



ASX Announcement

31 July 2020

PWL Target's Statement: Off-Market Takeover Offer by Praemium Limited

Powerwrap Limited (ASX: *PWL*) refers to the announcement by Praemium Limited (ASX: *PPS*) on 9 July 2020 regarding a conditional off-market takeover offer for all of the ordinary shares it does not already hold in PWL (**Offer**). The Bidder's Statement in relation to the Offer was lodged with the Australian Securities & Investments Commission and a copy received by PWL on 22 July 2020.

PWL confirms that its Target's Statement in relation to the Offer (**Target's Statement**) was provided to PPS and lodged with the Australian Securities & Investments Commission today, 31 July 2020. A copy of the Target's Statement is enclosed.

Despatch of the Bidder's Statement and the Target's Statement to PWL shareholders is expected to commence today.

About

Powerwrap Limited (AFSL No. 329829) is one of Australia's leading wealth management platforms, offering a comprehensive suite of investment, administration and shared services to high net worth advisors.

Powerwrap's unique, bespoke-style 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.

Further information contact

Libby O'Farrell, Powerwrap, libbyofarrell@powerwrap.com.au or +61 3 8681 4608



Powerwrap Limited | ABN 67 129 756 850 | AFSL 329829
Level 7, 356 Collins Street, Melbourne Victoria Australia 3000
T +61 3 8681 4600 | F +61 3 8681 4699 | powerwrap.com.au



TARGET'S STATEMENT

by

Powerwrap Limited (Powerwrap)
ACN 129 756 850

In relation to the Offer by

Praemium Limited (Praemium)
ACN 098 405 826

The Directors of Powerwrap unanimously recommend that you

ACCEPT

the Praemium Offer in the absence of a superior proposal.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser immediately.

henslow

Corporate advisor to Powerwrap Limited Limited

 **Hall & Wilcox**
Lawyers

Legal advisor to Powerwrap

Target's Statement

Important Information

Nature of this document

This document is a Target's Statement issued by Powerwrap under Part 6.5 Division 3 of the Corporations Act in response to the Bidder's Statement of Praemium dated 22 July 2020.

This Target's Statement and the Bidder's Statement contain important information which Powerwrap Shareholders should read carefully in their entirety. You should seek professional advice if you are in any way unsure as to the meaning of the information contained in either document or whether acceptance of the Offer is in your best interests, taking into account your individual circumstances.

No account of personal circumstances

This Target's Statement does not take into account your personal circumstances. Accordingly, before acting on any information or recommendations in this Target's Statement, you should obtain your own financial and taxation advice.

ASIC disclaimer

A copy of this Target's Statement has been lodged with ASIC and ASX on the date set out on page 6. Neither ASIC or ASX nor any of their respective officers takes any responsibility for the contents of this Target's Statement.

No verification of Bidder's Statement

Powerwrap Shareholders should note that Powerwrap has not undertaken investigations to verify the accuracy or completeness of the information contained in the Bidder's Statement, including sections that may be expressly referred to in this Target's Statement. To the fullest extent permitted by law, Powerwrap disclaims liability to any person who acts in reliance on that information.

Disclaimer as to forward looking statements

This Target's Statement contains forward looking statements. Such statements are only predictions and are based on general and specific assumptions relating to the future, many of which are subject to factors, risks and uncertainties out of control of Powerwrap and its Directors. Those factors, risks and uncertainties include items specific to the industry in which Powerwrap operates as well as general economic conditions in Australia. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Powerwrap, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy, completeness or likelihood of any forward looking statement, and you should not place undue reliance on these statements. The forward looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

Praemium information in this Target's Statement

Except where otherwise disclosed, all information on Praemium and information on the Merged Group that incorporates or reflects information on Praemium contained in this Target's Statement has been prepared using publicly available information, including the Bidder's Statement, which has not been independently verified by Powerwrap. None of Powerwrap, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or completeness of such information.

Defined terms

A number of defined terms are used in this Target's Statement. The meaning of the defined terms is set out in Section 14.

Privacy

Powerwrap has collected your information from the register of Powerwrap Shareholders for the purposes of providing you with this Target's Statement. The type of information Powerwrap has collected about you includes your name, contact details and information on your shareholding(s) in Powerwrap. Without this information, Powerwrap's ability to issue this Target's Statement may be impacted. The Corporations Act requires the names and addresses of Powerwrap

Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Powerwrap and its related bodies corporate, holders of Powerwrap Shares and external service providers, and may be required to be disclosed to regulators, such as ASIC

Further information

Powerwrap Shareholders who would like further information on Powerwrap or its business before making a decision about Praemium's offer may call +61 3 8681 4608 Monday to Friday between 9:00am and 5:00pm (Melbourne time) or go to www.powerwrap.com.au if they have any queries in relation to the Offer.

Chairman's letter

Dear Powerwrap Shareholder

On 9 July 2020, Praemium Limited (**Praemium**) announced that it intended to make an off-market takeover offer to acquire all the issued shares of Powerwrap (**Offer**). The terms and conditions of the Offer are set out in the Bidder's Statement which you have or will shortly receive from Praemium.

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**).

The implied value of the Offer as at the date of announcement of the Offer is 26.44 cents per Powerwrap Share (**Indicative Price**). 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 (the last trading day before the Announcement Date).

As at 28 July 2020 (being the last practicable date before the date of this Target's Statement), the implied value of the Offer Consideration is 29.75 cents per Powerwrap Share, based on a price of 44.50 cents per Praemium Share (being the closing price of Praemium Shares on 28 July 2020)..

As Praemium Shares are listed on the ASX, the implied value of the Offer Consideration will change with fluctuations in the market price of Praemium Shares. For example, the implied value of the Offer Consideration will increase by 1 cent for every 2 cents increase in the market price of Praemium Shares and will decrease by 1 cent for every 2 cents decrease in the market price of Praemium Shares.¹

The Directors of Powerwrap unanimously recommend that in the absence of a superior proposal you ACCEPT the Offer for all of your Powerwrap Shares.

The Directors have made this recommendation to accept the Offer based on the following key reasons:

1	<i>Immediate Operational Scale Benefits</i>	<i>The transaction will create a business with combined Funds Under Administration (FUA)² of over \$28.8bn, improved inflows, a more diversified customer base, international reach and a larger and more flexible balance sheet, enhancing the Merged Group's competitiveness against of the Investment Platform sector's major incumbent platforms.</i>
----------	--	--

¹ For additional information regarding the implied value of the Offer Consideration based on the closing price of Praemium Shares immediately prior to the date of this Target's Statement, see Section 3.3

² Calculated from Praemium June 2020 quarterly update FUA of \$20.3bn (being \$8.9bn global platform FUA and \$11.4bn VMAS FUA) plus Powerwrap June 2020 quarterly update FUA of \$8.45bn.

2 <i>Strengthened Technology & Product Offering</i>	<i>Powerwrap will have access to the full suite of enhanced Praemium technology, complementing and expanding our ability to serve the complex needs of the High Net Worth Investor (HNWI) market segment based on accurate and reliable portfolio and tax reporting for large diversified portfolios.</i>
3 <i>Attractive Premium to VWAP</i>	<i>The Indicative Price represents an attractive premium to Powerwrap's closing share price and VWAP at the Announcement Date, being a 64.6% premium to 1-month VWAP of Powerwrap Shares of \$0.161.³</i>
4 <i>Access to Synergies</i>	<i>According to section 2.6 of the Bidder's Statement, Praemium expects full year EBITDA operating cost synergies of up to \$6.0 million by FY2022, with further potential to reduce capitalised software development expenditure. Powerwrap Shareholders will also benefit from future potential revenue synergies generated through cross-selling of products, strengthened client engagement, integrated technologies and coordinated sales programs.</i>
5 <i>Potential Valuation Re-Rate</i>	<i>The transaction provides Powerwrap Shareholders with greater liquidity and marketability of their shareholding through exposure to a company with a larger market capitalisation, which could potentially benefit from a valuation re-rate in line with other leading Australian financial platform businesses as a result of the above mentioned operational and financial benefits.</i>

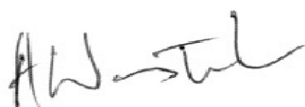
Additional reasons for the Directors' recommendation that you accept the Offer in the absence of a superior proposal, are set out in section 3 of this Target's Statement.

The Directors of Powerwrap intend to ACCEPT the Offer in respect of any Powerwrap shares that they own or control, in the absence of a superior proposal.

You are encouraged to read this Target's Statement in full as it sets out your Directors' formal response to the Bidder's Statement, their recommendation and other important information to enable you to consider the Offer having regard to your personal circumstances.

Please contact your professional adviser if you have any doubts about what you should do.

Yours sincerely



Anthony Wamsteker
Chairman

31 July 2020

³ For further details as to the price premium being offered under the Offer, see Section 3.3.

