



ASX Announcement

12 November 2018

De-merger of Document Management Business – Tax Update – Final

This announcement is an update to the announcement of 18 December 2017.

Reckon Limited has received advice from the ATO in relation to the shareholders who participated in the GetBusy demerger transaction on 4 August 2017 (the Transaction).

Those shareholders can file their tax returns for the 2017 year applying the position as described in the GetBusy Prospectus (which formed part of the Reckon ASX announcements dated 6 July 2017).

The ATO will not be dedicating compliance resources to those shareholders in relation to the Transaction.

Reckon has no intention of seeking a class ruling.

For further information, please contact:

Mr. Clive Rabie
Group MD
Reckon Limited
(02) 9134 3350

Mr. Chris Hagglund
Group CFO
Reckon Limited
(02) 9134 3360

1. Investment overview

Question	Answer	Section
In-Specie Distribution		
What is the In-Specie Distribution?	Eligible Shareholders will receive 1 GetBusy Share for every 3 Reckon Shares held at the Record Time, rounded down to the nearest whole number. As a result, following AIM Admission Eligible Shareholders will have an investment in Reckon and a separate investment in GetBusy.	2
Is distribution of the In-Specie Distribution subject to conditions?	Yes, the dividend has been conditionally declared and the In-Specie Distribution is subject to, and will take effect from, AIM Admission.	
What do I need to do with respect to the In-Specie Distribution?	You do not need to do anything, nor do you need to pay anything, for the GetBusy Shares that you will receive pursuant to the In-Specie Distribution. If you want to participate in the Rights Issue please see the section below with respect to the Rights Issue for details on how to participate.	3
What is the value of the In-Specie Distribution?	The deemed value of the In-Specie Distribution is A\$0.23 per Reckon Share. However, Eligible Shareholders do not need to pay anything for the GetBusy Shares they will receive pursuant to the In-Specie Distribution.	3.1
Will Reckon Shareholders outside Australia receive GetBusy Shares?	Reckon Shareholders in Eligible Jurisdictions will receive shares in GetBusy pursuant to the In-Specie Distribution. Ineligible Foreign Shareholders will receive a cash amount per GetBusy Share equal to the market price achieved upon the sale of such shares, converted into Australian dollars at the prevailing market exchange rate.	3.1(a) 3.1(b)
What if I do not want the In-Specie Distribution?	There is no ability for shareholders to opt out of the In-Specie Distribution. If you are an Eligible Shareholder and hold Reckon Shares at the Record Time, you will receive 1 GetBusy Share for every 3 Reckon Shares held at the Record Time, rounded down to the nearest whole number.	3.1(a) 3.2
How is the In-Specie Distribution treated for tax purposes?	Subject to the issuing of a final Class Ruling, Reckon expects that the Commissioner of Taxation will make a determination that: <ul style="list-style-type: none"> • there should be no capital gains tax (CGT) event for Reckon Shareholders; • approximately 2% of the value of the In-Specie Distribution will be treated as an assessable de-merger dividend; and • 98% of the value will be treated as a non-assessable de-merger dividend. 	3.3

3.3 Tax implications of the In-Specie Distribution

Reckon proposes to debit the entire amount of the In-Specie Distribution to its retained earnings account and is the process of seeking confirmation from the Australian Taxation Office (**ATO**) of the tax consequences for Australian resident shareholders. This will also be the subject of a formal Class Ruling by the Commissioner of Taxation which will provide those shareholders with relevant certainty.

At this point, Reckon expects that there should be no capital gains tax (**CGT**) event for shareholders (no capital distribution on existing shares and no disposal) and the majority of the distribution should be a non-assessable demerger dividend for Australian tax purposes.

The ATO has advised that the Commissioner of Taxation will make a determination that a portion of the distribution, expected to equate to approximately 2%, will be ineligible to be treated as a non-assessable demerger dividend. In addition, shareholders will need to apportion the tax cost base of their existing shares across their existing shares and their new shares based upon their relative market values. The method for doing so will be confirmed as part of the abovementioned Class Ruling.

4. Rights Issue

4.1 Rights Issue of GetBusy Shares

Eligible Shareholders are invited to participate in a fully underwritten, pro-rata non-renounceable Rights Issue to raise approximately A\$5.1 million, which is conditional on AIM Admission.

The offer will be conducted on the basis of 20 GetBusy Shares for every 213 Reckon Shares held at 7.00 pm AEST on the record date of 12 July 2017, at a Rights Issue Price of A\$0.48 per GetBusy Share, which is payable on full application. Fractional entitlements will be rounded down to the nearest whole number.

After completion of the In-Specie Distribution, there are expected to be an estimated 37,764,944 GetBusy Shares on issue and the total number of Get Busy Shares expected to be issued under the Rights Issue (including the underwriting) is an estimated 10,638,012, in each case, depending on roundings.

The Rights Issue Price represents a 9.36% discount off the pre money valuation of the business as a standalone listed company.

The Rights Issue is fully underwritten by Clive Rabie, Daniel Rabie and Greg Wilkinson.

4.2 What is my Entitlement?

The number of GetBusy Shares to which you are entitled is shown in the accompanying Entitlement and Acceptance Form. In the calculation of any Entitlement, fractions will be rounded down to the nearest whole number and for this purpose holdings in the same name will be aggregated for calculation of Entitlements.

You may elect:

- (iii) to subscribe for all of your Entitlement. Applications exceeding your Entitlement will be deemed to be for your maximum Entitlement and any surplus Application Monies will be returned, without interest;
- (iv) to subscribe for part of your Entitlement – any part of your Entitlement not taken up will lapse and will be subscribed for by the Underwriters; or