priority Offer | Wednesday, 24 July 2013 |
| Retail Offer closes – Stockbroker Firm Offer | Friday, 26 July 2013 |
| Bookbuild to determine Final Price | Tuesday, 30 July 2013 |
| Commencement of trading on ASX on a conditional and deferred settlement basis | Friday, 2 August 2013 |
| Settlement | Tuesday, 6 August 2013 |
| Allotment of IPO Shares | Wednesday, 7 August 2013 |
| Completion of the IPO Acquisitions ³ and issue of Consideration Shares, Re-weighting Shares and Executive Shares | By Friday, 9 August 2013 |
| Commencement of trading on ASX on an unconditional and deferred settlement basis | Monday, 12 August 2013 |
| Dispatch of holding statements | Tuesday, 13 August 2013 |
| Commencement of trading on ASX on a normal settlement basis | Wednesday, 14 August 2013 |

¹ This timetable is indicative only and may change without notice. Unless otherwise indicated, all times are stated in Sydney time. The Joint Lead Managers, by agreement with Steadfast, reserve the right to vary the dates and times of the Offer, including to extend the Closing Date, close the Offer early or accept late Applications (either generally or in particular cases and without notifying any recipient of this Prospectus or Applicants) and Steadfast may withdraw the Offer at any time before the Shares are issued, at its discretion. Investors are encouraged to submit their Applications as soon as possible after the Opening Date.

² Vendors who are Wholesale Recipients finalised their Consideration Share Elections between 6 July 2013 and 9 July 2013. This Prospectus was lodged with ASIC on 11 July 2013 and confirms the final number of Consideration Shares to be issued.

³ There is a risk that some of the Acquisitions do not complete. Steadfast will proceed with the IPO provided that Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions complete – refer to Section 4 for further information.



Key Offer statistics

| Key Offer statistics | |
|---|--------------------------------|
| Indicative Price Range ¹ | \$1.00 to \$1.20 per IPO Share |
| Total value of IPO Shares to be issued in the IPO | \$334 million |
| Total IPO Shares to be issued under the IPO ² | 278 million to 334 million |
| Total Shares on issue immediately after completion of the Offer ³ | 490 million to 545 million |
| Market capitalisation ⁴ | \$545 million to \$587 million |
| Enterprise value ⁵ | \$506 million to \$548 million |
| Price to FY14 earnings ratio (NPATA basis) ⁶ | 14.4x to 15.5x |
| Enterprise value/FY14 EBITA ⁷ | 8.3x to 9.0x |
| Estimated dividend yield range (based on dividend payout policy) ⁸ | 3.3% to 4.7% |

1 The Indicative Price Range is the indicative range for the Final Price. The Final Price may be set within or above the Indicative Price Range (refer to Section 7.6.3). The Offer will not proceed if a Final Price of at least \$1.00 is not achieved. Shares may trade below the lower end of the Indicative Price Range.

2 The total number of IPO Shares to be issued will depend on the Indicative Price Range. This Prospectus was lodged with ASIC on 11 July 2013 and confirms the final number of Consideration Shares to be issued.

3 Total Shares will comprise the IPO Shares, the Consideration Shares for the Acquisitions, the Re-weighting Shares issued to Existing Broker Shareholders, and the Executive Shares issued under the Executive Loan Agreements. The minimum total number of Shares is based on the upper end of the Indicative Price Range (\$1.20 per IPO Share). The maximum total number of Shares is based on the lower end of the Indicative Price Range (\$1.00 per IPO Share).

4 The minimum market capitalisation is based on the lower end of the Indicative Price Range (\$1.00 per IPO Share), which results in 545 million Shares being on issue on completion of the Offer. The maximum market capitalisation is based on the upper end of the Indicative Price Range (\$1.20 per IPO Share), multiplied by 490 million Shares on issue. If Shares trade below the lower end of the Indicative Price Range (\$1.00 per IPO Share) after Listing, the market capitalisation may be lower.

5 Calculated as each of the minimum and maximum market capitalisation figures of Steadfast, less Steadfast's pro-forma net cash as at 31 December 2012 of \$48.6 million, plus \$9.2 million of non-controlling interests. Net cash is calculated assuming \$70.4 million of cash not held on trust, minus \$15.0 million in cash to be spent on restructure and listing costs and minus \$6.8 million of debt on listing. Section 4.9 provides further information.

6 The minimum price to FY14 earnings ratio (NPATA basis) is based on the lower end of the Indicative Price Range (\$1.00 per IPO Share), which results in 545 million Shares being on issue on completion of the Offer. The maximum price to FY14 earnings ratio (NPATA basis) is based on the upper end of the Indicative Price Range (\$1.20 per IPO Share), and 490 million Shares on issue.

7 Calculated as the expected enterprise value of Steadfast (see footnote 5), divided by Pro-forma Forecast EBITA. This valuation multiple represents a valuation metric that may enable investors to assess the valuation of comparable businesses before the impact of amortisation and different capital and taxation structures.

8 The estimated dividend yield range is not a forecast and is based on the Board's proposed dividend payout policy of 65% – 85% of NPAT attributable to members of Steadfast applied to Steadfast's pro-forma forecast FY14 NPAT attributable to members of Steadfast. The lower end of the estimated dividend yield range is calculated based on the upper end of the Indicative Price Range and a dividend payout ratio of 65% of NPAT attributable to members of Steadfast. The upper end of the dividend yield is calculated based on the lower end of the Indicative Price Range and a dividend payout ratio of 85% of NPAT attributable to members of Steadfast.

Letter from the Chairman

11 July 2013

Dear Investor,

On behalf of the Board of Directors, it is my pleasure to invite you to become a Shareholder in Steadfast Group Limited ("Steadfast").

Steadfast was established in April 1996 to assist independent insurance brokers through the provision of support services and specialist tools designed to improve the professionalism, quality of service and access to product of independent insurance brokers. The network of insurance brokers serviced by Steadfast (collectively referred to as the Steadfast Network) has today grown to become the largest general insurance broking network in Australia, measured by annual premiums placed and number of licensed brokers in its network.

Brokers in the Steadfast Network primarily cater to the small to medium enterprise ("SME") segment of the insurance broking market and placed gross written premiums ("GWP") of approximately \$3.7 billion in total in the year ended 30 June 2012.

Steadfast has predominantly operated throughout its history as a provider of services to its network of insurance brokers – approximately 280 in recent years – who are the current Shareholders of Steadfast. The substantial majority of these Shareholders have voted in favour of (i) undertaking a restructuring of Steadfast's operations in order to facilitate the listing of its Shares on ASX through the IPO; and (ii) making investments in insurance brokers, underwriting agencies and ancillary services.

Following Listing, Steadfast will have operations spanning four key lines of business (all of which are in the insurance intermediaries and ancillary services segment):

- **Insurance broking:** Steadfast will have an equity interest in 62 insurance broking businesses (referred to as Steadfast Equity Brokers) and continue to provide its support services to all of the Steadfast Network Brokers, of whom the Steadfast Equity Brokers are a subset.
- **Insurance underwriting agencies:** Steadfast will have equity interests in four insurance underwriting agencies, which develop and market insurance products in niche segments.
- **Premium funding:** Steadfast will retain its 50% equity interest in Macquarie Premium Funding, one of the largest originators of premium funding products in the Australian market.
- **Ancillary services:** Steadfast will acquire equity interests in two ancillary services businesses, which have operations aligned with Steadfast's business model and objectives.

The Directors and management believe that the IPO will position Steadfast to take advantage of significant growth opportunities given the potential for further consolidation of insurance brokers and the ability to enhance cross-selling of products distributed through the Steadfast Network. Upon Listing, the Vendors of the equity interests (the majority of whom will remain co-owners of their businesses) together with Steadfast Network Brokers (or persons nominated by Vendors or Steadfast Network Brokers) are expected to hold 37-41% of the Shares in Steadfast, reaffirming their commitment to the business and its future success. In addition, upon Listing, the Directors and Steadfast executives (or their nominees or related parties) are expected to hold approximately 3% of the Shares in Steadfast.

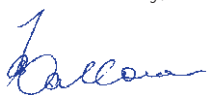
As with all companies, Steadfast is subject to a range of risks, which are more fully detailed in Section 5 of this Prospectus. Key risks to the business include: risks associated with the change in business model; the potential for a reduction in commission rates, advice fees and marketing & administration fees (referred to as M&A Fees); the writedown of intangibles from one or more of its Acquisitions; the loss of key employees from the business (including Steadfast Equity Brokers); a reduction in the volume of insurance written in the Australian general insurance market (particularly the SME segment); a change or disruption in market structure or dynamics (for example, an increase in competition or the entry of new market participants); and the withdrawal of capacity by underwriters. If any of these key risks or other material risks eventuate, they may have an adverse impact on Steadfast's earnings. Other key risks relate to the significance of the change in business model and the schedule for release of a large proportion of Shares from escrow shortly after completion of the Forecast Period.

The Directors and management believe that the size of the Steadfast Network, its well-established relationships with a number of leading underwriters in Australia and overseas as well as its ability to leverage its diversified business model, position Steadfast strongly to take advantage of future growth opportunities.

The Directors and management have, and will continue to develop, corporate governance and risk management processes and personnel skills to support the transition and growth of Steadfast as a newly listed company.

As Steadfast enters this new and exciting chapter of its history, we look forward to welcoming you as a Shareholder.

Yours faithfully,



Frank O'Halloran, AM
Chairman

1. Investment Overview

1. Investment overview¹

| 1.1 Introduction | | |
|---|--|---|
| <p>What is Steadfast?</p> | <p>Steadfast is a provider of services to a network of approximately 280 insurance broking businesses across Australia and New Zealand (the Steadfast Network Brokers). Following Listing, Steadfast will continue to provide services to Steadfast Network Brokers and will also have an equity interest in a number of independently managed insurance broking businesses (the Steadfast Equity Brokers).</p> <p>Steadfast also has interests in a range of complementary businesses, including underwriting agencies and a premium funding joint venture (Macquarie Premium Funding).</p> <p>Appendix C sets out all of the businesses in which Steadfast has either acquired or contracted to acquire equity interests prior to or concurrent with its Listing on ASX ("Acquisitions"). See further details below under "What are the Acquisitions?".</p> | <p>For more information: Section 3.1 Appendix C</p> |
| <p>Why is the Offer being conducted?</p> | <p>The Offer is being conducted to:</p> <ul style="list-style-type: none"> • provide Steadfast with a liquid market for its Shares and an opportunity for others to invest in Shares of Steadfast; • part fund the IPO Acquisitions; • enhance Steadfast's financial flexibility to pursue the growth opportunities outlined in Section 3.10 through improved access to capital markets; and • repay Steadfast's outstanding bank facilities and fund the costs associated with the Offer and the Restructure Proposal. <p>The Listing also provides Existing Broker Shareholders with an opportunity to realise part of their investment in Steadfast (subject to escrow restrictions).</p> | <p>For more information: Section 7.3</p> |
| <p>What are the Acquisitions?</p> | <p>The Acquisitions comprise a small number of Pre-IPO Acquisitions, and a larger number of IPO Acquisitions (see Appendix C).</p> <p>The IPO Acquisitions are acquisitions by Steadfast (or a wholly owned subsidiary) of equity interests of between 25% and 100% in:</p> <ul style="list-style-type: none"> • 58 insurance broking businesses, and an increase in Steadfast's existing ownership interest in one insurance broking business; • two underwriting agencies, and an increase in Steadfast's existing ownership interest in one underwriting agency; and • two ancillary services businesses, which have operations consistent with Steadfast's business model and objectives. <p>The IPO Acquisitions will only proceed if ASX grants Conditional Listing Approval and the Board resolves to proceed with the IPO. The IPO will only proceed if Steadfast is able to complete Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions. In the unlikely event of a shortfall, the Board intends to reconsider proceeding with an initial public offering and list on ASX at a later date.</p> | <p>For more information: Sections 3.1.4 and 13 Appendix C</p> |

¹ Defined terms and abbreviations used in this Prospectus are explained in the General Insurance Glossary in Section 14 and the General Glossary in Section 15.



1.1 Introduction

What impact will the Acquisitions have on Steadfast?

The Acquisitions will transform Steadfast from being a business that predominantly provides services to insurance brokers and earns M&A Fees from Strategic Partners and premium funders, to a more diversified business, with investments in a number of insurance brokers, underwriting agencies and ancillary businesses. Refer to Section 1.2 for details of how Steadfast will earn its income.

For more information:
Sections 3.2.1 and 3.3

What consideration are Vendors receiving for the Acquisitions?

Steadfast will provide consideration to the Vendors of the Acquisitions through a combination of cash and, where permitted by law, the issue of Consideration Shares. Any Consideration Shares will be issued to relevant Vendors (or persons nominated by Vendors) at a notional price of \$1.00 per Share, which may be less than the Final Price. All Consideration Shares are subject to escrow restrictions from the date of the issue of those Shares until two months after the end of the Forecast Period (subject to certain early release conditions).

For more information:
Sections 10.5 and 10.6

1.2 Key Features of Steadfast's Business Model

What is the Capital Restructure?

This is the proposed restructure pursuant to which each Existing Broker Shareholder will receive an allocation of Equal Allocation Shares and (to the extent applicable) an additional allocation of Shares calculated by Steadfast to reflect individual historical proportional contributions to a number of components of Steadfast's revenue by the relevant Existing Broker Shareholder.

1. Investment overview, continued

1.2 Key Features of Steadfast's Business Model

How will Steadfast earn its income?

Prior to Listing, Steadfast's revenue was driven predominantly by M&A Fees (being marketing and administration fees which are calculated as a percentage of gross written premiums (excluding fire services levies) ("Base Premium") placed by Steadfast Network Brokers on qualifying product) from Strategic Partners (being preferred product partners who underwrite or arrange the general insurance policies and premium funding products which are placed by Steadfast Network Brokers).

Following completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares, Steadfast is expected to generate income through:

- **Steadfast Equity Brokers** – earnings derived from its equity interests in Steadfast Equity Brokers, which in turn primarily derive revenue from fees and commissions paid by Strategic Partners and other product providers;
- **Steadfast Network** – M&A Fees that are paid to Steadfast by Strategic Partners for insurance policies and premium funding products distributed by Steadfast Network Brokers;
- **Steadfast Underwriting Agencies** – earnings derived from its equity interests in Steadfast Underwriting Agencies, which in turn primarily derive revenue from a combination of fees and commissions;
- **Premium funding** – earnings derived from the premium funding joint venture (Macquarie Premium Funding); and
- **Ancillary businesses** – earnings derived from equity interests in support services businesses.

Following Listing, Steadfast will derive a majority of its income from the dividends received from the Acquisitions.

For more information:
Sections 3.3 to 3.8



1.2 Key Features of Steadfast's Business Model

What are Steadfast's key strategies?

Steadfast's business strategy going forward is to grow shareholder value through maintaining and growing its market position in the provision of insurance and related services, with a core focus on general insurance broking. To achieve this strategy, Steadfast will in particular focus on:

- acquiring equity interests in insurance brokers;
- continuing to support the growth and development of Steadfast Network Brokers with a variety of aspects of their business, from tailored product packages to marketing and customer relationship management tools;
- maintaining and developing its relationship with Strategic Partners in order to improve and enhance the competitiveness of the products distributed by Steadfast Network Brokers;
- realisation of back office synergies through the hubbing of brokers and provision of a standard outsourced back office service;
- executing acquisitions of non-insurance broking businesses (such as underwriting agencies and premium funders) which offer complementary products and services in order to enhance the service and product offering of Steadfast Network Brokers; and
- the cross-sell of products and services between Steadfast Network Brokers and other businesses with which Steadfast has a relationship in order to maximise revenue and earnings between them.

In assessing future business acquisitions described above, certain acquisition criteria will be applied, including that an acquisition is earnings per share ("EPS") accretive for Steadfast within 12 months of the acquisition concerned (assuming the acquisition is at least 85% equity funded).

Steadfast intends to work closely with the existing management team of each acquired business, and allow each business to operate in a manner consistent with Steadfast's co-ownership model. In most cases, this model involves ongoing equity participation of key management personnel in the Acquisitions.

For more information:
Section 3.10

1.3 Key Strengths and Investment Highlights

Diverse and substantial group of Steadfast Equity Brokers

Following Listing, Steadfast will have equity interests in a network of 62 insurance broking businesses, operating in more than 100 locations across all major cities and several key regional areas in Australia and New Zealand. Earnings from Steadfast Equity Brokers will account for a substantial portion of Steadfast's revenue. Collectively, Steadfast Equity Brokers placed almost \$1 billion in gross written premiums ("GWP") in FY12.

For more information:
Section 3.3.1

Broader Steadfast Network – benefits of scale

Steadfast Network Brokers (which include the Steadfast Equity Brokers) collectively comprise Australia's largest general insurance broking network, measured by annual premiums placed and number of licensed brokers.

The Steadfast Network provides an attractive distribution channel for Strategic Partners, particularly in offering products to customers in the SME segment. This distribution capability is difficult to replicate, given the importance of client relationships at the individual broker level, as well as the relationships Steadfast has with its Strategic Partners.

For more information:
Section 3.3.2

1. Investment overview, continued

| 1.3 Key Strengths and Investment Highlights | | |
|---|--|--|
| <p>Attractive industry segment with stable earnings profile</p> | <p>The majority of Steadfast's revenue derives from insurance broking in the general insurance sector. Premium income in the Australian general insurance market has exhibited stable growth over recent years.</p> <p>In contrast to general insurers and reinsurers, insurance brokers and underwriting agencies generate income predominantly based on a percentage of premium placed and are not subject to underwriting risk.</p> | <p>For more information: Section 3.3.3</p> |
| <p>Organic growth opportunities</p> | <p>The scale of the Steadfast Network, coupled with the valuable services provided to the individual insurance brokers, assists Steadfast Network Brokers in growing their businesses and also supports Steadfast in attracting new brokers to the network.</p> <p>Steadfast leverages the distribution capability of Steadfast Network Brokers in order to offer products and services from other businesses with which Steadfast has a relationship. This strategy has been successfully delivered through Macquarie Premium Funding and Miramar (a Steadfast Underwriting Agency). Further expansion of this strategy may include Steadfast Life and additional product offerings from Steadfast Underwriting Agencies.</p> | <p>For more information: Section 3.3.4</p> |
| <p>Growth by acquisitions</p> | <p>In addition to organic growth, Steadfast's highly valued relationships with Steadfast Network Brokers or other non-aligned brokers positions it as the natural acquirer of further equity interests in Steadfast Network Brokers and other businesses. As such, Steadfast may seek to undertake further acquisitions post-Listing which satisfy its acquisition criteria.</p> | <p>For more information: Section 3.3.5</p> |
| <p>Potential synergies from business combinations and back office strategy</p> | <p>Steadfast will seek to combine the operations of certain Steadfast Equity Brokers over time, with the objective of enhancing the scale and negotiating capabilities of individual brokers.</p> <p>In addition, as part of the continued focus on the provision of services to the Steadfast Network, Steadfast is currently working with White Outsourcing and other service partners to develop common back office solutions to increase efficiency and reduce the operating costs of Steadfast Equity Brokers and Steadfast Underwriting Agencies.</p> | <p>For more information: Section 3.3.6</p> |
| <p>Experienced Board and management team with a proven industry track record</p> | <p>Each of the Directors has at least 30 years experience in the financial services industry, with a combined depth of experience in the insurance industry.</p> <p>The senior management team is led by the Managing Director & CEO, Robert Kelly, who is the co-founder of Steadfast and has over 44 years experience in the general insurance and insurance broking industries. The senior management team has extensive corporate experience across the fields of general insurance, insurance broking, professional services and financial management.</p> | <p>For more information: Section 3.3.7</p> |



1.4 Key risks

Risks associated with the change in business model

As outlined in Sections 3.2 and 5.2, Steadfast is undertaking a substantial change in its business model in order to facilitate Listing.

The change in business model being undertaken by Steadfast will result in the expansion of Steadfast's business interests to encompass ownership of equity interests in a number of Steadfast Equity Brokers and Steadfast Underwriting Agencies, as well as ancillary businesses complementary to the existing Steadfast product offering.

The change in business model may expose Steadfast to a number of risks, including risks relating to:

- management and integration of recently acquired businesses and IPO Acquisitions;
- due diligence, execution and liability risks with any of the Acquisitions;
- limitations on the ability to influence the operation of Steadfast Equity Brokers in which Steadfast does not have a controlling interest;
- acquisitions by Steadfast of shareholdings of Co-Shareholders in Steadfast Equity Brokers on terms inconsistent with Steadfast's normal acquisition criteria;
- reliance on subsidiaries to pay dividends;
- the acquisition of White Outsourcing and Meridian Lawyers, two ancillary services businesses with operations that are outside the core market in which Steadfast has historically operated (insurance distribution); and
- the change in Steadfast's corporate governance requirements as a result of Listing.

For more information:

Section 5.2.1

Reduction in commission rates and advice fees to Steadfast Equity Brokers

Steadfast Equity Brokers collectively derive a majority of their income from commissions paid by Strategic Partners.

A significant reduction in the percentage commission rate (which could occur, for example, if a number of Strategic Partners sought to improve the profitability of products or recover increased costs by reducing commission rates payable to insurance brokers) would lead to a material reduction in the revenue and earnings of Steadfast Equity Brokers, which would flow through to a reduction in Steadfast's revenue and earnings.

Steadfast Equity Brokers typically also derive a significant proportion of their income from charging their clients a fee for the provision of advice in relation to their insurance needs. A reduction in advice fees (which could occur, for example, as a result of increased competition for customers) would likely result in a reduction in the revenue and earnings for Steadfast Equity Brokers, which would flow through to a reduction in Steadfast's revenue and earnings.

For more information:

Section 5.2.2

Reduction in M&A Fees

M&A Fees paid by Strategic Partners represent a key component of Steadfast's revenue. A reduction in the percentage rate for M&A Fees (which could occur, for example, if a number of Strategic Partners reduce the rate of M&A Fees payable to Steadfast) would lead to a reduction in the revenue and earnings of Steadfast and impact its future profitability.

For more information:

Section 5.2.2

1. Investment overview, continued

| 1.4 Key risks | | |
|---|---|--|
| <p>Impairment of intangible assets</p> | <p>As a result of the Acquisitions, Steadfast will recognise a substantial quantum of intangible assets on its balance sheet relating to the goodwill and identifiable intangible assets associated with the acquisition of equity interests in businesses which have minimal tangible assets.</p> <p>In the event that the value of any of Steadfast's intangible assets (which is expected to be tested on an individual Acquisition basis) are found to be impaired to a level below their carrying value, Steadfast would need to write down the value of the intangible asset. A writedown will result in an expense in the income statement and reduced profit for Steadfast.</p> <p>Impairment of any individual asset (for example, a minority interest in a Steadfast Equity Broker) will result from a permanent diminution in value indicated by a decrease in profits below the level that supports the value of the asset. This may be caused by a range of factors, including performance below expectations, higher than expected expenses, loss of customers or the impact of unforeseen events.</p> | <p>For more information: Section 5.2.3</p> |
| <p>Loss of key employees</p> | <p>Steadfast operates with a small management team. The loss of key executives, in particular the Managing Director & CEO Robert Kelly, could cause material disruption to Steadfast's activities in the short to medium term.</p> <p>Each Steadfast Equity Broker and Steadfast Underwriting Agency has individuals that are key to the success of its business. These individuals typically possess deep industry expertise and have well-established relationships with their customers.</p> <p>The loss of key employees at Steadfast Equity Brokers or Steadfast Underwriting Agencies could result in the loss of key customer relationships and expertise within those businesses, which could have a material adverse impact on the current and future earnings streams associated with those relationships and the ability to attract new customers.</p> <p>A number of key employees in Steadfast Equity Brokers will receive Shares subject to Escrow Restrictions. Where restraints have an expiry proximate to the expiry of the Escrow Period, this may increase the risk of an employee leaving.</p> | <p>For more information: Sections 5.2.4 and 10.6</p> |
| <p>Reduction in GWP in the Australian general insurance market</p> | <p>Steadfast has a number of revenue sources linked to the size and growth of GWP in the Australian general insurance market, which is influenced by factors such as pricing decisions by insurers and the level of demand for general insurance products.</p> <p>A reduction in GWP placed by Steadfast Network Brokers (including Steadfast Equity Brokers) and Steadfast Underwriting Agencies, relative to that currently assumed in the Forecast Financial Information and on an ongoing basis, would have a negative impact on the revenue and earnings of Steadfast, including a reduction in the earnings contribution from its subsidiaries and associates.</p> | <p>For more information: Section 5.2.5</p> |



1.4 Key risks

| | | |
|--|--|---|
| <p>Increased competition or market change</p> | <p>Steadfast may be impacted by a change or disruption in market structure and dynamics, including:</p> <ul style="list-style-type: none"> • increased competition from existing market participants and new entrants in insurance broking; • changes in the remuneration model for insurance brokers or use of insurance brokers; and • increased competition or change in market structure for premium funding. <p>This change or disruption could lead to a decline in pricing or demand for Steadfast's products and services, and consequently have an adverse impact on earnings.</p> | <p>For more information: Section 5.2.6</p> |
| <p>Reliance on Strategic Partners</p> | <p>Steadfast's relationships with Strategic Partners are typically documented through Strategic Partner Agreements. In the case of a number of smaller Strategic Partners, these agreements are not formally documented.</p> <p>In the event that a Strategic Partner Agreement is terminated or not renewed (where applicable) or an undocumented relationship ceases, and Steadfast is unable to replace the Strategic Partner with a suitable alternative, Steadfast may experience a reduction in M&A Fees and Steadfast Equity Brokers may experience a reduction in commission income due to a lower volume of GWP.</p> <p>Although these relationships have been in place for a number of years, there is a risk that these arrangements may be terminated at short notice by a Strategic Partner. Typically, the documented relationships can be terminated at 30 to 90 days' notice.</p> | <p>For more information: Sections 5.2.7 and 9.3</p> |
| <p>Loss of Steadfast Network Brokers</p> | <p>Any Steadfast Network Broker that is not a Steadfast Equity Broker may terminate their relationship with Steadfast at any time under the terms of their Licence Agreement.</p> <p>The loss of one or more Steadfast Network Brokers would result in a reduction in M&A Fees earned by Steadfast.</p> | <p>For more information: Section 5.2.8</p> |
| <p>Release of Shares held in escrow after Forecast Period</p> | <p>Steadfast Network Brokers have Escrow Restrictions on all of the Shares they receive under the Capital Restructure other than the Equal Allocation Shares. In addition, Consideration Shares received as consideration by Vendors of the Acquisitions have Escrow Restrictions.</p> <p>These Escrow Restrictions apply until two calendar months after the end of the Forecast Period, with some early release conditions.</p> <p>The current escrow arrangements, outlined in Section 10.6, will result in the release of approximately 173 million Shares (representing between 32% and 35% of the Shares) from escrow on 31 August 2014.</p> <p>These escrow arrangements may impact the level of liquidity for trading in Shares, and the prevailing market price for Shares. In particular, in the event that a significant number of these Shareholders decide to sell some or all of these Shares at the completion of the Escrow Period (either collectively or individually), the volume of potential Shares for sale may be significant versus Steadfast's free float. This may have a material adverse effect on the price of Shares, potentially leading up to, at the time of, and/or post any completed or attempted sell-down.</p> | <p>For more information: Sections 5.4.3, 5.4.5 and 10.6</p> |

1. Investment overview, continued

1.5 Key Financial Information

What are the key investment metrics and financial information?

A selected summary of Steadfast's pro-forma forecast financial information is set out below. Investors should read the financial section for full details on Steadfast's pro-forma forecast financial information, statutory forecast financial information (which will differ significantly from the pro-forma forecast financial information) and the assumptions underlying this information.

Selected Pro-Forma Forecast Financial Information

| | FY13 | FY14 |
|---|------------------|------------------|
| EBITA ¹ | \$56.4 million | \$60.6 million |
| NPAT attributable to members of Steadfast | \$27.2 million | \$30.1 million |
| NPATA ² | \$34.3 million | \$37.8 million |
| EPS ³ | 6.3 to 7.0 cents | 6.9 to 7.7 cents |
| Estimated DPS (based on dividend payout ratio) ⁴ | | 3.6 to 5.2 cents |

1 EBITA is post corporate office income and expenses as per Section 4.3.1.

2 Net profit after tax and before amortisation attributable to members of Steadfast ("NPATA")

3 Based on the FY13 and FY14 pro-forma forecast NPATA, respectively, and the lower and upper ends of the total number of Shares on issue on completion of the Offer disclosed above.

4 Based on the FY14 NPAT attributable to members of Steadfast respectively, and the lower and upper ends of the total number of Shares on issue on completion of the Offer disclosed above, as well as Steadfast's dividend policy to pay out 65% to 85% of NPAT attributable to members of Steadfast, with the minimum dividend to be at least 50% of NPATA.

Summary of Pro-Forma Forecast Investment Metrics

| | FY13 | FY14 |
|--|----------------|----------------|
| Price to earnings ratio ¹ – NPATA basis | 15.9x to 17.1x | 14.4x to 15.5x |
| Enterprise value/EBITA ² | 9.0x to 9.7x | 8.3x to 9.0x |
| Estimated dividend yield range (based on dividend payout ratio) ³ | | 3.3% to 4.7% |

1 The minimum price to FY14 earnings ratio (NPATA basis) is based on the lower end of the Indicative Price Range (\$1.00 per IPO Share), which results in 545 million Shares being on issue on completion of the Offer. The maximum price to FY14 earnings ratio (NPATA basis) is based on the upper end of the Indicative Price Range (\$1.20 per IPO Share), and 490 million Shares on issue.

2 Calculated as the expected enterprise value of Steadfast as disclosed on page 3, divided by Pro-forma Forecast EBITA. This valuation multiple represents a valuation metric that may enable investors to assess the valuation of comparable businesses before the impact of amortisation and different capital and taxation structures.

3 The estimated dividend yield range is not a forecast and is based on the Board's proposed dividend payout policy of 65% – 85% of NPAT attributable to members of Steadfast applied to Steadfast's pro-forma forecast FY14 NPAT attributable to members of Steadfast. The lower end of the estimated dividend yield range is calculated based on the upper end of the Indicative Price Range and a dividend payout ratio of 65% of NPAT attributable to members of Steadfast. The upper end of the dividend yield is calculated based on the lower end of the Indicative Price Range and a dividend payout ratio of 85% of NPAT attributable to members of Steadfast.

For more information:
Section 4



1.5 Key Financial Information

When will dividends be paid?

There will be no dividend for FY13. The first dividend is anticipated to be in respect of earnings for the half year period ended 31 December 2013, expected to be paid in April 2014.

Steadfast is targeting a dividend payout ratio in the range of 65% to 85% of net profit after tax, and a minimum of 50% of net profit after tax before amortisation of intangibles. The Board expects to weight dividend payments towards the final dividend in the ratio of approximately 40%/60% (interim/final).

The Board expects that dividends will be fully franked and paid in April and October each year.

The Directors have established a dividend reinvestment plan ("DRP"), which is expected to be effective for the first dividend payment following Listing. The operation and terms of the DRP may be changed, suspended or terminated by Steadfast at its discretion at any time.

The Directors do not provide any assurance of the future level of dividends or the extent to which they are fully franked, and there may be periods in respect of which dividends are not paid. However, as the majority of Steadfast's profits are derived in Australia, significant franking credits are expected to be generated.

For more information:
Section 4.8

1.6 Experience and Background of the Directors and Key Management

Who are the Directors and key management of Steadfast?

Directors

- Frank O'Halloran AM, Non-executive and independent Chairman
- Robert Kelly, Managing Director & CEO
- David Liddy, Non-Executive Director
- Anne O'Driscoll, Non-Executive Director
- Philip Purcell, Non-Executive Director
- Greg Rynenberg, Non-Executive Director
- Jonathan Upton, Non-Executive Director

Key management

- Robert Kelly, Managing Director & CEO
- Cameron McCullagh, Chief Operating Officer
- Stephen Humphrys, Chief Financial Officer
- Allan Reynolds, Executive General Manager
- Samantha Hollman, Executive General Manager – Strategic Projects
- Linda Ellis, Group Company Secretary & General Counsel

Section 6 contains details about the experience of each of the Directors and key management.

For more information:
Section 6

1. Investment overview, continued

1.7 Significant Interests of Key Persons and Other Parties connected with Steadfast or the Offer

Interests of Existing Broker Shareholders and other parties connected with Steadfast or the Offer following completion of the Offer

The Existing Broker Shareholders are 279 Steadfast Network Brokers who were Shareholders on the register of Steadfast on 28 June 2013 (Re-weighting Record Date).

The total number of Shares to be issued to Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) as part of the Capital Restructure, to Vendors (or persons nominated by Vendors) in consideration for the IPO Acquisitions, and to executives under the Executive Loan Agreements on or about Listing is set out in the table below:

| Share category | Shares to be Issued on or about Listing |
|--|---|
| Re-weighting Shares ¹ | 65,220,368 |
| Consideration Shares ² | 135,297,057 |
| Executive Shares ³ | 10,900,000 |
| Total interests of Existing Broker Shareholders and other parties connected with Steadfast or the Offer ⁴ | 211,417,425 |

1 Refers to the number of Re-weighting Shares held by Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) following the Capital Restructure. Re-weighting Shares will be issued at the notional price of \$1.00 per Re-weighting Share. Please refer to Section 10.4 for further information.

2 Based on final Consideration Share Elections by Vendors.

3 Refers to the number of Executive Shares to be issued under the Executive Loan Agreements. Executive Shares will be issued at \$1.00 per Executive Share. Please refer to Section 6.3.3 for further information.

4 This is the aggregate of the Re-weighting Shares, Consideration Shares and Executive Shares in the above table.

Upon Listing, the Vendors of the equity interests (the majority of whom will remain co-owners of their businesses) together with Steadfast Network Brokers (or persons nominated by Vendors or Steadfast Network Brokers) are expected to hold 37-41% of the Shares in Steadfast, reaffirming their commitment to the business and its future success. In addition, upon Listing, the Directors and Steadfast executives (or their nominees or related parties) are expected to hold approximately 3%⁵ of the Shares in Steadfast.

Refer to the Key Offer Statistics on page 3 for details of the capital structure of Steadfast following completion of the Offer.

5 Based on Executive Shares to be issued under the Executive Loan Agreements and maximum potential Applications under the Board's List Offer.

No controlling interest in Steadfast

No Shareholder currently has a controlling interest in Steadfast and none are expected to have a controlling interest immediately after Listing.

For more information:

Sections 7.3.1 and 10.4



1.7 Significant Interests of Key Persons and Other Parties connected with Steadfast or the Offer

What significant benefits and interests are payable to Directors and other persons connected with the issuer or the Offer?

Related party interests of current directors

| Director | Interest through | Re-weighting Shares | Consideration Shares | Executive Shares |
|-----------------------------|-------------------------------------|---------------------|----------------------|------------------|
| Robert Kelly ¹ | Delaney Kelly Golding Pty Ltd | 160,461 | n/a | 5,000,000 |
| Greg Rynenberg ² | East West Insurance Brokers Pty Ltd | 286,414 | n/a | n/a |
| Jonathan Upton ³ | Indemnity Corporation Pty Ltd | 506,008 | 1,700,000 | n/a |

This table excludes any Shares in which Directors may acquire an interest as part of the IPO Offer at the Final Price.

1 Mr. Kelly is also currently a Director of all Steadfast subsidiaries, Macquarie Premium Funding Pty Ltd, Macquarie Premium Funding Ltd (NZ) and Miramar Underwriting Agency Pty Ltd.

2 Mr. Rynenberg is also a Director of Steadfast Technologies Pty Ltd.

3 Mr. Upton is a Director of Steadfast Foundation Pty Ltd as trustee for Steadfast Foundation.

Steadfast has agreed to provide the following executives with the following loans on a full recourse basis, to fund the acquisition of the Executive Shares, under the terms of the Executive Loan Agreements:

- Robert Kelly – \$5,000,000 to acquire 5,000,000 Executive Shares;
- Cameron McCullagh – \$4,000,000 to acquire 4,000,000 Executive Shares;
- Stephen Humphrys – \$1,000,000 to acquire 1,000,000 Executive Shares; and
- Allan Reynolds – \$900,000 to acquire 900,000 Executive Shares.

Certain Acquisitions are expected to become controlled entities of Steadfast shortly before Listing and directors of those Acquisitions (who are not on the Steadfast Board) and their nominated persons may receive Consideration Shares under the Acquisition Agreements.

Interests associated with Stephen Humphrys currently own approximately 8.4% of White Outsourcing and have contracted to sell their shares to Steadfast.

For more information:

Sections 6.3.3, 6.3.4, 6.3.5, 6.4 and 6.6

1. Investment overview, continued

1.8 Proposed Use of Funds and Key Terms and Conditions of the Offer

| | | |
|---|---|--|
| Who is the issuer of the Prospectus? | Steadfast, a company incorporated in New South Wales, Australia (ABN 98 073 659 677). | |
| What is the Offer? | <p>Steadfast is seeking to raise approximately \$333.7 million from the issue of IPO Shares under the IPO Offer. The IPO Offer will consist of the Retail Offer and the Institutional Offer, with a total of between approximately 278 million to 334 million IPO Shares being issued at the Final Price. The number of IPO Shares to be issued will depend on the Final Price. See notes and assumptions on page 19 – these calculations may vary.</p> <p>In addition, under this Prospectus, Steadfast will issue:</p> <ul style="list-style-type: none">• approximately 135.3 million Consideration Shares¹ to certain Vendors (or persons nominated by the Vendors) as part of the consideration that they will receive for the Acquisitions;• approximately 65.2 million Re-weighting Shares to Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) as part of the Capital Restructure; and• 10.9 million Executive Shares to certain Steadfast executives in accordance with the Executive Loan Agreements. <p>Each of the Consideration Shares, Re-weighting Shares and Executive Shares will be issued at a notional price of \$1.00 per Share, which may be less than the Final Price.</p> <p>¹ Based on final Consideration Share Elections by Vendors.</p> | <p>For more information:</p> <p>Section 7 Key Offer Statistics on page 3</p> |



1.8 Proposed Use of Funds and Key Terms and Conditions of the Offer

What is the proposed use of funds raised pursuant to the IPO Offer?

The proceeds of the IPO Offer will be applied to:

- fund the cash consideration relating to the investment in Steadfast Equity Brokers under the IPO Acquisitions;
- repay debt drawn on Steadfast's existing debt facility;
- increase Steadfast's net cash position for general corporate purposes and potential future acquisitions; and
- pay the costs associated with the Offer and Restructure Proposal.

Sources and uses of funds (based on the Indicative Share Range)

| Sources of funds | |
|--|------------------------|
| Issue of IPO Shares ¹ | \$333.7 million |
| Issue of Executive Shares | \$10.9 million |
| Total sources | \$344.6 million |
| Uses of funds | |
| Payment to Vendors of the IPO Acquisitions | \$250.4 million |
| Repayment of debt | \$35.4 million |
| Increase in cash and cash equivalents | \$25.0 million |
| Executive Shares | \$10.9 million |
| Cost of the Offer and Capital Restructure | \$22.9 million |
| Total uses | \$344.6 million |

¹ The final number of IPO Shares to be issued will depend on the Final Price. Steadfast will provide consideration to the Vendors of the Acquisitions through a combination of cash and, where permitted by law, the issue of Consideration Shares.

For more information:
Section 7.3

How many Shares will be on issue following the completion of the Offer?

| Shares on issue on completion of the Offer (millions) | \$1.00 per Share | \$1.20 per Share |
|--|------------------|------------------|
| Shares on issue on completion of the Offer ¹ | 545.1 | 489.5 |
| Made up of: | | |
| Reweighting Shares | 65.2 | 65.2 |
| Executive Shares | 10.9 | 10.9 |
| Consideration Shares | 135.3 | 135.3 |
| IPO Shares | 333.7 | 278.1 |

¹ Based on final Consideration Share Elections by Vendors.

For more information:
Section 4.9.2

1. Investment overview, continued

| 1.8 Proposed Use of Funds and Key Terms and Conditions of the Offer | | |
|---|---|---|
| <p>Will the Shares be quoted?</p> | <p>Steadfast has applied to ASX for admission to the official list of ASX and quotation of the Shares on ASX (which is expected to be under the code SDF). Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> | <p>For more information: Section 7.10</p> |
| <p>How is the IPO Offer structured?</p> | <p>The IPO Offer comprises:</p> <p>Retail Offer</p> <p>This consists of:</p> <ul style="list-style-type: none"> • Board's List Offer, open to Retail Offer Investors in Australia nominated by the Board and certain other investors, who have received a Board's List Invitation and is limited to \$7 million in aggregate proceeds; • Priority Offer, open to Retail Offer Investors in Australia who are nominated by a Steadfast Network Broker and have received either a Priority Invitation or an Additional Invitation and is limited to \$27.3 million in aggregate proceeds; and • Stockbroker Firm Offer, open to Australian resident Retail Offer Investors who have received a firm allocation from their Stockbroker. <p>Institutional Offer</p> <p>This consists of an invitation to bid for IPO Shares under the Bookbuild made to Institutional Investors in Australia, and a number of other eligible jurisdictions.</p> <p>See below for details on how the Final Price will be set. Note that, to the extent permitted by law, all Applications under the IPO Offer (including Applications under the Retail Offer and any bids not withdrawn at the close of the Institutional Offer) will be irrevocable. Accordingly, Applicants will not know the Final Price or the number of IPO Shares they will receive at the time they make their investment decision and submit an Application. Except as required by law, Applicants cannot withdraw their Applications once the Final Price and allocations of IPO Shares have been determined.</p> | <p>For more information: Section 7.2 Section 7.5 contains further details about the Retail Offer Section 7.6 contains further details about the Institutional Offer</p> |
| <p>Is the Offer underwritten?</p> | <p>No. The Offer is not underwritten.</p> | <p>For more information: Section 7.4</p> |
| <p>What is the Indicative Price Range?</p> | <p>\$1.00 to \$1.20 per IPO Share is the indicative range for the Final Price. The Final Price may be set within or above the Indicative Price Range. The minimum Final Price under the IPO is \$1.00. Shares may trade below the lower end of the Indicative Price Range.</p> | |



1.8 Proposed Use of Funds and Key Terms and Conditions of the Offer

| | | |
|---|--|---|
| <p>How will the Final Price be set?</p> | <p>The Final Price will be determined by the Joint Lead Managers and Steadfast, at the conclusion of the Bookbuild following the close of the Retail Offer and the Institutional Offer, expected on or around 30 July 2013. The price payable for IPO Shares under the Retail Offer and the Institutional Offer will be the same (ie the Final Price).¹</p> <p>¹ See Section 7.6 for details on how Applicants under the Institutional Offer may participate in the Bookbuild and the way in which IPO Shares will be allocated under the Institutional Offer.</p> | <p>For more information: Section 7.6.3 and 7.6.4</p> |
| <p>What is the allocation policy?</p> | <p>The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Joint Lead Managers, in consultation with Steadfast, having regard to the allocation policy outlined in Sections 7.5 and 7.6.</p> <p>For Stockbroker Firm Offer participants, Stockbrokers will decide as to how they allocate available Shares among their retail clients.</p> <p>Steadfast and the Joint Lead Managers have absolute discretion regarding the allocation of Shares to Applicants in the IPO Offer and may reject an Application, or allocate fewer Shares than applied for, in their absolute discretion.</p> | <p>For more information: Section 7.2</p> |
| <p>Is there any brokerage, commission or stamp duty payable by Applicants?</p> | <p>No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the IPO Offer.</p> | <p>For more information: Section 7.4</p> |
| <p>What are the tax implications of investing in the Shares?</p> | <p>Shareholders will be subject to Australian tax on dividends. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances, particularly for non-Australian tax resident Shareholders. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> | <p>For more information: Section 10.10</p> |
| <p>How can you apply for IPO Shares?</p> | <p>Eligible Retail Offer Investors who received a Board's List Invitation, Priority Invitation or Additional Invitation may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus or online at www.steadfast.com.au, and paying the applicable Application Monies in accordance with the instructions on the Application Form.</p> <p>Eligible Retail Offer Investors who receive a firm allocation under the Stockbroker Firm Offer should follow the instructions provided by their Stockbroker.</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p> | <p>For more information: Section 7.5 contains details about applying under the Retail Offer</p> |

1. Investment overview, continued

| 1.8 Proposed Use of Funds and Key Terms and Conditions of the Offer | | |
|--|---|--|
| When will I receive confirmation that my Application has been successful? | <p>It is expected that initial holding statements will be dispatched by standard post on or about 13 August 2013.</p> <p>Refunds to Applicants who make an Application and receive an allocation of IPO Shares, the aggregate value of which is smaller (at the Final Price) than the amount of their Application Monies, will be made as soon as possible post-Settlement.</p> | <p>For more information: Section 7.10 and 7.12</p> |
| When can I sell my Shares on ASX? | <p>It is expected that trading of the Shares on ASX will commence on or about 2 August 2013, initially on a conditional and deferred settlement basis. This will be before certain conditions set by ASX for the commencement of unconditional trading will have been satisfied, including completion of Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions. It is expected that the IPO Acquisitions will be completed on or about 9 August 2013.</p> <p>Once these conditions are satisfied, the Shares will commence trading on ASX on an unconditional but deferred settlement basis until dispatch of the holding statements. Shares are expected to commence trading on ASX on an unconditional and normal settlement basis on or about 14 August 2013.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> | <p>For more information: Section 7</p> |
| What is conditional and deferred settlement trading? | <p>It is expected that trading of the Shares on ASX (on a conditional and deferred basis) will commence on or about 2 August 2013.</p> <p>The IPO Acquisition Agreements contain obligations on the Vendors and conditions precedent to completion. It is expected that the IPO Acquisitions will be completed on or about 9 August 2013.</p> <p>The period of conditional and deferred settlement trading allows for Shares to trade on ASX prior to (and including) this date. In the event of Acquisitions representing less than 93% of the aggregate purchase price of all Acquisitions completing by the end of the conditional and deferred settlement trading period, the Offer would not complete. In the unlikely event that this were to occur, Steadfast intends to reconsider an initial public offering and listing on ASX at a later date.</p> <p>Under this scenario, all trades conducted during the conditional and deferred settlement trading period would be invalid and will not settle. All Application Monies received would be returned to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing.</p> <p>Trading on ASX is expected to commence on a normal settlement basis on or about 14 August 2013.</p> | <p>For more information: Section 7.4</p> |



1.8 Proposed Use of Funds and Key Terms and Conditions of the Offer

| | | |
|--|--|--|
| <p>Can the Offer be withdrawn?</p> | <p>Steadfast reserves the right not to proceed with the Offer at any time before the issue of Shares to Successful Applicants.</p> <p>The Offer will be withdrawn if the Final Price is not at least \$1.00 per IPO Share.</p> <p>In addition, the Offer will be withdrawn in the event that Steadfast does not complete Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions, prior to the end of the conditional and deferred settlement trading period. In the unlikely event that this were to occur, Steadfast intends to reconsider an initial public offering and listing on ASX at a later date.</p> <p>If the Offer does not proceed or complete, Application Monies will be refunded to Applicants. No interest will be paid on any Application Monies refunded.</p> <p>If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on ASX would be cancelled and any money paid in connection with the settlement would be refunded.</p> | <p>For more information: Section 7</p> |
| <p>What happens if Listing does not occur or the Offer does not complete?</p> | <p>If Listing does not occur for any reason, the IPO, the Capital Restructure and the IPO Acquisitions will not proceed.</p> <p>If any Shares are issued under the Offer and thereafter the Listing does not proceed for any reason, including because Steadfast does not complete Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions prior to the end of the conditional and deferred settlement trading period, Steadfast will take steps to unwind some or all of the steps which it has already completed at that time (including by cancelling or voiding the issue of any Shares that may have been issued), subject to obtaining any relevant regulatory relief and/or shareholder approvals that may be required. If this occurs, Application Monies will be refunded to Applicants and no interest will be paid on any Application Monies refunded.</p> <p>Further, in the unlikely event that this were to occur, Steadfast intends to reconsider an initial public offering and listing on ASX at a later date.</p> | <p>For more information: Section 7</p> |
| <p>Where can I find more information about this Prospectus or the Offer?</p> | <p>If you require more information about this Prospectus or the Offer, please call the Steadfast Offer Information Line on 1800 645 237 (toll free within Australia) or +61 1800 645 237 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Steadfast is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p> | <p>For more information: Section 7.4</p> |

2. Industry Overview



2. Industry overview

2.1 Introduction

From Listing, Steadfast will have a number of businesses, all of which are in the insurance and ancillary services segment of the economy, including:

- > insurance broking, encompassing the insurance brokers in which Steadfast will have an equity interest (referred to as Steadfast Equity Brokers) and insurance brokers to which Steadfast provides support services, and which collectively comprise the Steadfast Network, but in which Steadfast does not necessarily have an equity interest (referred to as Steadfast Network Brokers);
- > insurance underwriting agencies;
- > premium funding; and
- > ancillary services.

The largest component of Steadfast’s operations will relate to its equity interests in Steadfast Equity Brokers and the services it provides to Steadfast Network Brokers. Apart from the ancillary businesses, each of Steadfast’s businesses is primarily focused on the provision of general insurance-related services, particularly the distribution of general insurance policies and complementary risk advice and premium funding products.

The customer base for Steadfast Network Brokers (including Steadfast Equity Brokers) is predominantly comprised of small and medium sized enterprises (“SMEs”); however the customer base also includes a number of retail and large corporate clients. Steadfast does not underwrite or bear the underlying insurance risk for the insurance policies distributed by its brokers or underwriting agencies and is therefore not an insurer.

Key terms used in the industry in which Steadfast operates, and referred to in this Prospectus, are explained in the General Insurance Glossary (refer to Section 14). Other defined terms and abbreviations used in this Prospectus are explained in the General Glossary (refer to Section 15).

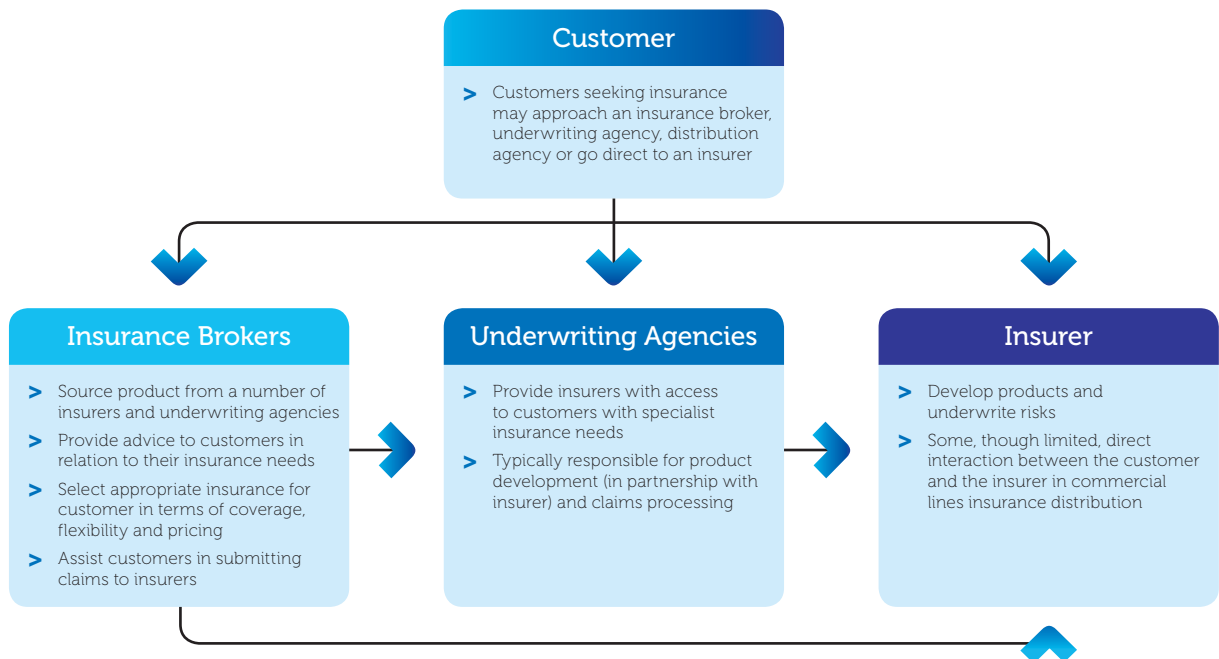
2.2 The role of intermediaries in the Australian general insurance market

General insurers underwrite insurance policies that protect individuals and businesses from potential financial loss associated with certain insured events, and in return, receive premiums for assuming these risks and covering associated expenses. Premiums from individuals (in the case of personal lines insurance) or businesses (in the case of commercial lines insurance), net of expenses, are then pooled and invested in financial assets. When an insured event occurs, the insurer pays the insured person or entity monetary compensation (claims) from the invested funds, and from any reinsurance protections it has in place, in accordance with the terms of the policy.

General insurance policies may be sold to customers either directly or by way of an intermediary, such as an insurance broker or underwriting agency. The insurer carries the underwriting risk associated with these policies and incurs the cost of claims. Neither the insurance broker nor underwriting agency is liable for the cost of claims under these policies.

Figure 2.2.1 summarises the key elements of general insurance distribution and the role of intermediaries.

Figure 2.2.1: General insurance distribution mechanics



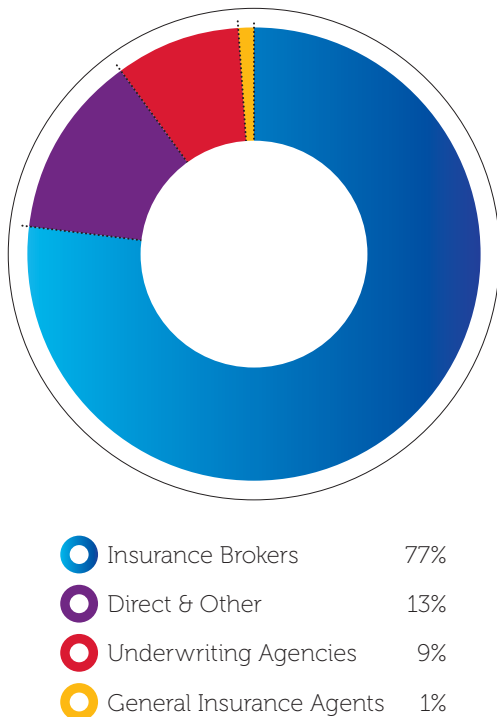
2. Industry overview, continued

Intermediaries such as insurance brokers and underwriting agencies typically cater to those customers that have more complex insurance needs, such as SMEs, high net worth individuals and corporate customers.

Customers in the SME and corporate market segments purchase commercial lines insurance policies for example, commercial property, professional indemnity, workers' compensation and commercial motor insurance policies.

As set out in Figure 2.2.2 below, insurance brokers are estimated to have accounted for approximately 77% of all commercial lines insurance sales, and underwriting agencies are estimated to have accounted for approximately 9% of commercial lines insurance sales for FY12¹.

Figure 2.2.2: Share of Australian commercial lines insurance distribution (FY12)



Source: J.P. Morgan Taylor Fry General Insurance Barometer.

In contrast to commercial lines insurance policies, personal lines insurance policies are procured directly by customers from insurers or distribution agencies. These policies are largely commoditised in nature and not tailored to cover customer-specific or business-specific risks. As a result, customers are less inclined to seek specific advice in relation to the purchase of these policies (though may bundle them with other policies). Insurance brokers are estimated to have accounted for approximately 7% of all personal lines insurance sales in FY12².

2.3 Insurance broking

2.3.1 Overview

Insurance brokers are professional advisers who act on behalf of their customers and provide advice in relation to the purchase of insurance, typically in commercial lines insurance. Insurance brokers act as an intermediary between the product provider (an insurer or underwriting agency) and the customer. Brokers assist customers in identifying specific risks that need to be insured and provide advice on the most appropriate insurance solution based on parameters such as coverage, flexibility and pricing. They also combine their knowledge of the market and relationships with insurers to obtain policy quotes. This enables the broker to compare the benefits, exclusions and costs of competing policies, and identify the policy most appropriate for the customer.

Whilst the majority of general insurance purchased through brokers is commercial lines insurance, these customers may also use their broker to purchase other policies that they may require (for example, personal lines insurance or life insurance).

According to APRA statistics, general insurance brokers in Australia placed approximately \$16.9 billion in gross written premiums ("GWP") for FY12³, accounting for the majority of GWP placed in commercial lines insurance in FY12.

2.3.2 Market structure

The Australian general insurance broking market can be broadly categorised into three distinct segments based on the nature of the customer on whose behalf insurance is placed:

- > individuals;
- > SMEs; and
- > large corporations.

¹ Source: J.P. Morgan Taylor Fry General Insurance Barometer. Based on the responses of 15 insurance underwriters in the Australian market that contribute to the survey conducted by Taylor Fry. No estimate has been included for non-contributing general insurance underwriters. As such, the data does not reflect distribution channels for 100% of the underwritten commercial lines premiums in the market.

² Ibid.

³ Australian Prudential Regulation Authority, Intermediated General Insurance Statistics December 2012 (issued March 2013).



The market segment servicing individuals and SME customers is diverse and dominated by individual standalone brokers and large domestic participants such as broker cluster groups and broker consolidator groups, with some penetration by other market participants such as large international insurance brokers.

The market segment servicing large corporate customers is highly concentrated, with the majority of business conducted by the large international insurance brokers such as Aon, Marsh, Willis and Jardine Lloyd Thompson, and the remainder of premiums placed by insurers directly or by individual brokers (who may or may not be part of broker cluster groups or broker consolidator groups).

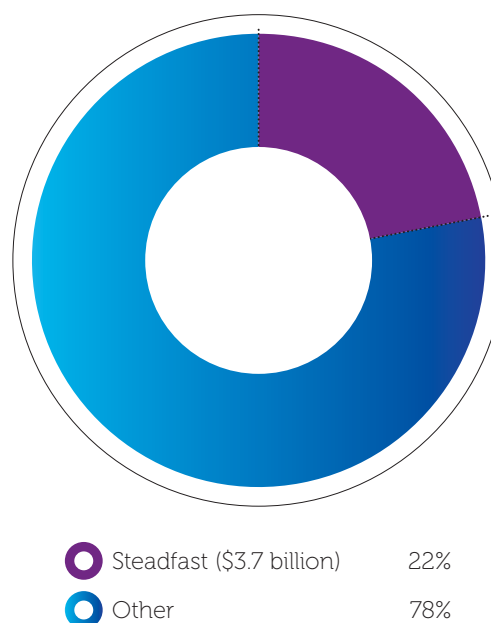
Whilst broker cluster groups act primarily as a service provider to a number of independently owned insurance brokers through centralised administration and support services, broker consolidator groups own equity interests in the individual insurance broking businesses within their network. Both broker cluster groups and broker consolidator groups act as collective buyers on behalf of the insurance brokers within their network.

Examples of broker cluster groups are Steadfast and IBNA, with examples of broker consolidator groups being Austbrokers and OAMPS. As the majority of insurance broking businesses in the Australian market are small, in order to leverage the benefits of scale, many insurance brokers have joined broker cluster groups, which now represent a significant segment of the general insurance market.

Steadfast is currently the largest broker cluster group in the Australian market based on number of insurance brokers and GWP placed in FY12.

Steadfast Network Brokers that were members of the Steadfast Network in FY12 collectively placed approximately \$3.7 billion in GWP, which Steadfast management estimates to be approximately 22% of GWP placed through insurance brokers in Australia in the same period. Figure 2.3.1 summarises Steadfast's general insurance broking market share, as estimated by Steadfast management, based on GWP placed in the Australian market for FY12.

Figure 2.3.1: Steadfast share of GWP placed through insurance brokers in the Australian market (FY12)



Total GWP placed through insurance brokers: \$16.9 billion

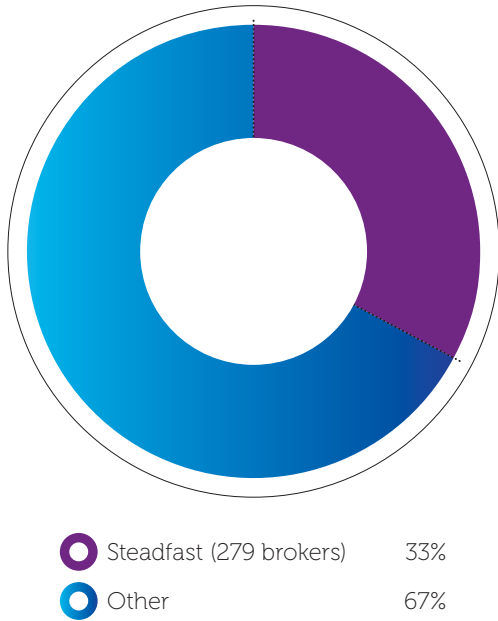
Source: Steadfast management estimates

Based on APRA statistics, there were 851 active general insurance brokers in the Australian market as at 31 December 2012¹, of which 279 were Steadfast Network Brokers. Active general insurance brokers are defined as general insurance intermediaries that are AFSL holders authorised to deal in general insurance policies and that placed business directly with insurers in the six month period ended 31 December 2012. Figure 2.3.2 summarises Steadfast's share of the insurance broking market in Australia (by number of insurance brokers) in FY12.

¹ Australian Prudential Regulation Authority, Intermediated General Insurance Statistics December 2012 (issued March 2013).

2. Industry overview, continued

Figure 2.3.2: Steadfast share of active general insurance brokers in the Australian market (FY12)



Total active general insurance brokers: 851

Source: Steadfast management estimates

Following Listing, Steadfast will operate as both a broker cluster group for Steadfast Network Brokers and a broker consolidator group through its equity interests in Steadfast Equity Brokers.