Key details of the Offer

Important dates:

9 July 2020	Date of Praemium announcement of the Offer
31 July 2020	Date of this Target's Statement
31 July 2020	Bidder's Statement and Target's Statement sent to Powerwrap Shareholders
31 July 2020	Start of Offer Period
31 August 2020	End of Offer Period (unless Offer extended or withdrawn)

Target's Statement

Table of contents

1	How to accept the Offer	1
2	Director's recommendation	2
2.1	Offer summary	2
2.2	Offer Period	2
2.3	Directors' recommendations	2
2.4	Intentions of your Directors in relation to the Offer	3
3	Reasons for ACCEPTING the Offer	4
	The Directors have made a recommendation to ACCEPT the Offer in the absence of a superior proposal for the reasons provided below:	4
3.1	The Offer brings immediate operational scale benefits to the Merged Group	4
	Leading independent specialist platform business	4
3.2	Strengthened Technology & Product Offering	5
	Leveraging Praemium's upgraded platform	5
	HNWI market segment	6
3.3	The Offer represents a significant premium to Powerwrap's recent share price performance	6
3.4	Access to Synergies	8
3.5	Potential Valuation Uplift	9
3.6	Limited prospect of an alternative superior proposal	9
3.7	No brokerage fees payable	10
3.8	Powerwrap's share price may fall if the Offer is unsuccessful	10
3.9	Powerwrap Shareholders may be entitled to CGT rollover relief	10
4	Frequently asked questions	11
5	Information on Powerwrap	15
5.1	Powerwrap Introduction	15
5.2	Powerwrap business model	15
5.3	Powerwrap history and FUA growth	16
5.4	Material contracts	17
5.5	Powerwrap financial information	17
5.6	Powerwrap's issued securities	22
5.7	Powerwrap Options	22
5.8	Powerwrap Performance Rights	23
5.9	Powerwrap Restricted Securities	23
5.10	Recent Powerwrap announcements	23
5.11	Powerwrap website	25
5.12	Publicly available information about Powerwrap	25
5.13	Expenses in relation to the transaction	26
6	Powerwrap Directors' interests and relevant information	27
6.1	Directors' interests in each of the shares on issue in Powerwrap	27
6.2	The intention of the Directors in relation to the Offer in respect of Powerwrap Shares that the Director has control over	27
6.3	Board Approval	27

6.4	Relevant interests of each Director and his associates to any securities in Praemium	27
6.5	Dealings the Directors or any of their associates have had in shares in Praemium	27
6.6	Dealings the Directors or any of their associates have had in securities in Praemium over the 4 months prior to the bid	27
6.7	Benefits which will be provided to officers or Directors	27
6.8	Details of any agreements between Directors or officers and other persons	28
6.9	Details of any interest any Director has in any contracts between Praemium and the Director (or any of the Directors' associates)	28
7	Information on Praemium	29
7.1	Disclaimer	29
7.2	Overview of Praemium	29
7.3	Praemium's interest in Powerwrap	30
7.4	Praemium Directors	30
7.5	Information about the Merged Group and Praemium's intentions	30
7.6	Corporate governance	30
8	Information about Praemium Shares	31
8.1	Praemium issued securities	31
8.2	Recent trading of Praemium Shares	31
8.3	Quotation of Praemium Shares comprising Offer Consideration	31
8.4	Praemium Shares	31
9	Key features of the Offer	32
9.1	Offer summary	32
9.2	Offer Period	32
9.3	Unmarketable parcels	32
9.4	Foreign Powerwrap Shareholders	32
9.5	Conditions	32
9.6	Notice of status of Conditions	37
9.7	Extension of the Offer Period	37
9.8	Withdrawal of Offer	37
9.9	Effect of acceptance	37
9.10	Your ability to withdraw your acceptance	37
9.11	Payment of your Offer Consideration if you accept the Offer	38
9.12	Effect of improvement in Offer Consideration on Powerwrap Shareholders who have already accepted	38
9.13	Lapse of Offer	38
9.14	Compulsory acquisition	38
10	Other important issues	40
10.1	Praemium's intentions with respect to the Offer and Powerwrap	40
10.2	Future employment of Powerwrap current employees	40
10.3	Minority ownership consequences	40
10.4	Praemium's intention to delist Powerwrap controlling at least 75% of Powerwrap's Shares	40
10.5	Risks involved in accepting the Offer	41
10.6	Risks in remaining a Powerwrap Shareholder	42

11	Your choices as a Powerwrap Shareholder	47
11.1	Accept the Offer	47
11.2	Reject the Offer	47
11.3	Sell your Powerwrap Shares	48
12	Consents	48
13	No other material Information	50
14	Definitions and interpretation	51
14.1	Definitions	51
14.2	Interpretation	53

Target's Statement

1 How to accept the Offer

Please refer to Sections 1.2 - 1.5 of the Bidder's Statement and your personalised Acceptance Form for information on how to accept the Offer.⁴

You may only accept the Offer for all of your Powerwrap Shares.

How you accept this Offer depends on whether your Powerwrap Shares are held in Issuer Sponsored Holding or a CHESS Holding. This information is shown on your personalised Acceptance Form,

- **For Issuer Sponsored Holdings of Powerwrap Shares (i.e. you have a Security Holder Reference Number starting with the letter I on your personalised Acceptance Form).**

To accept the Offer, complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it to the address on the form before the Offer closes.

- **For CHESS Holdings of Powerwrap Shares (i.e. you have a Security Holder Reference Number starting with the letter X on your personalised Acceptance Form)**

To accept the Offer, either complete and sign the enclosed Acceptance Form in accordance with the instructions on it and return it to the address indicated on the form or instruct your Controlling Participant (normally your broker) in sufficient time to allow them to accept the Offer on your behalf before the Offer closes.

For Participants

If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.4 of the ASX Settlement Operating Rules before the offer closes.

Your acceptance must be received by no later than 7:00pm (Melbourne time) on 31 August 2020, unless the Offer is extended or withdrawn.

For any further information on acceptance of the Offer, including who may accept, please refer to the Offer itself in Sections 1.2 to 1.5 of the Bidder's Statement.

⁴ A scanned copy of an executed Acceptance Form is deemed suitable acceptance under the Offer (as stated in Section 1.3 of the Bidder's Statement).

2 Director's recommendation

2.1 Offer summary

Praemium has made a conditional offer to acquire all of the shares in Powerwrap not already held by it (Praemium currently holds approximately 15.1% of the Powerwrap Shares).⁵ 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 Indicative Price of the Offer Consideration as at the date of announcement of the Offer is 26.44 cents per Powerwrap Share.⁶

As at 28 July 2020 (being the last practicable date before the date of this Target's Statement), the implied value of the Offer Consideration is 29.75 cents per Powerwrap Share, based on a price of 44.50 cents per Praemium Share (being the closing price of Praemium Shares on 28 July 2020).

As Praemium Shares are listed on the ASX, the implied value of the Offer Consideration will change with fluctuations in the market price of Praemium Shares. For example, the implied value of the Offer Consideration will increase by 1 cent for every 2 cents increase in the market price of Praemium Shares and will decrease by 1 cent for every 2 cents decrease in the market price of Praemium Shares.

2.2 Offer Period

The Offer will, unless withdrawn or extended in accordance with section 15.8 of the Bidder's Statement, remain open for acceptance during the period commencing on 31 July 2020, and ending at 7:00 pm (Melbourne time) on 31 August 2020.

2.3 Directors' recommendations

The Directors having considered all available information, make their recommendation as follows (in the absence of a superior proposal):

Directors	Recommendation
Anthony Wamsteker (Chairman)	Accept the Offer
Richard Loveridge (Non-executive director)	Accept the Offer
Fiona Boyd (Non-executive director)	Accept the Offer.

In considering whether to accept the Offer the Directors encourage you to:

- read this Target's Statement and the Bidder's Statement in their entirety;

⁵ This is calculated on an undiluted basis.

⁶ Assuming the value of a Praemium Share 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. For additional information regarding the implied value of the Offer Consideration based on the closing price of Praemium Shares immediately prior to the date of this Target's Statement, see Section 3.3.

-
- consider your alternatives set out in Section 11;
 - refer to Section 9.9 of this Target's Statement for information regarding the effect of acceptance of the Offer;
 - have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
 - obtain independent professional advice in relation to the Offer.

2.4 Intentions of your Directors in relation to the Offer

Each of your Directors intends to accept the Offer in respect of all Powerwrap Shares that they, or any Associates, control, in the absence of a superior proposal.

The Powerwrap Shares which are held by your Directors and their Associates represent approximately 1.3% in aggregate, of all the Powerwrap Shares on issue at the date of this Target's Statement.

3 Reasons for ACCEPTING the Offer

Your Directors unanimously recommend that in the absence of a superior proposal you ACCEPT the Offer for all your Powerwrap Shares.

The Directors have made a recommendation to ACCEPT the Offer in the absence of a superior proposal for the reasons provided below:

- 3.1 - Immediate Operational Scale Benefits
- 3.2 - Strengthened Technology & Product Offering
- 3.3 - Attractive Premium to VWAP
- 3.4 - Access to Synergies
- 3.5 - Potential Valuation Uplift
- 3.6 - Limited prospect of an alternative superior proposal
- 3.7 - No brokerage fees payable
- 3.8 - Powerwrap's share price may fall if the Offer is unsuccessful
- 3.9 - Powerwrap Shareholders may be entitled to CGT rollover relief

3.1 The Offer brings immediate operational scale benefits to the Merged Group

The transaction will create a business with combined FUA of over \$28.8bn⁷, improved inflows, a more diversified customer base, international reach and a larger and more flexible balance sheet, which is expected to accelerate the Merged Group's disruption of the sector's incumbent platforms.

As at the date of this Target Statement, Powerwrap has \$8.45bn⁸ in FUA, and Praemium has \$20.3bn⁹ in FUA (being \$8.9bn global platform FUA and \$11.4bn VMAS FUA). A Merged Group would create Australia's second largest independent specialised platform provider.

There is also likely to be potential for FUA to increase post-acquisition due to greater ability to cross-sell products, strengthen client engagement, integrate technologies, and coordinate sales programs across the Merged Group.

Leading independent specialist platform business

Both Powerwrap and Praemium are among a number of independent specialist platform providers (SPPs) that are seeking to challenge the traditional vertically

⁷ Calculated from Praemium June 2020 quarterly update FUA of \$20.3.3bn (being \$8.9bn global platform FUA and \$11.4bn VMAS FUA), plus Powerwrap June 2020 quarterly update FUA of \$8.45bn.

⁸ Powerwrap June Quarterly Update released to the ASX on 20 July 2020.

⁹ Praemium June 2020 quarterly update released to the ASX on 13 July 2020.

aligned platforms. Whilst SPPs are growing strongly, they 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% market share in the five years to 2024.¹⁰

The Offer will enable the Merged Group to have a number of important differentiators from those in the Australian platform market, including:

- (i) a market leader in accurate and reliable portfolio and tax reporting;
- (ii) a major provider of reporting and administration for HIN-based portfolios;
- (iii) the only adviser platform that operates in Australia, the United Kingdom and various other offshore markets;
- (iv) a strong market position, with ability to serve the complex needs of advisers with clients in the HNWI market segment; and
- (v) a Merged Group with the size and scale to compete more efficiently with other specialist platform providers, whilst also challenging more traditional vertically aligned platforms

3.2 Strengthened Technology & Product Offering

Powerwrap will have access to the full suite of enhanced Praemium technology, strengthening the ability to serve the complex needs of the HNWI segment and creating a clear market leader in accurate and reliable portfolio and tax reporting.

