

22 July 2020

The Manager
Company Announcements
ASX Limited

Dear Sir/Madam,

Off-Market Takeover Bid by Praemium Limited for Powerwrap Limited

We refer to Praemium Limited's (ASX:PPS) (**Praemium**) announcement on 9 July 2020 regarding its proposed off-market takeover bid under Chapter 6 of the Corporations Act 2001(Cth) (**Act**) for all of the ordinary shares in Powerwrap Limited (ASX:PWL) (**Powerwrap**) that it does not already own.

We **enclose** by way of service pursuant to Item 5 of Section 633(1) of the Act, a copy of the bidder's statement issued by Praemium dated 22 July 2020 (**Bidder's Statement**).

A copy of the Bidder's Statement has been lodged with the Australian Securities and Investments Commission and has been sent to Powerwrap today.

As required by Section 633(4) of the Act, Praemium gives notice that it has set 7.00pm (AEST) on 22 July 2020 as the register date (being the date for determining holders of Powerwrap securities for the purposes of Section 633(2) of the Act).

Yours faithfully



Paul Gutteridge
Group CFO & Company Secretary
Praemium Limited

Bidder's Statement

Praemium Limited (ACN 098 405 826) offers to purchase all of your shares in

Powerwrap Limited (ACN 129 756 850) for 7.5 cents per Powerwrap Share in cash and 1 Praemium Share for every 2 Powerwrap Shares that you own

Powerwrap Directors unanimously recommend that you ACCEPT this Offer in the absence of a superior proposal

ACCEPT THIS OFFER

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Bidder's Statement contains an offer by Praemium Limited to purchase all of your shares in Powerwrap Limited. If you are in any doubt how to treat this document, you should consult your financial, legal, taxation or other professional adviser as soon as possible.

If you have any questions or require assistance with your acceptance, please the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time).

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Important Information

Key dates

1. Date of ASX Announcement: 9 July 2020
2. Date of this Bidder's Statement: 22 July 2020
3. Date this Bidder's Statement was lodged with ASIC, ASX and served on Powerwrap: 22 July 2020
4. Date the Offer opens (date of Offer): [●] 2020
5. Date the Offer closes: 7.00pm (Melbourne time) on [●] 2020*
6. Date by which Praemium must advise of status of the Defeating Conditions: [●] 2020*
7. Date of payment: see Section 15.14 of this Bidder's Statement*

**The dates in items 5, 6 and 7 above are correct as at the date of this Offer but may vary if the Offer Period is extended or the Offer withdrawn as permitted under the Corporations Act.*

Nature of this document

This Bidder's Statement is dated 22 July 2020 and is issued by Praemium Limited ACN 098 405 826 (**Praemium**) under Part 6.5 of the Corporations Act. It contains a conditional off-market Offer to acquire all of your shares in Powerwrap Limited ACN 129 756 850 (**Powerwrap**) (including existing Powerwrap Shares which it does not already own and all Powerwrap Shares that come into existence upon the conversion of, or exercise of rights, attached to other Powerwrap securities during the period from the Register Date to the end of the Offer Period).

You should read this Bidder's Statement in its entirety.

ASIC and ASX disclaimer

A copy of this Bidder's Statement was lodged with ASIC and provided to ASX on 22 July 2020. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Bidder's Statement or the merits of the Offer.

Defined terms and abbreviations

A number of terms and abbreviations used in this Bidder's Statement have defined meanings. These terms and abbreviations are capitalised and have the meanings given to them in Section 17 of this Bidder's Statement. In addition, unless the contrary intention appears, or the context

otherwise requires, words and phrases used in this Bidder's Statement that are defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No investment advice

In preparing this Bidder's Statement, the individual objectives, financial situation or needs of Powerwrap Shareholders have not been taken into account. The information and recommendations contained in this Bidder's Statement do not constitute, and should not be taken as, financial advice. Before making a decision whether or not to accept the Offer, you should consider seeking independent financial, legal, taxation or other professional advice.

Disclaimer as to forward-looking statements and information

Some of the statements appearing in this Bidder's Statement (including statements of current intention in Section 10 of this Bidder's Statement) may be forward-looking in nature.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Praemium and Powerwrap and the members of the Praemium Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of Praemium, the officers or employees of Praemium, any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

The forward-looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Information regarding Praemium and Powerwrap

The Corporations Act prescribes that certain information be included in a Bidder's Statement. This Bidder's Statement complies with sections 636 and 637 of the Corporations Act.

All information in this Bidder's Statement relating to Powerwrap has been prepared by or on behalf of Praemium using publicly available information including information set out on Powerwrap's ASX announcements platform and limited information made available to Praemium by Powerwrap. The information on Powerwrap and the assets and liabilities, financial position and performance, profits and losses, Powerwrap's securities and the

Powerwrap Group has not been independently verified by Praemium. Accordingly, Praemium does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Powerwrap and the Powerwrap Group, has also been prepared using publicly available information and limited information made available by Powerwrap. Accordingly, information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to Powerwrap's business may be included in Powerwrap's Target's Statement.

Unmarketable parcels

If the total number of Praemium Shares you are entitled to receive as consideration under the Offer is an Unmarketable Parcel, you will be paid a cash amount for your Powerwrap Shares calculated in accordance with Section 15.3 of this Bidder's Statement.

Consideration for accepting the Offer

The implied value of the Offer represented by the Offer Consideration is 26.44 cents per Powerwrap Share (**Indicative Price**).¹ The Offer Consideration comprises a combination of 7.5 cents per Powerwrap Share in cash and a fixed ratio of 1 Praemium Share for every 2 Powerwrap Shares that you own. The Offer Consideration value will fluctuate with the Praemium Share price. Accordingly, if the Praemium Share price falls then the Offer Consideration value will also fall. In a similar vein, if the Praemium Share price increases, the Offer Consideration value will also increase.

The Target's Statement

The Corporations Act prescribes requirements for a Target Statement which Powerwrap is required to provide to the Powerwrap Shareholders in response to this Bidder's Statement.

Notice to foreign shareholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions. This Bidder's Statement does not

¹ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

constitute an offer in any jurisdiction in which, or to any person to which, it would not be lawful to make such an offer.

Offer information contact

For information regarding your Powerwrap Shares, the Offer or how to accept the Offer, please read this Bidder's Statement. If you still need assistance please contact the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time), or consult your financial, legal, taxation or other professional adviser.

Internet references

Both Praemium and Powerwrap maintain a website. The Praemium website is www.praemium.com. The Powerwrap website is www.powerwrap.com.au. Information contained in, or otherwise accessible through, these websites is not part of this Bidder's Statement. All references in this Bidder's Statement to these websites are inactive textual references to these websites and are for your information only.

Privacy

Praemium has collected your information from the Powerwrap register of shareholders for the purpose of making this Offer and, if you accept the Offer, administering a record of your acceptance of Praemium's Offer for your holding of Powerwrap Shares, for the issue of any Praemium Shares and dispatch of any Offer Consideration. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Praemium's Related Bodies Corporate and external service providers and may be required to be disclosed to regulators such as ASIC and ASX. The registered address of Praemium is Level 19, 367 Collins Street, Melbourne VIC 3000.

Praemium's Share Registry

Link Market Services Limited
Locked Bag A14, Sydney South, NSW 1235
Phone: 613 9067 2005

How to accept

Acceptance of the Offer must be received in sufficient time to be acted upon before the close of Offer Period. Acceptance Forms must be sent to the address stated on the front and on the reverse of the Acceptance Form. To accept the Offer, you should follow the instructions set out in Sections 1.2 to 1.5 of this Bidder's Statement.

Chairman's Letter

22 July 2020

Dear Powerwrap Shareholder

Praemium's Offer to acquire all of your Powerwrap Shares and merge with Powerwrap should create one of Australia's leading independent specialist platform providers

On behalf of the Board of Directors of Praemium, I am pleased to present you with this Bidder's Statement which details Praemium's Offer to acquire all of your shares in Powerwrap.

About the Offer

The Offer is a conditional off-market offer by Praemium to acquire all of your shares in Powerwrap for:

- 7.5 cents per Powerwrap Share in cash; and
- 1 Praemium Share for every 2 Powerwrap Shares you own,

(together, the **Offer Consideration**).² The Indicative Price of the Offer is 26.44 cents per Powerwrap Share. For the purposes of determining the Indicative Price, the value of a Praemium Share has been assumed to be 37.89 cents, being the 5-day VWAP of Praemium Shares ending on 8 July 2020, being the last trading day before the Announcement Date.

The Offer provides Powerwrap Shareholders with an opportunity to participate in the expected benefits and longer-term performance afforded by the combination of two highly complementary businesses in Praemium and Powerwrap to create one of Australia's leading independent specialist platform groups (**Merged Group**). Importantly, Praemium is not only an established platform operator but it is a highly regarded technology solution provider.

Powerwrap's platform currently operates on Praemium's core technology. By bringing the businesses together, Powerwrap will have access to the full suite of enhanced Praemium technology. Further, with the greater financial and operational scale of the combined businesses, and a larger and more flexible balance sheet, the Merged Group is expected to be better capitalised and well positioned to pursue future growth opportunities.

For the reasons set out in this Bidder's Statement, I strongly encourage all Powerwrap Shareholders to **ACCEPT THE OFFER**.

Reasons to accept the Offer

1. Acceptance of the Offer is unanimously recommended by the Powerwrap Board, in the absence of a superior proposal, and the Powerwrap Directors have indicated

² The Offer Consideration value will fluctuate with the Praemium Share price. Accordingly, if the Praemium Share price falls then the Offer Consideration value will also fall. In a similar vein, if the Praemium Share price increases, the Offer Consideration value will also increase.

that they will accept the Offer in respect of all Powerwrap Shares they own or control, in each case, in the absence of a superior proposal.

2. The Indicative Price represents a very attractive premium of:
 - 51.1% to the last closing price of Powerwrap Shares prior to the Announcement Date;
 - 82.3% to the 3-month VWAP of Powerwrap Shares (to the Announcement Date) of \$0.145; and
 - 138.4% to the 6-month VWAP of Powerwrap Shares (to the Announcement Date) of \$0.111.
3. The Offer provides an opportunity to participate in the benefits of a Merged Group, which will be one of Australia's leading independent specialist platform providers.
4. There is anticipated to be a reduction in the operational, financial and competition risks associated with continuing to hold shares in Powerwrap on a stand-alone basis, while Powerwrap Shareholders will gain exposure to Praemium's proven track record of profit and growth.
5. Accepting Powerwrap Shareholders will have the opportunity to participate in the expected upside from the realisation of potentially significant synergies, with full year EBITDA operating cost synergies expected (on a preliminary basis) to total \$6 million by FY2022.³
6. The likelihood of a Competing Proposal emerging is low, as Praemium currently owns 15.1% of Powerwrap.⁴
7. There are possible risks of remaining as a minority shareholder of Powerwrap.
8. Potential access to CGT scrip-for-scrip rollover relief.
9. Australian Powerwrap Shareholders will not pay stamp duty and are unlikely to incur brokerage costs in accepting the Offer and transferring shares.

About Praemium

If you **ACCEPT THE OFFER**, you will have the opportunity to exchange your Powerwrap Shares for shares in Praemium, a highly regarded provider of technology platforms for managed accounts, portfolio administration, investment administration and financial planning. Praemium services more than 300,000 investor accounts covering over \$140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

³ Excludes transaction, restructure and integration costs.

⁴ Determined on an undiluted basis. At the date of this Bidder's Statement, Praemium owns 31,082,272 Powerwrap Shares.

The acquisition of Powerwrap would be a complementary addition to Praemium's growth strategy and product suite. Praemium's technological capabilities and operating experience means it is well equipped to realise value from Powerwrap's platform assets and established customer network and deliver this value to Powerwrap Shareholders, both through the Offer and via future anticipated shareholder returns.

Conditions of the Offer

The Offer is subject to the Defeating Conditions presented in Section 7 of this Bidder's Statement which includes a minimum acceptance condition of 90%.⁵ The Offer is not otherwise subject to any finance or due diligence conditions.

Accepting the Offer

Powerwrap Shareholders who accept the Offer will generally be sent the Offer Consideration on the earlier of the date that is:

- one month after the Offer becomes, or is declared, unconditional; or
- 21 days after the end of the Offer Period.

Detailed information in respect of the Offer is set out in this Bidder's Statement. I encourage you to read the entirety of this Bidder's Statement carefully and in full.

The Offer is open for acceptance until 7:00pm (Melbourne time) on [●] 2020, unless extended or withdrawn in accordance with the Corporations Act. To accept the Offer, you should follow the instructions detailed in Sections 1.2 to 1.5 of this Bidder's Statement.

I encourage you to **ACCEPT THE OFFER**.

If you have any questions, please contact the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time), or consult your financial, legal, taxation or other professional adviser.

Yours sincerely



Barry Lewin
Chairman
Praemium Limited

⁵ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Bidder's Statement.

1. Key dates and Acceptance of Offer

1.1 Key dates

Date of ASX Announcement (a copy of the ASX announcement is in Annexure A of this Bidder's Statement) (Announcement Date)	9 July 2020
Date of this Bidder's Statement	22 July 2020
Date this Bidder's Statement was lodged with ASIC, ASX and served on Powerwrap	22 July 2020
Date the Offer opens (date of Offer)	[●] 2020
Date the Offer closes (Offer Closing Date)*	7.00pm (Melbourne time) on [●] 2020
Date by which Praemium must advise of status of Defeating Conditions*	[●] 2020
Date of payment*	See Section 15.14 of this Bidder's Statement

**These dates are correct as at the date of this Bidder's Statement but may vary if the Offer Period is extended or the Offer is withdrawn as permitted by the Corporations Act.*

1.2 How to accept the Offer

- (a) You may only accept the Offer for all (but not some) of your Powerwrap Shares.
- (b) To accept, you must accept the Offer by no later than the Offer Closing Date.
- (c) How to accept the Offer will depend on whether you hold your Powerwrap Shares in an Issuer Sponsored Holding or a CHESS Holding.

1.3 Issuer Sponsored Holdings (i.e. you have an SRN prefixed with the letter I – see the attached Acceptance Form).

- (a) If your holding is an Issuer Sponsored Holding, you may accept the Offer by:
 - (i) completing and signing the Acceptance Form attached to this Bidder's Statement; and

- (ii) returning the Acceptance Form to Praemium with all documents specified in the Acceptance Form. The Acceptance Form must be received by Praemium prior to the Offer Closing Date.

(b) Acceptance Forms must be:

- (i) received with original signatures; or
- (ii) signed, scanned and sent to the designated email address of Praemium's share registry (being capitalmarkets@linkmarketservices.com.au), with original signatures to follow in due course,

in each case, accompanied by any required supporting documentation.

1.4 **CHESS Holdings (i.e. you have a HIN starting with the letter X – see attached Acceptance Form)**

(a) If your Powerwrap Shares are held in a CHESS Holding, you can accept the Offer by either:

- (i) instructing your Controlling Participant to accept the Offer on your behalf prior to the Offer Closing Date; or
- (ii) completing and signing the Acceptance Form attached to this Bidder's Statement and returning it to the address set out in the Acceptance Form. The Acceptance Form authorises your Controlling Participant (usually your broker) to initiate your acceptance to the Offer on your behalf. Your Acceptance Form must be received by Praemium in time to allow Praemium to relay your instructions to the Controlling Participant prior to the Offer Closing Date.

(b) Acceptance Forms must be:

- (i) received with original signatures; or
- (ii) signed, scanned and sent to the designated email account of Praemium's share registry (being capitalmarkets@linkmarketservices.com.au), with original signatures to follow in due course,

in each case, accompanied by any required supporting documentation.

1.5 **Controlling Participants**

If you are an ASX Settlement Participant/Controlling Participant in respect of your Powerwrap Shares, you must yourself initiate the acceptance of this Offer in

accordance with rule 14.14 of the ASX Settlement Operating Rules prior to the Offer Closing Date.

Praemium recommends that you give instructions at the earliest opportunity to avoid missing the Offer Closing Date.

1.6 Terms of the Offer

- (a) The terms of the Offer are set out in Section 15 of this Bidder's Statement.
- (b) The Offer will remain open until 7:00pm (Melbourne time) on the Offer Closing Date unless the Offer is withdrawn or the Offer Period is extended.

1.7 Defeating Conditions

The Offer and any contract that results from an acceptance of this Offer are subject to the Defeating Conditions set out in Section 7 of this Bidder's Statement. Praemium may, at its election, waive one or more of the Defeating Conditions.

2. Why you should accept this Offer

2.1 The Powerwrap Board unanimously recommends that you accept the Offer

- (a) The Powerwrap Board have unanimously recommended that Powerwrap Shareholders accept the Offer, in the absence of a superior proposal.
- (b) Additionally, Powerwrap Directors have confirmed they will accept or procure the acceptance of the Offer in respect of Powerwrap Shares that they own or control, in the absence of a superior proposal.
- (c) Powerwrap Directors own or control 2,740,000 Powerwrap Shares representing 1.33% of Powerwrap Shares outstanding as at the date of this Bidder's Statement (on an undiluted basis).

2.2 Other reasons you should accept the Offer

Praemium's Offer represents a highly strategic opportunity to bring together Praemium and Powerwrap to create a leading independent specialist platform business with combined FUA of over \$28.8 billion and operations in Australia, Asia and the United Kingdom, amongst others.

The Merged Group would preserve and build on Praemium and Powerwrap's already strong business partnership and provide significant benefits to accepting Powerwrap Shareholders for the following reasons:

- (a) the Indicative Price⁶ represents a very attractive premium of:
 - (i) 51.1% to the last closing price of Powerwrap Shares prior to the Announcement Date;
 - (ii) 82.3% to the 3-month VWAP of Powerwrap Shares (to the Announcement Date) of \$0.145; and
 - (iii) 138.4% to the 6-month VWAP of Powerwrap Shares (to the Announcement Date) of \$0.111;
- (b) the Offer provides an opportunity to participate in the benefits of the Merged Group, which will be one of Australia's leading independent specialist platform providers;
- (c) there is anticipated to be a reduction in the operational, financial and competition risks associated with continuing to hold shares in Powerwrap on a stand-alone basis, while Powerwrap Shareholders will gain exposure to Praemium's proven track record of profit and growth;
- (d) accepting Powerwrap Shareholders will have the opportunity to participate in the expected upside from the realisation of potentially significant synergies, with full year EBITDA operating cost synergies expected (on a preliminary basis) to total \$6 million by FY2022⁷;
- (e) the likelihood of a Competing Proposal emerging is low, as Praemium currently owns 15.1% of Powerwrap;⁸
- (f) there are possible risks of remaining as a minority shareholder of Powerwrap;
- (g) potential access to CGT scrip-for-scrip rollover relief; and
- (h) Australian Powerwrap Shareholders will not pay stamp duty and are unlikely to incur brokerage costs in accepting the Offer and transferring shares.

The benefits listed above are explained in further detail on the following pages. In considering these benefits, Powerwrap Shareholders should also consider that the Offer is subject to a number of risks which are described in Section 16 of this Bidder's Statement. If you are a Foreign Powerwrap Shareholder or an Unmarketable Parcel Shareholder, you will receive cash and will not become a Praemium Shareholder (and therefore, the benefits set out in reasons (b), (c), (d) and (g) above would not be applicable to you).

⁶ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

⁷ Excludes transaction, restructure and integration costs.

⁸ Determined on an undiluted basis. At the date of this Bidder's Statement, Praemium owns 31,082,272 Powerwrap Shares.

2.3 A substantial control premium is being offered for your Powerwrap Shares

Based on the Indicative Price of 26.44 cents per Powerwrap Share⁹, Powerwrap Shareholders would receive an attractive premium of 82.3% to the 3-month VWAP of Powerwrap Shares (to the Announcement Date) of \$0.145 and a 138.4% premium to the 6-month VWAP of Powerwrap Shares (to the Announcement Date) of \$0.111. The Offer also represents a premium of 51.1% to the last closing price of Powerwrap Shares prior to the Announcement Date.

Offer premium to a range of historical trading prices for Powerwrap Shares



Source: S&P Capital IQ as of market close on 8 July 2020. As permitted by ASIC Class Order 2016/72, this chart contains ASX share price trading information sourced from S&P Capital IQ without its consent.

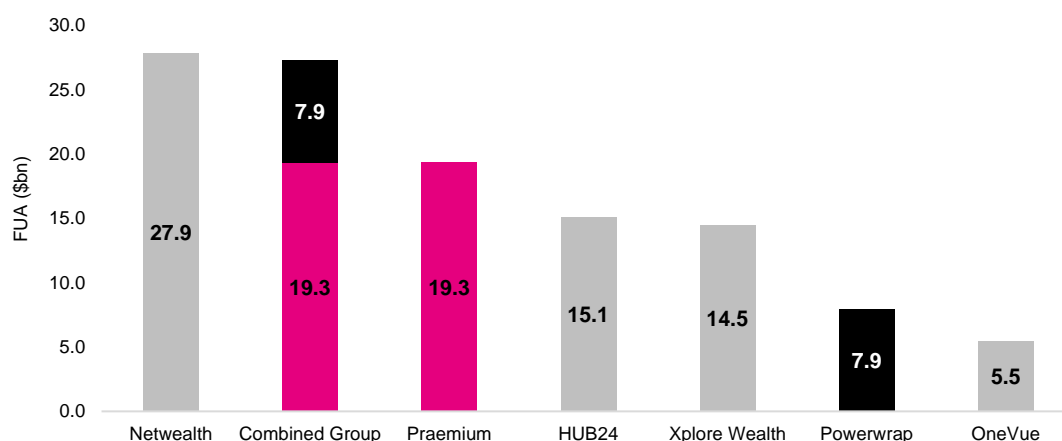
Prior to the Announcement Date, Powerwrap Shares had not closed at or above the Indicative Price since 23 August 2019.

2.4 The Offer provides an opportunity for accepting Powerwrap Shareholders to participate in the benefits of the Merged Group which will be one of Australia's leading independent specialist platform providers

The FUA of the Merged Group would be over \$28.8 billion, making the Merged Group the number two independent platform operator in the sector (based on disclosed FUA as presented below). The Merged Group would also be well positioned to leverage scale efficiencies not available on a stand-alone basis.

⁹ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

Disclosed FUA as at 31 March 2020 ^{10 11}



Source: Relevant company's ASX announcement March 2020 quarterly FUA update.

It is expected that the business will have improved access to funding sources and thus greater capacity to invest in growth opportunities, such as acquisitions and R&D. Additionally, the Merged Group will have a stronger balance sheet given the potential release of regulatory capital upon consolidation of the operation of the schemes.

If the Offer is successful, a truly integrated network will be formed with:

- combined revenue of \$65.8 million for the last 12 months;
- combined EBITDA of \$7.1 million, excluding synergies, for the last 12 months;
- full year EBITDA operating cost synergies expected (on a preliminary basis) to total \$6 million by FY2022¹²; and
- pro-forma implied market capitalisation of \$210.4 million.¹³

It is expected that the merger of Praemium and Powerwrap will provide significant strategic and financial benefits to shareholders, which include:

¹⁰ Includes Praemium's custodial and non-custodial FUA which relates to \$8.3 billion of platform FUA and \$11.1 billion held within its non-custodial Virtually Managed Accounts Administration Service. Praemium's international FUA in GBP (being £1.5 billion) was translated into AUD at the spot rate on 31 March 2020 for quarter end FUA of 0.5006. All figures provided are unaudited.

¹¹ Disclosed FUA as at 31 March 2020 has been presented for ease of comparison. At the date of this Bidder's Statement, the following companies have disclosed their 30 June 2020 FUA by way of lodging disclosures with the ASX market platform: Netwealth: \$31.5 billion; Praemium: \$20.3 billion (includes custodial and non-custodial FUA); HUB24: \$17.2 billion; and Powerwrap: \$8.5 billion. Xplore Wealth and OneVue have not disclosed their 30 June 2020 FUA at the date of this Bidder's Statement.

¹² Excludes transaction, restructure and integration costs.

¹³ Based on an Indicative Price of 26.44 cents per Powerwrap Share and current diluted shares outstanding of 210.1 million, excluding Powerwrap Performance Rights expected to be issued following finalisation of Powerwrap's audited financial statements, plus a 5-day VWAP of 37.89 cents for Praemium Shares, being the 5 trading days prior to the Announcement Date, and ordinary Praemium Shares outstanding of 408.7 million.

(a) **The creation of a leading independent specialist platform business**

Praemium and Powerwrap are among a small number of independent specialist platform providers (**SPPs**) that are seeking to challenge the incumbent vertically aligned platforms. In aggregate, the SPPs, while growing strongly, still have a relatively small market share of the Australian platform market. Prospects for the SPPs have been further enhanced following the Hayne Royal Commission, with the major banks seeking to exit the wealth market, and SPPs have been predicted to grow from 5% to 12% in the five years to 2024.¹⁴

Overall, the Merged Group will have a number of important differentiators:

- (i) a strong position serving the complex needs of advisers with clients in the high net-worth investor (**HNWI**) market segment;
- (ii) a market leader in accurate and reliable portfolio and tax reporting;
- (iii) a major provider of reporting and administration for HIN-based portfolios; and
- (iv) the only adviser platform that operates in Australia, the UK and various offshore markets.

(b) **An enhanced leadership position in the HNWI market segment**

Powerwrap's strength in serving the HNWI market segment is an important differentiator. Like Powerwrap, Praemium also has a strong presence in the HNWI market with some of Australia's largest wealth management firms. Praemium's capabilities in reporting, and tax reporting in particular, provide it with a unique competitive advantage that is particularly important to the HNWI market segment.

Praemium's reporting and administration strength combined with Powerwrap's execution capabilities and broad range of alternative investment options will create a highly attractive proposition as a specialist platform solution for wealth managers and investors operating in HNWI markets.

(c) **Leveraging Praemium's upgraded platform to strive for industry leadership**

In early 2019, Praemium launched a major platform upgrade to create the next generation in platform technology with its fully integrated managed accounts platform. The upgrade was supported by a successful marketing campaign and included a number of important innovative features such as:

¹⁴ UBS Global Research, Australian Diversified Financials, May 2019.

- (i) an enhancement to Praemium's digital Investor Portal;
- (ii) the release of an intuitive digital Adviser Portal; and
- (iii) an artificial intelligence application, Insights, that assists advisers with client retention.

The success of the upgrade was evidenced by the fact that Praemium debuted at number 4 on Investment Trend's 2019 platform ranking out of a total of 19 platforms. Furthermore, Praemium's upgraded platform has been successfully implemented onto its UK platform, creating further leverage from its investments in technology and product development.

Powerwrap currently uses an older version of the Praemium software. The Merged Group intends to upgrade the Powerwrap clients onto this new platform to deliver efficiencies and a better client experience to the existing advisers and end clients of Powerwrap. Powerwrap clients will also benefit from the pipeline of enhancements currently on Praemium's development roadmap.

The upgraded platform leveraged across a larger client base will support the long-term growth of the Merged Group.

2.5 There is anticipated to be a reduction in the operational, financial and competition risks associated with continuing to hold shares in Powerwrap on a stand-alone basis, while investors will gain exposure to Praemium's proven track record of profit and growth

The opportunity to join a stronger combined business represents an attractive opportunity for Powerwrap Shareholders and the Offer allows them to receive certain value for the cash consideration portion of the Offer Consideration.

In addition, if the Offer is successful it will give Powerwrap Shareholders exposure to the growth potential and growth accelerators associated with Praemium's business. This includes FUA inflows, superior user experience and functionality, greater distribution through Praemium's sales and implementation team as well as its brand building capabilities.

Furthermore, Praemium is generating sufficient operating cash flows to fund significant investment in its platform technology along with the domestic and international expansion of the Merged Group.

2.6 **Accepting Powerwrap Shareholders will have the opportunity to participate in the expected upside of potentially significant synergies, with full year EBITDA operating cost synergies expected (on a preliminary basis) to total \$6 million by FY2022¹⁵**

Praemium's Offer represents a potentially highly synergistic opportunity for Powerwrap Shareholders.

Full year EBITDA operating cost synergies are expected (on a preliminary basis) to total \$6 million by FY2022. Further, rationalisation of Powerwrap's platform development activities will potentially avoid capitalised software development expenditures.

(a) **Cost Synergies**

It is estimated that a phased post-transaction implementation program could realise the following synergies:

- (i) removing duplication of costs across the operations of the Merged Group, including duplicated or surplus roles (not able to be otherwise redeployed), R&D, rent, sales, audit, marketing, insurance and legal;
- (ii) operational and administrative purchasing synergies arising from economies of scale not available on a stand-alone basis;
- (iii) consolidating the suppliers of custody, market data and brokerage services;
- (iv) the elimination of duplication of IT product development, maintenance and support costs;
- (v) saving operational costs by unifying Powerwrap's operation processes onto the most recent version of Praemium's IT infrastructure; and
- (vi) removing Powerwrap's corporate costs associated with operating as a listed company on the ASX.¹⁶

(b) **Revenue synergies**

Once Praemium acquires control of Powerwrap, it intends to conduct a review of Powerwrap and its operations to identify further areas for improvement. The review will focus on:

¹⁵ Excludes transaction, restructure and integration costs.

¹⁶ Assuming Praemium is able to acquire 100% of Powerwrap and Powerwrap is delisted.

- (i) leveraging existing established sales channels and contact networks to cross-sell a new and enhanced product suite to a broader and more diverse customer base;
- (ii) strengthening client engagement by upgrading the Powerwrap clients onto Praemium's newly upgraded fully integrated managed accounts platform;
- (iii) identifying opportunities to leverage Praemium's expertise in UK pensions that could be applied to British ex-pats living in Australia;
- (iv) creating operational efficiencies and revenue opportunities from the integration of complementary technologies and technological process improvements; and
- (v) coordinating sales programs across the Merged Group to generate incremental revenue and margins.

(c) **Unlocking regulatory capital**

Both Praemium and Powerwrap operate registered managed investment schemes that each require a minimum of \$5 million in regulatory capital.