2.3.3 Revenue model

Insurance brokers are remunerated for their services in relation to insurance policies either through a commission paid by an insurer, fees for advice or placement of policies charged by the insurance broker direct to the customer, or a combination of both. They also generate income from other services such as premium funding and earning interest on their insurance broking accounts.

Where an insurance broker is part of a collective buying group (for example, a broker cluster group), insurers may also remunerate the buying group through the payment of a percentage-based fee. For example, in the case of Steadfast, where a broker in the Steadfast Network places premiums on qualifying products with a Strategic Partner (being an insurer or underwriting agency with which Steadfast has a Strategic Partner Agreement or similar product distribution relationship), Steadfast is entitled to receive a marketing & administration fee ("M&A Fee") calculated as a percentage of Base Premium (refer to Section 9.3).

2.3.4 Customers

As noted in Section 2.2, general insurance intermediaries are primarily utilised by SMEs, high net worth individuals and corporate customers. Customers choose to purchase general insurance through an insurance broker for a variety of reasons, including:

- the ease of having a professional adviser with insurance expertise compare policies, prices and coverage across a selection of insurance policies offered by different insurers and underwriting agencies;
- the provision of advice in relation to insurable risks and the ability of the broker to tailor insurance on behalf of the customer and identify the most suitable policy available in the market at the time the advice is given;
- the time efficiency gained by dealing with a single broker for multiple insurance policies rather than potentially dealing with several insurers and underwriting agencies;
- the ease of having claims managed by a broker who deals directly with the insurer and acts as an advocate on behalf of the customer; and
- the ease of having access to premium funding, which allows the customer to finance the cost of the insurance.

2.3.5 Barriers to entry

There are a number of potential barriers to entry, which may both limit the ability of new market participants to enter the insurance broking market, and also limit the ability of existing market participants to service different segments of the insurance broking market. These potential barriers to entry include:

- relationships with, and access to product from, insurers and underwriting agencies that distribute policies through insurance brokers;
- access to SME relationships (for those insurance brokers and broker networks catering to this segment), which can favour individual insurance brokers who are located geographically close to their customers;
- access to corporate relationships (for those insurance brokers and broker networks catering to this segment), which requires insurance brokers with established corporate relationships and the necessary product and sector expertise;
- regulatory and licensing requirements, including upfront qualifications and ongoing compliance costs; and
- attraction and retention of appropriately trained staff.



2.3.6 Key market drivers

The key drivers of the insurance broking market include:

- demand for commercial lines insurance policies, which are primarily distributed through insurance brokers;
- the importance of individual relationships held by key brokers with customers and product providers;
- changes in premium rates by insurers, which usually involve insurers weighing up factors such as claims levels and reinsurance costs versus levels of competition and market share targets;
- changes in remuneration arrangements for broking services;
- decisions by general insurers to exit certain market segments in which they participate (e.g. builders warranty insurance, compulsory third party insurance and credit risk insurance); and
- the emergence of electronic platforms facilitating the comparison of insurance policies.

Historically, revenue growth in the Australian general insurance broking market has been driven predominantly by growth in GWP (primarily attributable to increased insured values and premium rate increases).

2.3.7 Regulatory and industry oversight

All insurance brokers operating in the Australian market are required under the Corporations Act to hold an Australian Financial Services Licence ("AFSL"), issued by the Australian Securities and Investments Commission ("ASIC").

To obtain an AFSL, an insurance broker must be able to demonstrate that they will provide financial services efficiently, honestly and fairly. The general obligations relate to insurance brokers' responsibilities in the areas of compliance, internal systems, people and resources. Specific provisions under the Corporations Act require that licensees have in place the following:

- mechanisms to ensure that the competencies of representatives to provide the financial services (as specified on the AFSL) are maintained and that the representatives are adequately trained to provide those financial services;
- adequate financial, technological and human resources to provide services covered by the AFSL;
- adequate risk management systems and compliance frameworks;
- arrangements for managing conflicts of interest;
- mechanisms for compliance with conditions on the AFSL and with financial services laws; and
- internal and external dispute resolution procedures (where dealing with retail customers).

Financial and reporting obligations under the AFSL may vary depending on the licensee's circumstances and whether additional requirements are imposed by ASIC. All AFSL holders must have systems to manage risk, which includes risk to financial resources. The risk management framework required will depend on the nature, scale and complexity of the business involved.

AFSL holders are required to meet ongoing notification obligations, which include requirements to notify ASIC of reportable breaches and events, and changes in particulars or authorised representatives of the AFSL holder. Additionally, AFSL holders are required to comply with ongoing financial reporting and audit requirements, including the preparation of audited financial statements and notification to ASIC of any appointment or removal of an auditor.

Australian insurance brokers distributing general insurance policies may also become members of the National Insurance Broking Association ("NIBA"). NIBA is the industry body that represents the interests of general insurance brokers to governments, regulators, media, consumer groups and the wider community.

NIBA has issued an industry code of practice (Insurance Brokers Code of Practice 2012) and also provides an industry accreditation to brokers that satisfy its requirements, called the Qualified Practising Insurance Broker ("QPIB") accreditation. All NIBA members are automatically bound by the provisions of the Insurance Brokers Code of Practice 2012. NIBA has appointed the Financial Ombudsman Service Limited as its code administrator to independently administer and monitor compliance with code obligations.

2.4 Underwriting agencies

2.4.1 Overview

Underwriting agencies are providers of specialist insurance policies catering to specific market segments. Underwriting agencies work in conjunction with general insurers to design and develop these specialist policies, determine risk coverage and, in certain cases, manage claims and underwriting processes. Underwriting agencies do not underwrite or bear the underlying insurance risk for the insurance policies that they offer, which are borne by the general insurer.

Underwriting agencies provide general insurers, including international insurers and market participants such as Lloyd's of London, with access to expertise and distribution in certain specialist market segments. The majority of the policies developed by underwriting agencies are for specific commercial risks, which are then offered either directly to the customer or to the insurance broker market.

2. Industry overview, continued

According to the J.P. Morgan Securities Australia Limited and Taylor Fry, 2012 General Insurance Barometer (January 2013)¹, underwriting agencies are estimated to have accounted for approximately 9% of commercial lines insurance sales direct to the customer for FY12. Additionally, underwriting agencies also account for a significant share of commercial lines insurance sales made by general insurance brokers. For example, for FY12, underwriting agencies accounted for more than 20% of insurance premiums placed through the Steadfast Network.

2.4.2 Revenue model

Underwriting agencies' key income streams are typically a combination of some or all of the following:

- commissions from the insurer that underwrites the policies;
- additional payments based on the level of profitability of the policies written by the underwriting agency on behalf of the insurer;
- policy fees for each policy sold;
- interest earned on funds held on behalf of underwriters; and
- claims management fees, where the agency manages claims directly on behalf of insurers.

2.4.3 Customers

As noted in Section 2.2, general insurance intermediaries typically cater to customers with more complex insurance needs, such as SMEs and corporate customers, with underwriting agencies typically focusing on those customers within specific industries or risk classes. From the perspective of the underwriting agency, customers can be viewed as both end customers (i.e. persons insured by policies developed by the underwriting agency) and intermediaries (i.e. product distributors such as insurance brokers), which distribute the policies developed by the underwriting agency.

Insurance brokers distribute policies developed by underwriting agencies for a number of reasons, including:

- the ability to offer a broader selection of policies to their customers;
- access to insurance policies catering to niche segments in which general insurers do not otherwise offer policies; and
- the ability to work with underwriting agencies to tailor insurance policies relevant to customer needs.

End customers may choose to go directly to an underwriting agency (rather than via an insurance broker) where an established relationship exists between the customer and the underwriting agency, or where the agency specialises in a known business or product niche.

2.4.4 Barriers to entry

Whilst insurance underwriting agencies operate in a competitive market, there are a number of potential barriers to entry that impact market participants, including:

- access to underwriting capacity provided by general insurers;
- expertise in the relevant risk category; and
- relationships with product distributors such as insurance brokers; and
- attraction and retention of appropriately trained staff.

2.4.5 Key market drivers

The key drivers of the underwriting agencies market include:

- demand for commercial lines insurance policies, particularly in niche risk classes;
- competition from other market participants with product development and distribution capability, particularly general insurers;
- capabilities and expertise of key individual underwriters;
- changes in premium rates by insurers, which usually involve insurers weighing up factors such as claims levels and reinsurance costs versus levels of competition and market share targets; and
- the decision by certain general insurers to change or reprice the underwriting capacity in certain niche markets.

Historically, revenue growth in the underwriting agency market has been driven predominantly by an increase in the number of agencies catering to product niches, as well as the decision by some general insurers to distribute certain policies or service certain market segments via underwriting agencies rather than through their own sales force. This decision is typically due to the relatively small size of the customer segment or the specialist nature of the category of risk.

2.5 Premium funding

2.5.1 Overview

Premium funding is a loan product whereby the premium funder pays the cost of an insurance premium upfront on behalf of the insured person or entity. The premium funder then receives periodic payments (usually monthly) from the insured person or entity. These periodic payments comprise both a principal component and an interest component.

Premium funders primarily distribute products through insurance brokers, and may further strengthen their distribution capabilities by establishing strategic relationships with broker cluster groups and broker consolidator groups.

¹ Source: J.P. Morgan Taylor Fry General Insurance Barometer. Based on the responses of 15 insurance underwriters in the Australian market that contribute to the survey conducted by Taylor Fry. No estimate has been included for non-contributing general insurance underwriters. Therefore, the data does not reflect distribution channels for 100% of the underwritten commercial lines premiums in the market.



In FY12, premium funders in Australia financed approximately \$4.8 billion in insurance premiums, an increase of 9.2% on the prior year.

2.5.2 Revenue model

Premium funders primarily earn revenue through the interest component of the periodic payments from customers. The interest rate (or credit charge) on a premium funding product is determined with reference to the size of the loan and the risk profile of the customer. Smaller sized loans and customers with a higher risk profile typically incur a higher interest rate on their financing. The difference between the cost of funds for the premium funder and the interest earned represents the net interest margin to the premium funder.

Certain premium funders in the Australian market, for example Macquarie Premium Funding, are remunerated primarily through origination fees paid by the underlying financier. The origination fee is paid to the premium funder over the life of each loan and is calculated based on each loan's interest income, cost of funding, establishment fee and servicing cost.

For further information on the specific revenue model for Macquarie Premium Funding, refer to Section 3.7.2.

2.5.3 Customers

The target market for premium funding products is typically the SME segment of the commercial lines insurance market. In contrast to personal lines insurance policies, general insurers typically require payment of commercial lines insurance premiums upfront and do not offer the option to pay periodically over the duration of the policy. Whilst most large corporate customers are able to fund the upfront cost, SME customers often choose to utilise premium funding to manage working capital within their business and spread the cost of the payments for their insurance premium over the duration of the policy. In addition, premium funding does not require the customer to provide any security for the loan, although the customer must provide the premium funder with a power of attorney enabling the premium funder to cancel the policy in the event of default.

2.5.4 Barriers to entry

Potential barriers to entry that impact the premium funding market include:

- access at competitive rates to the capital and wholesale financing required to support the premium funding business;
- access to a distribution capability that reaches premium funding customers (for example, insurance broking networks); and
- the need for scalable operating platforms, including IT systems and staff.

2.5.5 Key market drivers

The key drivers of the premium funding market include:

- demand for commercial lines insurance policies, particularly in the SME segment, and overall GWP;
- the level of penetration of premium funding in the commercial lines insurance market; and
- the cost and availability of alternative sources of finance (such as credit cards and business loans) for customers, particularly in the SME segment.

A change or disruption in the market dynamics for premium funding (for example, insurers allowing SME customers to pay their premiums on a monthly basis) would likely impact the demand for premium funding products in the market (refer to Section 5.2.11).

3. Business Overview



3. Business overview

3.1 Introduction

3.1.1 History of Steadfast and the Steadfast Network

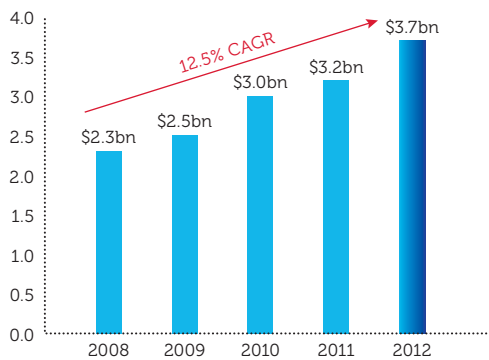
Steadfast was established in April 1996 as a broker cluster group (refer to Section 2.3.2), providing independent general insurance brokers with enhanced buying power and scale when dealing with product suppliers and to assist those brokers through the provision of support services and specialist tools.

Growing from an initial base at inception of 43 brokers in New South Wales, the number of insurance brokers in the Steadfast Network grew in size over time and, by 1999, had achieved nation-wide representation, with insurance broking businesses across all Australian states.

Today, the Steadfast Network encompasses approximately 280 Steadfast Network Brokers across Australia and New Zealand. As noted in Section 2.3.2, Steadfast is currently the largest broker cluster group in the Australian market, and the Steadfast Network is the largest general insurance broking network in Australia, based on number of insurance brokers and GWP placed in FY12.

Steadfast Network Brokers that were members of the Steadfast Network in FY12 collectively placed approximately \$3.7 billion in GWP in FY12, representing a total policy count of approximately 1.3 million. Since 2008, the Steadfast Network has experienced a compound annual growth rate ("CAGR") in placed GWP of 12.5% (as shown in Figure 3.1.1).¹

Figure 3.1.1: GWP growth



Source: Steadfast

The volume of GWP placed by Steadfast Network Brokers is influenced by demand for insurance, particularly from the SME segment of the economy, which is the primary customer base for the Steadfast Network.

The increase in GWP from FY08 to FY12 has primarily been driven by organic growth², with the number of insurance broking businesses in the Steadfast Network remaining broadly constant throughout this period.

Due to the size of the Steadfast Network, and its presence across several product segments and locations, Steadfast Network Brokers place a diversified book of premiums. Figures 3.1.2 and 3.1.3 below show the composition of premiums placed by product and by geography in FY12 by Steadfast Network Brokers that were members of the Steadfast Network in FY12.

Figure 3.1.2: FY12 GWP by product



| | |
|------------------------------------|-----|
| Business Pack & Business Financial | 20% |
| Motor | 16% |
| Commercial Property & ISR | 14% |
| Home & Contents | 9% |
| Liability | 9% |
| Professional Risks | 9% |
| Statutory Covers | 8% |
| Construction & Engineering | 4% |
| Rural & Farm | 4% |
| Accident & Health | 3% |
| Marine & Aviation | 3% |

Total GWP: \$3.7 billion

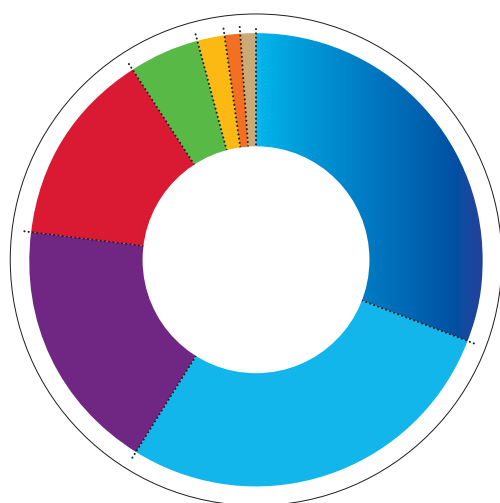
Source: Steadfast









¹ CAGR in placed GWP describes the rate at which GWP has grown between 2008 and 2012 as if GWP grew at a steady rate over that period (i.e. it does not describe the actual year on year increase in GWP, which has varied between years as depicted in Figure 3.1.1).

² Organic growth refers to the growth in Base Premium from those Steadfast Network Brokers who were part of the Steadfast Network throughout the period from FY08 to FY12.

3. Business overview, continued

Figure 3.1.3: FY12 GWP by geography¹



| | | |
|---|------------------------------|-----|
|  | New South Wales | 31% |
|  | Victoria | 28% |
|  | Western Australia | 18% |
|  | Queensland | 14% |
|  | South Australia | 5% |
|  | Tasmania | 2% |
|  | Australian Capital Territory | 1% |
|  | Northern Territory | 1% |

Total GWP: \$3.7 billion

Source: Steadfast

1. Geography is based on head office location of each Steadfast Equity Broker; a small number of Steadfast Network Brokers had overseas operations in FY12

3.1.2 Evolution of Steadfast's business

Initially established as a provider of support services to insurance brokers, Steadfast has over the years expanded its operations into other insurance broking-related businesses. Steadfast established an underwriting agency joint venture, Miramar, in 2005 and a premium funding joint venture, Macquarie Premium Funding, in 2007. Both joint ventures are 50% owned by Steadfast and, until last year, represented the only material investments Steadfast held in operations other than insurance broking support services.

3.1.3 Impact of the Restructure Proposal and Listing on Steadfast's business

Steadfast is currently owned by 279 Existing Broker Shareholders, each of whom hold 5 shares in the Company. In preparation for Listing, Steadfast is undertaking a restructure of its capital base and has entered into

agreements to acquire equity interests in a number of businesses (referred to as the Acquisitions). Some of these Acquisitions were completed prior to lodgement of the Prospectus (referred to as the Pre-IPO Acquisitions), and the balance will complete at or around the time of Listing (referred to as the IPO Acquisitions).

The Acquisitions will transform Steadfast from being a business that predominantly provides services to insurance brokers and earning M&A Fees from Strategic Partners, into a more diversified business that also has investments in a number of insurance brokers, underwriting agencies and ancillary businesses (refer to Section 3.3).

Following Listing, Steadfast will operate as both a broker cluster group for Steadfast Network Brokers and a consolidator group through its equity interest in Steadfast Equity Brokers.

Steadfast and its controlled entities will collectively employ more than 550 staff on a full-time or part-time basis. In addition, Steadfast estimates that there are more than 4,500 staff employed on a full or part-time basis by Steadfast Network Brokers.

3.1.4 Overview of the Acquisitions

The Pre-IPO Acquisitions comprise the acquisition by Steadfast (or a wholly owned subsidiary of Steadfast) of equity interests in four insurance broking businesses and one underwriting agency.

The IPO Acquisitions comprise the acquisition by Steadfast (or a wholly owned subsidiary of Steadfast) of equity interests in up to:

- 58 insurance broking businesses (which in all but four cases are insurance broking businesses with which Steadfast has a well-established relationship through their participation in the Steadfast Network) and an increase in its existing equity interest in one insurance broking business;
- two underwriting agencies, and an increase in its existing equity interest in one underwriting agency; and
- two ancillary businesses, which have operations consistent with Steadfast's business model and objectives.

All IPO Acquisition Agreements are subject to ASX granting Conditional Listing Approval (subject to customary terms and conditions for a listing which relates to the aggregation of businesses) and approval of the Board to proceed with Listing. The majority of IPO Acquisitions are intended to complete on or about Listing.

3.1.5 Acquisition criteria

The subset of the insurance broking businesses that are included in the Acquisitions was determined based on a number of factors, including considerations by the brokers (for example, their existing succession plans), as well as decisions by Steadfast based on its acquisition criteria,



which included factors such as profitability, business mix and product concentration. In evaluating the Acquisitions, Steadfast used a benchmark of a normalised EBITA margin, being a minimum of 27% of revenue from fees and commissions on a standalone basis.

Further detail in relation to the key terms of the IPO Acquisition Agreements is outlined in Section 9.2.

3.1.6 Impact of the Acquisitions

The IPO Acquisition Agreements contain obligations on the Vendors and conditions precedent to completion. In the unlikely event that Steadfast proceeds with Listing but does not complete all of the IPO Acquisitions, Steadfast would retain excess cash, without the full uplift in earnings anticipated from the income generated by the IPO Acquisitions. Steadfast will not proceed with the Offer unless it is able to achieve completion prior to Listing of

Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions (refer to Section 4.6.3 for a sensitivity analysis). In the unlikely event that this threshold is not reached, Steadfast intends to reconsider proceeding with an initial public offering and listing on ASX at a later time.

3.2 Business model

3.2.1 Business structure

Figure 3.2.1 summarises Steadfast's business structure following Listing, and distinguishes between its existing business (including the Pre-IPO Acquisitions) and the additional businesses in which Steadfast will have equity interests following the completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares.

Figure 3.2.1

| | Steadfast Equity Brokers | Steadfast Network | Steadfast Underwriting Agencies | Premium funding | Ancillary businesses |
|---------------------|--|--|---|--|---|
| Existing business | <ul style="list-style-type: none"> > Comprises equity interests in four insurance broking businesses acquired between November 2012 and April 2013 <ul style="list-style-type: none"> – Wagland Salter (100%) – DMA Insurance Brokers (100%) – Newmarket Insurance Brokers (100%) – Rothbury (179%) | <ul style="list-style-type: none"> > Receives M&A Fees from Strategic Partners, which are used to support the provision of services to approximately 280 Steadfast Network Brokers > These service include education and training, technical advice, brand and marketing support, information systems and other ongoing support services | <ul style="list-style-type: none"> > Comprises Steadfast's investments in underwriting agencies <ul style="list-style-type: none"> – Miramar (50%) – Sports Underwriting Australia (80%) | <ul style="list-style-type: none"> > Comprises Steadfast's 50% shareholding in Macquarie Premium Funding <ul style="list-style-type: none"> – Acquired Pacific Premium Funding in March 2013 | <ul style="list-style-type: none"> > None |
| IPO Acquisitions | <ul style="list-style-type: none"> > Acquisition at Listing of equity interests of between 25% and 100% in 58 insurance broking businesses > Increase in shareholding in Rothbury to 30% | <ul style="list-style-type: none"> > None | <ul style="list-style-type: none"> > Acquisition at Listing of equity interests of 39.5% and 100% in two underwriting agencies > Increase in shareholding in Miramar to 100% | <ul style="list-style-type: none"> > None | <ul style="list-style-type: none"> > Acquisition at Listing of equity interests in two support services businesses <ul style="list-style-type: none"> – White Outsourcing (87.5%) – Meridian Lawyers (25%) |
| Further Information | <ul style="list-style-type: none"> > Section 3.4 | <ul style="list-style-type: none"> > Section 3.5 | <ul style="list-style-type: none"> > Section 3.6 | <ul style="list-style-type: none"> > Section 3.7 | <ul style="list-style-type: none"> > Section 3.8 |

3. Business overview, continued

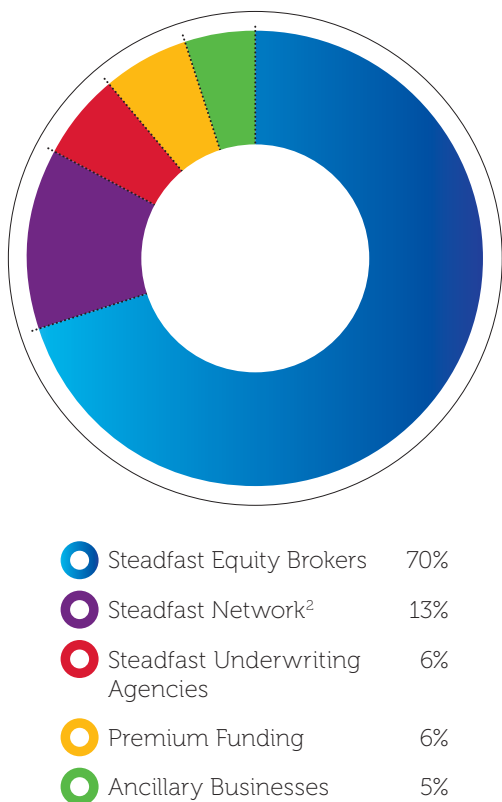
A summary of the legal entity structure supporting this business structure is set out in Section 10.3.

Following Listing, Steadfast will operate as both a broker cluster group for Steadfast Network Brokers and a consolidator group through its ownership interest in a number of independently managed insurance broking businesses (the Steadfast Equity Brokers).

Steadfast will continue to provide services to support insurance broking businesses within the Steadfast Network, with each Steadfast Network Broker entering into a Licence Agreement with Steadfast relating to the use of the Steadfast brand and commitment to provide services (refer to Section 3.5.4). Whilst the Steadfast Network will remain a core component of the Steadfast business model in the future, following the Listing, Steadfast will derive the majority of its revenue from the insurance broking activities undertaken by Steadfast Equity Brokers.

Figure 3.2.2 below provides a summary of the FY12 pro-forma revenue composition of Steadfast, adjusted for Steadfast's percentage ownership of underlying businesses.

Figure 3.2.2: FY12 pro-forma¹ revenue by line of business on a Proportionally Adjusted basis



Total revenue: \$193 million (Proportionally Adjusted)

Source: Steadfast

1. Based on the audited Statutory Historical Financial Statements after adjusting for certain pro forma transactions and/or other adjustments
2. Comprises M&A Fees received from Strategic Partners

For illustrative purposes, Steadfast has included certain charts in this Section 3 showing revenue and GWP composition on a FY12 pro-forma Proportionally Adjusted basis. The FY12 pro-forma view assumes Steadfast had completed the Acquisitions prior to the commencement of FY12 (for more detail on pro-forma information, refer to Section 4). Figures or amounts presented on a Proportionally Adjusted basis are determined by using the base metric (for example, GWP, revenue or EBITA) and multiplying it by Steadfast's proportionate ownership interest in the business in order to calculate Steadfast's effective interest.

3.2.2 Steadfast co-ownership model

The Steadfast co-ownership model supports the retention and alignment of key management personnel of the Acquisitions through ongoing equity participation.

The key principles of the Steadfast co-ownership model comprise:

- the ability of Co-Shareholders (where Steadfast is acquiring less than 100%) to retain day-to-day management, and in most cases control, of each of the businesses in which Steadfast makes an equity investment; the relationship between Steadfast and the Co-Shareholders will be governed by a Share and Unit Holders' Deed (refer to Section 9.1);
- the ability for Steadfast to monitor and manage the businesses through continuing regular collection of monthly data and assessment of this monthly data against performance benchmarks and pre-determined budgets;
- improving the efficiency of the businesses through utilising Steadfast's business performance team to review the performance and assist in determining strategies; Steadfast has commenced the development of a common back office platform, to develop a "best practice" IT and accounting system to drive further efficiencies;
- maintaining existing interactions between Steadfast and its brokers as afforded by membership of the Steadfast Network; and
- the potential to combine this business with the operations of another acquired business with a similar geographic or product focus (referred to as the Hub Strategy).

All of the IPO Acquisitions have in place existing management teams that will continue to be primarily responsible for ongoing day-to-day management of each individual business. For those businesses in which Steadfast has acquired (or will acquire on or about Listing) 100% ownership, Steadfast has either contracted with existing management to continue to operate the business or has plans to merge the business with another Steadfast Equity Broker, consistent with the Hub Strategy.

Key management personnel at each of the IPO Acquisitions have committed to employment contracts with restraint periods as part of the IPO Acquisition Agreements (refer to Section 9.2).



CASE STUDY:



Finn Foster¹

Originally established as a reinsurance brokerage in 1979, Finn Foster has helped businesses with their insurance needs for more than three decades. Finn Foster has expanded its operations over the years, providing general insurance products and wholesale broking to other insurance brokers, as well as offering niche products to affinity groups. Today, Finn Foster acts as an insurance broker, risk management consultant, financial services provider and claims management specialist, whilst still retaining its reinsurance broking capability. Finn Foster employs 33 dedicated insurance professionals in its premises in North Sydney.

In recent years, growth has been predominantly organic through development of specialist product offerings for various affinity groups, acquisition of new customers and expansion of services to existing customers, with fee and commission income increasing by around 7% in FY12 to \$6.5 million².

The average age of the current five principals of Finn Foster is 57 years.

Upon completion of the IPO, Finn Foster intends to combine its operations with that of Indemnity Corp, another sizeable broker based in Sydney. The combined business will benefit from a broader product offering supported by a capable and experienced management team. There will be a period of integration for the combined operations.

Steadfast is acquiring 49% of both Finn Foster and Indemnity Corp with the combination to take effect shortly afterwards. Indemnity Corp combined with Finn Foster would represent one of the ten largest IPO Acquisitions by contributed EBITA.

This case study was selected to provide background to a New South Wales broker creating a hub and managing succession issues in the business.

¹ This case study is not representative of all, or the average of, Steadfast Equity Brokers.

² Performance of Steadfast Equity Brokers is affected by the risk factors in Section 5, eg. see in particular Sections 5.2.1, 5.2.2, 5.2.4 and 5.2.6.

CASE STUDY:



National Credit Insurance Brokers¹

National Credit Insurance (Brokers) Pty Limited ("NCIB") is a specialist trade credit insurance broker originally established in Adelaide in 1985 which has now grown to include operations in Australia and New Zealand with over 125 staff. The current Managing Director, Kirk Cheesman (40), started with the business at 18 and took over the role in 2008 from Ian Box, one of the founders of the business who remains involved as a director. Trade credit insurance is a highly specialised area of insurance and, with over 25 years of experience, NCIB has developed a considerable depth of expertise, allowing it to establish a significant market presence².

The underlying focus of the business is on protecting the profitability of customers, and hence while trade credit insurance brokerage generates around 65% of NCIB's revenue, the remainder is derived from providing related value-add services to its customers such as credit risk management and commercial collections services, as well as premium funding and forensic information reports. NCIB's customer base ranges from SME to multi-national businesses. NCIB's central service hub remains in Adelaide, with business development and local service executives in each of the Australian state capitals, as well as in Wellington and Auckland.

NCIB acquired Trade Credit Bureau (based in New Zealand) in 2009 and Melbourne-based broker, Debtorinsure Brokers Pty Limited in 2011, while in 2012 it bought the assets of AMA Collection Services, a commercial collections business based in Adelaide, to expand its services in this sector. These acquisitions, along with further geographical spread, increase the diversification of revenue sources beyond the core Australian trade credit insurance market.

A unique offering from NCIB is its purpose built internet portal (NCINet), which provides a live time access point for customers to administer and review their policy. NCIB proactively supports customers in managing their credit risks by monitoring their debtors and providing adverse alerts on any risk changes. Customers have access to business data online to help them make informed choices in selecting the "right" customers to trade with, increasing their ability to grow sales as well as protecting their credit risks.

Steadfast is acquiring 100% of NCIB and it represents one of the top 5 IPO acquisitions.

This case study was selected as a specialised broker of which Steadfast is acquiring 100% and which shows geographical diversity (and exposure) and a narrower range of insurance product offerings than most brokers, but a range of related ancillary services. Growth through acquisition (and the consequential need to manage integration risks) is not characteristic of Steadfast Equity Brokers as a whole, which is disclosed in total in Table 4.3.1.

In addition NCIB has a different exposure profile to most brokers and broader jurisdictional exposure (including regulatory requirements).

¹ This case study is not representative of all, or the average of, Steadfast Equity Brokers.

² Performance of Steadfast Equity Brokers is affected by the risk factors in Section 5, eg. see in particular Sections 5.2.1, 5.2.2, 5.2.4 and 5.2.6.



3.3 Key strengths

This section provides an overview of the key strengths of Steadfast following the Listing. For key risks refer to Section 5.

3.3.1 Ownership interests in a diverse group of Steadfast Equity Brokers, with aggregate GWP of nearly \$1 billion in FY12

Following completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares, Steadfast will hold equity interests in a network of 62 insurance brokers operating in more than 100 locations across all major cities and key regional areas in Australia and New Zealand. These brokers collectively placed close to \$1 billion in GWP in FY12. Steadfast's ownership interests in these businesses will range from 25% to 100%, with key management personnel at each Steadfast Equity Broker holding the remaining equity interests in most of these businesses. The Steadfast co-ownership model supports the retention and alignment of key management personnel through ongoing equity participation.

3.3.2 Benefits of scale for Steadfast Network Brokers by being part of the largest insurance broker cluster group in Australia

The Steadfast Network is Australia's largest general insurance broking network, measured both by annual premiums placed and number of licensed brokers. Since its inception in 1996, Steadfast has built a service-driven, broker-centric culture supported by ongoing dialogue with the principals of Steadfast Network Brokers.

The scale of the Steadfast Network provides a highly attractive distribution channel, particularly in the SME customer segment, for general insurers, underwriting agencies and premium funders. This distribution capability is difficult to replicate, given the importance of customer relationships at the individual broker level. This distribution capability enables Steadfast to earn M&A Fees from Strategic Partners (refer to Section 3.5.3), which support the provision of services and benefits to Steadfast Network Brokers. These services, which include preferred policy wordings and access to technical training, in turn enhance the ability of individual insurance brokers to attract and retain customers and support the growth in premiums placed by Steadfast Network Brokers.

Steadfast will continue to focus on the provision of services to all Steadfast Network Brokers to sustain and grow the value of operating as a broker cluster network.

3.3.3 Attractive industry segment with stable earnings profile

Premium income in the Australian general insurance market has exhibited stable growth in recent years. In contrast to

general insurers and reinsurers, insurance brokers and underwriting agencies are not exposed to underwriting risk, which includes fluctuations in claims (for example, due to natural catastrophes) and investment returns. Insurance brokers and underwriting agencies generate income predominantly based on a percentage of premium and are not subject to underwriting risk.

The volume of GWP placed by Steadfast Network Brokers has grown steadily since the inception of the Steadfast Network, from a combination of an increase in the number and size of Steadfast Network Brokers. Their growth in turn has been driven by a combination of organic and acquisitive growth. The growth in volume of GWP placed has been sustained despite the significant volatility in claims costs and investment returns experienced generally by insurers and reinsurers during that period.

3.3.4 Significant organic growth opportunities from leveraging the scale and distribution of the Steadfast Network

The scale of the Steadfast Network, coupled with the valuable services provided to individual insurance brokers, assists Steadfast Network Brokers in growing their businesses and supports Steadfast in attracting new brokers to the network.

As part of its business model, Steadfast leverages the distribution capability of Steadfast Network Brokers in order to offer products from other businesses with which Steadfast has a relationship. This strategy has been successfully delivered through Macquarie Premium Funding and Miramar. Further expansion of this strategy may include Steadfast Life and additional product offerings from Steadfast Underwriting Agencies (refer to Section 3.6).

3.3.5 Growth by acquisitions

In addition to organic growth, Steadfast's highly valued relationships with Steadfast Network Brokers or other non-aligned brokers position it as the natural acquirer of further equity interests in Steadfast Network Brokers. Following completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares, Steadfast Equity Brokers will represent approximately 22% of Steadfast Network Brokers by number and approximately 27% of Steadfast Network Brokers by GWP for FY12, with the majority of the remaining Steadfast Network Brokers owned by the key management personnel of those brokers.

Over time, Steadfast may seek to undertake further acquisitions of equity interests in insurance broking and related businesses. Any potential acquisitions will be assessed on the basis of Steadfast's acquisition criteria outlined in Section 3.10.1.

3. Business overview, continued

CASE STUDY:



Regional Insurance Brokers¹

Regional Insurance Brokers ("Regional") was founded by Graham Parkinson in Mackay in 1981. Graham's son, Jared (40), was appointed managing director in 2005. Under Jared's stewardship, the business has grown to be one of the largest independently owned and operated insurance brokerages in Queensland.

Regional has 75 staff servicing 12,000 clients from its seven Queensland branches. Regional offers a range of retail, wholesale and niche products, primarily catering to customers in the SME segment. Regional has also diversified into providing life and financial planning solutions.

Regional has acquired 15 insurance brokerages and portfolios since 1981 and accordingly has developed significant expertise in the integration of insurance broking businesses and portfolios. Regional has consistently demonstrated its ability to significantly increase the revenue and earnings margin of these businesses, mainly through efficiencies in centralisation of back office and IT investment.

Regional has a consistent track record of delivering revenue growth by way of both acquisition and organic growth. In FY12, Regional generated fee and commission of \$11.1 million².

Steadfast is acquiring 90% of the parent entity which (with minority shareholders at a subsidiary level) represents approximately 74% of the Regional Group's EBITA. This represents the largest of the IPO acquisitions. Under a scrip for scrip offer to minority shareholders of Regional Insurance Brokers' controlled entities, the Steadfast shareholding in the parent entity may reduce to approximately 74%.

This case study was selected to provide background to a large Queensland Steadfast Equity Broker that has experience in growth through acquisition and that is also managing generational change and showing the benefits of increased scale and back office efficiency. Growth through acquisition (and the consequential need to manage integration risks) is not characteristic of Steadfast Equity Brokers as a whole, which is disclosed in total in Table 4.3.1.

¹ This case study is not representative of all, or the average of, Steadfast Equity Brokers.

² Performance of Steadfast Equity Brokers is affected by the risk factors in Section 5, eg. see in particular Sections 5.2.1, 5.2.2, 5.2.4 and 5.2.6.



CASE STUDY:



GWS Network Insurance Brokers¹

Founded in 1995 by Graham Spooner, GWS Network Insurance Brokers ("GWS") is a general insurance broking business based in Melbourne. Today, the business employs 17 experienced and dedicated staff (average tenure of eight years) servicing more than 4,000 customers nationwide.

In 2004, Graham was joined by Cameron Bott (42) as co-proprietor of the business, facilitating succession planning for the business, and enabling Cameron to transition into the business as a majority shareholder. Under Cameron's stewardship, GWS has grown considerably through acquisition and through organic means. Significant scale was achieved by way of the 2010 acquisition of Network Insurance Brokers ("NIB"). NIB has been successfully integrated into GWS, with the combined businesses complementing each other to deliver an expanded customer service offering.

GWS has strong experience in developing innovative schemes that provide tailored risk solutions for specific industry niches and occupations; for example, offering specialist cover to post offices and mail contractors, and providing specialist cover for customers in the alpine industry.

GWS generated fee and commission of \$4.1 million in FY12². This growth has been significantly affected by acquisitions in 2011 which can be differentiated from the period of organic growth prior to 2011.

Steadfast is acquiring 80% of GWS and it represents one of the ten largest IPO Acquisitions by contributed EBITA.

This case study was selected to provide background to a broker in Victoria that has integrated a similar sized acquisition. Growth through acquisition is not characteristic of Steadfast Equity Brokers as a whole, which is disclosed in total in Table 4.3.1.

¹ This case study is not representative of all, or the average of, Steadfast Equity Brokers.

² Performance of Steadfast Equity Brokers is affected by the risk factors in Section 5, eg. see in particular Sections 5.2.1, 5.2.2, 5.2.4 and 5.2.6.

3. Business overview, continued

3.3.6 Ability to realise synergies through business combinations and implementation of back office strategy

Consistent with the Steadfast co-ownership model and as part of the Hub Strategy (refer to Section 3.2.2), Steadfast will seek to combine the operations of certain Steadfast Equity Brokers over time, with the objective of enhancing the scale and negotiating capabilities of individual brokers. Steadfast expects this strategy to deliver revenue synergies through the enhancement of relationships with product providers and cost synergies from increased efficiencies.

In addition, as part of the continued focus on the provision of services to the Steadfast Network, Steadfast is currently working with White Outsourcing and other service partners to develop a common back office capability to increase efficiencies and reduce the operating costs of Steadfast Network Brokers and Steadfast Underwriting Agencies.

3.3.7 Experienced Board and management team with a proven industry track record

The Directors and senior management have a broad range of skills and commercial experience. Each of the Non-Executive Directors has at least 30 years experience in the financial services sector, and most have prior experience in the insurance industry. The senior management team is led by the Managing Director & CEO, Robert Kelly, who is the co-founder of Steadfast and has over 44 years experience in the general insurance and insurance broking industries. The senior management team has extensive corporate experience across the fields of general insurance, insurance broking, professional services and financial management.

For further information refer to Section 6.

3.4 Steadfast Equity Brokers

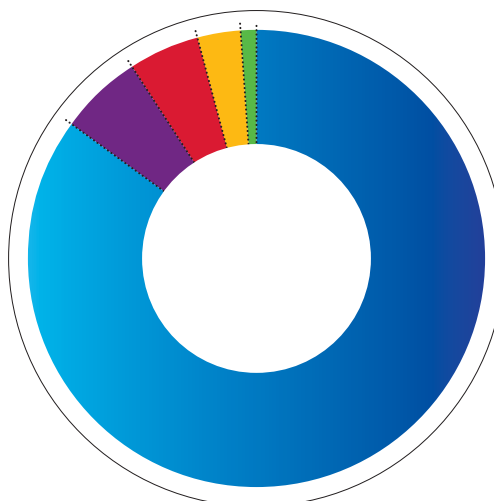
3.4.1 Overview






Consistent with the revenue model for the insurance broking industry outlined in Section 2.3.3, Steadfast Equity Brokers derive a majority of their income from fees and commissions. The majority of fees and commissions are received from Strategic Partners for the sale of insurance policies and premium funding products.

In addition to insurance broking services, certain Steadfast Equity Brokers also provide services to customers in areas such as life insurance broking, accounting and financial planning. In the case of all but one Steadfast Equity Broker, general insurance broking accounts for a majority of the revenue generated by the broking business.

Figure 3.4.1 below provides a summary of the key sources of revenue for Steadfast Equity Brokers in FY12 on a pro-forma Proportionally Adjusted basis.

Figure 3.4.1: FY12 pro-forma¹ revenue of Steadfast Equity Brokers on a Proportionally Adjusted basis



| | | |
|---|---|-----|
|  | Fee & Commission (insurance broking) | 85% |
|  | Fee Income ² (non-insurance broking) | 6% |
|  | Other Income ³ | 5% |
|  | Interest ⁴ | 3% |
|  | M&A Rebates | 1% |

Total revenue: \$136 million (Proportionally Adjusted)

Source: Steadfast

- 1 Based on the audited Statutory Historical Financial Statements after adjusting for certain pro forma transactions and/or other adjustments
- 2 Fee income from non-insurance broking activities includes fees charged for the provision of financial advice and other professional services
- 3 Other income comprises income from dividends, profit share, rent and other sources
- 4 Interest revenue includes interest earned on funds held in insurance broking accounts and interest on working capital and excess cash held within each Steadfast Equity Broker



3.4.2 Acquisitions of Steadfast Equity Brokers

As at the date of this Prospectus, Steadfast has investments (ranging from 17.9% to 100%) in four insurance broking businesses. All of these equity interests were acquired as part of the Pre-IPO Acquisitions. Appendix C Part A.1 contains a list of the Pre-IPO Acquisitions of Steadfast Equity Brokers.

As noted in Section 3.1.4, Steadfast has contracted to acquire equity interests of between 25% and 100% in 58 insurance broking businesses, and increase its current shareholding in Rothbury from 17.9% to 30%. Following completion of these Acquisitions, Steadfast will continue to provide services to the largest insurance broking network in Australia, whilst deriving additional income from its investments in Steadfast Equity Brokers.

For the majority of Steadfast Equity Brokers, Steadfast will own the business in partnership with the Co-Shareholders and will manage these businesses on a basis consistent with the Steadfast co-ownership model (refer to Section 3.2.2).

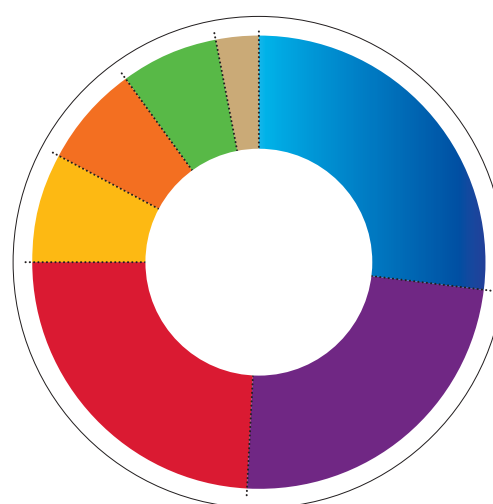
3.4.3 Premium and earnings composition








Collectively, Steadfast Equity Brokers in aggregate placed close to \$1 billion in GWP in FY12. On a pro-forma Proportionally Adjusted basis, which assumes Steadfast completed the Acquisitions at the commencement of FY12 and adjusts for Steadfast's effective ownership interest in each of the businesses, Steadfast Equity Brokers effectively placed \$585 million in GWP.

Steadfast Equity Brokers have more than 100 offices across all Australian states and territories, as well as in New Zealand.

Reflective of the broad geographic footprint of Steadfast Equity Brokers, the composition of GWP by state is highly diversified, as indicated in Figure 3.4.2.

Figure 3.4.2: FY12 pro-forma¹ GWP by geography² for Steadfast Equity Brokers on a Proportionally Adjusted basis



| | | |
|---|-------------------|-----|
|  | New South Wales | 27% |
|  | Victoria | 24% |
|  | Queensland | 24% |
|  | Western Australia | 8% |
|  | South Australia | 7% |
|  | Tasmania | 7% |
|  | New Zealand | 3% |

Total GWP: \$585 million (Proportionally Adjusted)

Source: Steadfast

1 Based on the audited Statutory Historical Financial Statements after adjusting for certain pro forma transactions and/or other adjustments

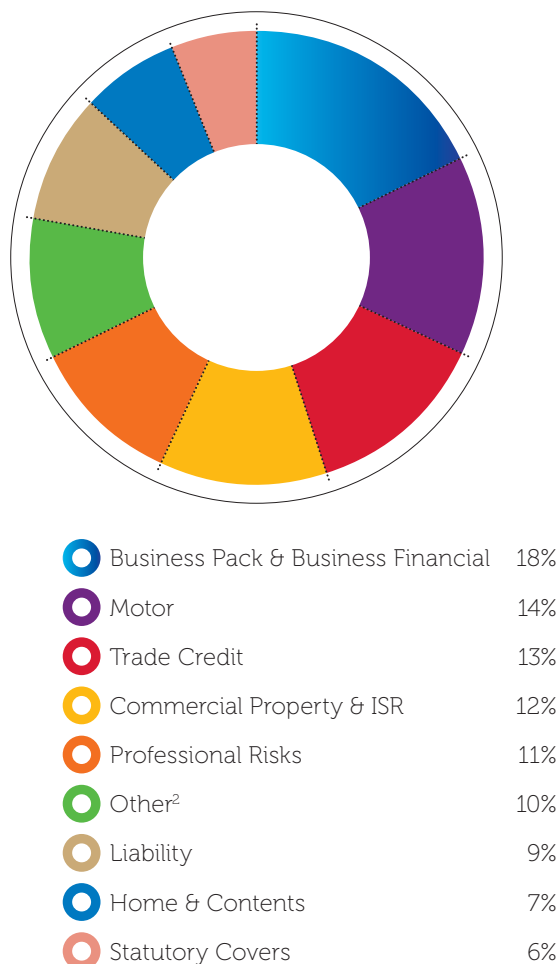
2 Geography is based on head office location of each Steadfast Equity Broker

In addition to having a geographically diverse business, the GWP placed by Steadfast Equity Brokers is also highly diversified by product. Commercial insurance policies such as business interruption insurance account for the largest share of premiums, reflective of the SME customer segment being the primary target market for a majority of Steadfast Equity Brokers.

3. Business overview, continued

Figure 3.4.3 below shows the composition of GWP placed by Steadfast Equity Brokers by product.

Figure 3.4.3: FY12 pro-forma¹ GWP by product for Steadfast Equity Brokers on a Proportionally Adjusted basis



Total GWP: \$585 million (Proportionally Adjusted)

Source: Steadfast

¹ Based on the audited Statutory Historical Financial Statements after adjusting for certain pro forma transactions and/or other adjustments

² Other includes marine & aviation and accident & health

Table 3.4.1 below provides a summary of the Steadfast Equity Brokers based on Steadfast's ownership interest in each of the businesses on completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares on or about Listing, as well as key financial metrics for FY12 on a pro-forma basis.

Table 3.4.1: Steadfast Equity Brokers by ownership

| Steadfast ownership | Number of brokers | Pro-forma FY12 EBITA – Proportionally Adjusted (\$ basis million) | Pro-forma FY12 GWP – total placed (\$ million) | Pro-forma FY12 GWP – Proportionally Adjusted basis (\$ million) |
|---------------------|-------------------|---|--|---|
| 25-50% | 39 | 15.0 | 600.1 | 249.6 |
| 51-74% | 3 | 2.6 | 52.0 | 34.7 |
| 75-99% | 7 | 10.8 | 133.2 | 104.0 |
| 100% | 13 | 11.1 | 197.1 | 197.1 |
| Total | 62 | 39.5 | 982.4 | 585.4 |

Source: Steadfast.

As shown in Table 3.4.2 below, the five largest Steadfast Equity Brokers by EBITA contribution collectively contributed approximately 38% or \$15.1 million in pro-forma FY12 EBITA attributable to Steadfast Equity Brokers.

Table 3.4.2: Steadfast Equity Brokers by contribution to FY12 pro-forma EBITA

| Broker ranking by FY12 EBITA contribution | Pro-forma FY12 EBITA – Proportionally Adjusted basis (\$ million) | Pro-forma FY12 GWP – total placed (\$ million) | Pro-forma FY12 GWP – Proportionally Adjusted basis (\$ million) |
|---|---|--|---|
| 1-5 | 15.1 | 213.7 | 180.5 |
| 6-10 | 5.4 | 182.0 | 80.7 |
| 11-20 | 7.0 | 187.8 | 117.8 |
| 20-40 | 8.7 | 239.6 | 141.4 |
| 40-62 | 3.3 | 159.3 | 65.1 |
| Total | 39.5 | 982.4 | 585.4 |

Source: Steadfast.



CASE STUDY:



Rothbury Group¹

Since its founding in 1950, Auckland-based Rothbury Group ("Rothbury") has grown to become New Zealand's fourth largest general insurance broker. Today, Rothbury has almost 200 staff servicing 50,000 clients from 15 locations across New Zealand, stretching from Whangarei in the North to Invercargill in the South.

Rothbury's primary focus is the delivery of a broad range of commercial insurance solutions to small, medium and large enterprises. Rothbury's key activities encompass its core insurance broking division, several underwriting agencies (that cater to niche motor insurance products) and a competitive in-house premium funding capability. Rothbury also provides life insurance, disability insurance, income protection, Kiwi Saver (superannuation) and investment product advice from a number of its branches.

Rothbury has a proven track record of consistently delivering growth in fee and commission. Since 2009 this growth has been generated both by organic growth and by bolt-on mergers and partnerships with other local insurance broking businesses. The contributions of growth by organic and acquisition means are approximately equal for this period. As a result of these mergers and partnerships, Rothbury has developed significant expertise in the integration of businesses and managing the risks involved.

For the 12 months ended 31 March 2013, Rothbury generated total income of NZ\$35 million (\$28 million), of which NZ\$29 million (\$23 million) was fee and commission². While Rothbury has a pattern of acquisitions since 2009, there is no assurance that it will continue to grow by acquisition and a focus on organic growth only may be expected to produce less growth.

Rothbury is joining the Steadfast Network, providing Steadfast with exposure to the New Zealand market for the first time. Rothbury and Steadfast have agreed to jointly consider any future acquisitions in New Zealand.

The average age of the current four principals is 56 years.

Steadfast acquired 17.9% of Rothbury on 17 April 2013 and on Listing will acquire a further 12.2% and Rothbury represents one of the ten largest IPO Acquisitions by contributed EBITA.

This case study was selected to indicate Steadfast's expansion into the New Zealand market through the investment in a non Steadfast Network Broker and of a business managing succession issues. The growth of Rothbury is not characteristic of Steadfast Equity Brokers as a whole, which is disclosed in total in Table 4.3.1.

As an acquisition of a non Steadfast broker, Steadfast is more heavily reliant on its due diligence enquiries for this acquisition both in terms of Rothbury and the New Zealand market.

1 This case study is not representative of all, or the average of, Steadfast Equity Brokers.

2 Performance of Steadfast Equity Brokers is affected by the risk factors in Section 5, eg. see in particular Sections 5.2.1, 5.2.2, 5.2.4 and 5.2.6.

3. Business overview, continued

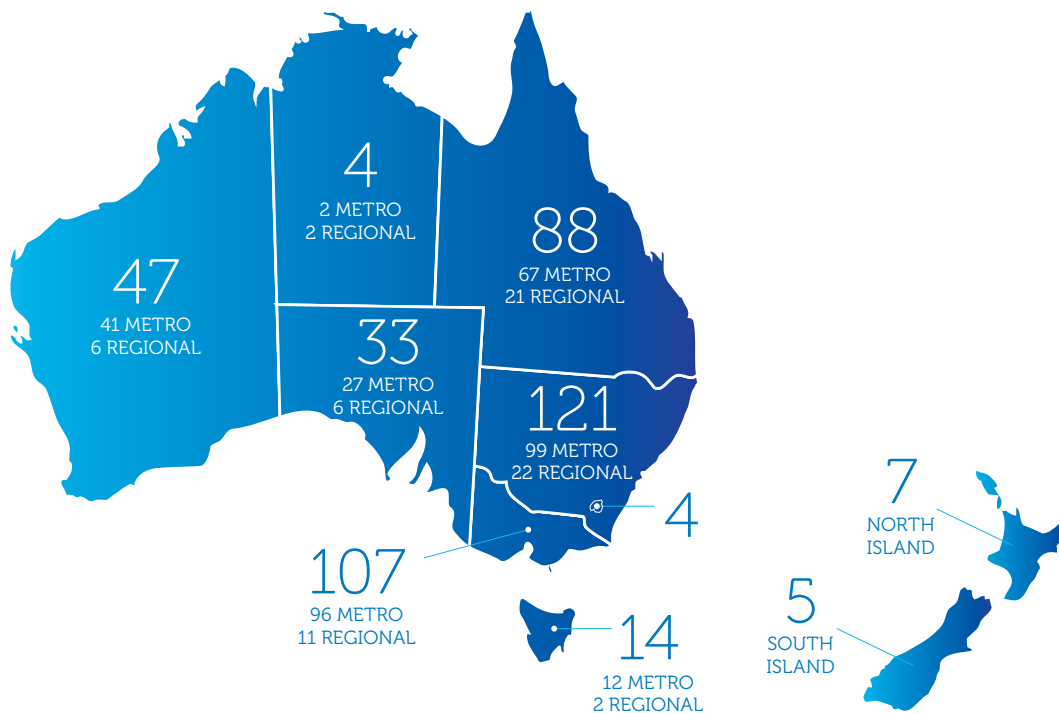
3.5 Steadfast Network

3.5.1 Overview

The Steadfast Network comprises approximately 280 insurance broking businesses located throughout Australia and New Zealand. As noted in Section 2.1, these broking businesses are referred to as Steadfast Network Brokers, with Steadfast Equity Brokers being a subset of Steadfast Network Brokers.

The diagram below summarises the locations of the offices of Steadfast Network Brokers across Australia and New Zealand.

Figure 3.5.1



Source: Steadfast

As noted in Section 3.2, Steadfast provides a broad range of services to Steadfast Network Brokers which include:

- acting as a collective buying group in dealing with Strategic Partners; and
- the provision of education and training, technical advice, brand and marketing support, information systems and other ongoing support services.

These services are provided by an experienced group of employees located in the corporate office in Sydney and form part of the key benefits to insurance brokers of being part of the Steadfast Network.

As noted in Section 2.3.3, as a collective buying group, Steadfast earns M&A Fees from Strategic Partners (refer to Section 3.5.3). M&A Fees are determined by negotiation between Steadfast and the Strategic Partner, and are typically documented, along with the other key terms of the relationship, in a Strategic Partner Agreement (refer to Section 9.3). Steadfast collects 100% of the M&A Fees and then determines a discretionary amount which is rebated back to Steadfast Network Brokers.



3.5.2 Benefits of the Steadfast Network

Table 3.5.1 below provides a summary of the key benefits to insurance brokers of being part of the Steadfast Network.

Table 3.5.1: Summary of key benefits to insurance brokers of the Steadfast Network

| Benefit to broker | Summary |
|---|---|
| Ability to remain independently owned and operated | <ul style="list-style-type: none"> Ability to remain independently owned and operated (if they wish), while at the same time accessing the support and collective scale benefits of a national broking network. |
| Collective negotiating | <ul style="list-style-type: none"> Steadfast negotiates with insurers, underwriting agencies and premium funders on behalf of the Steadfast Network. As a result, Steadfast Network Brokers are able to offer products with pricing and terms more favourable than could be achieved by the brokers negotiating individually. Steadfast Network Brokers have the benefit of Steadfast-negotiated policy wordings, which provide access to policies that offer coverage that is broader than the standard product offerings of the major insurers and underwriting agencies. |
| Steadfast Virtual Underwriter ("SVU") | <ul style="list-style-type: none"> SVU is a web-based platform for processing insurance policies. SVU enables Steadfast Network Brokers to obtain multiple, detailed quotes from a variety of insurers, with only one data input, as well as place and maintain policy contracts. |
| Erato Program | <ul style="list-style-type: none"> Access to the Erato Program, a professional indemnity program and error rectification service, which provides coverage for errors and omissions by Steadfast Network Brokers. |
| Steadfast Triage | <ul style="list-style-type: none"> Access to centralised support services for managing critical customer issues including resolution of disputes involving customers, insurers and other brokers (for example, a dispute with an insurer on the extent of claims coverage). |
| Networking and industry events | <ul style="list-style-type: none"> Regular networking and industry events, including the annual Steadfast Convention and quarterly meetings. |
| Other services | <ul style="list-style-type: none"> Range of support services including training programs and telephone-based support in areas such as contractual liability, human resources, legal and technical advice. |

3.5.3 Strategic Partners

The Steadfast Network relies on the established relationships between Steadfast and its Strategic Partners, which act as suppliers of products to Steadfast Network Brokers and include insurers, underwriting agencies and premium funders.

Steadfast provides its Strategic Partners with:

- a single point of contact for insurers and underwriting agencies in negotiating the distribution of products, policy wording and commission rates;
- access to the largest insurance broking network in Australia, making it an attractive channel for the distribution of insurance and premium funding products catering to the SME and corporate customer segments; and
- access for global insurers to brokers and distribution in the Australian general insurance market, and the ability to provide insights into customer needs specific to market segments and geographies.

The relationship between Steadfast and each of its Strategic Partners is typically governed by the terms of a Strategic Partner Agreement between the two parties. Strategic Partner Agreements formalise the Steadfast preferred product range as well as the percentage-based M&A Fee paid to Steadfast by each Strategic Partner, which is typically 1.0% of Base Premium for insurers and underwriting agencies and 0.5% of premiums funded for premium funders. Subject to the terms of the individual agreement, parties may terminate the Strategic Partner Agreement with 30 to 90 days' notice.

Steadfast has entered into Strategic Partner Agreements with insurers and underwriting agencies that collectively account for 88% of M&A Fees earned from insurance policies placed through Steadfast Network Brokers in FY12. Additionally, Steadfast has also entered into agreements with premium funders that collectively account for 100% of M&A Fees earned from premium funding products placed through Steadfast Network Brokers in FY12. A summary of the key terms of the Strategic Partner Agreements is contained in Section 9.3.

3. Business overview, continued

Steadfast has relationships with a limited number of product partners that are not formally documented in Strategic Partner Agreements. These relationships have been in place for a number of years and operate on a basis generally consistent with the documented agreements. Collectively, product partners with which Steadfast does not have a documented Strategic Partner Agreement account for 12% of total M&A Fees in FY12, with the single largest product partner in this category accounting for approximately 3.2% of M&A Fees in FY12.

All Steadfast Underwriting Agencies are also Strategic Partners of Steadfast.

3.5.4 Licence Agreements, Rebates and other entitlements

Steadfast Network Brokers receive, from time to time, payments from Steadfast that are referred to as a Rebate. The payment of a Rebate, and the amount of any Rebate, is entirely at the discretion of Steadfast. The amount of any Rebate is a percentage of the M&A Fee that is derived from the Base Premium placed by Steadfast Network Brokers on specified products issued by Strategic Partners for the period to which the Rebate relates.

Prior to the Acquisitions, Steadfast Network Brokers were required (with one exception) to be a Shareholder in order to utilise certain support services offered by Steadfast and to be eligible to receive a Rebate. Steadfast is transitioning its ongoing relationship with Steadfast Network Brokers by entering into a Licence Agreement with each Steadfast Network Broker. This will replace the existing membership-based relationship with those brokers, including the existing discretionary Rebate arrangements.

The Licence Agreement covers key aspects of the relationship between each Steadfast Network Broker and Steadfast. These include:

- the payment of a Rebate by Steadfast; the amount of any Rebate will continue to be at the discretion of Steadfast; however, it is anticipated that the level of Rebate will be lower than in recent years;
- the entitlement to use the trademarks and other intellectual property of Steadfast;
- the provision of services by Steadfast, such as group insurance and purchasing arrangements and access to compliance and business systems and tools;
- termination rights in favour of Steadfast on the occurrence of certain termination events; and
- mutual rights to terminate the Licence Agreements at any time by 60 days' written notice to the other party.

New brokers entering the Steadfast Network in the future will be required to enter into a Licence Agreement. A similar

arrangement is currently in place with one Australian insurance broker that is not a Shareholder. The Licence Agreement will not contain a term that requires the contracting party to be or remain a Shareholder.

For a summary of the key terms of the Licence Agreement, refer to Section 9.4.

3.5.5 Steadfast Virtual Underwriter ("SVU")

Steadfast has expended approximately \$7.6 million over a five year period (from FY08 to FY12) in the research, development and operations of its electronic insurance policy exchange platform called the Steadfast Virtual Underwriter ("SVU"). SVU enables Steadfast Network Brokers to quote and place insurance policy contracts with insurers. SVU delivers efficiency through its ability to use the same input data to obtain multiple, detailed quotes from a variety of Strategic Partner Insurers.

For each quote entered into the system, the SVU platform provides Steadfast Network Brokers with a detailed policy presentation with pricing structures and a comparison between alternative insurers and their products. The presentation includes features and benefits to help brokers assess the suitability of different insurers and their products.

SVU is presently used by approximately 70% of Steadfast Network Brokers.

SVU currently represents the largest component of technology expenditure by Steadfast on an ongoing basis. The cost of developing and maintaining SVU is funded through the M&A Fees collected by Steadfast.