Leveraging Praemium's upgraded platform

In 2019, Praemium launched a major platform upgrade to create a next generation platform technology with its fully integrated managed accounts. The upgrade included a number of innovative features such as an enhancement of Praemium's digital Investor Portal and the release of an intuitive digital Adviser Portal.

Powerwrap and Praemium are parties to a relationship agreement dated 24 August 2009, pursuant to which Praemium provides Powerwrap with its book of records system which includes investor portfolio valuations, transaction history, cost bases and reporting (**Relationship Agreement**). Further details of this Relationship Agreement can be found in Section 10.6.

Under the Relationship Agreement, Powerwrap currently uses an older version of the Praemium software. Praemium have indicated (as stated in section 2.4 of the Bidder's Statement) that, should the Offer proceed, it intends to upgrade Powerwrap clients onto the new platform to deliver efficiencies and a better client experience to the existing advisers and end clients of Powerwrap. In addition, the upgraded platform leveraged across a larger client base will support long-term growth.

¹⁰ UBS Global Research, Australian Diversified Financials, May 2019, as stated in Section 2.4(a) of Bidder's Statement

HNWI market segment

Powerwrap has a strong position in the HNWI market segment. Like Powerwrap, Praemium also has a strong presence in the HNWI market with some of Australia's largest wealth management firms. Praemium's capabilities with respect to reporting, and in particular tax reporting, offer a significant competitive advantage to the HNWI market segment.

Under the Offer, Praemium's administrative and reporting strength can be combined with Powerwrap's existing execution capabilities and broad range of alternative investment options. This in-turn can create a highly attractive option for the HNWI market as a specialist platform solution.

The Offer gives an opportunity to accelerate growth in the HNWI segment that is Powerwrap's specialty, by enabling Praemium's innovative digital portals and user experience. The Merged Group will be able to utilise Powerwrap's capabilities in serving the complex needs of Praemium's existing and prospective HNWI clients and allow it to tap into this high growth market.

3.3 The Offer represents a significant premium to Powerwrap's recent share price performance

The Indicative Price of the Offer is 26.44 cents per Powerwrap Share. When determining the Indicative Price, the value of Praemium Shares 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 date before the Announcement Date

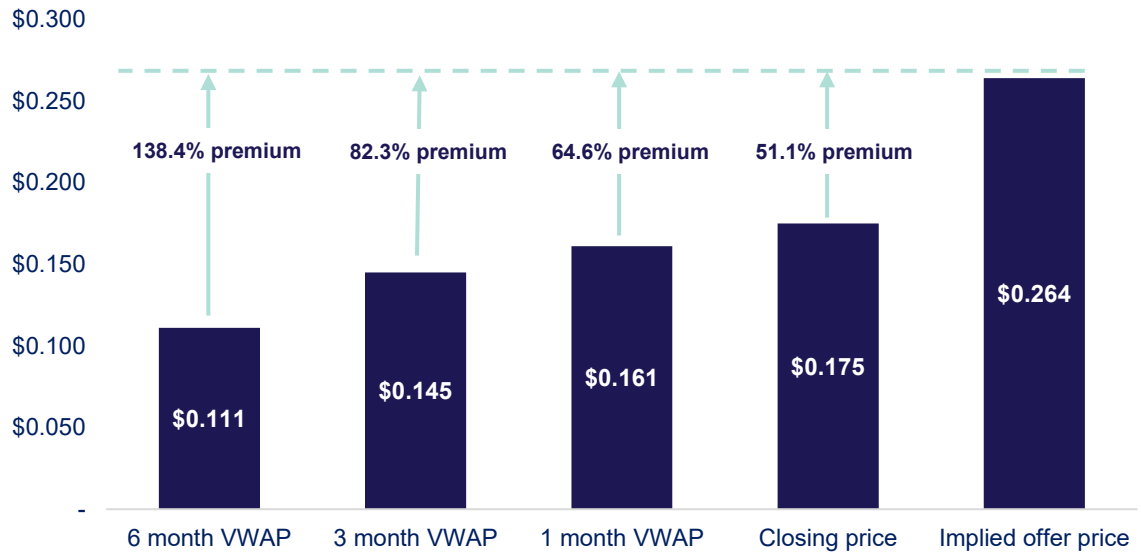
As at 28 July 2020 (being the last practicable date before the date of this Target's Statement), the implied value of the Offer Consideration is 29.75 cents per Powerwrap Share, based on a price of 44.50 cents per Praemium Share (being the closing price of Praemium Shares on 28 July 2020).

As Praemium Shares are listed on the ASX, the implied value of the Offer Consideration will change with fluctuations in the market price of Praemium Shares. For example, the implied value of the Offer Consideration will increase by 1 cent for every 2 cents increase in the market price of Praemium Shares and will decrease by 1 cent for every 2 cents decrease in the market price of Praemium Shares.

This 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 (prior to the Announcement Date) of Powerwrap Shares of \$0.145; and
- 138.4% to the 6-month VWAP (prior to the Announcement Date) of Powerwrap Shares of \$0.111.

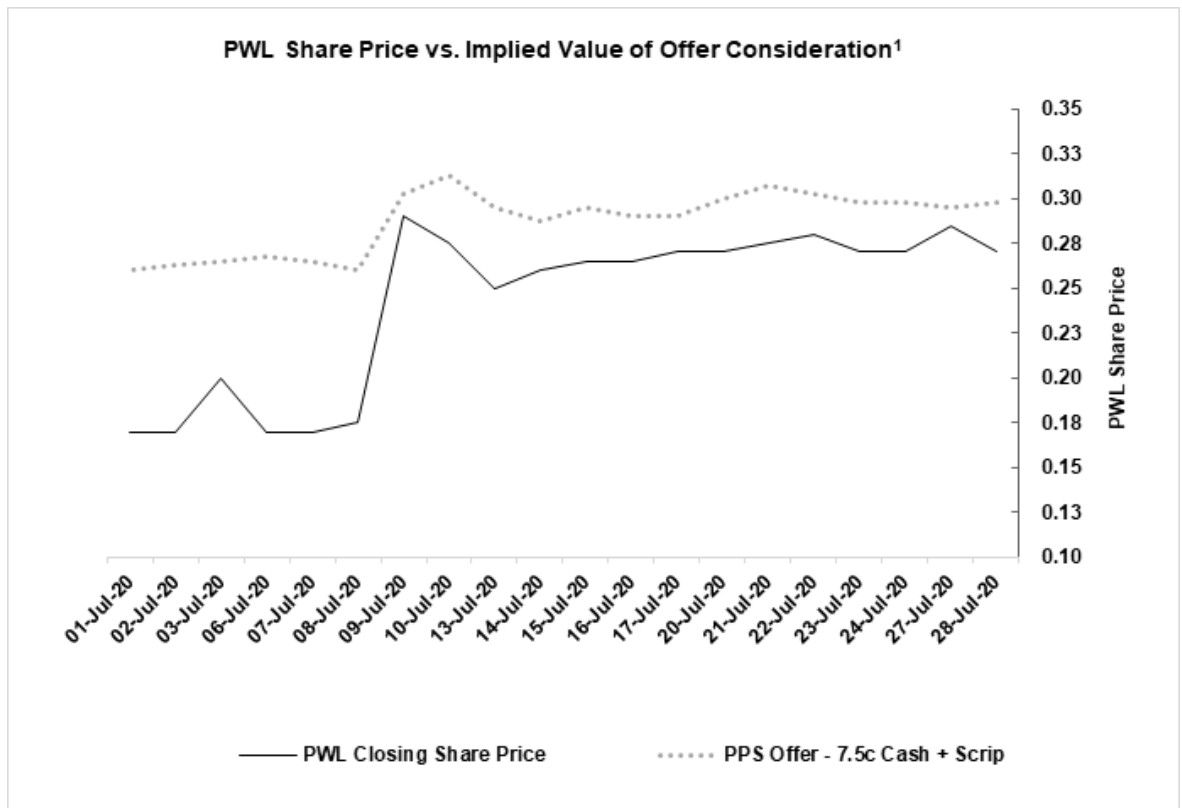
Implied Offer Price VWAPs¹



Source: Henslow

(1) As at the day prior to the announcement of the proposed transaction on 9 July 2020.

The chart below shows the fluctuation of the implied value of the Offer Consideration relative to the Powerwrap Share price in the period from the Announcement Date to 28 July 2020 (being the last practicable date prior to the date this Target's Statement was lodged with ASIC), based on the daily closing price of Powerwrap Shares during that period:



Source: Henslow

(1) The implied value of the Offer Consideration is based on the closing price of Praemium Shares on the relevant date and reflects the conversion of 2 Powerwrap shares into 1 Praemium Share plus 7.5 cents in cash for each Powerwrap Share

3.4 Access to Synergies¹¹

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

The Merged Group will have a combined platform FUA of over \$28.8bn, which is likely to give it the size and scale necessary to leverage efficiencies that may not otherwise be achieved.

The Offer will allow Powerwrap Shareholders to participate in the expected upside from a realisation of operational synergies, with full year EBITDA operating cost synergies expected (on a preliminary basis) to total approximately \$6 million by FY2022.¹²

¹¹ 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 based on the information available to it.

¹² Excludes transaction, restructure and integration costs. These anticipated operational synergies are an expectation of Praemium (and as such, are a forward looking statement).

Powerwrap shareholders will also benefit from future potential revenue synergies generated through cross-selling of products, strengthened client engagement, integrated technologies and coordinated sales programs.

An example of such synergies is that Powerwrap and Praemium both operate registered managed investment schemes which each require a minimum of \$5 million in regulatory capital. Praemium have noted (in section 2.6(c) of the Bidder's Statement) that the Merged Group will seek to consolidate these schemes under a single responsible entity which will free-up \$5 million in net tangible assets.¹³

3.5 Potential Valuation Uplift

The Merged Group may benefit from a higher valuation in line with other leading Australian financial platform businesses, reflecting improved growth potential as a result of the greater combined scale, improved inflows, diversified customer base and balance sheet flexibility.