The Merged Group will seek to consolidate these schemes under a single responsible entity which will unlock \$5 million of net tangible assets. Whether this can be achieved depends on a number of factors, including regulatory approval. Subsequently, the Merged Group may seek to consolidate the schemes.

(d) **Qualifications as to expected synergies**

The extent and timing of the benefit of potential synergies is currently uncertain and will depend on, amongst other things, whether or not Praemium is able to acquire 100% of Powerwrap.

The synergies and their estimated value have been formulated by Praemium's management based on information available to it. The risks associated with the implementation of the potential synergies are dealt with in Section 16.

2.7 The likelihood of a Competing Proposal emerging is low as Praemium currently owns 15.1% of Powerwrap¹⁷

As at the date of this Bidder's Statement, Praemium owns 15.1% of Powerwrap. As a consequence, Praemium believes the likelihood of a Competing Proposal emerging for your Powerwrap shares is low.

¹⁷ Determined on an undiluted basis. At the date of this Bidder's Statement, Praemium owns 31,082,272 Powerwrap Shares.

Praemium is also key to Powerwrap's business operations as Powerwrap relies on Praemium's underlying technology to undertake portfolio valuations, transaction history and tax reporting. Given the above, alternative bidders may be deterred from making a Competing Proposal for Powerwrap.

2.8 **There are possible risks of remaining as a minority shareholder of Powerwrap**

(a) **Risks of being a minority shareholder**

The Offer is subject to a number of Defeating Conditions including a minimum acceptance condition of 90%.¹⁸ Praemium may, at its option, waive this Defeating Condition resulting in it having a Relevant Interest in less than 90% of Powerwrap Shares. Should Praemium elect to do so, and you do not accept the Offer:

- (i) you may be left with a small shareholding in Powerwrap;
- (ii) the Shareholder spread after the Offer is completed may be less than required under the ASX Listing Rules; and
- (iii) the ASX may suspend or de-list Powerwrap, in which case the liquidity in Powerwrap Shares may be severely impacted. Further details of the delisting process are set out in Section 10 of this Bidder's Statement.

(b) **Compulsory acquisition**

Where the Corporations Act permits, Praemium intends to exercise its rights to compulsorily acquire the remaining Powerwrap Shares for the Offer Consideration and you may be paid later than accepting Shareholders.

(c) **Future uncertainty**

Depending on the level of acceptances Praemium receives under the Offer, the market for Powerwrap Shares may become less liquid than at present. This could make it more difficult for you to sell your Powerwrap Shares at an attractive price in the future.

2.9 **Potential access to CGT scrip-for-scrip rollover relief**

If Praemium owns at least 80% of the Powerwrap Shares as a consequence of the Offer, partial capital gains tax rollover relief may be available (in relation to the scrip component of the Offer Consideration) for certain Powerwrap Shareholders who accept the Offer in respect of the Powerwrap Shares that they dispose of under the Offer. A

¹⁸ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Bidder's Statement.

general outline of the taxation consequences for certain Australian resident Powerwrap Shareholders accepting the Offer is set out in Section 13 of this Bidder's Statement.

2.10 Australian Powerwrap Shareholders will not pay stamp duty and are unlikely to incur brokerage costs in accepting the Offer and transferring shares

(a) Issuer Sponsored Holdings

If your Powerwrap Shares are registered in an Issuer Sponsored Holding in your name and you deliver them to Praemium, you will not incur any brokerage fees in connection with your acceptance of the Offer.

(b) CHESS Holdings

If your Powerwrap Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Powerwrap Shares are registered in the name of a custodian or other nominee, you should ask your Controlling Participant (normally your stockbroker) or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

(c) Foreign Shareholder or Unmarketable Parcel Shareholder

If you are a Foreign Shareholder or Unmarketable Parcel Shareholder, brokerage will be payable in respect of the Praemium Shares sold under the nominee facility described in Section 15.3 of this Bidder's Statement and will be deducted from the proceeds of sale.

3. Summary of the Offer

The information in this Section 3 is a summary of the Offer and is qualified by the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement and Powerwrap's Target Statement in full before deciding whether or not to accept the Offer. If you are in any doubt as to how to deal with this Bidder's Statement, please consult your financial, legal, taxation or other professional adviser.

The terms of the Offer are contained in Section 15 of this Bidder's Statement.

This Bidder's Statement	This Bidder's Statement relates to the Offer to acquire all (and not some) of your Powerwrap Shares, and sets out the terms and conditions of the Offer, information relating to the Offer and the Offer Consideration you will receive if you accept the Offer (subject to satisfaction or waiver of the Defeating Conditions of the Offer).
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Praemium	Praemium Limited ACN 098 405 826 is the bidder under the Offer. Section 5 of this Bidder's Statement contains further details on Praemium.
The Offer	Praemium is offering to acquire all of your Powerwrap Shares on the terms detailed in this Bidder's Statement. The Offer also extends to all Powerwrap Shares which come into existence upon the conversion of or exercise of rights attached to other Powerwrap securities from the Register Date until the Offer Closing Date.
Indicative Price and Offer Consideration	<p>The Indicative Price for your Powerwrap Shares under the Offer is 26.44 cents per Powerwrap Share.¹⁹</p> <p>If you accept the Offer, subject to satisfaction or waiver of the Defeating Conditions in Section 7 of this Bidder's Statement, Praemium is offering:</p> <ul style="list-style-type: none"> • 7.5 cents per Powerwrap Share in cash; and • 1 Praemium Share for every 2 Powerwrap Shares that you own.²⁰
Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders	<p>If you are a Foreign Powerwrap Shareholder or an Unmarketable Parcel Shareholder, you will not receive Praemium Shares. Instead you will be paid the net proceeds of the sale of the Praemium Shares you would have otherwise been entitled to receive.</p> <p>In this regard, the Praemium Shares to which you would otherwise be entitled will be issued to a sale nominee approved by ASIC who will sell those Praemium Shares on the ASX and provide you the net sale proceeds. In this regard please refer to Section 15.3 of this Bidder's Statement</p>
Praemium Shares to be quoted on the ASX	Praemium will apply for the Praemium Shares to be issued under the Offer to be quoted on the ASX within 7 days after the date of this Bidder's Statement. Quotation of these Praemium Shares will not be automatic but will depend on the ASX exercising its discretion. However, as Praemium is already admitted to the Official List and Praemium Shares in the same class as those to be issued

¹⁹ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

²⁰ The Offer Consideration value will fluctuate with the Praemium Share price. Accordingly, if the Praemium Share price falls then the Offer Consideration value will also fall. In a similar vein, if the Praemium Share price increases, the Offer Consideration value will also increase.

	under the Offer are already quoted, Praemium believes quotation of the new Praemium Shares will be granted.
Powerwrap Directors' support for the Offer	All Powerwrap Directors have recommended that Powerwrap Shareholders accept the Offer and have indicated their intention to do so for the Powerwrap Shares they own or control unless a superior proposal emerges.
The date the Offer opens	The Offer will open on [●] 2020.
Offer Closing Date	The Offer is scheduled to close at 7.00pm (Melbourne time) on [●] 2020, unless the Offer is extended or withdrawn.
The date Praemium must advise of status of Defeating Conditions	[●] 2020, unless that date is extended or the Offer withdrawn.
Acceptance	You may only accept the Offer for all (and not some) of your Powerwrap Shares.
How to accept the Offer	Details on how to accept the Offer are set out in Sections 1.2 to 1.5 of this Bidder's Statement.
Terms	The terms governing this Offer are set out in Section 15 of this Bidder's Statement.
Payment of Offer Consideration for your Powerwrap Shares	The details relating to the payment of the Offer Consideration payable for your Powerwrap Shares is discussed in Section 15.14 of this Bidder's Statement.
Withdrawal of the Offer	The Offer may only be withdrawn by Praemium in accordance with the Corporations Act.
Conditional Offer	This Offer is subject to the conditions in Section 7 of this Bidder's Statement. These conditions are known as " Defeating Conditions ".

4. Frequently Asked Questions

Question	Answer
What is the Offer?	This is an Offer by Praemium to acquire all of your Powerwrap Shares for the Offer Consideration. You can only accept the Offer for all (and not some) of your Powerwrap Shares.
What is the value of the Offer Consideration?	The Indicative Price values each Powerwrap Shares under the Offer at 26.44 cents. ²¹ The Offer Consideration is comprised of: <ul style="list-style-type: none">• 7.5 cents per Powerwrap Share in cash; and• 1 Praemium Share for every 2 Powerwrap Shares that you own.²²
Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders	If you are a Foreign Powerwrap Shareholder or an Unmarketable Parcel Shareholder, you will not receive Praemium Shares. Instead you will be paid the net proceeds of the sale of the Praemium Shares you would have otherwise been entitled to receive. In this regard please refer to Section 15.3 of this Bidder's Statement.
What is the Bidder's Statement?	<p>This Bidder's Statement has been prepared in accordance with the Corporations Act. This Bidder's Statement is required to include information relating to the Offer including the terms of Offer for your Powerwrap Shares and material information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder's Statement is an important document which you should read in full. You should consult your financial, legal, taxation or other professional adviser if you have any concerns relating to this Bidder's Statement.</p>
Who is Praemium?	Praemium Limited ACN 098 405 826 is an Australian public company listed on the ASX. Section 5 of this Bidder's Statement contains further information on Praemium.

²¹ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

²² The Offer Consideration value will fluctuate with the Praemium Share price. Accordingly, if the Praemium Share price falls then the Offer Consideration value will also fall. In a similar vein, if the Praemium Share price increases, the Offer Consideration value will also increase.

Question	Answer
What interest does Praemium currently have in Powerwrap?	Praemium has a Relevant Interest in 31,082,272 Powerwrap Shares, representing 15.1% of all Powerwrap Shares on issue (on an undiluted basis).
What are the Defeating Conditions to the Offer?	<p>The Offer is conditional on the matters described in Section 7 of this Bidder's Statement, which include:</p> <ul style="list-style-type: none"> • no regulatory action occurring; • minimum acceptance condition of 90%²³; • no material acquisitions, disposals or significant events occurring; • no material adverse change occurring in respect of Powerwrap; • no Prescribed Occurrences occurring in respect of Powerwrap; • no distributions by Powerwrap; • Australian Financial Services Licences (AFSL) held by members of the Powerwrap Group are not varied, cancelled or revoked; • all third party consents and approvals (including any change of control rights under material contracts) having been obtained; • no breach of representation or warranty under the Bid Implementation Agreement; • all Non-Employee Options are cancelled for nil or nominal consideration²⁴; • all Powerwrap Performance Rights capable of vesting up to and including 31 December 2020 vest and convert into Powerwrap Share prior to the end of the Offer Period, provided they do not

²³ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Bidder's Statement.

²⁴ In the event that consideration is required to cancel the Non-Employee Options, Powerwrap has indicated that it will seek a waiver from ASX Listing Rule 6.23.2 which requires shareholder approval for the cancellation of options for value. Such waiver is a standard waiver as set out in ASX Guidance Note 17. There are also 179,311 Employee Options which are expected to be exercised if the holders of those Employee Options wish to accept the Offer given the exercise price of those Employee Options is less than the Indicative Price.

Question	Answer
	<p>cause Powerwrap's fully diluted share count to exceed 212,000,000;</p> <ul style="list-style-type: none"> • all Powerwrap Restricted Securities are free of any restriction; and • the All Ordinaries Index does not trade, for a period of 3 consecutive trading days, below 30% of the level it was at on the close of trading on the ASX on the Announcement Date. <p>This is only a summary of the Defeating Conditions. The Defeating Conditions are set out in full in Section 7 of this Bidder's Statement.</p>
When does the Offer become unconditional?	<p>The Offer becomes unconditional when Praemium gives a notice to Powerwrap declaring the Offer to be free of the Defeating Conditions. A copy of this notice is also required to be given to ASX. Praemium must advise the status of the Defeating Conditions not more than 14 days and not less than 7 days before the end of the Offer Period.</p>
What happens if the Defeating Conditions of the Offer are not satisfied or waived by the time the Offer closes?	<p>If the Defeating Conditions of the Offer (other than for Prescribed Occurrences) are not satisfied or waived by the time the Offer closes, the Offer will lapse and your acceptance will be void. In those circumstances, you will not receive the Offer Consideration and you will retain your Powerwrap Shares.</p>
How do I accept the Offer?	<p>Sections 1.2 to 1.5 of this Bidder's Statement sets out how you can accept the Offer. Your acceptance must be received before the end of the Offer Period in order to participate.</p>
How long is the Offer open for?	<p>The Offer opens on [●] 2020 and is scheduled to close at 7.00pm (Melbourne time) on [●] 2020 (unless that date is extended or the Offer is withdrawn in accordance with the Corporations Act).</p>
When will I receive the Offer Consideration for the Powerwrap Shares?	<p>If you accept the Offer and the Offer becomes unconditional, Section 15.14 of this Bidder's Statement details when the Offer Consideration will be paid to you.</p>

Question	Answer
<p>What is the situation if Powerwrap declares a dividend?</p>	<p>If you accept the Offer, Praemium will be entitled to all of the Rights attaching to your Powerwrap Shares (including dividends or capital distributions declared or paid by Powerwrap after the Announcement Date, but excluding franking credits (if any) attached to any dividend).</p> <p>If Powerwrap pays a dividend or capital distribution to Powerwrap Shareholders between the Announcement Date and the Offer Closing Date, any amount received or receivable by you on account of those Rights will be offset as described in Section 15.14(c) of this Bidder's Statement.</p>
<p>What about franking credits attached to the dividend?</p>	<p>The rights to be acquired by Praemium do not include any franking credits attached to any dividend.</p>
<p>What happens if I accept the Offer?</p>	<p>If you accept the Offer, you cannot sell your Powerwrap Shares or otherwise deal with the Rights attaching to those Powerwrap Shares (subject to your limited statutory rights to withdraw your acceptance in certain circumstances). The terms governing the sale are set out in Section 15 of this Bidder's Statement.</p>
<p>What happens if I do not accept the Offer?</p>	<p>If you do not accept the Offer, subject to what is stated below, you will remain a Powerwrap Shareholder and will not receive the Offer Consideration for your Powerwrap Shares.</p> <p>If Praemium becomes entitled to compulsorily acquire your Powerwrap Shares it intends to proceed with the compulsory acquisition. If your Powerwrap Shares are compulsorily acquired, it will be on the same terms (including the same consideration for each Powerwrap Share acquired) as the Offer Consideration.</p>

Question	Answer
<p>What are the tax implications of accepting the Offer?</p>	<p>A general description of the taxation treatment for certain Powerwrap Shareholders accepting the Offer is set out in Section 13 of this Bidder's Statement.</p> <p>The description in Section 13 of this Bidder's Statement is a general description only and not advice. It does not take into account your particular circumstances or needs. You should not rely on that description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your Powerwrap Shares.</p>

5. Information about Praemium

5.1 Praemium

Praemium Limited ACN 098 405 826 is the bidder under the Offer. Praemium was incorporated in Victoria on 10 October 2001. It is a public company which has been listed on the ASX since 11 May 2006.

5.2 Overview of Praemium

Praemium is a highly regarded provider of technology platforms for managed accounts, portfolio administration, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over \$140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

Praemium has offices in Australia, the United Kingdom, Jersey, United Arab Emirates, Armenia and China (including Hong Kong).

As at the date of this Bidder's Statement, Praemium's market capitalisation is \$190 million, based on a share price of \$0.465 and ordinary Praemium Shares outstanding of 408.7 million.²⁵

5.3 Praemium's business

Praemium's business model is underpinned by five fundamental offerings:

- (a) Integrated investment platform;

²⁵ The Praemium Share price noted is the closing price of Praemium Shares on the last trading day before the Bidder's Statement was lodged with ASIC and ASX and served on Powerwrap, being 21 July 2020.

- (b) Portfolio administration and reporting;
- (c) CRM and financial planning software;
- (d) Praemium SuperSMA; and
- (e) Investment management.

A summary of each is set out below.

Integrated investment platform

Praemium's technology automation, scalable investment solutions and reporting allows wealth professionals to improve productivity while meeting key needs driven by regulatory change and consumer demand.

Praemium's integrated investment platform represents Praemium's core offering. The integrated platform:

- (a) allows investors to access a range of investments by subscribing to model portfolios or single assets, via a custodian, whilst benefiting from professional investment management advice and beneficial ownership of their underlying holdings, in the Praemium Separately Managed Accounts scheme (**SMA**);
- (b) Praemium's investment portfolio software, known as Praemium's Virtual Managed Accounts (**VMA**) specialises in corporate actions, processing, CGT optimisation, with strengths in multi-asset administration and particularly direct equities; and
- (c) Praemium's unique consolidated view of all investment assets, both custodial and non-custodial is available through Praemium's Unified Managed Accounts (**UMA**).

Praemium's integrated investment platform allows clients to access investments with or without custody, for investment and retirement savings.

It is Praemium's intention to ultimately operate the Praemium SMA and Powerwrap's Investment Account (being the two managed investment schemes operated by each of Praemium and Powerwrap respectively) with combined administrative functions, possibly under a single responsible entity and potentially, in the future, merge the schemes.

Portfolio administration and reporting

Praemium's investment portfolio technology is branded as the Praemium VMA. Through the Praemium VMA, Praemium provides a range of portfolio management services used by accountants, financial advisors, stockbrokers, self-management superannuation funds (**SMSF**), administrators and large institutions.

CRM and financial planning software

Praemium also provides CRM and financial planning software, known as “WealthCraft”. The software is powered by Microsoft Dynamics CRM and allows advisors to manage their client, practice and campaign information. WealthCraft is also fully integrated with Praemium’s VMA offering.

In the UK, Praemium’s “Plum Software” financial planning system complements Praemium’s global strategy in the CRM space by offering a fully integrated advice solution. Advisers can have a single view of their clients, with practice management, client communication and professional reporting tools.

SuperSMA

Praemium is the sponsor of the Praemium SuperSMA which is regulated by the Australian Prudential Regulation Authority (**APRA**) and is issued by Diversa Trustees Limited, naming Praemium as the sponsor. All funds invested through the SuperSMA Account are directed into the Praemium SMA.

Investment management

The investment management component of Praemium’s business is supported by Smart Investment Management, which is an FCA-authorized investment management business that provides a range of model portfolios for the UK and international adviser markets.

Further information about Praemium can be found at www.praemium.com.

5.4 The Directors of Praemium

The current Directors of Praemium and a brief description of their qualifications, experience and other directorships are set out below:

Name	Position
Mr Barry Lewin	Chairman and Non-Executive Director
Mr Michael Ohanessian	Managing Director and CEO
Mr Stuart Robertson	Non-Executive Director
Mr Daniel Lipshut	Non-Executive Director
Ms Claire Willette	Non-Executive Director

Mr Barry Lewin - *Chairman and Non-Executive Director*

Barry Lewin was appointed as non-executive Chairman of Praemium on 12 May 2017. Barry has significant experience advising public and private companies in transaction structuring, debt and equity issues, mergers, acquisitions, business sales and public floats. Prior to establishing SLM Corporate Pty Ltd in 1999, Barry spent twelve years as in-house counsel to leading Australian public companies, including diversified international resource company North Limited, managing their legal and commercial Australian and international interests.

Barry is currently non-executive chairman for ASX-listed entities Elmo Software (ASX:ELO) and QuickFee (ASX:QFE). He has previous experience as Director of ASX-listed companies Senetas Corporation Limited (1999- 2001) and Clean TeQ Holdings Limited (2007-2011), where he also served as Chairman of the Audit Committee. Barry has degrees in Commerce and Law and holds an MBA from Swinburne University, Melbourne.

Mr Michael Ohanessian - *Managing Director and CEO*

Michael Ohanessian was appointed as Chief Executive Officer in August 2011 and re-appointed as Managing Director in May 2018. Michael's executive experience in technology-related businesses brings a mixture of operational, strategic and leadership capabilities to this role. Following a ten-year career at Mobil Oil, Michael joined the Boston Consulting Group where he consulted to clients in industries such as banking, airlines, mining, packaging, sports, oil and gas, retailing and biotechnology.

As the CEO of Vision BioSystems, a division of the publicly listed Vision Systems, he transformed the business over seven years from a small unprofitable contract manufacturer into a vertically integrated, profitable and growing medical diagnostics business with distribution to over 60 countries.

He is also currently a non-executive director at Bluechiip Limited and holds a Bachelor of Engineering and MBA from Melbourne University.

Mr Stuart Robertson – *Non-Executive Director*

Stuart Robertson was appointed as a non-executive director on 12 May 2017. Stuart has broad experience in business advisory, investment banking, wrap platforms, alternative investments and funds management. He held senior roles at BT Funds Management, KBC Investments Limited and Zurich Financial Services in Australia, London and New York and is currently the head of private assets and distribution at Ellerston Capital Limited.

Stuart is non-executive Chairman of Money3 Corporation Limited (since November 2018, having been a director since January 2016). Stuart chairs Praemium's Audit,

Risk & Compliance Committee and is a member of Praemium's Remuneration Committee. Stuart is a Chartered Accountant, Fellow of FINSIA, Member of the Australian Institute of Company Directors and holds an MBA from the MGSM.

Mr Daniel Lipshut – *Non-Executive Director*

Daniel Lipshut was appointed as a non-executive director on 12 May 2017. Daniel has enjoyed many years as an entrepreneur and company director, with more than 20 years' experience as CEO of larger listed and smaller private corporations. Daniel is an experienced executive and non-executive director, with extensive dealings at all levels of government and the corporate sector. His background spans a range of corporate, commercial and board roles including international trade, government liaison, defence acquisition, communications strategy, sales/marketing, M & A, Corporate Governance, REM/NOM, and an understanding of strategic business development. Daniel has managed a public listed technical services company (ASX:BSA), held board positions in commercial and not for profit organisations and sits on several boards applying expertise in tech innovation.

Daniel chairs the Group's Remuneration Committee and is also a member of the Audit, Risk & Compliance Committee. Daniel is a graduate of the AICD and Defence Industry Study Course (DISC), and holds an MBA from the University of Technology Sydney.

Ms Claire Willette – *Non-Executive Director*

Claire Willette was appointed as a non-executive director on 28 August 2017. Her career has spanned national security, emerging technologies and critical infrastructure sectors, with a focus on developing governance frameworks, planning, risk management and performance/program management. Claire brings a wealth of experience as a senior executive in the United States Department of Defense, the Australian Department of Defence and in the private sector. Claire has managed a wide variety of projects both in scale and complexity, including whole-of-government initiatives and national projects.

Claire is an Associate of, and sat on the Board of Directors for, the Australian Risk Policy Institute and is a Senior Expert Advisor to the International Standards Committee in the areas of Risk, Resilience and Business Continuity.

Claire is a member of the Group's Audit, Risk & Compliance Committee and Remuneration Committee. She has a BA from George Mason University (US) and a Master of International Relations from Cambridge University (UK).

5.5 Praemium's Senior Management

Brief profiles of the senior management team of Praemium as at the date of this Bidder's Statement and a brief description of their qualifications and experience are as follows:

Mr Michael Ohanessian – *Chief Executive Officer*

See above.

Anna Itsiopoulos – *General Manager, Australia*

Anna has over 30 years' experience leading businesses in the financial services industry across sales, operations, service, superannuation, investments, insurance and wrap platforms.

Anna is responsible for leading the functions of sales, implementations, client service, administration, investment operations, tax and corporate actions.

Anna holds a Bachelor of Business, an MBA (her thesis focused on employee engagement) and is a graduate of the Australian Institute of Company Directors.

Mat Walker – *Chief Commercial Officer*

Mat joined Praemium in 2017 after developing and running a successful investment platform, investment management and managed accounts business using Praemium as the technology and administration partner.

Mat has spent the past 30 years in leadership and executive directorship roles covering financial planning, investment platforms, investment management and managed accounts.

Paul Gutteridge – *CFO and Company Secretary*

Paul Gutteridge joined Praemium in 2011 and brings significant experience from finance roles across Australia, UK and Canada over the past 20 years. Following his early career at Ernst & Young, he has held senior finance roles at Damovo (Australia), Telstra Business Systems and Netspace, where he led the company's divestment to iiNet Limited in 2010.

At Praemium, Paul's responsibilities include overseeing the financial strategies of the Group and managing the areas of accounting, tax, corporate governance, compliance, investor relations, human resources, company secretary and treasury. Paul is a Chartered Accountant and holds a Bachelor of Commerce from the University of Melbourne.

5.6 Historical financial information

(a) Historical financial profile of Praemium

- (i) This section includes historical financial information in relation to Praemium. The information included is summarised stand-alone financial information for Praemium and accordingly does not take into account any impact of the Offer.
- (ii) Reference to financial information relating to Praemium refers to the consolidated entities shown in the financial statements for the financial periods described below and does not include any changes to results or balances as a result of subsequent announcements not otherwise mentioned in this Bidder's Statement.
- (iii) The historical financial information for Praemium has been presented in an abbreviated form and therefore it does not contain all the disclosures usually provided in an annual report prepared in accordance with Accounting Standards and the Corporations Act. Full financial accounts for Praemium for the financial periods described, which include the notes to the accounts, can be found in Praemium's annual reports for those periods. Copies of those annual reports are available at www.praemium.com.au. Alternatively, you can obtain copies of those annual reports by contacting the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time).

(b) Statement of comprehensive income

Set out below is the historical statement of financial position that has been extracted from the financial statements of Praemium for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and the half year ended 31 December 2019 (being the last three full year audited statements and the last half year statement prior to the date of this Bidder's Statement).

	Audited for the Financial Year ended 30 Jun			Reviewed for the half year ended 31 Dec
Praemium \$'000 ²⁶	2017	2018	2019	2019 ²⁷
Income				
Sales revenue	34,074	42,172	44,153	23,132

²⁶ Totals may not add due to rounding.

²⁷ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

Interest and other income	1,324	1,010	988	1,091
Total revenue	35,398	43,182	45,141	24,223
Expenses				
Employee costs	(19,646)	(21,797)	(23,883)	(13,692)
Service provider net recoveries / (costs)	(1,982)	(3,176)	864	1,593
Administration	(5,916)	(7,376)	(8,698)	(4,886)
Occupancy	(1,435)	(1,907)	(2,037)	(258)
Depreciation & amortisation	(940)	(1,047)	(1,861)	(2,156)
Other expenses	(3,261)	(2,975)	(4,086)	(1,647)
Profit before income tax	2,219	4,903	5,439	3,177
Income tax expense	(1,531)	(3,488)	(2,889)	(1,768)
Profit attributable to members of the Group	688	1,415	2,550	1,409
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other financial assets	(5)	46	-	-
Exchange differences on translation of foreign operations	(636)	257	143	279
Other comprehensive income for the year, net of tax	(641)	303	143	279
Total comprehensive income attributable to owners of the parent	47	1,718	2,693	1,688

Source: FY2018, FY2019 and 1H2020 financial statements

(c) **Statement of financial position**

Set out below is the historical statement of financial position that has been extracted from the financial statements of Praemium for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and the half year ended 31 December 2019 (being the last three full year audited statements and the last half year statement prior to the date of this Bidder's Statement).

	Audited as at 30 Jun			Review ed as at 31 Dec
Praemium \$'000 ²⁸	2017	2018	2019	2019 ²⁹
Current assets				
Cash and cash equivalents	8,983	12,121	13,748	14,738

²⁸ Totals may not add due to rounding.

²⁹ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

Contract assets	-	-	1,826	2,409
Trade and other receivables	6,694	5,398	3,901	4,701
Prepayments	-	1,937	1,908	2,902
Total current assets	15,678	19,456	21,384	24,751
Non-current assets				
Other financial assets	2,242	2,287	1,363	1,380
Property, plant and equipment	1,239	1,316	1,303	5,967
Goodwill	2,946	3,208	2,811	2,894
Intangible assets	1,435	3,245	7,119	7,973
Deferred tax assets	629	807	1,399	1,901
Total non-current assets	8,492	10,863	13,994	20,115
Total assets	24,170	30,319	35,378	44,866
Current liabilities				
Trade and other payables	5,360	6,118	6,013	5,894
Provisions	1,056	1,333	1,493	1,572
Lease liabilities	-	-	-	1,224
Unearned income / contract liabilities	-	782	2,395	4,311
Income tax payable	304	1,544	1,669	1,656
Total current liabilities	6,720	9,777	11,571	14,658
Non-current liabilities				
Provisions	76	63	129	154
Lease liabilities	-	-	-	3,636
Deferred tax liability	280	200	106	59
Total non-current liabilities	357	262	235	3,849
Total liabilities	7,077	10,039	11,805	18,507
Net assets	17,093	20,280	23,573	26,359
Equity				
Share capital	64,841	65,372	67,019	68,328
Reserves	(40)	1,201	1,329	1,398
Accumulated losses	(47,707)	(46,293)	(44,776)	(43,367)
Total equity	17,093	20,280	23,573	26,359

Source: FY2018, FY2019 and 1H2020 financial statements.

(d) **Statement of cash flows**

Set out below is the historical statement of financial position that has been extracted from the financial statements of Praemium for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and the half year ended 31 December 2019 (being the last three full year audited statements and the last half year statement prior to the date of this Bidder's Statement).

	Audited for the Financial Year ended 30 Jun			Reviewed for the half year ended 31 Dec
Praemium \$'000³⁰	2017	2018	2019	2019³¹
Cash flows from operating activities				
Receipts from customers	34,872	43,110	44,931	24,779
Payments to suppliers and employees	(30,115)	(34,987)	(35,733)	(18,603)
Interest received	9	22	25	9
Unit trust distributions received	6	3	4	1
Income tax paid	(3,234)	(2,736)	(3,034)	(2,332)
Net cash provided by operating activities	1,538	5,412	6,193	3,854
Cash flows from investing activities				
Payments for property, plant & equipment	(873)	(522)	(491)	(170)
Proceeds / (payment) from investments	(460)	5	880	(5)
Payment for intangible assets	-	(2,318)	(4,717)	(2,054)
Acquisition of subsidiaries, net of cash	(791)	-	-	-
Net cash used in investing activities	(2,123)	(2,835)	(4,327)	(2,230)
Cash flows from financing activities				
Principal elements of lease payments	-	-	-	(740)
Net cash provided by financing activities	-	-	-	(740)
Net cash increase in cash and cash equivalents	(585)	2,577	1,865	884
Cash and cash equivalents at beginning of year	10,426	8,983	12,121	13,748
Effect of exchange rates on cash holdings in foreign currencies	(857)	561	(238)	105
Cash and cash equivalents at end of year	8,983	12,121	13,748	14,738

Source: FY2018, FY2019 and 1H2020 financial statements

(e) **Information used in preparing pro forma financial information**

Please refer to Section 11.5 of this Bidder's Statement for a description of the information used in preparing the pro forma financial information.