3.5.6 Erato Program

Steadfast offers access to professional indemnity cover to Steadfast Network Brokers for errors and omissions arising out of their insurance broking operations provided they meet strict underwriting criteria. The program provides cover of \$100 million for any one event and \$214 million in aggregate, with one automatic reinstatement per annum. The Erato Program is underwritten by a panel of APRA-authorized general insurers. One of the key benefits of the Erato Program is that it provides Steadfast Network Brokers with access to a higher level of professional indemnity coverage than would be the case had the broker purchased cover individually.

Under the terms of the Erato Program, Steadfast is entitled to receive a Claims Experience Benefit payment where claims in a policy year have been less than a specified threshold. The policy includes a process for a declaration of finalisation of claims prior to the payment of the Claims Experience Benefit. The entitlement of Steadfast to the Claims Experience Benefit has been documented in each annual Erato Program policy arranged since FY05¹.

¹ The policy for FY14 is currently being negotiated and the Claims Experience Benefit may be replaced by a similar profit share arrangement between the insurers and Steadfast. The terms of this profit share arrangement have not yet been agreed, but Steadfast understands that the potential financial outcome of the arrangement will be the same for Steadfast as that which applies under the Claims Experience Benefit.



CASE STUDY:

Brecknock

Insurance Brokers

Brecknock Insurance Brokers¹

Established in 1969, Brecknock Insurance Brokers ("Brecknock") has grown into a significant South Australian broker.

Brecknock's customer base encompasses a range of businesses spanning from sole traders to large corporations. Brecknock continues to serve many of its original customers, some of whom it has been working with since 1969 and, in some cases, working with three generations of management teams.

Having grown the business in South Australia over several decades, Brecknock undertook a major expansion in 2006, with the opening of an office in Melbourne. Today Brecknock employs 49 dedicated insurance professionals between its two offices. Since 2006, Brecknock's focus has been on growing the business through organic means with the brokerage generating fee and commission of \$7.0 million in FY12, of which a third was generated by Victorian operation².

Brecknock's effective service-based approach and significant investment in technology and training have allowed it to compete effectively against larger brokers and stay at the forefront of the insurance broking industry.

The average age of the current five principals is 47 years.

Steadfast is acquiring 72.5% of Brecknock and it represents one of the five largest IPO Acquisitions by contributed EBITA.

This case study was selected to provide background to a Steadfast Equity Broker with a strong regional presence in South Australia and expansion into Victoria and organic growth rather than growth by acquisition. Brecknock demonstrates some of the benefits of geographical presence, but this growth would not be typical of smaller brokers.

¹ This case study is not representative of all, or the average of, Steadfast Equity Brokers.

² Performance of Steadfast Equity Brokers is affected by the risk factors in Section 5, eg. see in particular Sections 5.2.1, 5.2.2, 5.2.4 and 5.2.6.

3. Business overview, continued

The Claims Experience Benefit is subject to clawback in subsequent years under an indemnity from Steadfast in favour of the insurers should any notified and closed claims be reopened and claims payments made. Refer to Section 5.2.12 for the risk to Steadfast's future financial performance from any clawback of a Claims Experience Benefit.

3.5.7 Marketing

Steadfast's marketing function is responsible for the provision of marketing support to Steadfast Network Brokers, including promotional material, marketing collateral and brand awareness.

Steadfast recently conducted an awareness campaign designed to promote the Steadfast brand and the Steadfast Network. Key features of the campaign included:

- a refreshed logo and brand identity;
- an improved public website, creating a centralised online channel to drive business to brokers in the Steadfast Network;
- interactive multimedia materials, including online videos and information;
- support for brokers seeking to refresh their own business websites; and
- a media strategy including television, print, outdoor and digital.

The advertising campaign was targeted predominantly at the SME customer segment and involved the use of case studies of where Steadfast Network Brokers had assisted customers in the past.

3.6 Steadfast Underwriting Agencies

3.6.1 Overview

Following Listing, Steadfast will hold equity interests in four underwriting agencies, collectively referred to as Steadfast Underwriting Agencies. Underwriting agencies act as agents on behalf of general insurers, providing product expertise, claims management and distribution for specialised insurance policies (refer to Section 2.4).

Steadfast entered the underwriting agency market in 2005 with the establishment of Miramar, an underwriting joint venture in which Steadfast holds a 50% equity interest, and intends to increase its equity interest to 100% at Listing. Steadfast also holds an 80% ownership interest in another underwriting agency, Sports Underwriting. As part of the IPO Acquisitions, Steadfast has agreed to acquire equity interests in an additional two underwriting agencies.

The four Steadfast Underwriting Agencies collectively have seven offices located throughout Australia.

As noted in Section 2.4.2, key income streams for underwriting agencies (including the Steadfast Underwriting Agencies) are typically a combination of some or all of the following:

- commissions from the insurer that underwrites the policies;
- additional payments based on the level of profitability of the policies written by the underwriting agency on behalf of the insurer;
- policy fees for each policy sold;
- interest earned on funds held on behalf of underwriters; and
- claims management fees, where the agency manages claims directly on behalf of insurers.

3.6.2 Premium composition

Steadfast Underwriting Agencies in aggregate placed more than \$120 million in GWP in FY12 on a pro-forma basis, which assumes Steadfast has owned the Steadfast Underwriting Agencies since the commencement of FY12. On a pro-forma Proportionally Adjusted basis, which adjusts the pro-forma financial information for Steadfast's underlying ownership interest in each of the businesses, Steadfast Underwriting Agencies placed approximately \$100 million in GWP in FY12, as noted in Figure 3.6.1.

Figure 3.6.2: FY12 pro-forma¹ GWP by product for Steadfast Underwriting Agencies on a Proportionally Adjusted basis



Total GWP: \$100 million (Proportionally Adjusted)

Source: Steadfast

¹ Based on the audited statutory historical financial statements after adjusting for certain pro forma transactions and/or other adjustments



3.7 Premium funding

3.7.1 Overview

Steadfast offers premium funding products (refer to Section 2.5) to Steadfast Network Brokers from a number of Strategic Partners. Additionally, Steadfast also holds a 50% equity interest in one of these Strategic Partners, Macquarie Premium Funding, with the other 50% held by Macquarie Bank.

Macquarie Premium Funding has grown to become one of the largest premium funders in Australia.

Macquarie Premium Funding, through its own sales team, originates and refers premium funding loan opportunities to Macquarie Bank. Macquarie Premium Funding utilises the respective networks of Steadfast and Macquarie Bank in order to originate these loans, and also offers products through insurance brokers outside the Steadfast Network.

In FY12, Macquarie Premium Funding arranged just under \$900 million in premium funding for policyholders. Steadfast Network Brokers accounted for approximately \$600 million of total premiums funded by Macquarie Premium Funding in FY12.

3.7.2 Revenue model

Macquarie Bank pays Macquarie Premium Funding an origination fee based on each loan's interest income, cost of funding, establishment fee and servicing cost. The origination fee is paid to Macquarie Premium Funding over the life of each loan. Macquarie Bank is responsible for the underwriting, funding and servicing of the loan portfolio. Any loan losses incurred by Macquarie Bank in relation to premium funding originated through Macquarie Premium Funding are deducted from the origination fees paid to Macquarie Premium Funding.

The interest rate on a premium funding product is determined with reference to the size of the loan and the risk profile of the customer. Smaller sized loans and customers with a higher risk profile typically incur a higher interest rate on their financing.

Macquarie Premium Funding is responsible for paying commissions to the brokers that originate the sale of its premium funding products, and also pays an override commission (in the form of an M&A Fee) to certain broker cluster groups such as Steadfast.

3.7.3 Acquisition of Pacific Premium Funding

Macquarie Premium Funding completed the acquisition of the Pacific Premium Funding business in March 2013. At the time of the acquisition, Pacific Premium Funding was one of the largest premium funders in the Australian market. In addition to distributing premium funding products to Steadfast Network Brokers, Pacific Premium Funding also distributes its products through insurance brokers outside the Steadfast Network.

3.8 Ancillary businesses

In addition to the support services currently offered to Steadfast Network Brokers, Steadfast is seeking to expand its service offering through the acquisition of equity interests of between 25% and 87.5% in two additional services businesses on or about Listing. These acquisitions are designed to enhance the capabilities and product offerings that Steadfast is able to offer Steadfast Network Brokers in areas such as back office and legal services (including claims assessment and management).

3.8.1 White Outsourcing

Steadfast has entered into an IPO Acquisition Agreement to acquire an equity interest of 87.5% in White Outsourcing. All White Outsourcing shareholders that have agreed to sell their shareholding to Steadfast have elected to receive part or all of their consideration in the form of Shares. Interests associated with Steadfast's CFO currently own approximately 8.4% of White Outsourcing and have contracted to sell their shares to Steadfast. Refer to Section 6.3.5 for details relating to the 12.5% equity interest in White Outsourcing which will continue to be held by interests associated with Steadfast's COO after the Listing.

Established in 1996, White Outsourcing is a provider of back office administration and accounting services for asset management companies and other financial services providers. The back office service capability of White Outsourcing encompasses the provision of full middle and back office services, including trade matching and trade processing, custody reconciliations, portfolio valuation and performance reporting. White Outsourcing provides back office services supporting approximately \$20 billion in funds under administration as at 30 June 2012 and approximately \$27.9 billion in funds under administration as at 31 December 2012. White Outsourcing also provides accounting services encompassing the provision of statutory and management accounting, unit trust reporting and pricing, and is a provider of registry and corporate secretarial services in relation to wholesale and retail unit trusts. It generated EBITA of approximately \$1.5 million for FY12.

Key management personnel at White Outsourcing have developed expertise in the provision of outsourced services to financial services providers, including the automation of processes and reconciliations to drive efficiencies and increase control over accuracy. Steadfast intends to utilise the expertise of White Outsourcing to develop back office functions for Steadfast Equity Brokers and Steadfast Underwriting Agencies. In addition to supporting the expansion of outsourced services to insurance distributors, Steadfast expects to organically grow and develop the existing business of White Outsourcing.

3. Business overview, continued

3.8.2 Meridian Lawyers

Steadfast has entered into an IPO Acquisition Agreement to acquire an equity interest of 25% in Meridian Lawyers.

Established in 2004, Meridian Lawyers provides legal services to local and overseas insurers, professional member associations and a number of SME customers. It generated total EBITA of approximately \$1.3 million for FY12.

Meridian Lawyers has developed expertise in the provision of legal services to industry-specific insurance schemes. The rationale for the Meridian Lawyers investment is to provide a product partner for Steadfast Network Brokers and Steadfast Underwriting Agencies, in order to broaden their service offering to customers.

Guild Group is currently the major shareholder of Meridian Lawyers and will retain an equity interest of 56.5% in the business at Listing. Guild Insurance Limited, a subsidiary of Guild Group, is also the largest customer of Meridian Lawyers, and accounted for approximately 70% of total revenue generated in FY12.

3.9 Compliance, processes and systems

3.9.1 Licensing requirements for AFSL holders

Steadfast, Steadfast Network Brokers in Australia and Steadfast Underwriting Agencies that have a business in Australia, hold or operate under an AFSL issued by ASIC. Under the Corporations Act, an individual or a company must hold an AFSL in order to conduct an insurance broking business or underwriting agency, unless exempt. Compliance with the obligations of an AFSL is the responsibility of the licensee. Steadfast provides a range of support services to assist AFSL holders in managing their licensing requirements, including the provision of in-house training, access to a dedicated help line for compliance and access to the Erato Program.

3.9.2 Compliance functions offered to Steadfast Network Brokers

Steadfast has created a suite of compliance tools to assist Steadfast Network Brokers to manage their statutory obligations. These tools include Broker Compliance Control ("BCC"), compliance manuals and e-advises. BCC is a computerised system that assists brokers to schedule and track compliance activities. Steadfast Network Brokers also have access to detailed compliance manuals setting out the steps brokers should take to meet their statutory obligations and maintain their licences. These compliance manuals are continually updated by Steadfast to reflect the latest regulatory developments.

In addition to BCC and compliance manuals, Steadfast also provides short legal advices on specialised topics, prepared in collaboration with Steadfast's legal advisers and sent by email. These e-advises are designed to provide up-to-date legal advice to Steadfast Network Brokers in order to keep them informed of regulatory developments.

3.9.3 Risk management framework

Steadfast has revised its risk management framework to address its business structure and operations following Listing. As part of adopting this framework, the Board has approved a risk management policy that identifies the risk tolerances it is prepared to accept in order to achieve its strategic objectives. Quantitative tolerances have been set for exposure to earnings risk in any 12 month period and qualitative measures have been established for other factors such as operational risk, compliance risk, reputational risk and information technology outages.

Steadfast has appointed a Chief Risk Officer, reporting to the CFO and the Audit & Risk Committee, to oversee the implementation of the risk management policies, maintain and adapt the framework and policies in line with the development of the business, and supervise the adherence to the framework and policies by management. This will include implementation of a full internal audit program to address corporate governance, compliance and operational risks of the business. The internal audit program will include testing of regulatory controls, internal controls and other operational needs. Steadfast intends to design and implement further internal controls and processes as required.

3.9.4 Performance management and process improvement

Steadfast will utilise benchmarking and the monthly reporting of financial data mandated under the Share and Unit Holders' Deed to identify best practices to deploy across the Steadfast Network and to identify businesses that may benefit from support and the use of the skills and experience of the Steadfast team to improve performance.

Benchmarking will also be used during the annual business plan and budgeting consultation process to seek agreement on areas of continual improvement within the businesses. The key areas of focus include customer retention, new business, commission levels and remuneration, and back office support costs. Through the application of best practice across all Steadfast Equity Brokers and Steadfast Underwriting Agencies, Steadfast expects to enhance the overall performance of the businesses.

The future development of back office support for brokers is proposed to reduce the cost of back office support for individual brokers. In addition, this service is expected to reduce the management risk involved in brokers through centralising back office operations and controlling funds in insurance broking accounts, investment returns and payment of accounts.



3.9.5 Back office capability to be developed in partnership with White Outsourcing

Steadfast intends to use White Outsourcing's expertise in the provision of back office services to asset managers in order to develop a similar capability to service Steadfast Equity Brokers. The initial cost of developing this capability is estimated to be approximately \$0.6 million, which has been included in the Forecast Financial Information presented in Section 4. Steadfast will initially offer the capability as a pilot program to selected Steadfast Equity Brokers and, if successful, seek to make the capability available more broadly to all Steadfast Equity Brokers and, eventually, to all Steadfast Network Brokers. Whilst Steadfast expects an incremental increase in profitability over time from the provision of the new capability to brokers, no benefits have been assumed in the Forecast Financial Information.

3.9.6 Financial reporting system

Steadfast has a process to collect financial data from the Steadfast Network. As part of transitioning to its new business model, it is in the final stages of implementing a more comprehensive amalgamated financial system. This will enhance Steadfast's ability to monitor and manage the performance of individual businesses in which it has an equity interest.

3.10 Business strategy

Steadfast's business strategy going forward is to grow shareholder value through maintaining and growing its market position in the provision of insurance and related services, with a core focus on general insurance broking. This strategy encompasses the key elements outlined below.

3.10.1 Acquiring equity interests in insurance brokers

Steadfast will actively consider further investments in insurance brokers, including Steadfast Network Brokers and Steadfast Equity Brokers from which other Shareholders may seek to exit. Steadfast will consider all acquisitions on the basis of their potential to add value to the Steadfast business and its Shareholders. Steadfast will consider the use of the Hub Strategy as part of its acquisition process.

Steadfast's acquisition criteria include a requirement that all acquisitions are to be EPS accretive within 12 months of acquisition when assuming at least 85% of the acquisition price is equity funded. The acquisition criterion is to be applied irrespective of the actual level of equity funding for the transaction. Steadfast expects that any acquisitions made in the first year post-Listing will be primarily funded by debt or available cash resources, and, in limited circumstances, Steadfast may consider issuing Shares at the prevailing market price in order to fund certain transactions.

If this were to occur, it may result in dilution of the ownership interests of Steadfast's Shareholders.

3.10.2 Continuing to support the growth and development of Steadfast Network Brokers

Steadfast recognises that the strength of its business model and value proposition is underpinned by its sizeable network of insurance brokers. Steadfast will continue to support Steadfast Network Brokers with a variety of aspects of their business, from tailored product packages to marketing and customer relationship management tools.

3.10.3 Maintaining and developing its relationship with Strategic Partners

As described in Section 3.5.3, Steadfast maintains relationships with a number of Strategic Partners that provide access to products and services for the Steadfast Network. Steadfast will continue to work closely with these Strategic Partners in order to improve and enhance the competitiveness of the products distributed by Steadfast Network Brokers.

3.10.4 Realisation of back office synergies

Steadfast is developing back office solutions to assist Steadfast Network Brokers. The brokers currently utilise systems from a number of different back office systems providers, and Steadfast is currently working with White Outsourcing and others to develop common back office platforms to increase efficiency and reduce the operating costs of Steadfast Network Brokers.

3.10.5 Other acquisitions and joint ventures

Steadfast may seek to undertake acquisitions, or establish joint ventures, of insurance broking-related businesses, such as underwriting agencies and premium funders, and other ancillary businesses. The objective of these acquisitions and joint ventures would be to enhance the service and product offering of Steadfast Network Brokers and increase shareholder value. The acquisition of equity interests in ancillary businesses such as White Outsourcing and Meridian Lawyers is consistent with this strategy. Any such acquisitions will be subject to the same EPS accretion criteria outlined in Section 3.10.1.

3.10.6 Cross-sell of products and services

Steadfast will seek to grow the cross-sell of products and services among its businesses in order to maximise revenue and earnings, including premium funding, legal services and life insurance. These products and services are typically complementary to the requirements of insurance broking customers.

4. Financial information

4. Financial information



4.1 Introduction

This Section contains a summary of:

- the pro-forma historical financial information comprising:
 - the Pro-forma Historical Consolidated Statements of Comprehensive Income of Steadfast for the years ended 30 June 2011 (FY11) and 30 June 2012 (FY12); and half year ended 31 December 2012 (1H13) (refer to Section 4.4); and
 - the Pro-forma Consolidated Statement of Financial Position of Steadfast at completion of the Offer (refer to Section 4.8.1) (together, the **Pro-forma Historical Financial Information**);
- the forecast financial information comprising:
 - the Directors' Pro-forma Forecast Consolidated Statements of Comprehensive Income of Steadfast for the years ended 30 June 2013 (FY13) and 2014 (FY14) (refer to Section 4.5.1); and
 - the Directors' Pro-forma Forecast of Consolidated Operating and Financing Cash Flows for FY13 and FY14 (refer to Section 4.7) (together, the **Pro-forma Forecast Financial Information** and, together with the Pro-forma Historical Financial Information, the **Pro-forma Financial Information**); and
- the reconciliation to the Directors' Statutory Forecast Consolidated Statements of Comprehensive Income for FY13 and FY14 (refer to Section 4.10) (the **Statutory Forecast Consolidated Statements of Comprehensive Income** and, together with the Pro-forma Forecast Financial Information, the **Forecast Financial Information** and, together with the Pro-forma Historical Financial Information, the **Financial Information**).

Also summarised in this Section are:

- the basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- the Directors' material assumptions (refer to Sections 4.5.2, 4.5.3 and 4.7) and key sensitivities (refer to Section 4.6) in respect of the Pro-forma Forecast Financial Information; and
- a summary of the Historical Consolidated Statements of Comprehensive Income of Steadfast for the years ended 30 June 2011 and 2012 and half year ended 31 December 2012 (refer to Section 4.9).

The Financial Information has been reviewed by KPMG Transaction Services, whose Investigating Accountant's Report is contained in Section 8.

The information in this Section should also be read in conjunction with the Risk Factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in this Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest 100,000 dollars.

There is additional financial information in Section 12 which has been provided for illustrative purposes only. That information has been prepared on a different basis to the information in this Section 4, as explained in Section 12. It is not aligned with statutory requirements and is not included in the scope of the Investigating Accountant's Report in Section 8.

4.2 Basis of preparation and presentation of pro-forma financial information

The Pro-forma Financial Information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. Steadfast's accounting policies and selected notes relevant to the Pro-forma Financial Information are included in Section 11.

4.2.1 Preparation of Pro-forma Historical Financial Information

The Pro-forma Historical Financial Information is based on the audited statutory consolidated historical financial statements of Steadfast for FY11 and FY12, and the reviewed consolidated historical financial statements of Steadfast for 1H13, after adjusting for certain pro-forma transactions and/or other adjustments.

4. Financial information, continued

Refer to Section 4.9.1 for a reconciliation between the audited statutory and reviewed consolidated historical income statements of Steadfast and the pro-forma consolidated historical income statements for FY11, FY12 and 1H13, and to Section 4.8 for a reconciliation between the reviewed consolidated historical statement of financial position for Steadfast and the pro-forma consolidated historical statement of financial position at completion of the Offer.

Steadfast is restructuring its business model as part of the Listing and will be acquiring equity interests in IPO Acquisitions, including certain Steadfast Network Brokers and other complementary businesses spanning support services and underwriting agencies. The Pro-forma Historical Financial Information presented reflects a pro-forma consolidation of entities within the Steadfast group that Steadfast will own from Listing, and assumes completion of the restructure and Listing.

The pro-forma adjustments include adjustments to account for IPO Acquisitions and Pre-IPO Acquisitions for which information has been extracted from audited financial statements or unaudited financial statements.

The Pro-forma Consolidated Statements of Comprehensive Income in Section 4.4 have been presented before amortisation, interest expense and income tax because Steadfast's corporate and funding structure following the Listing will be materially different from that in place during the period prior to Listing. Accordingly, the historical statutory interest expense and income tax are not a meaningful representation of Steadfast's future earnings profile.

The Pro-forma Consolidated Statements of Comprehensive Income are not adjusted for income derived and expenses incurred historically that are not expected to recur upon Listing.

Investors should note that past results are not a guarantee of future performance.

4.2.2 Preparation of Pro-forma Forecast Financial Information

The Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus.

The Forecast Financial Information has been prepared on the basis of numerous assumptions set out in Sections 4.5.2, 4.5.3 and 4.7. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will be realised. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Steadfast's actual financial performance or financial position. Investors are advised to review the best estimate assumptions set out in Sections 4.5.2, 4.5.3 and 4.7, in conjunction with the notes to the Financial Information included in Section 11, the sensitivity analysis set out in Section 4.6, the risk factors set out in Section 5 and all other information set out in this Prospectus.

The forecast income statement for FY13 and FY14 has been presented on both a pro-forma and a statutory basis. The Statutory Forecast Consolidated Statement of Comprehensive Income is the best estimate of the financial performance that the Directors expect to report in Steadfast's financial statements for FY13 and FY14. FY13 finishes prior to the Listing but the FY13 results will not be published until after completion of the Listing. The Pro-forma Forecast Consolidated Statement of Comprehensive Income for FY13 and FY14 is based on the Statutory Forecast Consolidated Statement of Comprehensive Income after adjusting for certain pro-forma transactions and/or other adjustments. Refer to Section 4.10 for the reconciliation between the Pro-forma Forecast Consolidated Statement of Comprehensive Income and the Statutory Forecast Consolidated Statement of Comprehensive Income for FY13 and FY14.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation for the Pro-forma Historical Financial Information.

4.3 Pro-forma Financial Information and management discussion and analysis

The Pro-forma Financial Information includes Steadfast's Pro-forma Historical Consolidated Statements of Comprehensive Income for FY11 and FY12 (refer to Section 4.4) and the Directors' Pro-forma Forecast Consolidated Statements of Comprehensive Income for FY13 and FY14 (refer to Section 4.5.1).

The Pro-forma Financial Information should be considered in conjunction with the basis of preparation set out in Section 4.2.1 (historical) and Section 4.2.2 (forecast).



4.3.1 Pro-forma Consolidated Statements of Comprehensive Income

Set out below are the Pro-forma Consolidated Statements of Comprehensive Income for Steadfast for FY11, FY12, FY13 and FY14.

Table 4.3.1: Pro-forma Consolidated Statements of Comprehensive Income

| (\$ million) | Historical pro-forma | | Forecast pro-forma | |
|--|----------------------|--------------|--------------------|--------------|
| | FY11 | FY12 | FY13 | FY14 |
| Revenue – consolidated entities | | | | |
| Fees and commissions | 85.4 | 90.4 | 93.8 | 100.1 |
| M&A Fees | 19.8 | 21.7 | 23.9 | 26.0 |
| Interest income | 4.0 | 3.9 | 3.3 | 3.2 |
| Other income (see Table 4.3.4) | 20.8 | 20.5 | 22.6 | 22.7 |
| Revenue – consolidated entities | 130.0 | 136.5 | 143.6 | 152.0 |
| Expenses – consolidated entities | | | | |
| Employment expenses | 48.6 | 54.9 | 56.1 | 59.5 |
| Occupancy expenses | 5.5 | 6.0 | 6.5 | 6.3 |
| Other expenses (see Table 4.3.6) | 40.0 | 40.5 | 41.1 | 41.7 |
| Total expenses – consolidated entities | 94.1 | 101.4 | 103.7 | 107.5 |
| Total EBITA – consolidated entities¹ | 35.9 | 35.1 | 39.9 | 44.5 |
| Share of EBITA from associates and joint ventures ² | 16.4 | 19.2 | 20.2 | 23.4 |
| EBITA – pre-corporate office¹ | 52.3 | 54.3 | 60.1 | 67.9 |
| Corporate office income | 0.0 | 5.9 | 0.0 | 0.0 |
| Corporate office expenses | 1.8 | 1.7 | 3.7 | 7.3 |
| EBITA¹ | 50.5 | 58.5 | 56.4 | 60.6 |
| Financing expense – consolidated entities ³ | | | 1.0 | 0.0 |
| Share of financing expense – associates ² | | | 1.0 | 0.5 |
| Amortisation expense – consolidated entities | | | 6.9 | 7.2 |
| Share of amortisation expense – associates ² | | | 1.7 | 2.3 |
| Net profit before tax | | | 45.8 | 50.6 |
| Income tax expense – consolidated entities | | | 10.6 | 11.2 |
| Share of income tax expense – associates ² | | | 5.3 | 5.9 |
| Net profit after tax | | | 29.9 | 33.5 |
| Non-controlling interests in net profit after tax | | | 2.7 | 3.4 |
| Net profit attributable to members of Steadfast⁴ | | | 27.2 | 30.1 |
| Amortisation expense – controlled entities ⁵ | | | 5.4 | 5.4 |
| Amortisation expense – associated entities | | | 1.7 | 2.3 |
| Net profit after tax and before amortisation | | | 34.3 | 37.8 |

1 EBITA includes interest income and represents earnings before amortisation, interest expense and income tax.

2 Steadfast's pro-forma of net profit after tax from associates is forecast to be \$12.2 million in FY13 and \$14.7 million in FY14. This includes the "Share of EBITA from associates and joint ventures", "Share of financing expense – associates", "Share of amortisation expense – associates" and "Share of income tax expense – associates" line items separately presented in the table above.

3 Interest income from funds held for potential acquisitions and other corporate needs has been offset against finance expenses.

4 The Pro-forma Historical Consolidated Statements of Comprehensive Income for FY11 and FY12 have been presented before amortisation, interest expense and income tax because Steadfast's group and funding structure following Listing will be materially different from that in place prior to Listing.

5 For controlled entities, the amortisation expense added back to calculate Net Profit After Tax and Before Amortisation reflects SGL's proportional share.

4. Financial information, continued

Earnings per share

Steadfast's earnings per share ("EPS") will ultimately depend on the number of Shares issued through the initial public offering. The actual number of Shares to be issued is expected to be within the Indicative Share Range, dependent on the Final Price which will be determined at the conclusion of the bookbuild process (refer to Section 7.6.3). The higher the Final Price, the fewer Shares will be issued to raise the necessary proceeds to fund the cash consideration for the IPO acquisitions, the repayment of Steadfast's Macquarie Bank facility and the costs of Restructure and Listing. The number of Shares issued to Steadfast Equity Brokers as scrip consideration will remain fixed regardless of the Final Price.

Table 4.3.2 below sets out an overview of Steadfast's earnings metrics, based on prices within the Indicative Price Range.

Table 4.3.2: Earnings based on Final Price

| Earnings sensitivity | Forecast pro-forma | |
|----------------------|----------------------------|----------------------------|
| | FY13 ¹ | FY14 ¹ |
| Final Price | NPATA/share (cents) | NPATA/share (cents) |
| \$1.00 | 6.3 | 6.9 |
| \$1.10 | 6.7 | 7.3 |
| \$1.20 | 7.0 | 7.7 |
| Final Price | EPS (cents) | EPS (cents) |
| \$1.00 | 5.0 | 5.5 |
| \$1.10 | 5.3 | 5.8 |
| \$1.20 | 5.6 | 6.1 |

¹ Based on final Consideration Share Elections by Vendors.

4.3.2 Management discussion and analysis of Pro-Forma Financial Information

The following management discussion and analysis relates to the main factors that affected the Group's historical operating and financial performance in FY11 and FY12 and the Company expects may continue to affect operating and financial performance in future periods, as well as commentary on the assumptions underlying the FY13 and FY14 forecasts.

It should be read in conjunction with the description of the basis upon which the information has been prepared (refer to Sections 4.2.1 and 4.2.2), and the pro-forma adjustments described in Section 4.9.2. A description of the business is provided in the business overview and industry overview in Sections 2 and 3.

The discussion of these general factors is intended to provide a summary overview only and does not intend to identify all factors that affected Steadfast's historical operating and financial performance, nor all aspects that may impact its future performance. The Forecast Financial Information in Section 4.3.1 should be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

General factors affecting the pro-forma income statement

Pro-forma impact of Acquisitions

Adjustments have been made to the historical reporting periods, to include the earnings of businesses acquired as part of the Listing as if they were acquired on 1 July 2010. Non-recurring revenue and expenses have not been adjusted. Whilst Steadfast will consider further potential acquisitions of businesses, no growth from future acquisition of businesses has been assumed in the Pro-forma Forecast Financial Information.

Assumptions used in preparing forecast results

Each IPO Acquisition submitted a forecast for FY13 and FY14 which was reviewed by Steadfast. In a number of instances, major restructures were being contemplated by the businesses in anticipation of the Steadfast acquisition or major expenses (including principals' remuneration) were being contracted on different terms post-acquisition. Further, some brokers had acquired other businesses in FY13. It was therefore decided to apply tailored assumptions to those Steadfast Equity Brokers' forecasts (28 in total), Underwriting Agencies and ancillary businesses.



For the remaining Steadfast Equity Brokers, a number of Steadfast management assumptions were applied to the Forecast Period, including:

- an increase in revenue from fees and commissions of 3.5% in FY14 relative to the forecasts in FY13;
- employment expenses to increase by 3.4% in FY13 and FY14;
- other expenses to increase by 2.4% in FY13 and FY14;
- rebate of M&A Fees to Steadfast Network Brokers to be 28% of M&A Fees received from insurer partners in FY13 and 35% for FY14;
- Final Price of \$1.00; and
- all purchases of IPO Acquisitions are completed in accordance with the IPO Acquisition Agreements.

Management discussion and analysis

Broker and underwriting agency fees and commissions income

Consolidated brokers and underwriting agencies being acquired have increased their income from fees and commissions due to a combination of increased transaction volumes, rising premiums and through the acquisition of other businesses.

Figures 4.3.1 and 4.3.2 highlight the impact of organic growth and growth from acquisitions for the historical period FY11 to FY12 and forecast FY13 and FY14.

Figure 4.3.1: Fees and commissions FY11 to FY14 (\$ million)

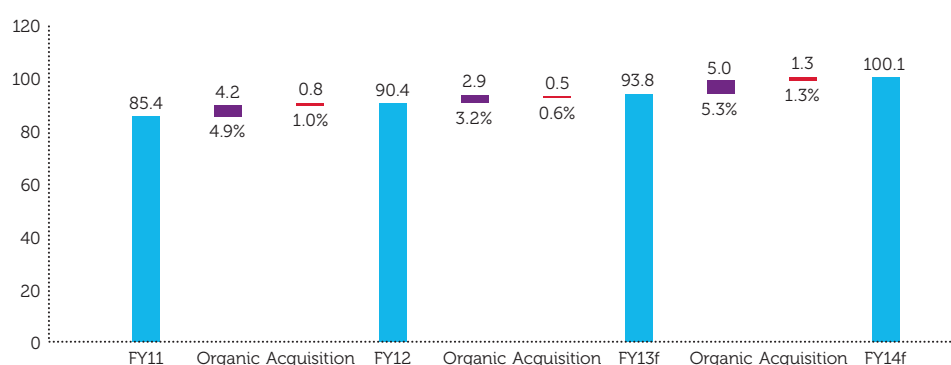
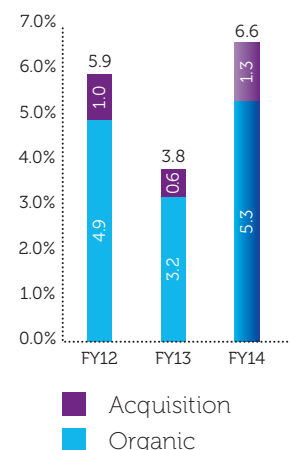


Figure 4.3.2: Growth in fees and commissions for consolidated entities



Of the 5.9% overall growth in fees and commissions in FY12, 1.0% stems from acquisitions made mainly by larger brokers. The remaining organic growth of 4.9% was in line with the market growth rate of 5%¹. Overall, there was significant premium growth in the business package, industrial special risks ("ISR") and liability insurance classes.

Income from fees and commissions is forecast to grow by an average of 3.8% in FY13 and 6.6% in FY14 as a result of organic growth, expected premium increases and the impact of acquisitions already completed by the underlying Steadfast Equity Brokers. The underlying organic increase in fee and commission income of 5.3% in FY14 is based on forecast increases, particularly for business package, ISR and liability insurance classes.

The growth in income from fees and commissions represents growth of the consolidated brokers only. It does not include the fees and commissions from equity accounted brokers, where only the EBITA of these brokers is shown as revenue. When combining the growth forecasts for all Steadfast Equity Brokers and Underwriting Agencies, the organic growth rate is 5.4%, 4.8% and 5.0% for FY12, FY13 and FY14, respectively (refer to Section 12.2.1).

¹ Source: J.P. Morgan Taylor Fry General Insurance Barometer. Based on the responses of 15 insurance underwriters in the Australian market that contribute to the survey conducted by Taylor Fry. The 15 insurance underwriters surveyed collectively account for a majority of commercial lines GWP placed in the Australian market in FY12. No estimate has been included for non-contributing general insurance underwriters. As such, the data does not reflect distribution channels for 100% of the underwritten commercial lines premiums in the market.

4. Financial information, continued

Marketing & administration fees (M&A Fees)

When Steadfast Network Brokers place preferred insurance policies with strategic partners (insurers and underwriting agencies), Steadfast derives an M&A Fee which is generally 1% of Base Premium. In addition, Steadfast generates an M&A Fee of 0.5% of total premiums funded when Steadfast Network Brokers arrange premium funding for their customers through partner premium funders subject to certain criteria (for example, no M&A Fee is paid on loans greater than \$1 million).

Table 4.3.3: M&A Fees

| (\$ million) | FY11 | FY12 | FY13 | FY14 |
|--------------|------|------|------|------|
| M&A Fee | 19.8 | 21.7 | 23.9 | 26.0 |
| Growth | | 9% | 10% | 9% |

Steadfast has experienced, and is expecting to continue to experience, consistently strong growth in M&A Fees throughout FY11 to FY14 due to organic growth in premium broked by its constituent members, attraction of larger brokers replacing smaller brokers as well as further policies being approved by insurers to be subject to M&A Fees.

It has been assumed that M&A Fees will continue to be earned on insurance placed via strategic partners' preferred products and premium funding at 1% of Base Premium and 0.5% of premium funded, respectively, throughout the Forecast Period. Steadfast has also assumed a continued increase in M&A Fees from organic growth in the business of Steadfast Network Brokers and the inclusion of M&A Fees from those IPO Acquisitions not currently in the Steadfast network during FY14.

Interest income

Interest income is included in EBITA as the interest received on funds held in insurance broking and underwriting agency accounts as well as interest received on excess working capital is considered to be core earnings of the business. Interest income from funds held for potential acquisitions and other corporate needs has been offset against finance expenses.

Interest income is expected to reduce by 15% in FY13 reflecting the 75 basis points reduction in the RBA Cash Rate during the period from July 2012 to May 2013. For FY14, interest rates are expected to remain stable and reduced holdings of excess working capital are forecast to be partially offset by higher broking account balances driven by the forecast increase in broked premiums.

Other income

Table 4.3.4 summarises the key components of other income.

Table 4.3.4: Components of other income

| (\$ million) | FY11 | FY12 | FY13 | FY14 |
|-----------------------------------|------|-------|------|------|
| Professional services | 11.1 | 12.5 | 14.1 | 14.4 |
| Steadfast convention | 2.2 | 2.3 | 2.3 | 2.4 |
| Steadfast rental income | 0.4 | 0.4 | 0.8 | 1.0 |
| Other | 7.1 | 5.3 | 5.4 | 4.9 |
| Total | 20.8 | 20.5 | 22.6 | 22.7 |
| Increase/(decrease) on prior year | | (0.3) | 2.1 | 0.1 |

Other sources of revenue derived by Steadfast have been consistent over the historical and forecast periods.

Other income is primarily derived from ancillary businesses including funds administration (refer to Section 3.8.1) and credit risk management (refer to Section 3.2.2). FY12 and FY13 includes acquisition growth in credit risk management fee income due to the purchase of a business in January 2012 that included \$1.1 million in fee income. The FY13 forecast also contains higher organic growth in fund administration fee income due to an uplift in trading conditions for the funds management industry.

Steadfast receives revenue for the staging of its annual convention, including sponsorship and registration fees. The convention is not considered a profit making venture and is budgeted to break-even (the direct expenses of the convention are included in Steadfast selling and administration services). Rental income has increased in FY13 due to the acquisition of additional floors at 99 Bathurst Street, Sydney and leasing parts of these newly acquired floors.



Other revenue in FY11 included the sale of a broking register by a Steadfast Equity Broker for \$1.2 million. Other revenue also includes recovery of disbursements. The forecast for FY14 includes a reduced recovery of disbursements amounting to \$0.9 million.

Employment expenses

Table 4.3.5 summarises the key movements in the components of employment expenses.

Table 4.3.5: Movement in the components of employment expenses

| Expense category | Employment Expenses: year-on-year Movement | | |
|---------------------------------------|--|------------|------------|
| | FY12 | FY13 | FY14 |
| Payroll increases – two major brokers | 3.3 | – | – |
| Payroll tax increase | – | – | 1.1 |
| Other increases | 3.0 | 1.2 | 2.3 |
| Total movements | 6.3 | 1.2 | 3.4 |

Employment expenses for two major brokers increased significantly in FY12 following acquisitions, an incentive program implementation and major headcount increases. Further, additional resources were employed by Steadfast in anticipation of an expanded business model post-Listing.

Additional payroll tax has been included in FY14 to reflect exceeding of individual payroll tax thresholds that result from the acquisition of the brokers.

FY13 and FY14 show a general increase in employment costs, reflecting Steadfast's management assumption of 3.4% (which assumed the 3.4% increase in Australian Wage Price index for the year to December 2012 continued) and the assumptions of certain brokers.

Occupancy expenses

Occupancy expenses will increase significantly in FY13 by 8%, due mainly to Steadfast's acquisition of additional floors at 99 Bathurst Street, Sydney. Rental income is being derived from these floors. This followed FY12 growth of 9%, driven by several larger brokers expanding their network.

Generally, occupancy costs for FY14 are based on an assumption of 2.5% inflation. Specific assumptions have been made reducing occupancy costs for certain acquired businesses due to planned restructures post-Listing. The forecast savings arising more than offset the allowance for inflation.

Other expenses

Table 4.3.6 summarises the key components of other expenses.

Table 4.3.6: Components of other expenses

| (\$ million) | FY11 | FY12 | FY13 | FY14 |
|---|------|------|------|------|
| Selling and administration – Acquisitions | 20.4 | 21.9 | 22.8 | 20.8 |
| Selling and administration – Steadfast | 3.4 | 2.6 | 7.1 | 6.9 |
| Rebates to Steadfast Network Broker | 10.1 | 10.7 | 5.1 | 7.3 |
| Services for Steadfast Network Broker | 4.5 | 3.6 | 4.3 | 5.2 |
| Other | 1.6 | 1.7 | 1.8 | 1.5 |
| Total | 40.0 | 40.5 | 41.1 | 41.7 |
| Increase/(decrease) on prior year | | 0.5 | 0.6 | 0.6 |

4. Financial information, continued

Other expenses have remained stable when comparing FY11 and FY14; however, there were some significant movements in the components of other expenses, which are split out in Table 4.3.7.

Table 4.3.7: Year-on-year variance in key components of other expenses

| Expense category | Other Expenses: year-on-year Movement | | |
|------------------------|---------------------------------------|------------|------------|
| | FY12 | FY13 | FY14 |
| Steadfast rebates | 0.6 | (5.6) | 2.2 |
| Marketing | – | 1.9 | (1.0) |
| Legal fees | – | 0.9 | (0.9) |
| Normalisations | – | – | (1.8) |
| Other | (0.1) | 3.4 | 2.1 |
| Total movements | 0.5 | 0.6 | 0.6 |

Selling and administration – the expenses for the Acquisitions represent the day-to-day running expenses (excluding employment costs) of the consolidated entities, other than Steadfast corporate office. As part of many of the Acquisitions, Steadfast has agreed with the vendor to contract certain items of expenditure on different terms post-acquisition, for example motor vehicle expenses. The normalisations are reflected in the FY14 year only, and cause a \$1.8 million reduction in expenditure in FY14.

Legal expenses are expected to be higher in FY13 than FY12, but were predominantly recovered as disbursements and shown as other income. These downward adjustments outweighed the management assumption of 2.4% forecast increase in expenses in FY14 for certain brokers.

Steadfast's selling and administration costs are forecast to increase by \$4.5 million in FY13 reflecting a combination of a marketing awareness campaign spend of \$1.9 million, funded by contributions from Steadfast Network Brokers through a reduced rebate, and an increased support structure for the corporate office post-Listing, and includes increased expenditure on technology, travel and insurance.

Steadfast makes annual rebate payments to its network brokers, calculated as a percentage of the M&A Fees received from Strategic Partners (insurers, underwriting agencies and premium funders). The Steadfast Board has typically declared approximately 50% of the M&A Fee to be returned to network brokers. This amount is declared at the discretion of the Steadfast Board. This rebate was reduced for certain expenditures such as a market awareness campaign (\$0.9 million in FY12).

As part of the Restructure Proposal, the Steadfast Network Brokers will be issued with Re-weighting Shares. As a result, rebates are expected to reduce significantly in FY13 (\$5.1 million) and FY14 (\$7.3 million). As part of the Restructure Proposal, one determinant of the quantum of Re-weighting Shares to be issued to each Steadfast Network Broker was volumes of business placed with Strategic Partners from which Steadfast receives M&A Fees, which is partially rebated back to Steadfast Network Brokers. As a consequence of the Restructure Proposal, the amount of the rebate payable to Steadfast Network Brokers is expected to reduce to 35% of M&A Fees received in FY14. In FY13, the forecast rebate has been reduced to 28% of M&A Fees, reflecting funds retained by Steadfast to cover part of the costs relating to the Restructure Proposal and Listing. The actual rebate is shown net of intercompany eliminations and fees deducted from member rebates.

Costs of Steadfast Network services (e.g. for helplines, SVU, legal advice, Steadfast triage) are included in Steadfast Network Broker services. On average, expenses were \$4.1 million per year between FY11 and FY13 but are expected to increase to \$5.2 million in FY14 to support the new business model post-Listing. These additional costs include technology and professional fees.

Other expenses include depreciation charges which have remained consistent across FY11 to FY14. Depreciation primarily relates to the operations of the Acquisitions.



Share of EBITA from associates and joint ventures

Where Steadfast acquires a significant but not controlling interest in businesses (generally 20% – 50%), it is classified as an associate and the ownership percentage share of net profits from those associates is shown as revenue. In the Forecast Period, amortisation of customer relationships acquired is then deducted from this amount over a ten year period.

The key growth drivers of share of EBITA from associates over the historical and Forecast Periods are similar to those for fees and commissions, being a combination of increased volumes, increased premium pricing and acquisitions. Consistent with the consolidated businesses, the highest growth contribution came from the Business Package, ISR and Liability insurance classes. The growth in fee income exceeded the growth of expenses, driving greater EBITA from associates.

Corporate office income

Steadfast received Claims Experience Benefit payments in respect of the "Erato" Professional Indemnity program offered to certain Steadfast brokers in the year ended 30 June 2012 amounting to \$5.9 million (refer to Section 3.5.6). No revenue was derived in FY11 and none is forecast for FY13 and FY14.

Corporate office expenses

Steadfast will incur additional corporate expenses to support the new business model. These costs have increased significantly in FY13 in anticipation of the Listing and in FY14 the full cost will be incurred. These costs include employment of senior executives, compliance and business support, ASX listing fees, additional professional costs, share registry fees, investor relations and annual general meeting costs.

Executive remuneration packages have been implemented for the first time in FY14, including executive share plans and incentive plans to promote the retention of key management personnel and align their at risk rewards with those of shareholders (refer to Section 6.5).

The Company will also incur expenses pertaining to the raising of capital pursuant as part of the IPO Offer, forecast at \$7.9 million (pre-tax). However, the forecast cost (post-tax \$5.5 million) will be offset against equity raised in the IPO Offer, and not expensed in the statement of comprehensive income.

Income Tax Expense

A 30% company tax rate has been applied to the underlying earnings for the FY11 to FY14 period.

EBITA contribution

The following table seeks to stratify the contribution being made by the Steadfast Equity Brokers to the EBITA pre-corporate office income and expenses as well as the relative size of these brokers to the Steadfast group as a whole. This table has been calculated assuming full consolidation of subsidiaries and equity accounting of associates. Overall, the five largest brokers make up almost one third of Steadfast's FY14 forecast EBITA. On the other hand, the smallest 22 brokers account for less than 6% of Steadfast's FY14 forecast EBITA, highlighting the large variance in size of IPO Acquisitions.

Table 4.3.8: EBITA contribution by FY14 EBITA rank

| Rank by FY14 EBITA | FY14 EBITA ¹ (\$ million) | % of total EBITA |
|--------------------------|---|---------------------|
| 1 to 5 | 22.4 | 33.1% |
| 6 to 10 | 6.7 | 9.8% |
| 11 to 20 | 8.2 | 12.0% |
| 21 to 40 | 9.4 | 13.8% |
| 41 to 62 | 3.8 | 5.6% |
| Total brokers | 50.5 | 74.4% |
| Non-brokers ² | 17.4 | 25.6% |
| Total | 67.9 | 100.0% |

1 Consolidated subsidiaries at 100%, associates at proportional share.

2 Includes Steadfast's share of EBITA in Macquarie Premium Funding.

4. Financial information, continued

4.4 Pro-forma Historical Consolidated Statements of Comprehensive Income

The FY11 and FY12 figures shown below are consistent with those presented in Section 4.3.1 and are repeated to provide context for the 1H13 figures.

4.4.1 Pro-forma Historical Consolidated Statements of Comprehensive Income for FY11, FY12 and 1H13

Set out below is a summary of Steadfast's Pro-forma Historical Consolidated Statements of Comprehensive Income for FY11, FY12 and 1H13. The Pro-forma Historical Consolidated Statements of Comprehensive Income are presented on the basis that the restructuring, equity investments and the Listing were completed as of 1 July 2010. Refer to Section 4.9.2 for details on the pro-forma adjustments in relation to the restructuring, equity investments and the Listing.

Table 4.4.1: Pro-forma Historical Consolidated Statements of Comprehensive Income

| (\$ million) | Historical pro-forma ¹ | | |
|---|-----------------------------------|--------------|-------------|
| | FY11 | FY12 | 1H13 |
| Fees and commissions | 85.4 | 90.4 | 44.6 |
| M&A Fee | 19.8 | 21.7 | 12.2 |
| Interest income | 4.0 | 3.9 | 1.7 |
| Other income | 20.8 | 20.5 | 10.5 |
| Revenue – consolidated entities | 130.0 | 136.5 | 69.0 |
| Employment expenses | 48.6 | 54.9 | 27.4 |
| Occupancy expense | 5.5 | 6.0 | 3.3 |
| Other expenses | 40.0 | 40.5 | 19.9 |
| Expenses – consolidated entities | 94.1 | 101.4 | 50.6 |
| EBITA² – consolidated entities | 35.9 | 35.1 | 18.4 |
| Share of EBITA from associates and joint ventures | 16.4 | 19.2 | 10.5 |
| EBITA² – pre-corporate office | 52.3 | 54.3 | 28.9 |
| Corporate office income | 0.0 | 5.9 | 0.0 |
| Corporate office expense | 1.8 | 1.7 | 1.1 |
| EBITA² | 50.5 | 58.5 | 27.8 |

¹ The Pro-forma Historical Consolidated Statements of Comprehensive Income for FY11, FY12 and 1H13 have been presented before amortisation, interest expense and income tax because Steadfast's group and funding structure following the Listing will be materially different from that in place during the period prior to the Listing.

² EBITA includes interest income and represents earnings before amortisation, interest expense and income tax.

4.4.2 Management discussion and analysis of seasonality

Brokers and underwriting agencies derive income from the inception or renewal of insurance policies. However, revenue is recognised based on invoice date, usually in the month prior to policy inception. Typically, a larger proportion of insurance policies are invoiced in June compared to other months. Based on historical values for FY10, FY11 and FY12, the proportion of revenue from fees and commissions generated in the first half of the financial year is approximately 47.6%. On this basis, income from fees and commissions for 1H13 reflects an underlying annualised average revenue growth of 3.6%.

Expenses are generally incurred evenly throughout the year, so the increased revenue tends to flow through to increased EBITA in the second half of the financial year.

On the assumption that these trading conditions were applied to the pro-forma results then the underlying EBITA would fluctuate between the first and second halves each year, such that approximately 46% of underlying EBITA would be derived in the first half of the financial year.



4.5 Pro-forma Forecast Consolidated Statements of Comprehensive Income

The Pro-forma Forecast Financial Information comprises the Directors' Pro-forma Forecast Consolidated Statements of Comprehensive Income (refer to Section 4.5.1) and Pro-forma Forecast of Consolidated Operating and Financing Cash Flows for FY13 and FY14 (refer to Section 4.7). The Pro-forma Forecast Financial Information should be considered in conjunction with the basis of preparation set out in Section 4.2.2 and the management discussion and analysis in Section 4.3.2.

4.5.1 Pro-forma Forecast Consolidated Statements of Comprehensive Income

Set out below are the Pro-forma Forecast Consolidated Statements of Comprehensive Income for Steadfast for FY13 and FY14.

Table 4.5.1: Pro-forma forecast consolidated statements of comprehensive income

| (\$ million) | Forecast pro-forma ¹ | |
|--|---------------------------------|--------------|
| | FY13 | FY14 |
| Fees and commissions | 93.8 | 100.1 |
| M&A Fees | 23.9 | 26.0 |
| Interest income | 3.3 | 3.2 |
| Other income | 22.6 | 22.7 |
| Revenue – consolidated entities | 143.6 | 152.0 |
| Employment expenses | 56.1 | 59.5 |
| Occupancy expenses | 6.5 | 6.3 |
| Other expenses | 41.1 | 41.7 |
| Expenses – consolidated entities | 103.7 | 107.5 |
| EBITA – consolidated entities¹ | 39.9 | 44.5 |
| Share of EBITA from associates and joint ventures ² | 20.2 | 23.4 |
| EBITA – pre-corporate office¹ | 60.1 | 67.9 |
| Corporate office income | 0.0 | 0.0 |
| Corporate office expenses | 3.7 | 7.3 |
| EBITA¹ | 56.4 | 60.6 |
| Financing expense – consolidated entities ³ | 1.0 | 0.0 |
| Share of financing expense – associates ² | 1.0 | 0.5 |
| Amortisation expense – consolidated entities | 6.9 | 7.2 |
| Share of amortisation expense – associates ² | 1.7 | 2.3 |
| Net profit before tax | 45.8 | 50.6 |
| Income tax expense – consolidated entities | 10.6 | 11.2 |
| Share of income tax expense – associates ² | 5.3 | 5.9 |
| Net profit after tax | 29.9 | 33.5 |
| Non-controlling interests in net profit after tax | 2.7 | 3.4 |
| Net profit attributable to members of Steadfast | 27.2 | 30.1 |

¹ EBITA includes interest income and represents earnings before amortisation, interest expense and income tax.

² Steadfast's pro-forma share of net profit after tax from associates is forecast to be \$12.2 million in FY13 and \$14.7 million in FY14. This includes the "Share of EBITA from associates and joint ventures", "Share of financing expense – associates", "Share of amortisation expense – associates" and "Share of income tax expense – associates" line items separately presented in the table above.

³ Interest income from funds held for potential acquisitions and other corporate needs has been offset against finance expenses.

4. Financial information, continued

4.5.2 General assumptions affecting forecast results of Steadfast

In preparing the Forecast Financial Information, the following general assumptions have been adopted:

- no material change in the competitive operating environment in which Steadfast operates;
- no significant deviation from current market expectations of global or Australian economic conditions relevant to the insurance broker industry in Australia for the period;
- no material changes in Australian Commonwealth, State or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Steadfast during the Forecast Period;
- no material changes in key personnel;
- no material amendments to any of Steadfast's key contracts;
- no material loss of clients;
- no material changes in applicable Australian Accounting Standards, other mandatory professional reporting requirements or the Corporations Act which have a material effect on Steadfast's financial performance, financial position, accounting policies, financial reporting or disclosure;
- no material industry disturbances, contingent liabilities or legal claims will arise or be settled to the detriment of Steadfast;
- no acquisitions or disposals of businesses other than as set out in, or contemplated by, this Prospectus;
- no material changes to Steadfast's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- no material disruptions to the continuity of operations of Steadfast nor other material changes in its business;
- no material amendment to any material agreement or arrangement relating to Steadfast's business other than set out in, or contemplated by, this Prospectus;
- none of the risks listed in Section 5 have a material adverse impact on the operations of Steadfast; and
- the Listing occurs in accordance with the timetable set out on page 2.

4.5.3 Material assumptions affecting Pro-forma Forecast Financial Information and management discussion

Adjustments have been made to reflect the earnings of the Acquisitions as if they had been acquired prior to the commencement of the Forecast Period. Whilst Steadfast will consider further potential acquisitions of businesses, no growth from future acquisition of businesses has been assumed in the Pro-forma Forecast Financial Information.

Each Pre-IPO Acquisition and IPO Acquisition submitted a forecast for FY13 and FY14 which was reviewed by Steadfast. The FY13 forecast is a combination of 1H13 actual (reviewed) and 2H13 forecast. In a number of instances, major restructures are being contemplated by the businesses in anticipation of completion of the Acquisitions or major expenses (including principals' remuneration) are contracted on different terms post-acquisition. Further, some brokers acquired other businesses in FY13. It was therefore decided to apply tailored assumptions to the forecasts of those Steadfast Equity Brokers (27 in total), Steadfast Underwriting Agencies and ancillary businesses.

For the remaining Acquisitions, a number of management assumptions were applied to the Forecast Period, including:

- an increase in revenue from fees and commissions of 3.5% in FY14;
- employment expenses to increase by 3.4% in FY13 and FY14;
- other expenses to increase by 2.4% in FY13 and FY14;
- rebate of M&A Fees to Steadfast Network Brokers to be 28% of M&A Fee income received from Insurer partners in FY13 and 35% for FY14;
- Final Price of \$1.00; and
- all purchases of IPO Acquisitions are completed in accordance with the IPO Acquisition Agreements.



4.6 Sensitivity Analysis of Pro-forma Financial Information

The pro-forma forecast consolidated statements of comprehensive income included in Section 4.5 are based on a number of key assumptions which have been outlined above and which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and, as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, the sensitivity of the forecast pro-forma EBITA and NPAT for FY14 to changes in certain key assumptions is set out below.

4.6.1 Revenue/expenses

Table 4.6.1 shows the impact on EBITA and the net profit after tax for FY14 of \$33.5 million (refer to Table 4.5.1) as a result of changes to a number of variables.

Table 4.6.1: EBITA and NPAT sensitivity of changes to key variables

| (\$ million) | Change | Impact on FY14 EBITA (post-corporate office) | | Impact on FY14 NPAT | |
|----------------------|-------------------|---|---------|---------------------|---------|
| | | \$ | % | \$ | % |
| Fees and commissions | +100 basis points | 7.7 | 12.8% | 4.8 | 16.1% |
| | -100 basis points | (7.7) | (12.8%) | (4.8) | (16.1%) |
| GWP | +1% | 1.6 | 2.6% | 1.0 | 3.2% |
| | -1% | (1.6) | (2.6%) | (1.0) | (3.2%) |
| Wage inflation | +100 basis points | (0.6) | (0.9%) | (0.4) | (1.2%) |
| | -100 basis points | 0.6 | 0.9% | 0.4 | 1.2% |
| EBITA margin | +100 basis points | 1.5 | 2.5% | 1.0 | 3.4% |
| | -100 basis points | (1.5) | (2.5%) | (1.0) | (3.4%) |

This sensitivity analysis for EBITA and NPAT assumes neither adjustment to cost structures (including employment and commission payable to authorised representatives) nor any adjustments between receipting of income versus the charging of fee for advice by brokers.

4.6.2 Variable purchase price

There are 28 IPO Acquisitions that have a variable purchase price, based on a rise and/or fall of revenue and/or EBITA. Some of the IPO Acquisitions have limits on the amount of such adjustments ("caps and/or collars"); however, the majority are uncapped. These price adjustments will be based on the actual broker results for FY13 to FY15.

Pursuant to Australian Accounting Standards, Steadfast has made a best estimate of the amount of consideration payable for IPO Acquisitions where there is a variable purchase price (for example, a multiple of future EBITA) after performing due diligence on the IPO Acquisition. Should the results vary from these best estimates, Steadfast will be required to finance or reduce the final consideration payable with any adjusting amount recorded as income or expense (as appropriate), and take that difference to the Statement of Comprehensive Income.

The following table provides a sensitivity analysis on the impact that such variations could have. Note that any additional increase in price payable will correspond to an increase in expected EBITA and vice versa for reductions in purchase price.

Any variation in purchase price payable that relates to FY13 should be known at the time of completing the acquisition. Therefore, the final consideration will be booked and no difference should arise in the FY14 year for these transactions.

The following table has been prepared on the assumption that any further increases in purchase price would be debt funded at a rate of 7.25% p.a.

4. Financial information, continued

Table 4.6.2.1: Impact of variable purchase price increase

| (\$ million) | 5% | 10% | |
|---|-------|-------|---|
| Additional purchase price required to be funded | 7.9 | 15.6 | Accounting Standards require this additional acquisition price to be expensed in the Statement of Comprehensive Income. This should only apply to best estimates applicable to FY14 as the FY13 best estimates should be known when compiling the FY13 and 1H14 financial report. |
| Additional EBITA | 1.2 | 2.5 | |
| Additional finance cost | (0.6) | (1.1) | |
| Additional NPAT | 0.5 | 0.9 | |
| 2014 EPS (cents) at a Final Price of \$1.00 | 5.5 | 5.5 | |
| Revised FY14 EPS (cents) at a Final Price of \$1.00 | 5.6 | 5.7 | |

Where there is a reduction in purchase price, Steadfast will have additional funds not employed in the acquisition of assets. In this instance, the Company would have reduced EBITA expectations. Table 4.6.3 has been prepared on the basis that funds not required are placed on deposit at a rate of 3.75% pa.

Table 4.6.2.2: Impact of variable purchase price decrease

| (\$ million) | 5% | 10% | |
|---|-------|--------|--|
| Reduced purchase price | (8.3) | (16.6) | Accounting Standards require this reduced acquisition price to be classified as income in the Statement of Comprehensive Income. This should only apply to best estimates applicable to FY14 as the FY13 best estimates should be known when compiling the FY13 and 1H14 financial report. |
| Additional EBITA | (1.3) | (2.7) | |
| Additional finance cost | 0.3 | 0.6 | |
| Additional NPAT | (0.7) | (1.4) | |
| 2014 EPS (cents) at a Final Price of \$1.00 | 5.5 | 5.5 | |
| Revised 2014 EPS (cents) at a Final Price of \$1.00 | 5.4 | 5.2 | |

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and management would also likely respond to any adverse change in one variable by seeking to minimise the net effect on Steadfast's NPAT.

4.6.3 Completion of Acquisitions

The IPO Acquisition Agreements contain obligations on the Vendors and conditions precedent to completion. In the event that Steadfast proceeds with the Listing but does not complete all the IPO Acquisitions, Steadfast would retain excess cash, and not issue Consideration Shares in respect of Acquisitions that do not complete, without the full uplift in earnings anticipated from the income generated by the IPO Acquisitions. Should that excess cash be invested at 3.75% p.a., the sensitivity of the forecast earnings of Steadfast and impact on earnings per share is as outlined in Table 4.6.4.