The Offer gives Powerwrap Shareholders exposure to a company with a larger market capitalisation, providing greater liquidity and marketability of their securities.

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

- combined revenue of \$65.8 million for the calendar year ending 31 December 2019;
- combined EBITDA of \$7.1 million, excluding synergies, for the calendar year ending 31 December 2019;
- full year EBITDA operating cost synergies expected (on a preliminary basis) to total \$6 million by FY2022¹⁴; and
- pro-forma implied market capitalisation of \$210.4 million.¹⁵

3.6 Limited prospect of an alternative superior proposal

No alternative proposals are currently under consideration by Powerwrap, and your Directors do not consider it likely that a superior proposal will be made. Praemium's current interest in 15.1% of the Powerwrap Shares may mean that making a superior proposal is unattractive for an alternative bidder.

¹³ Achieving consolidation of the schemes is dependent on a number of factors including regulatory approval.

¹⁴ Excludes transaction, restructure and integration costs.

¹⁵ 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.

3.7 No brokerage fees payable

If you accept the Offer, you will not incur brokerage or other transaction costs under the Offer, which you may otherwise incur if selling Powerwrap Shares on the ASX.¹⁶

3.8 Powerwrap's share price may fall if the Offer is unsuccessful

Whilst the Powerwrap Share price on ASX is impacted by a range of factors, if the Offer is unsuccessful there is a risk that the Powerwrap Share price may fall to a lower price than the price at which it has traded since the Offer was announced on 9 July 2020.

3.9 Powerwrap Shareholders may be entitled to CGT rollover relief

If Praemium acquires more than 80% of Powerwrap Shares on issue under the Offer, accepting Powerwrap Shareholders who are Australian tax residents may be entitled to partial CGT rollover relief in respect of the capital gains they would have otherwise made as a result of the effective sale of their Powerwrap shares under the Offer. CGT rollover relief means that the effective sale of your Powerwrap shares will not crystallise a taxation event for the market value of the Praemium shares you receive, any potential tax liability on that gain will be deferred until such time as you sell the Praemium Shares you receive, and any potential liability on that gain will be deferred until such time as you sell the Praemium Shares issued to you under the Offer. No CGT rollover relief is available for the cash consideration of 7.5 cents per Powerwrap Share that you will receive.

Powerwrap Shareholders should refer to Section 13.2 of the Bidder's Statement and consult with their professional advisers in relation to how accepting the Offer will affect their individual circumstances.

¹⁶ If your holding of Powerwrap Shares is a CHESS Holding or is held by a nominee, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with your acceptance of the Offer.

4 Frequently asked questions

This Section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Powerwrap Shareholders. This Section should be read together with all other parts of this Target's Statement.

Question	Answer	Further Information
1. What is the Offer for my Powerwrap shares?	<p>Praemium is offering:</p> <ul style="list-style-type: none">• 7.5 cents cash for each Powerwrap Share that you own; and• 1 Praemium Share for every 2 Powerwrap Shares you own. <p>That is the Offer Consideration.</p>	See Section 2.1
2. What is the implied value of the Offer Consideration?	<p>The Indicative Price of the Offer Consideration is 26.44 cents per Powerwrap Share. When determining the Indicative Price the value of Praemium Shares has been assumed to be 37.89 cents per share, being the 5-day VWAP of Praemium Shares ending on 8 July 2020 (the last trading day before the Announcement Date).¹⁷</p> <p>As at 28 July 2020 (being the last practicable date before the date of this Target's Statement), the implied value of the Offer Consideration is 29.75 cents per Powerwrap Share, based on a price of 44.50 cents per Praemium Share (being the closing price of Praemium Shares on 28 July 2020).</p> <p>As Praemium Shares are listed on the ASX, the implied value of the Offer Consideration will change with fluctuations in the market price of Praemium Shares. For example, the implied value of the Offer Consideration will increase by 1 cent for every 2 cents increase in the market price of Praemium Shares and will decrease by 1 cent for every 2 cents decrease in the market price of Praemium Shares.</p>	See Section 2.1
3. What choices do I have as a Powerwrap Shareholder?	<p>As a Powerwrap Shareholder, you have the following choices under the Offer:</p> <ul style="list-style-type: none">• you may accept¹⁸ the Offer, in which case you should follow the instructions on the acceptance form enclosed with the Bidder's Statement that Praemium sent to you; or• you may choose not to accept the Offer, in which case you do not need to take any action. <p>In addition, you have the option to sell all or some of your Powerwrap Shares on the ASX, provided that</p>	See Section 11

¹⁷ For additional information regarding the Indicative Price based on the closing price of Praemium Shares immediately prior to the date of this Target's Statement, see Section 3.3

¹⁸ You may only accept the Offer for all (and not some) of your Powerwrap Shares.

Question	Answer	Further Information
	<p>you have not yet accepted the Offer in relation to those Powerwrap Shares.</p> <p>Powerwrap Shareholders should carefully consider the Directors' recommendations and other important issues set out in this Target's Statement.</p>	
<p>4. What do the Directors recommend?</p>	<p>The Directors, having considered all available information, believe the Offer represents fair and reasonable value for your Powerwrap Shares and recommend that you ACCEPT the Offer in the absence of a superior proposal.</p> <p>If there is a change in these recommendations or any material developments in relation to the Offer, Powerwrap will lodge a supplementary target's statement.</p>	<p>See Section 2</p>
<p>5. What do the Directors intend to do with their Powerwrap Shares?</p>	<p>The Directors intend to ACCEPT the Offer in respect of those Powerwrap Shares that they have control over, in the absence of a superior proposal.</p>	<p>See Section 7</p>
<p>6. How do I accept the Offer?</p>	<p>To accept the Offer, you must follow the instructions on the Acceptance Form enclosed with the Bidder's Statement that Praemium sent to you.</p>	<p>See Section 1 of the Bidder's Statement.</p>
<p>7. How do I reject the Offer?</p>	<p>To reject the Offer, you do not need to do anything. Simply ignore all documents sent to you by Praemium. Do not fill in or send any documents to Praemium.</p>	<p>See Section 1 of the Bidder's Statement.</p>
<p>8. When do I have to make a decision?</p>	<p>If you elect to accept the Offer, you must do this (and give instructions in time for them to be processed) before its scheduled closing date. Praemium has stated that the Offer remains open until 7:00pm (Melbourne time) on 31 August 2020.</p> <p>It is possible that Praemium may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. If this occurs, you will be entitled to accept the Offer at a later time.</p> <p>If you wish to reject the Offer, you do not need to do anything.</p>	<p>See Section 1 of the Bidder's Statement.</p>
<p>9. What will happen if Praemium raises the Offer Consideration?</p>	<p>It is possible that Praemium might increase the consideration that it offers for your Powerwrap Shares. If Praemium offers additional cash or other form of consideration for your Powerwrap Shares, the Directors will carefully consider the revised offer and advise you of their views accordingly.</p>	<p>See Section 9.7</p>

Question	Answer	Further Information
	<p>If you have already accepted the Offer and Praemium improves the consideration (for example, by increasing cash offered) then you will still be entitled to the improved consideration. If a new form of consideration is offered or other improvements to the Offer are made, then even if you have already accepted the Offer, you will be entitled to make a fresh election as to the form of consideration you want.</p> <p>You will be notified of any changes to the terms of the Offer.</p>	
<p>10. What happens if I accept the Offer and a superior proposal is made for my Powerwrap Shares after I accept?</p>	<p>If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances namely, if the bid is subject to a Condition and Praemium varies the Offer in a way that postpones, the time by which it has to meet its obligations under the Offer for more than one month (for example, by extending the Offer Period for more than one month while it remains conditional).</p> <p>Accordingly, if you accept the Offer, you may be unable to accept a superior proposal from another bidder if one arises. At this time, the Directors do not know if such an offer will arise. In addition, the Directors consider the likelihood of a superior proposal emerging to be low, given Praemium holds 15.1% of Powerwrap at the date of this Target's Statement.</p>	<p>See Section 3.6</p>
<p>11. What happens to my rights attaching to my Powerwrap Shares if I accept the Offer?</p>	<p>If you accept the Offer, you grant Praemium a power of attorney to exercise all voting rights in respect of your Powerwrap Shares from the time you accept the Offer (or all Conditions have been met or waived, if later). You grant Praemium all these rights despite not being given any consideration for your Powerwrap Shares until a certain period after all the Conditions have been met or waived.</p>	<p>See Section 2.16 and Section 15.13 of the Bidder's Statement</p>
<p>12. Can I be forced to sell my Powerwrap Shares?</p>	<p>You cannot be forced to sell your Powerwrap Shares unless Praemium proceeds to compulsory acquisition of Powerwrap Shares. Praemium will need to acquire a relevant interest in at least 90% of Powerwrap Shares (under the Offer or otherwise) and at least 75% of the Powerwrap Shares it does not already own in order to exercise compulsory acquisition rights. If Praemium becomes entitled to and proceeds to compulsory acquisition, then you will be paid the same consideration as is payable by Praemium under the Offer.</p>	<p>See Section 9.14.</p>
<p>13. What are the conditions?</p>	<p>The Offer and any contracts that result from an acceptance of the Offer are subject to a number of conditions which are stated in full in section 5, and the admission to quotation of Praemium Shares issued as consideration.</p>	<p>See section 5 and section 7 of the Bidder's Statement.</p>

Question	Answer	Further Information
14. What is the Minimum Acceptance Condition?	The conditions of the Offer are subject to a Minimum Acceptance Condition being that Praemium has a Relevant Interest in at least 90% of the Powerwrap Shares (on a fully diluted basis). ¹⁹	See section 7.1(b) of the Bidder's Statement and Section 9.5.
15. What are tax implications of the Offer?	A general description of the taxation treatment for certain Australian resident Powerwrap Shareholders accepting the Offer is set out in Section 13 of the Bidder's Statement. You should not rely on those descriptions as advice for your own affairs. 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. If you accept the Offer, you may, for example, be liable for capital gains tax.	See section 13 of the Bidder's Statement.
16. What happens if I accept the Offer and the conditions are not satisfied?	<p>If the Offer conditions are not satisfied and Praemium has not waived the conditions by the end of the Offer Period, your acceptance of the Offer will be void and of no effect whatsoever. You will then be free to deal with your Powerwrap Shares in another way. If this occurs, the price of Powerwrap Shares will most likely fall in the absence of a superior proposal.</p> <p>If the Offer conditions are satisfied or waived before the end of the Offer Period, Praemium will acquire your Powerwrap Shares and you will receive the Offer Consideration.</p> <p>Even where the Offer remains conditional, you cannot withdraw your acceptance before the end of the Offer Period except in limited circumstances</p>	See Section 9.5.
17. When will I be paid if I accept the Offer?	<p>If you accept the Offer, you may have to wait to be paid until the earlier of:</p> <ul style="list-style-type: none"> ■ one month after the Offer becoming unconditional; and ■ 21 days after the end of the Offer Period, provided the Offer has become unconditional. <p>It is uncertain when the Offer will become unconditional.</p>	See Section 9.11
18. What happens if I am a Foreign Powerwrap Shareholder or hold an Unmarketable Parcel?	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	See Section 15.3 of the Bidder's Statement and Section 9.4.