³⁰ Totals may not add due to rounding.

³¹ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

5.7 Ownership of Praemium

- (a) As at the date of this Bidder's Statement, Praemium has 408,680,474 issued shares, with the top 20 shareholders representing 40.54% of the issued ordinary shares (on an undiluted basis). The top 20 shareholders are as follows:

PRAEMIUM SHAREHOLDER	Praemium Shares as at the date of this Bidder's Statement	As a % of Praemium Shares on issue³²
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	37,021,312	9.06%
NATIONAL NOMINEES LIMITED	21,372,009	5.23%
MR MICHAEL BERNARD OHANESSIAN	14,430,513	3.53%
BOND STREET CUSTODIANS LIMITED	12,131,777	2.97%
MR DONALD WILLIAM STAMMER	11,648,866	2.85%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,437,337	2.80%
CITICORP NOMINEES PTY LIMITED	11,085,278	2.71%
BNP PARIBAS NOMS PTY LTD	9,502,670	2.33%
SUPERTCO PTY LTD	7,500,000	1.84%
MEROMA PTY LIMITED	5,353,304	1.31%
PACIFIC CUSTODIANS PTY LIMITED	4,630,818	1.135
EPR SUPERANNUATION FUND PTY LTD	3,825,532	0.94%
JAMPLAT PTY LTD	2,493,738	0.61%

³² Determined on an undiluted basis.

PRAEMIUM SHAREHOLDER	Praemium Shares as at the date of this Bidder's Statement	As a % of Praemium Shares on issue³²
DAVID SIMMONDS FRANKS	2,222,223	0.54%
MR PAUL DAVID GUTTERIDGE	2,181,543	0.53%
FAT PROPHETS PTY LTD	2,000,000	0.49%
CITICORP NOMINEES PTY LIMITED	1,816,448	0.44%
GYHOMFM PTY LTD	1,762,430	0.43%
WELSBY PARK PTY LTD	1,650,000	0.40%
CAMERON RICHARD PTY LTD	1,630,000	0.40%
TOP 20 SHAREHOLDERS	165,695,798	40.54%
TOTAL PRAEMIUM SHARES	408,680,474	100%

5.8 Praemium is a disclosing entity

Praemium is a disclosing entity (as defined in section 111AC of the Corporations Act) that is subject to regular reporting and disclosure obligations. Specifically, like all ASX listed companies, Praemium is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Praemium's securities.

Information that is already in the public domain is not reported in this Bidder's Statement other than that which is considered necessary to make this Bidder's Statement complete. Praemium, as a disclosing entity under the Corporations Act, states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents filed with ASIC by Praemium (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at an ASIC office; and
- it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:

- the financial statements of Praemium for the 12 months ended 30 June 2019 (being the annual financial report lodged by Praemium at ASIC and ASX on 12 August 2019);
- the half year report of Praemium to shareholders for the period ended 31 December 2019 (lodged with the ASX on 10 February 2020); and
- all continuous disclosure notices given by Praemium after the lodgement of the annual financial report with ASIC on 12 August 2019 and before the lodgement of this Bidder's Statement with ASIC. A list of the announcements made by Praemium on the ASX between 12 August 2019 (being the date on which Praemium's most recent annual financial report was released) and the date of this Bidder's Statement is set out in Annexure C of this Bidder's Statement.

If you would like to receive a copy of any of these documents or publications, please contact the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time). Praemium will provide a copy of these documents to you free of charge during the Offer Period.

- (a) A summary of the rights and liabilities attaching to the Praemium Shares is set out in Section 6.3 of this Bidder's Statement.
- (b) Further information about Praemium is available in electronic form from www.praemium.com
- (c) There is no other information, other than as set out elsewhere in this Bidder's Statement, which their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the rights and liabilities attaching to the Praemium Shares to be issued pursuant to the Takeover Bid; or
 - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Praemium.
- (d) This Bidder's Statement contains details specific to the issue of Praemium Shares. If Powerwrap Shareholders require further information in relation to Praemium, Praemium recommends that they take advantage of the ability to inspect or obtain copies of the documents referred to in this Section.

5.9 Corporate Governance

- (a) The Praemium Board aims to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

- (b) Details of Praemium's corporate governance procedures, policies and practices can be obtained at Praemium's website: www.praemium.com.

5.10 **Announcement by Praemium and Powerwrap in relation to the Offer**

On the Announcement Date, Praemium and Powerwrap made a joint public announcement to the ASX in relation to the Offer. A copy of that announcement is set out in Annexure A of this Bidder's Statement.

6. Information on Praemium's Securities

6.1 **Praemium issued securities**

As at the date of this Bidder's Statement, Praemium's issued securities consist of:

- (a) 408,680,474 Praemium Shares; and
- (b) 20,208,468 Praemium Performance Rights.

6.2 **Recent trading of Praemium Shares**

- (a) The latest recorded closing price of Praemium Shares on ASX before the Announcement Date was \$0.370 on 8 July 2020.
- (b) The latest recorded closing price of Praemium Shares on ASX before the date on which this Bidder's Statement was lodged with ASIC was \$0.465 on 21 July 2020.
- (c) The highest recorded closing price of Praemium Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was \$0.475 on 10 July 2020.
- (d) The lowest recorded closing price of Praemium Shares on ASX in the last 4 months before this Bidder's Statement was lodged with ASIC was \$0.210 on 24 March 2020.

6.3 **Rights and liabilities attaching to Praemium Shares**

(a) **Introduction**

- (i) The Praemium Shares issued as part of the Offer Consideration under the Offer will be issued fully paid and will rank equally for dividends and other rights in all respects with all existing Praemium Shares from the date of issue.
- (ii) Praemium will apply for the Praemium Shares to be issued under the Offer to be quoted on the ASX within 7 days after the date of this Bidder's Statement. Quotation of these Praemium Shares will not be automatic but will depend on the ASX exercising its discretion. However,

as Praemium is already admitted to the Official List and Praemium Shares in the same class as to those to be issued under the Offer are already quoted, Praemium believes quotation of the new Praemium Shares will be granted.

- (iii) Since the Praemium Shares issued as part of the Offer Consideration under the Offer will be issued credited as fully paid, no monetary liability attaches to them.
- (iv) The rights and liabilities attaching to the Praemium Shares which will be issued as part of the Offer Consideration under the Offer are set out in the Praemium Constitution and in the Corporations Act. Under section 140(1) of the Corporations Act, the Praemium Constitution has effect as a contract between Praemium and each member and between a member of Praemium and each other member. Accordingly, if you accept the Offer and are issued Praemium Shares you will, as a result, become liable to comply with the Praemium Constitution.
- (v) The main rights and liabilities attaching to the Praemium Shares are summarised below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Praemium Shareholders.

(b) **General Meetings**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of Praemium and to receive all notices, accounts and other documents required to be sent to members under the Praemium Constitution, the Corporations Act or the Listing Rules.

(c) **Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Praemium Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of Praemium every holder of fully paid ordinary shares present in person or by a representative, proxy or attorney has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in Praemium have been paid. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), Praemium will count only the vote cast by the member whose name appears before the other(s) in Praemium's register of members.

(d) **Issue of Further Shares**

The Praemium Directors may, on behalf of Praemium, issue, grant options over or otherwise dispose of Praemium Shares to any person on the terms, with the rights, and at the times that the Praemium Directors decide. However, the Praemium Directors must act in accordance with the restrictions imposed by the Praemium Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

(e) **Variation of Rights**

At present, Praemium only has one class of shares on issue, namely Praemium Shares (being fully paid ordinary shares). The rights attached to the shares in any class may be altered only by a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(f) **Transfer of Shares**

Subject to the Praemium Constitution, the Corporations Act, the ASX Settlement Operating Rules and the ASX Listing Rules, Praemium Shares are freely transferable. The shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Praemium Directors that is permitted by the Corporations Act. Praemium may decline to register a transfer of Praemium Shares in the circumstances described in the Praemium Constitution and where permitted to do so under the ASX Listing Rules. If Praemium declines to register a transfer, Praemium must give the lodging party written notice of the refusal and the reasons for refusal. The Praemium Directors must decline to register a transfer of Praemium Shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(g) **Partly Paid Shares**

The Praemium Directors may, subject to compliance with the Praemium Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(h) **Dividends**

Subject to the Corporations Act, the Praemium Directors may determine that a dividend is payable and fix the amount, the time for payment and the method of payment. Dividends may be paid on shares of one class but not another and at different rates for difference classes. Subject to the rights of members

entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.

(i) **Winding Up**

Subject to the rights of holders of shares with special rights in a winding up, if Praemium is wound up, members (including holders of Praemium Shares) will be entitled to participate in any surplus assets of Praemium in proportion to the number of Praemium Shares held by them, irrespective of the amounts paid or credited as paid on their Praemium Shares.

(j) **Directors**

The Praemium Constitution states that the minimum number of Praemium Directors is three.

(k) **Powers of the Board**

The Praemium Directors have power to manage the business of Praemium and may exercise that power to the exclusion of Praemium Shareholders, except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Praemium Constitution.

6.4 **Praemium Options**

As at the date of this Bidder's Statement, Praemium does not have any Praemium Options on issue.

6.5 **Praemium Performance Rights**

As at the date of this Bidder's Statement, Praemium has the following short-term incentive and long-term incentive performance rights on issue.

Number of Praemium Performance Rights	Vesting Date	Expiry
20,208,468	Vesting Dates based on achievement of performance hurdles for the 2020, 2021 and 2022 financial years	Expiry Dates vary for the relevant tranches between December 2020 and December 2024

(a) **Short-term incentives**

A short-term incentive (**STI**) is currently applicable to a number of senior Praemium executives. Achievement of this annual STI is directly linked to the performance of the Praemium Group against the Board's budgets and key

business drivers. Unless Board-set budgets are achieved, no bonus payment will be made. Overachievement of key business drivers may result in an increase to the amount of the bonus payable, subject to capped levels. At the discretion of the Board the STI may be paid in cash or by the issue of Praemium securities.

(b) **Long-term incentives**

Long-term incentives (**LTI**) are based on participation within Praemium's Directors & Employee Benefits Plan. LTI incentives, based on equity remuneration (being either the issue of securities, issue of performance rights or issue of options), are made in accordance with thresholds set out in that plan. By using the Directors & Employees Benefits Plan to offer shares and options to employees, the interests of employees are aligned with shareholder wealth.

(c) **LTI measures - Executive & key contributors**

Rules for all staff to achieve LTI entitlements (currently the issue of performance rights) are such that:

- (i) entitlements issued are based on achieving specified company targets and individual annual performance;
- (ii) entitlements vest over 3 years; and
- (iii) entitlements expire upon cessation of employment.

Vesting hurdles are based on Praemium Group profitability (**EBITDA**) targets set by the Praemium Board and total shareholder return (**TSR**) measurement over the, LTI cycle. For key executives, vesting hurdles are weighted 50% for Praemium Group profitability targets and 50% for achievement of TSR targets. For Praemium staff, vesting hurdles are weighted 100% for Praemium Group profitability targets.

The test of Praemium Group profitability is based on a 3-year EBITDA target, as set by the Board at the start of the LTI cycle and measured on a cumulative basis over the LTI period. Achievement of entitlements is based on actual performance relative to target, with no entitlements achieved below 80% of target and up to 100% of entitlements achieved upon full achievement of target.

The test of TSR is performance of Praemium's share price relative to the performance of a comparable peer group of companies (**Peer Group**) over the LTI period, as approved by the Praemium Board. Achievement of entitlements is based on actual performance relative to the Peer Group, with no entitlements achieved below 80% of the Peer Group's TSR and up to 100% of entitlements achieved upon full achievement of the Peer Group's TSR.

An individual's annual performance is based on rating measures, applied consistently across Praemium. The Board, on the recommendations of the CEO and the remuneration committee, considers the individual performance of the executives and their contributions to Praemium's performance.

Provided LTI measures are met, firstly for Praemium's performance and then for individual performance, entitlements then vest over 3 years based on 15% in year one, 25% in year two and 60% in year three.

6.6 Praemium Directors' and officers' interests in Praemium securities

- (a) As at the date of this Bidder's Statement, the extent to which Praemium Directors have a Relevant Interest in any Praemium securities (on an undiluted basis), is as follows:

Director/Officer	Class of Security	Number	As a % of Praemium Shares on issue ³³
Barry Lewin	Ordinary shares	525,700	0.13%
Michael Ohanessian	Ordinary shares	15,874,699	3.88%
Stuart Robertson	Ordinary shares	485,000	0.12%
Daniel Lipshut	Ordinary shares	450,000	0.11%
Claire Willette	Ordinary shares	Nil	Nil
Paul Gutteridge	Ordinary shares	2,181,543	0.53%
Total		<u>19,367,942</u>	<u>4.77%</u>

- (b) Other than to the extent set out above, no Praemium Director has any interest in any other Praemium securities.

6.7 Substantial holders in Praemium Shares

As at the close of trading on 21 July 2020, being the last trading day before the Bidder's Statement was lodged with ASIC and the ASX, so far as known to Praemium, Praemium has been notified that the following persons have a Substantial Holding of 5% or more in Praemium Shares:

³³ Determined on an undiluted basis.

Substantial holder	Person's votes	Voting Power
Blackrock Group	25,713,191	6.3%

7. Conditional Offer

7.1 Conditions

This Offer and any contracts that result from an acceptance of this Offer are subject to the fulfilment of the following conditions (**Defeating Conditions**):

(a) **No regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any government agency;
- (ii) no action or investigation is announced, commenced or threatened by any government agency; and
- (iii) no application is made to any government agency (other than by Praemium or any associate of Praemium),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Act) which:

- (iv) restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by the Bid Implementation Agreement and the Bidder's Statement; or
- (v) requires the divestiture by Praemium of any Powerwrap Shares or any material assets of Powerwrap or any subsidiary of Powerwrap.

(b) **Minimum acceptance**

At the end of the Offer Period, Praemium has a Relevant Interest in at least 90% of the Powerwrap Shares (on a fully diluted basis) (**Minimum Acceptance Condition**)³⁴

(c) **Acquisitions, disposals and other matters**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Powerwrap nor any of its subsidiaries:

(i) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:

- (A) the manner in which Powerwrap conducts its business;
- (B) the nature (including balance sheet classification), extent or value of the assets of Powerwrap; or
- (C) the nature (including balance sheet classification), extent or value of the liabilities of Powerwrap,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve:

- (D) Powerwrap or any subsidiary of Powerwrap acquiring, or agreeing to acquire, on or more companies, businesses or assets for an amount in aggregate greater than \$500,000; or
- (E) Powerwrap or any subsidiary of Powerwrap disposing, or agreeing to dispose of, on or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than \$500,000;

(ii) enters into or materially amends any material employment, consulting, severance or similar agreement or arrangement with officers, directors, other executives or employees of Powerwrap or a subsidiary of

³⁴ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Bidder's Statement.

Powerwrap or otherwise materially increasing compensation or benefits, or accelerating compensation or benefits for any of the above;

- (iii) declares, agrees to pay or becomes liable to pay a material bonus (or similar remuneration-based incentive payment) to any director, officer, employee, consultant or contractor of Powerwrap or any of its subsidiaries, otherwise than in the ordinary course of business; and
- (iv) materially varies, amends or modifies any material contract.

(d) **No material adverse change**

- (i) Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs:

- (A) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (B) information is disclosed or announced by Powerwrap concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (C) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Praemium (whether or not becoming public),

(each of (A), (B) and (C), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Powerwrap.

- (ii) For the purposes of Section 7.1(d)(i) of this Bidder's Statement, a **Specified Event** shall not include:

- (A) matters fully and frankly disclosed:
 - I. to Praemium in writing in due diligence materials; or
 - II. in Powerwrap's public filings with the ASX and ASIC prior to the date of the Bid Implementation Agreement;
- (B) changes occurring as a result of any matter, event or circumstance required by the Bid Implementation Agreement, the Offers or the transactions contemplated by them;

- (C) changes arising as a result of any generally applicable change in accounting standards required by law, law or governmental policy in Australia; or
- (D) changes approved in writing by Praemium (in its absolute discretion).

(e) **No Prescribed Occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Act) happen:

- (i) Powerwrap converting all or any of the Powerwrap Shares into a larger or smaller number of shares under section 254H of the Act;
- (ii) Powerwrap or a subsidiary of Powerwrap resolving to reduce its share capital in any way;
- (iii) Powerwrap or subsidiary of Powerwrap entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257C(1) of the Act;
- (iv) Powerwrap or a subsidiary of Powerwrap making an issue of Powerwrap Shares or any other securities or agreeing to such an issue (other than Powerwrap Shares issued as a result of the exercise of performance rights on issue at the date of this Bidder's Statement in accordance with their current terms), or granting an option over any Powerwrap Shares or agreeing to make such an issue or grant such an option;
- (v) Powerwrap or a subsidiary of Powerwrap issuing, or agreeing to issue, convertible notes;
- (vi) Powerwrap or a subsidiary of Powerwrap disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Powerwrap or a subsidiary of Powerwrap granting, or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property;
- (viii) Powerwrap or a subsidiary of Powerwrap resolving that it be wound up;
- (ix) the appointment of a liquidator or provisional liquidator of Powerwrap or a subsidiary of Powerwrap;

- (x) the making of an order by a court for the winding up of Powerwrap or a subsidiary of Powerwrap;
- (xi) an administrator of Powerwrap or of a subsidiary of Powerwrap being appointed under section 436A, 436B or 436C of the Act;
- (xii) Powerwrap or a subsidiary of Powerwrap executing a deed of company arrangement; or
- (xiii) the appointment of a receiver, receiver and manager, other controller (as defined in the Act) or similar official in relation to the whole, or a substantial part, of the property of Powerwrap or of a subsidiary of Powerwrap,

(each a **Prescribed Occurrence** and together the **Prescribed Occurrences**).

(f) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Powerwrap does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing.

(g) **AFSL**

From the Announcement Date until the end of the Offer Period (each inclusive), the AFSLs granted in favour of Powerwrap and MWH Capital Pty Ltd ACN 136 888 956 (**MWH**) are valid and are not varied, cancelled or revoked.

(h) **Material third party consents or approvals**

Powerwrap and Praemium (as the case may be) having obtained all consents and approvals of any third party (including any change of control rights under material contracts) which are necessary to undertake and successfully complete the Takeover Bid, without either party materially breaching its obligations.

(i) **No breach of representation or warranty**

Between the Announcement Date and the end of the Offer Period (each inclusive), the warranties in paragraph 8 of the Bid Implementation

Agreement in respect of Powerwrap are true and correct in all material respects.

(j) **Powerwrap Options**

Before the end of the Offer Period all Non-Employee Options are cancelled or are the subject of agreements or arrangements entered into between Powerwrap and the relevant holders of the Non-Employee Options that will cause the Non-Employee Options to be cancelled, in each case, for nil or nominal consideration.³⁵

(k) **Powerwrap Performance Rights**

The number of Powerwrap Performance Rights which are capable of vesting up to and including 31 December 2020, vest and convert into Powerwrap Shares prior to the end of the Offer Period, provided they do not cause the fully diluted share count of Powerwrap to exceed 212,000,000. For the avoidance of doubt, Powerwrap Performance Rights which have been issued but do not vest until the end of the financial year ending 30 June 2021 or thereafter shall not be included for the purposes of determining the fully diluted share count.

(l) **Powerwrap Restricted Securities**

Before the end of the Offer Period all of the Powerwrap Restricted Securities are free of any restriction or are the subject of agreements or arrangements entered into between Powerwrap and the relevant holders of the Powerwrap Restricted Securities that will cause the Powerwrap Restricted Securities to be free of any restriction.

(m) **General market fall**

Between the Announcement Date and the end of the Offer Period (each inclusive), the All Ordinaries Index is not, for a period of three consecutive trading days, lower than 30% of the level of that index as at the close of normal trading on the ASX on the Announcement Date.

³⁵ In the event that consideration is required to cancel the Non-Employee Options, Powerwrap has indicated that it will seek a waiver from ASX Listing Rule 6.23.2 which requires shareholder approval for the cancellation of options for value. Such waiver is a standard waiver as set out in ASX Guidance Note 17. There are also 179,311 Employee Options which are expected to be exercised if the holders of those Employee Options wish to accept the Offer given the exercise price of those Employee Options is less than the Indicative Price.

7.2 Defeating Conditions for the benefit of Praemium

- (a) The Defeating Conditions in Section 7.1 of this Bidder's Statement are conditions subsequent. The non-fulfilment of any such conditions subsequent does not:
 - (i) until the end of the Offer Period; or
 - (ii) in the case of the Defeating Condition in Section 7.1(e) of this Bidder's Statement (*No Prescribed Occurrences*), until the third Business Day after the end of the Offer Period,

prevent a contract to sell your Powerwrap Shares from arising, but entitles Praemium by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

- (b) Subject to the Corporations Act, Praemium alone is entitled to the benefit of the Defeating Conditions in Section 7.1 of this Bidder's Statement, or to rely on any non-fulfilment of any of them.
- (c) Each Defeating Condition in Section 7.1 of this Bidder's Statement is a separate, several and distinct condition. No Defeating Condition will be taken to limit the meaning or effect of any other Defeating Condition.

7.3 Effect of Defeating Conditions

- (a) The non-fulfilment of any of the Defeating Conditions will entitle Praemium to rescind the Offer by notice to you. However, Praemium may, subject to the Corporations Act, determine to proceed with the Offer at its discretion.
- (b) The non-fulfilment of any of the Defeating Conditions at the end of the Offer Period will have the consequences set out in Section 7.5 of this Bidder's Statement.

7.4 Declaration that Offer is free from Defeating Conditions

Praemium may free this Offer from the Defeating Conditions in Section 7.1 of this Bidder's Statement, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Powerwrap and to ASX declaring this Offer to be 'free' from the specified Defeating Conditions, in accordance with section 650F of the Corporations Act. This notice may be given:

- (a) in the case of the Defeating Condition in Section 7.1(e) of this Bidder's Statement (*No Prescribed Occurrence*), not later than three Business Days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions in Section 7.1 of this Bidder's Statement, not less than seven Days before the end of the Offer Period.

7.5 **Non-fulfilment of Defeating Conditions**

If, at the end of the Offer Period (or in the case of the Defeating Conditions in Section 7.1(e) of this Bidder's Statement (*No Prescribed Occurrences*) at the end of the third Business Day after the end of the Offer Period), the Defeating Conditions in Section 7.1 of this Bidder's Statement have not been fulfilled and Praemium has not declared the Offer free from those Defeating Conditions, all contracts resulting from the acceptance of the Offer will automatically be void.

7.6 **Notice of status of Defeating Condition**

The date for giving the notice on the status of the Defeating Conditions required by section 630(1) of the Corporations Act is [●] 2020, being not more than 14 days and not less than 7 days before the end of the Offer Period (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

7.7 **Withdrawal of this Offer**

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Praemium will give notice of the withdrawal to ASX and to Powerwrap and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, this Offer has been freed from all the Defeating Conditions in Section 7.1 of this Bidder's Statement, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the Defeating Conditions in Section 7.1 of this Bidder's Statement, all contracts arising from its acceptance will become void (whether or not the some of the relevant Defeating Conditions have been satisfied).
- (d) A withdrawal pursuant to this Section 7.7 will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, after the date that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, after the date those conditions are satisfied.

7.8 **Variation of this Offer**

Praemium may vary this Offer in accordance with section 650A of the Corporations Act.

7.9 **Governing Laws**

This Offer and any contract that results from your acceptance of it are governed by the laws enforced in Victoria, Australia.

8. **Profile of Powerwrap Limited**

8.1 **Disclaimer**

- (a) This overview of Powerwrap and all information concerning Powerwrap contained in this Bidder's Statement has been prepared by Praemium using publicly available information, adjusted where considered appropriate by Praemium based on its industry knowledge and expertise, as well as limited information made available by Powerwrap to Praemium.
- (b) The information in this Bidder's Statement concerning Powerwrap has not been independently verified. Subject to the Corporations Act, Praemium does not make any representation or warranty, express or imply, as to the accuracy or completeness of this information.
- (c) Further information about Powerwrap will be contained in Powerwrap's Target's Statement in relation to the Offer, which will be sent to you directly by Powerwrap.

8.2 **Overview of Powerwrap**

Powerwrap is an independent specialist platform business incorporated in Victoria on 18 February 2008. It is a public company which has been listed on the ASX since 23 May 2019. Powerwrap provides platform products and services to wealth managers and their underlying clients.

8.3 **Financial performance**

For the financial year ending 31 December 2019, Powerwrap's FUA grew by 20%, which contributed to revenue growth of 21%. Despite earnings improving, Powerwrap remains unprofitable, recording an underlying loss at the EBITDA level of \$1.52 million and at the NPAT level of \$2.25 million.

As at 30 June 2020, Powerwrap had FUA of \$8.5 billion. Powerwrap remains debt-free with \$15.6 million cash at bank reported as at 30 June 2020, \$5 million of which is required to be held to meet regulatory capital requirements.

8.4 **Powerwrap's business**

Powerwrap's business model is centred around the provision of the following key product and service offerings to its client base:

(a) **Investment Account**

The Powerwrap Investment Account is a registered (IDPS-like) managed investment scheme which provides access to a comprehensive range of managed funds, separately managed accounts, ASX and international listed equities and term deposits, all within a single consolidated account.

(b) **Private Wealth Account**

This account is a product utilised by advisers and brokers when servicing HNWI clients. Powerwrap calculates and deducts administration fees from the adviser's ongoing service fees which enables them to set the total ongoing cost to client as a single consolidated fee covering advice and administration.

(c) **Adviser Shared Services**

Powerwrap's shared service offering can include premises, licensing, software, research, compliance and finance.

(d) **Superannuation Account**

The Powerwrap Smartwrap superannuation account is regulated by APRA and is issued by Diversa Trustees Limited, naming Powerwrap as the promoter. All funds invested through the superannuation account are directed into Powerwrap's Investment Account.

(e) **Pension Account**

The Pension Account gives members the ability to convert their superannuation savings into a flexible income stream with three types of accounts available: (1) Transition to Retirement - for members who want to scale down their working hours and receive a regular income stream; (2) Account Based - provides a regular income for members who have retired from the workforce after reaching preservation age or met a condition of release; and (3) Term Allocated - where members can choose the term for receiving benefits.

8.5 **Directors of Powerwrap**

At the date of this Bidder's Statement, based on Powerwrap's public disclosures, the directors of Powerwrap are:

Name	Position
Mr Anthony Wamsteker	Non-Executive Chairman
Mr Richard Loveridge	Non-Executive Director
Ms Fiona Boyd	Non-Executive Director

8.6 Historical financial profile of Powerwrap

This Section includes historical financial information in relation to Powerwrap. The information included is summarised stand-alone financial information for Powerwrap and accordingly does not take into account any impact of the Offer.

Reference to financial information relating to Powerwrap refers to the consolidated entities shown in the financial statements for the financial periods described below and does not include any changes to results or balances as a result of subsequent announcements not otherwise mentioned in this Bidder's Statement.

The historical financial information for Powerwrap has been presented in an abbreviated form and therefore it does not contain all the disclosures usually provided in an annual report prepared in accordance with Accounting Standards and the Corporations Act. Full financial accounts for Powerwrap for the financial periods described, which include the notes to the accounts, can be found in Powerwrap's annual reports for those periods. Copies of those annual reports are available at www.powerwrap.com.au.

8.7 Statement of Powerwrap's Financial Position

(a) Statement of comprehensive income

Set out below is the historical statement of comprehensive income that has been extracted from the financial statements of Powerwrap for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and half year ended 31 December 2019 (being the last three full year audited statements and the last half year statement prior to the date of this Bidder's Statement).

	Audited for the Financial Year ended 30 Jun			Reviewed for the half year ended 31 Dec
Powerwrap \$'000 ³⁶	2017	2018	2019	2019 ³⁷
Income				
Sales revenue	10,917	13,784	16,266	9,397
Interest and other income	4,229	871	748	251
Total revenue	15,146	14,655	17,014	9,648
Expenses				
Employee costs	(8,383)	(9,888)	(11,457)	(5,519)
Service provider net recoveries / (costs)	(6,027)	(5,834)	(6,491)	(2,778)
Administration	(6,405)	(3,429)	(5,383)	(2,727)

³⁶ Totals may not add due to rounding.

³⁷ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

Occupancy	(354)	(447)	(572)	(30)
Depreciation & amortisation	(69)	(75)	(314)	(572)
Finance costs	(1,745)	(44)	(19)	(51)
Other expenses	(754)	(7,255)	(364)	(218)
(Loss) before income tax	(8,591)	(12,317)	(7,586)	(2,247)
Income tax benefit / (expense)	(142)	2,667	1,117	-
(Loss) from continuing operations	(8,732)	(9,650)	(6,469)	(2,247)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(8,732)	(9,650)	(6,469)	(2,247)

Source: FY2018, FY2019 and 1H2020 financial statements

(b) **Statement of financial position**

Set out below is the historical statement of cash flows that has been extracted from the financial statements of Powerwrap for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and half year ended 31 December 2019 (being the last three full year audited statements and the last half year statement prior to the date of this Bidder's Statement).