Table 4.6.3: Earnings impact of completion

| % of acquisition price ¹ | NPAT decrease ⁴ (\$m) | NPAT decrease ⁵ % | EPS (cents) ² | Cash not funding IPO Acquisitions (\$'m) | EPS if broker shares not issued ^{2,3} |
|-------------------------------------|-------------------------------------|---------------------------------|--------------------------|---|--|
| 100% | | | 5.5 | | 5.5 |
| 99% | (0.3) | (1.0) | 5.5 | 4.1 | 5.5 |
| 98% | (0.6) | (2.1) | 5.4 | 8.3 | 5.5 |
| 97% | (0.9) | (3.1) | 5.4 | 12.4 | 5.4 |
| 96% | (1.2) | (4.1) | 5.3 | 16.5 | 5.4 |
| 95% | (1.5) | (5.1) | 5.3 | 20.6 | 5.4 |
| 94% | (1.9) | (6.2) | 5.3 | 24.8 | 5.3 |
| 93% | (2.2) | (7.2) | 5.2 (5.3%) | 28.9 | 5.3 (3.6%) |

1 Calculated as percentage of purchase price of the Acquisitions.

2 Assumes Final Price of \$1.00.

3 Based on final Consideration Share Elections by Vendors.

4 Assumes no reduction in corporate office expenses.

5 Assumes cash has been raised, but scrip to Vendors is not provided.

Should the associated Consideration Shares be issued, a 93% completion of the Acquisitions would cause a 5.3% fall in EPS. Should non-completion be known prior to completion of the bookbuild, and the associated Consideration Shares are not issued pursuant to the Offer, a 93% completion of the Acquisitions would cause a 3.6% fall in EPS.

4.6.4 Potential future acquisitions

The Pro-forma Forecast Information has been compiled on the assumption that there will be no further acquisitions of businesses or equity interests in businesses in the Forecast Period.

Steadfast's acquisition criteria includes a requirement that all acquisitions are to be EPS accretive within 12 months of acquisition when assuming at least 85% of the acquisition price is equity funded. This acquisition criterion is to be applied irrespective of the actual level of equity funding for the transaction.

Steadfast will consider the use of gearing for future acquisitions with a policy of maintaining a gearing ratio not exceeding 15%. The gearing ratio is calculated as Steadfast's debt divided equity plus debt.

Steadfast expects that any acquisitions made in the first year post-Listing will be primarily funded by debt or available cash resources, and in limited circumstances, Steadfast may consider issuing Shares at the prevailing market price in order to fund certain transactions.

Steadfast is raising \$25 million in equity through the Offer for general corporate purposes and potential future acquisitions.

4.6.5 Goodwill of the Acquisitions

The Acquisitions contain minimal net identifiable assets relative to the purchase consideration payable by Steadfast and, as a result, Steadfast will recognise a substantial value of goodwill.

For Acquisitions that will be consolidated entities (typically where a greater than 50% interest is acquired by Steadfast), the goodwill will be included in the statement of financial position.

For Acquisitions that will be associated entities (typically where between 20% and 50% interest is acquired by Steadfast), the goodwill is effectively embedded in the amount recognised as equity accounted investments.

The amount of goodwill will be calculated by deducting the total tangible net assets and identifiable intangible assets acquired by Steadfast from the purchase consideration for each acquisition. The total purchase consideration is the fair value of any Consideration Shares plus the cash consideration. The fair value of the Consideration Shares been calculated using an assumed Final Price of \$1.00 for the purposes of preparing the Pro-forma Financial Information. The Final Price (and, accordingly, the fair value) will ultimately be determined at the conclusion of the bookbuild process.

4. Financial information, continued

Should the Final Price exceed \$1.00, then the goodwill, equity accounted investments and share capital on the Statement of Financial Position will also increase. This will increase the amount of the carrying values of these assets which must be tested regularly for impairment. Subject to not requiring any impairment provisions, there will be no impact on the earnings of the Company as a result of this increase, but there will be an increase in the EPS as the number of Shares issued under the Offer will decrease. Refer to Section 4.3.1 for the range of EPS across the Indicative Price Range.

Table 4.6.5 summarises the sensitivities of certain items in the Statement of Financial Position to the Final Price across the Indicative Price Range.

Table 4.6.5: Sensitivities of the Final Price across the Indicative Price Range

| Final Price | \$1.00 | \$1.10 | \$1.20 |
|--|---------|---------|---------|
| Equity accounted investments (\$ million) | \$132.4 | \$145.7 | \$158.9 |
| Goodwill from consolidated acquisitions (\$ million) | \$236.4 | \$260.0 | \$283.6 |
| Issued capital (\$ million) | \$474.6 | \$511.5 | \$548.4 |

4.7 Pro-forma forecast of Consolidated Operating and Financing Cash Flows for FY13 and FY14 (before dividends paid)

The Pro-forma Forecast Financial Information comprises the Directors' Pro-forma Forecast Consolidated Statements of Comprehensive Income (see Section 4.5) and Pro-forma Forecast of Consolidated Operating Cash Flows for FY13 and FY14 (see Section 4.7.1). The Pro-forma Forecast Financial Information should be considered in conjunction with the basis of preparation set out in Section 4.2.2.

4.7.1 Pro-forma forecast of Consolidated Operating and Financing Cash Flows for FY13 and FY14

Set out below is a summary of Steadfast's Pro-forma Forecast Consolidated Operating and Financing Cash Flows for FY13 and FY14.

Table 4.7.1: Pro-forma forecast of Consolidated Operating and Financing Cash Flows for FY13 and FY14 (before dividends paid)

| (\$ million) | Forecast pro-forma | |
|--|--------------------|-------------|
| | FY13 | FY14 |
| Pro-forma group consolidated EBITA ¹ | 56.4 | 60.6 |
| Less tax paid | (10.6) | (11.2) |
| Less finance costs ² | (1.0) | 0.0 |
| Less share of EBITA of equity accounted investments ³ | (20.2) | (23.4) |
| Add back depreciation | 1.7 | 1.6 |
| Change in working capital ² | (2.1) | 1.7 |
| Dividend income from equity accounted investments ⁴ | 9.6 | 11.5 |
| Net cash flow from operating and financing activities | 33.8 | 40.8 |

1. Interest income for the Steadfast group is considered to be operating in nature and is included in EBITA.

2. The finance costs are presented as a deduction in the table above in order to present net cash flow from both operating and financing activities.

3. Working capital adjustments reflect the forecast movement in trade payables (excludes payables to underwriters which are funded from insurance broking accounts).

4. Dividends received from equity accounted investments are calculated as Steadfast's share of 75% of the net profit after tax of associates and joint ventures.

On a pro-forma basis, 100% of the dividend is assumed to be received in the year the earnings relate to.



4.7.2 Material assumptions affecting Pro-forma Forecast Cash Flow Statement and management discussion

Acquisitions

The cash flow assumes all Acquisitions were completed prior to the commencement of the Forecast Period. No further acquisitions have been included for the Forecast Period.

Debt structure

The cash flow forecasts have been prepared on the assumption that all corporate debt finance facilities are repaid upon completion of the Listing and no facilities will be drawn upon in the Forecast Period. However, some debt of consolidated entities will remain in place. As set out in Section 4.6, the Directors intend to actively assess new acquisition opportunities and expect any acquisitions to be funded in the short term by debt and retained cash (refer to Table 4.9.1).

Income tax

The cash flows have been adjusted to account for the impact of expected tax payments by Steadfast.

Working capital

Steadfast is forecasting increased revenues and expenses, and has therefore forecast different working capital amounts to finance this variation.

Capital expenditure

Steadfast's businesses are not capital intensive, with fixed assets relating primarily to office equipment, fitouts and motor vehicles. Development costs relating to software such as the SVU have been expensed as incurred during the development stages pending more certainty in the ability to realise benefits in the future. Capital expenditure is anticipated to be in line with the depreciation charge on plant and equipment, namely \$1.6 million in FY14.

Initial delay in cash flows from Acquisitions

A key component of the Pro-forma Forecast Cash Flows of the parent entity is dividends from its investments in the Acquisitions. The Acquisition Agreements provide for the payment of dividends within 45 days of the conclusion of each six month reporting period. The minimum amount payable is 75% of profit after tax for that retrospective period. The forecasts assume that dividends from the Acquisitions are at the minimum level.

The actual cash flows in the Forecast Period are expected to vary materially from the Pro-forma Forecast Financial Information shown in 4.7 because of the timing of the Acquisitions. The cash flow forecasts have been compiled on the assumption that the Acquisitions have been owned for the whole of the Forecast Period. However, because the completion of most IPO Acquisitions is not expected to take place until August 2013, the timing of receipts of cash flows will be delayed for those of the Acquisitions in which Steadfast has not yet invested as at 30 June 2013, which will be the majority.

Therefore the actual dividend received from associates for the first six months to 31 December 2013 could be as low as nil from the associates (with the dividend for this period contractually due to Steadfast by 14 February 2014) and the actual dividend received from associates in the full year could be as low as 75% of the profits after tax from those associates for the first six month period to 31 December 2013 (with dividends received from associates for 2H14 due on 14 August 2014), shown as follows:

Table 4.7.2

| (\$ million) | FY14 |
|--|-------------|
| Net cash flows from operating and financing activities before dividends paid | 40.8 |
| Less: potential full impact of initial delay | (5.8) |
| Adjusted cash flows from operating and financing activities before dividends paid | 35.0 |

4.7.3 Funding for objectives

The Directors believe that Steadfast will have sufficient working capital to carry out its stated objectives in the Forecast Period.

4. Financial information, continued

4.8 Dividends

4.8.1 Dividend policy

Subject to future business conditions and opportunities and future cash flow requirements of Steadfast, the Directors intend to target a dividend payout ratio in the range of 65% to 85% of net profit after tax attributable to members of Steadfast, and a minimum of 50% of net profit after tax before amortisation attributable to members of Steadfast ("NPATA") and impairment of intangibles. All dividends are expected to be fully franked. The Board intends to weight dividend payments towards the final dividend in the ratio of approximately 40%/60% (interim/final). This reflects the greater percentage of revenue earned in the second half of the financial year due to the 30 June premium renewal season.

Dividends are anticipated to be paid in April and October of each year, after Steadfast has received dividends from its associated entities (due no later than February and August of each year) and subsidiaries. The Directors of Steadfast expect to declare a dividend for the first half year period completed following the Listing, which is expected to be paid in April 2014.

Notwithstanding the above comments, the ability to declare and pay dividends and the level of franking of dividends in the future will depend on a number of factors, including current and retained earnings, cash resources, financing covenants, receipt of dividends and distributions from the Acquisitions, and the risk factors discussed in Section 5. Many of these factors are beyond the control of both Steadfast and the Directors. Accordingly, no assurance can be provided about the level of future dividends or the extent to which any of the dividends will be franked.

4.8.2 Estimated dividend

There will be no dividend paid for FY13, with the first dividend payable in respect of Shares issued under this Prospectus anticipated to be in April 2014. Based on the dividend policy stated above, and using a range of 65% to 85% of NPAT attributable to members of Steadfast, an estimated dividend of between \$19.5–\$25.5 million is estimated to be paid in relation to FY14 earnings, calculated as follows:

Table 4.8.2: Estimated dividend

| (\$ million) | FY14 65% | FY14 75% | FY14 85% |
|--|-------------|-------------|-------------|
| NPAT attributable to members of Steadfast | 30.1 | 30.1 | 30.1 |
| Dividend payout ratio (65% to 85%) | 19.5 | 22.5 | 25.5 |
| NPATA | 37.8 | 37.8 | 37.8 |
| 50% thereof (b) | 18.9 | 18.9 | 18.9 |
| Estimated dividend – maximum of (a) & (b) | 19.5 | 22.5 | 25.5 |



4.8.3 Dividend reinvestment plan (“DRP”)

The Directors have established a DRP, which is expected to be effective for the first dividend payment following Listing. The operation and terms of the DRP may be changed, suspended or terminated by Steadfast at its discretion at any time. Full details of the DRP will be available on the Steadfast website from Listing. Key terms are set out below:

- Generally, Steadfast shareholders holding ordinary shares who have a registered address in Australia or New Zealand are eligible to participate in the DRP, unless they are US persons or hold Shares on behalf of another person who resides outside Australia. Steadfast may determine that Shareholders in other jurisdictions may also be eligible.
- Participation in the DRP is voluntary and may be in respect of some or all of a shareholder’s shares for any dividend payment.
- The issue price per Share under the DRP for a particular dividend will be the average market price, less such discount, if any, as the Directors may determine, rounded to four decimal places (or such other number decimal places as the Directors may determine). The average market price will be the daily volume weighted average sale price per Share of Shares sold on ASX during the pricing period (determined by Steadfast and at least five business days) in the ordinary course of trading on ASX (including the closing single price auction), but excluding any transaction defined in the ASX Operating Rules as “special” crossings prior to the commencement of the open session state, crossings during overnight trading (following the closing single price auction), any overseas trades or trades pursuant to the exercise of options over Shares, and any other sales which Steadfast considers may not be fairly reflective of natural supply and demand. The discount applied may be nil and may vary from dividend to dividend but any change will not apply to dividends already announced.
- Steadfast may either issue new Shares or cause existing Shares to be acquired in the market for transfer to participants, or a combination of both options, to satisfy the obligation to allocate shares to DRP participants.
- No brokerage, commission or other transaction costs will be payable by participants in respect of their participation in the DRP.

No allowance has been made for the impact for any potential DRP in the Forecast Period.

4.9 Pro-forma Consolidated Statement of Financial Position on Completion of the Offer

This section comprises the Pro-forma Consolidated Statement of Financial Position on Completion of the Offer (4.9.1), breakdown of shares on issue on completion of the Offer (4.9.2) and management discussion and analysis on pro-forma consolidated statement of financial position (4.9.3).

4.9.1 Pro-forma Consolidated Statement of Financial Position on completion of the Offer

Set out below is the Pro-forma Consolidated Statement of Financial Position on completion of the Offer. This is based on Steadfast’s Consolidated Statement of Financial Position as at 31 December 2012 extracted from reviewed financial statements of Steadfast, adjusted to reflect the transactions and pro-forma adjustments set out below.

4. Financial information, continued

Table 4.9.1: Pro-forma Consolidated Statement of Financial Position on completion of the Offer

| (\$ million's') | Reviewed | Pro-forma adjustments | | | Pro-forma |
|---|--------------------|--|--|---|--|
| | Steadfast reported | Equity/cash raised from the Offer ¹ | Other Offer related impacts ² | Acquisitions/consolidation entries ³ | Steadfast group on completion of the Offer |
| Current assets | | | | | |
| Cash and cash equivalents | 7.5 | 479.8 | (36.5) | (380.4) | 70.4 |
| Cash held on trust | – | – | – | 50.9 | 50.9 |
| Trade and other receivables | 14.0 | – | – | 49.0 | 63.0 |
| Other | 0.7 | – | – | 5.1 | 5.8 |
| Total current assets | 22.2 | 479.8 | (36.5) | (275.4) | 190.1 |
| Non-current assets | | | | | |
| Equity accounted investments | 3.7 | – | – | 128.7 | 132.4 |
| Property, plant and equipment | 12.1 | – | – | 5.6 | 17.7 |
| Identifiable intangibles | 3.9 | – | – | 67.8 | 71.7 |
| Goodwill | 12.7 | – | – | 223.7 | 236.4 |
| Deferred tax assets | 1.2 | – | 2.4 | 0.4 | 4.0 |
| Other | – | – | 6.9 | 6.1 | 13.0 |
| Total non-current assets | 33.6 | – | 9.3 | 432.3 | 475.2 |
| Total assets | 55.8 | 479.8 | (27.2) | 156.9 | 665.3 |
| Current liabilities | | | | | |
| Trade and other payables | 12.9 | – | – | 94.6 | 107.5 |
| Loans and borrowings | 0.8 | – | (0.8) | 0.6 | 0.6 |
| Income tax liabilities | 0.5 | – | – | 1.2 | 1.7 |
| Provisions | 11.0 | – | (7.4) | 4.9 | 8.5 |
| Other | – | – | – | 6.4 | 6.4 |
| Total current liabilities | 25.2 | – | (8.2) | 107.7 | 124.7 |
| Non-current liabilities | | | | | |
| Loans and borrowings | 9.5 | – | (9.5) | 6.2 | 6.2 |
| Deferred tax liabilities | 3.5 | – | – | 20.9 | 24.4 |
| Provisions | 0.7 | – | – | 4.7 | 5.4 |
| Other | – | – | – | 3.5 | 3.5 |
| Total non-current liabilities | 13.7 | – | (9.5) | 35.3 | 39.5 |
| Total liabilities | 38.9 | – | (17.7) | 143.0 | 164.2 |
| Net assets | 16.9 | 479.8 | (9.5) | 13.9 | 501.1 |
| Equity | | | | | |
| Issued capital ⁴ | 0.3 | 479.8 | (5.5) | – | 474.6 |
| Retained earnings | 16.0 | – | (4.0) | 5.2 | 17.2 |
| Total equity | 16.3 | 479.8 | (9.5) | 5.2 | 491.9 |
| Non-controlling interests | 0.6 | – | – | 8.7 | 9.2 |
| Total equity attributable to equity holders of the Company | 16.9 | 479.8 | (9.5) | 13.9 | 501.1 |

1 The "Equity/cash raised from the Offer" column presents the additional equity to be raised on IPO. The adjustment to "Cash and cash equivalents" line item within this column includes the equity portion of consideration to be paid to acquire interests in IPO Acquisitions, as well as the cash proceeds from the Offer. The equity portion of the consideration included within this cash adjustment is reversed in the "Acquisition/consolidation entries" column (see note 3 below).

2 The "Other Offer related impacts" column includes the repayment of debt facilities of the parent entity, the issue of loans to executives and the cost of issuing capital (net of tax).

3 The "Acquisitions/consolidation entries" column includes the pro-forma adjustments to account for controlled and non-controlled acquisitions and related consolidation adjustments. The amount of goodwill for controlled acquisitions (\$223.7 million) is calculated by deducting the total tangible net assets (\$19.54 million) and tax effected identifiable intangible assets (\$47.46 million) acquired by Steadfast from the purchase consideration (\$290.7 million) for each Acquisition. The total purchase consideration is the fair value of any Consideration Shares plus the cash consideration.

4 The table above sets out the shares on issue on completion of the Offer on the assumption that the Final Price is \$1.00 per IPO Share. The Final Price will ultimately be determined at the conclusion of the Bookbuild. Section 4.6.5 provides sensitivity analysis should the Final Price exceed \$1.00.



4.9.2 Shares on issue on completion of the Offer

The table below sets out the Shares on issue on completion of the Offer on the assumption that the Final Price is \$1.00 per IPO Share.

Table 4.9.2: Shares on issue on completion of the Offer

| | Steadfast on completion of the Offer |
|--|---|
| Shares on issue on completion of the Offer | 545.1 million |
| Made up of: | |
| Re-weighting Shares | 65.2 million |
| Executive Shares | 10.9 million |
| Consideration Shares | 135.3 million |
| IPO Shares | 333.7 million |

4.9.3 Management discussion and analysis on pro-forma consolidated statement of financial position

Restructuring events

The purchase of 68 Acquisitions is assumed to be completed, with a total price (best estimate) payable of \$412.5 million, broken down between:

- > 30 consolidated entities; and
- > 38 associated entities.

A number of the Acquisitions have deferred settlement clauses, mainly payable by October 2013, but it is assumed that they are all settled on or about Listing.

A number of the IPO Acquisitions have "rise" and/or "fall" contracts in their IPO Acquisition Agreements. Best estimates of expected settlement have been made. Refer to the sensitivity analysis in Section 4.6.2 for details regarding the impact of this assumption.

The IPO Acquisition Agreements require IPO Acquisitions to maintain a minimum working capital amount. It is assumed that the required working capital has been maintained. Should insufficient working capital be retained, and this is identified by Steadfast management, then the acquisition price will be reduced accordingly and cash increased by the withheld amount.

Cash and cash equivalents and cash held in insurance broking and underwriting accounts

Included in cash balances will be amounts retained by brokers and underwriting agencies in the insurance broking and underwriting accounts in accordance with AFS licensing requirements. This is forecast to be \$50.9 million for controlled entities. This cash is not available to Steadfast to use for its own working capital purposes, but has to be seen in relation to payables to broking and underwriting operations disclosed under trade and other payables. The majority of the remaining cash relates to working capital of the Acquisitions used to fund day-to-day operations. \$15 million of the cash raised in the Listing will be utilised to fund expenses incurred as a result of the restructure and Listing, and \$25 million will be available for general corporate purposes and potential future acquisitions.

Trade and other receivables

Receivables relating to broking and underwriting operations comprises the majority of trade and other receivables and, for the most part, will be passed on to insurers (with a corresponding liability under trade and other payables). At balance sheet date, this amounted to \$40.1 million. The remaining \$22.9 million relates to other receivables of Steadfast and its controlled entities.

Identifiable intangibles

Under accounting standards, identifiable intangible assets must be amortised over their effective life. For customer relationships within the Acquisitions, this has been assessed as ten years. This amortisation is deducted from earnings, regardless of whether the Broker is consolidated or an associate.

Goodwill

The goodwill included in the statement of financial position may change where the Final Price exceeds \$1.00. Refer to Section 4.6.5.

4. Financial information, continued

Impairment testing

Goodwill and indefinite life intangible assets must be regularly tested for impairment. Other identifiable intangible assets are amortised and assessed for any indicators of impairment each reporting period. In the event that the value of any of Steadfast's intangible assets or equity accounted investments are found to be impaired to a level below their carrying value, Steadfast will need to write down the value of that asset. Such a writedown would be an expense in the income statement and cause a reduction in profit for Steadfast. Impairment of any individual asset (for example, a minority interest in a Steadfast Equity Broker) will result from a permanent diminution in value indicated by a decrease in profits below the level that supports the value of the asset. This may be caused by a range of factors, including a failure to achieve expected profit growth, higher than expected expenses, loss of customers or the impact of unforeseen events.

Other non-current assets

Steadfast has provided four executives with recourse loans of \$10.9 million in aggregate for up to five years interest free to acquire Shares in Steadfast at an issue price of \$1.00 per Share. The face value of these loans has been recognised at their estimated fair value of \$6.9 million in accordance with Australian Accounting Standards. The \$10.9 million face value of the loans is what Steadfast expects to recover. Refer to Section 6.6.3 for a summary of the terms and conditions of these loans.

Trade and other payables

The main part of trade and other payables is made up of payables on broking and underwriting operations (\$82.8 million), which is related to cash held in insurance broking and underwriting accounts as well as receivables from broking and underwriting operations mentioned under trade and other receivables. The remaining \$24.7 million relates to Steadfast's and the Acquisitions' other payables.

Loans and borrowings

It is assumed that all the debt facilities of the parent entity are repaid from cash raised upon Listing. Certain consolidated entities have debt that is being retained which totals \$6.8 million. Typically this has been utilised for acquisition of other broking businesses.

Deferred tax liabilities

For the Acquisitions in which brokers are controlled entities, customer relationships have been recognised as "Identifiable Intangibles". These will be amortised over ten years, subject to any impairment being recognised. A corresponding deferred tax liability has been recognised upon acquisition of these customer relationships.

Impact of the Listing

An increase in issued capital reflects new capital raised of \$479.8 million under the Listing less \$5.5 million capitalised transaction costs net of tax. Based on current tax legislation, these costs will be deductible to Steadfast over five years commencing in the year the amounts were incurred.

\$479.8 million comprises capital raised for the following purposes:

| Amount (\$ million) | Nature |
|----------------------------|---|
| 421.0 | Cost of investment in Pre IPO Acquisitions and IPO Acquisitions, including repayment of debt to fund Pre IPO Acquisitions |
| 25.0 | Increase in cash and cash equivalents |
| 22.9 | Costs of the Offer and Capital Restructure |
| 468.9 | Total cash raised |
| 10.9 | Executive Shares |
| 479.8 | Total |

There is no impact on issued capital in the Pro-forma Consolidated Statement of Financial Position as a result of issuing Re-weighting Shares.

The fair value of the equity issued is assumed to be \$1.00 per Share for each Acquisition. To the extent the share price at bookbuild exceeds \$1.00 then the goodwill on each Acquisition will increase, as will the issued capital.

The cost base for income tax purposes of the IPO Acquisitions will be different to the accounting cost base, as the tax cost base is reduced by the value of the discount referable to the Shares being issued in escrow. This discount has been valued by an external valuer as approximately 9% of the bookbuild price. The Pro-forma Consolidated Statement of Financial Position is therefore provided for illustrative purposes only and is not represented as being indicative of Steadfast's view of its future financial position (refer to Section 4.6).



4.10 Historical Consolidated Statements of Comprehensive Income

Set out below are a summary of Steadfast's Historical Consolidated Statements of Comprehensive Income for FY11, FY12 and 1H13 extracted from the audited statutory financial statements of Steadfast for the years ended 30 June 2011 and 30 June 2012, and reviewed financial statements for Steadfast for the six months ended 31 December 2012.

The Historical Financial Information does not reflect any pro-forma consolidation of the IPO Acquisitions nor any pro-forma adjustments relating to the Restructure or Listing. Accordingly, the Historical Financial Information (including the historical statutory interest expense and income tax) are not a meaningful representation of Steadfast's future earnings profile.

The audited statutory financial statements for FY11 and FY12 are available at <https://www.steadfast.com.au/en/supplementary-pages/annual-reports.aspx>

Table 4.10.1: Historical Consolidated Statements of Comprehensive Income

| (\$ million) | Historical income statement | | |
|--|-----------------------------|-------------|-------------|
| | Audited | Reviewed | |
| | FY11 | FY12 | 1H13 |
| Revenue | 20.6 | 22.5 | 12.7 |
| Other income | 1.0 | 7.0 | 1.3 |
| Share of net profits from associates and joint ventures using the equity accounting method | 2.4 | 2.7 | 2.1 |
| Total revenue | 24.0 | 32.2 | 16.1 |
| Expenses | | | |
| Member rebates | 9.6 | 11.8 | 2.9 |
| Employee and Board expenses | 5.3 | 6.0 | 6.5 |
| Other expenses | 6.2 | 7.0 | 4.6 |
| Total expenses | 21.1 | 24.8 | 14.0 |
| EBITA | 2.9 | 7.4 | 2.1 |
| Amortisation | – | – | – |
| Financing expenses | – | – | – |
| Profit before income tax expense | 2.9 | 7.4 | 2.1 |
| Income tax expense | – | 1.2 | 0.2 |
| Non-controlling interest in consolidated profit | – | – | – |
| Profit after income tax for the year attributable to the owners of Steadfast | 2.9 | 6.2 | 1.9 |

4.10.1 Pro-forma adjustments to the Historical Financial Information

As described in Section 4.2.1, the Pro-forma Historical Information of Steadfast represents a pro-forma consolidation of the Acquisitions following completion of the Offer. The Pro-forma Historical Financial Information therefore includes:

- the results and balance sheets of the IPO Acquisitions as if they had been acquired for the full period the financial information relates to;
- consolidation adjustments to eliminate inter-company items of income, expense, balances and cash flows between entities within the pro-forma Steadfast group;
- accounting adjustments to align the accounting policies of acquired entities to those of the Steadfast group; and
- normalisation adjustments to reflect the terms of revised employment contracts for certain key individuals within the entities being acquired.

4. Financial information, continued

The pro-forma Historical Financial Information has not been adjusted for any other expenses incurred which are not expected to recur following Listing.

The impacts of the Pro-forma adjustments on Steadfast's Pro-forma Historical Consolidated Statements of Comprehensive Income for FY11, FY12 and 1H13 are set out below.

Table 4.10.2: Reconciliation of summary statutory/reviewed Historical Consolidated Statements of Comprehensive Income to Pro-forma Historical Consolidated Statements of Comprehensive Income

| | Historical | | |
|---|-------------|-------------|-------------|
| | FY11 | FY12 | 1H13 |
| Statutory EBITA (FY11, FY12)/Reviewed EBITA (1H13)¹ | 2.9 | 7.4 | 2.1 |
| Adjustments | | | |
| Profits related to Miramar becoming a controlled entity | 1.2 | 0.3 | 0.4 |
| Aggregated EBITA relating to acquisitions to be consolidated | 35.5 | 33.6 | 19.5 |
| Alignment of accounting policies ² | 0.1 | 0.7 | (4.3) |
| Normalisations ³ | (2.1) | (1.6) | (1.1) |
| Share of EBITA relating to equity accounted acquisitions | 13.7 | 15.9 | 7.7 |
| Pro-forma adjustments | (0.8) | 2.2 | 3.5 |
| Total adjustments | 47.6 | 51.1 | 25.7 |
| Pro-forma EBITA – pre-corporate office | 50.5 | 58.5 | 27.8 |

- 1 EBITA includes interest income and represents earnings before interest expense, income tax and amortisation. The nature of each type of material impact is as follows:
- Aggregated EBITA relating to acquisitions to be consolidated – Steadfast is acquiring controlling interests in a number of the Acquisitions, and the historical EBITA of these businesses has been aggregated;
 - Aggregated EBITA relating to equity accounted acquisitions – Steadfast is acquiring a non-controlling interest in a number of the Acquisitions, and Steadfast's equity interest in the EBITA of these entities has been aggregated;
- 2 Revenue recognition was adjusted to an accruals basis for all Brokers. This had a significant impact in the half year due to seasonality (refer to Section 4.4.2).
- 3 Normalisation represents certain items of expenditure that had been contractually altered in the Shareholders and Unitholders Purchase Agreements, including revising employment contracts for principals of brokers.

4.11 Reconciliation of Pro-forma Forecast Consolidated Statements of Comprehensive Income to statutory forecasts

Set out below is a reconciliation between the Pro-forma Forecast Consolidated Statement of Comprehensive Income for FY13 and FY14 to the statutory financial performance that the Directors expect to report, following completion of the Listing, in Steadfast's statutory consolidated financial statements for FY13 and FY14.

Table 4.11.1: Reconciliation of Pro-forma Forecast Consolidated Statements of Comprehensive Income to statutory forecasts

| At year end (\$ million's) | FY13 | FY14 |
|--|---------------|-------------|
| Pro-forma forecast net profit before tax | 45.8 | 50.6 |
| Less: Pro-forma forecast net profit before tax relating to the IPO Acquisitions (12 months FY13, 1 month FY14) | (40.5) | (10.7) |
| Impact on profit before tax from pre-IPO share re-weighting, restructure and Listing costs and other non-recurring items | (20.1) | (3.7) |
| Interest expense on debt funding of pre-IPO Acquisitions | (0.9) | (0.1) |
| Statutory forecast net profit before tax | (15.7) | 36.1 |



4.12 Liquidity and capital resources

Steadfast's principal sources of funds are cash flow from operations dividends from associates, and borrowings under its banking facilities described in Section 9.7. Steadfast also had statutory and pro-forma cash and cash equivalents of \$47.4 million as at completion of the Offer (being total cash less cash held in insurance broking and underwriting accounts). Cash held in insurance broking and underwriting accounts contains funds received on behalf of customers.

Steadfast owns and occupies the premises at Levels 1, 3 and 5 of 99 Bathurst Street, Sydney. The operations do not require significant capital expenditure. Costs to develop software systems have typically been expensed historically and the forecasts for FY13 and FY14 have been prepared assuming development expenditure is expensed as incurred.

Steadfast's historical and forecast capital expenditure and change in working capital is described in Sections 4.7 and 4.7.1. Steadfast expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the Forecast Period. Steadfast expects that its operating cash flows, together with borrowings under its banking facilities, will position it to grow its business as described in Section 4.7.

5. Risk factors

5. Risk factors



5.1 Introduction

There are a number of risks, both specific to Steadfast and of a general nature, which may either individually, or in combination, materially and adversely affect the future operating and financial performance of Steadfast and the value of the Shares. Whilst Steadfast seeks to manage the risks to prevent adverse outcomes, many of these risks are outside the control of Steadfast, its Directors and management.

This Section describes some of the key risks associated with an investment in the Shares. These risks have been separated into:

- business risk factors (described in Section 5.2);
- tax risk factors (described in Section 5.3); and
- investment risk factors (described in Section 5.4).

Prospective investors should note that this is not an exhaustive list of the risks associated with an investment in Steadfast. This section should also be read in conjunction with other information disclosed in this Prospectus. Investors should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

5.2 Business risk factors

5.2.1 Risks associated with the significant change in business model

The significant change in business model being undertaken by Steadfast as part of the Listing will result in the expansion of Steadfast's business interests to encompass ownership of equity interests in a number of Steadfast Equity Brokers and Steadfast Underwriting Agencies, as well as ancillary businesses complementary to the existing Steadfast product offering.

While a few Acquisitions have completed prior to Listing, the majority of Acquisitions will occur as part of Listing. The significant change in business model will result in a number of specific risks which are set out below.

Management and integration of recently acquired businesses and IPO Acquisitions

Following completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares, Steadfast will have management oversight of financial, operational and risk reporting of all Acquisitions. Given the large number of Acquisitions, this will involve a significant expansion of Steadfast's current management responsibilities and its financial, operational and risk reporting and functions. An inability to implement this oversight and reporting across some or all Acquisitions,

a delay in receiving reporting or non-identification of issues or areas which require oversight may result in errors or deficiencies in Steadfast's management of the Acquisitions and its business as a whole. This may result in misreporting of Steadfast's financial results or delayed identification of issues, which may have a material impact on Steadfast's earnings or financial position.

In some cases, Steadfast will seek to integrate the acquired businesses with other Acquisitions as part of Steadfast's Hub Strategy (refer to Section 3.2.2). The integration of certain IPO Acquisitions may be difficult and will involve managing significant risks, including:

- the potential disruption to the ongoing operations of the individual businesses;
- a potential strain on financial and managerial controls and reporting systems and procedures;
- greater than anticipated costs and expenses related to any restructuring; and
- potential unknown liabilities associated with the Acquisitions.

Risks associated with the integration of acquired businesses and Steadfast's Hub Strategy could result in a reduction in Steadfast's earnings, (for example, if integration costs are higher than expected or the performance of acquired businesses is weaker than expected).

Risk that IPO Acquisitions will not complete

The IPO Acquisition Agreements contain obligations on the Vendors and conditions precedent to completion. While the documents have set out an escrow completion process to complete these obligations in advance of Listing, there is a risk that a Vendor will not comply with its obligations within the identified parameters and timeframes outlined in the agreements or issues with individual agreements may be identified or occur that prevent completion.

In the event that Steadfast proceeds with Listing but does not complete all of the IPO Acquisitions, there is a risk that Steadfast may raise excess cash, without the full uplift in earnings anticipated from the income generated by the IPO Acquisitions. This would result in dilution of Steadfast's earnings per share, which may reduce the value of the investment in Steadfast Shares. In addition, the failure to complete some of the IPO Acquisitions will adversely impact the volume of business and earnings of Steadfast (including any forecast income and cash flows). Steadfast has resolved that it will continue with the IPO assuming at least 93% of the Acquisitions complete measured by the aggregate purchase price of all Acquisitions.

Section 4 provides a sensitivity analysis on the level of Steadfast's earnings based on the level of completion.

IPO Acquisition Agreements

There are due diligence, execution and liability risks with any Acquisition. For example, as part of the IPO Acquisition

5. Risk factors, continued

Agreements, certain entities may be required to restructure their financial obligations or change their corporate structure. This may result in unforeseen tax or other consequences that would create a contingent or actual liability and impact the value of the IPO Acquisition in the hands of Steadfast. In addition, certain of the IPO Acquisition Agreements provide that security over assets of the Acquired Entity may remain in place to secure loans of individual shareholders (see Section 9.2.1). Where this is the case, there is a risk that, if the individual shareholder defaults, the security may be enforced which may impact upon the value of the Acquired Entity.

Although Steadfast has, or will have, the benefit of warranties and indemnities in the IPO Acquisition Agreements and other acquisition agreements, those warranties and indemnities are subject to limitations and may not be sufficient to cover or provide recourse in relation to all possible losses that Steadfast may incur in its capacity as the purchaser of the business. Furthermore, even where the warranties and indemnities would apply, Steadfast may not be successful in making a full recovery on these protections, in particular given the Vendors under the agreements are typically individuals or small companies, and may have limited or inaccessible financial resources.

Due diligence risk

Steadfast and its advisers have performed certain pre-acquisition due diligence on each of the businesses to be acquired under the Acquisitions. While Steadfast has obtained certain warranties and indemnities from the Vendors of the Acquisitions under the Acquisition Agreements with respect to information provided, there is a risk that the due diligence conducted has not identified issues that would have been material to the decision by Steadfast to acquire those businesses. A material adverse issue which was not identified prior to Steadfast's acquisition of one or more of the acquired businesses could have an adverse impact on the financial performance or operations of the relevant businesses and may have a material adverse effect on Steadfast if it involves one of the larger acquired businesses or occurs across multiple businesses.

As is usual in the conduct of acquisitions, the due diligence process identified a number of risks associated with the IPO Acquisitions, which Steadfast, as the intended acquirer, needed to evaluate and manage. The mechanisms used by Steadfast to manage these risks included specific warranties, contractual commitments or exclusions, or the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Steadfast may be insufficient to mitigate the risk, or that the materiality may be higher than expected, and result in a loss to Steadfast.

Interaction with Steadfast Equity Brokers in which Steadfast has a minority interest

In many cases, Steadfast will not have a controlling interest in Steadfast Equity Brokers or board representation, but will instead rely on certain rights under the terms of a Share and Unit Holders' Deed to facilitate its ongoing involvement in the businesses and right to approve key decisions. In the event of a breakdown in the relationship with a Steadfast Equity Broker, Steadfast may not have the capacity to influence the operations of the Steadfast Equity Broker and so would instead need to negotiate a resolution or an exit. Section 9.1 contains a summary of the key terms of the standard Share and Unit Holders' Deed, which governs the ongoing relationship between Steadfast and the Co-Shareholders of the Steadfast Equity Brokers.

Steadfast may decide to acquire the shareholdings of Co-Shareholders in Steadfast Equity Brokers on terms inconsistent with Steadfast's normal acquisition criteria

Under the terms of the standard Share and Unit Holders' Deed (refer to Section 9.1 for an overview and certain exceptions for the following rights), Co-Shareholders in Steadfast Equity Brokers have the right to divest their shareholdings in the Steadfast Equity Broker 14 months after Listing, with Steadfast holding first and last rights to acquire the shares. While Steadfast is not obliged to acquire any further interests and also holds tag-along rights, it may determine that, on commercial grounds it wishes to exercise its first and last rights even if the terms of the acquisition are inconsistent with Steadfast's normal acquisition criteria. This may have an adverse effect on Steadfast's earnings, financial position and share capital.

Co-Shareholders of IPO Acquisitions may require Steadfast to sell its stake

Under the terms of the standard Share and Unit Holders' Deed (refer to Section 9.1), where the Co-Shareholders hold a majority of the Shares in a Steadfast Equity Broker, and choose to sell all their Shares, in the event that Steadfast does not elect to purchase the shares of the Co-Shareholder, Steadfast may be required to sell all its shares in the Steadfast Equity Broker. This would result in the loss of future income from the Steadfast Equity Broker. This requirement does not apply until five years after the commencement date of the Share and Unit Holders' Deed.

The standard Share and Unit Holders' Deed requires that in the event that Steadfast is obliged to sell all its shares in the Steadfast Equity Broker at the same time as the Co-Shareholder, Steadfast will receive the cash price per share paid to the selling shareholders.

The Share and Unit Holders' Deed does not permit the sale of Shares by a Co-Shareholder to an external party for a period of 14 months after the commencement date of the Share and Unit Holders' Deed.



Reliance on subsidiaries to pay a dividend

Following completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares, Steadfast will have investments in a number of Steadfast Equity Brokers and Steadfast Underwriting Agencies, and in most cases this investment will be in the form of a minority shareholding. Whilst the terms of the standard Share and Unit Holders' Deed require each relevant Steadfast Equity Broker and Steadfast Underwriting Agency which is not a wholly owned subsidiary of Steadfast to declare, subject to the provisions of section 254T of the Corporations Act, a dividend of at least 75% of profits on a six-monthly basis, there may be circumstances where the subsidiary is unable to pay a dividend; for example, where it has reduced earnings or has reported a loss, or does not comply with its obligation under the Share and Unit Holders' Deed. Steadfast is reliant on these dividends as a source of cash flow, and a reduction in dividends received from subsidiaries would result in a reduction in cash flow for Steadfast and, to the extent it reflects lower earnings of that subsidiary, potentially the dividend that Steadfast is able to distribute to Shareholders.

Acquisition of White Outsourcing

Whilst the White Outsourcing acquisition referred to in Section 3.8.1 is not expected to account for a significant proportion of Steadfast's net income, having generated EBITA of approximately \$1.5 million in FY12, there are a number of risks that White Outsourcing may be exposed to that may impact its earnings contribution to Steadfast, including:

- the loss of key customers (noting that the ten largest customers account for approximately 50% of revenue and most customers are on contracts that are able to be terminated at 90 days' notice), for example to other back office providers, through insourcing of services or from closures of the relevant customer's fund;
- reduced funds under administration ("FUA"), with certain revenue streams calculated as a percentage of FUA;
- the need to compensate customers for errors in, or failure to deliver, the settlement or unit pricing services provided to customers or any security breach of personal information held for customers; and
- increased costs of systems maintenance or upgrades to meet emerging requirements as a result of factors such as changing regulatory requirements or competitive pressures.

White Outsourcing has in place professional indemnity insurance; however, in the event that a claim is made against White Outsourcing and the claim is either outside the scope of the cover or exceeds the limit on the policy, White Outsourcing could be liable for the costs of the shortfall.

In addition to its core outsourcing operations, White Outsourcing is expected to develop a back-office processing capability to be offered to Steadfast Equity Brokers. The cost of developing this capability is included in the forecast

financial information presented in Section 4. In the event that the cost of developing this capability exceeds the budgeted amount, or the cost of integrating the capability with Steadfast Equity Brokers exceeds the amount expected by management, the earnings of Steadfast in future years could be lower than anticipated.

Acquisition of Meridian Lawyers

Whilst the acquisition of Meridian Lawyers referred to in Section 3 is not expected to account for a significant proportion of Steadfast's net income, with a 25% share of EBITA for FY12 being A\$0.3 million, there are a number of risks that Meridian Lawyers may be exposed to that may impact its earnings contribution to Steadfast, including:

- claims not met by Meridian Lawyers' professional indemnity policy from customers for poor advice or breaches of professional standards;
- loss of key customers;
- loss of key employees and inability to recruit suitable replacements;
- loss of data or outage of systems or breaches of requirements with respect to the treatment and protection of personal data; and
- regulatory changes impacting the provision of legal advice and services.

Meridian Lawyers has in place professional indemnity insurance; however, in the event that a claim is made against Meridian Lawyers and the claim is either outside the scope of the cover or exceeds the limit on the policy, Meridian Lawyers could be liable for the cost of the shortfall.

Change in corporate governance requirements

Steadfast's transition from an unlisted public company to a listed public company will result in changes in financial reporting and corporate governance requirements. As noted in Section 3.9.3, Steadfast has appointed a chief risk officer and is developing a full internal audit program to address all corporate governance, compliance and operational risks of the business. An inability by Steadfast to adequately manage and resource this change in financial reporting and corporate governance, or to properly identify key compliance risks, may have a material adverse impact on Steadfast's business from a licensing, regulatory and reputational perspective.

5.2.2 Reduction in commission rates, advice fees and M&A Fees

Reduction in commission rates paid to Steadfast Equity Brokers by Strategic Partners

Steadfast Equity Brokers collectively derive a majority of their income from commissions paid by Strategic Partners, which are calculated as a percentage of the total Base Premium for products placed through a Strategic Partner.

5. Risk factors, continued

Steadfast's financial forecasts are based on the assumption that the percentage commission rates are able to be maintained at current levels. There is a risk that a Strategic Partner may reduce the percentage commission rate. A significant reduction in the percentage commission rate by Strategic Partners would lead to a material reduction in the revenue and earnings of Steadfast Equity Brokers, which would flow through to a reduction in Steadfast's revenue and earnings. Section 4 provides a sensitivity analysis outlining the impact of changes in commission rates on the revenue and earnings of Steadfast.

Fall in advice fees received by Steadfast Equity Brokers from customers

Steadfast Equity Brokers typically derive a significant proportion of their income from charging their customers a fee for the provision of advice in relation to their insurance needs. A reduction in advice fees, for example due to increased competition for customers, would likely result in a reduction in the revenue and earnings for Steadfast Equity Brokers, which would flow through to a reduction in Steadfast's revenue and earnings. Section 4 provides a sensitivity analysis outlining the impact of changes in advice fees on the revenue and earnings of Steadfast.

Decline in M&A Fees paid to Steadfast by Strategic Partners

Steadfast derives a key part of its income from M&A Fees paid by Strategic Partners.

There is a risk that a Strategic Partner may reduce the percentage rate for M&A Fees paid to Steadfast Network Brokers. Steadfast's financial forecasts are based on the assumption that the percentage rate for M&A Fees is able to be maintained at current levels, which for general insurance policies has been the same rate since 1996. A reduction in the percentage rate for M&A Fees would lead to a reduction in the revenue and earnings of Steadfast and impact its future profitability.

5.2.3 Impairment of intangible assets

As a result of the Acquisitions, Steadfast will recognise a substantial value of intangible assets on its balance sheet relating to the goodwill and identifiable intangible assets (principally customer relationships) associated with the acquisition of Steadfast Equity Brokers and Steadfast Underwriting Agencies, which have minimal or no tangible assets. As set out in Section 4, the amount of goodwill will be calculated by deducting the total tangible net assets and identifiable intangible assets acquired by Steadfast from the acquisition consideration for each acquisition which will be assessed at the fair value of any share component plus the cash consideration.

Under accounting standards, goodwill and indefinite life intangible assets must be regularly tested for impairment. Other identifiable intangible assets are amortised and

assessed for any indicators of impairment in each reporting period. Impairment of any individual asset (for example, a minority interest in a Steadfast Equity Broker) will result from a permanent diminution in value indicated by a decrease in profits below the level that supports the value of the asset. This may be caused by a range of factors, including a failure to achieve expected profit growth, higher than expected expenses, loss of customers, loss of key employees, or the impact of unforeseen events. In the event that the value of any of Steadfast's intangible assets are found to be impaired to a level below their carrying value, Steadfast would need to write down the value of the intangible asset. This will result in an expense in the income statement and reduced profit for Steadfast.

5.2.4 Loss of key employees

Loss of key management personnel at Steadfast and inability to recruit replacements

Steadfast operates with a small management team. The loss of key executives, in particular the Managing Director & CEO Robert Kelly, could cause material disruption to Steadfast's activities in the short to medium term. Whilst the equity incentives of key personnel are designed to align their interests with Steadfast's future performance, they do not provide a guarantee of their continued employment with Steadfast. Refer to Section 6 for more information about the incentive and retention arrangements for key management personnel.

Shares issued to key management personnel will be subject to an escrow arrangement and may not be ordinarily traded until two months after the release of Steadfast's financial results for the Forecast Period. After the Escrow Period, the Shares issued to executives at Listing are expected to be subject to a holding lock, which reduces at 20% per annum until 31 August 2018. Refer to Section 10 for more information about these escrow arrangements.

The remaining contract periods for key executive staff under their employment agreements range from approximately 12 months (for the CFO and the COO) to two years (for the CEO) and the termination notice periods for key executive staff are primarily six months (for the CFO and COO) and 12 months for the CEO. Refer to Section 6 for more information about the contract periods for key management personnel.

Loss of key employees at Steadfast Equity Brokers and Steadfast Underwriting Agencies

Each Steadfast Equity Broker and Steadfast Underwriting Agency has individuals that are key to the success of its business. These individuals typically possess deep industry expertise and have well-established relationships with their customers. The loss of key employees, for example from retirement or relocation, could result in the loss of key customer relationships and expertise within those businesses, which could have a material adverse impact



on the current and future earnings streams associated with those relationships and the ability to attract new customers.

The equity ownership in Steadfast Equity Brokers of those key employees that are also Co-Shareholders does not provide a guarantee against the loss of key personnel for a number of reasons, including:

- during the Forecast Period, Steadfast Equity Brokers are permitted to transfer their remaining shareholdings in the Steadfast Equity Broker to other Co-Shareholders of that broker or related parties, or to other parties subject to Steadfast's approval; and
- post the Forecast Period, there is no restriction on the ability of Steadfast Equity Brokers to divest the remainder of their shareholdings in their individual Steadfast Equity Broker. They are restricted from soliciting or canvassing these customers – refer to Section 9.

Steadfast generally has first and last rights to acquire any remaining shareholdings from Steadfast Equity Brokers in the majority of the circumstances above. However, despite these rights and the restraint arrangements outlined earlier, the loss of the key employee(s) may still have a significant impact on the revenue of the individual Steadfast Equity Broker. Refer to Section 9 for further details including reference to exceptions.

Key personnel at the Acquisitions have contracted to enter into employment arrangements as part of the transaction process, with the contracts having a minimum restraint period of 12 months.

In the case of small and mid-sized brokers, where Co-Shareholders that are key management personnel seek to exit the business, Steadfast's strategy is to "hub" the business into a larger Steadfast Equity Broker. However, if the key management personnel establish another insurance broker, Steadfast may still experience a loss of customers and revenue.

Due to the diversity of the size and operations of Steadfast, the departure of an employee at a Steadfast Equity Broker or Steadfast Underwriting Agency would be unlikely to have a material impact on Steadfast, unless from some of the largest Acquisitions. However, the departure of a number of key personnel simultaneously or over a short period of time (for example, at the end of the Forecast Period when there are less restrictions on exit), may have a material adverse effect on Steadfast's earnings and profitability.

A number of the people subject to restraints will also have Shares subject to escrow. The release of Shares from escrow proximate to the end of a restraint period may increase the risk of an employee leaving. Managing this risk is a function of the Remuneration & Succession Planning Committee (refer to Section 6.7.3).

5.2.5 Reduction in GWP in the Australian general insurance market

Steadfast has a number of revenue sources linked to the size and growth of GWP in the Australian general insurance market, with GWP being a product of demand and pricing for insurance. These revenue sources include:

- fees and commissions;
- M&A Fees; and
- premium funding revenue.

Steadfast's Forecast Financial Information assumes average growth of approximately 5% in the total GWP placed in the Forecast Period by Steadfast Network Brokers (including Steadfast Equity Brokers) as well as moderate growth in the total GWP placed through Steadfast Underwriting Agencies and Macquarie Premium Funding.

A significant reduction in GWP placed by Steadfast Network Brokers, relative to that currently assumed in the forecast and on an ongoing basis (for example due to a decline in demand for insurance or softening insurance premium rates), would have a negative impact on the revenue and earnings of Steadfast, including a reduction in the earnings contribution from its subsidiaries and associates. In particular, Steadfast is particularly exposed to changes in demand for insurance from the SME segment of the economy.

Section 4.6 provides a sensitivity analysis outlining the impact of changes in GWP on Steadfast during the Forecast Period.

5.2.6 Increased competition and change or disruption in market structure

Increased competition from existing market participants and new entrants in insurance broking

Steadfast Network Brokers and Steadfast Underwriting Agencies compete in the distribution of general insurance policies with other insurance brokers, underwriting agencies and insurers. In order to be an effective market participant, Steadfast must respond promptly to a number of challenges facing the industry as a whole, and Steadfast specifically. These challenges include the entry of new participants into the insurance broking and underwriting agency markets.

Increased competition could arise from a number of sources, including but not limited to:

- increased competition from other existing broker consolidator groups or broker cluster groups;
- increased focus from large global insurance brokers on the SME segment;
- the expansion of non-insurance broking distribution channels that maintain relationships with SME customers (for example, accountants, financial planners and business bankers) into insurance broking;

5. Risk factors, continued

- the expansion of online broking and comparator websites (servicing predominantly personal lines of insurance) into commercial lines; and/or
- general insurers expanding their direct distribution capabilities in the SME segment.

Any increase in competition or deterioration in the competitive positioning of Steadfast may have an adverse impact on Steadfast Network Brokers, and could potentially result in:

- a reduction in GWP placed through Steadfast Network Brokers due to a loss of market share;
- a reduction in M&A Fees, advice fees and commission rates; and/or
- a reduction in margins.

One or more of these factors may have a material adverse impact on the revenue and earnings of Steadfast Network Brokers. Furthermore, given the relationship between Macquarie Premium Funding and Steadfast Network Brokers, any reduction in GWP placed by Steadfast Network Brokers would probably have a negative impact on the revenue and earnings of Macquarie Premium Funding, and Steadfast's share of earnings from the venture.

Section 4 provides a sensitivity analysis outlining the impact of changes in GWP, commission rates and EBITA.

Change in remuneration model for insurance brokers or use of insurance brokers

Insurance brokers in the Australian market are typically remunerated by way of a commission paid by the general insurer or underwriting agency (which varies based on the class of risk) or advice fees or, in most cases, a combination of both fees and commissions. Steadfast Network Brokers (including Steadfast Equity Brokers) currently derive a majority of their income (approximately 75% for FY12) from commissions. A future change in the market structure, which may be driven by regulatory factors, competitive dynamics or changes in customer preferences, may result in a shift or change in the remuneration model of general insurance brokers (for example, away from commissions and toward a fee-based model). To the extent that Steadfast is unable to successfully manage the transition to a new remuneration model on equal or better terms, this may have an adverse impact on the revenue generated by Steadfast Network Brokers (including Steadfast Equity Brokers), which could in turn have an adverse impact on the revenue and earnings of Steadfast and its future profitability.

Increased competition or change in market structure for premium funding

A change or disruption in the market dynamics for premium funding (for example, insurers allowing SME customers to pay their premiums on a monthly basis), could impact the demand for premium funding products in the market. Similarly, the entry of new market participants in the premium funding market or the increased availability of alternative sources of financing for insurance premiums (for example, credit cards or personal or SME loans) could also lead to a decline in the demand for premium funding. Reduced demand for premium funding or increased competition from other premium funders could result in a reduction in revenue and earnings for Macquarie Premium Funding, leading to a reduction in Steadfast's earnings.

5.2.7 Reliance on Strategic Partners

Steadfast earns M&A Fees from Strategic Partners on both placed insurance policies and premium funding products. The majority of these arrangements are formally documented; however, a limited number of these relationships have not been documented (refer to Section 9.3 for further information).

In the event that a Strategic Partner Agreement is terminated (which may occur with 30 to 90 days' notice, subject to the agreement) or not renewed where applicable, or an undocumented Strategic Partner relationship ends, and Steadfast is unable to replace the Strategic Partner with a suitable alternative, Steadfast may experience a reduction in M&A Fees and Steadfast Equity Brokers may experience a reduction in commission income due to the lower volume of GWP. This may have a material adverse impact on revenue and earnings and Steadfast's future profitability.

5.2.8 Loss of Steadfast Network Brokers

Any Steadfast Network Broker that is not a Steadfast Equity Broker may terminate their relationship with Steadfast at any time under the terms of their Licence Agreement.

The loss of one or more Steadfast Network Brokers would result in a reduction in M&A Fees earned by Steadfast. For FY12, the largest Steadfast Network Broker (which is also the largest Steadfast Equity Broker) accounted for approximately 2.9% of M&A Fees and approximately 2.1% of total revenue.

Should a number of Steadfast Network Brokers collectively seek to leave the network, for example to join another broker network, this could result in a significant reduction in M&A Fees, and consequently a reduction in revenue and earnings for Steadfast. The ten largest Steadfast Network Brokers accounted for approximately 19% of M&A Fees and 14% of Steadfast's total revenue for FY12. Furthermore, the ten largest Steadfast Network Brokers that are not Steadfast Equity Brokers account for approximately 18% of M&A Fees and 13% of Steadfast's total revenue.



5.2.9 Licensing, regulatory and litigation risks

Litigation risk

Steadfast may be the subject of complaints from, or litigation by, Steadfast Network Brokers, or their respective customers, government agencies or third parties.

Equally, Steadfast Networks Brokers may receive claims from customers for poor advice on their insurance, which is part of the inherent risk of carrying on a professional services business. This may then lead to a complaint to the Financial Ombudsman Service or court action by the affected customer or third party.

As AFSL holders who provide services to retail clients, Steadfast, Steadfast Network Brokers and certain Steadfast Underwriting Agencies are obliged to have in place internal processes and controls, as well as compensation arrangements, with professional indemnity insurance being the primary mechanism for providing compensation. While Steadfast, Steadfast Network Brokers and Steadfast Underwriting Agencies all have in place professional indemnity insurance, certain events may not be covered by professional indemnity insurance, or the claims incurred may be in excess of the insured amount.

In addition, if Steadfast, a Steadfast Network Broker or a Steadfast Underwriting Agency breaches the law, this may result in a fine or penalty or, in a serious case, the loss of the licence of the relevant licence holder or the person involved. Such matters may have an adverse effect on Steadfast's reputation, divert its financial and management resources from more beneficial uses, or have a material adverse effect on Steadfast's future financial performance or position.

Steadfast is not aware of any uninsured claims or legal proceedings of a material nature against Steadfast or any individual Steadfast Equity Broker or Steadfast Underwriting Agency.

Changes in the regulatory environment impacting general insurance broking in Australia

The financial services industry has been, and may continue to be, the subject of significant changes to the regulatory environment in which it operates.

The most recent changes contained in FOFA have primarily focused on the quality of advice provided to, retail clients of the financial services industry and banning conflicted remuneration and similar benefits being given in relation to financial products including investment products, group life insurance in superannuation products and on some life insurance policies. However, all AFSL holders, including Steadfast Network Brokers and Steadfast Underwriting Agencies, are impacted. For further information about the FOFA reforms, refer to Section 10.14.

There is a risk that the FOFA ban on conflicted remuneration may be expanded to include the distribution of general insurance in the future. Such a change may reduce the amount of, or prevent the payment of, M&A Fees to Steadfast and commissions to Steadfast Equity Brokers for insurance policies distributed to retail customers.

Steadfast notes that in contrast to the retail customer segment targeted by FOFA, the customers of Steadfast Network Brokers and Steadfast Underwriting Agencies are primarily SMEs. However, any expansion of FOFA to cover general insurance policies may have an adverse impact on Steadfast Network Brokers and Steadfast Underwriting Agencies, including as a result of the following:

- the remuneration model for services provided to retail customers would need to change and the new model may not produce the same levels of revenue to Steadfast Network Brokers or Steadfast Underwriting Agencies; and
- the business model of the Steadfast Network Broker may need to change in relation to the mix of retail and wholesale customers of the business.

Any changes required to the remuneration and business model of Steadfast Network Brokers, including Steadfast Equity Brokers, may result in a material loss of revenue for the broker and an increase in the cost to brokers of administering insurance policies, and to the extent that fixed costs cannot be reduced and/or costs could not be passed on to customers, reduce the profitability of those brokers. This may have a material adverse impact on Steadfast's revenue, earnings and future profitability.

Licensing requirements for AFSL holders

Steadfast, Steadfast Network Brokers and, generally, Steadfast Underwriting Agencies that have a business in Australia, hold or operate under an AFSL, issued by ASIC. Under the Corporations Act, an individual or a company must hold an AFSL in order to conduct an insurance broking business or underwriting agency, unless exempt. Compliance with the obligations of an AFSL is the responsibility of the licensee.

If any one of the AFSL holders, including Steadfast, the Steadfast Network Broker or Steadfast Underwriting Agency, is unable to retain their licence, they may not be able to continue to operate in their current form. This may impact their ability to offer insurance and related services to their customers, which would result in a loss of income to Steadfast. Furthermore, if any one of the AFSL holders does not meet regulatory requirements, that entity may suffer penalties, such as fines, obligations to pay compensation, enforceable undertakings, imposition of (or variations to) licence conditions or, ultimately, the cancellation or suspension of their AFSL.

5. Risk factors, continued

The suspension or cancellation of the AFSL held by a Steadfast Network Broker may also pose a reputational risk for Steadfast. In the event that the suspension or cancellation impacted a Steadfast Equity Broker, the financial loss suffered by Steadfast would include the loss of earnings from the broker, in addition to the loss of M&A Fees.

Management of conflicts of interest and undisclosed commissions

Steadfast and Steadfast Network Brokers are subject to regulation which prevents them from obtaining certain undisclosed commissions. The receipt of undisclosed commissions by Steadfast or any Steadfast Network Brokers or a failure to adequately manage conflicts of interest by Steadfast or any Steadfast Network Broker could result in regulatory action or penalties against them. While Steadfast has procedures in place to encourage the disclosure of all relevant fees and commissions, if these are not followed, the receipt of undisclosed commissions by Steadfast or a Steadfast Network Broker could diminish the reputation or brand of Steadfast and have an adverse impact on the operations of Steadfast or the relevant Steadfast Network Brokers (and the status of their AFSL). This could have particular significance if a practice or pattern of receiving undisclosed commissions is identified amongst Steadfast Network Brokers.

Training provided by Steadfast

As part of the services offered to Steadfast Network Brokers, Steadfast offers training programs to support them in compliance with their AFSL requirements. Whilst these training programs are designed to reduce the risk of regulatory non-compliance by a Steadfast Network Broker, there is a risk to Steadfast that the training and support offered or information provided is deficient or incorrect. Steadfast has in place a professional indemnity insurance policy to cover the costs associated with this risk; however, in the event that the amount of the loss exceeds the policy limit, Steadfast may be liable for that shortfall.

Administration of insurance broking accounts for Steadfast Equity Brokers

Insurance brokers are required to retain monies received on behalf of customers in separate bank accounts and not merge these accounts with the funds owned by their businesses. There is a risk that such insurance broking accounts may not be operated correctly (for example, through negligence or fraud), leading to regulatory or legal action which could have an adverse impact on Steadfast. The consequences of mishandling of funds include the relevant entity losing its AFSL, compensation being payable and reputational damage, all of which could contribute to a loss of future income. In addition, interest income on insurance broking accounts accrues to the benefit of the broker and the interest income may be reduced if the volumes of business or interest rates fall.

Operating risks and risks associated with inadequate internal controls and processes

Steadfast is exposed to a number of internal control risks arising from its operations (including operations of Steadfast Network Brokers and Steadfast Underwriting Agencies), including the risk of loss resulting from inadequate internal processes, people and systems. These risks include the risk of fraud, processing errors, delay in data availability and transfer, systems failure and failure of security and physical protection systems. Under the terms of their AFSL, Steadfast, Steadfast Network Brokers and certain Steadfast Underwriting Agencies are required to have in place adequate internal controls and processes, and are also obliged to have in place adequate compensation arrangements to protect customers from loss.