¹⁹ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Target's Statement.

5 Information on Powerwrap

5.1 Powerwrap Introduction

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 provides platform products and services to Wealth Advice Groups and their underlying HNWI investor clients. Powerwrap has over 72 employees across offices in Melbourne and Sydney.

The Powerwrap Platform had \$8.45 billion in FUA at the end of 30 June 2020.

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 flexibility and efficiency for its clients.

5.2 Powerwrap business model

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.

5.3 Powerwrap history and FUA growth

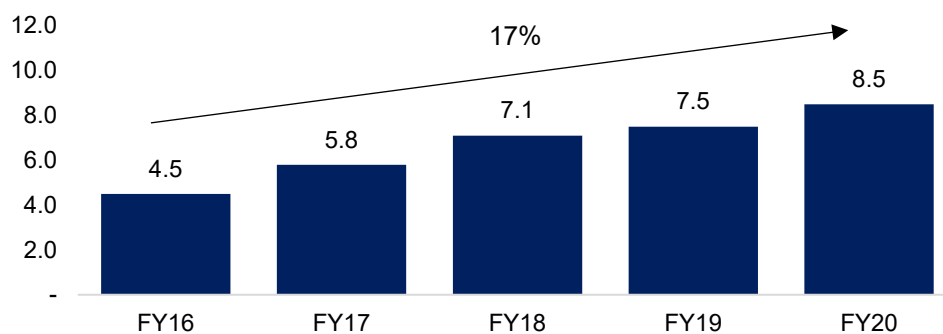
Powerwrap was established in 2008 and commenced operations in 2009 as an independent provider of investment administration services to the financial services market.

The first product offered by Powerwrap, the Powerwrap Investment Account, consisted of a single consolidated investment account offering custodial holdings for managed investments and non-custodial holdings of direct equities and cash. Over time, Powerwrap added additional asset classes and functionality to its Investment Account and launched its Superannuation and Pension Account product. Today, Powerwrap is a sophisticated and scalable institutional grade Challenger Platform used by some of Australia's most successful wealth advice groups.

Since Powerwrap successfully commenced executing its strategy of targeting wealth advice groups with predominantly HNW investor clients in 2013, its FUA has grown from \$330 million to \$8.45 billion as at 30 June 2020.

As is illustrated in the chart below the FUA on Powerwrap's Platform has grown at a CAGR of 17.2% over the period FY16 to FY20.

FUA Growth FY16-FY20 (\$ billions)



Source: Henslow

5.4 Material contracts

It is not expected that there will be any material adverse consequences for Powerwrap under the material contracts to which Powerwrap is a party as a result of a change of a control triggered by the Offer or acceptances under the Offer.

5.5 Powerwrap financial information

(a) *Statement of financial position*

The historical consolidated statements of financial position of Powerwrap are set out below and have been extracted from the audited consolidated statements of financial position as at the end of the financial year ended 30 June 2017, 30 June 2018 and 30 June 2019, being the last three audited consolidated statements of financial position prior to the date of this Target's Statement, together with the audited consolidated statements of financial position as at 31 December 2019.

	Audited as at 30 Jun			Reviewed as at 31 Dec
Powerwrap \$'000	2017	2018	2019	2019 ²⁰
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	-	-	-

²⁰ Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

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
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

(b) *Statement of comprehensive income*

The historical consolidated statements of comprehensive income of Powerwrap are set out below and have been extracted from the audited consolidated statements of financial position as at the end of the financial year ended 30 June 2017, 30 June 2018 and 30 June 2019, being the last three audited consolidated statements of financial position prior to the date of this Target's Statement, together with the audited consolidated statements of financial position as at 31 December 2019.

	Audited for the Financial Year ended 30 Jun			Reviewed for the half year ended 31 Dec
Powerwrap \$'000	2017	2018	2019	2019 ^[1]
Income				
Sales revenue	10,917	13,784	16,266	9,397
Interest and other income	729	871	748	251
Total revenue	11,646	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)
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	(12,091)	(12,317)	(7,586)	(2,247)
Income tax benefit / (expense)	3,359 ²¹	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)

^[1] Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

²¹ R&D grant income of \$3.5m relating to FY17 has been reclassified as an income tax benefit to reflect the accounting treatment of R&D grant income in FY18 and FY19. The \$3.5m of FY17 R&D grant income was initially recorded as Other Income in the 2017 Statutory Accounts.

(c) *Statement of cash flow*

The historical consolidated statements of cash flows of Powerwrap are set out below and have been extracted from the audited consolidated statements of financial position as at the end of the financial year ended 30 June 2017, 30 June 2018 and 30 June 2019, being the last three audited consolidated statements of financial position prior to the date of this Target's Statement, together with the audited consolidated statements of financial position as at 31 December 2019.

	Audited for the Financial Year ended 30 Jun			Reviewed for the half year ended 31 Dec
Powerwrap \$'000	2017	2018	2019	2019 ²²
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				
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)

²² Adjusted for the application of AASB 16 'Leases'. Prior periods have not been restated.

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

(d) *Updated business performance and cashflow position of Powerwrap*

The Powerwrap quarterly business update for the quarter ended 30 June 2020 and the Appendix 4C (Quarterly Report) were reported to the ASX on 20 July 2020. These updates show that substantial progress has been made on the cost base reset that was communicated to the ASX in the March Quarterly Update dated 29 April 2020 and Powerwrap was cashflow breakeven in the June quarter. The business had \$15.6 million in cash at bank on 30 June 2020.

The current position of the business at the time of issuing the update on 20 July 2020 was that client cash balances in platform Cash Operating Accounts remain elevated at around 10% of platform FUA, which continues to deliver strong cash margins. The update confirmed that trading volumes have also remained strong through the June quarter, further contributing to a strong revenue result.

The update further detailed the following flows and market movement underpinning Powerwrap's growth in funds under management:

Powerwrap net flows

	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
Opening FUA	7,285	7,579	8,099	8,375	8,758	7,935
Inflows	342	1,085	615	671	762	515
Outflows	383	886	571	463	697	480
Net flows	-41	199	44	208	66	35
Market Movement	335	321	232	175	-889	480
Closing FUA	7,579	8,099	8,375	8,758	7,935	8,450

(e) *Full year financial statements*

The full year financial statements for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019 were audited by Deloitte, who issued an unqualified opinion for each financial year. A copy of Powerwrap's consolidated financial statements can be found on its website (at www.powerwrap.com.au).

5.6 Powerwrap's issued securities

As at the date of this Target's Statement, Powerwrap 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.

5.7 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 ²³	30 June 2021

- (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 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.

²³ The terms of these options provide that the exercise price will be met by Powerwrap (ie the optionholder is not required to pay the exercise price).

5.8 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 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 212,000,000.²⁴

5.9 Powerwrap Restricted Securities

- (a) The Powerwrap Restricted Securities comprise of:

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

- (b) It is a 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 several conditions are satisfied. These conditions include that 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.

5.10 Recent Powerwrap announcements

The following announcements have been made to ASX concerning Powerwrap since the release of its annual report on 27 September 2019 and the Announcement Date:

²⁴ For clarity, 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.

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	1H FY20 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	1H FY2020 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

5.11 Powerwrap website

Powerwrap maintains its website, www.powerwrap.com.au, which contains further information about Powerwrap and its operations

5.12 Publicly available information about Powerwrap

Powerwrap is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Powerwrap is

subject to the ASX Listing Rules which require continuous disclosure of any information Powerwrap has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

Powerwrap is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Powerwrap may be obtained from, or inspected at, an ASIC office.

5.13 Expenses in relation to the transaction

The Offer has resulted in Powerwrap incurring expenses that would not otherwise arise from trading in the current financial year. These expenses are anticipated to be approximately \$1.2 million excluding GST.

Expenses relating to the transaction include corporate and legal advisory fees incurred in relation to this transaction and other transaction related expenses which will have a negative impact on the after-tax earnings in the current financial year.

6 Powerwrap Directors' interests and relevant information

6.1 Directors' interests in each of the shares on issue in Powerwrap

The Directors have interests in the Powerwrap Shares on issue, as follows:

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>

6.2 The intention of the Directors in relation to the Offer in respect of Powerwrap Shares that the Director has control over

Anthony Wamsteker intends to ACCEPT the Offer in the absence of a superior proposal.

6.3 Board Approval

This Target's Statement has been approved by a resolution of the Board of Powerwrap.

6.4 Relevant interests of each Director and his associates to any securities in Praemium

No Director has any interest in any securities in Praemium.

6.5 Dealings the Directors or any of their associates have had in shares in Praemium

No Director or any of their associates have at any time acquired or disposed of any shares in Praemium.

6.6 Dealings the Directors or any of their associates have had in securities in Praemium over the 4 months prior to the bid

No Director or any of their associates has acquired or disposed of any securities in Praemium in the four month period ending on the day immediately before the Bidder's Statement was served on Powerwrap.