	Audited as at 30 Jun			Reviewed as at 31 Dec
Powerwrap \$'000 ³⁸	2017	2018	2019	2019 ³⁹
Current assets				
Cash and cash equivalents	8,684	5,043	20,037	15,786
Trade and other receivables	16,502	4,268	3,324	3,800
Other current assets	719	7,216	1,089	1,488
Total current assets	25,906	16,527	24,450	21,074
Non-current assets				
Investment	-	-	-	214
Work-in-progress	-	-	-	482
Intangible assets	4,862	1,461	3,733	4,579
Property, plant and equipment	243	178	327	394
Deferred tax assets	14	-	-	-
Right-of-use-assets	-	-	-	1,760
Total non-current assets	5,119	1,639	4,060	7,429
Total assets	31,025	18,166	28,510	28,503
Current liabilities				
Trade and other payables	5,063	2,901	3,235	3,131
Contract liabilities	-	6	117	219
Short term debt	8,537	150	-	-
Lease liabilities	-	-	-	547
Provisions	323	436	699	748

³⁸ Totals may not add due to rounding.

³⁹ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

Total current liabilities	13,924	3,493	4,051	4,645
Non-current liabilities				
Lease liabilities	-	-	-	1,274
Contract liabilities	-	-	-	214
Provisions	182	165	173	164
Total non-current liabilities	182	165	173	1,652
Total liabilities	14,106	3,658	4,224	6,297
Net assets	16,919	14,508	24,286	22,206
Equity				
Share capital	42,903	50,259	64,692	64,692
Reserves	1,124	793	2,607	2,774
Accumulated losses	(25,762)	(36,544)	(43,013)	(45,260)
CRPS distribution reserve	(1,346)	-	-	-
Total equity	16,919	14,508	24,286	22,206

Source: FY2018, FY2019 and 1H2020 financial statements.

(c) **Statement of cash flows**

Set out below is the historical statement of cash flows that has been extracted from the financial statements of Powerwrap for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and half year ended 31 December 2019 (being the last three full year audited statements and the last half year statement prior to the date of this Bidder's Statement).

	Audited for the Financial Year ended 30 Jun			Reviewed for the half year ended 31 Dec
Powerwrap \$'000 ⁴⁰	2017	2018	2019	2019 ⁴¹
Cash flows from operating activities				
Receipts from customers	10,993	14,464	16,327	9,292
Payments to suppliers and employees	(17,932)	(19,875)	(21,527)	(11,993)
Interest received	30	61	123	65
Finance costs	(1,745)	(29)	(11)	-
Research & development grant received	2,312	3,573	2,479	-
Payment towards security deposit	-	-	(100)	-
Income tax payment	(12)	-	-	-
Net cash used in operating activities	(6,355)	(1,806)	(2,709)	(2,636)
Cash flows from investing activities				

⁴⁰ Totals may not add due to rounding.

⁴¹ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

Investment in Term Deposits	-	(6,500)	6,500	-
Payment for plant and equipment	(144)	(16)	(232)	(96)
Payment for intangibles	(2,231)	(2,179)	(2,558)	(1,143)
Net cash provided by / (used in) investing activities	(2,376)	(8,695)	3,710	(1,239)
Cash flows from financing activities				
Proceeds from share issue	12,960	18,947	15,000	-
Transaction costs related to issue of shares	-	(653)	(999)	-
Proceeds from CRRPS issue	200	-	-	-
Repayment of CRPS/CRRPS	-	(10,967)	-	-
Distribution of CRPS holders	(1,084)	(467)	(8)	-
Payment for finance costs	-	-	-	(51)
Payment for lease liabilities	-	-	-	(266)
Payment for equity issue	-	-	-	(59)
Net cash provided by financing activities	12,076	6,860	13,993	(376)
Net increase / (decrease) in cash and cash equivalents	3,345	(3,641)	14,994	(4,251)
Cash and cash equivalents at beginning of period	5,340	8,684	5,043	20,037
Cash and cash equivalents at end of period	8,684	5,043	20,037	15,786

Source: FY2018, FY2019 and 1H2020 financial statements.

8.8 Employee Share plans

From 1 July 2018, Powerwrap established a long-term equity-based incentive plan (**LTIP**) for the management team and some additional senior staff. The LTIP contains Powerwrap Performance Rights granted to plan participants in respect of each of the plan periods which are intended to vest in the form of shares at the end of the plan period, subject to certain performance conditions.

The Powerwrap Board may invite an eligible participant of the LTIP (being an employee or contractor of Powerwrap, other than Powerwrap Directors) to apply for Powerwrap Performance Rights. Further details of Powerwrap Performance Rights on issue are set out in Section 9 of this Bidder's Statement.

8.9 Publicly available information

- (a) Powerwrap is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as an ASX listed company, Powerwrap is subject to the ASX Listing Rules which require continuous disclosure of any information Powerwrap has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

- (b) ASX maintains files containing publicly disclosed information about all listed companies. The Powerwrap file is available for inspection at ASX during normal business hours.
- (c) The ASX website lists announcements issued by Powerwrap. These documents are available in electronic form at www.asx.com.au
- (d) In addition, Powerwrap is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Powerwrap may be obtained from, or inspected at, and ASIC office.
- (e) You should consider publicly available information regarding Powerwrap including information available on its website, announcements made to ASX by Powerwrap and the Target's Statement that Powerwrap is required to provide to you under the Corporations Act.
- (f) All continuous disclosure notices given by Powerwrap after the lodgement of its annual financial report on 27 September 2019 and before the lodgement of this Bidder's Statement with ASIC. A list of the announcements made by Powerwrap on the ASX between 27 September 2019 (being the date on which Powerwrap's most recent annual financial report was released) and the date of this Bidder's Statement is set out in Annexure D of this Bidder's Statement.

9. Information on Powerwrap's securities

9.1 Powerwrap's issued securities

As at the date of this Bidder's Statement, Powerwrap's total issued securities consisted of:

- (a) 205,299,812 Powerwrap Shares;
- (b) 579,311 Powerwrap Options;
- (c) 11,859,311 Powerwrap Performance Rights; and
- (d) 531,432 Powerwrap Restricted Securities.

9.2 Powerwrap Options

- (a) The Powerwrap Options comprise of:

Number of Powerwrap Options	Exercise Price	Expiry Date
200,000 (unquoted)	\$0.525	14 May 2022
200,000 (unquoted)	\$0.6125	14 May 2024

179,311 (unquoted)	\$0.725 ⁴²	30 June 2021
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- (b) The Non-Employee Options comprise the 200,000 Powerwrap Options exercisable at \$0.525 and expiring on 14 May 2022 and the 200,000 Powerwrap Options exercisable at \$0.6125 and expiring on 14 May 2024.
- (c) It is a Defeating Condition of the Offer that, prior to the expiry of the Offer Period, the Non-Employee Options are cancelled, or are the subject of agreements or arrangements entered into between Powerwrap and the relevant holders of those Non-Employee Options that will cause the Non-Employee Options to be cancelled, in each case, for nil or nominal consideration.
- (d) In the event that consideration is required to cancel the Non-Employee Options, Powerwrap has indicated that it will seek a waiver from ASX Listing Rule 6.23.2 which requires shareholder approval for the cancellation of options for value. Such waiver is a standard waiver as set out in ASX Guidance Note 17.
- (e) There are also 179,311 Employee Options which are expected to be exercised if the holders of those Employee Options wish to accept the Offer given the exercise price of those Employee Options is less than the Indicative Price.

9.3 Powerwrap Performance Rights

- (a) The Powerwrap Performance Rights are issued pursuant to a long-term incentive plan and comprise of:

Number of Powerwrap Performance Rights Issued	Number of Powerwrap Performance Rights Vested (to date)
11,859,311 (unquoted)	4,072,644

- (b) It is a Defeating Condition of the Offer that the number of Powerwrap Performance Rights which are capable of vesting up to and including 31 December 2020, vest and convert into Powerwrap Shares prior to the end of the Offer Period, provided they do not cause the fully diluted share count of Powerwrap to exceed 212,000,000.⁴³

⁴² The terms of these Powerwrap Options provide that the exercise price will be met by Powerwrap (i.e. the relevant Powerwrap Option holder is not required to pay the exercise price).

⁴³ For clarity, Powerwrap Performance Rights which have been issued but do not vest until the end of the financial year ending 30 June 2021 or thereafter shall not be included for the purposes of determining the fully diluted share count.

9.4 Powerwrap Restricted Securities

- (a) The Powerwrap Restricted Securities comprise of:

Number of Powerwrap Restricted Securities	Nature of restriction	Expiry
531,432 (unquoted)	ASX mandated restrictions pursuant to ASX Listing Rules	14 May 2021

- (b) It is a Defeating Condition of the Offer that, prior to the end of the Offer Period, the Powerwrap Restricted Securities are free of restriction or are the subject of agreements or arrangements entered into between Powerwrap and the relevant holders of the Powerwrap Restricted Securities that will cause the Powerwrap Restricted Securities to be free of any restriction.
- (c) ASX Listing Rule 9.5 entitles Powerwrap to remove holding locks over the Powerwrap Restricted Securities to enable the holders of those Powerwrap Restricted Securities to accept the Offer if all the following conditions are satisfied:
- (i) the Offer is for all of Powerwrap's ordinary securities and, if the Powerwrap Restricted Securities are not ordinary securities, all the securities in the same class as the Powerwrap Restricted Securities;
 - (ii) holders of at least half of the securities in the bid class that are not Powerwrap Restricted Securities to which the Offer relates have accepted;
 - (iii) if the Offer is conditional, Praemium and the holders of the Powerwrap Restricted Securities agree in writing that the holding lock will be re-applied to each Powerwrap Restricted Security that is not bought by Praemium under the Offer; and
 - (iv) where applicable, the holding lock is re-applied in accordance with the agreement referred to in (iii) above.

9.5 Substantial holders in Powerwrap

Based on publicly available information lodged with ASX up until the last trading day prior to the date of this Bidder's Statement, the following persons and entities have a Substantial Holding of 5%, or more, of Powerwrap Shares:

Substantial holder	Persons votes	Voting power⁴⁴
Praemium	31,082,272	15.1%
Regal Funds Management	14,181,891	6.90%
SG Hiscock & Company	13,854,761	6.74%
Nelcan Pty Ltd	13,413,669	6.53%

9.6 Praemium's interests and dealings in Powerwrap securities

(a) Bidder's interest in Powerwrap Shares

As at the date of this Bidder's Statement, Praemium has a Relevant Interest in 31,082,272 of Powerwrap Shares and voting power of 15.1% in Powerwrap.⁴⁵

(b) Bidder's dealing in Powerwrap Shares

During the four-month period immediately prior to the date of this Bidder's Statement, Praemium acquired the following Powerwrap Shares on the following dates:

- (i) 23,883,422 Powerwrap Shares at \$0.09 per share on 18 March 2020;
- (ii) 5,669,836 Powerwrap Shares at \$0.13 per share on 14 May 2020;
- (iii) 499,285 Powerwrap Shares at \$0.147 per share on 23 June 2020;
- (iv) 575,191 Powerwrap Shares at \$0.16 per share on 24 June 2020; and
- (v) 454,538 Powerwrap Shares at \$0.16 per share on 25 June 2020.

9.7 Powerwrap Directors' interests in Powerwrap Shares

So far as Praemium is aware based on publicly available information lodged with ASX, as at the date of this Bidder's Statement, the Powerwrap Directors have the following interests in Powerwrap securities:

⁴⁴ Determined on an undiluted basis. As at the date of this Bidder's Statement, Praemium owns 31,082,272 Powerwrap Shares.

⁴⁵ Determined on an undiluted basis.

Director/Officer	Class of Security	Number	% of Powerwrap Shares on issue
Anthony Wamsteker	Ordinary shares	2,740,000	1.33%
Richard Loveridge	Not applicable	Nil	Nil
Fiona Boyd	Not applicable	Nil	Nil
<u>Total</u>		<u>2,740,000</u>	<u>1.33%</u>

9.8 Recent share price performance of Powerwrap

- (a) The latest recorded closing price of Powerwrap Shares on the ASX before the Announcement Date was \$0.175 on 21 July 2020.
- (b) The latest recorded closing price of Powerwrap Shares on the ASX on the date before this Bidder's Statement was lodged with ASIC was \$0.275 on 21 July 2020.
- (c) The highest recorded closing price of Powerwrap Shares on the ASX in the four months before the date this Bidder's Statement was lodged with ASIC was \$0.290 on 9 July 2020.
- (d) The lowest recorded closing price of Powerwrap Shares on the ASX in the four months before the date this Bidder's Statement was lodged with ASIC was \$0.090 on 26 March 2020.

9.9 No pre-Offer benefits

- (a) During the period of four months before the date of this Bidder's Statement, neither Praemium nor any Associate of Praemium gave, offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:
 - (i) accept the Offer; or
 - (ii) dispose of Powerwrap Shares,

and which is not offered to all holders of Powerwrap Shares under the Offer.
- (a) During the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Praemium nor any Associate of Praemium gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (i) accept the Offer; or
- (ii) dispose of Powerwrap Shares,

and which is not offered to all holders of Powerwrap Shares under the Offer.

9.10 No escalation agreements

Neither Praemium nor any Associate of Praemium has entered into any escalation agreement that is prohibited by section 622 of the Corporation Act.

10. Praemium's Intentions

10.1 Introduction

- (a) Pursuant to the requirements of section 636(1) of the Corporation Act, Praemium sets out the rationale for the Offer and Praemium's intentions in relation to:
 - (i) the continuation of the business of Powerwrap;
 - (ii) the compulsory acquisition of Powerwrap Shares and delisting of Powerwrap;
 - (iii) any major changes to be made to Powerwrap's business including redeployment of fixed assets which are significant to the business of Powerwrap; and
 - (iv) the future employment of the present employees of Powerwrap.
- (b) The intentions of Praemium in this Section 10 are based on facts, information and circumstances concerning Powerwrap, its business operations and the general industry environment which were known to Praemium at the time of preparing this Bidder's Statement, limited to publicly available information and Praemium's existing knowledge of Powerwrap, and limited information provided by Powerwrap to Praemium.
- (c) Praemium does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by Praemium once it has access to that information (and following receipt of appropriate legal, taxation and financial advice) and in light of the material circumstances at the relevant time. Accordingly, statements set out in this Section 10 are statements of current intention only which may change as new information becomes available or circumstances change.

10.2 Rationale for the Offer

The Offer is designed to enable a merger of Praemium and Powerwrap to create one of Australia's leading independent specialist platform groups. The Merged Group is expected to benefit from increased scale, scope and investment capacity, anticipated synergies and financial strength. Refer to Sections 2.4 to 2.6 of this Bidder's Statement for further information.

10.3 Praemium's intentions upon acquisition of 90% or more of Powerwrap Shares

This Section 10.3 sets out Praemium's current intentions if it acquires a Relevant Interest in 90% or more of the Powerwrap Shares (on a fully diluted basis) and is, therefore, entitled to proceed to compulsory acquisition of the remaining Powerwrap Shares.

(a) Compulsory acquisition

(i) Follow-on compulsory acquisition

If Praemium achieves a Relevant Interest in at least 90% of the Powerwrap Shares and acquires at least 75% (by number) of the Powerwrap Shares under the Offer, Praemium currently intends to initiate the compulsory acquisition procedure in section 661A of the Corporations Act and to give notices to Powerwrap Shareholders to compulsorily acquire any outstanding Powerwrap Shares in accordance with section 661B of the Corporations Act.

(ii) General compulsory acquisition

If Praemium acquires at least 90% of the Powerwrap Shares but it acquires less than 75% (by number) of the Powerwrap Shares under the Offer, Praemium currently intends to give notices to Powerwrap Shareholders to compulsorily acquire any outstanding Powerwrap Shares in accordance with section 664C of the Corporations Act.

(iii) Compulsory buy out

If it is required to do so under section 662A of the Corporations Act, Praemium intends to give notices to Powerwrap Shareholders offering to acquire their Powerwrap Shares in accordance with section 662B of the Corporations Act.

(b) Amend Powerwrap's constitution

Praemium intends to amend the constitution of Powerwrap to reflect its status as a wholly owned subsidiary of Praemium and will seek to convert Powerwrap from a public company to a proprietary company.

(c) **ASX Delisting**

After conclusion of the compulsory acquisition process described in Section 10.3(a) of this Bidder's Statement, Praemium intends to procure that Powerwrap be removed from the Official List.

(d) **Directors**

Praemium intends to replace all members of the boards of the Powerwrap Group (and of the board of any company on which Powerwrap has nominee directors, if any) with Praemium nominee directors. Those nominees have not yet been identified by Praemium and their identity will depend on the circumstances at the relevant time.

No changes are proposed to be made to the Praemium Board. Profiles for each of the Directors of Praemium are set out in Section 5.4 of this Bidder's Statement.

(e) **Management and staff**

Praemium's has assessed the optimal structure for the corporate and operational functions of the Merged Group. From its assessment of those positions (including senior management positions), Praemium considers it likely that a number of roles will be made redundant with staff redeployed where possible.

To the extent there is duplication in operational management, the intention is to merge the operational functions. Any employee made redundant will receive their full entitlements at law.

(f) **No proposed divestment**

Praemium does not intend to pursue any divestment strategy with regards to any substantial business division or fixed assets of Powerwrap.

(g) **General conduct of business**

Praemium intends to continue to operate Powerwrap's investment portfolio administration services (including the development and offering of wealth management platform products) in substantially the same manner as at the date of this Bidder's Statement, subject to paragraph (h) below.

(h) **Transfer of Powerwrap's responsible entity duties to Praemium and subsequent consolidation of schemes**

(i) Subject to successfully completing the Offer, Praemium intends to combine the administrative functions of the Powerwrap Investment Account with the Praemium SMA scheme, subject to regulatory requirements. Accordingly, Praemium Australia Limited ABN 92 117 611

784 (**PAL**), a wholly-owned subsidiary of Praemium, may be appointed as responsible entity of the Powerwrap Investment Account.

- (ii) Operating the two schemes under a single responsible entity would benefit the Merged Group by unlocking \$5 million of net tangible assets required for regulatory purposes. To ensure PAL is equipped to operate both schemes, it will need to amend its AFSL to obtain the necessary IDPS-like authorisation.
- (iii) Ultimately, Praemium may seek to merge the Powerwrap Investment Account with the Praemium SMA to access further cost savings from shared services.

(i) **Cost synergies**

In addition to the strategic benefits created by the merger, Praemium expects that, post-merger and on a preliminary basis, full year EBITDA operating cost synergies totalling \$6 million can be realised by FY2022 as set out in Section 2.6 of this Bidder's Statement.⁴⁶

(j) **Operational review and revenue synergies**

Once Praemium acquires Powerwrap, it intends to conduct a review of Powerwrap's assets, business and operations, to identify further areas for improvement, focussing on those areas set out under Section 2.6(b) of this Bidder's Statement.

The outcome of the operational review may result in changes to the structure of the operating businesses, including changes to the way the businesses are managed or operated.

(k) **Dividend policy**

Praemium's view on the payment of dividends by Powerwrap may be different to those of the current Powerwrap Board. No determination has been made by Praemium at this time regarding Powerwrap's dividend and capital management policies after the conclusion of the Offer.

10.4 **Praemium's intention to delist Powerwrap upon controlling at least 75% of Powerwrap's Shares**

Where Praemium obtains acceptances of less than 90% (on a fully diluted basis), it may at its election, waive the Minimum Acceptance Condition. Where Praemium waives this Defeating Condition but owns or controls at least 75% of the Powerwrap Shares, Praemium intends to apply to have Powerwrap delisted from the ASX.

⁴⁶ Excludes transaction, restructure and integration costs.

Praemium may apply to delist Powerwrap without having to obtain the approval of Powerwrap's Shareholders in circumstances where Powerwrap has been the subject of a successful takeover bid for its ordinary securities and where:

- (a) Praemium and its Related Bodies Corporate own or control at least 75% of the Powerwrap Shares on issue but have not met the conditions to proceed to compulsory acquisition of the remaining Powerwrap Shares under the Corporations Act;
- (b) excluding Praemium and its Related Bodies Corporate, the number of holders of Powerwrap Shares having holdings with a value of at least \$500 is fewer than 150;
- (c) Praemium has mentioned in this Bidder's Statement that it intends, if it secured control of Powerwrap, to cause Powerwrap to apply for removal of Powerwrap from the Official List;
- (d) the takeover bid remains open for at least two weeks following Praemium and its Related Bodies Corporate having attained ownership or control of at least 75% of the Powerwrap Shares on issue; and
- (e) Powerwrap has applied for removal from the Official List no later than one month after the close of the takeover bid.

In these cases, ASX will not usually require Powerwrap to obtain shareholder approval to its removal from the Official List. This is on the basis that Powerwrap Shareholders had a reasonable opportunity to sell their holdings by accepting the Offer after Praemium secured control of Powerwrap and Powerwrap is at or near the margin where ASX may consider removing Powerwrap from the Official List for failure to maintain a sufficient spread of security holders.

It is understood that in these circumstances ASX will usually require the following conditions to be satisfied before it will act on a request for removal from the Official List:

- (f) Powerwrap sends a written or electronic communication to all Powerwrap security holders other than Praemium and its Related Bodies Corporate, in form and substance satisfactory to ASX, advising them of the nominated time and date at which Powerwrap will be removed from the Official List and that:
 - (i) if they wish to sell their securities on ASX they will need to do so before then; and
 - (ii) if they do not, thereafter they will only be able to sell their securities off-market; and
- (g) the removal of Powerwrap from the Official List does not take place any earlier than 3 months after the abovementioned communication has been sent to

Powerwrap security holders, so that the security holders have at least that period to sell their Powerwrap securities on ASX, should they wish to do so.

10.5 **Praemium's intentions upon controlling more than 50% but less than 90% of Powerwrap's Shares**

Where Praemium obtains acceptances of less than 90%, it may at its election, waive the Minimum Acceptance Condition.

This Section 10.5 sets out Praemium's current intentions, if by virtue of acceptance of the Offer, it was to gain effective control of Powerwrap but was not entitled to proceed to compulsory acquisition of the outstanding Powerwrap Shares.

(a) **Compulsory acquisition**

If Praemium does not become entitled to compulsorily acquire Powerwrap Shares under section 661A Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 of the Corporations Act at some time in the future. Powerwrap intends to exercise that power over the remaining Powerwrap Shares if it becomes entitled to do so in the future.

(b) **ASX delisting**

If it becomes entitled to do so, Praemium intends to apply to have Powerwrap delisted from the ASX in accordance with Section 10.4 of this Bidder's Statement (where it achieves a shareholding of at least 75% and associated requirements). Otherwise, Powerwrap will remain listed on the ASX, subject to the requirements for listing (including a sufficient spread of investors) continuing to be satisfied. The ASX may, however, decide itself to remove Powerwrap from the Official List depending upon factors such as the spread of Powerwrap Shareholders at that time, the level of liquidity in Powerwrap Shares and the listing requirements of the ASX.

(c) **Directors and management**

Subject to the Corporations Act and Powerwrap's constitution, Praemium intends to replace some of the members of the Powerwrap Board with nominees of Praemium, so that the proportion of such nominees is broadly similar to the voting power of Praemium. Praemium has not made any decisions as to the identity of the individuals who will be nominated for appointment to the Powerwrap Board and their identity will depend on the circumstances at the relevant time.

(d) **No proposed divestment**

As contemplated by Section 10.3(f) of this Bidder's Statement, Praemium does not intend to pursue any divestment strategy with regards to any substantial business division or fixed assets of Powerwrap.

(e) **General conduct of business and operational review**

If, following the close of the Offer, Powerwrap becomes a controlled entity but not a wholly owned subsidiary of Praemium, it is the present intention of Praemium to ask the Powerwrap Board that Powerwrap implement a general operational review of the nature referred to in Section 10.3(j) of this Bidder's Statement, with the aim of pursuing possible cost reductions, revenue opportunities and improvement of efficiencies, including developing a strategy to improve Powerwrap's operating and financial performance.

There is, however, no assurance that those opportunities will be available or would deliver the same benefits for remaining Powerwrap Shareholders, if Praemium does not own 100% of Powerwrap Shares.

(f) **Synergies and integration**

To the extent that Powerwrap is not a wholly owned subsidiary of Praemium, Praemium estimates that a portion (but not all) of the full year EBITDA operating cost synergies estimated to result from the merger under full integration would still be achievable.

(g) **Further acquisition of Powerwrap Shares**

Praemium may, at some later time, acquire further Powerwrap Shares in a manner that is consistent with the Corporations Act.

(h) **Dividend policy**

The payment of a dividend by Powerwrap would be at the discretion of the Powerwrap Board and will be a function of a number of factors, including (but not limited to) the general business and financial conditions, the operating results and capital expenditure requirements of Powerwrap, future funding requirements (including potential acquisition opportunities), capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Powerwrap, and any other factors the Powerwrap Board may consider relevant.

10.6 **Praemium's intentions upon controlling 50% or less of Powerwrap's Shares**

Where Praemium obtains acceptances of less than 90%, it may at its election, waive the Minimum Acceptance Condition.

This Section describes Praemium's current intentions if Powerwrap does not become a controlled entity of Praemium. In that circumstance, Praemium intends to:

- (a) seek to change, or at least, obtain representation on the Powerwrap Board; and
- (b) use its best endeavours to encourage the Powerwrap Board to give effect to the intentions set out in Section 10.3 of this Bidder's Statement.

10.7 Other intentions

Subject to the matters described above, in this Section and elsewhere in this Bidder's Statement, it is the intention of Praemium, on the basis of the facts and information concerning Powerwrap that are known to it and the existing circumstances affecting the assets and operations of Powerwrap at the date of this Bidder's Statement:

- (a) to continue the business and operations of Powerwrap;
- (b) not to redeploy Powerwrap's fixed assets; and
- (c) to adopt the optimal structure for the benefit of the corporate and operational functions of the Merged Group, which will likely result in a number of roles being made redundant.

10.8 Limitations on intentions

The intentions and statements of future conduct set out in this Section 10 must be read as being subject to:

- (a) Powerwrap's constitution, the law (including the Corporations Act) and the ASX Listing Rules;
- (b) the outcome of reviews referred to in this Section 10; and
- (c) the legal obligation of the Powerwrap Directors at the time, including any candidates for the Powerwrap Board nominated by Praemium, to act in good faith in the best interests of Powerwrap and for proper purposes having regard to the interests of all Powerwrap Shareholders.

To the extent that Powerwrap does not become a wholly owned subsidiary of Praemium and there are minority Powerwrap Shareholders, Praemium intends to ensure that the candidates for the Powerwrap Board nominated by Praemium act, at all times, in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

11. Effect of the Offer on Praemium and profile of the Merged Group

11.1 Introduction

- (a) This Section 11 provides a description of the effect of the Offer on Praemium and a profile of the Merged Group, assuming that Powerwrap becomes a wholly-owned subsidiary of Praemium.
- (b) If Praemium does not acquire at least 90% of the Powerwrap Shares during the Offer Period⁴⁷ and therefore does not become entitled to compulsorily acquire the remainder of the Powerwrap Shares, some of the benefits that would otherwise accrue to Praemium if Powerwrap were to become a wholly-owned subsidiary of Praemium may not be fully realised. For further information in this regard, please see Section 10 of this Bidder's Statement.

11.2 Strategic Rationale

The rationale for Praemium's acquisition of Powerwrap is set out in detail in Sections 2.4, 2.5, 2.6 and 10 of this Bidder's Statement.

11.3 Effect of the Offer on the Merged Group's capital structure

The effect of the Offer on the capital structure of Praemium on a post-merger basis is set out in the table below:

Praemium Shareholders (post-Offer)	Number of Shares	Percentage Holding (%)
Existing Praemium Shareholders	408,680,474	82%
New Powerwrap Shareholders	90,458,864 ⁴⁸	18%
<u>TOTAL</u>	<u>499,239,338</u>	<u>100%</u>

11.4 Effect on the shareholdings in the Merged Group

If Praemium acquires all of the Powerwrap Shares, there will be approximately 499,239,338 Praemium Shares on issue, of which approximately 90,458,864 Praemium Shares (or 18%) will be issued to existing Powerwrap Shareholders.⁴⁹

⁴⁷ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Bidder's Statement.

⁴⁸ Assumes the maximum number of Praemium Shares to be issued under the Offer based on 100% acceptances and a fully diluted share count of 212,000,000.

⁴⁹ Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders will not receive Praemium Shares. Instead they will be paid the net proceeds of the sale of the Praemium Shares they would have otherwise been entitled to receive.

11.5 Pro-forma financial information for the Merged Group

(a) Summary of information

The information included in Sections 11.6 to 11.9 of this Bidder's Statement is pro forma financial information for the Merged Group comprising Praemium and Powerwrap as at 31 December 2019 to illustrate the impact of transactions relating to the Offer as if they occurred on 31 December 2019 from a statement of financial position perspective, and 1 January 2020 from a statement of profit or loss perspective (collectively, the **Merged Group Pro Forma Financial Information**).

The Merged Group Pro Forma Financial Information is indicative only. Praemium has drawn conclusions based on the facts known and other information publicly available as at the date of this Bidder's Statement. If the facts, circumstances or other information should prove different to that described, the conclusions may change accordingly. The Merged Group Pro Forma Financial Information should be read in conjunction with the following:

- (i) the assumptions underlying its preparation as set out in Sections 11.7 and 11.9 of this Bidder's Statement;
- (ii) the pro forma adjustments described in Sections 11.7 and 11.9 of this Bidder's Statement, which have been made to reflect certain financial impacts of the Offer;
- (iii) the accounting policies of Praemium and Powerwrap as disclosed in their most recent financial reports;
- (iv) the pro forma information has not been subject to audit;
- (v) the risk factors set out in Section 16 of this Bidder's Statement; and
- (vi) other information contained in this Bidder's Statement.

(b) Basis of preparation

The Merged Group Pro Forma Financial Information has been prepared on the basis that Powerwrap is wholly owned by Praemium following the Offer.

The Merged Group Pro Forma Financial Information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information.

No adjustments for anticipated synergy benefits have been included as the exact timing of those benefits cannot be reliably estimated. However, the Merged Group Pro Forma Financial Information does reflect the issue of new Praemium Shares to Powerwrap Shareholders, and certain other adjustments

that could be required as a result of this Offer (refer to Sections 11.7 and 11.9 of this Bidder's Statement).