Fraud could arise from the misappropriation of assets or funds owing to insurers (for example, premium remittances) or customers (for example, from a refund of premiums or payment of claims) by Steadfast or one of the Steadfast Network Brokers. This could give rise to the loss of assets and would have the potential to damage the reputation of that business and could cause loss if not covered by insurance.

Fire or theft of customer records has the potential to cause significant disruption to the business of Steadfast or a Steadfast Network Broker. Most Steadfast Network Brokers have moved to electronic storage; however, some brokers continue to maintain certain paper-based records.

Whilst Steadfast does not guarantee the obligations of Steadfast Equity Brokers and Steadfast Underwriting Agencies, Steadfast may choose to provide capital or additional resources to support the businesses. Any financial loss or reduction in earnings experienced by the Steadfast Equity Brokers and the Steadfast Underwriting Agencies would also flow to Steadfast as a shareholder.

5.2.10 Underwriting agency operations

As at the date of this Prospectus, Steadfast holds ownership interests in two underwriting agencies and is expected to increase its stake in one and acquire interests in two additional underwriting agencies as part of the IPO Acquisitions outlined in Section 3. In addition to the risk factors outlined above, there are a number of risks specific to underwriting agencies to which Steadfast will be exposed.

Removal or reduction in underwriting capacity by insurers

There is a risk that the insurers which provide underwriting capacity to Steadfast Underwriting Agencies may reduce or remove that capacity and the agency may not be able to replace that capacity, in whole or in part, in a short timeframe. Such circumstances would result in a loss of income for the agency and, consequently, for Steadfast based on its equity ownership in the agency.



Profit sharing

Certain insurers remunerate underwriting agencies with additional commissions or payments based on the level of profitability of the business written by the agent on behalf of the insurer. In the event that the business written by the underwriting agency does not reach the expected level of profitability, Steadfast's income from these agencies may be reduced.

Breach of agency obligations

Steadfast Underwriting Agencies act as agents on behalf of general insurers and Lloyds Syndicates. The relationship between the agencies and the insurer is governed by contractual arrangements between the parties. There are a number of circumstances where the underwriting agency could be exposed to risks as a result of a breach of agency obligations, for example where an underwriting agency:

- > exceeds its authority; or
- > misclassifies or misrepresents a risk on which the insurer receives a claim.

Steadfast has in place a professional indemnity policy to cover the costs associated with these risks (subject to the terms of cover). Where the aggregate amount of the claim exceeds the insured amount or is not covered by the terms of the policy, the Steadfast Underwriting Agency and/or Steadfast may be liable for part or all of the cost. This could result in a reduction in earnings for those Steadfast Underwriting Agencies that are impacted, and a reduction in earnings for Steadfast.

5.2.11 Premium funding operations

In addition to the risk factors outlined above, there are a number of risks specific to Macquarie Premium Funding to which Steadfast will be exposed, including access to wholesale funding and the integration of the recent acquisition of Pacific Premium Funding.

Access to wholesale funding

Macquarie Premium Funding is reliant on access to wholesale funding from lenders in order to fund the products offered to customers. Macquarie Premium Funding is currently utilising one supplier of wholesale funding. An adverse change in conditions in funding markets may result in a substantial increase in the cost of funding, or a reduction in the availability of funding required to support the business. Such circumstances may impact the volume of GWP that Macquarie Premium Funding is able to fund on behalf of customers and the effective interest rate charged to customers. This would have a negative impact on the earnings of Macquarie Premium Funding, which would flow through to a reduction in earnings of Steadfast.

Integration of Pacific Premium Funding

Macquarie Premium Funding recently completed the acquisition of the Pacific Premium Funding business. There are a number of potential issues associated with the acquisition that may have an adverse impact on Macquarie Premium Funding, including:

- > higher than anticipated integration costs;
- > lower than anticipated cost synergies;
- > lower than anticipated premium funding volumes; and
- > the loss of key relationships due to dissatisfaction with the product and service offering.

Further, Pacific Premium Funding is subject to reliance on access to wholesale funding to fund the products offered to customers in the same way as Macquarie Premium Funding and on that basis is exposed to the same risk with respect to access to wholesale funding.

5.2.12 Risks specific to the Erato Program

As part of its offering of support services, Steadfast acts as insurance broker of the Erato Program, which offers professional indemnity cover to Steadfast Network Brokers for errors and omissions arising out of their insurance broking operations (refer to Section 3.5.6).

Reversal of Claims Experience Benefit

Under the terms of the Erato Program, Steadfast received a Claims Experience Benefit payment in respect of the performance of the 2004, 2005, 2006 and 2007 underwriting years in FY12 which totalled \$5.9 million. The insurers have the right to claim reimbursement of the Claims Experience Benefit should any of those notified and closed claims be reopened and claims payments made. Any reimbursement of the Claims Experience Benefit may have a material impact on Steadfast's earnings and cash flow.

Claims in excess of the policy limit

In the event that a Steadfast Equity Broker covered by the Erato Program incurs a claim that is in excess of the limit of the Erato Program, the value of Steadfast's investment in that broker could be adversely impacted, to the extent that the claim is not covered by the Erato Program or the liability exceeds the policy limit of the Erato Program. Total claims under the Erato Program have historically accounted for approximately 56% of the total value of premiums paid since the inception of the program. Furthermore, the policy limit of the Erato Program is more than 50 times the largest claim which has been settled in respect of the Erato Program during its ten years of operation. However, there is a risk that these limits could be exceeded.

5. Risk factors, continued

5.2.13 Inability of Steadfast to secure funding

Steadfast will have further capital requirements, particularly as it pursues acquisitions per its acquisition strategy outlined in Section 3.10.1. Its ability to execute this strategy will be dependent on the availability of debt and equity funding and the suitability of the terms of such funding.

Steadfast has an existing debt facility at Listing (refer to Section 9.7), which will be repaid as part of the IPO and available for future drawdown. However, in the future, Steadfast may need to renegotiate the terms of its debt facilities or may seek further facilities or replacement facilities to satisfy its capital requirements. The terms which debt financiers are willing to offer may vary from time to time depending on macroeconomic conditions, access to capital markets, the performance of Steadfast and an assessment of the risks associated with the intended use of funds, and may affect the attractiveness and earnings accretion from acquisitions. Failure to secure requisite debt funding, or an inability to issue equity funding, on acceptable terms (or at all) could impact Steadfast's strategy of acquiring further businesses.

5.2.14 Risks associated with future acquisitions or joint ventures

Increased competition for future acquisition opportunities

Steadfast may seek to undertake further acquisitions following Listing, subject to its acquisition criteria (refer to Section 4.6.4) and satisfactory completion of due diligence. Increased competition for suitable acquisition opportunities, either from rival insurance broking networks or other potential acquirers, may impact upon the success of Steadfast's acquisition strategy, for example, by reducing the pool of acquisition targets available and by increasing vendor price expectations.

Risk of shareholder dilution

Shareholders' current interests may be diluted if Steadfast issues Shares as consideration for acquisitions or if Steadfast funds acquisitions through raising equity capital by placing Shares with new investors. See Section 3.10.1 for details about Steadfast's strategy of acquiring equity interests in insurance brokers.

As noted earlier, under the terms of the Share and Unit Holders' Deed, Co-Shareholders have the right to divest their remaining shareholdings in the Steadfast Equity Broker 14 months after Listing, with Steadfast holding first and last rights to acquire the shares. As all Steadfast Equity Brokers are on the same timetable, it is possible that a material number of Steadfast Equity Brokers may simultaneously seek to change their shareholdings 14 months post listing. This may require Steadfast to raise additional capital to fund the increase in its shareholding in certain Steadfast Equity Brokers.

Integration risk

Any future acquisitions are also likely to expose Steadfast to the risks associated with the integration of those acquisitions. Key integration risks include higher than anticipated integration costs, the realisation of lower than anticipated cost synergies and the loss of key customers and suppliers. Furthermore, any significant delay in achieving the successful integration of an acquisition could have a material adverse effect on Steadfast's earnings from the acquisition.

Business risk

Whilst Steadfast's acquisition strategy is primarily focused on taking equity interests in insurance brokers and underwriting agencies, Steadfast may also consider opportunities to expand its presence in ancillary businesses such as legal services, outsourced services and claims management, either through its acquisition or the establishment of a joint venture. The acquisition of equity interests in Meridian Lawyers and White Outsourcing, and the establishment of the Miramar and Macquarie Premium Funding joint ventures are consistent with this strategy.

Given that the focus of Steadfast has primarily been in the provision of services to support insurance brokers, any future acquisitions or joint ventures involving ancillary businesses may expose Steadfast to new risks that are specific to the acquisition or joint venture. These risks may include industry-specific risks, as well as business-specific risks.

5.2.15 Foreign acquisitions

As part of the IPO Acquisitions, Steadfast intends to acquire interests in an insurance broking business with operations in New Zealand. Consistent with its strategy to grow the business, Steadfast may undertake further acquisitions of insurance broking, underwriting agency or ancillary businesses with operations in overseas markets. This would expose Steadfast to risks including adverse movements in exchange rates. Foreign markets will also typically have different market and regulatory requirements relative to Australia, and may also have different licensing requirements. In the event that Steadfast is unable to manage its offshore operations adequately, there may be an adverse impact on the revenue and earnings of the business.

5.2.16 Risks associated with Executive Loan Agreements

Steadfast has agreed to make five year loans (amounting to \$10.9 million in aggregate) on a full recourse basis to specified executives to enable the executives to purchase Shares in Steadfast, as described in Section 6.3.3. The loans will be granted on an interest-free basis and will enable them to acquire Shares at an issue price of \$1.00 per share.

There is no guarantee that the executives will be able to repay the funds borrowed under the Executive Loan Agreements, exposing Steadfast to the risk of loss.



Furthermore, Steadfast does not have security over the Shares funded through the Executive Loan Agreements and, as a result, Steadfast's rights against the executives are limited. In particular, Steadfast will have no right to sell the Shares to recover the outstanding amounts in an event of default.

If an executive is declared bankrupt and bankruptcy proceedings are commenced against that executive, there may not be enough assets remaining after payments to the executive's other creditors to pay amounts due by that executive under the Executive Loan Agreements.

5.2.17 Damage to the Steadfast brand

The success of Steadfast is heavily reliant on its reputation and branding. Maintaining the strength of the Steadfast brand is critical to retaining and expanding the network of Steadfast Network Brokers, solidifying its business relationships and successfully implementing its business strategy. Promotion and enhancement of the Steadfast brand will also depend, in part, on its success in continuing to provide a high quality customer experience to those Steadfast Network Brokers that rely on Steadfast for the provision of support services.

Unforeseen issues or events which place Steadfast's reputation at risk may impact on the future growth and profitability of Steadfast, for example, by impacting Steadfast's ability to attract and retain brokers or by causing the loss of brokers. Any factors that diminish Steadfast's reputation or branding could impede its ability to compete successfully and adversely affect its future business plans.

5.2.18 Technology

Information Technology systems and infrastructure

Steadfast relies on proprietary and third party software products and services from a number of different providers for its management information systems and delivery of services to Steadfast Network Brokers. Similarly, Steadfast Equity Brokers and Steadfast Underwriting Agencies also rely on third party products and services to provide their services to customers and interact with Steadfast and Strategic Partners.

Standard backup, restoration and recovery procedures are in place for Steadfast. In accordance with AFSL requirements, each Steadfast Equity Broker and Steadfast Underwriting Agency is also required to have in place its own disaster recovery plan. However, despite these protections, any significant interruptions to these systems could impair the ability of Steadfast and/or the Acquisitions to continue to provide their services (such as access to the SVU platform), or the loss or corruption of data. Either of these impacts, or other potential effects, could materially affect Steadfast's overall revenue and earnings.

New financial reporting system

Steadfast is in the final stage of testing its development of a financial reporting system that consolidates data supplied by its Acquisitions, which will enable Steadfast's management to monitor and manage the performance of the individual Acquisitions. Steadfast currently operates a more manual process. Any errors in the use of the current manual process, or the implementation of the new system, may result in Steadfast misreporting financial information.

Back office integration

Following completion of the IPO Acquisitions and issue of Consideration Shares, Re-weighting Shares and Executive Shares, it is proposed that Steadfast will evaluate and consider the consolidation of all Steadfast Equity Brokers onto a standard operating environment, with the purpose of developing "best practice" IT systems for broking and accounting to drive further efficiencies within each business.

An inability to successfully deliver these projects may have a material adverse effect on Steadfast's efficiency and earnings or may require unexpected expenditure. The financial results for the Forecast Period include an allowance for the expected costs to commence these projects, but no allowance for benefits from these projects.

5.3 Tax risk factors

5.3.1 Changes in tax legislation

The tax information provided in this Prospectus is based on current taxation law as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively. There are a number of key tax reform measures that have been implemented in recent years, and a number of other key reforms that have been deferred. Furthermore, the status of some key tax reforms remains unclear at this stage.

The recent reforms and current proposals for further reforms to Australia's tax laws give rise to uncertainty. The precise scope of much of the new and proposed tax laws is unclear and has not been tested before the courts. Any change to the current rate of income tax or other taxes imposed on Steadfast in jurisdictions where Steadfast operates will impact on Shareholder returns. Similarly, any changes to the current rates of relevant taxes applying to individuals and other Shareholders will impact on Shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend imputation and franking and Shareholder returns. An interpretation of Australian taxation laws by the Commissioner of Taxation that is contrary to Steadfast's view of those laws may increase the amount of tax to be paid. Personal tax liabilities are the responsibility of each individual investor. Steadfast is not responsible for taxation or penalties incurred by investors.

5. Risk factors, continued

5.3.2 Dividends may not be fully franked

Steadfast expects dividends to be fully franked. However, there is no guarantee that Steadfast will have sufficient franking credits in the future to fully frank dividends or that the franking system will not be varied or abolished.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use the franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

5.3.3 Commissioner takes alternative view

The Capital Restructure and Listing will give rise to certain taxation implications for Steadfast. Steadfast has sought advice and formed a view in respect of the likely application of the tax law to the Capital Restructure and Listing; however, it is possible that the Commissioner of Taxation may take an interpretation that is contrary to Steadfast's view of the laws which may increase the amount of tax to be paid by Steadfast. This may have an adverse impact on Steadfast's earnings.

5.4 Investment risk factors

5.4.1 Vendors and Steadfast Network Brokers could collectively exert influence over Steadfast and may not make decisions that are in the best interests of all Shareholders

At the date of this Prospectus, Steadfast Network Brokers own all of the outstanding Shares in Steadfast. Following the completion of the Offer and the concurrent IPO Acquisitions, Steadfast Network Brokers and Vendors will still collectively own a significant proportion of the outstanding Shares. Although these investors are individually unrelated, given their collective interests as Steadfast Network Brokers, there exists potential for them to act together and exert a significant degree of influence over Steadfast's management and affairs and over matters requiring Shareholder approval, including the election of Directors and approval of significant corporate transactions. Accordingly, there is a risk that these investors may make collective decisions that do not accord with, or are not in the best interests of, other Shareholders or Steadfast. For example, the Steadfast Network Brokers that hold equity in Steadfast post Listing could, through their ownership interest, delay or prevent a change of control, even if a change is in the best interests of Steadfast's other Shareholders.

5.4.2 Price of Shares may fluctuate

There are pricing and other risks associated with any investment in a company listed on a stock market. The price of Shares on ASX may rise or fall due to numerous factors which may affect the market performance of Steadfast, including changes in Australian and other international stock markets and investor sentiment, domestic and world economic conditions and outlook, inflation rates, interest rates, employment, taxation and changes to government policy, legislation or regulation.

The market price for the Shares could be volatile or fluctuate in response to a wide range of factors and actual or anticipated events, including variations in Steadfast's prospects or operating results, changes in industry dynamics (including competition and regulation), and other events or factors affecting the operations, financial performance or actual or perceived value of Steadfast.

Further, the share prices for many companies have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non-company-specific influences such as global hostilities and tensions, acts of terrorism and the general state of the economy. Such market fluctuations may materially adversely affect the market price of the Shares.

In the future, the sale of large parcels of Shares may cause a decline in the price at which the Shares trade on ASX. The current escrow arrangements, outlined in Section 10.6, contemplate the release of approximately 173 million Shares from escrow on 31 August 2014, based on final Consideration Share Elections made by Vendors.

No assurances can be made that the performance of the Shares will not be adversely affected by any such market fluctuations or factors. None of Steadfast, its Directors, or any other person guarantees the performance of the Shares.

5.4.3 Trading in Shares may not be liquid

There is currently no public market through which the Shares of Steadfast may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

Holders of Consideration Shares and Re-weighting Shares (with the exception of Equal Allocation Shares) generally cannot dispose of any of these Shares until two calendar months after the end of the Forecast Period. These holdings represent between 32% and 35% of the Shares and therefore potentially a significant number of the Shares to be issued on Listing, and may reduce liquidity in the stock until their release from escrow. For further information see Section 10.6.



5.4.4 No escrow on Equal Allocation Shares

The Equal Allocation Shares will not be subject to mandatory escrow arrangements (refer to Section 10.6). These Shares total approximately 27.3 million Shares and have a notional issue price of \$1.00. These Shares will therefore add to the liquidity of the Shares in the Forecast Period and may be at a higher risk of being sold if the Final Price is set above \$1.00.

5.4.5 Release of escrow

As noted above, holders of Consideration Shares and Re-weighting Shares (with the exception of Equal Allocation Shares) generally cannot dispose of any of these Shares until two calendar months after the end of the Forecast Period. In the event that a significant number of these holders decide to sell some or all of these Shares at the completion of the Escrow Period (either collectively or individually), the volume of potential Shares for sale will be significant relative to Steadfast's free float (potentially representing up to 35% of the Shares on issue at Listing). This may have a material adverse effect on the price of Shares, potentially leading up to, at the time of, and/or post any completed or attempted sell down.

For further detail refer to Section 10.6.

5.4.6 General economic conditions

The operating and financial performance of Steadfast is influenced by a variety of general economic and business conditions in Australia and global economic conditions generally. Prolonged deterioration in general economic conditions, for example a decrease in consumer and business demand which may impact the demand of Steadfast's customers for insurance or their capacity to pay for advice, could be expected to have a material adverse impact on Steadfast's business or financial condition.

Furthermore, equity market volatility has increased in recent years, primarily as a result of macroeconomic conditions. In addition to impacting the financial condition of the underlying business, ongoing uncertainty in the macroeconomic outlook is likely to increase the share price volatility of listed companies, including that of Steadfast.

5.4.7 Force majeure events

Events may occur within or outside Australia that could impact upon the world economy, the operations of Steadfast and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and poor weather.

5.4.8 No guarantee in respect of investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by Steadfast or by investors in Steadfast. The above factors, and others not specifically referred to above, may materially affect the financial performance of Steadfast and the value of the Shares under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on ASX, which could impact the ability of prospective Shareholders to sell their Shares. Potential investors should consult their professional adviser before deciding whether to apply for Shares under the Offer.

6. Directors and other key people, interests and benefits

6. Directors and other key people, interests and benefits



6.1 Board of Directors

At Listing, Steadfast's Board will comprise seven members, including one Executive Director and six Non-Executive Directors. Board members have a range of experience in the insurance industry and, more broadly, within the financial services sector.

A biography of each of the Directors is contained Table 6.1 below.

Table 6.1: Biography of Directors



Frank O'Halloran, AM

Non-Executive and independent Chairman

Mr. O'Halloran was appointed to the Steadfast Board in 2012 as Chairman and serves on the Nomination, Audit & Risk and Remuneration & Succession Planning Committees.

Mr. O'Halloran commenced his career as a Chartered Accountant in 1963 in Albury, working for more than 13 years with Coopers & Lybrand (now PwC). He joined QBE Insurance Group Limited in June 1976 as Group Financial Controller, and was appointed to its Board in 1983 as Director of Finance. In 1994, Mr. O'Halloran assumed the role of Director of Operations at QBE, and was appointed Chief Executive Officer four years later, in 1998. Mr O'Halloran retired as CEO of QBE in August 2012.

Mr. O'Halloran has also been active in the insurance industry, holding many representative positions in the Insurance Council of Australia (ICA), including President and Director of the ICA in 1999-2000.



Robert Kelly

Managing Director & CEO

Mr. Kelly co-founded Steadfast in April 1996, with a vision to band together non-aligned insurance brokerages and adopt a unified approach to the market. Mr. Kelly currently serves as Managing Director & CEO of Steadfast.

With more than 44 years experience in the insurance industry, Mr. Kelly has held senior roles as a risk manager, general insurance broker and underwriting agent.

Mr. Kelly was named Insurance Industry Leader of the Year at the 2011 Annual Australian Insurance Industry Awards and the Third Most Influential Person in the Insurance Industry in 2012, by Insurance News Magazine.

Mr. Kelly is a Qualified Practicing Insurance Broker and a Fellow of NIBA. He is a Senior Associate, Certified Insurance Professional and holds a Diploma in Financial Services (General Insurance Broker) from the Australian and New Zealand Institute of Insurance and Finance ("ANZIIF"). He also has a Diploma in Occupational Health and Safety and a Graduate Diploma in Australian Risk Management.



David Liddy

Non-Executive Director (independent)

Mr. Liddy was appointed to the Steadfast Board in January 2013 as a Non-Executive Director and serves on the Nomination, Audit & Risk and Remuneration & Succession Planning Committees, being Chairman of the latter.

Mr. Liddy has over 43 years experience in banking, including international postings in London and Hong Kong. He was Managing Director of Bank of Queensland from April 2001 to August 2011 and has a Masters in Business Administration.

Mr. Liddy is currently Chairman of Collection House Limited, Financial Basics Foundation and Financial Basics Community Foundation. He is a Senior Fellow of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

6. Directors and other key people, interests and benefits, continued



Anne O'Driscoll

Non-Executive Director (independent)

Ms. O'Driscoll joined the Steadfast Board in July 2013 as a Non-Executive Director and to serve on the Nomination, Audit & Risk and Remuneration & Succession Planning Committees. Ms. O'Driscoll is Chairman of the Audit & Risk Committee.

Ms. O'Driscoll has 30 years of business experience, mainly in financial services. She was CFO of Genworth Australia from 2009 to 2012 and prior to that spent over 13 years with Insurance Australia Group in a range of roles focused on finance, capital, investor relations and group secretariat. She has held prior positions with Coopers & Lybrand (now PwC) in Sydney and London and with Deloitte in Dublin.

Ms. O'Driscoll is a member of the Advisory Board of the New South Wales Self-Insurance Corporation. She is a Fellow of the Institutes of Chartered Accountants in Australia and Ireland; a Graduate member of the Australian Institute of Company Directors; a Fellow of the Australian and New Zealand Institute of Insurance and Finance ("ANZIIF") and has attended Harvard Business School's Advanced Management Program.

Ms. O'Driscoll provided consultancy services to Steadfast in preparation for Listing.



Philip Purcell

Non-Executive Director (independent)

Mr. Purcell was appointed to the Steadfast Board in February 2013 as a Non-Executive Director and serves on the Nomination, Audit & Risk and Remuneration & Succession Planning Committees.

Mr. Purcell has over 39 years experience in the insurance and legal industries, working as a solicitor in claims, corporate and regulatory areas. He has been a partner at Dunhill Madden Butler, PricewaterhouseCoopers Legal and Ebsworth and Ebsworth, where he assisted with the growth and management of these companies.

Mr. Purcell holds two board positions within the GE Group and consults to an international law firm as well as working in commercial mediation.



Greg Rynenberg

Non-Executive Director (independent)

Mr. Rynenberg was appointed to the Steadfast Board in 1998 as a Non-Executive Director and serves on the Nomination, Audit & Risk and Remuneration & Succession Planning Committees.

Mr. Rynenberg has 37 years of experience in the general insurance broking industry with 29 years spent running his own business, East West Group, which now employs more than 25 industry specialists.

Mr. Rynenberg is a Qualified Practicing Insurance Broker, Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking).



Jonathan Upton

Non-Executive Director (non-independent)

Mr. Upton was appointed to the Steadfast Board in 2005 as a Non-Executive Director and serves on the Nomination, Audit & Risk and Remuneration & Succession Planning Committees.

Mr. Upton has 40 years experience in the general and life insurance broking industry, 34 of which have been spent within his own business, Indemnity Corporation.

Mr. Upton is a Qualified Practicing Insurance Broker, an Associate of NIBA, an Associate Fellow of The Australian Institute of Management, a Member of the Australian Institute of Company Directors and holds a Diploma of Financial Services (General Insurance Broking).

Mr. Upton is also a Justice of the Peace.



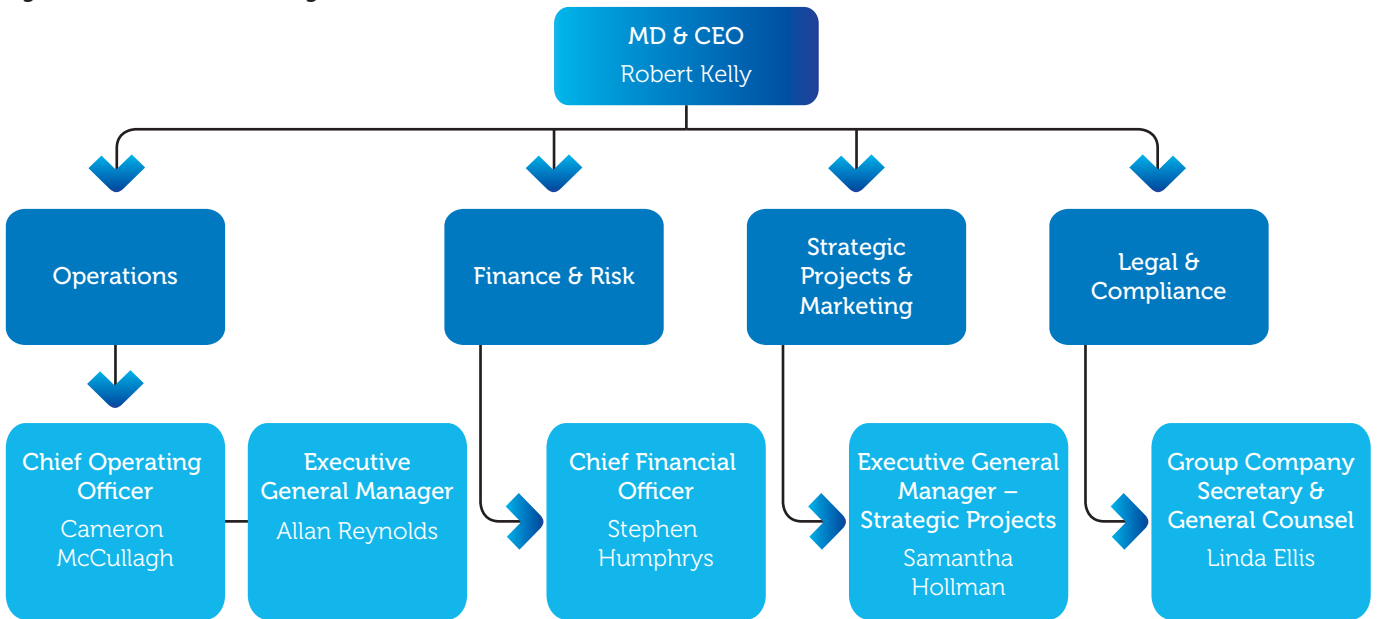
The composition of Steadfast's Board committees and a summary of its key corporate governance policies are set out in Sections 6.7 and 6.8 of the Prospectus.

Each Director above has confirmed to Steadfast that they anticipate being available to perform their duties as a Non-Executive Director or Executive Director (as the case may be) of Steadfast without constraint from other commitments.

6.2 Executive management

Figure 6.1 below provides a summary of the structure of the executive management team at Steadfast.

Figure 6.1: Executive management







A biography of the executive management is contained in Table 6.2 below.

Table 6.2: Biography of executive management

| Executive | Position | Experience |
|--|---|--|
|  Robert Kelly | Managing Director, Chief Executive Officer and Co-Founder | <ul style="list-style-type: none"> • See Table 6.1. |
|  Cameron McCullagh | Chief Operating Officer | <ul style="list-style-type: none"> • Mr. McCullagh joined Steadfast in 2011 and is the Chief Operating Officer. • Mr. McCullagh trained as a Chartered Accountant with KPMG and is an experienced finance professional, with 32 years experience in accounting, financial management and corporate strategy. • Prior to joining Steadfast, Mr. McCullagh was CEO of Employers Mutual. • Mr. McCullagh is a director of a number of Steadfast Group companies, Hospitality Employers Mutual Limited, Leading Edge Group Limited and Employers Mutual Management Pty Ltd. • Mr. McCullagh was Chairman of White Outsourcing until June 2013 and a Director of the Company from November 2012 to March 2013. |

6. Directors and other key people, interests and benefits, continued

| Executive | Position | Experience |
|--|--|---|
| <p>Stephen Humphrys</p>  | Chief Financial Officer | <ul style="list-style-type: none"> • Mr. Humphrys joined Steadfast in January 2013 as Chief Financial Officer. • Mr. Humphrys has over 20 years experience as a Chartered Accountant, being Managing Director of Moore Stephens Sydney for ten years and Chairman of Moore Stephens Australia for three years. • Mr. Humphrys has a wide range of experience in all areas of professional accounting and taxation across a broad spectrum of industry sectors and is a Fellow of the Institute of Chartered Accountants and a registered tax agent. |
| <p>Allan Reynolds</p>  | Executive General Manager | <ul style="list-style-type: none"> • Mr. Reynolds joined Steadfast in 2002, and is currently Executive General Manager. • With a background in product development and distribution, corporate strategy and portfolio management, Mr. Reynolds has more than 38 years of industry experience in the general insurance industry. • Mr. Reynolds holds a Diploma of Business Studies (Insurance) and is a Certified Insurance Professional and a Fellow of ANZIIF. |
| <p>Samantha Hollman</p>  | Executive General Manager – Strategic Projects | <ul style="list-style-type: none"> • Ms. Hollman joined Steadfast in 2000, holding key roles in broker services, project management and marketing and communications, and is currently Executive General Manager – Strategic Projects. • Ms. Hollman has more than 18 years experience in the insurance industry. During the last five years, she has worked closely with the Chairman, the CEO and the Board, implementing strategic initiatives for the Group, including marketing trips to the UK and North America to review these projects on an international level. |
| <p>Linda Ellis</p>  | Group Company Secretary & General Counsel | <ul style="list-style-type: none"> • Ms. Ellis joined Steadfast in June 2013 as Group Company Secretary & General Counsel. • Ms. Ellis is a lawyer with 15 years experience largely gained at top tier international law firms. She has held prior positions with Mallesons Stephen Jaques (now King & Wood Mallesons) and Atanaskovic Hartnell in Sydney and with Clifford Chance in London. • Ms. Ellis has a wide range of experience in corporate and commercial law, including in connection with mergers and acquisitions, capital markets, and corporate governance. • Ms. Ellis is admitted to practice as a solicitor of the Supreme Court of New South Wales. |



6.3 Interests of Directors and management

6.3.1 Interests of current Directors in Steadfast Network Brokers

The following current Directors are also associated with or have interests in Steadfast Network Brokers:

- Mr. Kelly – Delaney Kelly Golding Pty Ltd;
- Mr. Rynenberg – East West Insurance Brokers Pty Ltd; and
- Mr. Upton – Indemnity Corporation Pty Ltd.

The details of these interests are set out in the Table 6.3 below.

Table 6.3: Interests of current Directors

| Director | Interest through | Re-weighting Shares | Consideration Shares | Executive Shares |
|-----------------------------|-------------------------------------|---------------------|----------------------|------------------|
| Robert Kelly ¹ | Delaney Kelly Golding Pty Ltd | 160,461 | n/a | 5,000,000 |
| Greg Rynenberg ² | East West Insurance Brokers Pty Ltd | 286,414 | n/a | n/a |
| Jonathan Upton ³ | Indemnity Corporation Pty Ltd | 506,008 | 1,700,000 | n/a |

Notes:

¹ Mr. Kelly is also currently a director of all Steadfast subsidiaries, Macquarie Premium Funding Pty Ltd, Macquarie Premium Funding Ltd (NZ) and Miramar Underwriting Agency Pty Ltd.

² Mr. Rynenberg is also a director of Steadfast Technologies Pty Ltd.

³ Mr. Upton is a director of Steadfast Foundation Pty Ltd as trustee for Steadfast Foundation.

Each of the above Steadfast Network Brokers has an existing shareholder-based relationship with the Company, and will enter into a Licence Agreement to replace that ongoing relationship as part of the Company's broader Restructure Proposal in connection with Listing. Refer to Section 9.4 for more information about the existing shareholder-based relationship and the Licence Agreement.

6.3.2 Interests of Directors in Strategic Partners

The following Directors also each have an interest in a Strategic Partner that is an underwriting agency as set out below:

- Mr. Kelly – Rentsure Pty Ltd;
- Mr. Rynenberg – Ryno Insurance Services Pty Ltd; and
- Mr. Upton – Indemnity Corporation Pty Ltd.

These Strategic Partners each have an established Strategic Partner relationship with the Company which is not formally documented. Refer to Section 3.5.3 for more information about the Company's Strategic Partner relationships.

6.3.3 Executive Loan Agreements

Mr. Kelly, Mr. McCullagh, Mr. Humphrys and Mr. Reynolds have entered into loan agreements with Steadfast ("Executive Loan Agreements"). Under the Executive Loan Agreements, Steadfast will provide loans to Mr. Kelly, Mr. McCullagh, Mr. Humphrys, and Mr. Reynolds, with the loan proceeds to be used only to fund the purchase of Executive Shares at a fixed price of \$1.00 per Executive Share.

The loans are intended to recognise and reward the services and contributions provided by these executives to the development and ongoing transformation of the Company, to assist in the retention of these executives, and are part of the Company's remuneration strategy to align the interests of senior executive employees with the interests of all other Shareholders through participation in the benefits of future Company performance. Member approval of the Executive Loan Agreements was obtained at the EGM.

Key terms of Executive Loan Agreements

All of the loans are interest free and full recourse loans, and are to be repaid in full five years after the date on which the loans are provided. The amounts to be loaned under the Executive Loan Agreements are as follows:

- a) Mr. Kelly – \$5,000,000;
- b) Mr. McCullagh – \$4,000,000;
- c) Mr. Humphrys – \$1,000,000; and
- d) Mr. Reynolds – \$900,000.

It is important to note that the loans will be unsecured and the Company will have no right of sale in respect of the Executive Shares even if the executive fails to pay or comply with their other obligations under the Executive Loan Agreements.

The Executive Shares will be subject to Escrow Restrictions (refer to Section 10.6).

6. Directors and other key people, interests and benefits, continued

Materiality of Share issues under Executive Loan Agreements

The total number of Executive Shares proposed to be issued in relation to the Executive Loan Agreements is 10,900,000. Having regard to the Restructure Proposal, the Acquisitions of equity interests in Steadfast Network Brokers and the Shares to be issued on Listing, it is not possible to accurately calculate the percentage of the total issued capital of the Company which will be represented by these 10,900,000 Executive Shares.

However, present calculations indicate that none of the executives (or their associates) would be issued Shares which would represent more than 5% of the issued share capital of the Company following Listing.

There are risks associated with the Executive Loan Agreements. For further details, please refer to Section 5.2.16. The Company does not propose to issue any further loans to employees to acquire Shares – the proposed loans arise from prior commitments and understandings given to the relevant executives.

6.3.4 Interests of Directors of Acquisitions

Consistent with Steadfast's co-ownership model (refer to Section 3.2.2), following Listing, existing directors of the Acquisitions will generally remain on the boards of those entities, and some of those entities will be controlled entities of Steadfast (refer to Section 13). The directors of those controlled entities (or persons associated with those directors) may receive Consideration Shares or Re-weighting Shares in accordance with the Restructure Proposal and/or arrangements described in this Prospectus.

6.3.5 Interests of past Directors of Steadfast

In preparation for Listing, the Board was restructured, and a number of Directors retired from the Board between August and October 2012. All of these retired Directors have interests in Steadfast Network Brokers and are participating in the Restructure Proposal on a basis which is consistent with the participation of other Steadfast Network Brokers in the Restructure Proposal.

As part of the Restructure Proposal, Steadfast will be acquiring an 87.5% equity interest in White Outsourcing. The remaining 12.5% is owned by interests associated with Steadfast's COO, a Director of the Company from November 2012 to March 2013. Steadfast will not be acquiring this 12.5% equity interest prior to Listing, primarily due to the inability of the parties to prepare, prior to completion of the Offer, an independent valuation of the Consideration Shares that would have been payable to those interests for the sale of their 12.5% equity interest. However, consistent with its business strategy, Steadfast may seek to acquire further interests in White Outsourcing in the future on commercially acceptable terms.

Additionally:

- interests associated with Steadfast's CFO currently own approximately 8.4% of White Outsourcing and have contracted to sell their shares to Steadfast; and
- Steadfast proposes to provide Mr Kelly, Mr McCullagh, Mr Humphrys and Mr Reynolds with loans to fund the acquisition of the Executive Shares, under the terms of their Executive Loan Agreements, as set out in Section 6.3.3.

6.4 Directors' remuneration and related arrangements

6.4.1 Managing Director

Mr. Kelly is employed by Steadfast in the position of Managing Director & CEO. Mr. Kelly is currently receiving an annual fixed remuneration of \$750,000 (inclusive of superannuation). Mr. Kelly will also be eligible to participate in Steadfast's short term incentive plan ("STIP") and long term incentive plan ("LTIP"). For further details about Steadfast's STIP and LTIP refer to Section 10.7.3. Mr. Kelly's LTIP potential will be 50% of his base salary.

Either party may terminate the employment contract by giving 12 month's notice in writing or, alternatively in Steadfast's case, payment in lieu of notice. In the event of a redundancy, Steadfast must pay Mr. Kelly an amount equal to 12 month's fixed remuneration. In the event of gross negligence or gross misconduct, Steadfast may terminate Mr. Kelly's employment contract immediately by notice in writing and without payment. Mr. Kelly has agreed not to terminate his employment contract before 21 October 2015.

Upon the termination of Mr. Kelly's employment contract, he will be subject to a restraint of trade period of 24 months, during which time Steadfast will not pay him any remuneration other than as described above. Steadfast may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

6.4.2 Other key management personnel

Steadfast's other key management personnel are employed under individual executive service agreements.

Key components of these executive service agreements include:

- total compensation, which includes, for employees, an annual remuneration package on a total cost to company basis (including superannuation contributions to a complying fund agreed by the parties or as nominated by Steadfast in the absence of agreement, and other non-cash benefits agreed to between Steadfast and the employee from time to time);



- eligibility to participate in Steadfast's STIP and LTIP; for further details about Steadfast's short term incentive plan and long term incentive plan, refer to Section 10.7;
- restrictions on employment termination notices being given to Steadfast before 1 July 2014, with a six month written notice period for termination of employment; where Steadfast terminates the relevant executive service agreement, a six month notice period will also apply;
- non-competition and non-solicitation undertakings by the employees in Australia and for a period of 12 months (or in the case of Mr. Reynolds, Ms. Hollman and Ms. Ellis, for six months) following the termination of the relevant executive's employment; there is no restriction on an employee being a shareholder in a company whose shares are quoted on ASX and of which the employee holds less than 5% of the issued capital, even though that company may be engaged in a restricted business, except for Mr. McCullagh and Mr. Humphrys, where any shareholdings held as at the date of the agreement over the 5% threshold may be retained by the executive;
- confidentiality provisions; and
- leave entitlements of 25 working days paid annual leave and 12 days paid personal leave per year of service, and long service leave in accordance with applicable legislation of the State set out in the executive service agreement. On leaving Steadfast, the executives are entitled to be paid accrued annual leave and long service leave in accordance with the applicable legislation.

6.4.3 Non-Executive Director remuneration

Under the Constitution, any increase in the total amount of Directors' remuneration must be approved by the Company's Shareholders and, unless directed otherwise by the resolution approving the remuneration, the sum is to be divided among the Directors in any proportions as the Directors determine. Under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by Steadfast's general meeting. This amount has currently been fixed by Steadfast at \$900,000 for each financial year commencing on or after 1 July 2013. Annual Directors' fees currently agreed to be paid by Steadfast are \$200,000 to the Chairman (Mr. O'Halloran), and \$100,000 to each of the other Non-Executive Directors.

In addition, the Chairmen of the Audit & Risk and the Remuneration & Succession Planning Committees will be paid \$7,500 annually. Ordinary committee members will not receive additional remuneration for serving on these committees. The remuneration of Directors must not include a commission on, or a percentage of, profits or operating revenue. All Directors' fees include superannuation at 9% of the respective amounts.

6.4.4 Remuneration of Director

Ms. O'Driscoll, a Director of the Company from 1 July 2013, was engaged as a consultant to the Company to assist in managing the Restructure and Listing between December 2012 and June 2013. Her total remuneration for these services up to 30 June 2013 amounted to \$224,965.

6.4.5 Deeds of access, insurance and indemnity for Directors

Steadfast has entered into deeds of access, insurance and indemnity with each Director which contain rights of access to certain books and records of Steadfast for a period of seven years after the Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

In respect of the indemnity of the Directors, Steadfast is required, pursuant to the Constitution, to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, Steadfast indemnifies parties against all liabilities to another person that may arise from their position as an officer of Steadfast or its subsidiaries to the extent permitted by law. The deed stipulates that Steadfast will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

In respect of insurance being obtained on behalf of the Directors, Steadfast may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, Steadfast must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

6.4.6 Other information

Directors may also be reimbursed for travel and other expenses incurred in attending to Steadfast's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of Steadfast or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

Directors are not required under the Constitution to hold any Shares; however, it is a term of their contracts with the Company that those Directors must hold an amount equal to 50% of their annual remuneration in Shares by the end of their second year in office.

6. Directors and other key people, interests and benefits, continued

6.5 Corporate governance

The main policies and practices adopted by Steadfast, which will take effect from Listing on ASX, are summarised below. Details of Steadfast's key policies and practices and the charters of the Board and each of its committees are available at <http://www.steadfast.com.au>

The Board monitors the operational and financial position of Steadfast and oversees its business strategy including approving the strategic goals of Steadfast. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Steadfast.

In conducting business with these objectives, the Board is committed to ensuring that Steadfast is properly managed to protect and enhance Shareholder interests, and that Steadfast, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing Steadfast including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Steadfast's business and which are designed to promote the responsible management and conduct of Steadfast. Details of Steadfast's corporate governance policies are set out in Section 6.8 below.

6.5.1 ASX Corporate Governance Principles

Steadfast is seeking a Listing on ASX. The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, Steadfast will be required to provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where Steadfast does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board does not anticipate that it will depart from the recommendations of the ASX Corporate Governance Council. However, it may do so in the future if it considers that such departure would be reasonable in the circumstances.

6.5.2 Composition of the Steadfast Board

Consistent with the ASX Corporate Governance guidelines, the Board is comprised of a majority of Directors who are independent, with all Directors having experience in the financial services industry. The following table provides information regarding the Directors, such as their position, date of joining the Board and experience.

Table 6.5.2: Composition of the Steadfast Board

| Name | Position | Joined Board | Experience (years)/ industry | Independence |
|-------------------------|-------------------------------------|-------------------|------------------------------|-----------------|
| Frank O'Halloran | Non-Executive Chairman of the Board | 2012 | 43/ insurance | Independent |
| Robert Kelly | Managing Director & CEO | 1996 | 44/ insurance | Non-independent |
| David Liddy | Non-Executive Director | 2013 | 43/ banking | Independent |
| Anne O'Driscoll | Non-Executive Director | 2013 ¹ | 30/ accounting & insurance | Independent |
| Philip Purcell | Non-Executive Director | 2013 | 39/ legal & insurance | Independent |
| Greg Rynenberg | Non-Executive Director | 1998 | 37/ insurance | Independent |
| Jonathan Upton | Non-Executive Director | 2005 | 40/ insurance | Non-independent |

¹ Anne O'Driscoll joined the Board on 1 July 2013.

The Board has considered Steadfast's immediate requirements as it transitions to an ASX-listed company, and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company after Listing.



6.6 Board Charter and responsibilities

The Board is responsible for the overall corporate governance of Steadfast, including establishing and monitoring key performance goals. The Board has created a framework for managing Steadfast including internal controls and a business risk management process.

The responsibilities of the Board are set down in Steadfast's Board Charter, which has been prepared having regard to the ASX Corporate Governance Principles. A copy of Steadfast's Board Charter is available on the Steadfast website.

The Board Charter envisages that the Board should be comprised of Directors with a range of skills, expertise, experience and diversity which are relevant to Steadfast's businesses and the Board's responsibilities.

6.7 Board Committees

The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

To assist in the execution of its responsibilities, the Board has established three committees – a Nomination Committee, an Audit & Risk Committee and a Remuneration & Succession Planning Committee – details of which are set out below. The roles, responsibilities and operating procedures of these committees are set out in their respective charters; each of which has been adopted by Steadfast and is available on Steadfast's website. The committee charters have been prepared having regard to the ASX Corporate Governance Principles.

6.7.1 Audit & Risk Committee

The Audit & Risk Committee oversees Steadfast's accounting and financial reporting, including auditing of Steadfast's financial statements, reviewing the performance of Steadfast's internal audit function and the qualifications, independence, performance and terms of engagement of Steadfast's external auditor.

The Audit & Risk Committee currently comprises six Non-Executive Directors, the majority of whom are independent. The Directors currently serving on the Audit & Risk Committee are Mr. O'Halloran, Mr. Liddy, Mr. Purcell, Mr. Rynenberg, Mr. Upton and Ms. O'Driscoll who joined this committee, as Chair, upon joining the Board on 1 July 2013.

6.7.2 Nomination Committee

The Nomination Committee recommends the Director nominees for each annual general meeting and ensures that committees established by the Board, such as the Audit & Risk Committee and the Remuneration & Succession Planning Committee, are comprised of qualified and experienced independent Directors. The Nomination Committee currently comprises the full Board of Directors.

6.7.3 Remuneration & Succession Planning Committee

The Remuneration & Succession Planning Committee establishes, amends, reviews and approves the compensation and benefit plans for Steadfast's senior management and employees including determining individual elements of total compensation of the Chief Executive Officer and other members of senior management. The Remuneration & Succession Planning Committee is also responsible for reviewing the performance of Steadfast's executive officers with respect to these elements of compensation.

The Remuneration & Succession Planning Committee also reviews the succession planning for key executives of the 20 largest Steadfast Equity Brokers, measured by size of brokerage income.

The Remuneration & Succession Planning Committee currently comprises six Non-Executive Directors, the majority of whom are independent. The Directors currently serving on the Remuneration & Succession Planning Committee are Mr. Liddy (Chair), Mr. O'Halloran, Mr. Purcell, Mr. Rynenberg and Mr. Upton. Ms. O'Driscoll joined this committee, upon joining the Board on 1 July 2013.

6.7.4 Board performance evaluation

Steadfast has adopted a performance evaluation process in relation to the Board, its committees and individual Directors.

The Board, and each committee established by the Board, will perform an annual self-evaluation. Each year, the Directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve to the Board.

Given that Steadfast has not yet become listed on the ASX, a performance evaluation of the Board, its Committees and the Directors has not yet taken place in accordance with this process.

6. Directors and other key people, interests and benefits, continued

6.8 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and which are available on Steadfast's website <http://www.steadfast.com.au>

6.8.1 Code of Conduct

The Board has adopted a Code of Business Conduct and Ethics Policy, which sets out the standards of ethical behaviour that Steadfast expects from its Directors, officers and employees in conducting Steadfast's business.

6.8.2 Securities Trading Policy

Steadfast has adopted a Securities Trading Policy governing the sale of its securities which is designed to maintain investor confidence in the integrity of Steadfast's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws in Australia.

6.8.3 Disclosure and Communications Policy

Once listed, Steadfast will be subject to the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Steadfast will be required to disclose to ASX any information concerning Steadfast which is not generally available and which, if it was made available, a reasonable person would expect to have a material effect on the price or value of Steadfast's securities. The Board also aims to ensure that Shareholders are informed of all major developments affecting Steadfast's state of affairs. As such, this policy sets out certain procedures and measures which are designed to ensure that Steadfast complies with its continuous disclosure requirements and effectively communicates with its Shareholders.

6.8.4 Diversity Policy

Steadfast is committed to providing an environment in which all employees are treated with fairness and respect and have equal access to workplace opportunities and, for this purpose, Steadfast has adopted a Diversity Policy.

6.8.5 Risk Management Policy

Steadfast is committed to the proper identification and management of risk and for this purpose has adopted a Risk Management Policy as part of its risk management framework. This policy is designed to assist Steadfast to identify, monitor, measure and manage risk affecting Steadfast's business based on the risk appetite and risk tolerances which have been established by the Board. Steadfast appointed a Chief Risk Officer in June 2013 who reports to the CFO.

6.8.6 Anti-Bribery and Corruption Policy

Steadfast is committed to conducting its business with honesty and integrity. Steadfast strictly prohibits the offer, provision or acceptance of bribes. The Board has adopted the Anti-Bribery and Corruption Policy, which outlines how Steadfast expects its employees, consultants, contractors and agents to behave when conducting business. Each of Steadfast's employees, consultants, contractors and agents is asked to sign an annual declaration of compliance with the Anti-Bribery and Corruption Policy.

7. Details of the Offer

7. Details of the Offer

7.1 Introduction

This Prospectus relates to an initial public offering of between 278 million and 334 million IPO Shares in Steadfast ("Indicative IPO Share Range"). The Indicative IPO Share Range is based on the Indicative Price Range.

Based on the Indicative IPO Share Range and the Indicative Price Range of \$1.00 to \$1.20 per IPO Share, the IPO Offer is expected to raise \$334 million for Steadfast. Successful Applicants under the IPO Offer will pay the Final Price per IPO Share, which will be determined at the conclusion of the Bookbuild and may be set at a price within or above the Indicative Price Range.

In addition, Steadfast will issue Consideration Shares to certain Vendors (or persons nominated by Vendors), Re-weighting Shares to Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) and Executive Shares to certain Steadfast executives.

7.2 Structure of the Offer

The IPO Offer comprises:

- the **Retail Offer**, which consists of the:
 - **Board's List Offer** – Open to Retail Offer Investors in Australia nominated by the Board and certain other investors who have received a Board's List Invitation, limited to \$7 million in aggregate proceeds;
 - **Stockbroker Firm Offer** – Open to Australian resident Retail Offer Investors who have received a firm allocation from their Stockbroker;
 - **Priority Offer** – Open to Retail Offer Investors in Australia who are nominated by a Steadfast Network Broker and who have received either a Priority Invitation or an Additional Invitation, limited to \$27.3 million in aggregate proceeds; and
- the **Institutional Offer** – An invitation to bid for IPO Shares under the Bookbuild made to Institutional Investors in Australia, and a number of other eligible jurisdictions.

No general public offer of IPO Shares will be made under the IPO Offer. The allocation of IPO Shares between the Retail Offer and the Institutional Offer will be determined by the Joint Lead Managers, in consultation with Steadfast, having regard to the allocation policy outlined in Section 7.5.

The Retail Offer and the Institutional Offer are conditional on each other. If one does not proceed, the other will not proceed. All IPO Shares offered for issue under the IPO Offer will be issued subject to the disclosures in this Prospectus.

In addition, under this Prospectus, Steadfast will issue:

- **Consideration Shares** – approximately 135 million Consideration Shares to certain Vendors (or persons nominated by Vendors) as part of the consideration that they will receive under the Acquisitions. This is based on the final elections made by relevant Vendors as to whether they wished to receive cash, Consideration Shares or a combination in consideration for the Acquisitions, subject to a cap in most cases of 80% of the consideration as Consideration Shares. All Consideration Shares will be issued at the notional price of \$1.00 per Consideration Share;
- **Re-weighting Shares** – 65.2 million Re-weighting Shares to Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) as part of the Capital Restructure. All Re-weighting Shares will be issued at the notional price of \$1.00 per Re-weighting Share; and
- **Executive Shares** – 10.9 million Executive Shares to certain Steadfast executives in accordance with the Executive Loan Agreements. All Executive Shares will be issued at \$1.00 per Executive Share.

The Consideration Shares, Re-weighting Shares and Executive Shares will rank *pari passu* with all IPO Shares issued under the IPO Offer and have the same dividend and voting rights; however, these Shares will be issued at a price (or notional price) of \$1.00 (which may be less than the Final Price).

These Shares will also be subject to Escrow Restrictions until at least 31 August 2014. See Section 10.6 for further information on the Escrow Restrictions.

The Directors do not expect any Shareholder to control Steadfast on completion of the Offer. Please refer to Sections 10.4 and 10.5 for further information relating to the Re-weighting Shares and the Consideration Shares, respectively.



7.3 Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- provide Steadfast with a liquid market for its Shares and an opportunity for new investors to acquire its Shares;
- part fund the Acquisitions¹;
- enhance Steadfast's financial flexibility to pursue the growth opportunities outlined in Section 3;
- provide Steadfast with enhanced access to capital markets; and
- repay in part Steadfast's existing debt.

The total gross proceeds under the Offer is expected to be \$334 million. The number of Shares to be issued under the IPO Offer will be calculated by dividing the gross proceeds by the Final Price.

The proceeds of the Offer will be applied to:

- fund the cash consideration relating to the acquisition of, or investment in, the Acquisitions;
- repay debt drawn on Steadfast's existing debt facility;
- increase Steadfast's net cash position for general corporate purposes and potential future acquisitions; and
- pay the costs associated with the Offer and the Restructure Proposal.

Table 7.3

Sources and uses of funds (based on the Indicative Share Range)

| Sources of funds | |
|--|------------------------|
| Issue of IPO Shares* | \$333.7 million |
| Issue of Executive Shares | \$10.9 million |
| Total sources | \$344.6 million |
| Uses of funds | |
| Cash payment to Vendors under the Acquisitions | \$250.4 million |
| Repayment of debt | \$35.4 million |
| Increase in cash and cash equivalents | \$25.0 million |
| Executive Shares | \$10.9 million |
| Costs of the Offer and Restructure Proposal | \$22.9 million |
| Total uses | \$344.6 million |

* The final number of IPO Shares to be issued will depend on the Final Price. The IPO proceeds are based on the final elections made by Vendors as to whether they wished to receive cash (which will be funded through the issue of IPO Shares), Consideration Shares or a combination in consideration for the IPO Acquisitions, subject to a cap of approximately 80% of the consideration as Consideration Shares in most cases.

1 Refer to Section 4.6.3 for sensitivities relating to the impact of the potential non-completion of any of the IPO Acquisitions.

7. Details of the Offer, continued

7.3.1 Shareholders

The details of the ownership of Shares on Listing are set out below:

| | Shares pre-IPO | % pre-IPO | Shares issued | % Post-IPO |
|---|----------------------|-----------|---|----------------|
| Existing Broker Shareholders ¹ | 1395 Existing Shares | 100% | 65.2 million Re-weighting Shares | 12.0 to 13.3% |
| Vendors ² | Nil | – | 135.3 million Consideration Shares | 24.8% to 27.6% |
| Directors and management ³ | Nil | – | 10.9 million Executive Shares | 2.0 to 2.2% |
| Shareholders under the IPO Offer ⁴ | Nil | – | 278.1 million to 333.7 million IPO Shares | 56.8% to 61.2% |

1 Refers to Re-weighting Shares to be issued to Existing Broker Shareholders (or their valid nominees) as part of the Capital Restructure. Existing Broker Shareholders have Escrow Restrictions on all of the Shares they receive under the Capital Restructure (other than the Equal Allocation Shares), which apply until two calendar months after the end of the Forecast Period, with some early release conditions. Refer to Section 10.6.2 for further information. The lower end of the percentage ownership post-IPO is based on the lower end of the Indicative Price Range. The upper end of the percentage ownership post-IPO is based on the upper end of the Indicative Price Range.

2 Refers to Consideration Shares to be issued to those Vendors (or their valid nominees) under the Acquisitions that have elected to receive scrip as consideration or part consideration under their Consideration Share Elections, assuming all IPO Acquisitions have completed on Listing. The percentage ownership post-IPO is based on the Indicative Price Range. All Consideration Shares will be subject to Escrow Restrictions (see Section 10.6.2).

3 Refers to Executive Shares to be issued under the Executive Loan Agreements detailed in Section 6.3.3. All Executive Shares will be subject to Escrow Restrictions (see Section 10.6.1). Directors and Steadfast employees may also acquire IPO Shares under the Board's List Offer (see Section 1.7).

4 May include Vendors or Existing Broker Shareholders who apply for Shares under the Retail Offer. The lower end of the Shares issued and the percentage ownership post-IPO is based on the upper end of the Indicative Price Range. The upper end of the Shares issued and the percentage ownership post-IPO is based on the lower end of the Indicative Price Range.

7.4 Terms and conditions of the IPO Offer

Table 7.3.1: Terms and conditions of the IPO Offer

| Topic | Summary |
|---|--|
| What is the type of security being offered? | IPO Shares (being fully paid ordinary shares in Steadfast). |
| What are the rights and liabilities attached to the security being offered? | A description of the IPO Shares, including the rights and liabilities attaching to them, is set out in Section 10. |
| What is the consideration payable for each security being offered? | The Indicative Price Range for the Offer is \$1.00 to \$1.20 per IPO Share. Successful Applicants under the Retail Offer and the Institutional Offer will pay the Final Price per IPO Share, which will be determined at the conclusion of the Bookbuild and may be set at a price within or above the Indicative Price Range. The IPO Offer will not proceed if the minimum price of \$1.00 per IPO Share is not achieved. |



| Topic | Summary |
|--|--|
| What is the Offer Period? | <p>The Retail Offer opens at 9.00am (Sydney time) on 11 July 2013.</p> <p>The Retail Offer closes at 5.00pm (Sydney time) on 24 July 2013 for the Board's List Offer and Priority Offer, and on 26 July 2013 for the Stockbroker Firm Offer.</p> <p>The key dates, including details of the Offer Period, are set out on page 2. This timetable is indicative only. Steadfast and the Joint Lead Managers reserve the right to vary the dates and times of the Offer, including to close the Offer early, extend the Closing Date or accept late Applications, either generally or in particular cases, without notification. Investors are encouraged to submit their Applications as soon as possible after the opening of the IPO Offer as the IPO Offer may close at any time without notice.</p> <p>No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.</p> |
| What are the cash proceeds to be raised? | <p>\$334 million is expected to be raised under the IPO Offer based on the Indicative IPO Share Range and the Indicative Price Range.</p> |
| What is the minimum and maximum Application size under the Retail Offer? | <p>The minimum Application under the Stockbroker Firm Offer is as directed by the Applicant's Stockbroker.</p> <p>Applicants under the Board's List Offer must apply for a minimum value of \$1,000 worth of IPO Shares and in multiples of \$500 worth of IPO Shares thereafter, unless otherwise notified by Steadfast. The maximum value of IPO Shares that may be applied for under the Board's List Offer is the amount stated on your personalised online Board's List Application Form.</p> <p>Applicants under the Priority Offer must apply for a minimum value of \$1,000 worth of IPO Shares and in multiples of \$500 worth of IPO Shares thereafter, unless otherwise notified by Steadfast. The maximum value of IPO Shares that may be applied for under the Priority Offer if you have received a Priority Invitation is the amount stated on your personalised online Priority Offer Application Form. The maximum value of IPO Shares that may be applied for if you have received an Additional Invitation is \$15,000.</p> <p>The Joint Lead Managers, by agreement with Steadfast, also reserve the right to treat any Applications under the Stockbroker Firm Offer that are for more than \$250,000 worth of IPO Shares or are from persons whom they believe may be Institutional Investors, as Final Price bids in the Institutional Offer or to reject the Applications. The Joint Lead Managers, in conjunction with Steadfast, also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p> |
| What is the allocation policy? | <p>The allocation of IPO Shares between the Retail Offer and the Institutional Offer will be determined by the Joint Lead Managers, in consultation with Steadfast, having regard to the allocation policy outlined in Sections 7.5 and 7.6.</p> <p>For Stockbroker Firm Offer participants, Stockbrokers will decide as to how they allocate Shares among their clients.</p> <p>Steadfast and the Joint Lead Managers have absolute discretion regarding the allocation of IPO Shares to Applicants under the IPO Offer and may reject an Application, or allocate fewer IPO Shares than applied for, in their absolute discretion.</p> |
| When will I receive confirmation that my Application has been successful? | <p>It is expected that initial holding statements will be dispatched by standard post on or about 13 August 2013.</p> <p>Refunds to Applicants who make an Application and receive an allocation, the value of which is smaller (at the Final Price) than the amount of their Application Monies, will be made as soon as practicable post-Settlement.</p> |

7. Details of the Offer, continued

| Topic | Summary |
|---|---|
| Will the Shares be quoted? | <p>Steadfast has applied for admission to the official list of ASX and quotation of the Shares on ASX (which is expected to be under the code SDF).</p> <p>Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> |
| When are the Shares expected to commence trading? | <p>It is expected that trading of the Shares on ASX will commence on or about 2 August 2013, initially on a conditional and deferred settlement basis. This will be before certain conditions set by ASX for the commencement of unconditional trading have been satisfied, including completion of Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions. It is expected that the IPO Acquisitions will complete on or about 9 August 2013.</p> <p>Once these conditions are satisfied, the Shares will commence trading on ASX on an unconditional but deferred settlement basis until dispatch of the holding statements. Shares are expected to commence trading on ASX on an unconditional and normal settlement basis on or about 14 August 2013.</p> <p>It is the responsibility of each Applicant to confirm its holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. Steadfast and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Steadfast Offer Information Line, by a Stockbroker or otherwise.</p> |
| What is conditional and deferred settlement trading? | <p>The IPO Acquisition Agreements contain obligations on the Vendors and conditions precedent to completion. It is expected that the IPO Acquisitions will complete on or about 9 August 2013.</p> <p>The period of conditional and deferred settlement trading allows for Shares to trade on ASX prior to (and including) this date. In the event of Acquisitions representing less than 93% of the aggregate purchase price of all Acquisitions complete, the Offer would not complete.</p> <p>Under this scenario, all trades conducted during the conditional and deferred settlement trading period would be invalid and will not settle. All Application Monies received would be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing.</p> |
| Is the Offer underwritten? | No. The Offer is not underwritten. |
| Are there any escrow arrangements? | Yes. Details are provided in Section 10.6. |
| Has any ASIC relief or ASX waiver been obtained or applied for? | Yes. Details are provided in Section 10.12. |
| Are there any tax considerations? | Refer to Section 10.10. |
| Is there any brokerage, commission or stamp duty considerations? | No brokerage, commission or stamp duty is payable by Applicants on the acquisition of IPO Shares under the IPO Offer. |
| What should you do with any enquiries? | <p>All enquiries in relation to this Prospectus should be directed to the Steadfast Offer Information Line on 1800 645 237 (toll free within Australia) or +61 1800 645 237 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Steadfast is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.</p> |



7.5 Retail Offer

7.5.1 Board's List Offer

Who may apply?