6.7 Benefits which will be provided to officers or Directors

No benefit will or may be given to a person in connection with the retirement of that person from any office in relation to Powerwrap.

No benefit will or may be given to any officer of Powerwrap in connection with the transfer of the whole or any part of the undertaking or property of Powerwrap.

6.8 Details of any agreements between Directors or officers and other persons

There is no agreement, arrangement or understanding made between any Director and any other person in connection with or conditional upon the outcome of the offer.

6.9 Details of any interest any Director has in any contracts between Praemium and the Director (or any of the Directors' associates)

No Director or associate has any interest in any contract entered into by the Bidder.

7 Information on Praemium

7.1 Disclaimer

The following information in this section about Praemium has been prepared by Powerwrap by using the information contained in the Bidder's Statement and has not been independently verified by Praemium. Powerwrap does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

7.2 Overview of Praemium

Praemium Ltd 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.

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

Praemium separately has disclosure obligations in relation to the progress of the Offer under the Corporations Act. Praemium must issue a substantial holding notice to Powerwrap and the ASX, including details of its own and its Associates Relevant Interests in Powerwrap Shares, and the consideration paid for such shares (where relevant) at the commencement of the Offer Period, and each time acceptance by Powerwrap Shareholders under the Offer increases Praemium's relevant interest by 1%.

Praemium is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Praemium may be obtained from, or inspected at, an ASIC office.

On request to Praemium and free of charge, Powerwrap Shareholders may obtain a copy of:

- the annual financial report of Praemium for the year ended 30 June 2019 (being the annual financial report most recently lodged with ASIC before lodgement of the Bidder's Statement with ASIC); and
- any half-year financial report lodged with ASIC by Praemium after the lodgement of that annual financial report for Praemium referred to above and before lodgement of the Bidder's Statement with ASIC; and
- any continuous disclosure notice given to ASX by Praemium since the lodgement with ASIC of the annual financial report for Praemium referred to above and before lodgement of the Bidder's Statement with ASIC.

A list of announcements Praemium has lodged with ASX since 12 August 2019 (being the date of lodgement of the annual financial report referred to above) is set out in Attachment C to the Bidder's Statement.

A substantial amount of information about Praemium is available in electronic form from www.praemium.com and on the ASX website.

7.3 Praemium's interest in Powerwrap

As at the date of this Target's Statement, Praemium has a Relevant Interest in 31,082,272 Powerwrap Shares and voting power of 15.1% in Powerwrap.²⁵

7.4 Praemium Directors

According to the Bidder's Statement, as at 21 July 2020 the directors of Praemium are:

- 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).

7.5 Information about the Merged Group and Praemium's intentions

For information about the Merged Group and Praemium's intentions regarding Powerwrap and the Merged Group if the Offer becomes unconditional, refer to section 10 of the Bidder's Statement.

7.6 Corporate governance

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

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

²⁵ Determined on an undiluted basis. As at the date of this Target's Statement, Praemium owns 31,082,272 Powerwrap Shares.

8 Information about Praemium Shares

8.1 Praemium issued securities

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

- (a) 408,680,474 Praemium Shares; and
- (b) 20,273,131 Praemium Performance Rights.

8.2 Recent trading of Praemium Shares

- (a) The latest recorded sale price of Praemium Shares on ASX before the Announcement Date was \$0.370 as at close of trading on ASX on 8 July 2020.
- (b) The latest recorded sale price of Praemium Shares on ASX before the date on which the Bidder's Statement was lodged with ASIC was \$0.465 on 21 July 2020.
- (c) The highest recorded sale price of Praemium Shares on ASX in the last 4 months before the Bidder's Statement was lodged with ASIC was \$0.495 on 10 July 2020.
- (d) The lowest recorded sale price of Praemium Shares on ASX in the last 4 months before the Bidder's Statement was lodged with ASIC was \$0.205 on 24 March 2020.

8.3 Quotation of Praemium Shares comprising Offer Consideration

Praemium will lodge an application for admission to quotation of the Praemium shares comprising part of the Offer Consideration to trading on ASX within 7 days of the Offer Period. The Offer is conditional on quotation being granted no later than 7 days after the end of the Offer Period.

8.4 Praemium Shares

The Praemium Shares offered are fully paid ordinary shares in the capital of Praemium, and from the date of their issue will rank equally with existing Praemium ordinary shares and will have the same rights and liabilities attaching to them. The rights and liabilities attaching to Praemium Shares are governed by the constitution of Praemium, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Under section 140(1) of the Corporations Act, the constitution of Praemium 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 receive Praemium Shares as consideration you will, as a result, become liable to the constitution of Praemium.

A summary of the rights and liabilities attaching to Praemium Shares is set out in Section 6.3 of the Bidder's Statement. Full details of the rights and liabilities attaching to Praemium shares are set out in the constitution of Praemium, a copy of which is available for inspection at Praemium's registered office during normal business hours.

9 Key features of the Offer

9.1 Offer summary

Praemium has made a conditional offer to acquire all of the Powerwrap Shares not already registered in the name of Praemium (Praemium currently holds approximately 15.1%). 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 Indicative Price of the Offer Consideration is 26.44 cents per Powerwrap Share.²⁶

9.2 Offer Period

The Offer will, unless withdrawn or extended in accordance with section 15.8 of the Bidder's Statement, remain open for acceptance during the period commencing on 31 July 2020, and ending at 7:00 pm Melbourne time on 31 August 2020.

9.3 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 receive a cash amount for your Powerwrap Shares calculated in accordance with Section 15.3 of the Bidder's Statement.

9.4 Foreign Powerwrap Shareholders

The distribution of this Target's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Target's Statement should inform themselves of, and observe, those restrictions. The Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to which, it would not be lawful to make such an offer. If you are a Powerwrap Shareholder whose address shown in Powerwrap's register of members as at 5.00pm (Melbourne time) on the Register Date is in a jurisdiction other than Australia, you may receive a cash amount for your Powerwrap Shares as set out in Section 15.3 of the Bidder's Statement.

9.5 Conditions

The Offer is subject to a number of conditions - namely:

(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),

²⁶ For additional information regarding the Indicative Price based on the closing price of Praemium Shares immediately prior to the date of this Target's Statement, see Section 3.8

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**).

(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 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**

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.

A Specified Event shall not include:

- (iv) 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 the Bid Implementation Agreement;
- (v) 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;
- (vi) changes arising as a result of any generally applicable change in accounting standards required by law, law or governmental policy in Australia; or
- (vii) 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 the 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.

(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

9.6 Notice of status of Conditions

As per section 7.6 of the Bidder's Statement, the date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is 23 August 2020 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Praemium is required to set out in its notice of status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as Praemium knows, any of the Conditions have been fulfilled; and
- Praemium's voting power in Powerwrap.

9.7 Extension of the Offer Period

Praemium may extend the Offer Period at any time before giving notice of status of Conditions (referred to above in section 9.6) while the Offer is subject to Conditions. However, if the Offer is unconditional Praemium may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period, within the last 7 days of the Offer Period if:

- Praemium improves the Offer Consideration; or
- Praemium's voting power in Powerwrap increases to more than 50%.

If either of these two events occur, the Offer Period is automatically extended so it ends 14 days after the relevant occurs.

9.8 Withdrawal of Offer

Praemium may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Praemium may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9.9 Effect of acceptance

The effect of acceptance of the Offer is set out in detail in section 15.13 of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Powerwrap Shares and the things which you are deemed to have done by accepting the Offer.

9.10 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw our acceptance of the Offer if Praemium varies the Offer in a way that postpones, for more than one month, the time when Praemium needs to meet its obligations under the Offer. This will occur if Praemium extends the Offer

Period by more than one month and the Offer is still subject to Conditions (unless Praemium also shortens the time for payment of consideration)..

9.11 Payment of your Offer Consideration if you accept the Offer

In the usual case, you will be issued and paid your Offer Consideration on or before the later of:

- one month after the date the Offer becomes unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but in any event (assuming the Offer becomes unconditional), no later than 21 days after the end of the Offer Period.

Section 15.14 of the Bidder's Statement sets out the full details of when you will be issued your Offer Consideration.

9.12 Effect of improvement in Offer Consideration on Powerwrap Shareholders who have already accepted

If Praemium improves the Offer Consideration under the Offer, all Powerwrap Shareholders who accept the Offer, whether or not they have accepted the Offer before that improvement, will be entitled to the benefit of that improved Offer Consideration.

9.13 Lapse of Offer

The Offer will lapse if the Conditions are not satisfied or waived by Praemium by the end of the Offer Period (or in the case of the Prescribed Occurrences, waived not later than 3 Business Days after the end of the Offer Period), in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Powerwrap Shares as you see fit.

9.14 Compulsory acquisition

Praemium will be able to compulsorily acquire any outstanding Shares for which it has not received acceptances on the same terms as the Offer described in this Section if during, or at the end of, the Offer Period Praemium (taken together with its associates) has a relevant interest in at least 90% (by number) of the Powerwrap Shares and has acquired more than 75% in number of the Powerwrap Shares it did not own at the beginning of the Offer Period.

If this threshold is met, Praemium will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted the Offer. The consideration payable by Praemium will be the Offer Price last offered under the Offer.

If Praemium does not become entitled to compulsorily acquire Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

Powerwrap Shareholders may challenge any compulsory acquisition, but this would require the relevant Powerwrap Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Powerwrap Shares. If Powerwrap Shares are compulsorily acquired, Powerwrap Shareholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

Praemium has indicated in its Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire outstanding Shares, it intends to do so.

10 Other important issues

10.1 Praemium's intentions with respect to the Offer and Powerwrap

Praemium has indicated its intentions regarding Powerwrap and the Merged Group if the Offer becomes unconditional in Section 10 of the Bidder's Statement.

10.2 Future employment of Powerwrap current employees

Praemium's has indicated in Section 10.3 of the Bidder's Statement, it is Praemium's intention upon acquisition of 90% or more of Powerwrap's Shares that a number of employee positions (including senior management) will be made redundant. This has been assessed by viewing the optimal structure for the corporate and operational functions of the Merged Group.