The Merged Group Pro Forma Financial Information is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer (refer to Sections 11.7 and 11.9 of this Bidder's Statement). It is not intended to illustrate the financial position that would have been obtained or the financial performance which would have occurred had the completion of the Offer occurred on or before 31 December 2019. Powerwrap and Praemium classify certain expenses differently in their financial statements and in other disclosures in their annual reports. Accordingly, some line items have been reclassified in the pro forma historical financial information for comparability.

The Merged Group Pro Forma Financial Information is presented in a summary format assuming, following acceptance of the Offer, Praemium holds 100% of Powerwrap, and does not contain all of the disclosures required under the Corporations Act and Accounting Standards.

The Praemium Directors have drawn their conclusions based on the known facts and other information publicly available as at the date of this Bidder's Statement. Praemium will undertake a comprehensive assessment of fair value of the assets and liabilities acquired and a review of accounting policies of Powerwrap after the Offer has been completed. If the facts, circumstances, assumptions or other information should prove different to that described, the conclusions may change accordingly.

(c) **Sources of information**

The pro forma historical financial information included in this Section 11.5 of this Bidder's Statement is based on the latest publicly available information for Praemium and Powerwrap, which comprises the following:

- financial statements of Praemium and Powerwrap for the half year ended 31 December 2018;
- financial statements of Praemium and Powerwrap for the half year ended 31 December 2019; and
- audited financial statements of Praemium and Powerwrap for the year ended 30 June 2019.

(d) **Prospective financial information**

Praemium has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to Praemium and the Merged Group following the Offer. The Praemium Board has concluded that forecast financial information would be misleading to

provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering Powerwrap's recent financial performance and the impact of COVID-19 may have on the future financial position of Praemium and the Merged Group following the Offer.

Key variable inputs include net FUA flows and costs related to development and operating activities. In addition, as Praemium has not undertaken comprehensive financial due diligence on Powerwrap, Praemium is not in a position to provide forecasts of the financial performance of the Merged Group.

(e) **Application of generally accepted accounting standards**

The source for the pro forma historical financial information described above is assumed to have been prepared in accordance with the measurement and recognition requirements of Accounting Standards. Further information regarding the accounting policies and compliance of the relevant Praemium and Powerwrap financial reports with the measurement and recognition requirements of Accounting Standards can be obtained by reviewing the latest publicly available financial statements of each company which are available on their websites. The basis used to prepare the pro forma historical financial information in this Bidder's Statement is as follows:

- the pro forma historical financial information is not intended to comply with all of the presentation and disclosure requirements of Accounting Standards applicable to statutory annual reports prepared in accordance with the Corporations Act;
- both Praemium and Powerwrap adopted AASB 16 'Leases' from 1 July 2019. For the purposes of presenting the Pro Forma Profit & Loss the impact of AASB 16 is recorded as an adjustment so that on a combined basis the financial information reflects changes made due to AASB 16. On a stand-alone basis the pro forma financial information has been presented to exclude the impact of AASB 16;
- under the Consolidation Principles, the acquirer is identified as the entity that obtains control of or significant influence over the other entity. It is assumed that Praemium will be the acquirer for the purpose of preparing the Merged Group's pro forma financial information;
- in addition to the adjustments made in accordance with the Consolidation Principles, adjustments as described in the notes to the pro forma historical financial information have also been made to better illustrate the pro forma impact of the acquisition on the Merged Group;
- the Pro Forma Profit & Loss illustrates the pro forma historical performance of the Merged Group (excluding the impact of any one-off items) assuming the proposed transaction had occurred on 1 January 2019; and

- the Pro Forma Balance Sheet has been prepared as at 31 December 2019 to illustrate the financial position of the Merged Group after considering the impact of the Offer and associated funding requirements.

(f) **Accounting for Goodwill**

It will not be possible to ascertain the fair values of Powerwrap's identifiable assets and liabilities or the intangible assets that might be recognised on acquisition until after completion of the Offer. Accordingly, for the purposes of calculating goodwill, for inclusion in the pro forma historical financial information Praemium has assumed that the book value of Powerwrap relevant assets and liabilities as set out in their results announcement for 31 December 2019 represents their fair value for purposes of calculating the goodwill on acquisition under the Offer. Therefore, it is possible that the final calculation of goodwill and any consequential impacts on earnings following acquisition may differ from that applied in the pro forma historical financial information.

(i) **Pro forma net interest expense**

For the purposes of calculating pro forma net interest expense, it has been assumed that the proposed transaction occurred on 1 January 2019 and that the appropriate debt facilities were available throughout the year ended 31 December 2019 to finance the cash portion of the Offer Consideration, facility establishment and transaction costs. Interest expense is calculated at an effective interest rate margin of 3.00% plus the interest rate benchmark (BBSY), which is consistent with the agreed terms of the Finance Documents plus amortisation of the establishment costs relating to the Finance Documents.

(ii) **Transaction Costs**

Transaction costs relating to the Offer have been treated as follows for the purposes of preparing the Pro Forma Profit & Loss:

- costs relating to the Offer have been treated as one-off and non-recurring in nature and have been treated as such in the Pro Forma Profit & Loss. For statutory reporting purposes these costs will be expensed to profit and loss in the period they relate; and
- the cost of establishing new debt facilities has been amortised over the expected maturity of the new facilities and included in the pro forma finance costs, which is consistent with statutory reporting requirements.

(iii) **Income tax expense**

The pro forma income tax expense for the Merged Group has been calculated assuming a 30% Australian corporate tax rate.

(iv) **Praemium's existing investment in Powerwrap**

Praemium has an existing equity interest in Powerwrap, which is not reflected in the pro forma historical financial information. Accordingly, this is recognised as a reduction in cash and cash equivalents, with the investment being eliminated in accordance with the consolidation principles.

11.6 Pro-forma Profit & Loss

AUD \$'000 ⁵⁰	Praemium 31-Dec-19 Last twelve months	Powerwrap 31-Dec-19 Last twelve months	Net adjustments	Merged Group
Income				
Sales revenue	45,214	17,915	875	64,004
Interest and other income	1,190	586	-	1,776
Total revenue	46,404	18,501	875	65,780
Expenses				
Employee costs	(25,425)	(10,937)	-	(36,362)
Service provider net recoveries / (costs)	3,140	(6,095)	(875)	(3,830)
Administration	(9,576)	(6,018)	25	(15,569)
Occupancy	(1,969)	(654)	1,969	(655)
Depreciation & amortisation	(2,662)	(462)	(1,888)	(5,012)
Finance costs	-	(9)	(751)	(760)
Other expenses	(1,728)	(582)	90	(2,220)
Gain / (loss) before income tax	8,183	(6,256)	(555)	1,372
Income tax benefit / (expense)	(3,079)	330	166	(2,582)
Gain / (loss) after income tax	5,104	(5,926)	(388)	(1,210)
Other comprehensive income / (loss)	277	-	-	277
Pro forma comprehensive gain / (loss)	5,382	(5,926)	(388)	(932)
Non-recurring expenses				
Restructure, arbitration & acquisition costs	(1,257)	-	(2,126)	(3,383)
Withholding tax not recoverable	(564)	-	-	(564)
Pro forma comprehensive gain / (loss) after non-recurring expenses	3,561	(5,926)	(2,514)	(4,879)

⁵⁰ Totals may not add due to rounding.

11.7 Notes to the Pro Forma Profit & Loss

Overview: The aggregation reflects the combined profit & loss of Praemium and Powerwrap for the last twelve months to 31 December 2019 and the following pro forma adjustments.

Revenue and service provider recoveries / (costs): Intercompany sales and purchases between Praemium and Powerwrap of \$2,000,000 have been eliminated, which has no effect on profit after tax. To ensure consistent classification, Praemium's revenue has also been adjusted to allocate \$3,000,000 classified as service provider recoveries / (costs) to the revenue line.

Administration: on a standalone basis the application of AASB 16 has been excluded and therefore an adjustment of \$25,000 has been made to decrease administration expenses and show the Merged Group on a post application of AASB 16 basis.

Occupancy: on a standalone basis the application of AASB 16 has been excluded and therefore an adjustment of \$2,000,000 has been made to decrease occupancy expenses and show the Merged Group on a post application of AASB 16 basis.

Depreciation & amortisation: on a standalone basis the application of AASB 16 has been excluded and therefore an adjustment of \$2,000,000 has been made to increase depreciation & amortisation and show the Merged Group on an AASB 16 adjusted basis.

Finance costs: the increase in interest is due to the estimated annual impact of \$470,000 of interest arising from additional funding for the transaction and the \$280,000 impact from the application of AASB 16.

Other expenses: the \$90,000 adjustment relates to finance costs associated with AASB 16 which have been re-allocated to the finance costs line item.

Tax expense: Tax expense is based on the tax effect of all adjustments.

Restructure, arbitration & acquisition costs: Includes estimated transaction costs of \$2,000,000 relating to the transaction.

11.8 Pro-Forma Balance Sheet

AUD \$'000 ⁵¹	Praemium 31-Dec-19	Powerwrap 31-Dec-19	Net adjustments	Merged Group
Current assets				
Cash and cash equivalents	14,738	15,786	(3,676)	26,848
Trade and other receivables	7,110	3,800	-	10,910
Other current assets	2,902	1,488	-	4,390

⁵¹ Totals may not add due to rounding.

Total current assets	24,751	21,074	(3,676)	42,149
Non-current assets				
Other financial assets	1,380	214	-	1,594
Intangible assets	10,867	4,579	-	15,446
Goodwill	-	-	30,448	30,448
Property, plant and equipment	1,220	394	-	1,614
Deferred tax assets	1,901	-	-	1,901
Work-in-progress	-	482	-	482
Right-of-use assets	4,747	1,760	-	6,507
Total non-current assets	20,115	7,429	30,448	57,992
Total assets	44,866	28,503	26,773	100,142
Current liabilities				
Trade and other payables	5,894	3,131	-	9,025
Current contract liabilities	4,311	219	-	4,530
Short-term debt	-	-	3,000	3,000
Current provisions	1,572	748	-	2,320
Income tax payable	1,656	-	-	1,656
Current lease liabilities	1,224	547	-	1,771
Total current liabilities	14,658	4,645	3,000	22,303
Non-current liabilities				
Non-current provisions	154	164	-	318
Non-current contract liabilities	-	214	-	214
Deferred tax liability	59	-	-	59
Non-current lease liabilities	3,636	1,274	-	4,910
Long-term debt	-	-	12,000	12,000
Total non-current liabilities	3,849	1,652	12,000	17,501
Total liabilities	18,507	6,297	15,000	39,804
Net assets	26,359	22,206	11,773	60,338
Equity				
Share capital	68,328	64,692	(30,713)	102,306
Reserves	1,398	2,774	(2,774)	1,398
Accumulated losses	(43,367)	(45,260)	45,260	(43,367)
Total equity attributable to the owners	26,359	22,206	11,773	60,338

11.9 Notes to the Pro Forma Balance Sheet

Overview: The aggregation reflects the combined balance sheets of Praemium and Powerwrap as at 31 December 2019 and the following pro forma adjustments.

Cash and cash equivalents: This adjustment represents Praemium's on-market purchase of Powerwrap Shares between 18 March 2020 and 25 June 2020 and \$550,000 cash used in the transaction.

Goodwill: This adjustment of \$30,000,000 represents the fair value of the consideration paid for 100% of the shares in Powerwrap of \$52,000,000 less the fair value of the net amounts of the identifiable assets acquired and the liabilities assumed

on the date of acquisition, being \$22,000,000. For the purposes of preparing the Pro Forma Balance Sheet it has been assumed that the fair value of Powerwrap's assets and liabilities is as set out in the results reported for the half year ended 31 December 2019. In finalising the actual calculation of goodwill, it will be necessary to consider the latest Praemium Share price and re-measure the fair value of the shares paid as consideration at the date of the transaction. It will also be necessary to undertake a review of the actual fair value of Powerwrap's assets and liabilities as at the relevant date Praemium is in a position to assume control for consolidation purposes.

Short- and long-term debt: This adjusts for the additional borrowings of \$15,000,000 (\$3,000,000 due within one year and classified as short-term debt) needed to fund the cash component of the Offer Consideration and related facility establishment and transaction costs.

Share capital: Share capital has been adjusted by \$34,000,000 to reflect 90,000,000 additional Praemium Shares issued to Powerwrap Shareholders, being \$0.38 per Praemium Share which reflects the VWAP for the 5 days prior to the Announcement Date. Share capital has also been reduced by \$65,000,000 to eliminate the value of share capital in Powerwrap at the date of acquisition.

Reserves: The adjustment reflects the reversing out the reserves of Powerwrap, consistent with Consolidation Principles.

Accumulated losses: The adjustment reflects the reversing out the retained earnings of Powerwrap at the date of acquisition, consistent with the Consolidation Principles.

12. Sources of consideration

12.1 Consideration payable

- (a) The consideration for the acquisition of the Powerwrap Shares under this Offer will be satisfied partly by the issue of Praemium Shares and partly by the payment of cash (in Australian dollars).
- (b) Powerwrap Shareholders will receive:
 - (i) 7.5 cents per Powerwrap Share in cash; and
 - (ii) 1 Praemium Share for every 2 Powerwrap Shares they own⁵²,(other than Foreign Shareholders and Unmarketable Parcel Shareholders who will receive cash only in accordance with Section 14.17 of this Bidder's

⁵² The Offer Consideration value will fluctuate with the Praemium Share price. Accordingly, if the Praemium Share price falls then the Offer Consideration value will also fall. In a similar vein, if the Praemium Share price increases, the Offer Consideration value will also increase.

Statement). The Indicative Price of the Offer is 26.44 cents per Powerwrap Share.⁵³

- (c) The maximum number of Praemium Shares available to be issued under the Offer if acceptances are received in respect of all Powerwrap Shares on issue, as at the date of this Bidder's Statement is 90,458,864.⁵⁴
- (d) Praemium Shares issued under the Offer are exempt from ASX Listing Rule 7.1 (which prohibits issues exceeding 15% of a company's share capital in any 12-month period). Accordingly, Praemium has the capacity to issue the maximum number of Praemium Shares that may be required under the Offer.
- (e) If acceptances are received for all Powerwrap Shares on issue as at the date of this Bidder's Statement, the amount of cash that Praemium would be required to pay under the Offer would be approximately \$15,900,000.⁵⁵
- (f) Accordingly, the maximum amount of cash that Praemium could be required to pay under the Offer is \$15,900,000, excluding transaction costs.

12.2 Source of funding of cash component of Offer Consideration

- (a) The Offer will be funded by debt and existing cash reserves in the manner set out in Sections 12.3 and 12.4 of this Bidder's Statement.
- (b) The Offer is not subject to any financing conditions.

12.3 Summary of debt financing of Offer Consideration

- (a) In order to give effect to the Offer, Praemium will rely on a debt facility (**Debt Facility**) to be made available by HSBC in the sum of \$15,000,000, in accordance with the terms of the formal finance documentation which have been entered into between Praemium and HSBC (together, the **Finance Documents**).
- (b) The Debt Facility matures on the date that is 3 years following financial close, the proceeds of which are solely to be used to fund the cash component of the Offer Consideration.
- (c) Pursuant to the Finance Documents, the Debt Facility is made available on terms customary of financing arrangements of this nature. Of note, the Debt Facility is also subject to a number of other customary conditions precedent which include the provision of satisfactory legal opinions, satisfaction or waiver

⁵³ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

⁵⁴ Based on a fully diluted share count of 212,000,000. Refer to Section 11.3 of this Bidder's Statement.

⁵⁵ Based on a fully diluted share count of 212,000,000.

of the Defeating Conditions, payment of all costs and expenses, completion of know-your-customer checks, provision of verification certificates and any necessary shareholder and board resolutions.

12.4 Existing cash reserves

Further to the \$15,000,000 available to be drawn by Praemium under the Debt Facility, Praemium also has sufficient cash reserves available to meet the additional \$900,000 that may be required to be paid in cash under the Offer, where the maximum cash component of the Offer Consideration amounts to \$15,900,000 as contemplated by Section 12.1(f) of this Bidder's Statement.

12.5 Provisions of consideration

Having regard to the matters set out in this Section 12, Praemium is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to satisfy its payment obligations under the Offer.

13. Taxation considerations

13.1 Australian tax implications for Powerwrap Shareholders

- (a) The following is a general description of the Australian income tax, Capital Gains Tax (**CGT**), Goods and Services Tax (**GST**) and stamp duty consequences for Powerwrap Shareholders on disposing of their Powerwrap Shares under the Offer.
- (b) The general information contained herein is based upon taxation law and practice (including established interpretations of those laws) in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor should it be construed as taxation advice. The summary does not consider any specific facts or circumstances that may apply to particular shareholders nor does this summary take into account the tax law of countries other than Australia.
- (c) The categories of investors considered in this summary are limited to Australian tax resident individuals, companies (other than life insurance companies), trusts and complying superannuation funds each of whom holds their shares on capital account as well as non-Australian tax resident investors who hold their shares on capital account.
- (d) This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares, investors who acquired shares in connection with an employee share offer, investors that are temporary residents, investors that are foreign residents of Australia who hold their shares in carrying on a business through a permanent establishment in Australia or investors who are exempt from Australian tax. This summary also

does not cover the consequences for investors who are subject to Division 230 of the *Income Tax Assessment Act 1997* (Cth) (the Taxation of Financial Arrangements or TOFA regime). Both resident and non-resident investors should seek professional advice to determine if Shares are held in this capacity (and the corresponding income tax implications should this apply).

- (e) It should be noted that the Australian taxation laws are complex and each investor's own circumstances will affect the taxation outcomes arising on disposal of Powerwrap Shares under the Offer. We therefore recommend you seek independent professional advice regarding the Australian tax consequences of disposing of your Powerwrap Shares according to your own particular circumstances.

13.2 Shareholders who are Australian residents for tax purposes

- (a) If you are an Australian tax resident and hold your Powerwrap Shares on capital account, the disposal of Powerwrap Shares will have an Australian CGT consequence. The disposal of your Powerwrap Shares whether under the acceptance of the Offer or the compulsory acquisition of your Powerwrap Shares will constitute a CGT event for CGT purposes.
- (b) For Powerwrap Shareholders who accept the Offer, the date of disposal for CGT purposes should be the date the contract to dispose of the Powerwrap Shares is formed. This should generally be the date that you accept the Offer to dispose of your Powerwrap Shares.
- (c) For Powerwrap Shareholders who do not dispose of their Powerwrap Shares under the Offer and their Powerwrap Shares are compulsorily acquired, the date of the CGT event will be the date when the Powerwrap Shareholder ceases to be the owner of the Powerwrap Shares.
- (d) Broadly, Australian tax resident shareholders will make a capital gain on the disposal of their Powerwrap Shares where the "capital proceeds" from the disposal of their Powerwrap Shares exceeds the "cost base" of those Powerwrap Shares. Conversely, a capital loss will be made where the "capital proceeds" are less than the "reduced cost base" of the Powerwrap Shares. Capital losses may be offset against capital gains made in the same year or may be carried forward for offset against future capital gains, subject to the satisfaction of certain loss recoupment rules.
- (e) The capital proceeds for the CGT event arising from the disposal of Powerwrap Shares under the Offer should include the Offer Consideration. As such, the value of the capital proceeds would consist of the cash component of the Offer Consideration received under the Offer and the market value of any property received in the form of new Praemium Shares.
- (f) The cost base and reduced cost base of a Powerwrap Share should generally be the cost of acquiring the Powerwrap Share plus any incidental costs (such

as brokerage fees and legal costs associated with both the acquisition and disposal of the Powerwrap Shares). The cost base of each Powerwrap Share will depend on the individual circumstances of each Powerwrap Shareholder.

- (g) The CGT implications of a disposal of your Powerwrap Shares will depend upon a number of additional factors, including:
 - (i) the date your Powerwrap Shares were acquired for CGT purposes;
 - (ii) your taxpayer status (e.g. individual, trust, superannuation fund or company); and
 - (iii) the length of time you have held your Powerwrap Shares.
- (h) Individuals, complying superannuation entities or trustees of trusts that have held their Powerwrap Shares for at least 12 months before the CGT event may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Powerwrap Shares by 50% in the case of individuals and trusts or by 33^{1/3}% for complying superannuation entities. For trusts, the ultimate availability of the discount for a beneficiary of the trust will depend on the particular circumstances of the beneficiary.
- (i) Any available capital loss must be applied to reduce the realised gross capital gain before applying the relevant CGT discount.
- (j) If your Powerwrap Shares have been held for less than 12 months, or you are a company, the discount method is not available to you. In these circumstances, the gross capital gain on the Shares, being any excess of the value of the capital proceeds over the cost base of the Powerwrap Shares, will be assessable in full subject to any available rollover relief (see below).

CGT – Scrip for scrip rollover relief

- (k) No CGT rollover is available for the cash consideration component of the Offer Consideration.
- (l) Partial scrip for scrip rollover relief should be available however if Praemium acquires at least 80% of the Powerwrap Shares under the Offer (including any existing Powerwrap Shares held by Praemium prior to the Offer). In this case, Powerwrap Shareholders who would otherwise have a capital gain on their Powerwrap Shares can choose to apply a CGT rollover to the portion of their gain representing the Praemium Share consideration. The rollover operates to defer a capital gain that would otherwise arise for a Powerwrap Shareholder pursuant to the Offer.
- (m) In order to choose scrip for scrip roll-over relief, Powerwrap Shareholders must make a choice, prior to or by the day that they lodge their income tax return

for the income year the CGT event happens. To evidence the choice it would be prudent to make the CGT scrip for scrip rollover choice election in writing.

- (n) Praemium confirms that it will not make a choice under subsection 124-795(4) of the ITAA 1997 to deny scrip for scrip rollover relief for Powerwrap Shareholders.
- (o) Where a Powerwrap Shareholder chooses scrip for scrip roll-over relief, the Powerwrap Shareholder will make a capital gain only to the extent that the cash consideration the Powerwrap Shareholder receives exceeds that proportionate part of the cost base of the shareholder's Powerwrap Shares disposed of to Praemium pursuant to the Offer. We recommend tax advice is obtained to determine the allocation of cost base.
- (p) Powerwrap Shareholders who are ineligible to choose scrip-for-scrip rollover relief, or elect not to choose it, will be assessable on any capital gain derived on the disposal of their Powerwrap Shares based on aggregate consideration received.

CGT on subsequent disposal of Praemium Shares

- (q) A subsequent disposal of Praemium Shares received by a Powerwrap Shareholder, pursuant to the Offer, will generally result in Australian CGT implications as described above. The tax implications will differ depending upon whether or not, and the extent to which, scrip for scrip rollover relief was claimed in relation to the disposal of Powerwrap Shares pursuant to this Offer.

Where scrip for scrip rollover was not chosen or not available

- (r) Where scrip for scrip rollover relief was not chosen or was not available in relation to the disposal of your Powerwrap Shares, the first element of the cost base or reduced cost base for the Praemium Shares (spread equally over those Praemium Shares) would include the market value of the Powerwrap Shares disposed of in exchange for them.
- (s) Where the Offer was accepted, the acquisition date of the Praemium Shares will be when the contract for disposal of the Powerwrap Shares was formed. This should generally be the date when the Offer was accepted.
- (t) Where the Offer was not accepted and the Powerwrap Shares were compulsorily acquired by Praemium, the acquisition date of the Praemium Shares for those shareholders should be the date the Praemium Shares were issued.
- (u) CGT discount may be available for certain shareholders if the Praemium Shares are owned for at least 12 months before their disposal.

Where scrip for scrip rollover was available

- (v) Where a Powerwrap Shareholder chooses scrip for scrip rollover relief, the first element of the cost base (and reduced cost base) for the Praemium Shares acquired should be equal to the cost base of the Powerwrap Shareholder's Powerwrap Shares that are rolled over under the arrangement. Other amounts may be included in the cost base of the Praemium Shares, such as any incidental costs to sell the Praemium Shares.
- (w) For CGT discount purposes, Powerwrap Shareholders that elect scrip-for-scrip rollover should be deemed to have acquired the Praemium Shares at the same time they acquired their original Powerwrap Shares.

13.3 Shareholders who are not Australian residents for tax purposes

- (a) Generally speaking, if you are not an Australian tax resident and you hold your Powerwrap Shares on capital account, you are not expected to be subject to Australian CGT on the disposal of your Powerwrap Shares to the extent that the Powerwrap Shares are not "taxable Australian property". Non-Australian tax resident Powerwrap Shareholders should seek their own independent tax advice as to the tax implications of the Offer, including the tax implications in their country of residence.
- (b) Powerwrap Shares will be considered "taxable Australian property" where the following conditions are satisfied:
 - (i) a Powerwrap Shareholder together with its associates held 10% or more of the Powerwrap Shares at the time of disposal or for any continuous 12 month period within two years preceding the disposal (referred to as "non-portfolio interest" in Powerwrap); and
 - (ii) more than 50% of the value of Powerwrap's assets is attributable to direct or indirect interests in 'taxable Australian real property' (TARP test).

13.4 Foreign resident CGT withholding tax rules

- (a) Pursuant to the foreign resident CGT withholding tax rules, unless an exemption applies, Praemium may be required to pay in cash to the Commissioner of Taxation an amount equal to 12.5% of the capital proceeds provided for the acquisition of Powerwrap Shares from certain Powerwrap Shareholders.
- (b) The foreign resident CGT withholding tax rules will apply where the Powerwrap Shareholder meets the following conditions:
 - (i) the Powerwrap Shareholder is a non-Australian tax resident;

- (ii) the Powerwrap Shareholder holds (or has held) a non-portfolio interest in Powerwrap (as described in Section 13.3(b)); and
 - (iii) Powerwrap satisfies the TARP test (as described in section 13.3(b)).
- (c) Where Praemium knows, or reasonably believes, that a liability to foreign resident CGT withholding tax will arise, in respect of the disposal of the Powerwrap Shares by a particular Powerwrap Shareholder, then Praemium will withhold an amount from the payment of that particular Powerwrap Shareholder's Offer Consideration. The Powerwrap Shareholder will only receive the net proceeds after deduction of this amount, which will be paid by Praemium to the Commissioner of Taxation.
- (d) If Praemium considers it is likely that withholding will be required, Praemium will notify the relevant Powerwrap Shareholder at their registered address. A Powerwrap Shareholder who believes the disposal of their Powerwrap Shares may trigger a foreign resident CGT withholding tax liability should obtain independent tax advice, and consider contacting Praemium.
- (e) Praemium may, in the course of its communications with the relevant Powerwrap Shareholder, request that the Powerwrap Shareholder sign and return a Foreign Resident Capital Gains Withholding – Vendor Declaration form prior to Praemium acquiring its Powerwrap Shares, in order to ensure that the Powerwrap Shareholder's status is correctly reflected and to prevent foreign resident CGT withholding tax being deducted from the Offer Consideration.

13.5 **Goods and Services Tax (GST)**

- (a) GST should not be payable on the disposal of your Powerwrap Shares or on the acquisition of new Praemium Shares under the Offer.
- (b) Powerwrap Shareholders may be charged GST on costs incurred in relation to the Offer (e.g. tax, legal or other advisory fees). Certain Powerwrap Shareholders that are registered (or required to be registered) for GST may be entitled to claim input tax credits (or reduced input tax credits) in relation to GST incurred on relevant acquisitions. Powerwrap Shareholders should seek their own independent tax advice on the impact of GST in their own particular circumstances.

13.6 **Stamp duty**

Stamp duty should not be payable on the disposal of your Powerwrap Shares or on the acquisition of new Praemium Shares under the Offer.

14. Other material information

14.1 Bid Implementation Agreement

On 8 July 2020, Praemium and Powerwrap entered into a Bid Implementation Agreement to facilitate the Takeover Bid and the Offer. The Bid Implementation Agreement is on customary terms and includes, among other things, a “no shop” deal protection mechanism, as well as notification and matching rights.

A copy of the Bid Implementation Agreement is attached to this Bidder’s Statement at Annexure B.

14.2 Register Date

For the purposes of section 633(2) of the Corporations Act, the date for determining the Powerwrap Shareholders to whom the Offer is to be sent is 7:00pm (Melbourne time) on 22 July 2020 (**Register Date**).

14.3 Relevant Interest and voting power of Praemium’s directors

As at the date of this Bidder’s Statement, none of the Praemium Directors have a Relevant Interest in any Powerwrap securities.

14.4 No agreements with Powerwrap Directors

There is no agreement between Praemium or its Associates and a Powerwrap Director or another officer of Powerwrap in connection with or conditional on the outcome of the Offer other than as disclosed in this Bidder’s Statement.

14.5 Valuation of Offer Consideration for the purpose of the minimum bid price rule

- (a) Praemium is entitled to rely on the provisions of ASIC Corporations (Minimum Bid Price) Instrument 2015/1068. That instrument provides relief from the requirement in section 621(4) of the Corporations Act and allows a bidder up to five Business Days before the date of the takeover bid to value quoted securities that it is offering as part of its bid consideration, for the purpose of determining whether the value of Praemium’s bid consideration at least equals the maximum value of consideration paid by Praemium for Powerwrap Shares in the four months prior to the date of the Offer.
- (b) Relying on that relief, Praemium is entitled to value Praemium Shares to be issued under the Offer at any date nominated by Praemium (**Valuation Date**) up to five Business Days before the date of the Offer. The valuation is determined by calculating the VWAP of Praemium Shares in the ordinary course of trading on the ASX during two full trading days before the Valuation Date.

- (c) Under section 621(4A) (as inserted in the Corporations Act by ASIC Corporations (Minimum Bid Price) Instrument 2015/1068) the following information is provided:
- (i) valuation of Praemium Shares under section 621(4A): \$[●] per Praemium Share;
 - (ii) Valuation Date: [●] 2020; and
 - (iii) trading days on which the valuation is based: [●] 2020 and [●] 2020.

The value of the Offer Consideration per Powerwrap Share for the purposes of section 621 of the Corporations Act using this valuation is therefore: \$[●].