The Board's List Offer is open to Retail Offer Investors nominated by the Board and certain other investors who have received a Board's List Invitation.

How to apply

If you have received a Board's List Invitation and you wish to apply for IPO Shares under the Board's List Offer, you should read this Prospectus available online at www.steadfast.com.au, and after the commencement of the Retail Offer, apply online at that address by following the instructions on your personalised online Board's List Application Form.

You may apply for an amount up to and including the amount indicated on your personalised online Board's List Application Form under the Board's List Offer which must be for a minimum value of \$1,000 worth of IPO Shares and in multiples of \$500 worth of IPO Shares thereafter.

Applicants must pay by **BPAY**[®] or cheque and should follow the instructions set out on the online Board's List Application Form. It is the responsibility of the Applicant to ensure payments are received by 5.00pm (Sydney time) on the Closing Date. If you make a **BPAY** payment, your bank, credit union or building society may impose a limit on the amount that you can transact on **BPAY** and policies with respect to timing for processing **BPAY** transactions, which may vary between bank, credit union or building society.

If you are not paying by **BPAY**, you may send a cheque for your Application Monies to the Share Registry. Cheques must be drawn on an Australian financial institution in Australian dollars, be made payable to "Steadfast IPO Account" and crossed "Not Negotiable". You should ensure that sufficient funds are held in the relevant account(s) to cover your cheque. Cash will not be accepted. Receipts for payments will not be issued. If you are paying by cheque, cheques must be received by close of business on 24 July 2013.

If the amount of your **BPAY** or cheque payment for Application Monies (or the amount for which those **BPAY** or cheque payments clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your online Board's List Application Form) or your Application may be rejected.

There are instructions set out on the online Board's List Application Form to help you complete it. Application

Monies (via cheque or **BPAY** following the completion of the online Board's List Application Form) must be received by the Share Registry by the Closing Date.

The Board's List Offer opens at 9.00am (Sydney time) on 11 July 2013 and is expected to close at 5.00pm (Sydney time) on 24 July 2013. Steadfast and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier date and time, without further notice.

Payment methods

You must pay for Shares applied for online by **BPAY** or cheque by following the instructions on the online Board's List Application Form.

Allocation policy under the Board's List Offer

Board's List Applicants who are Successful Applicants will receive a guaranteed allocation of IPO Shares in the amount notified on their personalised Board's List Application Form or such lesser amount validly applied for. Allocations made to Successful Applicants under the Board's List Offer will not in aggregate exceed \$7 million.

7.5.2 Stockbroker Firm Offer

Who may apply?

The Stockbroker Firm Offer is open to Retail Offer Investors who have received a firm allocation from their Stockbroker and who have a registered address in Australia. If you have been offered a firm allocation by a Stockbroker, you will be treated as a Stockbroker Firm Offer Applicant in respect of that allocation. You should contact your Stockbroker to determine whether they may allocate IPO Shares to you under the Stockbroker Firm Offer.

How to apply

If you have received an allocation of IPO Shares from your Stockbroker and wish to apply for IPO Shares under the Stockbroker Firm Offer, you should contact your Stockbroker for information about how to submit your Stockbroker Firm Offer Application Form and for payment instructions. Applicants under the Stockbroker Firm Offer must not send their Stockbroker Firm Offer Application Forms to the Share Registry.

Applicants under the Stockbroker Firm Offer may contact their Stockbroker or the Steadfast Offer Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside of Australia) to request a Prospectus and Stockbroker Firm Offer Application Form, or download a copy at www.steadfast.com.au. Your Stockbroker will act as your agent and it is your Stockbroker's responsibility to ensure that your Stockbroker Firm Offer Application Form

7. Details of the Offer, continued

and Application Monies are received before 5.00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Stockbroker.

If you are an investor applying under the Stockbroker Firm Offer, you should complete and lodge your Stockbroker Firm Offer Application Form with the Stockbroker from whom you received your firm allocation. Stockbroker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Stockbroker and the instructions set out on the reverse of the Stockbroker Firm Offer Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with a Stockbroker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Stockbroker Firm Offer opens at 9.00am (Sydney time) on 11 July 2013 and is expected to close at 5.00pm (Sydney time) on 26 July 2013. Steadfast and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier date and time, without further notice. Your Stockbroker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Stockbroker for instructions.

Payment methods

Applicants under the Stockbroker Firm Offer must pay their Application Monies in accordance with instructions from their Stockbroker.

Allocation policy under the Stockbroker Firm Offer

Shares that have been allocated to Stockbrokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Stockbrokers. It will be a matter for the Stockbrokers as to how they allocate firm stock among their retail clients, and they (and not Steadfast and the Joint Lead Managers) will be responsible for ensuring that clients who have received a firm allocation from them receive the relevant IPO Shares.

7.5.3 Priority Offer

Who may apply?

The Priority Offer is open to those Retail Offer Investors who are in Australia invited by Steadfast Network Brokers (who are on the register on the Priority Offer Record Date). If you are a Priority Offer Applicant, you should have received a Priority Invitation or an Additional Invitation, or both, to apply for IPO Shares under the Priority Offer.

How to apply

If you have received a Priority Invitation or Additional Invitation, or both, to apply for Shares in the Priority Offer and you wish to apply for IPO Shares under the Priority Offer, you should read this Prospectus available online at www.steadfast.com.au, and after the commencement of the Retail Offer, apply online at that address by following the instructions on your personalised Priority Offer Application Form.

If you have received a Priority Invitation, you may apply for an amount up to and including the amount indicated on your personalised Priority Offer Application Form. Applications under the Priority Offer must be for a minimum value of \$1,000 worth of IPO Shares and in multiples of \$500 worth of IPO Shares thereafter.

If you have received an Additional Invitation, you may apply for an amount up to \$15,000 worth of IPO Shares. Applications under the Priority Offer must be for a minimum value of \$1,000 worth of IPO Shares and in multiples of \$500 worth of IPO Shares thereafter.

If you have received both a Priority Invitation and an Additional Invitation, you should follow the instructions on each invitation and the Priority Offer Application Form.

Applicants must pay by **BPAY** or cheque and should follow the instructions set out on the online Priority Offer Application Form. It is the responsibility of the Applicant to ensure payments are received by 5.00pm (Sydney time) on the Closing Date. If you make a **BPAY** payment, your bank, credit union or building society may impose a limit on the amount that you can transact on **BPAY** and policies with respect to timing for processing **BPAY** transactions, which may vary between bank, credit union or building society.

If you are not paying by **BPAY**, you may send a cheque for your Application Monies to the Share Registry. Cheques must be drawn on an Australian financial institution in Australian dollars, be made payable to "Steadfast IPO Account" and crossed "Not Negotiable". You should ensure that sufficient funds are held in the relevant account(s) to cover your cheque. Cash will not be accepted. Receipts for payments will not be issued. If you are paying by cheque, cheques must be received by close of business on 24 July 2013.

If the amount of your cheque or **BPAY** payment for Application Monies (or the amount for which those cheque or **BPAY** payments clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Priority Offer Application Form) or your Application may be rejected.

There are instructions set out on the online Priority Offer Application Form to help you complete it. Application Monies (via cheque or **BPAY** following the completion of the online Priority Offer Application Form) must be received by the Share Registry in cleared funds by the Closing Date.



The Priority Offer opens at 9.00am (Sydney time) on 11 July 2013 and is expected to close at 5.00pm (Sydney time) on 24 July 2013. Steadfast and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier date and time, without further notice.

Payment methods

You must pay for Shares applied for online by **BPAY** or cheque by following the instructions on the online Priority Offer Application Form.

Allocation policy under Priority Offer

Priority Offer Applicants who received a Priority Invitation and are Successful Applicants are guaranteed an allocation of IPO Shares in the amount notified on their personalised Priority Offer Application Form or such lesser amount validly applied for.

Priority Offer Applicants who received an Additional Invitation and are Successful Applicants will receive an allocation at the absolute discretion of Steadfast such that the total allocations under the Priority Offer (including allocations to Successful Applicants who received a Priority Invitation) does not in aggregate exceed \$27.3 million.

7.5.4 Acceptance of Applications under the Retail Offer

An Application under the Retail Offer is an offer by you to Steadfast to subscribe for IPO Shares in the amount specified in the Application Form at the Final Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants conditional on Settlement and Listing.

The Joint Lead Managers and Steadfast reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be allotted IPO Shares at the Final Price. Successful Applicants in the Retail Offer will receive the number of IPO Shares equal to the value of their Application accepted by Steadfast divided by the Final Price (rounded down to the nearest whole Share). In the case of the Stockbroker Firm Offer, where the Final Price does not divide evenly into the Application allocation,

the number of IPO Shares to be allocated will be determined by the Applicant's Stockbroker. No refunds pursuant to rounding will be provided.

Under the terms of the Offer Management Agreement, the Final Price will be determined by the Joint Lead Managers and Steadfast, following the Bookbuild at the conclusion of the Retail Offer and the Institutional Offer, as described in Section 7.6. The Final Price may be set at a price within or above the Indicative Price Range of \$1.00 to \$1.20 per Share; however, the Offer will not proceed if the minimum price of \$1.00 per Share is not achieved.

7.5.5 Application Monies

Application Monies received under the Retail Offer will be held in a special purpose account until IPO Shares are issued to Successful Applicants. Applicants under the Retail Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of IPO Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by Steadfast.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or **BPAY** payment. If the amount of your cheque(s) or **BPAY** payment for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount.

7.6 Institutional Offer

7.6.1 Invitation to bid

The Institutional Offer will comprise an invitation to Institutional Investors to bid for IPO Shares under this Prospectus.

7.6.2 Institutional Offer process and the Indicative Price Range

The Institutional Offer will be conducted using a Bookbuild process managed by the Joint Lead Managers. Full details of how to participate, including bidding instructions, will be provided to participants by the Joint Lead Managers.

Participants can only bid into the Bookbuild for IPO Shares through the Joint Lead Managers. They may bid for IPO Shares at specific prices or at the Final Price. Participants may bid above or within the Indicative Price Range, which is \$1.00 to \$1.20 per Share. Under the terms of the Offer Management Agreement, the Final Price will be determined by the Joint Lead Managers and Steadfast, following the Bookbuild at the conclusion of the Retail Offer and the Institutional Offer as described in Section 7.6.3.

7. Details of the Offer, continued

The Institutional Offer will open and close on 30 July 2013. The Joint Lead Managers and Steadfast reserve the right to vary the dates and times of the Offer, including to close the Offer early, extend the Closing Date or accept late Applications, either generally or in particular cases, without notification.

Bids in the Institutional Offer may be amended or withdrawn at any time up to the close of the Institutional Offer. Any bid not withdrawn at the close of the Institutional Offer is an irrevocable offer by the relevant bidder to subscribe or procure subscribers for the IPO Shares bid for (or such lesser number as may be allocated) at the price per Share bid or at the Final Price, where this is below the price per Share bid, on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and in accordance with any bidding instructions provided by the Joint Lead Managers to participants.

Bids can be accepted or rejected in whole or in part without further notice to the bidder. Acceptance of a bid will give rise to a binding contract on allocation of Shares to Successful Applicants conditional on Settlement and Listing.

Details of the arrangements for notification and settlement of allocations applying to participants in the Institutional Offer will be provided to participants in the Bookbuild. In some cases, IPO Shares allocated may be delivered by the Joint Lead Managers, or their international affiliates, pursuant to settlement support arrangements under which the relevant Shares may be issued to them and onsold by them to satisfy the relevant allocations under the Institutional Offer.

7.6.3 Final Price

The Bookbuild will be used to determine the Final Price. Under the terms of the Offer Management Agreement, the Final Price will be determined by the Joint Lead Managers and Steadfast, after the close of the Retail Offer and the Institutional Offer. Accordingly, Applicants will not know the Final Price or the number of IPO Shares they will receive at the time they make their investment decision and submit an Application. Except as required by law, Applicants cannot withdraw their Applications once the Final Price and allocations of IPO Shares have been determined.

It is expected that the Final Price will be announced to the market on or about 1 August 2013. In determining the Final Price, consideration will be given to, but will not be limited to, the following factors:

- the level of demand for Shares under the Institutional Offer at various prices;
- the level of demand for Shares under the Retail Offer;
- the objective of maximising the proceeds of the Offer; and
- the desire for an orderly secondary market in the Shares.

The Final Price will not necessarily be the highest price at which Shares could be sold. In the Institutional Offer the Final Price may be set within or above the Indicative Price Range. The Offer will not proceed if the minimum price of \$1.00 per Share is not achieved. All Successful Applicants under the Institutional Offer will pay the Final Price.

7.6.4 Allocations under the Institutional Offer

The allocation of IPO Shares among Applicants in the Institutional Offer will be determined by the Joint Lead Managers and Steadfast. The Joint Lead Managers and Steadfast, have absolute discretion regarding the basis of allocation of IPO Shares among Institutional Investors.

The initial determinant of the allocation of IPO Shares under the Institutional Offer will be the Final Price. Bids lodged at prices below the Final Price will not receive an allocation of IPO Shares.

The allocation policy will also be influenced by, but not constrained by, the following factors:

- the price and number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders; and
- any other factors that the Joint Lead Managers, by agreement with Steadfast, consider appropriate, in their sole discretion.

7.7 Offer Management Agreement

The Offer is not underwritten. Instead, Steadfast and the Joint Lead Managers have entered into the Offer Management Agreement under which the Joint Lead Managers have agreed to arrange and manage the Offer.

Once the Final Price has been determined, the Joint Lead Managers or their affiliates will be obliged to provide settlement support in respect of successful bids in the Institutional Offer and the Stockbroker Firm Offer. The Offer Management Agreement sets out a number of circumstances under which the Joint Lead Managers may terminate the agreement and their settlement support obligations. A summary of certain terms of the agreement and associated settlement support arrangements, including the termination provisions, is set out in Section 10.13.



7.8 Consideration Shares and Re-weighting Shares

Consideration Shares will be issued to Vendors (or persons nominated by Vendors) on or about 9 August 2013. The final number of Consideration Shares to be issued will be 135 million Consideration Shares, based on final Consideration Share Elections made by certain Vendors.

Re-weighting Shares will be issued to Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) on or about 9 August 2013.

To nominate a person to receive Consideration Shares or Re-weighting Shares, the relevant Vendor or Existing Broker Shareholder (as applicable) must have provided all relevant details of that nominee to Steadfast. All recipients of Consideration Shares and Re-weighting Shares (including any persons nominated by them) will need to confirm and acknowledge certain matters before they will be eligible to receive their Shares. In particular, they will need to confirm their Consideration Shares or Re-weighting Shares (as applicable) will be subject to Escrow Restrictions (including the application of a holding lock) and appoint Steadfast as their attorney and agent to execute a restriction agreement (in substantially the form described in Section 9) on their behalf (if required by Steadfast).

See Sections 10.4 and 10.5 for further details.

7.9 Discretion regarding the Offer

Steadfast may withdraw the Offer at any time before the issue of Shares to Successful Applicants. The Offer will be withdrawn if the Final Price is not at least \$1.00 per IPO Share. In addition, the Offer will be withdrawn in the event that Steadfast does not complete Acquisitions representing 93% of the aggregate purchase price of all Acquisitions, prior to the end of the conditional and deferred settlement trading period.

If Listing does not occur for any reason, the IPO, the Capital Restructure and the IPO Acquisitions will not proceed.

If any Shares are issued under the Offer and thereafter the Listing does not proceed for any reason, including because Steadfast does not complete Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions prior to the end of the conditional and deferred settlement trading period, Steadfast will take steps to unwind some or all of the steps which it has already completed at that time (including by cancelling or voiding the issue of any Shares that may have been issued), subject to obtaining any relevant regulatory relief and/or shareholder approvals that may be required. If this occurs, Application Monies will be refunded to Applicants and no interest will be paid on any Application Monies refunded.

Further, in the unlikely event that this were to occur, Steadfast intends to reconsider an initial public offering and listing on ASX at a later date.

If the Offer does not proceed or complete, Application Monies will be refunded to Applicants. No interest will be paid on any Application Monies refunded.

Steadfast and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.10 ASX listing, registers and holding statements and deferred settlement trading

7.10.1 Application to ASX for listing of Steadfast and quotation of Shares

Steadfast applied for admission to the official list of ASX and quotation of the Shares on ASX within seven days of the Prospectus Date. Steadfast's expected ASX code will be SDF.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Steadfast to the official list of ASX is not to be taken as an indication of the merits of Steadfast or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by Steadfast will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by Steadfast from time to time), Steadfast will be required to comply with the ASX Listing Rules.

7.10.2 CHESS and issuer sponsored holdings

Steadfast will apply to participate in ASX's Clearing House Electronic Sub-register System ("CHESS") and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all Successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored

7. Details of the Offer, continued

by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number ("HIN") for CHESS holders or, where applicable, the Securityholder Reference Number ("SRN") of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. Steadfast and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.10.3 Deferred settlement trading and selling shares on market

It is expected that trading of the Shares on ASX (on a conditional and deferred settlement basis) will commence on or about 2 August 2013.

If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on ASX would be cancelled and any Application Monies received would be refunded as soon as possible.

Conditional and deferred settlement trading will continue until Steadfast has advised ASX that completion of the requisite number of IPO Acquisitions (and allotment of IPO Shares) has occurred, which is expected to be on or about 9 August 2013. If Settlement and completion of the requisite number of IPO Acquisitions has not occurred within 14 days (or such longer period as ASX allows) after the commencement of conditional and deferred settlement trading, all conditional trades that have occurred (and the Offer and all contracts arising on acceptance of Applications and bids in the Institutional Offer) will be cancelled and of no further effect and all Application Monies will be refunded (without interest).

Trading on ASX will then be on an unconditional but deferred settlement basis until Steadfast has advised ASX that initial holding statements have been dispatched to Shareholders. Trading on ASX is expected to commence on a normal settlement basis (that is, on a T+3 basis) on or about 14 August 2013.

Following the issue of Shares, Successful Applicants will receive a holding statement setting out the number of Shares issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on or about 13 August 2013. If you sell Shares before receiving a holding statement, you do so at your own risk. It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares.

To assist Applicants in determining their allocation prior to receipt of a holding statement, Steadfast will announce details of pricing and the basis of allocations under the IPO Offer in various newspapers on or about 1 August 2013. After the basis for allocations has been determined, Applicants will also be able to call the Steadfast Offer Information Line on 1800 645 237 (in Australia) or +61 1800 645 237 (outside Australia) or their Stockbroker to confirm their allocations.

Steadfast, the Share Registry, the Joint Lead Managers and the Existing Investors disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Steadfast Offer Information Line or confirmed your firm allocation through a Stockbroker.

7.11 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

European Economic Area – Germany and Netherlands

The information in this Prospectus has been prepared on the basis that all offers of 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 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.

Ireland

The information in this Prospectus does not constitute a prospectus under any Irish laws or regulations and this Prospectus has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of Shares other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment of IPO Shares or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of the Company ("initial securities") in a single transaction before the allotment of IPO Shares of such initial securities and such allotment of IPO Shares was not more than 18 months prior to the date of this Prospectus.

Hong Kong

The Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than:

- (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or
- (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

There has not been issued and there will not be issued, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which 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 Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the 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 Prospectus has been given to you on the basis that you are (i) an existing holder of Steadfast'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 Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the 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 Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The 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 Prospectus 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 Prospectus nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance

7. Details of the Offer, continued

institutions and fund management companies as well as institutional investors with professional treasury operations.

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

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

United States

This Prospectus may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this Prospectus have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

United Kingdom

This Prospectus has not 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 ("FSMA")) has been published or is intended to be published in respect of the Shares. Accordingly this Prospectus and the Offer are only addressed to and directed at persons in the United Kingdom who are "qualified investors" within the meaning of section 86 of FSMA ("Qualified Investors") and who are acting as principal, or in circumstances where section 86(2) of the FSMA applies and who satisfy the additional requirements below. No Shares will be offered or sold except in circumstances which have not resulted and will not result in an offer to the public in contravention of section 85 of the FSMA in the United Kingdom.

In addition the Shares may only be promoted in the United Kingdom to restricted categories of persons. Accordingly in the United Kingdom this Prospectus is directed only at Qualified Investors who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") and/or (ii) are high net-worth entities falling within the categories described in Article 49(2)(a)–(d) of the FPO. The investment or investment activity to which this Prospectus relates is available in the United Kingdom only to such persons and will be engaged in only with such persons. It is not intended that this Prospectus be distributed or passed on in the United Kingdom, directly or indirectly, to any other class of person and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this Prospectus.

Each Applicant in the IPO Offer will be taken to have represented, warranted and agreed as follows:

- it understands the above restrictions;
- in particular, it understands that the Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities law of any state of the United States and may not be offered, sold or resold in the United States, or to or for the account or benefit of US Persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act 1933 and any other applicable securities laws;
- it is not in the United States or a US Person, and is not acting for the account or benefit of a US Person;
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person; and
- it will not offer or sell the Shares in the United States or to, or for the account or benefit of, any US Person or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act 1933 and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

8. Investigating Accountant's Report

8. Investigating Accountant's Report



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The Directors
Steadfast Group Limited
Level 3, 99 Bathurst Street
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NSW 2000

11 July 2013

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Steadfast Group Limited ("Steadfast") to prepare this report for inclusion in the prospectus to be dated 11 July 2013 ("Prospectus"), and to be issued by Steadfast, in respect of Steadfast's proposed initial public offering of its shares and listing on the ASX.

Expressions defined in the Prospectus have the same meaning in this report.

Scope

KPMG Transaction Services has been requested to prepare this report covering the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma and forecast financial information is presented in an abbreviated form in the Prospectus insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Review of Pro Forma Historical Financial Information

The pro forma historical financial information comprises the pro forma, unaudited historical consolidated statements of comprehensive income of Steadfast for the years ended 30 June 2011 and 30 June 2012 and six months ended 31 December 2012 as set out in section 4.4.1 of the Prospectus, and pro forma consolidated statement of financial position of Steadfast as at 31 December 2012 as set out in section 4.9.1 of the Prospectus (together, the "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the consolidated Historical Financial Information of Steadfast (the "Historical Financial Information"), extracted

KPMG Financial Advisory Services (Australia) Pty Ltd is affiliated with KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



from the audited financial statements of Steadfast for the years ended 30 June 2011 and 30 June 2012 and the reviewed financial statements of Steadfast for the six months ended 31 December 2012, after adjusting for the pro forma transactions and/or adjustments described in section 4.10.1 of the Prospectus.

The financial statements of Steadfast for the years ended 30 June 2011 and 30 June 2012 were audited by Steadfast's external auditor in accordance with Australian Auditing Standards. The audit opinion issued to the members of Steadfast relating to those financial statements was unqualified. The financial statements of Steadfast for the six months ended 31 December 2012 were reviewed by KPMG in accordance with Australian Auditing Standards applicable to review engagements. The review opinion issued to the members of Steadfast relating to those financial statements was unqualified.

For the purposes of preparing this report we have reviewed the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 4.10.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by Steadfast disclosed in section 11 of the Prospectus.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of Historical Financial Information of Steadfast from the audited financial statements of Steadfast for the years ended 30 June 2011 and 30 June 2012 and reviewed financial statements of Steadfast for the six months ended 31 December 2012;
- analytical procedures on the Pro Forma Historical Financial Information of Steadfast;
- a review of the pro forma transactions and/or adjustments made to the Historical Financial Information of Steadfast;
- a review of Steadfast's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by Steadfast disclosed in section 11 of the Prospectus; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review of Directors' Forecast and directors' best-estimate assumptions

The directors' forecast comprises the pro forma forecast consolidated statements of comprehensive income (set out in section 4.5.1 of the Prospectus) and pro forma forecast of



consolidated operating and financing cash flows (set out in section 4.7.1 of the Prospectus) of Steadfast for the years ending 30 June 2013 and 30 June 2014, and the Directors' statutory forecast net profit before tax (set out in section 4.11 of the Prospectus) for the years ending 30 June 2013 and 30 June 2014 (the "Directors' Forecast").

The Directors' Forecast has been prepared by the directors to provide investors with a guide to Steadfast's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. The directors' best-estimate assumptions underlying the Directors' Forecast are set out in section 4.5.3 of the Prospectus.

There is a considerable degree of judgement involved in the preparation of any forecast. Consequently, the actual results of Steadfast during the forecast period may vary materially from the Directors' Forecast, and that variation may be materially positive or negative.

The sensitivity of the Directors' Forecast to changes in key assumptions is set out in section 4.6 of the Prospectus and the risks to which the business of Steadfast is exposed are set out in section 5 of the Prospectus. Investors should consider the Directors' Forecast in conjunction with the analysis in those sections.

We have reviewed the Directors' Forecast and the directors' best-estimate assumptions underlying the Directors' Forecast, set out in sections 4.5.1 and 4.5.3 of the Prospectus, in order to state whether, on the basis of procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by Steadfast disclosed in section 11 of the Prospectus, and consequently that the Directors' Forecast is unreasonable.

We have conducted our review in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary.

Our review of the Directors' Forecast and the directors' best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Directors' Forecast or the directors' best-estimate assumptions.

Directors' responsibilities

The directors of Steadfast are responsible for the preparation and presentation of:

- the Pro Forma Historical Financial Information, including the determination of the pro forma transactions and/or adjustments; and



- the Directors' Forecast, including the best-estimate assumptions on which the Directors' Forecast is based and the sensitivity of the Directors' Forecast to changes in key assumptions.

The directors' responsibility includes establishing and maintaining internal controls relevant to the preparation of the financial information in the Prospectus that is free from material misstatement, whether due to fraud or error.

Review statements

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, comprising:

- the pro forma historical consolidated statements of comprehensive income of Steadfast for the years ended 30 June 2011 and 30 June 2012, and six months ended 31 December 2012, as set out in section 4.4.1 of the Prospectus; and
- the pro forma consolidated statement of financial position of Steadfast as at 31 December 2012, as set out in section 4.9.1 of the Prospectus,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 4.10.1 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by Steadfast disclosed in section 11 of the Prospectus.

Review statement on the Directors' Forecast and the directors' best-estimate assumptions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions, set out in section 4.5.3 of the Prospectus, when taken as a whole, do not provide reasonable grounds for the preparation of the Directors' Forecast; and
- the Directors' Forecast, set out in section 4.5.1 of the Prospectus, is not properly compiled on the basis of the directors' best-estimate assumptions or prepared or presented fairly, in all material respects, in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by Steadfast disclosed in section 11 of the Prospectus, and consequently that the Directors' Forecast is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies, often outside the control of Steadfast. If events do not occur as assumed, actual results achieved by Steadfast may vary significantly from the Directors' Forecast. Accordingly, we do not confirm or guarantee the achievement of the Directors' Forecast, as future events, by their very nature, are not capable of independent substantiation.



Independence

KPMG Transaction Services does not have any interest in the outcome of the issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Steadfast and from time to time, KPMG also provides Steadfast with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

A handwritten signature in black ink that reads 'Craig Mennie'.

Craig Mennie
Authorised Representative



KPMG Transaction Services

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Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

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www.kpmg.com.au

PO Box H67
Australia Square 1213
Australia

**Financial Services Guide
Dated 11 July 2013**

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (***KPMG Transaction Services***), and Craig Mennie as an authorised representative of KPMG Transaction Services (**Authorised Representative**), authorised representative number 404257.

This FSG includes information about:

- KPMG Transaction Services and its Authorised Representative and how they can be contacted
- the services KPMG Transaction Services and its Authorised Representative are authorised to provide
- how KPMG Transaction Services and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Transaction Services and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that KPMG Transaction Services has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Transaction Services. This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Transaction Services and the Authorised Representative are authorised to provide

KPMG Transaction Services holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;

- government debentures, stocks or bonds;
- interests in managed investments schemes including investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Transaction Services to provide

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financial product advice on KPMG Transaction Services' behalf.

KPMG Transaction Services and the Authorised Representative's responsibility to you

KPMG Transaction Services has been engaged by Steadfast Group Limited (**Steadfast**) to provide general financial product advice in the form of a Report to be included in the prospectus to be dated 11 July 2013 (**Prospectus**) prepared by Steadfast in relation to Steadfast proposed initial public offering of its shares and listing on the ASX (**Transaction**).

You have not engaged KPMG Transaction Services or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. Neither KPMG Transaction Services nor the Authorised Representative are acting for any person other than the Steadfast.

KPMG Transaction Services and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Transaction Services has been engaged by Steadfast, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Transaction.

Fees KPMG Transaction Services may receive and remuneration or other benefits received by our representatives

KPMG Transaction Services charges fees for preparing reports. These fees will usually be agreed with, and paid by, Steadfast. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Steadfast has agreed to pay KPMG Transaction Services fees in the range of \$1.8 million to \$2.0 million (excluding disbursements and GST) for preparing the Report. KPMG Transaction Services and

its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Transaction Services officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Transaction Services' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG Transaction Services nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Transaction Services is controlled by and operates as part of the KPMG Partnership. KPMG Transaction Services' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Transaction Services and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Transaction Services, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

In addition to the fees for preparing the Report, KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to Steadfast for which professional fees are received. Over the past two years professional fees of \$1.8 million (excluding disbursements and GST) have been received from Steadfast.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor



of, Steadfast or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Transaction Services or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Transaction Services or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Transaction Services has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Transaction Services or the Authorised Representative using the contact details:

KPMG Transaction Services
A division of KPMG Financial Advisory
Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Craig Mennie
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

9. Material agreements

9. Material agreements



9.1 Share and Unit Holders' Deeds

9.1.1 Co-ownership model

Steadfast's preferred ownership model is to invest in Acquired Entities along with some or all of the existing owners. The continuing owners will generally continue to manage the business of an Acquired Entity. Steadfast will not appoint directors in the majority of cases, but will rely on the rights established through Share and Unit Holders' Deeds to have influence over the operations of the Acquired Entity.

Where Steadfast holds over 50% of the equity in an Acquired Entity it will have control over the operations through the right to appoint a majority of the directors (subject to any express provisions in the constitution of the Acquired Entity).

The level of Steadfast's equity interests in each entity is set out in Appendix C.

9.1.2 Standard form Share and Unit Holders' Deed

The Share and Unit Holders' Deeds for the Acquired Entities are based on standard agreement terms, with some variances to take into account the particular circumstances of each Acquired Entity and its equity holders.

The summary of key terms (and some of the more significant variances from these) set out below uses the terms "shares" and "shareholders" but is equally applicable to the arrangements in respect of those Acquired Entities which are unit trusts in which case references to companies should be read as references to "trusts" and references to shares should be read as references to "units". References to the holdings or equity interests of Steadfast are to the direct or indirect equity interest in the ordinary shares or ordinary units in the Acquired Entity. References to Steadfast are to the relevant Steadfast entity that holds the equity interest.

Right to information

The Acquired Entity will consult with Steadfast on the preparation of, and updates to, each annual business plan and budget. A Steadfast representative will have the right to attend board meetings and access the papers for those meetings.

Approval rights

Certain corporate, financial and operational matters require the prior written approval of an executive director of Steadfast. In one case, these matters require a special resolution and in another case, approval by no less than 75% of the votes of shareholders. In one case, any proposed change in the business or business practices of the Acquired Entity resulting in an increase in the expenses of the business of 5% per annum or more must be first approved by Steadfast and at least one other shareholder (with such approval not to be unreasonably withheld).

In addition, in one case for a minority interest in a Steadfast Equity Broker, certain corporate and operational matters require the written approval of all shareholders other than Steadfast.

Dividends

Interim and final dividends must be declared and paid no later than 45 days after the first half of each financial year and the end of each financial year respectively. Unless Steadfast agrees otherwise (and subject to section 254T of the Corporations Act), each dividend must be for an amount between 75% and 100% of the after tax profit of the Acquired Entity.

Financial reporting

The Acquired Entity has obligations to provide Steadfast with certain financial reports at various intervals (for example, monthly, half yearly and at the end of a financial year) and within certain timeframes to enable Steadfast to comply with ASX reporting obligations.

Restrictions on transfer of securities

No shareholder, other than Steadfast, can transfer their securities before 14 months after Steadfast lists on ASX other than to a permitted transferee (which in Steadfast's case, includes any other person).

Steadfast has a first and last right to acquire securities in the Acquired Entity (other than to a permitted transferee). A permitted transferee in relation to a Co-Shareholder's transfer is an existing shareholder (who was a shareholder as at the date of the Share and Unit Holders' Deed), any other existing shareholder approved by Steadfast, Steadfast or a related entity of Steadfast, a related party of an existing shareholder (who was a shareholder as at the date of the Share and Unit Holders' Deed) and a trustee of a trust which is substantially for the benefit of the Co-Shareholder and the Co-Shareholder's immediate family.

In a few cases, the Co-Shareholder has the first or last right to acquire the securities in the Acquired Entity and in one case the first and last right is in favour of all shareholders (not just Steadfast). In one Share and Unit Holders' Deed the transfer of securities regime under the standard agreement terms is varied in the event of the death or total permanent disability of a key person so that all shareholders will receive the deceased shareholder's securities in proportion to their existing shareholding in the Acquired Entity, with no first or last right to acquire the securities. In addition, one Share and Unit Holders' Deed for a minority interest in a Steadfast Underwriting Agency includes a number of variations to the standard agreement, including more substantial restrictions on transfers of securities.

Events of default

If a prescribed event of default occurs in relation to a shareholder (other than Steadfast) and an aggrieved shareholder serves a notice on the defaulting shareholder (in certain circumstances), the defaulting shareholder is taken

9. Material agreements, continued

to have delivered a transfer notice and the pre-emption rights of the other shareholders to take up the defaulting shareholder's securities are triggered. Among other events, an event of default includes an insolvency event and a material breach by a shareholder (other than the Steadfast entity) of the Share and Unit Holders' Deed. In two Share and Unit Holders' Deeds, the exclusion of Steadfast from events of default does not apply.

Drag along rights

Where any shareholders other than Steadfast, together, hold a majority of the securities of the Acquired Entity and wish to transfer all of their securities to a third party, Steadfast has the first and last right to acquire all of the securities. If Steadfast does not acquire the securities, the other shareholders have the right to drag along Steadfast's securities with the sale to the third party (subject to some exceptions). This right only applies from five years after the acquisition by Steadfast of its interest in the Acquired Entity.

Tag along rights

Steadfast has the right to include its securities in a third party sale entered into by another shareholder in certain circumstances. These include where a proposed transfer would result in 20% or more of the issued share capital of the Acquired Entity being sold in a 13 month period or where a shareholder who was not a shareholder at the date of the Share and Unit Holders' Deed would, as a result, hold more than 25% of the issued share capital of the Acquired Entity.

In a few cases, other shareholders in the Acquired Entity also have tag along rights.

Operational notice

If Steadfast considers that an act or omission is not in the best interests of the Acquired Entity it may issue an operational notice requiring the issue to be resolved. Failing resolution, the Steadfast CEO will meet with the CEO of that entity to resolve the matter by agreement or by appointment of an independent expert.

Restrictive covenants

In the vast majority of cases, the shareholders (other than Steadfast) agree to restrictions preventing them from engaging in the following activities after they cease to be shareholders in the Acquired Entity:

- engaging in certain business activities;
- enticing or soliciting employees, contractors, officers, agents or suppliers to cease providing services to the Acquired Entity;
- canvassing or soliciting orders from customers of the Acquired Entity;
- making use of, disclosing or divulging confidential information of Steadfast or the Acquired Entity; and
- using any trade names of Steadfast or the Acquired Entity.

The first restriction listed above exists for 14 months (in most cases). The other restrictions apply for a cascading amount of time, beginning at a period of five years and decreasing to a period of six months, depending on the enforceability of the restriction.

In six cases, the Share and Unit Holders' Deed includes less onerous restrictive covenants. The total combined Acquired EBITA of these IPO Acquisitions is \$6.9 million. In one case, for a minority interest in a Steadfast Underwriting Agency, Steadfast is not excluded from the application of the shareholder restrictive covenants, so they will apply to Steadfast to the extent relevant to particular circumstances. The Acquired EBITA for this Steadfast Underwriting Agency is \$0.8 million.

Disclosure

Steadfast is permitted to disclose information that it has in relation to the Share and Unit Holders' Deed, the Acquired Entity, the IPO Acquisition Agreements and the other shareholders in a number of circumstances, including in disclosure documents under the Corporations Act, in accordance with its Listing Rule obligations, to its financiers and for the purposes of marketing and promoting Steadfast's business.

Steadfast shareholder approval

Notwithstanding anything else in the Share and Unit Holders' Deed, Steadfast's obligation to buy or sell securities is subject to Steadfast obtaining any shareholder approval required under the Listing Rules in relation to the purchase or sale (or at Steadfast's election, obtaining a waiver from ASX from that requirement).

Controlled entity status

In light of the possibility that an Acquired Entity could be characterised as a controlled entity of Steadfast under the Listing Rules, each Acquired Entity must not acquire or dispose of a substantial asset within the meaning of the Listing Rules without Steadfast ordinary shareholder approval, if required under the Listing Rules.

Continuing arrangements

In certain cases the Share and Unit Holders' Deed lists specific arrangements entered into by the Acquired Entity with a director of the Acquired Entity, a Co-Shareholder or a related party of them prior to entry into the Share and Unit Holders' Deed. Steadfast will be deemed to have provided its consent to these existing arrangements continuing and they will prevail if inconsistent with the terms of the Share and Unit Holders' Deed.

One Share and Unit Holders' Deed provides for the replication of existing "partnership agreement" arrangements, with the five classes of shares in the Acquired Entity having different rights attributable to annual cost and profit allocations and dividend mechanisms. The Acquired EBITA of this IPO Acquisition is \$0.6 million.



9.1.3 Share and Unit Holders' Deed for Rothbury

The Share and Unit Holders' Deed for this Acquired Entity differs from the standard Share and Unit Holders' Deed in a number of key respects.

All large shareholders (20% or more) hold the same right to information, shareholder approval and to issue an operational notice as Steadfast. Further, all shareholders hold drag along and tag along rights. Steadfast, and any other large shareholder, has a right to appoint a director to the board of directors.

Steadfast is not exempt from the default procedure and may be required to transfer its shares to the existing shareholders in certain default circumstances.

Also, while the restraints have broadly the same scope as the standard Share and Unit Holders' Deed, shareholders (other than Steadfast) are restrained for a period of five years from the date the shareholder ceases to be a shareholder.

Steadfast agrees to restrictions preventing it from engaging in certain investment opportunities in New Zealand without first offering the investment opportunity to Rothbury. Steadfast will be under no obligation to do this where the investment opportunity arises because Steadfast has acquired a business whose operations are predominantly outside New Zealand.

9.1.4 Share and Unit Holders' Deed for Sports Underwriting

The Share and Unit Holders' Deed for Sports Underwriting differs from the standard Share and Unit Holders' Deed in a number of key respects.

Steadfast has appointed two out of a total of four directors. The other two directors have been appointed by the other two shareholders.

The Share and Unit Holders' Deed does not contain the right to information and approval regime contained in the standard form Share and Unit Holders' Deed. However, as Steadfast's equity interest is 80%, it has these rights by virtue of its controlling interest.

In addition to the pre-emption rights of the shareholders in the standard Share and Unit Holders' Deed, a shareholder other than Steadfast must not dispose of any securities within five years of the commencement date of the Share and Unit Holders' Deed, except where Steadfast acquires an interest in a business where 30% or more of the business revenue derives from activities in competition with a material part of the business of Sports Underwriting.

Further, if the employment with Steadfast of a certain individual ceases the other shareholders (including the other shareholder not connected with that individual) will be deemed to have provided a transfer notice to dispose of all of their shares. Steadfast has a pre-emptive right to purchase those shares.

All shareholders may make permitted transfers at any time with Steadfast's consent. Permitted transfers include from the shareholders (other than Steadfast) to each other or to any of their related bodies corporate or a trustee of any trust which is principally for the benefit of that shareholder.

If Steadfast wishes to transfer all of its securities to a third party, Steadfast has the right to drag along the other shareholder's securities with the sale to the third party (subject to some exceptions). The shareholders (other than Steadfast) do not have similar drag along rights. There is no provision for tag along rights.

Also, while the restraints have broadly the same scope as the standard form Share and Unit Holders' Deed, all restrictive covenants remain in force for cascading periods from five years to six months.

9.1.5 Shareholders' Deed of Meridian Lawyers

Meridian Lawyers is an incorporated legal practice. Guild Group Holdings Limited ("Guild") and the trustee of the Meridian Employee Share Plan (which holds shares on trust for senior lawyers employed by Meridian Lawyers) are the other shareholders in Meridian Lawyers. Meridian Lawyers, Guild and Steadfast will be the parties to the Shareholders' Deed for Meridian Lawyers. The Shareholders' Deed for Meridian Lawyers has been adapted to the above context.

In particular, Steadfast and Guild must not interfere with the management or operations of Meridian Lawyers and may not give directions to any officers.

Steadfast will be entitled to exercise an option to purchase shares from Guild so that Steadfast and Guild hold an equal number of shares, where the audited accounts for any financial year show that revenue earned by Meridian Lawyers from legal services provided to Steadfast, its related bodies corporate, Steadfast members and any insureds or clients of those entities is equal to or greater than revenue earned from legal services provided by Meridian Lawyers to Guild, its related bodies corporate, Guild members, any insureds or clients of those entities and the existing clients of Meridian Lawyers (excluding Steadfast and any of its related bodies corporate).

If Steadfast is entitled to exercise the option, it must do so within six months of the revenue figures being accepted and adopted by the Board each financial year.

If a prescribed event of default occurs in relation to a shareholder party and an aggrieved shareholder party serves a notice on the defaulting shareholder party, the aggrieved shareholder party may (in certain circumstances) exercise a default call option to purchase all of the defaulting shareholder party's shares. There are no drag along or tag along rights.

The restrictive covenants in the Shareholders' Deed for Meridian Lawyers have been modified from the standard form Share and Unit Holders' Deed to take into account the businesses operated by Meridian Lawyers, Guild and Steadfast, but no shareholder party (or their associates,

9. Material agreements, continued

related bodies corporate or related parties) can be involved in a similar or competitive business while they remain a shareholder of Meridian Lawyers. The restraints operate for cascading periods from three years to one year.

9.2 IPO Acquisition Agreements

The equity investments Steadfast intends to make in IPO Acquisitions are governed by IPO Acquisition Agreements. These agreements set out the terms and conditions under which the owners of the IPO Acquisitions agree to sell (between 25% and 100%) of their interests to Steadfast. The consideration is payable in a combination of cash and an allotment of shares in Steadfast¹.

Steadfast may from time to time grant limited guarantees and/or security over its assets in the Group (including shares or units it holds in Acquired Entities and in its subsidiaries) as part of undertaking the IPO Acquisitions and may waive some or all conditions related to the underlying debt and security arrangements. In some cases Steadfast may provide a put option to the relevant lender. The put option may be exercisable if an event of default under the relevant loan agreement occurs and will allow the lender to put the shares in the relevant Acquired Entity to Steadfast at fair value.

9.2.1 Standard form IPO Acquisition Agreements

The IPO Acquisition Agreements are based on standard agreement terms, with some variances to take into account the particular circumstances of the IPO Acquisition. The summary of terms (and some of the more significant variances from these) set out below uses the terms "shares" and "shareholders" but is equally applicable to the arrangements which involve "units" and "unit holders". Reference to Steadfast is to the relevant Steadfast entity that will hold the equity interest.

Consideration and deferral

For the majority of the IPO Acquisitions, the consideration amount is determined by reference to a multiple of EBITA for FY12, but for others the reference points are EBITA or revenue for FY13, FY14 or FY15 years. The average FY14 pro-forma forecast EBITA multiple for IPO Acquisitions was less than 7 times.

For certain of the IPO Acquisitions, a component of the cash consideration will be deferred and the final amount payable may be reduced, if required, under a working capital adjustment mechanism.

Conditions precedent

Completion of each acquisition is conditional upon ASX granting Steadfast conditional listing approval for

admission to the official list of ASX, the board of Steadfast being satisfied that it is capable of meeting any conditions imposed by ASX and the board of Steadfast resolving to issue shares pursuant to this Prospectus by the cut-off date (the date by which the conditions precedent must be satisfied or waived). The IPO Acquisition Agreement can be terminated if these conditions are not met.

In most cases, the cut-off date may be unilaterally extended by Steadfast by up to four months. In three cases, such an extension of the cut-off date must have the consent of other parties.

Loans and security

Unless otherwise agreed with Steadfast, the sellers must ensure that all loans, including related party loans, are repaid in full and all security supporting the loans is released before completion of the acquisition. There are 13 instances where the IPO Acquisition Agreement provides that certain long-term debts² will remain in the Acquired Entity, representing a combined debt of \$34.9 million. The Steadfast portion of this debt, calculated as the debt multiplied by percentage of Steadfast ownership of each IPO Acquisition, will be \$19.0 million.

To facilitate completion, Steadfast may exercise a discretion to allow some additional debt to remain in certain IPO Acquisitions but does not expect this to be material to the Group.

There are ten IPO Acquisitions where individual shareholders have been assisted into the business through personal loans secured over the assets and undertakings of the Acquired Entity. The total value of the loans over which this security could be called is \$7.6 million.

Employment agreements

Steadfast has typically required key employees and key executives of each IPO Acquisition to enter into new employment agreements with the IPO Acquisition which take effect from completion. The employment agreements to be entered into are standard form documents approved by Steadfast.

Termination events

There are a number of circumstances in which Steadfast can terminate the IPO Acquisition Agreements with either one, some or all of the sellers, including where a seller does or fails to do something that would be reasonably likely to prevent Steadfast from being granted listing on ASX.

Warranties and indemnities

The sellers provide a comprehensive suite of commercial warranties and indemnities in favour of Steadfast, including with respect to the information provided to Steadfast during the course of due diligence, corporate governance, issued

¹ In the vast majority of cases the maximum percentage IPO Share consideration is 80%. There are five cases where the IPO Share consideration is more than 80% and, of those, two cases where 100% of the consideration is in IPO Shares.

² This does not include operational debts; for example, equipment or vehicle leases and short term overdraft facilities, which may remain in the relevant Acquired Entity.



share capital, status of seller, assets and liabilities, insolvency, related party contracts, compliance with the law and litigation etc. In some IPO Acquisition Agreements additional specific warranties, representations and acknowledgements by the sellers were added. Warranty claims are restricted for matters disclosed in the required way and timeframe during the due diligence process. The sellers have in some cases also specifically disclosed against the warranties.

Steadfast also provides standard commercial warranties to the sellers.

A limitation period of four years applies from completion to the making of a tax warranty claim. For all other warranties, a period of 30 months applies. No claim (or claims in the aggregate) can be made of less than \$20,000. In some cases, sellers have negotiated different limitations or caps on warranties, or special indemnities from Steadfast for particular liabilities.

Limit of liability

In the vast majority of cases, sellers combined liabilities under the IPO Acquisition Agreements are limited to the purchase price whether paid in cash or shares except, where liability arises as a result of fraud, the event giving rise to liability would ordinarily be covered by insurance or where prohibited by law.

Restrictive covenants

The sellers agree to covenants restricting the sellers from:

- engaging in certain business activities;
- engaging or soliciting employees, contractors, officers, agents or suppliers to cease providing services to the IPO Acquisition;
- canvassing or soliciting orders from customers of the IPO Acquisition;
- divulging confidential information of the IPO Acquisition; and
- using any trade names of the IPO Acquisition.

The first restriction exists for 14 months from completion. The other restrictions exist for a cascading amount of time, beginning at a period of five years from the completion date and decreasing to a period of six months from the completion date, depending on the enforceability of the restriction. The restrictions also apply to any act taken in Australia, or if that is considered to be unenforceable by a court, any act conducted in the State or Territory where the IPO Acquisition carries on business.

In 12 IPO Acquisition Agreements, the standard restrictive covenants were waived or reduced for certain listed individuals or entities. This waiver was only included for a seller or other person already involved in a competing business or who were concerned with the length of the restraint in the particular circumstances. The total combined Acquired EBITA for these IPO Acquisitions is \$11.0 million.

Excess assets

The shareholders may remove excess assets from the IPO Acquisition prior to completion. However, a reduction in purchase price will occur where at least an agreed amount of working capital is not retained in the business, if the current assets do not exceed the current liabilities and employee entitlements or if debt is retained in the business.

ASX or regulatory requirements

If there is any inconsistency between the terms of the IPO Acquisition Agreement and any listing rules or requirement of any authority in connection with Steadfast's application for listing on ASX, the terms affected will not apply to the extent of the inconsistency and the parties will take the necessary steps to amend the agreement so that it meets the requirements of the listing rules or regulatory authority.

Particular transaction terms

Most IPO Acquisition Agreements contain special conditions which modify the standard terms and conditions to address particular circumstances relevant to the transaction. These include restructures and post-completion acquisitions of other entities ("hubbing"). Some of the matters referred to in these special conditions are required to be completed prior to completion, whereas others are to occur on or after completion. However, a 28 day post-execution timeframe has been included for the production of material that demonstrates satisfaction of the conditions.

Examples of matters addressed by the special conditions are set out below:

Restructures

A significant number of IPO Acquisition Agreements include contractual conditions (but that are not conditions precedent) that require the carrying out of certain matters required to effect a restructure. These restructures range from the less complex, such as a share split, to the more complex such as the establishment of a new licensed entity and a business transfer to that entity. In a significant number of cases, a stamp duty and/or restructure indemnity has been included in these IPO Acquisition Agreements, depending on the nature of the restructure. Generally, these restructures must be finalised in advance of completion, and progress is being closely monitored.

Employment arrangements

There are two IPO Acquisition Agreements that require the entry into an employment agreement for a key person that includes a bonus or other performance-based payment.

Options over securities

In two cases where Steadfast is buying a significant majority of the securities, a special condition has been included that grants a put option to remaining shareholders to enable the seller to sell its remaining interest in the IPO Acquisition after the fourth anniversary of the date of completion, for fair value. The total EBITA over which these put options apply is \$0.7 million.

9. Material agreements, continued

In one case, where Steadfast is buying a significant majority of the securities, there is a put option over remaining shares based on a multiple of EBITA for a defined period. The EBITA of the shares to which this put option applies is \$0.6 million.

Post-completion combinations ("hubbing")

Steadfast is undertaking two IPO Acquisitions (representing combined Acquired EBITA of \$1.4 million) on the basis that these brokers will enter into a combination after completion:

- Steadfast will acquire 100% of the shares in one broker, with an acknowledgment that Steadfast may sell those shares to the other broker should that broker secure suitable financing.
- Steadfast will acquire 80% of the shares in the other broker. Steadfast has agreed that the other broker can acquire the shares in the first broker from Steadfast, contingent on the other shareholder of the other broker securing funding to increase its shareholding to up to 51% (and decrease the interest of Steadfast accordingly).

Steadfast is undertaking another two IPO Acquisitions (representing combined Acquired EBITA of \$1.3 million) on the basis that these brokers will enter into a different combination arrangement after completion:

- The first of the two brokers will establish a new entity and obtain a new AFSL. The business of this broker will be transferred to the new entity;
- Steadfast will acquire 49% of the shares in the both of those brokers (for the first broker the Acquired Entity is the new entity); and
- After completion, through a scrip for scrip offer, the new entity will acquire all of the second broker resulting in Steadfast holding 49% of the combined entity.

Special restructure and incentive arrangement

For one IPO Acquisition, in which Steadfast is acquiring a majority interest (representing total Acquired EBITA of \$5.5 million), the business is to undergo a restructure by means of a rollover procedure prior to 30 June 2013. Certain special arrangements have been negotiated for this IPO Acquisition:

- Steadfast is offering various retention incentives to keep a key employee (who is not a seller) in the management of the business, including a bonus and a put option to sell certain shares in the Acquired Entity to Steadfast, and a call option to acquire new shares in Steadfast. If the key employee ceases to be involved in the management of the business, Steadfast has a call option to purchase certain shares in the Acquired Entity;
- Steadfast has provided a tax indemnity for the rollover restructure; and
- Steadfast has agreed to indemnify certain individuals associated with the brokers' shareholders for certain existing personal guarantees given regarding the broker's banking liabilities, until release of those guarantees is arranged.

Satisfaction of warranty indemnity claims in shares

In the case of one IPO Acquisition, where an amount is due under a warranty indemnity payable by the sellers, this can be satisfied by transferring consideration shares in the Acquired Entity to Steadfast.

Class restructure

For one IPO Acquisition where Steadfast is acquiring a minority interest (representing a total Acquired EBITA of \$0.6 million), the business is to undergo a restructure after completion such that five different classes of shares will be created (and Steadfast will be a member of each), and which will each carry different rights referable to annual costs, profit allocations and dividend mechanisms.

9.2.2 IPO Acquisition Agreement for NCIB

The terms of the IPO Acquisition Agreement for NCIB are broadly similar to the terms of the standard IPO Acquisition Agreements (refer to Section 9.2.1), but key variations have been included to take into account the circumstances of the transaction.

Profit share agreement

Within 28 days following the date of the agreement, the seller is required to deliver to Steadfast (among other things) the previously agreed form of intermediary agreement signed by QBE Insurance (Australia) Limited and NCIB. This agreement documents, among other things, the previously agreed terms of a profit share between QBE Insurance (Australia) Limited and NCIB which will entitle NCIB to a payment by QBE depending on the profit of insurance business arranged with QBE, based on an agreed formula.

Completion obligations

In addition to the general completion obligations in the standard IPO Acquisition Agreement, the agreement requires that the seller terminate NCIB's long term incentive plan and pay to every employee all accrued entitlements owing to them. Steadfast intends to put in place replacement incentive arrangements for the relevant employees.

Restrictive covenants

Steadfast has agreed not to approach or solicit any staff of the seller, or its related bodies corporate for a period of three years from completion.

The restrictive covenants that apply to the seller have been modified for this acquisition, such that some of the standard restrictions do not apply to NCIB, including the restrictions relating to being engaged in any particular business and canvassing orders from customers.

9.2.3 IPO Acquisition Agreement for White Outsourcing

The terms of the IPO Acquisition Agreement for White Outsourcing are broadly similar to the terms of the standard IPO Acquisition Agreements (refer to Section 9.2.1), but key variations have been included to take into account the circumstances of the transaction.



Conditions precedent

In addition to the condition of Steadfast being listed on ASX and quotation of its securities being achieved, the agreement is conditional on Steadfast and the company entering into a number of specified service and other agreements, including a licence to occupy premises owned by Steadfast and an agreement to carry out certain fitout works of those premises. The parties must also agree to provide services of certain staff and certain support services to each other, based on agreed terms.

Transitional arrangements

Within 28 days following the date of the agreement, the sellers are required to deliver a written agreement signed by the company and Moore Stephens Sydney Pty Ltd ("MSS") in an agreed form relating to the provision by MSS to White Outsourcing for certain IT support, leasing of hardware, internet, software licensing, disaster recovery site and software support services.

Share buyback

Within 28 days following the date of the agreement, the sellers will cause White Outsourcing to effect (and complete) an equal access buyback of certain shares in White Outsourcing.

9.3 Strategic Partner Agreements

As at the Prospectus Date, Steadfast has written agreements in place with Strategic Partners ("Strategic Partner Agreements") which account for 89% of the annual M&A Fee for the financial year ended 30 June 2012.

With certain exceptions, the terms of the Strategic Partner Agreements are broadly similar, with some variations existing on a case by case basis.

M&A Fee payable by Strategic Partner

The Strategic Partner Agreements (among other things) create a contractual obligation for the Strategic Partners to pay the M&A Fee to Steadfast. The M&A Fee is typically between 0.5% and 1.0% of Base Premium for specified products placed by Steadfast Network Brokers and is payable by the Strategic Partners monthly, quarterly, six monthly or (in one case) yearly.

Product development

The Strategic Partner agrees to work with Steadfast in the development of other services and products to be made available to Steadfast Network Brokers.

Termination

The Strategic Partner Agreements continue until terminated in accordance with their terms. The agreements are able to be terminated by either party at will, in most cases with

either 30, 60 or 90 days' notice, depending on the terms of the agreement.

In some cases, the Strategic Partner only has a right to terminate the Strategic Partner Agreement with effect on 31 December of any year provided it has given at least 60 days, (and in some cases, 30 days), prior written notice to Steadfast.

In one case, the Strategic Partner Agreement terminates on 1 January 2014, being 12 months after the commencement date of the agreement.

Some but not all of the Strategic Partner Agreements specify that they will terminate immediately if Steadfast or the Strategic Partner cease carrying on their respective business or upon the occurrence of specified events, such as a party being in breach of a material obligation or an insolvency event occurring.

Assignment

The majority of the Strategic Partner Agreements provide that Steadfast can fully or partly assign the agreement in its sole discretion. However, some Strategic Partner Agreements provide that the agreement may not be fully or partly assigned by either party without the prior written consent of the other party.

Non-exclusive arrangement

Each Strategic Partner Agreement includes an express provision to the effect that Steadfast may deal with any other partner and the Strategic Partner may deal with any other insurance cluster group. There are no agreements that make these dealings exclusive to Steadfast or the Strategic Partner.

9.4 Licence Agreement

As at the Prospectus Date, Steadfast has written agreements in place with 159 Steadfast Network Brokers.

Under this agreement Steadfast agrees, among other things, to provide certain services, and grants a non-exclusive licence to use its trademarks on customary terms, to the Steadfast Network Brokers who in return can arrange products (including general insurance and premium funding) for their clients with any Strategic Partner.

The agreement acknowledges that Steadfast will receive a fee (the M&A Fee) from the Strategic Partner for every partner product arranged.

Remuneration and rebates

Steadfast may rebate a percentage of the M&A Fee to the Steadfast Network Broker, at Steadfast's absolute discretion.

Termination

The Licence and Services Agreement may be terminated by either Steadfast or the Steadfast Network Broker by providing the other party with 60 days written notice.

9. Material agreements, continued

Alternatively, the Licence and Services Agreement may be terminated where a breach of the agreement has occurred and the breach is not remedied within a specified time or terminated immediately if certain termination events occur. These events include failure by the Steadfast Network Broker to generate a minimum M&A Fee, a change in the legal or beneficial ownership of the Steadfast Network Broker or a change in the effective control of the Steadfast Network Broker.

9.5 Macquarie Premium Funding joint venture

Macquarie Premium Funding is a joint venture between Steadfast and Macquarie Bank. Currently, MPF has 2,413,500 ordinary shares and 1 preference share on issue. Steadfast holds 1,206,750 ordinary shares and Macquarie Bank holds 1,206,750 ordinary shares and 1 preference share.

Constitution

Under MPF's constitution, the directors have the power to determine the dividends payable by MPF and to fix the amount, time and method of payment. It is not required that MPF will pay a dividend in relation to the ordinary shares in any particular year. However, payment of a dividend in relation to the preference share is mandatory if a dividend is available unless Macquarie Bank consents to an amount being retained.

Shareholders' agreement

MPF, Steadfast and Macquarie Bank are parties to a shareholders' agreement. Steadfast has an obligation to appoint MPF as a Strategic Partner and actively promote the wholesale premium funding loans and other products and services of MPF to Steadfast Network Brokers.

MPF has an obligation to pay to Steadfast a 0.5% override commission of funded premium placed with MPF by Steadfast Network Brokers¹ (subject to certain conditions such as only loans under \$1m).

Under the agreement, certain matters require shareholders' unanimous approval, including but not limited to the business plan, appointment of officers and auditors, securities and encumbrances, acquisitions and disposals, related party transactions, changes to dividend policy, listing and alliances.

Each director may disclose any information (including confidential information) about the affairs, finances and accounts of MPF and its subsidiaries to the shareholder that appointed them.

Macquarie Bank has the first right of refusal to provide debt funding for acquisitions and additional products for distribution by MPF, providing it can provide those services on commercial terms that are the most favourable to MPF.

Either shareholder may request that the other shareholder consider an IPO of MPF or a trade sale, however, any decision to undertake an IPO or trade sale must be unanimous.

The shareholders have certain pre-emption rights where one shareholder wishes to transfer their securities (other than to a permitted transferee). Before a shareholder sells its shares to a third party the non-selling shareholder has the right to purchase all of the shares on sale on the same terms. Before a shareholder sells its shares to a third party the non-selling shareholder has certain rights to include its shares in the third party sale.

Where there is a deadlock, a shareholder may offer to sell its shares to the other shareholder at a specified cash price per share. The other shareholder may unconditionally agree to purchase the shares at the specified cash price per share or reject the offer. By rejecting the offer, a shareholder unconditionally agrees to sell its own shares and the other shareholder unconditionally agrees to purchase the shares at the original specified cash price per share.