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.

10.3 Minority ownership consequences

The Offer is subject to a number of Conditions including a minimum acceptance condition of 90%.²⁷ Praemium may, at its option, waive this 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:

- (a) you may be left with a small shareholding in Powerwrap;
- (b) the Shareholder spread after the Offer is completed may be less than required under the ASX Listing Rules; and
- (c) the ASX may suspend or de-list Powerwrap, in which case the liquidity in Powerwrap Shares may be severely impacted.

10.4 Praemium's intention to delist Powerwrap 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 Condition but has a relevant interest in at least 75% of the Powerwrap Shares, Praemium intends to apply to have Powerwrap delisted from the ASX.

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;

²⁷ The minimum acceptance condition of 90% includes the 15.1% Relevant Interest in Powerwrap Shares that Praemium holds at the date of this Target's Statement.

-
- (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 the 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.

10.5 Risks involved in accepting the Offer

There are certain risks associated with accepting the Offer, including:

On-market sale

If you accept the Offer, you will no longer be able to trade your Powerwrap Shares on-market unless you are entitled to withdraw your acceptance of the Offer in the limited circumstances as stated in section 9.10 and under the Corporations Act. There is a possibility that the Powerwrap Share price on ASX may exceed the price under the Offer.

Superior proposal

Once you have accepted the Offer, you will not be able to accept your Powerwrap Shares into any superior proposal that may emerge as you will have entered a binding contract for the sale of your Powerwrap Shares. The likelihood of a superior proposal emerging is discussed in further detail in Section 3.6.

Risk factors in investing in Praemium Shares

If you accept the Offer, unless withdrawal rights are available and you exercise them (refer to Section 9.10 of this Target's Statement), you will become a shareholder in Praemium if the Offer becomes unconditional. Section 16 of the Bidder's Statement outlines the risks that you may face when investing in Praemium Shares. If you require further information regarding such risks in order to make a decision as to whether or not to accept the Offer, you should consult your legal, taxation, accounting or other professional advisers.

10.6 Risks in remaining a Powerwrap Shareholder

In considering this Target's Statement and the Offer, Powerwrap Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Powerwrap.

This section describes some potential risks associated with Powerwrap's business and an investment in Powerwrap. An investment in Powerwrap exposes investors to the specific and general risks facing Powerwrap's business. Each of these risks could, if they eventuate, also have a material adverse effect on Powerwrap's business, financial condition, operating and financial performance and return to shareholders, and consequently a material adverse effect on your investment. Many of the circumstances giving rise to these risks are beyond the control of Powerwrap, its Directors and management.

The risk factors set out below are not exhaustive. Powerwrap Shareholders should carefully consider and evaluate Powerwrap and its business and whether they should continue to hold Powerwrap Shares, having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. Powerwrap Shareholders should examine the full content of this Target's Statement and may wish to consult their financial or other advisers before deciding whether to accept the Offer.

Competition

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

- the range of products available through the Platform relative to that of competitors;
- commercial factors, including pricing terms;
- ability to keep up with technological or regulatory change;
- ability to respond to financial adviser and underlying investor client preferences for products and services and maintaining strong relationships with existing clients; and
- Powerwrap'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.

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

Regulatory environment

Powerwrap operates both a registered managed investment scheme and a licenced financial advice service. Both are subject to regulations, laws, standards and practices.

Powerwrap and MWH Capital Pty. Ltd ACN 136 888 956 (**MWH**) (its wholly owned subsidiary) each hold an AFSL required for the conduct of their regulated activities. The level and complexity of the regulation of AFSL holders and financial services more generally in Australia have recently increased. This has resulted in increased costs and resources being required for Powerwrap's legal and regulatory compliance. It is anticipated that the regulatory environment may continue to develop in this manner, causing increased compliance complexity for Powerwrap. There is a risk that Powerwrap's processes and systems may not be adequate to detect and prevent all potential compliance breaches in the current regulatory environment or in respect of developments in legislation and regulations.

Failure by either of Powerwrap or MWH to comply with the terms of its AFSL could have significant consequences, including the suspension or cancellation of Powerwrap's AFSL and the MWH AFSL. The cancellation of Powerwrap's AFSL or the MWH AFSL may result in either of Powerwrap or MWH being unable to operate its business, being issued with fines or other penalties arising from regulatory action and reputational damage.

Powerwrap is subject to privacy laws in Australia. These laws regulate the handling of personal information and data collection. Such laws impact the way Powerwrap can collect, use, analyse, transfer and share personal and other information. Any actual or perceived failure by 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 Powerwrap's business, financial condition and financial performance.

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

Research and development tax incentive

Powerwrap has made claims under the research and development tax incentive provided by the Australian Government (**R&D Incentive**) since 1 July 2011. There is a risk that the ATO or Innovation and Science Australia could form a different view to Powerwrap about the extent to which the R&D Incentive could be claimed for Powerwrap's research and development activities.

Regulatory reform

Powerwrap conducts its business within a registered managed investment scheme environment, and within the environment of financial services law more generally in relation to the products it offers its clients. Changes to laws, regulations, standards and practices applicable to the industry in which Powerwrap operates (in particular in relation to the payment of fees and charges by retail investors) could adversely impact its business. For example, there could be changes to legislation surrounding registered managed investment schemes or model portfolios that could positively or negatively impact the business.

Key personnel risk

Powerwrap relies on a number of key personnel to conduct the business, including certain personnel who are named as 'key persons' and 'responsible managers' on each of Powerwrap's AFSL and the MWH AFSL. If such key personnel were to leave the business 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 Powerwrap's business.

Reliance on third party suppliers

Technology systems

Powerwrap relies on certain contracts with third party IT suppliers to maintain and support the operation of the Platform and its IT infrastructure and software more generally. Powerwrap's business is dependent on the uninterrupted availability of these IT systems. Powerwrap's reliance on third parties to provide key services decreases its control over the delivery of these services and the quality and reliability of the services provided. Powerwrap is 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 Powerwrap's ability to operate the Platform and provide services to its 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, Powerwrap's operations, earnings and financial condition could be adversely impacted.

Performance of third-party infrastructure

Powerwrap is dependent on the effective performance, reliability and availability of the Platform, third party data centres and communication systems.

Powerwrap'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 Powerwrap to deliver consistent, quality services to its clients and lead to reputational damage and may also adversely impact Powerwrap's operations, financial performance and financial condition.

Termination of Relationship Agreement with Praemium

As set out in section 3.5, Powerwrap and Praemium are parties to the Relationship Agreement.

Following the expiration of the initial five-year term in 2014, the Relationship Agreement is currently on rolling terms of one year. Each party has the right to terminate the Relationship Agreement by providing the other with six months' prior notice in writing. If the Relationship Agreement is terminated for any reason (including termination by Praemium in accordance with the six month notice period) and an alternative source of technology or systems is not found in a timely manner or on similar commercial terms, Powerwrap may not be able to provide customers with

access to the Platform and its operations, earnings and financial condition could be adversely impacted.

Powerwrap has measures in place that the Directors believe would allow it to transition the services and technology provided by Praemium that underpins Powerwrap's core services to its clients to a new provider if Powerwrap was provided with six months' notice of termination by Praemium. This would be dependent on the successful implementation of the transition process.

Technology and Cyber-security risks

Powerwrap relies on online technology solutions to operate the Platform and its business more generally, and Powerwrap has robust measures in place to protect its technology, systems and information from unauthorised access. However, it is possible that the measures put in place by Powerwrap to prevent technology breaches may not be adequate. Security breaches may involve unauthorised access to Powerwrap's 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 Powerwrap's IT systems or client data may subject 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 Powerwrap's reputation, operation of the business, financial condition and financial performance.

Powerwrap has robust cyber-security technology in place, which management believes protects Powerwrap from unauthorised access to its technology, systems and information to the extent reasonably possible. Powerwrap has a response plan to deal with any such unauthorised access and is also subject to statutory mandatory data breach notification requirements.

Disruption of Platform technology

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

- an inability of the system to handle increases in capacity of clients and transactions or errors or omissions that may occur in performing certain tasks and transactions; or
- a force majeure event that affects the systems and in turn the clients of, or suppliers to, Powerwrap.

Failure to realise benefits from research and development investments

Developing software and technology is expensive and the investment in the development of these product and service offerings often involves an extended period of time to achieve a return on investment. There is a risk that Powerwrap may not realise the benefits of its investment in research and development, if in fact these solutions do not deliver the intended benefits to Powerwrap and its clients.

Loss of market share

Powerwrap operates in a competitive market and develops strategies to maintain and grow its market share. However, Powerwrap's market share may decrease if Powerwrap does not remain competitive or does not respond adequately to developments or demands of the market. Powerwrap may not remain competitive if its IT systems or platform technology become outdated, its pricing model does not respond to changes in the market or for other reasons relating to Powerwrap's operations. Powerwrap's competitors may invest in measures that provide them with a competitive advantage, such as through the development or use of superior technology, marketing campaigns or alternative pricing strategies. As a result of these market dynamics, Powerwrap's position in the market may decline, which may result in a material adverse change in Powerwrap's operating performance.

Failure of processing control systems

Powerwrap has robust internal compliance and processing systems in place to operate its business. However, there is a risk that these processes may fail, become outdated or that the people or systems responsible for these processes may not perform (for example, due to inadequate training or external disruptions). There is also a risk that, as Powerwrap is rapidly expanding, its operations may increase to the extent that the processes cannot adequately respond to Powerwrap's scale. Powerwrap may need to respond to this by deploying additional resources or restructuring its operations and may not be able to offer its bespoke service offering to its clients in these circumstances. Such a failure or disruption to Powerwrap's control systems could result in a loss of clients and adversely impact Powerwrap's reputation, operation of the business, financial condition and financial performance.

Powerwrap regularly assesses the adequacy and efficiency of its processing control systems and seeks to respond to any issues identified as a result.

COVID-19

The COVID-19 pandemic is impacting global economic markets. The full nature and effect of the pandemic on the performance of Powerwrap remains unknown. Accordingly, Powerwrap's share price may be adversely affected in both the short and medium term by the volatility impacting economic markets as a result of COVID-19.