The value exceeds the maximum value of consideration paid by Praemium for Powerwrap Shares in the four months prior to the date of the Offer.

As Praemium Shares are listed on the ASX, the market price of Praemium Shares can fall as well as rise and may be subject to varied and unpredictable influences. Accordingly, as Powerwrap Shareholders will receive a specified number of Praemium Shares rather than a number of Praemium Shares with a specified market value, the implied value of the Offer Consideration may fluctuate depending on the market value of Praemium Shares.

14.6 Status of Defeating Conditions

- (a) The Offer is subject to a number of conditions (**Defeating Conditions**) set out in Section 7 of this Bidder's Statement. Praemium will provide updates on any material developments relating to the status of the Defeating Conditions through announcements to the ASX.
- (b) Praemium is not aware of any events or circumstances which would result in the non-fulfillment of any of the Defeating Conditions.

14.7 Regulatory approvals

There are no regulatory approvals that Praemium must obtain in order to make and complete the Offer.

14.8 ASIC modification and exemptions

- (a) Praemium has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Praemium, in relation to the operation of Chapters 6 and 6A of the Corporations Act.

- (b) Praemium has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 5(D) of ASIC Class Order 13/521 'Takeover Bids' and ASIC Class Order 2016/72 'Consents to Statements' to include:
 - (i) references to certain statements by Powerwrap and the Powerwrap Directors in this Bidder's Statement without obtaining the consent of those persons. The relevant statements were taken from certain Powerwrap ASX announcements; and
 - (ii) trading data sourced from S&P Capital IQ without their consent.
- (c) As required by ASIC Class Order 13/521, Praemium will make available a copy of this Bidder's Statement (or relevant extracts from these documents) within two Business Days, free of charge, to Powerwrap Shareholders who request them during the Offer Period.

14.9 ASX Submission

On 9 June 2020, Praemium made a submission to ASX seeking:

- (a) confirmation that Praemium would not be required to obtain shareholder approval pursuant to ASX Listing Rule 11.1.2 in connection with the Offer, on the basis that, among other things, the proposed transaction would not constitute:
 - (i) a back-door listing; and
 - (ii) a major change to the nature of Praemium's main undertaking;
- (b) in-principle advice from ASX that it would not seek to apply its discretion under ASX Listing Rule 11.1.3 to require Praemium to re-comply with ASX's admission and quotation requirements in Chapters 1 and 2 of the ASX Listing Rules or obtain shareholder approval in respect of the proposed transaction.

On 16 June 2020, ASX provided the in-principle advice as sought by Praemium.

14.10 Consents

- (a) This Bidder's Statement contains statements made by, or statements said to be based on statements made by, Praemium. Praemium has consented to the inclusion of:
 - (i) each statement it has made; and
 - (ii) each statement which is said to be based on a statement it has made, in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Bidder's Statement.

- (b) The Bidder's Statement also includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge) during the Offer Period, please contact the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia) Monday to Friday between 8.30am and 5.30pm (Melbourne time).
- (c) The following persons have given, and have not, before the date of this Bidder's Statement (being the date this Bidder's Statement is lodged with ASIC), withdrawn their consent to be named in this Bidder's Statement in the form and context in which they are so named:
- (i) UBS as the issuer of the investment research report entitled, "Australian Diversified Financials: Structural shake-up has only just begun" dated 21 May 2019;
 - (ii) Link Market Services as Praemium's share registry;
 - (iii) HSBC as Praemium's financier;
 - (iv) Nicholson Ryan as Praemium's legal adviser for the Offer; and
 - (v) Deloitte as Praemium's corporate adviser for the Offer.
- (d) Each of UBS, Link Market Services, HSBC, Nicholson Ryan and Deloitte:
- (i) has not authorised or caused the issue of the Bidder's Statement;
 - (ii) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
 - (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement with the consent of that party as specified in this Section.
- (e) As permitted by ASIC Corporations (*Consents to Statement*) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements:
- (i) fairly representing a statement by an official person; or
 - (ii) from a public official document or a published book, journal or comparable publication.

- (f) In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Bidder's Statement contains share price trading data sourced from S&P Capital IQ and the ASX official website.

14.11 Disclosure of interests of certain persons

- (a) Other than as set out elsewhere in this Bidder's Statement no:
 - (i) Praemium Director;
 - (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
 - (iii) promotor of Praemium; or
 - (iv) underwriter to the issue of Praemium Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of Praemium Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last 2 years, any interest in:

- (v) the formation or promotion of Praemium;
- (vi) property acquired or proposed to be acquired by Praemium in connection with its formation or promotion, or the offer of Praemium Shares under the Offer; or
- (vii) the offer of Praemium Shares under the Offer.

14.12 Disclosure of fees and benefits received by certain persons

- (a) Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:
 - (i) to a director of Praemium to induce them to become, or to qualify as, a director of Praemium; or
 - (ii) for services provided by an Interested Person in connection with the formation or promotion of Praemium, or the offer of Praemium Shares under the Offer.
- (b) Deloitte has acted as corporate adviser to Praemium in connection with the Offer and is entitled to receive professional fees for these services estimated to be up to \$500,000 (excluding GST) together with ongoing professional fees on a normal commercial basis.

- (c) Nicholson Ryan has acted as legal adviser to Praemium in connection with the Offer and is entitled to received professional fees for these services estimated to be up to \$300,000 (excluding GST) together with ongoing professional fees on a normal commercial basis.

14.13 **Disclosure of interest of Praemium Directors**

- (a) **Interests in Praemium securities**

Please refer to Section 6.6 of this Bidder's Statement.

- (b) **Interests in Powerwrap securities**

Please refer to Section 14.3 of this Bidder's Statement.

14.14 **Indemnity and insurance**

- (a) Praemium has executed a deed of access, indemnity and insurance in favour of each officer of Praemium, including current and past Praemium Directors, in accordance with applicable laws.
- (b) Under the deeds, Praemium indemnifies the officers and previous officers with respect to liabilities incurred in connection with holding office, to the extent permitted by the Corporations Act (or, where relevant, the Companies Act 2006 (UK)). Praemium is also obliged to carry insurance cover for current and past directors and provide them with access to board and committee papers. Such insurance also extends to cover Praemium Directors and officers of the subsidiaries in the Praemium Group.
- (c) Under Praemium's Constitution, Praemium must, subject to certain exceptions, indemnify each of its directors to the extent permitted by law against liability that did not arise out of lack of good faith. Total premiums paid with respect to all directors' and officers' liability insurance in the year ending 30 June 2019 was \$62,000 (exc GST).

14.15 **Expiry date**

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

14.16 **Foreign jurisdictions**

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Praemium disclaims all liabilities to such persons.

14.17 **Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders**

- (a) Powerwrap Shareholders who are Foreign Powerwrap Shareholders or Unmarketable Parcel Shareholders will not be entitled to receive Praemium Shares as consideration for their Powerwrap Shares pursuant to the Offer, unless Praemium otherwise determines.
- (b) A Powerwrap Shareholder is a Foreign Powerwrap Shareholder for the purposes of the Offer if their address as shown in Powerwrap's register of members as 5.00pm (Melbourne time) on the Register Date is in a jurisdiction other than Australia or its external territories. However, such a person will not be a Foreign Powerwrap Shareholder if Praemium is satisfied that it is not legally or practically constrained from making the Offer to a Powerwrap Shareholder in the relevant jurisdiction and to issue Praemium Shares to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Praemium is not under any obligation to spend money, or undertake any action, in order to satisfy itself concerning any of these matters.
- (c) A Powerwrap Shareholder is an Unmarketable Parcel Shareholder if the total number of Praemium Shares it would be entitled to on acceptances of the Offer is less than a Marketable Parcel.
- (d) The Praemium Shares which would otherwise have been issued to Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders will instead be issued to a nominee approved by ASIC, who will sell these Praemium Shares. The net proceeds of the sale of such shares will then be remitted to the relevant Foreign Powerwrap Shareholder and Unmarketable Parcel Shareholders. See Section 15.3 of this Bidder's Statement for further details.

14.18 **No other material information**

Except as disclosed in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Powerwrap Shareholder whether or not to accept the Offer; and
- (b) known to Praemium,

which has not been previously disclosed to Powerwrap Shareholders.

14.19 **Variation of Offer**

Praemium reserves the right to vary this Offer in accordance with section 650A of the Corporations Act.

14.20 Costs of Offer

Praemium will meet the costs relating to the preparation and circulation of this Bidder's Statement and Offer together with all transfer duty (if any) on the transfer of the Powerwrap Shares to Praemium.

15. The terms of the Offer

Should you accept the Offer (in accordance with Sections 1.2 to 1.5 of this Bidder's Statement), the following terms apply to the sale of your Powerwrap Shares to Praemium.

15.1 The Offer is for all of your Powerwrap Shares

Praemium offers to acquire all of your Powerwrap Shares, not only some, on and subject to the terms and conditions set out in this Section 15 of this Bidder's Statement.

15.2 The Offer Consideration

The Indicative Price of 26.44 cents per Powerwrap Share⁵⁶ represents the indicative value of the Offer, pursuant to which Praemium will acquire all of the Powerwrap Shares on issue for:

- (a) 7.5 cents per Powerwrap Share in cash; and
- (b) 1 Praemium Share for every 2 Powerwrap Shares you own.⁵⁷

In this regard please refer to Section 4 of this Bidder's Statement. If this calculation results in an entitlement to a fraction of a Praemium Share, that fraction will be rounded up to the nearest whole number of Praemium Shares.

15.3 Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders

- (a) If you are a Foreign Powerwrap Shareholder or an Unmarketable Parcel Shareholder, you will not be entitled to receive Praemium Shares as part of the Offer Consideration for your accepted Powerwrap Shares as a result of accepting this Offer, and Praemium will:
 - (i) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of Praemium Shares to which you and all other Foreign Powerwrap Shareholders and Unmarketable Parcel Shareholders would

⁵⁶ The Indicative Price is determined based on a deemed price per Praemium Share of 37.89 cents, based on a 5-day VWAP ending on 8 July 2020 (being the last trading day before the Announcement Date).

⁵⁷ The Offer Consideration value will fluctuate with the Praemium Share price. Accordingly, if the Praemium Share price falls then the Offer Consideration value will also fall. In a similar vein, if the Praemium Share price increases, the Offer Consideration value will also increase.

have been entitled but for Section 14.17 of this Bidder's Statement. Praemium may arrange for the Praemium Shares to be issued to the Nominee in tranches. Praemium has the sole and complete discretion as to when and in how many batches to aggregate the Praemium Shares to be issued as a result of acceptances;

- (ii) cause the Praemium Shares so issued to be offered for sale by the Nominee (in one or more tranches) on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
- (iii) pay to you the amount ascertained in accordance with the formula, being your pro rata share of the proceeds from the Praemium Shares sold in the relevant sale tranche, less brokerage and sale expenses:

$$\frac{N \times YS}{TS}$$

where:

N is the amount which is received by the Nominee upon the sale of the Praemium Shares in the relevant tranche under this Section 15.3 less brokerage and sale expenses;

YS is the number of Praemium Shares which would, but for Section 14.16 of this Bidder's Statement, otherwise have been allotted to you; and

TS is the total number of Praemium Shares allotted to the Nominee in the relevant tranche under this Section 15.3;

- (b) You will be paid your share of the proceeds of the sale of Praemium Shares by the Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to either the address provided on your Acceptance Form or the address shown on the Relevant Register within the period required by the Corporations Act.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Praemium Shares by the Nominee, regardless of any delay in remitting these proceeds to you.
- (e) The Nominee may sell the Praemium Shares in such manner, at such price or prices and on such terms as the Nominee determines. The Nominee will sell the Praemium Shares on the ASX as soon as practicable and has sole and complete discretion with regards to the number of tranches in which to sell the Praemium Shares that are issued to them.

- (f) As the market price of Praemium Shares will be subject to change from time to time, the sale price of the Praemium Shares sold by the Nominee and the proceeds of those sales cannot be guaranteed. Neither Praemium nor the Nominee gives any assurance as to the price that will be achieved for the sale of the Praemium Shares by the Nominee.
- (g) The Nominee will be appointed by, and will provide the Nominee services to, Praemium. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Foreign Powerwrap Shareholder or Unmarketable Parcel Shareholder, does not have duties or obligations (fiduciary or otherwise) to any Foreign Powerwrap Shareholder or Unmarketable Parcel Shareholder and does not underwrite the sale of the Praemium Shares.
- (h) If Praemium determines, acting reasonably and in good faith, that it must pay an amount to the Commissioner of Taxation (Commissioner) pursuant to Subdivision 14-D of Schedule 1 of the Taxation Administration Act 1953 (Cth) (TAA) with respect to the acquisition of the Powerwrap Shares from a Powerwrap Shareholder (**Payment Amount**), Praemium will, for any such Powerwrap Shareholder:
 - (i) determine the amount to be paid to the Commissioner (Payment Amount);
 - (ii) remit the Payment Amount to the Commissioner within the time required under the TAA; and
 - (iii) reduce the amount of Offer Consideration payable by Praemium to that Powerwrap Shareholder by the Payment Amount for the purposes of this Offer.
- (i) For the avoidance of doubt, where the conditions in this Section 15.3(h) are satisfied, Praemium will, for the purposes of this Offer, be deemed to have satisfied its obligations to pay the Offer Consideration to a Powerwrap Shareholder if the amount paid to the Powerwrap Shareholder is the amount of the consideration that would have otherwise been payable to the Powerwrap Shareholder pursuant to the Offer, less the Payment Amount for that Powerwrap Shareholder.

15.4 **Praemium Shares**

The Praemium Shares to be issued are ordinary shares in Praemium and will be credited as fully paid and have the rights summarised in Section 6.3 of this Bidder's Statement.

15.5 **Sale of your Powerwrap Shares and warranties**

- (a) You will be taken to have accepted the Offer for all of your Powerwrap Shares held by you on the date your acceptance is processed.

- (b) You warrant that:
 - (i) your Powerwrap Shares are fully paid and Encumbrance free;
 - (ii) Praemium will acquire good title including beneficial ownership; and
 - (iii) you have the full power and capacity to sell and transfer your Powerwrap Shares.

15.6 **Rights attaching to Praemium Shares**

If Praemium acquires your Powerwrap Shares, Praemium is also entitled to any Rights, but not franking credits attached to dividends, attaching to those Powerwrap Shares.

15.7 **To whom Offers are made**

- (a) This Offer is being made to each person registered as the holder of Powerwrap Shares in the register of Powerwrap Shareholders at 5.00pm (Melbourne time) on the Register Date. It also extends to:
 - (i) holders of securities that come to be Powerwrap Shares during the period from the Register Date to the end of the Offer Period due to conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date; and
 - (ii) any person who becomes registered, or is entitled to be registered, as the holder of your Powerwrap Shares during the Offer Period.
- (b) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Powerwrap Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Powerwrap Shares;
 - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Powerwrap Shares you hold to which the Offer relates; and
 - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (c) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Powerwrap Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each

parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1800 992 039 (from within Australia) or +61 1800 992 039 (from outside Australia), Monday to Friday between 8.30am to 5.30pm (Melbourne time) to request those additional copies.

- (d) If your Powerwrap Shares are registered in the name of a custodian or nominee you should contact that nominee for assistance in accepting the Offer.

15.8 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00 p.m. (Melbourne time) on the later of:
 - (i) [●] 2020
 - (ii) any date to which the Offer Period is extended.
- (b) Praemium reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Offer is varied to improve the consideration offered; or
 - (ii) Praemium's voting power in Powerwrap increases to more than 50%,then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

15.9 Your obligation when the Offer becomes unconditional

Where this Offer becomes unconditional, you:

- (a) agree not to attend or vote in person at any general meeting of Powerwrap or to exercise, or to purport to exercise any rights you have attaching to your Powerwrap Shares (notwithstanding that the Offer Consideration has not yet been paid); and
- (b) you authorise Praemium to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter your Powerwrap Shares which are in a CHESS Holding into Praemium's takeover transferee holding.

15.10 **How to accept this Offer**

Please refer to Sections 1.2 to 1.5 of this Bidder's Statement.

15.11 **Recording of acceptance**

If you accept the Offer and the Defeating Conditions have been satisfied, you cannot withdraw your acceptance other than in the limited circumstances described in Section 15.13 of this Bidder's Statement.

15.12 **Validity of acceptance**

- (a) Subject to this Section 15.12, your acceptance of the Offer is not valid unless it is made in accordance with the procedure set out in Sections 1.2 to 1.5 of this Bidder's Statement.
- (b) Praemium may determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Praemium is not required to communicate with you prior to making this determination. The determination of Praemium will be final and binding on all parties.
- (c) Notwithstanding Sections 1.2 to 1.5 of this Bidder's Statement, Praemium may in its sole discretion at any time and without further communication to you, treat any Acceptance Form it receives to be a valid acceptance in respect of your Powerwrap Shares, even if a requirement for acceptance has not been complied with but the payment of the Offer Consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Praemium.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of your Powerwrap Shares, Praemium may, in its sole discretion, regard the Offer to be accepted in respect of those of your Powerwrap Shares but not the remainder.
- (e) Praemium will provide the Offer Consideration to you in accordance with Section 15.14 of this Bidder's Statement, in respect of any part an acceptance determined by Praemium to be valid.

15.13 **The effect of acceptance**

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance. The contract resulting from your acceptance will be binding on you and you will be unable to withdraw your Powerwrap Shares from the Offer or otherwise dispose of your Powerwrap Shares, except as follows:
 - (i) if, by the relevant time specified in Section 15.13(b) of this Bidder's Statement, the Defeating Conditions in Section 7.1 of this Bidder's

Statement have not been fulfilled or freed, this Offer will automatically terminate and your Powerwrap Shares will be returned to you; or

- (ii) if the Offer Period is varied in any way that postpones for more than one month the time when Praemium has to meet its obligations under the Offer and, at the time, this Offer is subject to one or more of the Defeating Conditions in Section 7.1 of this Bidder's Statement, you may be able to withdraw your acceptance and your Powerwrap Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of Section 15.13(a)(i) of this Bidder's Statement are:
- (i) in relation to the Defeating Condition in Section 7.1(e) of this Bidder's Statement (*No Prescribed Occurrences*), not later than three Business Days after the end of the Offer Period; and
 - (ii) in relation to all other Defeating Conditions in Section 7.1 of this Bidder's Statement, the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to Sections 1.2 to 1.5 of this Bidder's Statement, you are taken to have:
- (i) subject to all of the Defeating Conditions in Section 7.1 of this Bidder's Statement being fulfilled or freed, accepted this Offer (and any variation of it) in respect of your Powerwrap Shares and agreed to transfer your Powerwrap Shares to Praemium (even if the number of Powerwrap Shares specified on the Acceptance Form differs from the number of your Powerwrap Shares);
 - (ii) warranted to Praemium, as a fundamental condition of the contract resulting from your acceptance, that at the time of acceptance, and the time of transfer of your Powerwrap Shares (including any Rights) to Praemium is registered, that all your Powerwrap Shares are and will be free from all Encumbrances and free from restrictions on transfer of any nature (whether legal or otherwise), and that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your Powerwrap Shares (including any Rights) to Praemium, and that you have paid to Powerwrap all amounts which at the time of acceptance have fallen due for payment to Powerwrap in respect of your Powerwrap Shares;
 - (iii) irrevocably authorised Praemium (and any director, secretary or nominee of Praemium) to alter the Acceptance Form on your behalf by inserting correct details of your Powerwrap Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be

considered necessary by Praemium to make it an effective acceptance of this Offer or to enable registration of your Powerwrap Shares in the name of Praemium;

- (iv) if you signed the Acceptance Form in respect of your Powerwrap Shares which are held in a CHESS Holding, irrevocably authorised Praemium (or any director, secretary or agent of Praemium) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of your Powerwrap Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- (v) if you signed the Acceptance Form in respect of your Powerwrap Shares which are held in a CHESS Holding, irrevocably authorised Praemium (or any director, secretary or agent of Praemium) to give any other instructions in relation to your Powerwrap Shares to your Controlling Participant, as determined by Praemium acting in its own interest as a beneficial owner and intended registered holder of those Shares;
- (vi) irrevocably authorised and directed Powerwrap to pay to Praemium all Rights in respect of your Powerwrap Shares, subject if this Offer is rescinded or rendered void, to Praemium accounting to you for any such Rights received by Praemium;
- (vii) irrevocably authorised Praemium to notify Powerwrap on your behalf your place of address for the purpose of service notices upon you in respect of your Powerwrap Shares is the address specified by Praemium in the notification;
- (viii) irrevocably appointed Praemium (and any director, secretary or nominee of Praemium) severally with effect from the date on which all of the Defeating Conditions in Section 7.1 of this Bidder's Statement have been fulfilled or freed, as your attorney to exercise all powers and rights that you have as the registered holder of your Powerwrap Shares, including:
 - (A) attending any meeting of Powerwrap and voting in respect of your Powerwrap Shares, proposing or seconding any motion and demanding a poll for any vote at any such meeting;
 - (B) requisitioning the convening of any general meeting of Powerwrap and convening a general meeting pursuant to any such requisition;
 - (C) signing any form, notice, instrument or other document (including any proxy appointment) relating to your Powerwrap Shares; and

- (D) requesting Powerwrap register, in the name of Praemium or its nominee, your Powerwrap Shares, as appropriate, with full power of substitution.

Such appointment terminates on the earlier of the withdrawal of your acceptance of this Offer under section 650E of the Corporations Act and the end of the Offer Period or, if all the Defeating Conditions in Section 7.1 of this Bidder's Statement have been fulfilled or waived, the registration of Praemium as the holder of your Powerwrap Shares;

- (ix) agreed that, in exercising the powers and rights conferred by the power of attorney in Section 15.13(c)(viii) of this Bidder's Statement, each attorney may act in the interest of Praemium as the intended registered holder and beneficial owner of your Powerwrap Shares;
 - (x) with the effect from the date on which all the Defeating Conditions in Section 7.1 of this Bidder's Statement have been fulfilled or freed, agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Powerwrap or to exercise or purport to exercise any of the powers and rights conferred on Praemium (and its directors, secretaries and nominees) in Section 15.13(c)(viii) of this Bidder's Statement;
 - (xi) agreed to do all such acts, matters and things that Praemium may require to give effect to the matters the subject of this Section 15.13(c) (including the execution of a written form of proxy to the same effect as this Section 15.13(c) which complies in all respects with the requirements of the Constitution of the Powerwrap) if requested by Praemium;
 - (xii) agreed to indemnify and keep indemnified Praemium in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not providing your HIN or SRN or in consequence of the transfer of your Powerwrap Shares to Praemium being registered by Powerwrap without production of your HIN or your SRN for your Powerwrap Shares; and
 - (xiii) agreed subject to the Defeating Conditions of this Offer in Section 7.1 of this Bidder's Statement being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Praemium may consider necessary or desirable to convey your Powerwrap Shares registered in your name and Rights to Praemium.
- (d) The undertakings and authorities referred to in Section 15.13(c) of this Bidder's Statement remain in force after you receive the Offer Consideration for your Powerwrap Shares and after Praemium becomes registered as the holder of your Powerwrap Shares.

15.14 Payment of Offer Consideration

If you accept this Offer, Praemium will give you the Offer Consideration for your Powerwrap Shares as follows:

- (a) Subject to this Section 15.14 of this Bidder's Statement and the Corporations Act, Praemium is to provide the Offer Consideration due to you for your Powerwrap Shares on or before the earlier of:
 - (i) one month after the day that your Acceptance Form is received by Praemium, or if this Offer is subject to a Defeating Condition when you accept this Offer, within one month after this Offer becomes, or is declared, unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document (or documents) to be delivered with your Acceptance Form (such as a power of attorney):
 - (i) if that document is given with your Acceptance Form, Praemium will provide the consideration in accordance with Section 15.14(a) of this Bidder's Statement;
 - (ii) if that document is given to Praemium after Praemium receives your Acceptance Form and before the end of the Offer Period, Praemium will provide the Offer Consideration:
 - (A) if the Offer is subject to a Defeating Condition when Praemium receives that document – by the earlier of one month after this Offer becomes, or is declared, unconditional or 21 days after the end of the Offer Period; and
 - (B) if the Offer is unconditional – by the earlier of one month after Praemium is given the document or 21 days after the end of the Offer Period;
 - (iii) if that document is given to Praemium after receipt of your Acceptance Form and after the end of the Offer Period, and the Offer is not subject to a Defeating Condition, Praemium will provide the Offer Consideration due to you within 21 days after that document is delivered to Praemium. However, if at the time the document is given, the Offer is still subject to Prescribed Occurrences, Praemium will provide the Offer Consideration due to you within 21 days after the Offer becomes, or is declared, unconditional.
- (c) If you accept this Offer, Praemium is entitled to all Rights in respect of your Powerwrap Shares. Praemium may require you to provide all documents necessary to vest the title to those Rights in Praemium, or otherwise to give it

the benefit or value of those Rights. If you do not give those documents to Praemium, or if you have received the benefit of those Rights, Praemium will deduct from the Offer Consideration otherwise due to you the amount (or value, as reasonably assessed by Praemium) of those Rights, together with the value (as reasonably assessed by Praemium).

- (d) The cash component of the Offer Consideration payable by Praemium to you under this Offer is to be paid to you by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to either (at Praemium's discretion) the address shown on your Acceptance Form or the address shown on the Relevant Register.
- (e) If at the time you accept the Offer any of the following:
 - (i) *Autonomous Sanctions Regulations 2011* (Cth);
 - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); or
 - (iii) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any Offer Consideration for your Powerwrap Shares, or would make it unlawful for Praemium to provide any Offer Consideration to you for your Powerwrap Shares, you will not be entitled to receive any Offer Consideration for your Powerwrap Shares until all requisite authorities, clearances or approvals have been received by Praemium.

15.15 **Trustee warranties**

If you are the legal owner but not the beneficial owner of your Powerwrap Shares, you represent and warrant to Praemium that:

- (a) the beneficial holder has not sent a separate acceptance of the Offer in respect of your Powerwrap Shares;
- (b) the number of Powerwrap Shares you have specified as being the entire holding of Powerwrap Shares you hold on behalf of particular beneficial holder is in fact the entire holding; and
- (c) that you are irrevocably and unconditionally entitled to transfer the Powerwrap Shares and Rights, and to assign all of the beneficial interest therein, to Praemium.

16. Key risks associated with the Offer

16.1 Introduction

- (a) If the Offer becomes unconditional, Powerwrap Shareholders who accept the Offer will become Praemium Shareholders and Praemium will acquire an interest in Powerwrap. In that event, Powerwrap Shareholders will continue to be directly exposed to the risks associated with having an interest in Powerwrap's assets and general economic, share market and industry risks. There are also additional risks relating to the Offer and the Merged Group, to which Powerwrap Shareholders will be exposed through their holding of Praemium Shares.
- (b) This Section 16 does not purport to list every potential risk that may be associated with an investment in Praemium Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of Praemium, its Directors and its senior management team. There can be no guarantee that the Merged Group will achieve its objectives or that any forward-looking statements or forecasts contained in this Bidder's Statement will be realised or otherwise eventuate.
- (c) The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Praemium Directors as at the date of this Bidder's Statement, but there is no guarantee or assurance that the importance of different risks will not change, or other risks will not emerge.
- (d) Before accepting the Offer, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether the Praemium Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. It is recommended that you seek professional guidance from your solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to accept the Offer.

16.2 Specific risks

(a) Issue of Praemium Shares as the Offer Consideration

Powerwrap Shareholders who accept the Offer will receive, subject to the terms of the Offer, a combination of Praemium Shares and cash (except for Foreign Shareholders and Unmarketable Parcel Shareholders who will be entitled to receive cash only). This will be a specified number of Praemium Shares, rather than a number of Praemium Shares with a specified market value.

As a result, the implied value of the Offer Consideration will fluctuate depending upon the market value of Praemium Shares. The market value of Praemium

Shares may be affected by a variety of factors, including the various risks set out in this Section.

Also, some of the Powerwrap Shareholders who accept the Offer may not intend to continue to hold Praemium Shares. Future sales or issuances of a significant number of Praemium Shares (including under the Offer) could depress the short to medium term trading price of, and demand for, Praemium Shares.

(b) Risks associated with retention of a minority stake

There are some risks associated with the Offer for Powerwrap Shareholders who do not accept the Offer and remain Powerwrap Shareholders. If, in connection with or following the Takeover Bid, Praemium acquires between 90% and 100% of the Powerwrap Shares, Praemium may be entitled to compulsorily acquire the remaining shares of the Powerwrap Shareholders and intends to do so. If, in connection with or following the Takeover Bid, Praemium acquires more than 50.1% but less than 90% of the Powerwrap Shares, Praemium will hold a controlling interest in Powerwrap. The remaining Powerwrap Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. They could also encounter a lower level of liquidity in Powerwrap Shares than exists today, which could result in a lower price for those Powerwrap Shares should they wish to sell them in the future.

(c) Integration risks

There are risks that the integration of the businesses of Praemium and Powerwrap may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. Potential issues and complications influencing the achievement of a successful integration and of targeted benefits include:

- (i) inability to achieve synergy benefits and cost savings;
- (ii) integrating management information systems;
- (iii) merging the culture and management styles of the two organisations;
- (iv) experiencing lower than expected cost savings;
- (v) integrating information technology and support functions;
- (vi) unintended loss of key employees, in particular, responsible managers on the AFSLs;
- (vii) an inability to transfer the responsible entity functions to PAL for any reason; and

- (viii) market conditions or changes in regulatory environment, or regulatory conditions imposed in connection with the Offer, impacting the ability of the Merged Group to leverage its increased scale, presence and market intelligence to achieve anticipated benefits.

Any failure to achieve the anticipated benefits could impact the financial performance and position of the Merged Group.

