

9 July 2020

Joint Announcement

Recommended off-market takeover offer by Praemium for Powerwrap

Transaction Overview

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

Highlights

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

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

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



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

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



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

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

Anthony Wamsteker, Chairman of Powerwrap said:

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

The Offer

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

Unanimous Recommendation by Powerwrap Board

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

Bid Implementation Agreement

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

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

- 90% minimum acceptance by Powerwrap Shareholders;



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

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

Competing Proposal

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

Funding

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

Indicative Timing and Next Steps

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

Advisers

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

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



Praemium Contact

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Powerwrap Contact

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

About Praemium

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

About Powerwrap

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

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



Appendix A – Bid Implementation Agreement

See following page.

8 July 2020

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

By email:
anthonywamsteker@powerwrap.com.au

Dear Mr Wamsteker

Implementation of Takeover Bid

1 Background

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

2 Takeover Bid

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

3 Offer Consideration

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

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

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

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

4 Bid Conditions

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

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

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

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

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

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

5 Facilitating the Offers

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

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

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

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

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

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

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

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

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

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

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

6 Conduct during the exclusivity period

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

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

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

7 Exclusivity

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

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

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

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

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

8 Warranties

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

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

9 Termination

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

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

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

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

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

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

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

11 **Miscellaneous**

11.1 Each party to the Agreement:

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

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

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

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

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

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

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

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

Yours sincerely



Barry Lewin
Chairman

Praemium Limited

Schedule 1 – Bid Conditions

1.1 No regulatory action

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

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

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

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

1.2 Minimum acceptance

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

1.3 Acquisitions, disposals and other matters

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

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

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

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

1.4 **No material adverse change**

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

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

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

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

1.5 **No prescribed occurrences**

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

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

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

1.6 **No distributions**

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

1.7 **AFSL**

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

1.8 **Material third party consents or approvals**

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

1.9 **No breach of representation or warranty**

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

1.10 **Options**

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

1.11 **Performance Rights**

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

1.12 **Restricted Securities**

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

1.13 **General market fall**

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

Signing Page

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

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



Director

Michael Ohanessian

Name of Director
BLOCK LETTERS



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

Paul Gutteridge

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

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

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

Director

Name of Director
BLOCK LETTERS

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

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

Signing Page

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

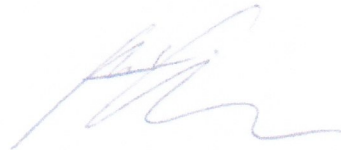
Executed by Praemium Limited ACN 098
405 826 in accordance with section 127 of the
Corporations Act 2001 (Cth):



Director

Michael Ohanessian

Name of Director
BLOCK LETTERS



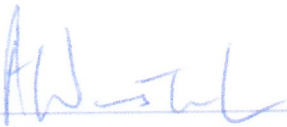
*Director/*Company Secretary

Paul Gutteridge

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

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

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



Director

ANTHONY WAMSTERKER

Name of Director
BLOCK LETTERS



*Director/*Company Secretary

FIONA BOYD

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