If a prescribed event of default occurs in relation to a shareholder and an aggrieved shareholder serves a notice on the defaulting shareholder (in certain circumstances), the defaulting shareholder is taken to have delivered a transfer notice and the pre-emption rights of the other shareholders to take up the defaulting shareholder's securities are triggered. Amongst other events, an event of default includes a change of control of a shareholder without the other shareholder's prior consent. Change of control is limited, for Steadfast, to a change of the control of Steadfast that existed at the date of the shareholders' agreement. No person or entity had control of Steadfast at that date.

The shareholders agree to restrictions preventing them from engaging in certain business activities while they are shareholders and for specified restraint periods after they cease to be shareholders.

9.6 Insurance

The Company has a range of insurance policies in place to manage the risks of its day-to-day business activities.

These policies include office insurance, management liability insurance, information and communications technology liability, directors and officers insurance and professional indemnity insurance.

It also carries workers compensation insurance for all states and territories of operation. Steadfast is currently arranging directors and officers' liability insurance and prospectus liability insurance as part of the Listing.

There are additional, more specific policies in place to cover other relevant business risks, including corporate travel, public and products liability and prospectus liability. All policies are placed with Strategic Partners using Steadfast policy wording where available.

¹ Other than in relation to one Steadfast Network Broker.



9.7 Bank facility details

Steadfast has \$44.4 million in secured cash advance term and revolving loan facilities with Macquarie Bank Limited (Macquarie Bank). The Macquarie Bank facilities expire on 12 October 2015 and a summary of the Macquarie Bank facilities as at 28 June 2013 is set out below:

| Lender | Use of proceeds | Facility limit (\$m) | Unused component (\$m) |
|----------------|---------------------------------|----------------------|------------------------|
| Macquarie Bank | Funding of Pre-IPO Acquisitions | 44.4 | 7.5 |

9.7.1 Guarantee

The following subsidiaries of Steadfast have granted a guarantee and indemnity in favour of Macquarie Bank in respect of Steadfast's obligations under the Macquarie Bank facilities:

- Steadfast Convention Pty Limited (ACN 124 799 042);
- Steadfast Technology Pty Limited (ACN 137 125 734);
- Steadfast Brokers Pty Limited (ACN 104 693 192);
- Steadfast Finance Pty Limited (ACN 104 693 012);
- Steadfast Financial Planners Pty Limited (ACN 104 693 138);
- Steadfast Financial Services Pty Limited (ACN 104 693 129);
- Steadfast Financial Solutions Pty Limited (ACN 145 378 614);
- Steadfast Insurance Advisors Pty Limited (ACN 104 693 156);
- Steadfast Insurance Brokers Pty Limited (ACN 104 693 094);
- Steadfast Insurance Consultants Pty Limited (ACN 104 693 147);
- Steadfast Insurance Management Pty Limited (ACN 104 693 101);
- Steadfast Insurance Pty Limited (ACN 104 693 085);
- Steadfast Insurance Services Pty Limited (ACN 104 693 165);
- Steadfast Premium Funding Pty Limited (ACN 104 693 067);
- Steadfast Risk Services Pty Limited (ACN 104 693 183);
- Steadfast Underwriting Agency Pty Limited (ACN 104 693 076); and
- Trusted Choice Pty Limited (ACN 151 650 412);
- Wagland Salter & Associates Pty Limited (ACN 001 651 574);
- Wasal Holdings Pty Limited (ACN 002 609 501);
- DMA Insurance Brokers Pty Ltd (ACN 080 202 179) on its own behalf and as trustee for The DMA Unit Trust; and
- Newmarket Insurance Brokers Pty Ltd (ACN 162 336 790)

(together, the Guarantors).

9.7.2 Security

Steadfast and the Guarantors have granted various securities to secure the Macquarie Bank facility including:

- security interests over all of their present and after-acquired assets and undertakings in favour of Macquarie Bank;
- mortgages over Levels 1, 3 and 5, 97 – 99 Bathurst Street, Sydney NSW 2000 in favour of Macquarie Bank; and
- mortgages over any money or negotiable instrument received in payment of any claim on, or on cancellation of, any insurance policy in respect of the above property in favour of Macquarie Bank.

9.7.3 Interest

Steadfast must pay Macquarie Bank interest at a variable rate. A line fee is also payable by Steadfast on any undrawn amounts under the Macquarie Bank facilities.

9.7.4 Representations, warranties, undertakings and defaults

The Macquarie Bank facilities contain a number of representations, warranties and undertakings (including financial covenants and reporting obligations) from Steadfast and the Guarantors that are customary for a facility of this nature, including covenants ensuring that Steadfast maintains a Group debt to EBITDA ratio below agreed levels and a Group debt service cover ratio above agreed levels.

The Macquarie Bank facility agreements contain a list of events of default which are customary for finance facilities of this nature. These events of default include failure to pay any amounts in accordance with the finance documents, failure to comply with any other provision of the finance documents, misrepresentation of facts pertaining to any finance document, any borrowing or surety becomes prematurely due or is not paid when due, the occurrence of an insolvency event and the occurrence of an event which, in Macquarie Bank's opinion, may have a material adverse effect. If an event of default occurs, Macquarie Bank may declare that its obligations under the finance documents are cancelled and/or the balance outstanding under the Macquarie Bank facilities is immediately due and payable.

9.7.5 New subsidiaries of Steadfast

Steadfast will provide to Macquarie Bank, in respect of any entity being acquired by Steadfast in its entirety, guarantee and security in the form of a registered first ranking security over all the present and after acquired assets and undertakings of that acquired entity.

10. Additional information



10. Additional information

10.1 Registration

Steadfast was registered in New South Wales on 17 April 1996 as a public company limited by shares.

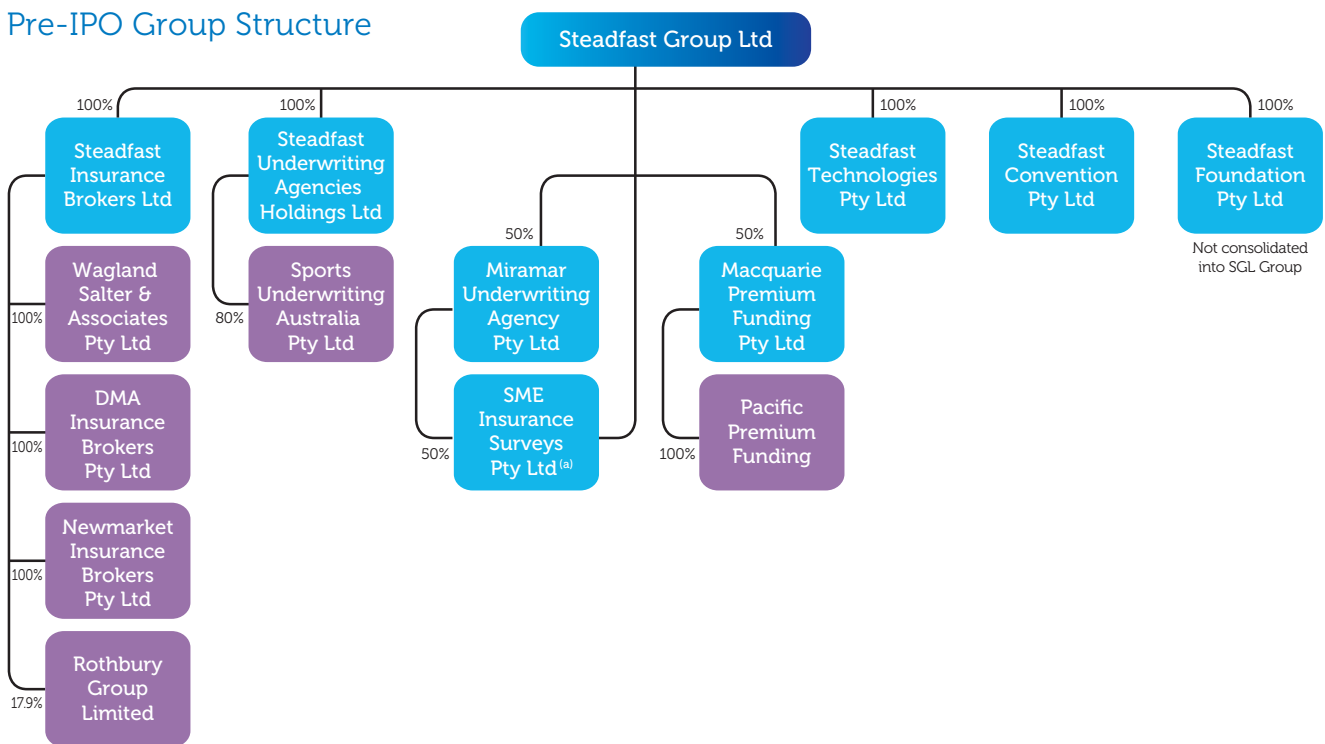
10.2 Company tax status

Steadfast is and will be subject to tax at the Australian corporate tax rate.

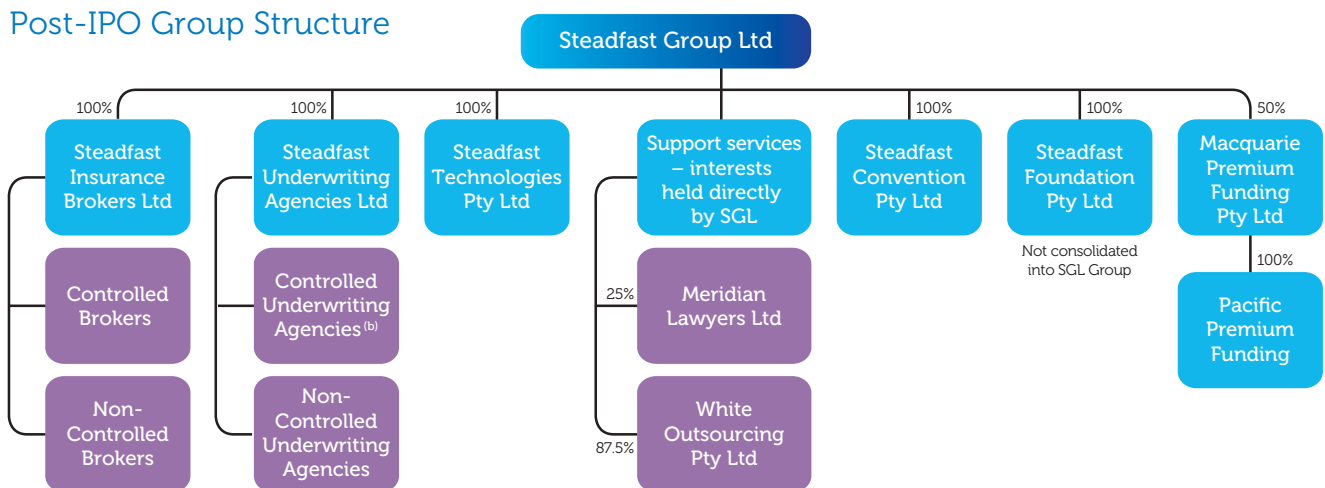
10.3 Corporate structure

The following diagram shows the key entities in the corporate structure of Steadfast post Listing:

Pre-IPO Group Structure



Post-IPO Group Structure



Key: ■ Acquisitions. Wagland Salter & Associates and Sports Underwriting Australia Pty Ltd were acquired in December 2012 as part of the Pre-IPO Acquisitions. Pacific Premium Funding (acquired by Macquarie Premium Funding), DMA Insurance Brokers, Newmarket Insurance Brokers and Rothbury Group Limited were acquired in the period from 1 January 2013 to 30 April 2013.

Notes: (a) Deregistered in 2H13. (b) Includes Miramar (100% subsidiary due to a step up acquisition of remaining 50% upon IPO).

10. Additional information, continued

10.4 Capital Restructure

Steadfast is currently owned by 279 Existing Broker Shareholders, each of whom hold 5 shares in the Company. Steadfast has approved and will implement the Capital Restructure, subject to Conditional Listing Approval being obtained and final Board approval. The Capital Restructure adjusts for the holdings of each Existing Broker Shareholder in the Company. In addition, the Vendors of two of the Pre-IPO Acquisitions (Wagland Salter and DMA Insurance Brokers) will receive Shares under the Capital Restructure that they would have received had the Vendors not sold their businesses to Steadfast prior to lodgement of this Prospectus.

The Capital Restructure creates a capital base more suited to a listed company, and recognises the relative value contributed by each of Steadfast's Existing Broker Shareholders to the business.

The Capital Restructure will result in the following distribution of holdings in Shares by Existing Broker Shareholders (including persons nominated by Existing Broker Shareholders):

| Shares Held | | Number of Existing Broker Shareholders |
|-------------|-----------|--|
| From | To | |
| – | 100,000 | 4 |
| 100,001 | 200,000 | 165 |
| 200,001 | 300,000 | 66 |
| 300,001 | 400,000 | 11 |
| 400,001 | 500,000 | 14 |
| 500,001 | 1,000,000 | 17 |
| 1,000,001 | 1,300,000 | 2 |
| | | 279 |

Note: This table excludes Steadfast's interests in Wagland Salter and DMA Insurance Brokers.

This distribution of holdings will be affected by the issue of Consideration Shares and IPO Shares, as it is expected that relevant Existing Broker Shareholders (in their capacity as Vendors) may elect to receive Consideration Shares and/or that Existing Broker Shareholders may apply for IPO Shares under the IPO Offer.

Nominations for Shares under the Capital Restructure

All Existing Broker Shareholders have been given the right to nominate Australian resident recipients to receive their Re-weighting Shares under the Capital Restructure. This is limited to a total of five recipients (including the relevant Shareholder) although the Company may allow the nomination of more recipients at its discretion where an Existing Broker Shareholder has more than five shareholders.

This right is particularly relevant for Existing Broker Shareholders in which the Company has (or will have) a "controlling interest" as, under the Corporations Act, the Company will be subject to the self-acquisition

provisions of the Corporations Act. As the self-acquisition provisions of the Corporations Act would require that the relevant entities dispose of their Shares within 12 months of becoming a controlled entity of Steadfast, Steadfast considers that it is preferable that the Re-weighting Shares are instead issued to one or more persons nominated by Existing Broker Shareholders.

Existing Share Capital Restructure

To facilitate the Capital Restructure and subject to similar conditions to the other elements of the Capital Restructure:

- the Existing Shares in the Company will convert into 1,395 PC Shares shortly after the date on which Conditional Listing Approval is obtained, as approved by the Directors ("Conversion Date"); and
- PC Shares, from the Conversion Date, will not carry any voting rights at a general meeting or rights to receive dividends. The PC Shares will be entitled to a return of capital of \$0.01 per PC Share in priority to Shares in the event of the winding up of the Company but will not participate in any other distribution of surplus assets or profits.

The Re-weighting Shares to be issued under the Capital Restructure, Consideration Shares, Executive Shares and IPO Shares will be ordinary shares with the rights summarised in Section 10.8.

Timing

The issue of the Re-weighting Shares under the Capital Restructure will occur at a time to be determined by the Board, which will be after the date on which ASX gives Conditional Listing Approval and is currently expected to be on or about 9 August 2013. The Capital Restructure will not occur, and consequently no Re-weighting Shares will be issued, if Conditional Listing Approval is not given, or if the Offer does not proceed or complete for any reason. Naturally, the Company cannot guarantee that Conditional Listing Approval will be given.

10.5 Acquisitions – election to receive Consideration Shares

The number of IPO Acquisitions that the Company proceeds with may be less than the number contracted if certain completion obligations under the relevant IPO Acquisition Agreements are not satisfied. However, the Offer will be withdrawn in the event that Steadfast does not complete Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions, prior to the end of the conditional and deferred settlement trading period.

Steadfast will provide consideration to the Vendors under the Acquisitions through a combination of cash and, where



permitted by law, the issue of Consideration Shares (and based on final Consideration Share Elections made by Vendors). If any Vendors are retail investors, the relevant IPO Acquisition Agreements do not permit those Vendors to receive Consideration Shares. These sales are on a cash only basis. However, the Company has (in limited circumstances) allowed certain Vendors who are not Wholesale Recipients to elect to receive Consideration Shares on the same basis as Vendors who are Wholesale Recipients (at a notional price of \$1.00 per Share and subject to a cap of 80% of the consideration as Consideration Shares).

Any Consideration Shares will be issued at a notional price of \$1.00 per Share, which may be less than the Final Price. The trading price may be higher or lower.

10.6 Escrow Restrictions on Executive Shares, Consideration Shares and Re-weighting Shares (other than Equal Allocation Shares)

10.6.1 Escrow Restrictions on Executive Shares

Under the terms of the Executive Loan Agreements described in section 6.3.3, the relevant executives who will receive the loans have agreed not to, for the period from the receipt by the executives of their Executive Shares until the end of the term of the loan (or upon the loan being accelerated due to an event of default), dispose of their Executive Shares or grant security over their Executive Shares (subject to certain exceptions set out below) without the prior consent of the Board. The executives have also agreed to the application of a holding lock in respect of their Executive Shares and may enter into separate restriction agreements in respect of their Executive Shares.

Exceptions to Escrow Restrictions on Executive Shares

The above Escrow Restrictions on Executive Shares will not apply in the following circumstances:

- if the disposal does not cause the executive to breach the trading cap and the Executive Shares are disposed of during the permitted trading window under the Executive Loan Agreements; under the trading cap, each executive may only sell a maximum of 20% of their Executive Shares during each 12 month period commencing from 31 August 2014 plus any Executive Shares which the executive was entitled to, but did not, sell under the trading cap arrangement in previous years; or

- the disposal is made in the event of the death of the executive, the executive being declared bankrupt or the executive ceasing to be employed by the Company as a consequence of any applicable contract of employment, ill health or retirement.

10.6.2 Escrow Restrictions on Consideration Shares and Re-weighting Shares other than Equal Allocation Shares

During the Escrow Period (being the period from the date of the issue of those Shares until two months after the end of the Forecast Period) persons to whom:

- Consideration Shares are issued; and
- Re-weighting Shares, other than Equal Allocation Shares, are issued,

will be prohibited, by ASX and/or by Joint Lead Manager Escrow Restrictions, from dealing with (including selling) those Shares.

These Escrow Restrictions may, subject to ASX requirements, include the following:

- a restriction during the Escrow Period that each holder of the Re-weighting Shares or any "controller" (i.e. a person who has a substantial interest in the equity of that Shareholder) will not be permitted to dispose of, or agree or offer to dispose of, any of those Shares, create, or agree or offer to create, any security interest in such Shares or participate in a return of capital;
- the application of a holding lock in respect of the Shares;
- provision of certain warranties, including in relation to the capacity of each such Shareholder, whether such Shareholder has a "controller" for the purposes of the Listing Rules and any security interests created or agreed or offered to be created in the Shares (or in any controller's interests);
- an obligation on the Company to take steps necessary to prevent any breach (where it appears to the Company that a Shareholder may breach the restrictions) and where there has been a breach of the restrictions, to take steps necessary to enforce the restrictions or rectify the breach, to refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion of any of the Shares; in such circumstances, the Shareholder will cease to be entitled to any dividends, distributions or voting rights while the breach continues; and
- a condition of receiving Re-weighting Shares and Consideration Shares (and as part of confirming the recipients of the Re-weighting Shares and Consideration Shares) will be to agree to the Escrow Restrictions on dealing with those Consideration Shares or Re-weighting Shares other than Equal Allocation Shares.

Exceptions to Escrow Restrictions on Consideration Shares and Re-weighting Shares other than Equal Allocation Shares

The Escrow Restrictions on the Consideration Shares and Re-weighting Shares other than Equal Allocation Shares will expire at the end of the Escrow Period.

10. Additional information, continued

However, escrowed parties would be able to deal with their escrowed Shares during the Escrow Period in the following permitted circumstances:

- in connection with the acceptance of a bona fide takeover bid for all the Shares which is accepted by at least half of the non-escrowed Shareholders, in accordance with the Corporations Act; or
- in connection with a scheme of arrangement, other reorganisation or acquisition of share capital, proposed in accordance with the Corporations Act.

The Company has applied for ASIC relief in relation to any relevant interest the Company acquires in the Shares as a result of these Escrow Restrictions.

The final terms of these Escrow Restrictions may be adapted if required to meet any applicable requirements or conditions of ASIC or ASX relief or approvals.

The current escrow arrangements will result in the release of approximately 173 million Shares (representing approximately 32% and 35% of the Shares) from escrow on 31 August 2014.

10.7 Executive and employee share plans

10.7.1 Employee share plan

The Company intends to establish an employee share plan under which employees will be granted rights to receive Shares free of charge at a future date provided that certain conditions are met. The Company intends to offer employees aggregate rights to acquire up to 750,000 Shares at the time of Listing. The conditions attaching to these rights will primarily be:

- continued employment by Steadfast two months after the end of the Forecast Period; and
- the Company determining that the individual has achieved a score of at least 3 out of 5 in the rating of their performance for the financial year end aligned with the Forecast Period, (i.e. for Listing in July 2013, it would be the assessed performance for FY14).

10.7.2 Short term incentive plan

The short term incentive plan ("STIP") for the 2014 year applies for FY14, and awards will be made no later than 30 August 2014.

The Group CEO, senior executives and other employees may be invited to participate in the STIP subject to the following rules:

- commencement of employment with Steadfast before 31 December 2013;
- completion of the performance management process, and the attainment of a final performance assessment rating of 3 out of 5; and
- the employee not being subject to any disciplinary or performance improvement procedures.

The participant does not have any entitlement to automatically receive an award under the STIP. Any short term incentive remains entirely at the discretion of the Board Remuneration Committee which, in the exercise of its discretion, may take into account such matters as it considers appropriate, including the individual conduct and performance of the executives and the recommendations from the Group CEO for other employees. No employee is entitled to a short term incentive if their performance management process rating is less than 3 out of a maximum of 5.

The short term incentive plan consists of two reward elements:

- a cash award which may be delivered annually if EPS growth targets and performance criteria are met; and
- a Deferred Equity Award ("DEA") of conditional rights to Shares subject to a three year tenure hurdle. Participation in the DEA element of the short term incentive plan is by invitation only and is limited to a number of executives and key senior employees as approved by the Board Remuneration Committee.

Consideration for the allocation of an award under the short term incentive plan varies by executive and will only be undertaken if the EPS achieved meets or exceeds the EPS growth threshold set out in the schedule below:

| 2014 EPS growth achieved | 2014 STIP maximum award as a % of fixed remuneration | | | Proportionate allocation | |
|--------------------------|--|-------------|------------------|--------------------------|-------|
| | Group CEO | COO and CFO | Other executives | % cash | % DEA |
| <5.0% | 0.0 | 0.0 | 0.0 | 60.0 | 40.0 |
| 5.0% | 20.0 | 20.0 | 20.0 | 60.0 | 40.0 |
| 7.5% | 37.5 | 29.17 | 25.0 | 60.0 | 40.0 |
| 10.0% | 55.0 | 38.33 | 30.0 | 60.0 | 40.0 |
| 12.5% | 72.5 | 47.5 | 35.0 | 60.0 | 40.0 |
| 15.0% | 90.0 | 56.67 | 40.0 | 60.0 | 40.0 |
| 17.5% | 107.5 | 65.83 | 45.0 | 60.0 | 40.0 |
| 20.0% | 125.0 | 75 | 50.0 | 60.0 | 40.0 |



EPS growth for FY14 will be measured by comparing the EPS calculated on pro-forma earnings for FY13 as disclosed in this Prospectus with reported earnings for FY14 and adjusting both years' earnings to exclude non-recurring items relating to the Capital Restructure and Listing. The earnings base for FY14 will also be adjusted to include a full year of earnings from the IPO Acquisitions.

For example, in the event that Steadfast achieves EPS growth of 5.0% in FY14, the maximum short term incentive to which the Group CEO would be eligible under the scheme would be equivalent to 20% of base salary.

Achievement of the EPS growth threshold does not give rise to any automatic entitlement to receive an award under the STIP. Participation in the STIP for the 2014 year does not give rise to any entitlement to participate in the arrangement for future years, any replacement arrangement or any other incentive plan which Steadfast may have in place from time to time.

10.7.3 Long term incentive plan

Mr. Kelly, Mr. McCullagh, Mr. Humphrys, Mr. Reynolds, Ms. Hollman and Ms. Ellis will be eligible to participate in Steadfast's long term incentive plan ("LTIP").

The value of a participant's long-term incentive payment will range between 15% and 50% of base salary, depending on the participant's role. The LTIP will be paid as a Conditional Right, being a right to receive Steadfast Shares at no cost.

Each executive is entitled to a deferred equity award of Conditional Rights subject to a five year tenure hurdle which will also be contingent on the achievement of two future performance hurdles as follows:

- the award allocation will be contingent on the employee performance being not rated less than 3 during the five year vesting period; and
- the award allocation will be contingent on the consolidated entity's average diluted EPS increasing by a compound 10.0% per annum over the five year vesting period.

Prior to the vesting period date, the Board Remuneration Committee will determine the extent to which these combined performance hurdles have been met by each executive and, if appropriate, will determine the number of Conditional Rights to vest in August five years from the Grant Date, up to a maximum of 15% to 50% of fixed remuneration.

10.8 Constitution and rights attaching to Shares

10.8.1 Description of Shares

Introduction

The rights and liabilities attaching to ownership of Shares are governed by the Constitution, statute, ASX Listing Rules,

ASX Settlement Operating Rules and general law. A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that Steadfast is admitted to the Official List of ASX. A copy of the Constitution is available for inspection at the Company's registered office during normal business hours.

Voting at a general meeting

At a general meeting of Steadfast, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of Steadfast and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act or ASX Listing Rules.

Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of Steadfast's proposed dividend policy, refer to Section 4.

Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules. The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares if required by the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

Issue of further Shares

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, Steadfast may issue, or grant options in respect of further shares on such terms and conditions as the Directors resolve. This includes the right to issue preference shares, including redeemable or convertible preference shares.

Winding up

If Steadfast is wound up, then subject to any rights or restrictions attached to a class of Shares, any surplus must be divided amongst Steadfast's members in proportion to the number of Shares held by them. Any amount unpaid on Shares held by a member is to be deducted from the amount that would otherwise be distributed to that member.

10. Additional information, continued

Unmarketable parcels

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, Steadfast may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

Share buybacks

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, Steadfast may buy back Shares in itself on terms and at times determined by the Board.

Proportional takeover provisions

The Constitution contains provisions for Shareholder approval to be required in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by special resolution of the Shareholders in a general meeting by the third anniversary of the date of the Constitution's adoption.

PC Shares and share capital

As noted above, PC Shares, from the Conversion Date, will not carry any voting rights at a general meeting or rights to receive dividends. The PC Shares will be entitled to a return of capital of \$0.01 per PC Share in priority to Shareholders in the event of the winding up of the Company but will not participate in any other distribution of surplus assets or profits.

Following this, Steadfast's share capital will consist of new ordinary shares issued shortly prior to Listing and PC Shares.

Further detail in relation to the Capital Restructure and the rights attaching to the PC Shares following Listing is set out in Section 10.4.

Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

DRP/authority to capitalise profits

The Constitution authorises the Directors to resolve to capitalise any part of Steadfast's profit. If this occurs, they must not pay the amount in cash, but must use it to benefit those Shareholders who are entitled to dividends in the proportions that would apply if the entire amount of the profits to be capitalised were a dividend. The benefit must be given in one of the following ways:

- paying up the amounts unpaid on the Shareholder's Shares; or
- issuing Shares or debentures of Steadfast to the Shareholder.

Refer to Section 4.8.3 for Steadfast's proposal to offer a DRP.

Directors – appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is nine. Steadfast may pass a resolution varying that number, but the minimum must not be less than three. Directors are elected at annual general meetings of Steadfast. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director & CEO) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the Directors, who will then hold office until the end of the next annual general meeting of Steadfast.

Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote.

Directors – remuneration

The Constitution provides that the Non-Executive Directors are entitled to such remuneration as determined by the Directors but which must not exceed in aggregate the maximum amount determined by Shareholders at a general meeting. Non-Executive Director remuneration is described in detail in Section 6.4.3.

The remuneration of any Executive Director may be fixed by the Directors and may be by way of salary or commission or participation in profits or by all or any of those modes, but may not be by commission or percentage of operating revenue.

Indemnities

Steadfast, to the extent permitted by law, indemnifies each Director against any liability incurred by that person as an officer of Steadfast including against any legal costs incurred by that person in defending an action for a liability of that person.

Steadfast may, to the full extent permitted by the Corporations Act, pay the premium on a policy of insurance in respect of a person who is or has been an officer or auditor of Steadfast.

Steadfast has also entered into deeds with each Director or person who is, or has been, an officer of Steadfast, under which Steadfast must do all of the following:

- keep books of Steadfast and allow either or both that person and that person's lawyer access to those books on the terms agreed;
- indemnify that person against any liability incurred by that person as an officer of Steadfast and legal costs



incurred by that person in defending an action for a liability of that person;

- make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs incurred by that person in defending an action for a liability of that person; and
- keep that person insured in respect of any act or omission by that person while being a Director or an officer of Steadfast, on the terms agreed (including as to payment of all or part of the premium for the contract for insurance).

Further detail in relation to these Directors' deeds of access, insurance and indemnity is set out in Section 6.4.5.

Amendments to Constitution

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of Steadfast.

10.9 Litigation and claims

Steadfast is, from time to time, party to various disputes and legal proceedings incidental to the conduct of its business. As at the date of this Prospectus, there are no legal proceedings to which Steadfast is a party that it believes are likely to have a material adverse impact on its future financial results, and Steadfast is not aware of any such legal proceedings that are pending or threatened.

10.10 Taxation considerations

10.10.1 Australian taxation considerations

The following tax comments are based on the tax law in Australia in force as at the Prospectus Date. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors. These comments do not apply to investors that hold Shares on revenue account, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the fair value or Reliance on Financial Reports (ROFR) methodologies.

10.10.2 Dividends paid on Shares

Australian resident individuals and complying superannuation entities

Dividends paid by the Company on a share will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to shares held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

To the extent that the dividend is unfranked, the investor will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

Corporate investors

Corporate investors are also required to include both the dividend and the associated franking credit in their assessable income.

They are then allowed a tax offset up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a company, but can be converted into carry forward tax losses.

Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

Shares held at risk

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a "qualified person", two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an investor is required to hold shares "at risk" for more than 45 days continuously (which is measured as the period commencing the day

10. Additional information, continued

after the shares were acquired and ending on the 45th day after the shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000.

Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

10.10.3 Disposal of Shares

Most Australian resident investors will be subject to Australian CGT on the disposal of the Shares. Some investors will hold shares on revenue account, trading stock or under the Taxation of Financial Arrangements regime. These investors should seek their own advice.

An investor will derive a capital gain on the disposal of a particular share where the capital proceeds received on disposal exceeds the CGT cost base of the share. The CGT cost base of the share is broadly the amount paid to acquire the share plus any transaction/incidental costs.

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities provided the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied.

The CGT discount for individuals and trusts is 50% and for complying superannuation entities is 33⅓%. In relation to trusts, the rules are complex, but this discount may be able to be flowed up to beneficiaries of the trust.

An investor will incur a capital loss on the disposal of the particular Shares to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the Shares.

If an investor derives a net capital gain in a year, this amount is, subject to the comments below, included in the investor's assessable income. If an investor incurs a net capital loss in a year, this amount is carried forward and is available to offset against capital gains derived in subsequent years, subject in some cases to the investor satisfying certain rules relating to the recoupment of carried forward losses.

Implications for vendors of brokerage businesses

Investors in the Shares will also include interest holders in existing brokerage businesses who will dispose of their

interests in these businesses in exchange for Shares and cash in the Company (under the Restructure Proposal).

Investors that dispose of their interests to the Company under a CGT scrip for scrip rollover should have a CGT cost base in the Shares in the Company broadly equal to the cost base of their shares in the brokerage businesses disposed of (or a proportion of this cost base where any cash consideration was also received from the Company). On the other hand, for those investors that dispose of their shares to the Company and the scrip for scrip rollover is not available, the cost base of their Shares in the Company should be broadly equal to the market value of their interest in their brokerage business determined at the time of contract.

Investors will use these CGT cost bases for the purposes of calculating their capital gain or loss on disposal of the Shares.

The investors may also be entitled to the CGT discount discussed above; however, in determining whether the Shares have been held for at least 12 months prior to sale, investors who have disposed of their brokerage business under the CGT rollover described above will be treated as though they acquired their Shares at the time that they acquired their shares in the brokerage business disposed of to the Company.

Implications for recipients of Re-weighting Shares

Investors in Shares will also include recipients of Re-Weighting Shares.

These Shares are anticipated to have minimal or no tax cost base on issue. For CGT discount purposes, recipients of Re-Weighting Shares will be treated as acquiring these shares at the date of issue.

10.10.4 Tax file numbers

An investor is not required to quote their tax file number ("TFN") to the Company. However, if TFN or exemption details are not provided, Australian tax may be required to be deducted by the Company from dividends at the maximum marginal tax rate plus the Medicare levy.

An investor that holds shares as part of an enterprise may quote its Australian Business Number instead of its TFN.

10.10.5 Stamp duty

No stamp duty should be payable by investors on the acquisition of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

10.10.6 Australian Goods and Services Tax ("GST")

The acquisition, redemption or disposal of the Shares by an Australian resident (that is registered for GST) will be an input taxed financial supply, and therefore is not subject to GST.



No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST will not generally be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition or disposal of the Shares (e.g. lawyers' and accountants' fees).

Investors should seek their own advice on the impact of GST in their own particular circumstances.

10.11 Consents

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by each of the Directors. Written consents to be named in this Prospectus in the capacity indicated below, and in the forms and context in which each is named, have been given by, and, at the time of lodgement of this Prospectus have not been withdrawn:

- each of J.P. Morgan and Macquarie Capital as Joint Lead Manager to the Offer;
- King & Wood Mallesons as Australian legal adviser (other than in relation to taxation matters) to Steadfast in relation to the Offer;
- KPMG as auditor of Steadfast;
- KPMG Transaction Services, as Investigating Accountant to Steadfast (in relation to the Pro-forma financial information);
- Link Market Services Limited as the Share Registry; Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Steadfast; and
- J.P. Morgan Securities Australia Limited and Taylor Fry as authors of the 2012 General Insurance Barometer; J.P. Morgan Securities Australia Limited and Taylor Fry has had no involvement in the preparation of any part of this Prospectus other than being named in this capacity.

Except as indicated below, none of these firms or companies has caused, authorised, or otherwise has responsibility for the issue of this Prospectus or the preparation of any part of this Prospectus:

- KPMG Transaction Services – in relation to the inclusion in this Prospectus of the Investigating Accountant's Report in the form and context in which it is included; and
- J.P. Morgan Securities Australia Limited and Taylor Fry – in relation to the inclusion of statements made by it or based on statements made by it specifically in Sections 2.2, 2.4.1 and 4.3.2 in the form and context in which it is included.

References are made in this Prospectus to entities that have certain dealings with Steadfast, including counterparties to material contracts referred to in this Prospectus. These entities have been referred to for information purposes only. Those entities did not authorise or cause the issue of this

Prospectus and have had no involvement in the preparation of any part of this Prospectus.

None of these named firms, companies or entities makes any offer of Shares.

10.12 ASX and ASIC waivers, relief and confirmations

10.12.1 ASX waivers and confirmations

Steadfast has applied for waivers/confirmations of the following ASX Listing Rules:

- ASX Listing Rules 6.3.1, 6.3.2A, 6.3.4, 6.3.5 and 6.3.6 – waivers to the extent necessary to permit PC Shares to have limited voting rights in the circumstances specified in Article 1.6.2 of the Constitution;
- ASX Listing Rule 6.5 – a waiver to the extent necessary to permit PC Shares to have no dividend rights; and
- ASX Listing Rule 6.7- a waiver to the extent necessary to permit holders of PC Shares to not have the same rights as ordinary Shareholders in relation to receiving notices, reports and audited accounts, and attending meetings.

These waivers are subject to the following conditions:

- The PC Shares will not be quoted on ASX.
- No PC Shares will be issued in the future.
- The number of PC Shares on issue and the full terms of the PC Shares are outlined in this Prospectus.

Steadfast has also applied to ASX for a number of confirmations and waivers in connection with its application to ASX for admission to the Official List, including:

- confirmation that the Consideration Shares and Re-weighting Shares will not be treated as restricted securities and subject to an ASX-imposed escrow period in accordance with Listing Rule 9.1 and Appendix 9B;
- certain waivers in relation to its proposed voluntary escrow arrangements, including to permit electronic consent to the application of a holding lock;
- confirmation that Steadfast may undertake deferred and conditional settlement trading of the Shares, subject to certain conditions to be approved by ASX; and
- confirmations or to the extent required, waivers in relation to post-listing arrangements of certain Steadfast Equity Brokers as set out in Section 9.2 so that Steadfast is not required to obtain shareholder approval in relation to those arrangements.

10.12.2 ASIC relief and modifications

Steadfast has applied for certain relief from, and modifications to, the following provisions of the Corporations Act:

- relief so that the takeovers provisions of the Corporations Act will not apply to certain relevant interests that Steadfast would otherwise acquire in Consideration Shares and Re-weighting Shares by reason of the

10. Additional information, continued

voluntary escrow arrangements in relation to those Shares described in Section 10.6;

- exemption from the requirements of section 734(2) of the Corporations Act to enable it to communicate limited information in relation to the Offer prior to lodgement of the Prospectus with ASIC to certain stakeholders, including Existing Broker Shareholders and Vendors; and
- a no action position in relation to possible contraventions of Part 7.7A of the Corporations Act in respect of certain commissions and rebates payable in connection with the Offer. The Joint Lead Managers have agreed with Steadfast that the Stockbroker firm fees payable by the Joint Lead Managers to any Stockbroker must not exceed 1.0% of the Final Price payable per IPO Share (inclusive of any applicable GST).

10.13 Offer Management Agreement

Steadfast and the Joint Lead Managers signed the Offer Management Agreement on 28 June 2013. Under the Offer Management Agreement, Steadfast appointed J.P. Morgan and Macquarie Capital as joint lead managers of the Offer. The following is a summary of the principal provisions of the Offer Management Agreement.

Under the Offer Management Agreement, the Joint Lead Managers have agreed to arrange and manage the Offer, including the Bookbuild and to provide settlement support for the settlement obligations of Successful Applicants under the Institutional Offer and Stockbroker Firm Offer.

Fees

Steadfast has agreed to pay the Joint Lead Managers a fixed offering fee of \$3 million and a management and settlement fee comprising 1.5% of the funds raised under the IPO Offer up to and including \$85 million plus 1.9% of the funds raised under the IPO Offer greater than \$85 million (if any). The offering, management and settlement fees will become payable by Steadfast on the date of Settlement and will be paid to the Joint Lead Managers in equal proportions. Steadfast may also pay an incentive fee to the Joint Lead Managers of up to 0.5% of the funds raised under the IPO Offer. Payment of the incentive fee is at Steadfast's discretion acting reasonably and in good faith having regard to the performance of the Joint Lead Managers. If Steadfast elects to pay the incentive fee, it will become payable 14 days after the date of Settlement to the Joint Lead Managers in equal proportions. The actual amount of fees payable to the Joint Lead Managers will not be known until the allocation of Shares under the Offer. In addition, Steadfast must reimburse each Joint Lead Manager for expenses, including legal and reasonable travel costs, incurred by the Joint Lead Managers in relation to the Offer.

Representations, warranties and undertakings

Steadfast gives various representations, warranties and undertakings to the Joint Lead Managers (in respect of itself, and in some circumstances, also in respect of Acquired

Entities), including that the documents issued or published by or on behalf of Steadfast in respect of the Offer comply with all applicable laws. With the exception of the Shares issued under the Offer and certain other limited exceptions (including potential issues of Shares contemplated by this Prospectus), Steadfast has also agreed that it will not, without the Joint Lead Managers' prior written consent, allot or agree to allot (or indicate that it may or will do so), any equity securities (or securities convertible into equity) at any time after the date of the Offer Management Agreement and before the expiration of 180 days after the IPO settlement date (other than where Steadfast proposes to issue equity securities as scrip consideration for an acquisition provided such issuance occurs after 90 days after the date that IPO Shares are allotted).

Indemnity

Steadfast agrees to indemnify the Joint Lead Managers, their affiliates and the officers, directors, employees, agents, advisers, contractors and representatives of the Joint Lead Managers and their affiliates against all claims, demands, damages, losses, costs, expenses, liabilities or damages incurred by them in connection with the Offer, the Bookbuild and the Offer documents (subject to limited exclusions).

Termination Events

Each Joint Lead Manager may terminate its obligations under the Offer Management Agreement prior to midnight on the Settlement Date on the occurrence of a number of customary termination events, including (among others):

- ASIC issues a stop order in relation to the Offer;
- ASX refuses to quote the Shares on ASX;
- delays in the Offer timetable;
- any person withdraws their consent to be named in the Prospectus;
- Steadfast withdraws the Prospectus or the Offer;
- a supplementary prospectus is required under section 719 of the Corporations Act;
- a specified fall in the S&P ASX 200 index;
- unauthorised alterations to Steadfast's share capital;
- a change in Steadfast's senior management;
- the insolvency of Steadfast or a material group member (including the Steadfast Equity Brokers); and
- where Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions become incapable of completing.

Certain of these events will only give rise to a right to terminate if the Joint Lead Manager reasonably believes that the event has had or is likely to have a material adverse effect on the success or settlement of the Offer, subscriptions under the Offer, the trading price of Shares on ASX or the event has given or is likely to give rise to the Joint Lead Managers contravening any applicable laws or incurring a material liability. If this occurs, the Joint Lead Manager who validly terminates will no longer be a lead manager and will not be obliged to conduct the Bookbuild or provide settlement support. Under the Offer Management



Agreement, if one Joint Lead Manager terminates, the other Joint Lead Manager may give notice in writing to Steadfast stating whether they assume the obligations of the terminating Joint Lead Manager (or a further Joint Lead Manager may be appointed).

10.14 Regulatory developments – Future of Financial Advice

In response to losses by retail investors during the height of the global financial crisis, a number of government enquiries were commissioned into the provision of financial advice in Australia, culminating in the release of the Future of Financial Advice (“FOFA”) reforms in April 2010. The FOFA reforms will become mandatory from 1 July 2013, having been enacted into law in July 2012.

The key FOFA reforms relevant to Steadfast are summarised below:

- a ban on up-front and trailing commissions and similar payments on financial products including group life insurance in all superannuation products and on any life insurance policies in default or MySuper products;
- a ban on certain soft dollar benefits and other non-monetary benefits over \$300 (per benefit);
- a ban on financial advisers charging retail clients asset-based fees on borrowed amounts used to acquire financial products;
- the introduction of a best interest duty to require financial advisers to act in the best interest of their retail clients in relation to personal advice; and
- a requirement for retail clients to “opt-in” every two years to continue paying ongoing personal advice fees (other than insurance premiums).

Apart from the ban on asset-based fees, benefits given in relation to general insurance products are currently exempt. The best interests duty is modified in relation to general insurance products.

Whilst some of the FOFA reforms do not apply to intermediated general insurance products, there is a risk that changes to the FOFA legislation in the future may remove some of the exemptions made for general insurance products and this might have a negative impact on Steadfast.

Current disclosure practices for retail clients with retail policies in general insurance broking require full disclosure of commission and fee income to retail clients, including the provision of a Financial Services Guide and a Statement of Advice.

Refer to Section 5.2.9 for an outline of the risks to Steadfast from the potential expansion of the FOFA reforms.

10.15 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales, and each Applicant under this Prospectus submits to the non-exclusive jurisdiction of the courts of New South Wales.

10.16 Interests and benefits

Sections 6 and 10.17 outline the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out in this Prospectus, no:

- Director or proposed Director of Steadfast;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of Steadfast; or
- underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Steadfast;
- property acquired or proposed to be acquired by Steadfast in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of Steadfast or the Offer or to any Director or proposed Director of Steadfast to induce them to become, or qualify as, a Director of Steadfast.

10.17 Interests of advisers

Steadfast has engaged the following professional advisers:

- J.P. Morgan and Macquarie Capital have acted as Joint Lead Managers to the Offer. Steadfast has agreed to pay J.P. Morgan and Macquarie Capital the fees described in Section 10.13 for these services.
- King & Wood Mallesons has acted as legal adviser (other than in respect of taxation matters) to Steadfast in relation to the Offer. Steadfast has paid, or agreed to pay, approximately \$815,000 (excluding disbursements and GST) for these services up until the Prospectus Date. King & Wood Mallesons also advised Steadfast in connection with the Restructure Proposal, the Acquisitions and other matters. Steadfast has paid, or agreed to pay, approximately \$780,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to King & Wood Mallesons in accordance with its normal time-based charges.

10. Additional information, continued

- KPMG Transaction Services has acted as the Investigating Accountant on the Pro-forma financial information and has prepared an Investigating Accountant's Report in Section 8. For details of the fees that Steadfast has paid, or agreed to pay, KPMG for the services provided, refer to the Financial Services Guide attached to the Investigating Accountant's Report in Section 8. Further amounts may be paid to KPMG under time-based charge out rates.

These amounts, and other expenses of the Offer, will be paid by Steadfast (or one of its subsidiaries) out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.

10.18 Acknowledgements

Each Applicant, including those persons submitting an Application Form and/or paying Application Monies, will be deemed to have:

- agreed to become a member of Steadfast and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement document) accompanying the Application Form and having read them all in full;
- under the IPO Offer, declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- under the IPO Offer, acknowledged that once Steadfast receives an Application Form it may not be withdrawn;
- under the IPO Offer, applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- under the IPO Offer, agreed to being allocated the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised Steadfast and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, Steadfast may not pay dividends;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement document) is not investment advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs of the Applicant(s);
- declared that the Applicant(s) is an Australian resident (except as applicable to the Institutional Offer);
- acknowledged that the Shares have not been, and will not be, registered under the US Securities Act or pursuant to the securities laws of any other jurisdiction outside Australia;
- represented and warranted that the Applicant(s) is not in the United States or other place outside Australia and is not a US Person (and not acting for the account or benefit of a US Person), and the Applicant(s) will not offer, sell or resell the Shares in the United States to, or for the account or benefit of, any US Person;
- for recipients of Re-weighting Shares and Consideration Shares, acknowledged and agreed to escrow restrictions on substantially the same terms as the Restriction Deeds described in Section 9 (including the application of a holding lock) applying to their Re-weighting Shares and Consideration Shares and agreed to appoint Steadfast as their attorney and agent to complete and execute a Restriction Deed (such deed to be on substantially the same terms as described in Section 9 and/or on substantially the same terms as the form of restriction agreement in Appendix 9A of the ASX Listing Rules (as applicable)) on the Applicant's behalf;
- acknowledged and agreed that the Offer may be withdrawn by Steadfast or may otherwise not proceed in the circumstances described in this Prospectus;
- acknowledged and agreed that if Listing does not occur for any reason, the IPO, the Capital Restructure and the IPO Acquisitions will not proceed; and
- acknowledged and agreed that if any Shares are issued under the Offer and thereafter the Listing does not proceed for any reason, including because Steadfast does not complete Acquisitions representing at least 93% of the aggregate purchase price of all Acquisitions prior to the end of the conditional and deferred settlement trading period, Steadfast will take steps to unwind some or all of the steps which it has already completed at that time (including by cancelling or voiding the issue of any Shares that may have been issued), and the Applicant agrees to take all reasonable measures requested by Steadfast (including, where applicable, to exercise its voting rights as a Steadfast shareholder, and appoints Steadfast or its nominee as attorney and agent to complete, execute and sign documents on the Applicant's behalf) to facilitate such unwind. In these circumstances, the Applicant acknowledges that there may be delays in effecting an unwind, including in order to first obtain any relevant regulatory relief and/or shareholder approvals.

10.19 Statement of Directors

This Prospectus is authorised by each Director, who consents to its lodgement with ASIC and its issue.

11. Appendix A – Accounting treatments

11. Appendix A – Accounting treatments

11.1 Significant accounting policies

The principal accounting policies adopted in the preparation of the pro-forma financial information is set out below.

11.2 New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ending 30 June 2013.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the financial performance or position of the consolidated entity.

11.3 Basis of preparation

The Company is a for-profit entity.

The financial information has been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

11.4 Historical cost convention

The financial information has been prepared under the historical cost convention, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

11.5 Critical accounting estimates

The preparation of the financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies.

11.6 Principles of consolidation

The consolidated financial information incorporates the assets and liabilities of all subsidiaries of Steadfast ("Company" or "parent entity") and the results of all subsidiaries.

Subsidiaries are all those entities over which Steadfast has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to Steadfast. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Steadfast loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

Steadfast recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

11.7 Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable.



11.7.1 M&A Fees

Steadfast has negotiated with Strategic Partners to receive M&A Fees based on the amount of business placed with those companies for Steadfast preferred products. These amounts are recognised as revenue when Base Premium is placed (in the case of insurers and underwriting agencies) or premiums funded (in the case of premium funders).

11.7.2 Fees and commission income

Commission, brokerage and fees are recognised when it is probable that the consolidated entity will be compensated for services rendered and the amount of consideration for such services can be reliably measured. This is deemed to be the invoice date. An allowance is made for anticipated lapses and cancellations.

11.7.3 Interest

Interest revenue is recognised as interest accrues using the effective interest method.

11.7.4 Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting as a reduction in the carrying amount of the investment.

11.7.5 Claims Experience Benefit

Steadfast may receive a Claims Experience Benefit payment or payments in respect of the Erato Program. Revenue is recognised for a Claims Experience Benefit for a particular policy year when it is likely that a Claims Experience Benefit is receivable and the amount can be measured reliably. Factors taken into account in recognising a Claims Experience Benefit include the number of years that have passed since the end of a policy year and whether various claims have been closed or can be reliably measured.

11.7.6 Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

11.8 Employee benefits

11.8.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

11.8.2 Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised as employee benefit expenses in profit or loss.

11.8.3 Income tax

The income tax expense or benefit for a period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unutilised tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amounts of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

11. Appendix A – Accounting treatments, continued

Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Steadfast (the "head entity") and its wholly owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts.

The tax consolidated group has applied the "standalone taxpayer" approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group in proportion to their contribution to the consolidated entity taxable income.

Differences between the amount of net tax asset or liability derecognised and the net amounts recognised pursuant to the funding agreements are recognised as either a contribution by, or distribution from, the subsidiaries to the head entity.

11.9 Foreign currency

11.9.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

11.9.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations and are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve, translation reserve, in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented within equity in the translation reserve.

11.10 Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and



- other non-discretionary changes in revenues or expenses during the period that would result from the conversion of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

11.11 Cash and cash equivalents

Cash and cash equivalents includes cash in bank, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash also includes balances from insurance broking accounts in respect of controlled entities, but these amounts have been excluded from the cash flow statements.

Cash held on trust relates to cash held for insurance premiums received from policyholders which will ultimately be paid to underwriters. Cash held on trust cannot be used to meet business operations/operating expenses other than payments to underwriters and/or refunds to policyholders.

11.12 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Trade receivables are generally due for settlement within 30 to 60 days. Collectability of trade receivables is reviewed on an ongoing basis.

Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are recognised at amortised cost, less any provision for impairment.

11.13 Investments in associates

Investments in associates are accounted for using the equity method and are carried at the lower of the equity accounted amount and the recoverable amount.

Associates are entities over which the consolidated entity has significant influence but not control or joint control.

Under the equity method, the share of the pre-tax profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. The tax expense on associate earnings is disclosed together with the income tax expense of the Group.

Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates.

Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When the associate subsequently makes profit, the consolidated entity will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

11.14 Investment in joint ventures

Investments in joint ventures are accounted for using the equity method and are carried at the lower of the equity accounted amount and the recoverable amount.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income.

Dividends earned from joint venture entities reduce the carrying amount of the investment.

11.15 Property, plant and equipment

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

11. Appendix A – Accounting treatments, continued

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over its expected useful lives as follows:

- buildings 40 years;
- freehold improvements 3 and 10 years;
- furniture and fittings 4 years;
- computer equipment 2 and 5 years; and
- office equipment 1 and 10 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity.

Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

11.16 Software

Significant costs associated with software will be deferred and amortised on a straight-line basis over the period of their expected benefit. There are no capitalised costs on the Statement of Financial Position at present.

11.17 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets; and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

11.18 Business combinations

The acquisition method of accounting is used to account for all business combinations.

Cost is measured as the fair value of the assets given, shares issued or liabilities assumed at the date of exchange.

All acquisition costs including stamp duty and legal fees are charged against profits as incurred. A change in the ownership interest in a controlled entity (without loss of control) is accounted for as a transaction with owners in their capacity as owners, and these transactions will not give rise to a gain or loss.

Where there is a change in ownership and the consolidated entity loses control, the gain or loss will be recognised in the Income Statement.

The carrying value of non-controlling interests is reset to fair value.

In the period a new business is acquired, an estimate is made of the fair value of the future contingent consideration.

Any variation to this amount in future periods (either up or down) is recognised through the Income Statement.

Over accruals are recognised as income in the period the amount is reversed, and any under accruals are charged as an expense against profits.

All identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

The contingent consideration is carried in the statement of financial position at net present value.

The unwinding of the discount is recognised as an interest expense in the income statement. This is offset to an extent by a deferred tax credit.

11.19 Intangible assets

11.19.1 Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable net assets acquired at the date of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.



Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation of that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Impairment losses recognised for goodwill are not subsequently reversed.

11.19.2 Identifiable intangible assets

Identifiable intangible assets acquired separately or in a business combination are initially measured at cost.

The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment costs. Internally generated intangible assets are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

The useful lives of these intangible assets are assessed. Intangible assets with finite lives are amortised over the useful life, currently estimated to be up to ten years, and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an identifiable intangible asset with a finite useful life is reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate.

The amortisation expense on identifiable intangible assets with finite lives is recognised in the expense category of the income statement consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an identifiable intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

11.19.3 Revaluation

When a business combination occurs, the acquirer's identifiable assets and liabilities are notionally restated to their fair value at the date of the exchange transaction to determine the amount of any goodwill associated with the transaction.

Any adjustment to those fair values relating to previously held interests of the acquirer is accounted for as an adjustment to fair value and the movement is reflected in the income statement as either a profit or loss.

11.19.4 Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

11.19.5 Loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, less any directly attributed transaction costs.

These are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

11.19.6 Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

Where discounting is used, the increase in provision due to the passage of time is recognised as a finance cost.

11. Appendix A – Accounting treatments, continued

11.20 Employee benefits

11.20.1 Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

11.20.2 Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

11.20.3 Contribution to superannuation

Contributions are made to employee superannuation funds and are expensed in the period in which they are incurred.

11.21 Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

11.22 Dividends

Dividends are recognised when declared during the financial period.

11.23 GST and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority.

Where GST is not recoverable, it is recognised as part of the cost of the acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

11.24 Critical accounting judgements, estimates and assumptions

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial information.

Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates may differ from or equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.



11.24.1 Fair value of assets acquired

The consolidated entity measures the net assets acquired in a business combination at their fair value at the date of acquisition.

Fair value is estimated with reference to the market transactions for similar assets or discounted cash flow analysis.

Steadfast has made a best estimate of the amount of consideration payable for the Acquisitions where there is a variable purchase price (for example, a multiple of future period EBITA) after performing due diligence on the Acquisition. Should the final EBITA vary from these best estimates, Steadfast will be required to finance or reduce the final consideration payable and recognise the difference as income or expense.

11.24.2 Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement.

The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical or anticipated collection rates, interest rates, anticipated lapses and cancellations and specific knowledge of the individual debtors' financial positions.

11.24.3 Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets.

The useful lives could change significantly as a result of technical innovations or some other event.

The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

11.24.4 Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates.

Significant judgement is required in determining the provision for income tax.

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law.

Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

11.24.5 Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

11.24.6 Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

11.24.7 Rebates provision

The provision represents the rebates from the consolidated entity to Steadfast brokers and is calculated based on a percentage of eligible income received from the consolidated entity's preferred insurance and funder partners.

The actual amount of rebate finally paid may vary from the estimated amount.

11.24.8 Goodwill

Goodwill is assessed annually for impairment.

Recoverable amount of goodwill is estimated using discounted cash flow analysis of the relevant cash-generating unit ("CGU") deducting the carrying amount of the identifiable net assets of the CGU. Key assumptions used in the calculation of recoverable amounts are the discount rates, terminal value growth rates and, EBITA growth rates.

12. Appendix B – Additional non-IFRS financial information

The additional financial information in this Section 12 has not been prepared in accordance with Australian Accounting Standards and has not been audited or reviewed. It has been provided for illustrative purposes only and is not included in the scope of the Investigating Accountant's Report in Section 8.

12. Appendix B – Additional non-IFRS financial information



The following tables have not been prepared in accordance with Australian Accounting Standards and have not been audited or reviewed. They have been provided for illustrative purposes only.

12.1 Aggregation of revenues and expenses including other ownership interests in Steadfast

Australian Accounting Standards require Steadfast's share of profits from associates to be disclosed as a single line item "net profits/(losses) from associates". Please refer to Table 4.3.1 in Section 4 for the Pro-forma Consolidated Statements of Comprehensive Income that complies with this requirement, and the other recognition and measurement principles of the Australian Accounting Standards.

The table below separately presents 100% of the revenue and expenses relating to Steadfast's interests in associated entities from Listing (assuming completion of all the Acquisitions) in order to illustrate underlying trends in all lines of business. In addition to a departure from the requirement to present Steadfast's share of profits from associates as a single line item, this information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The assumptions used in the preparation of the "aggregated view" are the same as those shown in Sections 4.5.2 and 4.5.3. The entities that are equity accounted are shown as "associates" in Appendix C.

Table 12.1.1: Aggregation of revenues and expenses including other ownership interests in Steadfast

| | Historical Pro-forma | | Forecast pro-forma | |
|--|----------------------|--------------|--------------------|--------------|
| | FY11 | FY12 | FY13 | FY14 |
| Revenue | | | | |
| Consolidated Brokers | 87.6 | 92.0 | 94.8 | 99.8 |
| Equity Accounted Brokers ² | 123.8 | 135.6 | 142.7 | 149.2 |
| Underwriting agencies | 17.6 | 18.6 | 19.6 | 20.7 |
| Ancillary | 15.8 | 18.1 | 20.1 | 21.3 |
| MPF | 23.9 | 26.9 | 36.7 | 59.7 |
| Steadfast | 22.4 | 24.3 | 27.6 | 29.9 |
| Total revenue | 291.1 | 315.5 | 341.5 | 380.6 |
| less aggregate associate revenue ¹ | 161.1 | 179.0 | 197.9 | 228.6 |
| Revenue per IFRS – consolidated entities (per table 4.3.1) | 130.0 | 136.5 | 143.6 | 152.0 |
| Expenses | | | | |
| Consolidated Brokers | 56.9 | 62.7 | 65.4 | 67.2 |
| Equity Accounted Brokers ² | 92.6 | 99.9 | 103.4 | 105.7 |
| Underwriting agencies | 13.8 | 14.0 | 13.6 | 12.5 |
| Ancillary | 13.3 | 15.3 | 17.0 | 17.7 |
| MPF | 17.3 | 19.2 | 28.9 | 48.9 |
| Steadfast | 21.8 | 22.8 | 22.3 | 25.6 |
| Total expenses | 215.7 | 233.9 | 250.6 | 277.7 |
| less aggregate associate expenses ¹ | 121.6 | 132.5 | 146.9 | 170.2 |
| Expenses per IFRS – consolidated entities (per table 4.3.1) | 94.1 | 101.4 | 103.7 | 107.5 |
| EBITA | | | | |
| Consolidated Brokers | 30.7 | 29.3 | 29.4 | 32.6 |
| Equity Accounted Brokers ² | 31.2 | 35.7 | 39.3 | 43.5 |
| Underwriting agencies | 3.8 | 4.6 | 6.0 | 8.2 |
| Ancillary | 2.5 | 2.8 | 3.1 | 3.6 |
| MPF | 6.6 | 7.7 | 7.8 | 10.8 |
| Steadfast | 0.6 | 1.5 | 5.3 | 4.3 |
| Total EBITA | 75.4 | 81.6 | 90.9 | 103.1 |
| less aggregate associate EBITA ¹ | 39.5 | 46.5 | 51.0 | 58.6 |
| EBITA per IFRS – consolidated entities (per table 4.3.1) | 35.9 | 35.1 | 39.9 | 44.5 |
| add share of EBITA from associates | 16.4 | 19.2 | 20.2 | 23.4 |
| EBITA pre Corporate Office (per table 4.3.1) | 52.3 | 54.3 | 60.1 | 67.9 |
| EBITA (pre Corporate Office)/Revenue | 26% | 26% | 27% | 27% |

1. 100% of revenue and expenses of associates were included in the table and then deducted to reconcile back to the IFRS information relating to consolidated entities contained in Table 4.3.1. Pro-forma Consolidated Statement of Comprehensive Income in Section 4.

2. The entities that are equity accounted are disclosed as "associates" in Appendix C.

12. Appendix B – Additional non-IFRS financial information, continued

12.2 Management discussion and analysis

12.2.1 Overview of Steadfast's business lines on an aggregated basis

The information contained in Section 12 should be read in conjunction with the financial information contained in Section 3 and Section 4.

Financial information presented in Section 3 includes key metrics for certain Steadfast businesses presented on a Proportionally Adjusted basis. Figures or amounts are determined on a Proportionally Adjusted basis by using the base metric (for example, GWP, revenue or EBITA) and multiplying it by Steadfast's proportionate ownership interest in the business in order to calculate Steadfast's effective interest.

Section 4 contains Pro-forma Financial Information that has been prepared in accordance with Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards.