(d) **Competition**

The industry in which the Merged Group will operate is a competitive market and it is expected that this market will remain competitive. The Merged Group's position in the market will be dependent on several factors and could change. Increased competition may adversely affect the Merged Group's business, financial performance and financial condition. Some of the factors that may impact on the Merged Group's performance include the following:

- (i) the range of products available through the Merged Group's business relative to that of competitors;
- (ii) commercial factors, including pricing terms;
- (iii) ability to keep up with technological or regulatory change;
- (iv) ability to respond to financial adviser and underlying investor client preferences for products and services and maintaining strong relationships with existing clients; and
- (v) the Merged Group's ability to respond to changes to competition in the market in which it operates, including as a result of new entrants in the market.

Praemium believes that there is a risk that an existing platform provider or new entrant into the market could seek to duplicate the Merged Group's business model or the functionality of its technology.

(e) **Regulatory environment**

Praemium, via its wholly owned subsidiary, PAL, currently operates the Praemium SMA, a registered managed investment scheme. Post-completion, it is expected the Merged Group will continue to operate the Praemium SMA and also the Powerwrap Investment Account. Both PAL and Powerwrap hold AFSLs and are subject to ongoing regulations, laws, standards and practices.

Post-completion, the Merged Group will transfer the responsible entity obligations to PAL (either as a combined fund or two separate funds). There is a risk that may not eventuate in which case some projected costs savings may not be achieved.

Furthermore, the level and complexity of the regulation of AFSL holders and financial services continues to be scrutinised by regulators. This has resulted in increased costs and resources being required for legal and regulatory compliance. It is anticipated that the regulatory environment will continue to develop in this manner, causing increased compliance complexity for the Merged Group. Whilst PAL has in place sophisticated compliance protocols, there is a risk that the Merged Group's processes and systems may not be adequate to detect and prevent all potential breaches. Serious breaches could have significant consequences, including the suspension or cancellation of the their AFSLs. The cancellation of the AFSLs may result in either of PAL or Powerwrap being unable to operate the combined business, being issued with fines or other penalties arising from regulatory action and reputational damage.

An AFSL holder must be able to demonstrate it meets the competency requirements to provide the relevant financial services under its AFSL. PAL will need to amend its AFSL to allow it to operate an IDPS-like fund. The Praemium SMA operates in a similar manner as an IDPS-like and Praemium expects the application to vary its AFSL will be successful. However, there is a risk that the current responsible managers of Powerwrap will cease to be engaged by Powerwrap post completion. Whilst PAL believes it meets the competency requirements for the Merged Group, there is a risk that ASIC may require the Merged Group to demonstrate further competencies in respect to one or more authorisations. This may result in a short-term suspension in the provision of the relevant authorisations.

Praemium, PAL and Powerwrap are subject to privacy laws in Australia. These laws regulate the handling of personal information and data collection. Such laws impact the way Praemium, PAL and Powerwrap can collect, use, analyse, transfer and share personal and other information. Any actual or perceived failure by Praemium, PAL and Powerwrap to comply with relevant privacy laws and regulations may result in the imposition of fines or other penalties, client losses, a reduction in existing services, and limitations on the use and development of technology requiring the input of such data. Any of these events could adversely impact the combined business, financial condition and financial performance.

Praemium has various compliance measures in place to be promptly informed of regulatory changes that may affect Praemium. Where appropriate, Praemium seeks advice in respect of how best to comply with any existing or new regulatory requirements (including in respect of its AFSL).

(f) **Customer contracts: change of control**

It is understood from Powerwrap's Prospectus dated 15 April 2019 (**Powerwrap Prospectus**) that some of the customer contracts that Powerwrap has entered into with financial advisers, wealth managers, brokers and accountants contain a right for the customer to terminate the contract

where Powerwrap is subject to a 'change of control' event which could occur if the Offer successfully entitles Praemium to acquire over 50% of Powerwrap's Shares under the Offer.

If a change of control were to occur and a customer terminated a customer contract, Powerwrap's business, financial condition and financial performance, as a part of the Merged Group, may be adversely impacted.

(g) Regulatory reform

Praemium and Powerwrap conduct their businesses (and it is proposed the Merged Group will conduct its business) within a registered managed investment scheme environment and within the environment of financial services law more generally in relation to the products they offer to their clients. Changes to laws, regulations, standards and practices applicable to the industry in which they operate (in particular in relation to the payment of fees and charges by retail investors) could adversely impact their businesses or the business of the Merged Group. For example, there could be changes to legislation surrounding registered managed investment schemes or model portfolios that could positively or negatively impact Praemium's business, Powerwrap's business and the business of the Merged Group.

(h) Key personnel risk

Praemium relies on, and it is understood from the Powerwrap Prospectus that Powerwrap relies on, a number of key personnel to conduct their businesses, including certain personnel who are named as 'key persons' and 'responsible managers' on each of the Praemium AFSL and the Powerwrap AFSL. If such key personnel were to leave the businesses or for other reasons could not perform their duties, and there was an inability to recruit suitable replacements, this could result in an inability to continue to promote or operate Praemium's business and Powerwrap's business.

(i) Reliance on third party suppliers

(i) *Technology systems*

Praemium relies on, and it is understood from the Powerwrap Prospectus that Powerwrap relies on certain contracts with third party IT suppliers to maintain and support the operation of their platforms and its IT infrastructure and software more generally.

Both Praemium's business and Powerwrap's business are dependent on the uninterrupted availability of these IT systems. Praemium's and Powerwrap's reliance on third parties to provide key services decreases their control over the delivery of these services and the quality and reliability of the services provided. Both Praemium and Powerwrap are also subject to the risk of any failures in each third-party provider's

systems or IT infrastructure, which may impact that third party's ability to deliver the services it is contracted to provide. Any delay, disruption or deterioration in the level of service by a third-party provider could impair Praemium's, Powerwrap's and the Merged Group's ability to operate their platforms and provide services to their clients. In addition, if any such contracts are terminated for any reason and an alternative source of technology or systems is not found in a timely manner or on similar commercial terms, Praemium's, Powerwrap's and the Merged Group's operations, earnings and financial condition could be adversely impacted.

(ii) *Performance of third-party infrastructure*

Praemium is dependent, and it is understood from the Powerwrap Prospectus that Powerwrap is dependent, on the effective performance, reliability and availability of their platforms, third party data centres and communication systems.

Praemium's, Powerwrap's and the Merged Group's core technologies may be exposed to damage or interruption from system failures, viruses, cyber-attacks, telecommunication provider failures, disasters from natural or human causes, or other unforeseen events which may cause the systems to be unavailable from time to time. This may affect the ability of Praemium, Powerwrap and the Merged Group to deliver consistent, quality services to its clients and lead to reputational damage and may also adversely impact Praemium's, Powerwrap's and the Merged Group's operations, financial performance and financial condition.

(iii) *Risks associated with Third Party Suppliers*

Praemium utilises, and it is understood from the Powerwrap Prospectus that Powerwrap utilises, a range of third-party suppliers.

Praemium, Powerwrap and the Merged Group could face business interruption risk, brand and reputational risk if any of the third parties failed to perform and undertake their obligations.

(j) **Technology and Cyber-security risks**

Praemium and Powerwrap rely on, and it is anticipated the Merged Group will rely on, online technology solutions to operate their platforms and their businesses more generally. Praemium has, and it is understood from the Powerwrap Prospectus, that Powerwrap has, robust measures in place to protect their technology, systems and information from unauthorised access. However, it is possible that the measures put in place by Praemium and Powerwrap to prevent technology breaches may not be adequate. Security breaches may involve unauthorised access to systems and databases and the

deployment of malicious software designed to create system and service disruptions or access financial or personal information.

Any security breaches or other unauthorised access to Praemium's IT systems and Powerwrap's IT systems or client data may subject Praemium and Powerwrap to mandatory disclosure obligations, claims by clients or other persons affected, disruption of services to clients (and underlying investor clients), legal action and regulatory consequences. Any of these events could adversely impact Praemium's, Powerwrap's and the Merged Group's reputation, operation of their businesses, financial condition and financial performance.

Praemium has, and it is understood from Powerwrap's Prospectus, that Powerwrap has, robust cyber-security technology in place, which both companies' management believe protects the companies from unauthorised access to their own technology, systems and information to the extent reasonably possible. Praemium has, and according to the Powerwrap Prospectus, Powerwrap has, a response plan to deal with any such unauthorised access and is also subject to statutory mandatory data breach notification requirements.

(k) Disruption of Platform technology

There is a risk of disruption of platform services due to:

- (i) an inability of the system to handle increases in volume of clients and transactions or errors or omissions that may occur in performing certain tasks and transactions; or
- (ii) a force majeure event that affects the systems and in turn the clients of, or suppliers to, Praemium, Powerwrap and the Merged Group.

(l) Reputational damage

Praemium's, Powerwrap's and it is expected the Merged Group's brands are important in attracting and retaining clients. There is a risk that the brands may be tarnished by incidents such as negative publicity, a data security breach or one-off unforeseen events that negatively impact Praemium's, Powerwrap's and the Merged Group's operations. The occurrence of any such incidents may lead to client loss and the failure to attract new clients, which, in turn, may have an adverse impact on the Praemium's, Powerwrap's and the Merged Group's financial performance.

(m) Failure to retain existing clients and attract new clients

A failure to retain existing clients could adversely impact the Praemium's, Powerwrap's and the Merged Group's businesses, financial condition and financial performance.

(n) **COVID-19**

The outbreak of the novel coronavirus disease (**COVID-19**) is impacting global economic markets. The full nature and extent of the effect of the outbreak on the performance of Praemium remains unknown (and Praemium anticipates that the effect of COVID-19 on both Powerwrap and the Merged Group is also likely to be uncertain). Accordingly, Praemium's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further any governmental or industry measures taken in response to COVID-19 may adversely impact the Merged Group's operations and are likely to be beyond the control of Praemium, Powerwrap and the Merged Group.

The Praemium Directors are monitoring the outbreak of COVID-19 closely and have considered the impact of COVID-19 on Praemium's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, Praemium provided an update to the market in regard to its response to COVID-19 on 20 April 2020 and will continue to keep the market abreast of material developments.

If the impacts of COVID-19 appear to be material prior to the end of the Offer Period, Praemium will notify Powerwrap Shareholders under a supplementary bidder's statement.

16.3 **General risks**

(a) **Macro-economic risks**

Praemium's business, Powerwrap's business and the anticipated business of the Merged Group are exposed to changes in general economic conditions in Australia and internationally. For example, adverse macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence levels of investment by underlying investor clients may affect each entity's future financial performance and operating performance, the price of Praemium Shares and the Merged Group's ability to pay dividends.

(b) **Taxation and accounting standards**

There is a risk that a change may occur in the applicable laws and regulations, accounting standards and the Australian taxation regime.

These changes could have an impact on the Merged Group's business and the price at which Praemium Shares are trading.

(c) **Litigation risks**

It is possible that the Merged Group may be involved in disputes and litigation. There is a risk that any material or costly dispute or litigation and compensation or damages could adversely impact the financial position or performance of the Merged Group.

(d) **General investment risks**

The price at which Praemium Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Praemium Shares to trade at prices below the price at which the Praemium Shares are being offered under this Bidder's Statement. There is no assurance that the price of the Praemium Shares will increase following the close of the Offer, even if the Merged Group's earnings increase. Some of the factors which may affect the price of the Praemium Shares include:

- (i) fluctuations in the domestic and international market for listed stocks;
- (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- (iii) inclusion in or removal from market indices;
- (iv) the nature of the markets in which the Merged Group operates; and
- (v) general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Merged Group specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

17. Definitions

In this Bidder's Statement, unless the context otherwise requires, the following terms have the meaning shown below:

- (a) **A\$ or \$** means Australian dollars;
- (b) **ACCC** means the Australian Competition and Consumer Commission;
- (c) **Acceptance Form** means the acceptance form attached to this Bidder's Statement;
- (d) **Accounting Standards** means the Australian accounting standards as published by the Australian Accounting Standards Board;

- (e) **AFSL** means Australian Financial Services Licence;
- (f) **Announcement Date** is as defined in Section 1.1 of this Bidder's Statement;
- (g) **APRA** means Australian Prudential Regulation Authority;
- (h) **ASIC** means the Australian Securities and Investments Commission;
- (i) **Associate** is as defined in Chapter 1, Division 2 of the Corporations Act;
- (j) **ASX** means ASX Limited ABN 98 008 624 691;
- (k) **ASX Listing Rules** means the listing rules of the ASX;
- (l) **ASX Settlement** means ASX Settlement Pty Limited ABN 49 008 504 532;
- (m) **ASX Settlement Operating Rules** means the operating rules of the ASX in force from time to time;
- (n) **Bidder's Statement** means this document and its content;
- (o) **Bid Implementation Agreement** means the bid implementation agreement entered into between Praemium and Powerwrap dated 8 July 2020;
- (p) **Business Day** means a day which is not a Saturday, Sunday or public holiday in Melbourne, Victoria;
- (q) **CGT** means capital gains tax;
- (r) **CHESS Holding** means a holding of Powerwrap Shares on the CHESS subregister of Powerwrap;
- (s) **Competing Proposal** means an actual, proposed or potential competing proposal to the Takeover Bid;
- (t) **Controlling Participant** has the meaning given to that term in the ASX Settlement Operating Rules;
- (u) **COVID-19** is as defined in Section 16.2(n);
- (v) **Corporations Act** means the *Corporations Act 2001* (Cth) as relevantly modified;
- (w) **CRM** means customer relationship management;
- (x) **Debt Facility** is as defined in Section 12.3(a) of the Bidder's Statement;

- (y) **Defeating Conditions** is as defined in Section 7.1 of this Bidder's Statement;
- (z) **Deloitte** means Deloitte Corporate Finance Pty Limited ACN 003 833 127;
- (aa) **EBITDA** means earnings before interest, tax, depreciation and amortisation;
- (bb) **Employee Options** means Powerwrap Options issued to persons who are employees of Powerwrap or its Subsidiaries;
- (cc) **Encumbrance** means any security interest, mortgage, charge, lien, pledge, hypothecation;
- (dd) **EPS** means earnings per share;
- (ee) **Finance Documents** is as defined in Section 12.3(a) of this Bidder's Statement;
- (ff) **Foreign Powerwrap Shareholder** means a Powerwrap Shareholder whose address shown in the register of members of Powerwrap is a place outside of Australia and its external territories;
- (gg) **FCA** means financial conduct authority;
- (hh) **FUA** means Funds Under Administration;
- (ii) **FY** means a financial year, being the period from 1 July in one year to 30 June in the next;
- (jj) **Government Agency** means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local and for these purposes includes the ACCC, ASX and ASIC;
- (kk) **GST** means goods and services tax;
- (ll) **HIN or Holder Identification Number** has the same meaning as in the ASX Settlement Operating Rules;
- (mm) **HNWI** means high net-worth investor;
- (nn) **HSBC** means HSBC Bank Australia Limited ABN 48 006 434 162;
- (oo) **IDPS** means investor directed portfolio services;
- (pp) **Indicative Price** means 26.44 cents per Powerwrap Share;
- (qq) **Interested Persons** is as defined in Section 14.11(a);

- (rr) **Issuer Sponsored Holding** means a holding of Powerwrap Shares on Powerwrap's issuer sponsored subregister;
- (ss) **Link Market Services** means Link Market Services Limited ACN 083 214 537;
- (tt) **LTI** means long-term incentive;
- (uu) **LTIP** means long-term equity-based incentive plan;
- (vv) **Marketable Parcel** has the meaning given in the ASX Settlement Operating Rules which, among other things, includes a parcel of shares, the value of which is not less than \$500;
- (ww) **Merged Group** means Praemium and each of its Subsidiaries (including the Powerwrap Group) which will exist as a result of the takeover bid as constituted by the Offer, should the takeover proceed to its conclusion;
- (xx) **Merged Group Pro Forma Financial Information** is as defined in Section 11.5(a) of this Bidder's Statement;
- (yy) **Minimum Acceptance Condition** is as defined in Section 7.1(b) of this Bidder's Statement;
- (zz) **MWH** means MWH Capital Pty Ltd ACN 136 888 956;
- (aaa) **Nicholson Ryan** means Nicholson Ryan Lawyers Pty Ltd ACN 619 343 074;
- (bbb) **Nominee** is as defined in Section 15.3(a)(i) of this Bidder's Statement;
- (ccc) **Non-Employee Options** means Powerwrap Options issued to persons who are not employees of Powerwrap or its Subsidiaries;
- (ddd) **NPAT** means net profit after tax;
- (eee) **Offer** means the offer to acquire your Powerwrap Shares and Rights, off-market and in accordance with the terms of this Bidder's Statement;
- (fff) **Offer Consideration** means the aggregate of:
- (i) 7.5 cents per Powerwrap Share in cash; and
 - (ii) 1 Praemium Share for every 2 Powerwrap Shares that you own;
- (ggg) **Offer Closing Date** is as defined in Section 1.1 of this Bidder's Statement;
- (hhh) **Offer Period** means the period during which the Offer remains open, being the period between the date of this Bidder's Statement and the Offer Closing Date and time mentioned in Section 1.1 of this Bidder's Statement;

- (iii) **Official List** means the official list of the ASX;
- (jjj) **PAL** means Praemium Australia Limited ABN 92 117 611 784;
- (kkk) **Participant** means an entity admitted to participate in the CHESS system under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules;
- (lll) **Payment Amount** is as defined in Section 15.3(h);
- (mmm) **Peer Group** is as defined in Section 6.5(c);
- (nnn) **Powerwrap** means Powerwrap Limited ACN 129 756 850;
- (ooo) **Powerwrap Board** means the board of Powerwrap Directors;
- (ppp) **Powerwrap Director** means each member of the Powerwrap Board;
- (qqq) **Powerwrap Group** means Powerwrap and each of its Subsidiaries;
- (rrr) **Powerwrap Option** means an option over a Powerwrap Share (which comprises the Employee Options and the Non-Employee Options);
- (sss) **Powerwrap Performance Rights** means a right to be issued a Powerwrap Share, subject to vesting conditions being met;
- (ttt) **Powerwrap Prospectus** is as defined in Section 16.2(f);
- (uuu) **Powerwrap Restricted Securities** means fully paid ordinary shares in the capital of Powerwrap subject to escrow restrictions in accordance with ASX Listing Rules;
- (vvv) **Powerwrap Share** means a fully paid ordinary share in the capital of Powerwrap;
- (www) **Praemium** means Praemium Limited ACN 098 405 826;
- (xxx) **Praemium Board** means the board of Praemium Directors;
- (yyy) **Praemium Constitution** means the current constitution of Praemium, being the constitution announced to the ASX on 11 November 2014;
- (zzz) **Praemium Director** means each member of the Praemium Board;
- (aaaa) **Praemium Group** means Praemium and each of its Subsidiaries;
- (bbbb) **Praemium Option** means an option over a Praemium Share;
- (cccc) **Praemium Performance Rights** means a right to be issued a Praemium Share subject to vesting conditions being met;

- (dddd) **Praemium Share** means a fully paid ordinary share in the capital of Praemium;
- (eeee) **Prescribed Occurrence** is as defined in Section 7.1(e) of this Bidder's Statement;
- (ffff) **R&D** means research and development;
- (gggg) **Register Date** is as defined in Section 14.2 of this Bidder's Statement;
- (hhhh) **Related Bodies Corporate** has the meaning in section 50 of the Corporations Act;
- (iiii) **Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act;
- (jjjj) **Relevant Register** means the latest version of Powerwrap's register of shareholders as requested and obtained by Praemium;
- (kkkk) **Rights** means all accreditations, rights or benefits of whatever kind attaching or arising from your Powerwrap Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive them or rights to receive or subscribe for Powerwrap Shares, notes, bonds, options or other securities declared, paid or issued by Powerwrap or any of its subsidiaries);
- (llll) **SRN** or **Security holder Reference Number** has the same meaning as in the ASX Settlement Operating Rules;
- (mmmm) **SMA** means Separately Managed Accounts;
- (nnnn) **SMSF** means self-managed superannuation fund;
- (oooo) **SPP** is as defined in Section 2.4(a) of this Bidder's Statement;
- (pppp) **STI** means short-term incentive;
- (qqqq) **Subsidiary** has the meaning in Division 6 of Part 1.2 of the Corporations Act;
- (rrrr) **Substantial Holding** has the meaning in section 9 of the Corporations Act;
- (ssss) **Takeover Bid** means the off-market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act;
- (tttt) **Target's Statement** means the document that Powerwrap is required to send to Powerwrap Shareholders in response to this Bidder's Statement;
- (uuuu) **TSR** means total shareholder return;

- (vvvv) **Unmarketable Parcel** means a parcel of Praemium Shares that does not constitute a Marketable Parcel.
- (wwwwww) **Unmarketable Parcel Shareholder** means a Powerwrap Shareholder to whom, if they accept the Offer, Praemium Shares would be issued which would not constitute a Marketable Parcel;
- (xxxx) **UBS** means UBS Securities Australia Ltd ACN 008 586 481;
- (yyyy) **UMA** means Unified Managed Accounts;
- (zzzz) **Valuation Date** is as defined in Section 14.5(b) of this Bidder's Statement.
- (aaaaa) **VMA** means Virtually Managed Accounts; and
- (bbbbb) **VWAP** means the volume average weighted price.

18. Approval of Bidder's Statement

This Bidder's Statement has been approved by a resolution unanimously passed by the Praemium Directors dated 21 July 2020.

Date: 22 July 2020

Signed for and on behalf of
Praemium Limited by

sign here 

Director

print name Barry Lewin

19. Directory

Legal Advisors to the Offer

Nicholson Ryan Lawyers Pty Ltd
Level 7, 420 Collins Street
Melbourne VIC 3000

Corporate Advisor to the Offer

Deloitte Corporate Finance Pty Limited
477 Collins Street
Melbourne VIC 3000

Share Registry for the Offer

Link Market Services Limited
Level 13, Tower 4, 727 Collins Street
Melbourne VIC 3000

Praemium Offer Information Line

Within Australia: 1800 992 039
Outside Australia: +61 1800 992 039



9 July 2020

Joint Announcement

Recommended off-market takeover offer by Praemium for Powerwrap

Transaction Overview

Praemium Limited (**Praemium**) (ASX:PPS) and Powerwrap Limited (**Powerwrap**) (ASX:PWL) are pleased to announce that they have entered into a bid implementation agreement dated 9 July 2020 (**BIA**), under which it is proposed that Praemium will make an off-market conditional takeover bid for all of the issued fully paid ordinary shares of Powerwrap (**Powerwrap Shares**) which it does not presently hold (**Offer**). A copy of the BIA is attached at Annexure A.

Highlights

- The Offer values Powerwrap at an indicative price of 26.44 cents per Powerwrap Share (**Indicative Price**), or \$55.6 million for all of Powerwrap's issued share capital.¹
- Under the Offer, each holder of Powerwrap Shares (**Powerwrap Shareholder**) will receive:
 - 7.5 cents per Powerwrap Share in cash; and
 - 1 Praemium Share for every 2 Powerwrap Shares held²,(together, the **Offer Consideration**).
- The Powerwrap board of directors (**Powerwrap Board**) unanimously recommend that Powerwrap Shareholders **ACCEPT THE OFFER** and have indicated that they will **ACCEPT THE OFFER** in respect of all Powerwrap Shares they own or control, in both instances, in the absence of a superior proposal.

¹ Based on Powerwrap's fully diluted share count at the date of the Offer of 210,083,199 (not including Performance Rights which may vest following the finalisation of the Audited Financial Accounts for the year to 30 June 2020. Total diluted shares post issue of these Performance Rights will be no greater than 212.0 million shares), and a deemed price per Praemium Share of 26.44 cents, based on a 5-day VWAP ending on 8 July 2020.

² Foreign shareholders (being Powerwrap Shareholders with a registered address outside of Australia and its external territories) who accept the Offer will not be entitled to receive Praemium Shares. Instead, the Praemium Shares that foreign shareholders would have been entitled to receive will be issued to, and sold by, a nominee and the net proceeds will be paid to each relevant foreign shareholder pro-rata according to their respective holdings of Powerwrap Shares.



- There are a number of other very compelling reasons for Powerwrap Shareholders to **ACCEPT THE OFFER**:
 - the Indicative Price represents a very attractive premium of:
 - 51.1% to the last closing price of Powerwrap Shares prior to the date of this announcement;
 - 82.3% to the 3-month VWAP of Powerwrap Shares of \$0.145; and
 - 138.4% to the 6-month VWAP of Powerwrap Shares of \$0.111;
 - Powerwrap Shareholders will have the opportunity to participate in the benefits of a merged group which will be one of Australia's largest independent specialist platform providers on a combined funds under administration (**FUA**) basis (**Merged Group**);
 - anticipated reduction in the operational, financial and competition risks associated with continuing to hold Powerwrap Shares on a standalone basis, while gaining exposure to Praemium's proven track record of profit and growth;
 - Powerwrap Shareholders will be able to participate in the expected upside from the realisation of potentially significant synergies, with full year EBITDA operating cost synergies expected (on a preliminary basis) to total \$6.0 million by FY2022;
 - the likelihood of a competing proposal emerging is low given Praemium's existing 15.1% interest in Powerwrap³;
 - there are possible risks of remaining as a minority shareholder of Powerwrap;
 - potential access to CGT scrip-for-scrip rollover relief; and
 - Australian Powerwrap Shareholders will not pay stamp duty and are unlikely to incur brokerage costs in accepting the Offer and transferring Powerwrap Shares.

³ Determined on an undiluted basis. At the date of this announcement, Praemium owns 31,082,272 Powerwrap Shares.



Commenting on the proposed transaction, Barry Lewin, Chairman of Praemium said:

"The merger is an exciting opportunity for Powerwrap and Praemium shareholders alike. For many years, Praemium has been on a growth trajectory with a recent history of generating steadily growing profitability. This merger adds increased scale and significant synergies. Powerwrap shareholders can now gain exposure to Praemium's strong financial position and advanced technology, to realise compelling benefits via the creation of one of Australia's leading independent specialist platform providers on a combined FUA basis."

Anthony Wamsteker, Chairman of Powerwrap said:

"The board of Powerwrap believes the Offer presents an excellent opportunity for Powerwrap shareholders to participate in the upside of a merged group that stands to benefit from significant potential synergies. With Powerwrap's strong customer base and Praemium's track record of profitability and cutting-edge technology, the benefits to Powerwrap shareholders are clear to the board and we encourage Powerwrap shareholders to take the next step in the company's journey."

The Offer

The Offer represents a highly strategic opportunity to bring together Praemium and Powerwrap to create a leading financial platform business with combined FUA of over \$27 billion, with operations in Australia, Asia and the United Kingdom. It also provides Powerwrap Shareholders with an opportunity to crystallise meaningful value from their investment in Powerwrap in the foreseeable future.

Unanimous Recommendation by Powerwrap Board

The Powerwrap Board have carefully considered the Offer and unanimously recommend that Powerwrap Shareholders **ACCEPT THE OFFER** and have indicated that they will **ACCEPT THE OFFER** in respect of all Powerwrap Shares they own or control, in both instances, in the absence of a superior proposal.

Bid Implementation Agreement

Praemium and Powerwrap have agreed the BIA (attached as Annexure A) pursuant to which the parties have given undertakings to each other in order to facilitate the Offer.

The Offer is subject to a number of conditions, including:

- 90% minimum acceptance by Powerwrap Shareholders;



- No prescribed occurrences in relation to Powerwrap;
- No material adverse changes in relation to Powerwrap;
- No adverse regulatory event affecting the Offer; and
- The All Ordinaries Index does not, for a period of 3 consecutive trading days, fall below 30% of the level of that index as at the close of normal trading on the ASX on the date of this announcement.

The full list of conditions is set out in the BIA. The BIA also contains a customary “no shop” deal protection mechanism, as well as notification and matching rights in the event of a competing proposal.

Competing Proposal

Praemium is Powerwrap’s largest shareholder with an existing relevant interest of 15.1% of the Powerwrap Shares on issue. As a consequence, Praemium believes that the likelihood of a competing proposal emerging for Powerwrap Shares is low.

Funding

Praemium intends to fund the cash component of the Offer Consideration through a \$15 million term loan facility, which it recently entered into.

Indicative Timing and Next Steps

Powerwrap Shareholders do not need to take any action in relation to the Offer at this stage. Praemium intends to lodge a copy of its Bidder’s Statement with ASIC and send a copy to Powerwrap and ASX on 16 July 2020 (although that is subject to change). The Bidder’s Statement will contain detailed information relevant to the Offer, including how to accept.

Advisers

Deloitte is acting as financial advisor and Nicholson Ryan and Arnold Bloch Leibler are acting as legal advisors to Praemium in relation to the Offer.

Henslow is acting as financial advisor and Hall and Wilcox is acting as legal advisor to Powerwrap in relation to the Offer.



Praemium Contact

Paul Gutteridge

Chief Financial Officer

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Powerwrap Contact

Libby O'Farrell

Investor Relations

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This announcement is authorised jointly by the Boards of Praemium Limited and Powerwrap Limited

About Praemium

Praemium is a global leader in the provision of technology platforms for managed accounts, investment administration and financial planning. Praemium services in excess of 300,000 investor accounts covering over \$140 billion in funds globally for more than 1,000 financial institutions and intermediaries, including some of the world's largest financial institutions.

About Powerwrap

Powerwrap is one of Australia's leading wealth management platforms, offering a comprehensive suite of investment, administration and shared services to high net worth investors.

Powerwrap's unique platform service offers the broadest range of products in the market across all asset classes and utilises best of breed execution capabilities for all securities, something most platforms cannot do. Through Tickr, Powerwrap supports investment professionals looking to start an advisory business with a range of key shared services including compliance, finance and technology services. Powerwrap's open-architecture technology and experienced in-house execution team enable it to deliver unique flexibility and efficiency for its clients.