Further current and future potential government measures to limit transmission of the virus may adversely impact Powerwrap's operations and are likely to be beyond the control of Powerwrap.

Powerwrap is monitoring the COVID-19 situation and the impact this is having on Powerwrap's business and financial performance. In compliance with continuous disclosure obligations, Powerwrap provided an update to the market in regard to its response to COVID-19 on 29 April 2020 and will continue to keep the market informed of any material developments.

If further impacts of COVID-19 become material prior to the end of the Offer Period, Powerwrap will notify Powerwrap Shareholders under a supplementary target's statement.

Macro-economic risks

Powerwrap's business is exposed to changes in general economic conditions in Australia and internationally. For example, adverse macroeconomic conditions resulting from the COVID-19 pandemic may influence levels of investment by underlying investor clients, may affect Powerwrap's future financial performance and operating performance, the price of Powerwrap Shares and Powerwrap's ability to pay dividends.

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. The current financial information of Powerwrap are based on the applicable laws, regulations, standards and taxation position as at the date of this Target's Statement.

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

11 Your choices as a Powerwrap Shareholder

The choices that are available to you as Powerwrap Shareholders are set out below. Your Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Powerwrap Shares.

11.1 Accept the Offer

If you accept the offer and it becomes unconditional:

- you will receive 1 Praemium Share for every 2 Powerwrap Shares you hold and 7.5 cents cash for every 1 Powerwrap Share you hold; and
- you will not be able to sell your Powerwrap Shares to anyone else, including by accepting any superior proposal that might emerge, unless either the Offer does not become unconditional or you are able to withdraw your acceptance.

11.2 Reject the Offer

If you do not wish to accept the Offer and wish to retain your Powerwrap Shares, no action is required.

However, if you do not accept the Offer and Praemium becomes entitled to compulsorily acquire your Powerwrap Shares under the Corporations Act, you are likely to receive with your Offer Consideration later than Powerwrap Shareholders who accept the Offer.

Praemium has stated in the Bidder's Statement that if it becomes entitled to 90% of all Powerwrap Shares it intends to progress to compulsory acquisition. For further details on compulsory acquisition, see section 9.14.

11.3 Sell your Powerwrap Shares

You may decide to try to sell your Powerwrap Shares otherwise than by way of the Offer. If you do:

- you will receive payment based on the price at which you receive on-market (or privately negotiate with a third party) and will not be able to accept the Offer or any superior proposal that may emerge in respect of the Powerwrap Shares you sell; and
- depending on the sale price achieved, you may receive more or less for your Powerwrap shares than the value of the Offer Consideration.

The taxation implications of selling your Powerwrap Shares depend on a number of factors that will vary according to your particular circumstances.

You should seek your own professional advice regarding the taxation consequences for you of selling your Powerwrap shares relative to accepting the Offer.

12 Consents

- (a) This document is signed for and on behalf of Powerwrap by Anthony Wamsteker, who is authorised to do so by a resolution passed by Powerwrap directors. This Target's Statement has been approved by a resolution passed unanimously by the Directors. This consent has not been withdrawn before this document was lodged with ASIC.
- (b) This Target'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 Target's Statement.
- (c) The following persons have given, and have not, before the date of this Target's Statement (being the date this Target's Statement is lodged with ASIC), withdrawn their consent to be named in this Target's Statement in the form and context in which they are so named:
 - (i) Hall & Wilcox as Powerwrap's legal advisers for the Offer; and
 - (ii) Henslow as Powerwrap's financial adviser for the Offer.
- (d) Each of Hall & Wilcox and Henslow:
 - (i) has not authorised or caused the issue of this Target's Statement;
 - (ii) does not make, or purport to make, any statement in this Target'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 Target's Statement with the consent of that party as specified in this Section.
- (e) The reference to Deloitte appears in the financial information (section 5.3) for information purposes only.
- (f) As permitted by ASIC Corporations (Consents to Statement) Instrument 2016/72, this Target'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.
- (g) In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading data sourced from Capital IQ. Capital IQ has not consented to its use. Also, as permitted, the Target's Statement includes statements made in documents sourced from the ASX official website. Powerwrap will provide, within 2 business days, on request during the Offer Period, a copy of these documents free of charge to any Powerwrap Shareholder.

13 No other material Information

This Target's Statement is required to include all the information that Powerwrap Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but only to the extent to which it is reasonable for Powerwrap Shareholders and their professional advisers to expect to find the information in this Target's Statement, and only if the information is known to any Director of Powerwrap.

In deciding what information should be included in this Target's Statement, the Directors have had regard to: (a) the nature of Powerwrap Shares; (b) the matters that Powerwrap Shareholders may reasonably be expected to know; (c) the fact that certain matters may reasonably be expected to be known to the professional advisers of Powerwrap Shareholders; and (d) the time available to Powerwrap to prepare this Target's Statement.

The Directors consider that the information that Powerwrap Shareholders and their respective professional advisers reasonably require to make an informed assessment whether to accept the Offer is in one or more of:

- (a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) Powerwrap's annual reports and releases to the ASX before the date of this Target's Statement;
- (c) documents lodged by Powerwrap with ASIC before the date of this Target's Statement; and
- (d) the information contained in this Target's Statement.

The Directors have assumed that, for the purposes of preparing this Target's Statement, the information in the Bidder's Statement is accurate. However, the Directors and their advisers do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

14 Definitions and interpretation

14.1 Definitions

Acceptance Form means the form with that title that accompanies the Bidder's Statement.

Announcement Date means the date of the announcement of the Joint ASX Offer announcement, being 9 July 2020 (a copy of the ASX announcement is included as Annexure A of this Target's Statement).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 692 or the Australian Securities Exchange (as the context requires).

Associate has the meaning in section 12(2) of the Corporations Act.

Bid Implementation Agreement means the bid implementation agreement entered into between Praemium and Powerwrap dated 8 July 2020.

Bidder's Statement means the bidder's statement issued by Praemium in relation to the Offer dated 22 July 2020.

Board means the board of Directors of Powerwrap from time to time.

Conditions means the conditions of the Offer set out in section 9.5.

Controlling Participant means in relation to your Powerwrap shares, has the meaning as in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001*(Cth) as relevantly modified by ASIC.

Directors means the directors of Powerwrap who are members of the Board from time to time.

Employee Options means Powerwrap options issued to persons who are employees of Powerwrap or its subsidiaries.

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 or New Zealand.

Marketable Parcel has the meaning given in the ASX Operating Rules Procedures, which, among other things, includes a parcel of shares, the value of which is not less than \$500.

Melbourne time means the time in Melbourne, Australia.

Merged Group means the group comprising both of Praemium and Powerwrap that would be formed if Praemium ultimately acquired 100% of Powerwrap and, where the context requires, also refers to Praemium but only in the scenario where Praemium ultimately acquires 100% of Powerwrap Shares.

Minimum Acceptance Condition means the condition in Section 7.1(b) of the Bidder's Statement.

Non-Employee Options means Powerwrap Options issued to persons who are not employees of Powerwrap or its subsidiaries.

Offer means the takeover offer by Praemium for the Powerwrap Shares, under Chapter 6 of the Corporations Act as described in the Bidder's Statement.

Offer Period has the same meaning given in the Bidder's Statement, with the Offer scheduled to close at 7:00pm (Melbourne time) on 31 August 2020 (unless extended).

Participant means an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

Platform means the wealth management platform operated by Powerwrap used primarily by wealth advice groups to administer, manage and report on underlying investor clients' investment portfolios

Powerwrap Option means an option over a Powerwrap Share (which comprises the Employee Options and the Non-Employee Options).

Powerwrap Performance Rights means a right to be issued a Powerwrap Share, subject to vesting conditions being met.

Powerwrap Restricted Securities means fully paid ordinary shares in the capital of Powerwrap subject to escrow restrictions in accordance with the ASX Listing Rules.

Powerwrap Share means a fully paid ordinary share in the capital of Powerwrap.

Powerwrap Shareholder means a registered holder of Shares in Powerwrap.

Praemium Share means a fully paid ordinary share in the capital of Praemium.

Prescribed Occurrences means the occurrences as defined in Section 9.5(e) of this Target's Statement and Section 7.1(e) of the Bidder's Statement.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Target's Statement means this booklet.

Unmarketable Parcel means a parcel of Praemium Shares that does not constitute a Marketable Parcel.

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.

VWAP means volume weighted average price.

14.2 Interpretation

In the interpretation of this document, the following provisions apply unless the context otherwise requires:

- (a) Where a word or phrase is given a defined meaning another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.
- (b) A word which denotes the singular also denotes the plural, a word which denotes the plural also denotes the singular, and a reference to any gender also denotes the other genders.
- (c) An expression importing a natural person includes any company, trust, partnership, joint venture, association, body corporate or public authority.
- (d) A reference to any agreement or document is to that agreement or document as amended; novated, supplemented or replaced from time to time.
- (e) A reference to dollars or \$ means Australian dollars and all amounts payable under this document are payable in Australian dollars.
- (f) A reference to the word 'include' or 'including' is to be construed without limitation.
- (g) References to and expressions used in connection with financial calculations, valuations, accounting or financial reporting functions or their description in this document bear the respective meanings given to like expressions under GAAP in Australia.
- (h) A reference to a business day means a day other than a Saturday or Sunday on which banks are open for business generally in the place whose laws govern the construction of this document.
- (i) A reference to a time of day means Australian eastern standard time.
- (j) Where a period of time is specified as dates from a given day or the day of an act or event it must be calculated exclusive of that day.
- (k) A term of this document which has the effect of requiring anything to be done on or by a date which is not a business day must be interpreted as if it is required it to be done on or by the next business day.



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 Præmium said:

"The merger is an exciting opportunity for Powerwrap and Præmium shareholders alike. For many years, Præmium 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 Præmium'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 Præmium'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 Præmium 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

Præmium 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

1800 571 881

paul.gutteridge@praemium.com

Powerwrap Contact**Libby O'Farrell**

Investor Relations

+61 3 8681 4608

libbyofarrell@powerwrap.com.au

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.