Table 12.2.1.1: EBITA margins per business line for the aggregated view

| Aggregated view | Historical pro-forma | | Forecast pro-forma | |
|--|----------------------|------------|--------------------|------------|
| | FY11 | FY12 | FY13 | FY14 |
| EBITA margin | | | | |
| Consolidated brokers | 35% | 32% | 31% | 33% |
| Equity accounted brokers | 25% | 26% | 28% | 29% |
| Underwriting agencies | 22% | 25% | 31% | 40% |
| Ancillary | 16% | 15% | 15% | 17% |
| MPF | 28% | 29% | 21% | 18% |
| Steadfast | 3% | 6% | 19% | 14% |
| Total EBITA margin (pre-Corporate Office) | 26% | 26% | 27% | 27% |

There are a number of consolidated brokers who have higher EBITA margins when compared to equity accounted brokers, reflecting their increased leverage achieved from size and scale of operations. The margins achieved by brokers are forecast to improve in FY14 as a result of:

- forecast revenue growth exceeding expense growth. A substantial portion of this improvement is driven by a few larger brokers who invested increased resources during FY12 to drive further business and are realising these benefits in FY13 onwards;
- further leverage from acquisitions undertaken by Brokers in FY13; and
- the discontinuation of a number of expenses that has been contractually agreed with Brokers, including revised remuneration policies for principals.

The margins from Steadfast Underwriting Agencies are expected to improve significantly as a result of forecast restructures in employment costs (which were underutilised) as well as increasing revenues.

The Steadfast margins have increased substantially as a result of reduced M&A rebates being paid to Steadfast Network Brokers. These M&A rebates are forecast as 28% and 35% of FY13 and FY14 of M&A Fees.

Fees and commissions for brokers and underwriting agencies

Table 12.2.1.2 provides a breakdown of the fees and commissions between consolidated brokers, equity accounted brokers and Steadfast Underwriting Agencies.

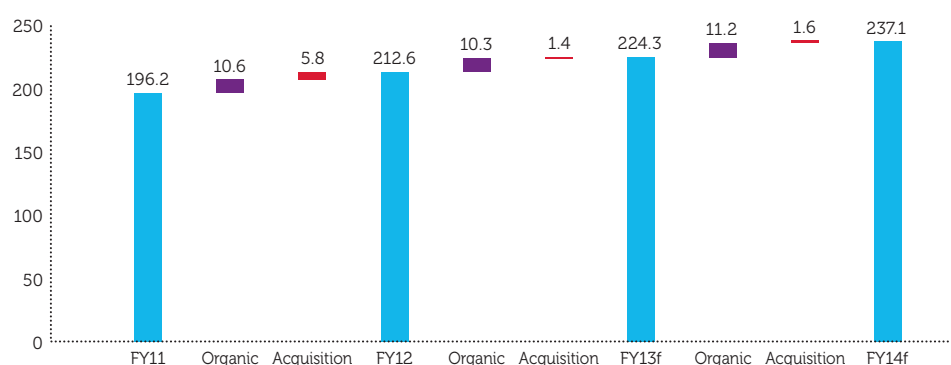


Table 12.2.1.2: Fees and commissions for brokers and underwriting agencies

| (\$ million) | Historical pro-forma | | Forecast pro-forma | |
|-----------------------------------|----------------------|--------------|--------------------|--------------|
| | FY11 | FY12 | FY13 | FY14 |
| Fees and commissions/total | 196.2 | 212.6 | 224.3 | 237.1 |
| Brokers – consolidated | 72.8 | 77.8 | 80.6 | 86.3 |
| Brokers – equity accounted | 106.8 | 117.2 | 124.9 | 130.9 |
| Underwriting agencies | 16.6 | 17.6 | 18.8 | 19.9 |

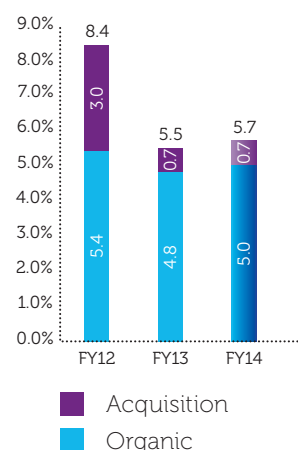
The following graph breaks down the growth in fees and commissions for all brokers and underwriting agencies between organic growth and acquisition growth. The acquisition component in each year in the chart below reflects acquisitions already undertaken by the Acquisitions and not any future acquisitions.

Figure 12.2.1.1: F&C Income Development for Brokers and UW Agencies (\$ million)



The year on year growth in percentage terms is as follows:

Figure 12.2.1.2: F&C Income Growth for Brokers (%)



When considering brokers and underwriting agencies combined, the charts above shows relatively consistent organic growth over the past three years, with a significant impact of acquisition growth only impacting FY12. In FY13 and FY14, growth from acquisitions is negligible (below 1%). No allowance has been made for future acquisitions.

Consolidated brokers showed a total growth rate of 6.8% in FY12 and are forecast to grow 3.6% and 7.1% for FY13 and FY14 respectively. The generally high growth rate is influenced by strong organic and acquisition growth from Steadfast's larger IPO Acquisitions. The lower growth rate in FY13 is driven by fewer acquisitions and lower organic growth by the majority of consolidated brokers.

12. Appendix B – Additional non-IFRS financial information, continued

Equity accounted brokers showed a total growth rate of 9.7% in FY12, and are forecast to grow 6.6% and 4.8% for FY13 and FY14 respectively. FY12 was influenced by a large acquisition by a Steadfast Equity Broker, by itself accounting for over 40% of the growth in dollar terms. Acquisitions of client books as well as new product offerings were also major contributors to growth.

Underwriting agencies show a total growth rate of 6.0% in FY12, and are forecast to grow 6.8% and 5.9% for FY13 and FY14 respectively. The main positive contributors experienced growth in fee and commission rates above 20% driven by strong organic growth and diversification to non-core business areas (real estate, architects). Results were also skewed by one agency which had declining fees and commissions in FY12 and is forecasting a lower than average growth rate. The company will go through a major restructuring in FY14 to set it up for improved returns in subsequent periods.

12.2.2 Consolidated brokers

Table 12.2.2.1: Financial summary

| (\$ million) | Historical pro-forma | | Forecast pro-forma | | % change | | |
|------------------------|----------------------|------------|--------------------|------------|----------|------|------|
| | FY11 | FY12 | FY13 | FY14 | FY12 | FY13 | FY14 |
| Aggregated view | | | | | | | |
| Total revenue | 87.6 | 92.0 | 94.8 | 99.8 | 5% | 3% | 5% |
| Total expenses | 56.9 | 62.7 | 65.4 | 67.2 | 10% | 4% | 3% |
| EBITA | 30.7 | 29.3 | 29.4 | 32.6 | -5% | 1% | 11% |
| EBITA margin | 35% | 32% | 31% | 33% | -3% | -1% | 2% |

As other revenues are less than 1% of total revenues, the revenue trend for consolidated brokers follows the pattern of fees and commissions as discussed in the section above. The decrease in expense growth is largely influenced by non-recurring expenses present in the historical financial information. The resulting EBITA margin fluctuates between 35% in FY11 and 31% in FY13 and is expected to reach 33% in FY14 due to 5% growth in revenue and limited expense growth. As some large consolidated brokers are more profitable due to increased leverage of their scale of operations, the EBITA margin for consolidated brokers stands above that of equity accounted brokers.

12.2.3 Equity accounted brokers

Table 12.2.3.1: Financial summary

| (\$ million) | Historical pro-forma | | Forecast pro-forma | | % change | | |
|------------------------|----------------------|------------|--------------------|------------|----------|------|------|
| | FY11 | FY12 | FY13 | FY14 | FY12 | FY13 | FY14 |
| Aggregated view | | | | | | | |
| Total revenue | 123.8 | 135.6 | 142.7 | 149.2 | 9% | 5% | 5% |
| Total expenses | 92.6 | 99.9 | 103.4 | 105.7 | 8% | 4% | 2% |
| EBITA | 31.2 | 35.7 | 39.3 | 43.5 | 14% | 10% | 11% |
| EBITA margin | 25% | 26% | 28% | 29% | 1% | 2% | 1% |

As with consolidated brokers, overall revenue growth of 5% is similar to the fees and commissions pattern discussed above. The forecast expense growth in FY14 of 2.2% is largely in line with CPI expectations. This results in forecast margins of 29% in FY14 up from 28% in FY13.



12.2.4 Underwriting agencies

Table 12.2.4.1: Financial summary

| (\$ million) | Historical pro-forma | | Forecast pro-forma | | % change | | |
|------------------------|----------------------|------------|--------------------|------------|----------|------|------|
| | FY11 | FY12 | FY13 | FY14 | FY12 | FY13 | FY14 |
| Aggregated view | | | | | | | |
| Total revenue | 17.6 | 18.6 | 19.6 | 20.7 | 6% | 6% | 5% |
| Total expenses | 13.8 | 14.0 | 13.6 | 12.5 | 2% | -3% | -8% |
| EBITA | 3.8 | 4.6 | 6.0 | 8.2 | 21% | 32% | 34% |
| EBITA margin | 22% | 25% | 31% | 40% | 3% | 6% | 8% |

While overall revenue growth is stable and in line with market expectations (see discussion of fees and commissions above), significant expense decreases are forecast for FY14. This is driven by forecast cost savings linked to restructuring operations in two underwriting agencies as well as efficiency gains from past investments in systems which are now delivering benefits.

12.2.5 Ancillary businesses

Table 12.2.5.1: Financial summary

| (\$ million) | Historical pro-forma | | Forecast pro-forma | | % change | | |
|------------------------|----------------------|------------|--------------------|------------|----------|------|------|
| | FY11 | FY12 | FY13 | FY14 | FY12 | FY13 | FY14 |
| Aggregated view | | | | | | | |
| Total revenue | 15.8 | 18.1 | 20.1 | 21.3 | 14% | 11% | 5% |
| Total expenses | 13.3 | 15.3 | 17.0 | 17.7 | 15% | 11% | 4% |
| EBITA | 2.5 | 2.8 | 3.1 | 3.6 | 9% | 11% | 14% |
| EBITA margin | 16% | 15% | 15% | 17% | -1% | 0% | 2% |

Ancillary businesses consist of White Outsourcing (refer to Section 3.8.1) and Meridian Lawyers (refer to Section 3.8.2). The increase in revenue and EBITA in FY12 and FY13 is mainly due to new clients as well as growth in funds under management for existing White Outsourcing clients. The FY14 revenue is forecast to grow 5%, with EBITA growth of around 14% driven by containing cost increases to 4%.

12.2.6 Premium funding

Table 12.2.6.1: Financial summary

| (\$ million) | Historical pro-forma | | Forecast pro-forma | | % change | | |
|------------------------|----------------------|------------|--------------------|------------|----------|------|------|
| | FY11 | FY12 | FY13 | FY14 | FY12 | FY13 | FY14 |
| Aggregated view | | | | | | | |
| Total revenue | 23.9 | 26.9 | 36.7 | 59.7 | 13% | 36% | 63% |
| Total expenses | 17.3 | 19.2 | 28.9 | 48.9 | 11% | 51% | 69% |
| EBITA | 6.6 | 7.7 | 7.8 | 10.8 | 18% | 1% | 38% |
| EBITA margin | 28% | 29% | 21% | 18% | 1% | -8% | -3% |

FY13 and FY14 reflect the impact of the Pacific Premium Funding (PPF) acquisition in March 2013. MPF's underlying EBITA has continued to perform strongly in FY13 through organic GWP growth and strong lending margins but has been offset by the PPF acquisition and integration costs. Revenue is expected to significantly increase in FY14 primarily through the PPF acquisition but also continuing organic growth. However, EBITA will be impacted by significant acquisition integration costs hence forecast EBITA margins will be lower than prior years. Integration costs beyond FY14 are not expected to be significant.

12. Appendix B – Additional non-IFRS financial information, continued

12.2.7 Steadfast (excluding MPF)

Table 12.2.7.1: Steadfast (excluding MPF) overview

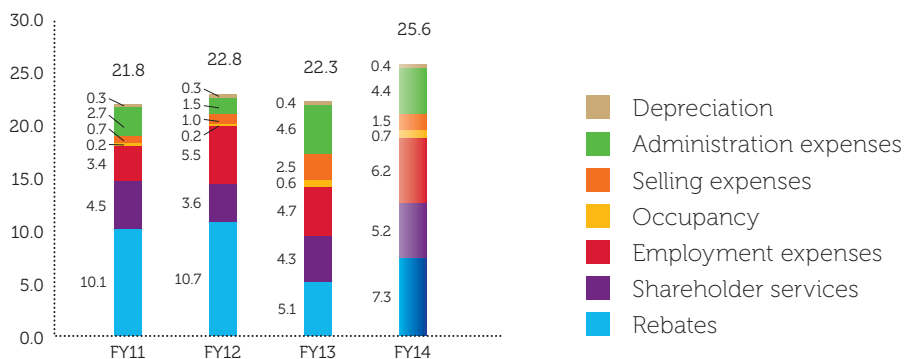
| (\$ million) | Historical pro-forma | | Forecast pro-forma | | % change | | |
|------------------------|----------------------|-----------|--------------------|------------|----------|------|------|
| | FY11 | FY12 | FY13 | FY14 | FY12 | FY13 | FY14 |
| Aggregated view | | | | | | | |
| Total revenue | 22.4 | 24.3 | 27.6 | 29.9 | 9% | 13% | 8% |
| Total expenses | 21.8 | 22.8 | 22.3 | 25.6 | 5% | -2% | 15% |
| EBITA | 0.6 | 1.5 | 5.3 | 4.3 | 128% | 252% | -19% |
| EBITA margin | 3% | 6% | 19% | 14% | 3% | 13% | -5% |

The 8% increase in total revenue for FY14 is driven by the 9% M&A Fee growth as disclosed in Table 4.3.3. M&A Fees received from Strategic Partners for policies placed by Steadfast Network Brokers is the largest component of total revenue, being \$26.0 million out of the \$29.9 million for FY14. The increase in M&A Fees of 9% in FY14 is forecast to be driven by organic premium growth, attraction of larger brokers replacing smaller brokers as well as network growth resulting from the acquisition of Steadfast Equity Brokers who were not previously a Steadfast Network Broker (refer to Section 4.3.2). The change in total expenses in FY13 and FY14 is mainly driven by the M&A rebate paid to Steadfast brokers (reduction of \$5.6 million in FY13 and increase of \$2.2 million in FY14 – refer to Section 4.3.2).

The significant growth in EBITA in FY13 is primarily attributable to a reduction in the M&A rebate paid to Steadfast Network Brokers (\$5.6 million) in order to assist in absorbing some of the costs associated with the Restructure Proposal and Listing.

The chart below shows a breakdown of Steadfast's expenses between FY11 and FY14. The main driver of the year-on-year variances for all years is the M&A rebate.

Table 12.2.7.2: Steadfast expense breakdown (\$ million)



13. Appendix C – Acquisitions

13. Appendix C – Acquisitions

Part A Pre-IPO Acquisitions

1 Steadfast Equity Brokers

| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|---|-----------------------------|-------------|----------------------|--------------------------------|
| DMA Unit Trust and DMA Insurance Brokers Pty Ltd | DMA | NSW | Consolidated | 100.0% |
| Business Assets of Newmarket Insurance Brokers ¹ | Newmarket Insurance Brokers | SA | Consolidated | 100.0% |
| Rothbury Group Limited | Rothbury Group | New Zealand | Associate | 179% ² |
| Wagland Salter & Associates Pty Ltd | Wagland Salter & Associates | NSW | Consolidated | 100.0% |

2 Steadfast Underwriting Agencies

| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|---------------------------------------|---------------------|----------|----------------------|--------------------------------|
| Sports Underwriting Australia Pty Ltd | Sports Underwriting | Victoria | Consolidated | 80.0% |

Part B IPO Acquisitions

The following acquisitions are listed in order of materiality based on purchase price consideration.

1 Steadfast Equity Brokers

| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|--|---|-------------------|----------------------|--------------------------------|
| RIB Group Holdings Pty Ltd | Regional Insurance Brokers | Queensland | Consolidated | 90.0% ³ |
| National Credit Insurance (Brokers) Pty Ltd | National Credit Insurance Brokers | NSW | Consolidated | 100.0% |
| Brecknock Insurance Brokers Pty Ltd | Brecknock Insurance Brokers | South Australia | Consolidated | 72.5% |
| Mega Capital Holdings Pty Ltd | Mega Capital | Victoria | Consolidated | 80.0% |
| GWS Pty Ltd | GWS Network Insurance Brokers | Victoria | Consolidated | 80.0% |
| Rothbury Group Limited | Rothbury Group | New Zealand | Equity Accounted | 30.0% ⁴ |
| Austcover Holdings Pty Ltd | Austcover | Queensland | Equity Accounted | 49.0% |
| Finn Foster & Associates Pty Ltd ⁵ | Finn Foster | NSW | Equity Accounted | 49.0% |
| IRS Steadfast Pty Ltd (Formerly Indemnity Corporation Holdings Pty Ltd) ⁵ | Indemnity Corporation | NSW | Equity Accounted | 49.0% |
| Saunders Higgins Insurance Brokers Pty Ltd | Saunders Higgins Insurance Brokers | Tasmania | Consolidated | 100.0% |
| Scott & Broad Pty Ltd | Scott & Broad | NSW | Equity Accounted | 49.0% |
| Sawtell & Salisbury Pty Ltd and Sawtell & Salisbury Unit Trust | Sawtell & Salisbury | Queensland | Consolidated | 100.0% |
| Waveline Investments Pty Ltd | E.D'A Insurance Services & Construction Risk Services | Western Australia | Consolidated | 100.0% ⁶ |

1. The Assets and Liabilities of Newmarket Insurance Brokers were acquired as opposed to the legal entity.

2. Steadfast acquired a 17.9% equity interest in Rothbury Group Limited in April 2013 and is contracted to increase its shareholding to 30% at Listing.

3. The Steadfast interest will be in the head company, but there are minority shareholders in subsidiary entities (giving an effective 74% interest in the consolidated group). Under a potential scrip for scrip offer by Regional Insurance Brokers to these minority shareholders in its subsidiaries, Steadfast's ownership post IPO may reduce to 74% over time.

4. Steadfast acquired a 17.9% equity interest in Rothbury Group Limited in April 2013 and is contracted to increase its shareholding to 30% at Listing.

5. Finn Foster and IRS Steadfast are listed in this order based on their cumulative purchase consideration (refer to page 37).

6. Steadfast has initially contracted to acquire a 100% equity interest in E.D'A Insurance Services, however, this is expected to reduce to an indirect shareholding of 49% over time.



| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|---|---|-------------------|----------------------|--------------------------------|
| Various RSM Entities ⁷ | RSM Insurance Brokers | Victoria | Equity Accounted | 49.0% |
| Jakomil Pty Ltd and The Milbar Unit Trust | CentreWest Insurance Brokers | Western Australia | Consolidated | 80.0% ⁸ |
| Phoenix Insurance Brokers Pty Ltd | Phoenix Insurance Brokers | Western Australia | Equity Accounted | 46.0% |
| McKillops Insurance Brokers Pty Ltd | McKillops Insurance Brokers | Tasmania | Equity Accounted | 49.0% |
| Johansen Insurance Brokers Pty Ltd | Johansen Insurance Brokers | Victoria | Equity Accounted | 48.0% |
| Masterman Insurance Brokers Pty Ltd and Robert Masterman Insurance Broking Unit Trust | Masterman | Victoria | Consolidated | 100.0% |
| Anca (Tas) Pty Ltd | ANCA Insurance Brokers | Tasmania | Equity Accounted | 44.0% |
| Pollard Advisory Services Pty Ltd | Pollard Insurance Brokers | Victoria | Equity Accounted | 49.0% |
| Gallivan, Magee & Associates Pty Ltd | Gallivan Magee & Associates | Victoria | Consolidated | 100.0% |
| Lanyon Partners Consolidated Pty Ltd | Lanyon Partners | Victoria | Equity Accounted | 45.0% |
| Garaty Murnane Insurance Brokers Pty Ltd | Garaty Murnane Insurance Brokers | NSW | Equity Accounted | 49.0% |
| Queensland Insurance Brokers Pty Ltd and QIS Financial Services Pty Ltd | Queensland Insurance Services | Queensland | Consolidated | 80.0% |
| PID Holdings Pty Ltd | PI Direct | Queensland | Consolidated | 100.0% |
| Logan Group Insurance Brokers Pty Ltd | Logan Group Insurance Brokers | Tasmania | Consolidated | 85.0% |
| Glenowar Pty Ltd | Fenton Green | Victoria | Equity Accounted | 49.0% |
| Consolidated Insurance Agencies Pty Ltd | Consolidated Insurance Agencies | Victoria | Equity Accounted | 49.0% |
| Corporate Insurance Brokers Ballina (NSW) Pty Ltd and Corporate Insurance Brokers Pty Ltd | Corporate Insurance Brokers | Queensland | Consolidated | 80.0% |
| Webmere Pty Ltd | Northern City Insurance Brokers | Queensland | Equity Accounted | 49.0% |
| Insurance Broking Queensland Pty Ltd | Insurance Broking Queensland | Queensland | Consolidated | 100.0% |
| NCA Insurance Services Pty Ltd | NCA Insurance Services | Queensland | Equity Accounted | 49.0% |
| IPS Insurance Brokers Pty Ltd | IPS Insurance Brokers | Western Australia | Equity Accounted | 40.0% |
| Cyclecover Pty Ltd (Formerly Australian Underwriting Group Pty Ltd) | Australian Underwriting Group (Cyclecover) | Victoria | Consolidated | 100.0% |
| Blackburn (Insurance Brokers) Pty Ltd and Liability Brokers Pty Ltd | Blackburn Insurance Brokers | Victoria | Equity Accounted | 49.0% |
| Empire Insurance Services Pty Ltd and McLardy McShane & Associates Pty Ltd | Empire Insurance Services | Victoria | Equity Accounted | 37.0% |
| King Insurance Brokers Pty Ltd | King Insurance Brokers | Victoria | Equity Accounted | 49.0% |
| Professional Risk Placements Pty Ltd | Professional Risk Placements | Western Australia | Consolidated | 80.0% |
| Commercial Industrial Insurance Consultants Pty Ltd | Commercial Industrial Insurance Consultants | Victoria | Equity Accounted | 49.0% |
| Finsolve Solutions Pty Ltd | Finsolve Solutions | NSW | Equity Accounted | 50.0% |

7. Steadfast acquiring 100% of: RSM Financial Services Pty Ltd, Richards Steadfast Pty Ltd, Hosie Steadfast Pty Ltd. Steadfast acquiring 49% of: RSM Group Pty Ltd, RSM Build Unit Trust, RSM Build Pty Ltd, Transport Plus Insurance Brokers Unit Trust, Transport Plus Insurance Brokers Pty Ltd, RSM Tasmania Unit Trust, RSM Tasmania Pty Ltd.

8. Steadfast has initially contracted to acquire 80% of Centre West Insurance Brokers, but has granted voting rights to the vendor (via proxy) of 51%. Steadfast's shareholding may vary – it could increase to 90% (subject to the proxy arrangement) or reduce over time to 49%.

13. Appendix C – Acquisitions, continued

| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|---|--|-------------------|----------------------|--------------------------------|
| Tudor Insurance Australia (Insurance Brokers) Pty Ltd and Tudor Insurance Agency Unit Trust | Tudor Insurance Australia | Victoria | Equity Accounted | 48.0% |
| Watkins Taylor Stone Insurance Brokers Pty Ltd and D&E Watkins Unit Trust | Watkins Taylor Stone Insurance Brokers | NSW | Equity Accounted | 35.0% |
| Grand West Pty Ltd | Grand West | South Australia | Consolidated | 100.0% |
| Edgewise Insurance Brokers Pty Ltd and The Bradstock GIS Unit Trust | Edgewise Insurance Brokers | Victoria | Equity Accounted | 25.0% |
| Armbro Insurance Brokers Pty Ltd | Armbro Insurance Brokers | Victoria | Equity Accounted | 40.0% |
| Melbourne Insurance Brokers Pty Ltd | Melbourne Insurance Brokers | Victoria | Equity Accounted | 49.0% |
| Capital Insurance (Broking) Group Pty Ltd and Capital Insurance Broking Group Unit Trust | Hervey Bay Maryborough Insurance Brokers | Queensland | Consolidated | 47.0% |
| Sapphire Star Pty Ltd | Denboer & Associates | Western Australia | Equity Accounted | 30.0% |
| Gardner Insurance Brokers QLD Pty Ltd | Gardner Insurance Brokers QLD | Queensland | Equity Accounted | 49.0% |
| Covercorp Pty Ltd | Covercorp | Queensland | Equity Accounted | 49.0% |
| Multi-Functional Policies Pty Ltd | MFP Insurance Brokers | South Australia | Equity Accounted | 49.0% |
| Finpac Insurance Advisors Pty Ltd | Finpac Insurance Advisors | Queensland | Equity Accounted | 49.0% |
| J.D.I (YOUNG) Pty Ltd | Dunk Insurance | NSW | Equity Accounted | 25.0% |
| Paramount Insurance Brokers Pty Ltd | Paramount Insurance Brokers | Victoria | Equity Accounted | 25.0% |
| Rose Stanton Insurance Brokers Pty Ltd | Rose Stanton Insurance Brokers | NSW | Equity Accounted | 49.0% |
| Southside Insurance Brokers Pty Ltd | Southside Insurance Brokers | NSW | Equity Accounted | 49.0% |
| Armstrong's Insurance Brokers Pty Ltd and Armstrong's Insurance Brokers Unit Trust | Armstrongs Insurance Brokers | Tasmania | Equity Accounted | 25.0% |
| Optimus 1 Pty Ltd | Optimus 1 | Queensland | Equity Accounted | 25.0% |

2 Steadfast Underwriting Agencies

| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|-------------------------------------|------------|----------|----------------------|--------------------------------|
| Altiora Insurance Services Pty Ltd | Altiora | NSW | Consolidated | 100.0% |
| Sterling Insurance Pty Ltd | Sterling | NSW | Equity Accounted | 39.5% |
| Miramar Underwriting Agency Pty Ltd | Miramar | NSW | Consolidated | 100.0% ⁹ |

3 Ancillary businesses

| Legal Entity | Trading As | Location | Accounting Treatment | Steadfast's post-IPO Ownership |
|---------------------------|-------------------|----------|----------------------|--------------------------------|
| White Outsourcing Pty Ltd | White Outsourcing | NSW | Consolidated | 87.5% |
| Meridian Lawyers Ltd | Meridian Lawyers | NSW | Equity Accounted | 25.0% |

9. Steadfast currently has a 50% equity interest in Miramar and is contracted to increase its shareholding to 100% at Listing.

14. General insurance glossary

14. General insurance glossary

| Term | Definition |
|---|---|
| Accident and health insurance | Subset of general insurance that provides insurance covering accidental injury, death and related health expenses for businesses |
| Base Premium | GWP excluding fire services levies |
| broker consolidator group | An entity that owns equity interests in Insurance brokers |
| broker cluster group | Service provider to a number of independently owned Insurance brokers |
| Business pack | Packaged insurance policy designed for SMEs incorporating the main classes of insurance typically purchased by such businesses, including fire and perils, business interruption, public and product liability, crime, motor vehicle and marine transit insurance |
| Claims | Payments made to the insured when certain conditions in the insurance policy are met |
| Commercial lines insurance | Insurance for businesses |
| Commercial property insurance | Subset of general insurance that provides insurance covering contents and damage to commercial property |
| Compulsory third party insurance | An insurance policy that covers vehicle owners who are legally liable for personal injuries caused to others as a result of an accident |
| Construction and engineering insurance | Subset of general insurance that provides specialist insurance geared specifically to the risks involved in the construction and engineering industries |
| F&C | Fee and Commission |
| Fire services levy | A levy collected by insurers to cover contributions to the running of fire services |
| General insurance | Insurance policies which protect the insured from the potential financial loss associated with certain insured events that are not life insurance policies |
| Gross written premiums ("GWP") | The aggregate value of premium amounts payable over the life of an insurance contract, including any brokerage and commission payable to intermediaries and Fire Service Levies, but excluding GST and stamp duty |
| Home and contents insurance | Subset of general insurance that provides insurance for individuals covering damage and theft of property and the contents within the property |
| Insurance broker or broker | Intermediaries between the product provider (the insurer or underwriting agency) and their customers to whom they provide advice in relation to the purchase of insurance |
| Insured | The term used to describe an individual or company who is being insured |
| Insured event | Events against which an insurance contract offers indemnity or financial protection |
| Insurer | The company who receives the Insured's premiums, issues the insurance policy and who is liable for all insurance claims |
| Investment yields | Investment returns on policyholder and shareholder funds |
| ISR | Industrial special risks insurance, which provides property damage cover and consequential loss cover for medium to larger organisations with diverse operations and insurable value over \$10 million |



| Term | Definition |
|---|--|
| Liability insurance | Subset of general insurance that provides insurance covering businesses for a variety of liability exposures |
| Life insurance | Insurance policies which provide a monetary payment in the event of the insured's death, incapacitation or diagnosis with certain illnesses |
| Marine and aviation insurance | Subset of general insurance that provides specialist insurance geared specifically to the risks involved in the transportation of cargo, vessels and the operation of aircraft |
| Motor insurance | Subset of general insurance that covers motor vehicles for theft, damage suffered and certain liabilities for damages caused to a third party |
| NIBA | National Insurance Brokers Association |
| Personal lines insurance | Insurance for individuals |
| Premium funder | Provider of premium funding |
| Premium funding | A loan product where the upfront cost of an insurance premium is paid by the premium funder on behalf of the insured, in return for periodic payments which comprise both a principal component and interest component |
| Professional indemnity insurance | Subset of professional risks insurance that provides insurance for legal liabilities and costs arising from the insured's professional activities |
| Professional risks | Subset of general insurance that provides specialist insurance covering businesses that provide professional services such as medical, consulting, financial and property services |
| Reinsurance | Insurance purchased by an insurer, where a portion of the insurer's risk is transferred to a reinsurer who is paid a reinsurance premium |
| Rural and farm insurance | Subset of general insurance that provides specialist insurance geared specifically to the risks involved in the operation of rural businesses and agricultural enterprises |
| Statutory covers | Subset of general insurance that provides insurance policies required by law, such as workers' compensation insurance |
| Trade credit insurance | Insurance policy offered to businesses seeking to protect their accounts receivable from loss due to credit risks such as protracted default, insolvency or bankruptcy |
| Underwrite | To enter into an insurance contract/policy, whereby the underwriter will receive an insurance premium in return for promising to pay for any claims specified in the contract/policy |
| Underwriting agency | Intermediaries that provide specialist insurance products which are developed in conjunction with an insurer that underwrites the product. Insurance agencies act as an agent on behalf of the insurer |
| Workers' compensation | Subset of statutory covers insurance that provides compulsory insurance cover for employers covering certain benefits due to workers who are injured in the course of their employment |

15. General glossary

15. General glossary



| Term | Definition |
|---------------------------------|---|
| \$, A\$ | Australian dollars |
| Acquired EBITA | In respect of a financial period for an Acquired Entity, is the EBITA of the Acquired Entity for that financial period multiplied by the percentage equity interest that Steadfast, or a subsidiary of Steadfast, has (or will have) in that Acquired Entity on completion of the Acquisition relating to that Acquired Entity |
| Acquired Entity | An entity in which Steadfast, or a subsidiary of Steadfast, holds (or will hold) an equity interest on completion of the Acquisition relating to that Acquired Entity |
| Acquisitions | The Pre-IPO Acquisitions and the IPO Acquisitions, collectively referred to as the Acquisitions |
| Additional Invitation | The invitation under this Prospectus to Retail Offer Investors in Australia nominated by Steadfast Network Brokers who are on the register on the Priority Offer Record Date to participate in the Priority Offer on a non-firm basis, as described in Section 7 which includes a personalised Priority Offer Application Form |
| AFSL | Australian Financial Services Licence |
| Applicant | A person who submits an Application or who will receive Re-weighting Shares, Consideration Shares or Executive Shares if the Offer is completed |
| Application | An application to subscribe for Shares offered under this Prospectus |
| Application Form | The relevant form attached to or accompanying this Prospectus, including the online application form at www.steadfast.com.au , pursuant to which Applicants apply for Shares, including: <ul style="list-style-type: none"> in the case of Applicants under the Board's List Offer, the personalised Board's List Application Form accompanying this Prospectus; in the case of Applicants under the Priority Offer, the personalised Priority Offer Application Form accompanying this Prospectus; and in the case of Applicants under the Stockbroker Firm Offer, the Stockbroker Firm Offer Application Form accompanying this Prospectus |
| Application Monies | The amount accompanying an Application Form submitted by an Applicant |
| ASIC | Australian Securities and Investments Commission |
| ASTC | ASX Settlement Pty Limited (ABN 49 008 504 532) |
| ASX | Australian Securities Exchange, as operated by ASX Limited (ABN 98 008 624 691) |
| ASX Listing Rules | The official listing rules of ASX |
| ASX Settlement Operating Rules | The rules of ASX Settlement Pty Ltd (ABN 49 008 504 532) |
| Australian Accounting Standards | Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations |
| Board or Board of Directors | The board of directors of the Company |
| Board's List Application Form | The Application Form attached to or accompanying the Replacement Prospectus available online at www.steadfast.com.au , identified as a Board's List Application Form |

15. General glossary, continued

| Term | Definition |
|-------------------------------------|--|
| Board's List Invitation | The invitation under this Prospectus to Retail Offer Investors in Australia nominated by the Board and certain other investors to participate in the Board's List Offer on a firm basis up to the amount nominated by the Board (and limited to \$7 million in aggregate), as described in Section 7, which includes a personalised Board's List Application Form |
| Board's List Offer | The Board's List Invitation under this Prospectus, as described in Section 7 |
| Bookbuild | Means the bookbuild process managed by the Joint Lead Managers to determine the Final Price |
| Business Day | Has the meaning given in the Listing Rules |
| CAGR | Compound Annual Growth Rate |
| Capital Restructure | The proposed restructure pursuant to which each Existing Broker Shareholder will receive an allocation of Equal Allocation Shares and (to the extent applicable) an additional allocation of Shares calculated by Steadfast to reflect individual historical proportional contributions to a number of components of Steadfast's revenue by the relevant Existing Broker Shareholder |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CGT | Capital Gains Tax |
| CHESS | Clearing House Electronic Sub register System, operated in accordance with the Listing Rules and ASX Settlement Operating Rules |
| Claims Experience Benefit | A payment received by Steadfast under the Erato Program where claims incurred in an underwriting year are less than a specified threshold |
| Closing Date | The date on which the Offer is expected to close, being Wednesday, 24 July 2013 in respect of the Priority Offer and Board's List Offer, Friday, 26 July 2013 in respect of the Stockbroker Firm Offer and Tuesday, 30 July 2013 in respect of the Institutional Offer. These dates may be varied without prior notice |
| Company and Steadfast | Steadfast Group Limited (ABN 98 073 659 677, AFSL 254928) |
| Conditional Listing Approval | ASX granting conditional approval of the Listing |
| Consideration Shares | Shares issued (or to be issued) by Steadfast to Vendors (or their valid nominees) as part consideration for the acquisition of equity interests in relevant IPO Acquisitions and relevant Pre-IPO Acquisitions |
| Consideration Share Election | An election made by a Vendor, subject to and in accordance with the applicable Acquisition Agreement, as to whether they wish to receive cash, Consideration Shares or a combination in consideration for the relevant IPO Acquisition, subject to a cap of 80% of the consideration being Consideration Shares in most cases |
| Constitution | The constitution of Steadfast |
| COO | Chief Operating Officer |
| Corporations Act | Corporations Act 2001 (Cth) |
| Co-Shareholder | Vendors that will retain an equity interest in one or more of the IPO Acquisitions |
| Director | A director of the Company |



| Term | Definition |
|-----------------------------|--|
| DEA | Deferred equity award |
| DPS | Dividend per Share |
| DRP | Dividend reinvestment plan |
| EBIT | Earnings before interest expense and tax |
| EBITA | Earnings before interest expense, tax and amortisation |
| EGM | The extraordinary general meeting of Shareholders of the Company held on 14 June 2013 |
| Enterprise value | The sum of market capitalisation at the Final Price, pro-forma net debt and the book value of non-controlling interests |
| EPS | Earnings per Share |
| Equal Allocation Shares | That portion of Shares to be issued to Existing Broker Shareholders (or persons nominated by Existing Broker Shareholders) under the Capital Restructure which have been allocated on an equal basis to each Existing Broker Shareholder (based on net tangible assets plus a multiple of estimated normalised ongoing profits of Steadfast) |
| Erato Program | The professional indemnity insurance policy covering errors and omissions offered by Steadfast to certain Steadfast Network Brokers |
| Escrow Period | The period from the issue of the Consideration Shares and the Re-weighting Shares until two months after the end of the Forecast Period |
| Escrow Restrictions | The restrictions on dealing with Consideration Shares and Re-weighting Shares other than Equal Allocation Shares during the Escrow Period, and the restrictions on dealing with Executive Shares, details of which are set out in Section 10.6 |
| Executive Loan Agreements | The loan agreements entered into by the Company and certain executives of the Company, details of which are set out in Section 6.3.3 |
| Executive Shares | Shares issued (or to be issued by Steadfast) in connection with the Executive Loan Agreements |
| Existing Broker Shareholder | Any Steadfast Network Broker on the register of Steadfast as at the Re-weighting Record Date |
| Existing Share Restructure | The proposed restructure whereby rights attached to all Existing Shares will cease prior to Listing and be replaced with nominal rights to a return of capital (\$0.01 per Existing Share) on a winding up of Steadfast and no dividend rights or voting rights at a general meeting |
| Existing Shares | 1,395 fully paid ordinary shares in the capital of the Company as at the date of this Prospectus, and held by 279 Existing Broker Shareholders (each holding five shares) |
| Expiry Date | The date 13 months after the date of Prospectus Lodgement |
| Exposure Period | The period specified in section 727(3) of the Corporations Act, being a minimum period of seven days after the Prospectus Date, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the Prospectus Date |
| Final Price | The price per share that all Successful Applicants will pay for IPO Shares under the IPO Offer as determined by the Bookbuild, denominated in Australian dollars |
| Financial Information | Refers to all Pro-forma Historical Financial Information, Historical Financial Information and Forecast Financial Information |

15. General glossary, continued

| Term | Definition |
|---|---|
| FOFA | The "Future of Financial Advice" reforms, which make a number of amendments to the Corporations Act including to introduce bans relating to giving conflicted and other remuneration to Australian financial services licensees and to impose a statutory best interests obligations on licensees that provide personal financial product advice |
| Forecast Financial Information | The financial information described as Forecast Financial Information in Section 4 |
| Forecast Period | The reporting period for which Steadfast is providing Forecast Financial Information in the Prospectus |
| 1H13 | Six months ended 31 December 2012 |
| FY11 | Financial year ended 30 June 2011 |
| FY12 | Financial year ended 30 June 2012 |
| FY13 | Financial year ended 30 June 2013 |
| FY14 | Financial year ended 30 June 2014 |
| GST | Goods and Services Tax |
| HIN | Holder Identification Number |
| Historical Financial Information | The financial information described as Historical Financial Information in Section 4 |
| Hub Strategy | The potential to merge certain Steadfast Equity Brokers or Steadfast Underwriting Agencies with other businesses that have a similar geographic or product focus |
| Indicative IPO Share Range | The indicative range for the number of IPO Shares being offered under this Prospectus, being 278 million to 334 million IPO Shares |
| Indicative Price Range | The indicative price range for the IPO Offer of \$1.00 to \$1.20 per IPO Share |
| Indicative Share Range | The indicative range for the number of Shares (including IPO Shares, Re-weighting Shares, Consideration Shares and Executive Shares) being offered or issued under this Prospectus, being 490 million to 545 million Shares |
| Initial Prospectus | The Prospectus dated 28 June 2013 and lodged with ASIC on that date, which this Prospectus replaces. |
| Institutional Investor | <p>Investors who are:</p> <ul style="list-style-type: none"> • persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act, and in New Zealand to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, pursuant to section 3(2)(a)(ii) of the Securities Act 1978 (NZ), and in either case who are not US Persons and are not acting for the account or benefit of US Persons; • institutional investors in certain other jurisdictions, as agreed by Steadfast and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply) and that are not US Persons and are not acting for the account or benefit of US Persons; and • such other persons as Steadfast and the Joint Lead Managers may agree to be Institutional Investors |



| Term | Definition |
|--|--|
| Institutional Offer | The invitation to Institutional Investors in Australia and a number of overseas jurisdictions, made pursuant to this Prospectus, as described in Section 7 |
| Investigating Accountant | KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited (ABN 43 007 363 215) |
| Investigating Accountant's Report | The report in respect of the Pro-forma Historical Financial Information and Historical Financial Information, and the report in respect of the Forecast Financial Information prepared by the Investigating Accountant, a copy of which is included in Section 8 |
| IPO | An initial public offering of the Company's fully paid ordinary shares |
| IPO Acquisitions | Acquisitions by Steadfast of equity interests ranging from 25% to 100% in certain Steadfast Network Brokers and other businesses on or about the implementation of the Restructure Proposal and the Listing, an indicative Listing of which is set out in Part B of Appendix C and where the context requires, refers to the Acquired Entities the subject of those acquisitions |
| IPO Acquisition Agreements | Sale and Purchase Agreements entered into between Steadfast and each of the Vendors in relation to the IPO Acquisitions |
| IPO Offer | The Retail Offer and the Institutional Offer |
| IPO Shares | Shares issued (or to be issued) under the IPO Offer |
| Joint Lead Managers | J.P. Morgan Australia Limited (ABN 52 002 888 011) and Macquarie Capital (Australia) Limited (ABN 79 123 199 548) |
| J.P. Morgan | J.P. Morgan Australia Limited (ABN 52 002 888 011) |
| Licence Agreement | The licence and services agreement proposed to be entered into between Steadfast and Steadfast Network Brokers on or about Listing to replace their existing shareholder-based relationship (including discretionary rebate arrangements) with a new contractual relationship (including revised discretionary rebate arrangements together with services to be provided by Steadfast and intellectual property licensing arrangements), as described in Section 3.5.4 |
| Listing | Official quotation of the Shares on ASX and commencement of unconditional trading of Shares on ASX |
| Listing Rules | Listing rules of ASX |
| LTIP | Long term incentive plan |
| Macquarie Bank | Macquarie Bank Limited (ABN 46 008 583 542) |
| Macquarie Capital | Macquarie Capital (Australia) Limited (ABN 79 123 199 548) |
| Macquarie Premium Funding or MPF | Macquarie Premium Funding Pty Limited (ABN 82 127 517 677), a joint venture company owned equally by Steadfast and Macquarie Bank |
| Meridian Lawyers | Meridian Lawyers Limited (ABN 18 108 546 774) |
| Miramar | Miramar Underwriting Pty Ltd (ABN 97 111 534 797, AFSL 314176) |
| M&A Fee | Marketing & administration fees that are paid to Steadfast by Strategic Partners calculated based on the volume of Base Premium of Steadfast preferred product placed by Steadfast Network Brokers on behalf of the Strategic Partner |
| NCIB | National Credit Insurance (Brokers) Pty Limited (ABN 68 008 090 702, AFSL 233817) |

15. General glossary, continued

| Term | Definition |
|---|--|
| Non-Executive Director | A member of the Board of Directors who does not form part of Steadfast's management |
| NPAT | Net profit after tax |
| NPATA | Net profit after tax and before amortisation attributable to members of Steadfast |
| Offer | The IPO Offer together with the offer or issue of Consideration Shares, Re-weighting Shares and Executive Shares under (and as contemplated by) this Prospectus |
| Offer Management Agreement | The offer management agreement between Steadfast and the Joint Lead Managers as described in Section 10.13 |
| Offer Period | The period from the Opening Date and ending on the Closing Date |
| Official List | The official list of entities that ASX has admitted and not removed from listing |
| Opening Date | The date on which the Retail Offer opens |
| Pacific Premium Funding or PPF | Pacific Premium Funding Pty Limited (ABN 57 109 849 872), the insurance premium funding business the acquisition of which was completed by Macquarie Premium Funding in March 2013 |
| Preferred Capital Shares or PC Shares | Preferred capital shares in the capital of Steadfast |
| Pre-IPO Acquisitions | Acquisitions by Steadfast of equity interests ranging from 17.9% to 100% in four insurance broking businesses and one underwriting agency and where the context requires, refers to the Acquired Entities the subject of those acquisitions. The Pre-IPO Acquisitions completed between November 2012 and April 2013 and are listed in Part A of Appendix C |
| Priority Invitation | The invitation under this Prospectus to Retail Offer Investors in Australia nominated by Steadfast Network Brokers who are on the register on the Priority Offer Record Date to participate in the Priority Offer on a firm basis up to the amount nominated by those Steadfast Network Brokers (up to an aggregate of \$98,000 in respect of each such Steadfast Network Broker), as described in Section 7 which includes a personalised Priority Offer Application Form |
| Priority Offer | The Priority Invitation or Additional Invitation under this Prospectus, as described in Section 7 |
| Priority Offer Application Form | The Application Form attached to or accompanying the Replacement Prospectus available online at www.steadfast.com.au , identified as a Priority Offer Application Form |
| Priority Offer Record Date | 7.00pm, 28 June 2013 |
| Pro-forma Historical Financial Information | The financial information described as Pro-forma Historical Financial Information in Section 4. |
| Proportionally Adjusted | Figures or amounts determined by using the base metric (for example, GWP, revenue or EBITA) and multiplying it by Steadfast's proportionate ownership interest in the business in order to calculate Steadfast's effective interest |
| Prospectus | This document, being a prospectus for the purpose of Chapter 6D of the Corporations Act (including the electronic form of this document) and any supplementary or replacement prospectus |
| Prospectus Date | The date on which a copy of the Initial Prospectus was lodged with ASIC, being 28 June 2013 |



| Term | Definition |
|--|--|
| Prospectus Lodgement | Lodgement of this Prospectus with ASIC |
| Qualifying Investor | An investor who does not participate on their own behalf in the Institutional Offer and is an Australian or New Zealand resident who is, if in Australia, a sophisticated or professional investor (within the meaning of section 708(8) and 708(11) of the Corporations Act, respectively) or, if in New Zealand, a person whose principal business is the investment of money or who, in the course of and for the purposes of his, her or its business, habitually invests money (pursuant to section 3(2)(a)(ii) of the Securities Act 1978(NZ)) |
| Rebate | An annual payment made to Steadfast Network Brokers, at the discretion of the Board, based on the amount of business placed by each Steadfast Network Broker with Strategic Partners |
| Restructure Proposal or Restructure | The proposal intended to facilitate the Listing, involving the completion of the acquisition of equity interests in the IPO Acquisitions, the completion of the Capital Restructure and the Existing Share Restructure, and the proposed entry into Licence Agreements |
| Retail Offer | The Board's List Offer, Stockbroker Firm Offer and the Priority Offer |
| Retail Offer Investor | An eligible investor who is not participating in the Institutional Offer, provided that any such investor is not in the United States or a person that is, or is acting for the account or benefit of, a US Person |
| Re-weighting Record Date | 28 June 2013 |
| Re-weighting Shares | Shares issued (or to be issued) by Steadfast under the Capital Restructure |
| Rothbury | Rothbury Group Limited (New Zealand Company Number 1605854) |
| Settlement | The settlement in respect of the Shares the subject of the Offer under the Offer Management Agreement |
| Share | A fully paid ordinary share in the capital of Steadfast, including IPO Shares, Executive Shares, Re-weighting Shares and Consideration Shares |
| Share and Unit Holders' Deeds | Agreements entered into between Steadfast and Co-Shareholders of Steadfast Equity Brokers governing the relationship between the parties, as described in Section 9.1 |
| Share Registry | Link Market Services Limited (ABN 54 083 214 537) |
| Shareholder | A registered holder of a Share |
| SME | Small and medium sized enterprises, typically defined by the Australian Government as businesses with less than 200 employees |
| SRN | Securityholder Reference Number |
| Sports Underwriting | Sports Underwriting Australia Pty Limited (ABN 53 119 852 096, AFSL 302484) |
| Steadfast | Steadfast Group Limited (ABN 98 073 659 677, AFSL 254928) |
| Steadfast Equity Brokers | Insurance broking businesses in which Steadfast owns or will own an equity interest of between 25% and 100% at Listing |
| Steadfast Network | The collective reference to the distribution network that is comprised of all Steadfast Network Brokers |
| Steadfast Network Broker | Insurance broking businesses to which Steadfast provides support services and which collectively comprise the Steadfast Network. Steadfast Network Brokers include any Shareholder who has ceased to conduct an insurance broking business |

15. General glossary, continued

| Term | Definition |
|--|---|
| Steadfast Underwriting Agencies | Underwriting agencies in which Steadfast does own or will own an equity interest between 39.5% and 100% at Listing |
| Steadfast Virtual Underwriter or SVU | SVU is a web-based platform for processing insurance policies. SVU enables Steadfast Network Brokers to obtain multiple, detailed quotes from a variety of insurers, with only one data input as well as place and maintain policy contracts |
| STIP | Short term incentive plan |
| Stockbroker | Any ASX participating organisation |
| Stockbroker Firm Offer | The invitation under this Prospectus to Retail Offer Investors in Australia who have received a firm allocation of IPO Shares from their Stockbrokers, as described in Section 7 |
| Stockbroker Firm Offer Application Form | The Application Form attached to or accompanying the Replacement Prospectus, identified as a Stockbroker Firm Offer Application Form |
| Strategic Partner | Preferred product partners underwriting or arranging the general insurance policies and premium funding products which are placed by Steadfast Network Brokers |
| Strategic Partner Agreements | Documented agreements entered into between Steadfast and Strategic Partners governing the product distribution relationship between Steadfast and the Strategic Partner |
| Successful Applicant | An Applicant or Institutional Investor who is issued Shares under the Offer |
| Sydney Time | Australian Eastern Standard Time (or Australian Eastern Daylight Time as applicable) |
| Taylor Fry | Taylor Fry Pty Ltd (ABN 29 087 047 809) |
| United States or US | United States of America |
| US Persons | Has the meaning given by Regulation S under the US Securities Act |
| US Securities Act | United States Securities Act of 1933, as amended |
| Vendors | An owner of equity interests in one or more IPO Acquisitions that has agreed to sell part or all of those interests to Steadfast in accordance with relevant IPO Acquisition Agreements, or a prior owner of equity interests in one or more Pre-IPO Acquisitions that is entitled to receive Consideration Shares as part of the consideration for the sale of those equity interests to Steadfast |
| Wholesale Recipients | A person in respect of whom an exemption from disclosure under section 708 of the Corporations Act applies |
| White Outsourcing | White Outsourcing Pty Limited (ABN 44 114 914 215) |

16. Corporate directory

16. Corporate directory

Steadfast Registered Office

Level 3, 99 Bathurst Street
Sydney NSW 2000

Joint Lead Managers

J.P. Morgan Australia Limited

Level 18
J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000

Macquarie Capital (Australia) Limited

No. 1 Martin Place
Sydney NSW 2000

Australian Legal Adviser

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Investigating Accountant

KPMG Transaction Services, a division of KPMG Financial Advisory Services (Australia) Pty Limited

10 Shelley Street
Sydney NSW 2000

Auditor

KPMG

10 Shelley Street
Sydney NSW 2000

Share Registry

Link Market Services Limited

Level 12
680 George Street
Sydney NSW 2000

Your Guide to the Application Form

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

- A Application Monies:** Insert the dollar amount of IPO Shares you wish to apply for. The minimum Application under the Stockbroker Firm Offer is as directed by your Stockbroker. You may be issued all of the IPO Shares applied for or a lesser number.
- B Application Name(s):** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System ("CHES") participants should complete their name and address identically to that registered in the CHES system.
- C Taxation Details:** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Steadfast will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- D Postal Address:** Please enter your postal address for all correspondence. All communications to you from Steadfast and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E CHES:** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your IPO Shares will be issued to Steadfast's issuer sponsored subregister. Otherwise, leave this section blank and on allotment you will be sponsored by the Company and allotted a Securityholder Reference Number ("SRN").
- F Contact Details:** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- G Payment:** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of IPO Shares from your Stockbroker make your cheque payable to your Stockbroker in accordance with their instructions.

Acknowledgements: I/we declare that by lodging this Stockbroker Firm Offer Application Form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Stockbroker Firm Offer Application Form relates. I/we acknowledge that the price that Successful Applicants in the Stockbroker Firm Offer will pay will be the Final Price. By lodging this Stockbroker Firm Offer Application Form, I/we represent, warrant and agree that I/we am/are located in Australia and am/are not acting for the account or benefit of, a U.S. Person (as defined in Regulations S under the US Securities Act of 1933) or a person in the United States or any other foreign person. I/we understand that the Shares have not been and will not be registered under the US Securities Act of 1933 and may not be offered, sold or resold in the United States or in any other jurisdiction outside Australia except in transactions exempt from or not subject to registration under the US Securities Act of 1933 and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold. I/we hereby authorise Steadfast to complete and execute any documents necessary to effect allotment of any IPO Shares.

Declaration: By submitting this Stockbroker Firm Offer Application Form, I/we declare, represent and warrant that this Application is completed and lodged in accordance with the Prospectus and subject to the declarations/statements in the Prospectus and this Stockbroker Firm Offer Application Form and declare that all declarations and statements made by me/us are complete and accurate. I/we agree to be bound by the Constitution of Steadfast and the terms of the IPO Offer and agree to the issue to me/us of any number of Shares equal to or less than the value indicated in section A above which may be issued to me/us pursuant to the Prospectus. Any Application may be rejected without giving reasons, including where the Stockbroker Firm Offer Application Form is not properly completed or where a cheque submitted with the Stockbroker Firm Offer Application Form is dishonoured. If your Stockbroker Firm Offer Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be traded as valid. An Application for more than \$250,000 worth of IPO Shares or from persons believed to be Institutional Investors may be treated as Final Price bids in the Institutional Offer or rejected. The decision as to whether to treat your Application as valid, and how to construe, amend or complete it, is final. An Application may be accepted in part only and Applicants may be allocated fewer Shares than the Applicant applied for. The decision on the number of IPO Shares to be allocated to you is final. An Applicant will not, however, be treated as having offered to subscribe for a higher dollar value of IPO Shares than are indicated on the Stockbroker Firm Offer Application Form. If an Application Form is rejected, or is accepted in part only, the Applicant will receive a refund of all or part of their Application Monies without interest (as applicable). No refunds pursuant to rounding will be provided.

Lodgement instructions: Applicants who receive a firm offer of IPO Shares from their Stockbroker (as described in Section 7 of the Prospectus) should return their completed Stockbroker Firm Offer Application Form and Application Monies to the Stockbroker from whom they received their firm offer of IPO Shares (unless instructed otherwise). Applications must be received by the Stockbroker in sufficient time for the Stockbroker to process the Application by the Closing Date, expected to be no later than 5.00pm Sydney Time on Friday, 26 July 2013 (unless varied). If you return your Stockbroker Firm Offer Application Form by post, you should allow sufficient time for collection and delivery by postal services. If you have any enquiries concerning your Application, please contact your Stockbroker or the Steadfast Offer Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside of Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday.

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|--|---|--|
| Individual Use given names in full, not initials | Mrs Katherine Clare Edwards | K C Edwards |
| Company Use Company's full title, not abbreviations | Liz Biz Pty Ltd | Liz Biz P/L or Liz Biz Co. |
| Joint Holdings Use full and complete names | Mr Peter Paul Tranche & Ms Mary Orlando Tranche | Peter Paul & Mary Tranche |
| Trusts Use the trustee(s) personal name(s) | Mrs Alessandra Herbert Smith <Alessandra Smith A/C> | Alessandra Smith Family Trust |
| Deceased Estates Use the executor(s) personal name(s) | Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C> | Estate of late Harold Post or Harold Post Deceased |
| Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation | Mrs Sally Hamilton <Henry Hamilton> | Master Henry Hamilton |
| Partnerships Use the partners' personal names | Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C> | Fred Smith & Son |
| Long Names | Mr Hugh Adrian John Smith-Jones | Mr Hugh A J Smith Jones |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s) | Mr Alistair Edward Lilley <Vintage Wine Club A/C> | Vintage Wine Club |
| Superannuation Funds Use the name of the trustee of the fund | XYZ Pty Ltd <Super Fund A/C> | XYZ Pty Ltd Superannuation Fund |

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section B on the Application Form.

PRIVACY STATEMENT

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website www.linkmarketservices.com.au.

Your Guide to the Application Form

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

- A Application Monies:** Insert the dollar amount of IPO Shares you wish to apply for. The minimum Application under the Stockbroker Firm Offer is as directed by your Stockbroker. You may be issued all of the IPO Shares applied for or a lesser number.
- B Application Name(s):** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System ("CHES") participants should complete their name and address identically to that registered in the CHES system.
- C Taxation Details:** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, Steadfast will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.
- D Postal Address:** Please enter your postal address for all correspondence. All communications to you from Steadfast and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E CHES:** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your IPO Shares will be issued to Steadfast's issuer sponsored subregister. Otherwise, leave this section blank and on allotment you will be sponsored by the Company and allotted a Securityholder Reference Number ("SRN").
- F Contact Details:** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- G Payment:** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.
- If you receive a firm allocation of IPO Shares from your Stockbroker make your cheque payable to your Stockbroker in accordance with their instructions.

Acknowledgements: I/we declare that by lodging this Stockbroker Firm Offer Application Form, I/we represent and warrant that I/we have read and understood the Prospectus to which this Stockbroker Firm Offer Application Form relates. I/we acknowledge that the price that Successful Applicants in the Stockbroker Firm Offer will pay will be the Final Price. By lodging this Stockbroker Firm Offer Application Form, I/we represent, warrant and agree that I/we am/are located in Australia and am/are not acting for the account or benefit of, a U.S. Person (as defined in Regulations S under the US Securities Act of 1933) or a person in the United States or any other foreign person. I/we understand that the Shares have not been and will not be registered under the US Securities Act of 1933 and may not be offered, sold or resold in the United States or in any other jurisdiction outside Australia except in transactions exempt from or not subject to registration under the US Securities Act of 1933 and in compliance with all applicable laws in the jurisdiction in which such Shares are offered and sold. I/we hereby authorise Steadfast to complete and execute any documents necessary to effect allotment of any IPO Shares.

Declaration: By submitting this Stockbroker Firm Offer Application Form, I/we declare, represent and warrant that this Application is completed and lodged in accordance with the Prospectus and subject to the declarations/statements in the Prospectus and this Stockbroker Firm Offer Application Form and declare that all declarations and statements made by me/us are complete and accurate. I/we agree to be bound by the Constitution of Steadfast and the terms of the IPO Offer and agree to the issue to me/us of any number of Shares equal to or less than the value indicated in section A above which may be issued to me/us pursuant to the Prospectus. Any Application may be rejected without giving reasons, including where the Stockbroker Firm Offer Application Form is not properly completed or where a cheque submitted with the Stockbroker Firm Offer Application Form is dishonoured. If your Stockbroker Firm Offer Application Form is not completed correctly, is late or if the accompanying cheque is for the wrong amount, it may still be traded as valid. An Application for more than \$250,000 worth of IPO Shares or from persons believed to be Institutional Investors may be treated as Final Price bids in the Institutional Offer or rejected. The decision as to whether to treat your Application as valid, and how to construe, amend or complete it, is final. An Application may be accepted in part only and Applicants may be allocated fewer Shares than the Applicant applied for. The decision on the number of IPO Shares to be allocated to you is final. An Applicant will not, however, be treated as having offered to subscribe for a higher dollar value of IPO Shares than are indicated on the Stockbroker Firm Offer Application Form. If an Application Form is rejected, or is accepted in part only, the Applicant will receive a refund of all or part of their Application Monies without interest (as applicable). No refunds pursuant to rounding will be provided.

Lodgement instructions: Applicants who receive a firm offer of IPO Shares from their Stockbroker (as described in Section 7 of the Prospectus) should return their completed Stockbroker Firm Offer Application Form and Application Monies to the Stockbroker from whom they received their firm offer of IPO Shares (unless instructed otherwise). Applications must be received by the Stockbroker in sufficient time for the Stockbroker to process the Application by the Closing Date, expected to be no later than 5.00pm Sydney Time on Friday, 26 July 2013 (unless varied). If you return your Stockbroker Firm Offer Application Form by post, you should allow sufficient time for collection and delivery by postal services. If you have any enquiries concerning your Application, please contact your Stockbroker or the Steadfast Offer Information Line on 1800 645 237 (within Australia) or +61 1800 645 237 (outside of Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday.

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Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|--|---|--|
| Individual Use given names in full, not initials | Mrs Katherine Clare Edwards | K C Edwards |
| Company Use Company's full title, not abbreviations | Liz Biz Pty Ltd | Liz Biz P/L or Liz Biz Co. |
| Joint Holdings Use full and complete names | Mr Peter Paul Tranche & Ms Mary Orlando Tranche | Peter Paul & Mary Tranche |
| Trusts Use the trustee(s) personal name(s) | Mrs Alessandra Herbert Smith <Alessandra Smith A/C> | Alessandra Smith Family Trust |
| Deceased Estates Use the executor(s) personal name(s) | Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C> | Estate of late Harold Post or Harold Post Deceased |
| Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation | Mrs Sally Hamilton <Henry Hamilton> | Master Henry Hamilton |
| Partnerships Use the partners' personal names | Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C> | Fred Smith & Son |
| Long Names | Mr Hugh Adrian John Smith-Jones | Mr Hugh A J Smith Jones |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s) | Mr Alistair Edward Lilley <Vintage Wine Club A/C> | Vintage Wine Club |
| Superannuation Funds Use the name of the trustee of the fund | XYZ Pty Ltd <Super Fund A/C> | XYZ Pty Ltd Superannuation Fund |

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section B on the Application Form.

PRIVACY STATEMENT

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website www.linkmarketservices.com.au.