8 July 2020

Mr Anthony Wamsteker
Chairman
Powerwrap Limited
Level 7, 356 Collins Street
MELBOURNE VIC 3000

By email:
anthonywamsteker@powerwrap.com.au

Dear Mr Wamsteker

Implementation of Takeover Bid

1 Background

- 1.1 Praemium Limited ACN 098 405 826 (**Praemium**) has submitted a confidential, non-binding, indicative proposal (**NBIO**) to acquire 100% of the fully paid ordinary shares in Powerwrap Limited ACN 129 756 850 (**Powerwrap**), by way of an off-market takeover bid (**Takeover Bid**). Following subsequent confidential discussions between the parties, Praemium wishes to set out the terms on which Praemium and Powerwrap will seek to implement the Takeover Bid.
- 1.2 On you returning to us a countersigned copy of this letter, the terms of this letter will operate as a binding agreement (**Agreement**) between each of Praemium and Powerwrap (each a **party**) effective from the date of return to us.

2 Takeover Bid

- 2.1 Praemium agrees to make offers pursuant to the Takeover Bid in accordance with Chapter 6 of the *Corporations Act 2001* (Cth) (the **Act**) to acquire all of the fully paid ordinary shares in Powerwrap that it does not already hold (**Powerwrap Shares**).
- 2.2 Immediately after you have returned a countersigned copy of this Agreement, Powerwrap and Praemium will issue a joint public announcement concerning the Takeover Bid, in the form annexed to this Agreement or as otherwise agreed between the parties.
- 2.3 Powerwrap confirms that the Powerwrap board of directors (**Powerwrap Board**):
- (a) has met and considered the possibility of Praemium making the Takeover Bid; and
 - (b) has informed Praemium that, if Praemium complies with this Agreement and subject always to paragraph 10.1, all of the directors on the Powerwrap board will:
 - (i) unanimously recommend Powerwrap shareholders to accept the offers under the Takeover Bid; and
 - (ii) accept, or procure the acceptance of, offers under the Takeover Bid in respect of any Powerwrap Shares they control,
- in each case, in the absence of a superior proposal.

3 Offer Consideration

- 3.1 Subject to paragraph 3.2, under the offers to be made to Powerwrap shareholders pursuant to the Takeover Bid (**Offers**), each Powerwrap shareholder will receive as consideration:
- (a) 7.5 cents per Powerwrap Share in cash; and

- (b) 1 fully paid ordinary share in Praemium (**Praemium Share**) for every 2 Powerwrap Shares owned by that Powerwrap shareholder,

(together, the **Offer Consideration**).

- 3.2 Subject to the Act, Praemium will issue Praemium Shares to which a foreign Powerwrap shareholder would otherwise be entitled to a nominee appointed by Praemium who will sell those Praemium Shares and pay to that foreign Powerwrap shareholder the net proceeds received (after deducting the applicable brokerage (applied at market standard rates), taxes and charges) in accordance with the Offer, calculated on an average basis per Praemium Share, so that all foreign Powerwrap shareholders receive the same price per Praemium Share (subject to rounding).

4 Bid Conditions

- 4.1 The Offers are subject to the conditions set out in Schedule 1 (**Bid Conditions**) and each party must use reasonable endeavours not to do, or omit to do, anything which will, or is likely to, result in any Bid Condition being breached.

- 4.2 Praemium may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the Act, provided:

- (a) the varied terms and conditions are no less favourable to Powerwrap shareholders than set out in this Agreement; and
- (b) Praemium consults in good faith with Powerwrap prior to making such variation.

- 4.3 Subject to the Act, Praemium may declare the Takeover Bid to be free from any Bid Condition or extend the Takeover Bid at any time.

- 4.4 For the purposes of Bid Condition 1.8 of Schedule 1, as soon as reasonably practicable after the date of this Agreement, Powerwrap undertakes:

- (a) to use all reasonable endeavours secure all third-party consents or approvals required in connection with change of control rights under material contracts;
- (b) to consult with, and consider all reasonable requests and suggestions received from, Praemium in relation to securing those consents or approvals, including on Praemium's reasonable request, allowing Praemium to attend any meetings or telephone calls with the counterparties to those material contracts; and
- (c) to provide Praemium copies of all documents provided to and received from those counterparties following execution of this Agreement, other than those documents of a purely mechanical or housekeeping nature.

5 Facilitating the Offers

- 5.1 Each party agrees to provide the other, on a timely basis, with information that may be reasonably required to assist in the dispatch of the Offers, the preparation of the Bidder's Statement or Target Statement (as the case may be) or to satisfy any of the Bid Conditions.

- 5.2 Subject to Praemium complying with paragraph 5.3 and provided Praemium has first lodged the Bidder's Statement with ASIC and provided it to Powerwrap pursuant to items 2 and 3 of section 633(1) of the Act, Powerwrap agrees that the Offers and accompanying documents to be sent by Praemium under item 6 of section 633(1) of the Act may be sent on a date nominated by Praemium that is earlier than the date prescribed by item 6 of section 633(1) of the Act.

- 5.3 Subject to paragraph 5.4, the parties will cooperate with each other in good faith to implement the Takeover Bid as expeditiously as practicable, including by giving the other party a reasonable

opportunity to review an advanced draft of the Bidder's Statement or Target's Statement (as applicable) and consult in good faith with the other party with respect to any comments they may have.

5.4 Powerwrap agrees to include in all material public statements relating primarily to the Takeover Bid (following the initial announcement of the Takeover Bid made pursuant to paragraph 2.2) and in the Target's Statement, a statement to the effect that:

- (a) the Powerwrap Board unanimously recommend that Powerwrap shareholders accept the Offers; and
- (b) each Powerwrap director intends to accept, or procure the acceptance of, the Offers made to them in respect of all Powerwrap Shares they control,

in each case, in the absence of a superior proposal and subject always to paragraph 10.1.

5.5 During the period in which the Offers are open for acceptance (**Offer Period**), in the absence of a superior proposal and subject always to paragraph 10.1, the Powerwrap Board must use reasonable endeavours to participate in efforts reasonably required by Praemium to promote the merits of the Takeover Bid. The Offer Period will initially last for at least one month and shall be subject to Praemium's right to extend the Offer Period.

5.6 Powerwrap further agrees during the Offer Period not to make any public statement or take any other action which would suggest that the Takeover Bid is not unanimously recommended by the Powerwrap Board unless a superior proposal emerges, and not to withdraw its recommendation subsequently unless a superior proposal emerges subject always to paragraph 10.1.

5.7 The parties agree that an independent expert report in connection with the Takeover Bid is not required by section 640 of the Act.

5.8 Praemium must not apply to ASIC for consent to withdraw unaccepted Offers under section 652B of the Corporations Act without Powerwrap's prior written consent.

6 Conduct during the exclusivity period

6.1 From the date of this Agreement until the end of the exclusivity period contemplated by paragraph 7, each party must, and must procure that each of their subsidiaries:

- (a) conducts their business in the usual and ordinary course and on a basis consistent with the manner in which it was conducted immediately prior to the date of this Agreement;
- (b) take reasonable steps to preserve and maintain the value of their business and assets, and their relationships with customers, suppliers, employees and others with whom they have material business dealings;
- (c) not issue any shares or other securities, except as a consequence of:
 - (i) the exercise of performance rights on issue at the date of this Agreement in accordance with their current terms; or
 - (ii) in the case of Praemium only, the exercise of options on issue at the date of this Agreement, under a dividend reinvestment plan or to employees under long-term incentive plans consistent with past practice;
- (d) not, without the prior written consent of the other party, announce, pay or declare any dividend; and

- (e) in the case of Powerwrap only, not vary, amend or modify any material contract without the prior written consent of Præmium.
- 6.2 The obligations in paragraph 6.1 do not apply in respect of (1) any matter required to be done or contemplated by this Agreement or the Takeover Bid, (2) required to be done by law, by an order of a court or a government agency, (3) approved in writing by the other party (such approval not to be unreasonably withheld or delayed), or (4) any matter fully and frankly disclosed by the other party to the ASX before the date of this Agreement (other than in connection with the issue of any shares or other securities).

7 Exclusivity

- 7.1 During the period from and including the date of this Agreement to the earlier of the date of termination of this Agreement or the end of the Offer Period (**Exclusivity Period**), Powerwrap must not, and must ensure that its subsidiaries do not and must use best endeavours to ensure that each of its Related Persons do not, directly or indirectly solicit, invite, encourage or initiate, or continue (including by the provision of non-public information) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential competing proposal to the Takeover Bid (**Competing Proposal**) or communicate to any person an intention to do anything referred to in this paragraph.
- 7.2 For clarity, nothing in this paragraph 7 will prohibit any action or inaction by Powerwrap or any of its Related Persons in relation to an actual, proposed or potential Competing Proposal if compliance with any part of this paragraph 7 would, in the opinion of the Powerwrap Board, formed in good faith, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the Directors, provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of paragraph 7.1.
- 7.3 During the Exclusivity Period, Powerwrap must as soon as possible notify Præmium in writing if it, or any of its Related Persons, becomes aware of any:
- (a) negotiations, discussions or approaches in relation to an actual, proposed or potential Competing Proposal;
 - (b) proposal made to Powerwrap or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
 - (c) provision by Powerwrap or any of its Related Persons of any non-public information concerning the business or operations of Powerwrap or any of its subsidiaries to a third party (other than a government agency) in connection with an actual, proposed or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise. For the avoidance of doubt, any of the acts described in paragraphs (a), to (c) may only be taken by Powerwrap if not prescribed by paragraph 7.1 or if permitted by paragraph 7.2.

- 7.4 Without limiting paragraph 7.1, during the Exclusivity Period, Powerwrap must not (and must procure that its directors do not) enter into any legally binding agreement in connection with, give effect to, or seek to give effect to, a Competing Proposal unless:
- (a) the Powerwrap Board acting in good faith and in order to satisfy what the members of the Powerwrap Board consider to be their statutory or fiduciary duties determines that the

Competing Proposal would be or would be likely to be an actual, proposed or potential superior proposal;

- (b) Powerwrap has provided Praemium with the material terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the third party making the actual, proposed or potential Competing Proposal;
- (c) Powerwrap has given Praemium at least 3 business days after the date of the provision of the information referred to in paragraph 7.4(b) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal (taken as a whole); and
- (d) Praemium has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal (taken as a whole) by the expiry of the 3 Business Day period in paragraph 7.4(c).

8 Warranties

8.1 Each party represents and warrants to the other that, as at the date of this Agreement and on each day until the earlier of the date of termination of this Agreement or the issue of the Praemium Shares under the Offers:

- (a) this Agreement has been duly executed and is a legal, valid and binding agreement, enforceable against the party in accordance with its terms; and
- (b) it has complied in all material respects with its continuous disclosure obligations under ASX Listing Rule 3.1.

9 Termination

- (a) A party may terminate this Agreement by written notice to the other party if at any time after the date on which the Takeover Bid is announced under paragraph 2.2 and before the end of the Offer Period:
 - (i) the Powerwrap Board or a majority of the Powerwrap Board changes its recommendation in relation to the Takeover Bid as a result of:
 - (A) the emergence of a superior proposal in accordance with this Agreement; or
 - (B) in accordance with paragraph 10.1;
 - (ii) the other party is in material breach of this Agreement and, if capable of remedy, has not been remedied within 5 business days of notice in writing provided by the other party setting out the substance of the breach;
 - (iii) a representation or warranty given by a party under paragraph (d) is or becomes untrue in any material respect;
 - (iv) a court or government agency has issued an order, decree or ruling or taken other action, that permanently restrains or prohibits the Takeover Bid, and the action is final and cannot be appealed or reviewed; or
 - (v) Praemium withdraws the Takeover Bid or the Takeover Bid lapses for any reason.

- (b) If this Agreement is terminated by a party, each party will be released from its obligations under this Agreement, except for those expressed to survive termination and will remain in force and each party will retain the rights it has or may have against the other party in respect of any past breaches of this Agreement.

10 **Overriding Fiduciary and Statutory Duties of Powerwrap Board**

10.1 Nothing in this Agreement, without limitation and despite anything else set out in this Agreement:

- (a) prevents Powerwrap or any of its directors, officers, employees or advisors (**Related Persons**) from taking, or failing to take, any action (including, for the avoidance of any doubt, changing their recommendation in relation to the Takeover Bid); or

- (b) requires Powerwrap or any Related Person to take any action or do any thing,

where to do so would or would be likely to, in the opinion of the Powerwrap Board (in the case of Powerwrap) or otherwise of the relevant Related Person (in either case, to be determined in good faith and acting reasonably), constitute a breach of any directors' fiduciary or statutory duties.

11 **Miscellaneous**

11.1 Each party to the Agreement:

- (a) will bear its own costs of the Takeover Bid and the transactions contemplated by it, except any stamp duty which is payable by Praemium; and

- (b) agrees that if any part of the Agreement is invalid or unenforceable it will be excluded to the minimum extent required without affecting the balance of the Agreement.

11.2 This Agreement represents the entire agreement of the parties on the subject matter.

11.3 The Agreement may consist of a number of counterparts and, if so, the counterparts taken together constitute one agreement.

11.4 If the doing of any act, matter or thing under this Agreement is dependent on the approval or consent of a party, that party may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion, unless this Agreement expressly provides otherwise.

11.5 This Agreement is governed by the law in force in Victoria and the parties submit to the non-exclusive jurisdiction of its courts and courts of appeal from them.

11.6 Unless otherwise required by law, no variation of this Agreement will be of any force or effect unless it is in writing and signed by each party to this Agreement.

11.7 If this Agreement is acceptable to you, please sign and date a copy of this Agreement and return it to us within 7 days.

Yours sincerely



Barry Lewin
Chairman

Praemium Limited

Schedule 1 – Bid Conditions

1.1 No regulatory action

Between the date of announcement of the Takeover Bid (**Announcement Date**) and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any government agency;
- (b) no action or investigation is announced, commenced or threatened by any government agency; and
- (c) no application is made to any government agency (other than by Praemium or any associate of Praemium),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Act) which:

- (d) restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of any transaction contemplated by this Agreement and the Bidder's Statement; or
- (e) requires the divestiture by Praemium of any Powerwrap Shares or any material assets of Powerwrap or any subsidiary of Powerwrap.

1.2 Minimum acceptance

At the end of the Offer Period, Praemium has a relevant interest in at least 90% of the Powerwrap Shares (on a fully diluted basis) (**Minimum Acceptance Condition**).

1.3 Acquisitions, disposals and other matters

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Powerwrap nor any of its subsidiaries:

- (a) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:
 - (i) the manner in which Powerwrap conducts its business;
 - (ii) the nature (including balance sheet classification), extent or value of the assets of Powerwrap; or
 - (iii) the nature (including balance sheet classification), extent or value of the liabilities of Powerwrap,

including, without limitation, any transaction which would or (subject to one or more conditions) may involve:

- (iv) Powerwrap or any subsidiary of Powerwrap acquiring, or agreeing to acquire, on or more companies, businesses or assets for an amount in aggregate greater than \$500,000; or
- (v) Powerwrap or any subsidiary of Powerwrap disposing, or agreeing to dispose of, on or more companies, businesses or assets (or any interest therein) for an amount in aggregate greater than \$500,000;
- (b) enters into or materially amends any material employment, consulting, severance or similar agreement or arrangement with officers, directors, other executives or employees of Powerwrap or a subsidiary of Powerwrap or otherwise materially increasing compensation or benefits, or accelerating compensation or benefits for any of the above;
- (c) declares, agrees to pay or becomes liable to pay a material bonus (or similar remuneration-based incentive payment) to any director, officer, employee, consultant or contractor of Powerwrap or any of its subsidiaries (**Powerwrap Group**) otherwise than in the ordinary course of business; and
- (d) materially varies, amends or modifies any material contract.

1.4 **No material adverse change**

- (a) Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs:
 - (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
 - (ii) information is disclosed or announced by Powerwrap concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
 - (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Praemium (whether or not becoming public),

(each of (i), (ii) and (iii), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Powerwrap.

- (b) For the purposes of Bid Condition 1.4(a), a Specified Event shall not include:
 - (i) matters fully and frankly disclosed:
 - (A) to Praemium in writing in due diligence materials; or

- (B) in Powerwrap's public filings with the ASX and ASIC prior to the date of this Agreement;
- (ii) changes occurring as a result of any matter, event or circumstance required by this Agreement, the Offers or the transactions contemplated by them;
- (iii) changes arising as a result of any generally applicable change in accounting standards required by law, law or governmental policy in Australia; or
- (iv) changes approved in writing by Praemium (in its absolute discretion).

1.5 **No prescribed occurrences**

Between the Announcement Date and the date the Minimum Acceptance Condition is fulfilled or waived (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Act) happen:

- (a) Powerwrap converting all or any of the Powerwrap Shares into a larger or smaller number of shares under section 254H of the Act;
- (b) Powerwrap or a subsidiary of Powerwrap resolving to reduce its share capital in any way;
- (c) Powerwrap or subsidiary of Powerwrap entering into a buyback agreement or resolving to approve the terms of a buyback agreement under section 257C(1) or 257C(1) of the Act;
- (d) Powerwrap or a subsidiary of Powerwrap making an issue of Powerwrap Shares or any other securities or agreeing to such an issue (other than Powerwrap Shares issued as a result of the exercise of performance rights on issue at the date of this Agreement in accordance with their current terms), or granting an option over any Powerwrap Shares or agreeing to make such an issue or grant such an option;
- (e) Powerwrap or a subsidiary of Powerwrap issuing, or agreeing to issue, convertible notes;
- (f) Powerwrap or a subsidiary of Powerwrap disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) Powerwrap or a subsidiary of Powerwrap granting, or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) Powerwrap or a subsidiary of Powerwrap resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Powerwrap or a subsidiary of Powerwrap;
- (j) the making of an order by a court for the winding up of Powerwrap or a subsidiary of Powerwrap;

- (k) an administrator of Powerwrap or of a subsidiary of Powerwrap being appointed under section 436A, 436B or 436C of the Act;
- (l) Powerwrap or a subsidiary of Powerwrap executing a deed of company arrangement; or
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Act) or similar official in relation to the whole, or a substantial part, of the property of Powerwrap or of a subsidiary of Powerwrap.

1.6 **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Powerwrap does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing.

1.7 **AFSL**

From the Announcement Date until the end of the Offer Period (each inclusive), the Australian Financial Services Licences (**AFSL**) granted in favour of Powerwrap and MWH Capital Pty Ltd ACN 136 888 956 (**MWH**) are not varied, cancelled or revoked.

1.8 **Material third party consents or approvals**

Powerwrap and Praemium (as the case may be) having obtained all consents and approvals of any third party (including any change of control rights under material contracts) which are necessary to undertake and successfully complete the Takeover Bid, without either party materially breaching its obligations.

1.9 **No breach of representation or warranty**

Between the Announcement Date and the end of the Offer Period (each inclusive), the warranties in paragraph 8 in respect of Powerwrap are true and correct in all material respects.

1.10 **Options**

Before the end of the Offer Period, all Powerwrap options issued in favour of persons that are not employees of Powerwrap (**Options**) are cancelled or are the subject of agreements or arrangements entered into between Powerwrap and the relevant holders of the Options that will cause the Options to be cancelled, in each case, for nil or nominal consideration.

1.11 **Performance Rights**

The number of performance rights of Powerwrap (**Performance Rights**) which are capable of vesting up to and including 31 December 2020, vest and convert into Powerwrap Shares prior to the end of the Offer Period, provided they do not cause the fully diluted share count of Powerwrap to exceed 212,000,000. For the avoidance of doubt, Performance Rights which have been issued but do not vest until the end of the financial year ending 30 June 2021 or thereafter shall not be included for the purposes of determining the fully diluted share count.

1.12 **Restricted Securities**

Before the end of the Offer Period, all of the restricted securities of Powerwrap (**Restricted Securities**) are free of any restriction or are the subject of agreements or arrangements entered into between Powerwrap and the relevant holders of the Restricted Securities that will cause the Restricted Securities to be free of any restriction.

1.13 **General market fall**

Between the Announcement Date and the end of the Offer Period (each inclusive), the All Ordinaries Index is not, for a period of three consecutive trading days, lower than 30% of the level of that index as at the close of normal trading on the ASX on the Announcement Date.

Signing Page

Praemium agrees to the terms and conditions set out in this Agreement and its schedules

Executed by Praemium Limited ACN 098
405 826 in accordance with section 127 of the
Corporations Act 2001 (Cth):



Director

Michael Ohanessian

Name of Director
BLOCK LETTERS



~~*~~Director/~~*~~Company Secretary

Paul Gutteridge

Name of ~~*~~Director/~~*~~Company Secretary
BLOCK LETTERS
~~*~~please strike out as appropriate

Powerwrap agrees to the terms and conditions set out in this Agreement and its schedules

Executed by Powerwrap Limited ACN 129
756 850 in accordance with section 127 of the
Corporations Act 2001 (Cth):

Director

Name of Director
BLOCK LETTERS

~~*~~Director/~~*~~Company Secretary

Name of ~~*~~Director/~~*~~Company Secretary
BLOCK LETTERS
~~*~~please strike out as appropriate

Signing Page

Praemium agrees to the terms and conditions set out in this Agreement and its schedules

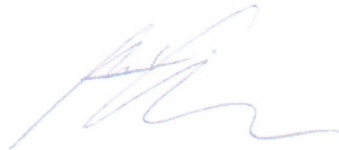
Executed by Praemium Limited ACN 098
405 826 in accordance with section 127 of the
Corporations Act 2001 (Cth):



Director

Michael Ohanessian

Name of Director
BLOCK LETTERS



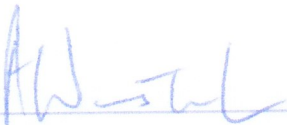
*Director/*Company Secretary

Paul Gutteridge

Name of *Director/*Company Secretary
BLOCK LETTERS
*please strike out as appropriate

Powerwrap agrees to the terms and conditions set out in this Agreement and its schedules

Executed by Powerwrap Limited ACN 129
756 850 in accordance with section 127 of the
Corporations Act 2001 (Cth):



Director

ANTHONY WAMSTERKER

Name of Director
BLOCK LETTERS



*Director/*Company Secretary

FIONA BOYD

Name of *Director/*~~Company Secretary~~
BLOCK LETTERS
*please strike out as appropriate

Annexure C – Praemium Announcements

Date	Announcement
12/08/2019	Praemium Annual Report 2019
12/08/2019	Appendix 4G - FY2019 Corporate Governance Disclosures
6/09/2019	S&P DJI Announces September 2019 Quarterly Rebalance
6/09/2019	Appendix 3B
14/10/2019	September 2019 quarterly update
18/10/2019	Notice of Annual General Meeting/Proxy Form
19/11/2019	Chairman's - CEO's Address to Shareholders
19/11/2019	Results of Annual General Meeting
26/11/2019	Appendix 3B
26/11/2019	Appendix 3Y - Change of Director's Interest Notice
13/01/2020	December 2019 quarterly update
15/01/2020	Becoming a substantial holder
29/01/2020	H1 FY2020 results presentation details
10/02/2020	Half Yearly Report and Accounts
10/02/2020	Praemium reports record first-half profit
10/02/2020	PPS Investor Presentation - H1 FY2020 Results
18/02/2020	Ceasing to be a substantial holder
25/02/2020	Appendix 3Y - Change of Director's Interest Notice
25/02/2020	Appendix 3Y - Change of Director's Interest Notice
26/02/2020	Appendix 3Y - Change of Director's Interest Notice
28/02/2020	Appendix 3Y - Change of Director's Interest Notice
6/03/2020	Appendix 2A
9/03/2020	Appendix 3Y - Change of Director's Interest Notice

12/03/2020	Appendix 3Y - Change of Director's Interest Notice
13/03/2020	Appendix 3Y - Change of Director's Interest Notice
13/03/2020	Appendix 3Y - Change of Director's Interest Notice
13/03/2020	Appendix 3Y - Change of Director's Interest Notice
20/03/2020	Becoming a substantial holder for PWL
24/03/2020	Appendix 3Y - Change of Director's Interest Notice
27/03/2020	Appendix 2A
17/04/2020	Appendix 2A
20/04/2020	March 2020 quarterly update
14/05/2020	Change in substantial holding for PWL
2/06/2020	Appendix 2A
6/07/2020	JBWere renews VMA contract
9/07/2020	Recommended off-market takeover offer by PPS for PWL
9/07/2020	Investor presentation (PWL acquisition)
13/7/2020	June 2020 quarterly update

* All announcements may be viewed on the ASX at www.asx.com.au

Annexure D – Powerwrap Announcements

Date	Announcement
27/09/2019	2019 Annual Report
27/09/2019	Appendix 4G and Corporate Governance Statement
11/10/2019	FY19 Annual Report correction to prior period number
11/10/2019	2019 Annual Report (Amended)
28/10/2019	Appointment of Fiona Boyd as Board Director
28/10/2019	Final Director's Interest Notice - Donna Hardman
29/10/2019	Appendix 4C - quarterly
29/10/2019	FUA hits \$8.38 billion in September 2019 quarter
29/10/2019	Notice of Annual General Meeting/Proxy Form
1/11/2019	Initial Director's Interest Notice - Fiona Boyd
7/11/2019	Australian HNW Investor Report Key Findings
28/11/2019	AGM Presentation
28/11/2019	Results of Annual General Meeting
6/12/2019	Release of Securities from ASX Imposed Escrow
20/12/2019	Appendix 2A
8/01/2020	Powerwrap agreement with Wattle Partners
31/01/2020	Appendix 4C - quarterly
31/01/2020	FUA hits \$8.76 billion
21/02/2020	1HFY20 Results Presentation
28/02/2020	Half Yearly Report and Accounts
28/02/2020	PWL reports strong funds, revenue and margins in first half
28/02/2020	Results Presentation
28/02/2020	1HFY2020 Results Presentation webinar recording

20/03/2020	Becoming a substantial holder from PPS
29/04/2020	March Quarterly Update and COVID-19 Response
29/04/2020	Appendix 4C - quarterly
7/05/2020	Release of Securities from ASX Imposed Escrow
14/05/2020	Appendix 2A
14/05/2020	Change in substantial holding from PPS
18/05/2020	Strategic partnership with alternative assets provider
16/06/2020	Notification of Change in Auditor
9/07/2020	PPS: Recommended off-market takeover offer by PPS for PWL
9/07/2020	PPS: Investor presentation (PWL acquisition)
20/07/2020	June Quarterly Update
20/07/2020	Appendix 4C – quarterly

**All announcements may be viewed on the ASX at www.asx.com.au*

Need help?

Contact Praemium Limited Offer Information Line
Phone 1800 992 039 (from within Australia)
Phone +61 1800 992 039 (from outside Australia)

A Your name

SAMPLE NAME 1
 SAMPLE NAME 2
 <SAMPLE A/C>
 SAMPLE ADDRESS 1
 SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910

Powerwrap Limited Shares held as at Register Date 99,999,999

If your holding has changed between record date and time of acceptance, then write your current holding here.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME
Broker's Name printed here
Transfer and Acceptance Form – CHES Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer

 If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Powerwrap Limited Shares.

Offer Consideration – Praemium is offering to acquire all of your Powerwrap Shares on the terms detailed in the Bidder's Statement. The Offer also extends to all Powerwrap Shares which come into existence upon the conversion of or exercise of rights attached to other Powerwrap securities from the Register Date until the Offer Closing Date.

The Indicative Price for your Powerwrap Shares under the Offer is 26.44 cents per Powerwrap Share.

If you accept the Offer, subject to satisfaction or waiver of the Defeating Conditions in Section 7 of this Bidder's Statement, Praemium is offering:

- 7.5 cents per Powerwrap Share in cash; and
- 1 Praemium Share for every 2 Powerwrap Shares that you own.

If you are a Foreign Powerwrap Shareholder or an Unmarketable Parcel Shareholder, you will not receive Praemium Shares. Instead you will be paid the net proceeds of the sale of the Praemium Shares you would have otherwise been entitled to receive.

In this regard, the Praemium Shares to which you would otherwise be entitled will be issued to a sale nominee approved by ASIC who will sell those Praemium Shares on the ASX and provide you the net sale proceeds. In this regard please refer to Section 15.3 of the Bidder's Statement.

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
- sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.

If your Controlling Participant acts on your instruction CHES will send you a confirmation notice.

C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Powerwrap Limited Shares and hereby agree to transfer to Praemium Limited all my/our Powerwrap Limited Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY


HIN

Broker PID

Holding
PPST TKO002


Further Important Instructions

Your Powerwrap Limited Shares are in a CHESS Holding, you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither Praemium Limited, nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated 22 July 2020 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

Completion instructions

- A**
- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
 - **Please note** your consideration will be issued in the names as they appear on the Powerwrap Limited register.
- D**
- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
 - **Joint Shareholders:** If your Powerwrap Limited Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
 - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address

Link Market Services Limited
Powerwrap Limited Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Time Zone) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the Praemium Limited Offer Information Line on the following numbers:

within Australia: 1800 992 039
outside Australia: +61 1800 992 039

Need help?

Contact Praemium Limited Offer Information Line
Phone 1800 992 039 (from within Australia)
Phone +61 1800 992 039 (from outside Australia)

A Your name

SAMPLE NAME 1
 SAMPLE NAME 2
 <SAMPLE A/C>
 SAMPLE ADDRESS 1
 SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: 112345678910

Powerwrap Limited Shares held as at Register Date 99,999,999

If your holding has changed between record date and time of acceptance, then write your current holding here. Your acceptance will be granted over your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Transfer and Acceptance Form – Issuer Sponsored Subregister

This is a personalised form for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Powerwrap Limited Shares. Your form must be received by the Closing Date.

Offer Consideration – Praemium is offering to acquire all of your Powerwrap Shares on the terms detailed in the Bidder's Statement. The Offer also extends to all Powerwrap Shares which come into existence upon the conversion of or exercise of rights attached to other Powerwrap securities from the Register Date until the Offer Closing Date.

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Telephone Number where you can be contacted during business hours

Contact Name (PRINT)

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Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2 (Individual)

Secretary/Director (delete one)

Shareholder 3 (Individual)

Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN



Holding

PPST TKO001



Further Important Instructions

Your Powerwrap Limited Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 22 July 2020 which accompanies this Acceptance Form. Terms are defined in the Bidder's Statement and have the same meaning in this Acceptance Form.

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 - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
 - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
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