



16 May 2014

IOOF HOLDINGS AND SFG AUSTRALIA ENTER INTO SCHEME IMPLEMENTATION AGREEMENT

- **IOOF and SFGA have entered into an agreement under which IOOF proposes to acquire all of the shares in SFGA via a Scheme of Arrangement**
- **SFGA shareholders will be offered 0.104 of an IOOF share for each SFGA share which implies a value per SFGA share of \$0.90 (based on IOOF's 90 day VWAP to 15 May 2014)**
- **The Scheme is a highly complementary transaction which significantly enhances the position of the combined group**
- **The combined business will be the third largest advice business in Australia by Funds Under Advice (FUA)¹ and one of the largest listed wealth management businesses in Australia**
- **The proposed transaction represents an implied 24.6% premium to SFGA's 90 day VWAP to 15 May 2014**
- **SFGA's Board unanimously recommends that its shareholders vote in favour of the Scheme, and SFGA Directors intend to cause any SFGA shares in which they have a relevant interest to be voted in favour of the Scheme, subject to an independent expert concluding that the proposed transaction is in the best interests of SFGA shareholders and in the absence of any superior proposal**
- **SFGA shareholders can elect to receive the Scheme Consideration wholly in IOOF shares. IOOF is also making available a cash alternative², subject to a maximum cash component of \$100 million in aggregate**
- **IOOF intends to maintain the current SFGA brand strategy, operating model and client proposition**
- **The proposed transaction has a total value of \$670 million on a 90 day VWAP basis and is in line with IOOF's long term growth strategy**

IOOF Holdings Limited (ASX: IFL) ("IOOF") and SFG Australia Limited (ASX: SFW) ("SFGA") announce that they have entered into a Scheme Implementation Agreement ("SIA") under which IOOF proposes to acquire all of the shares in SFGA via a Scheme of Arrangement.

Under the terms of the proposed transaction, SFGA shareholders will be offered 0.104 of an IOOF share for each SFGA share they hold. IOOF is also making available a cash alternative, subject to a maximum cash component of \$100 million in aggregate. The cash equivalent will be calculated based on the volume weighted average price ("VWAP") of IOOF shares over the 10 trading days immediately before the Scheme Meeting.

The offer represents an implied valuation multiple of 18.5x³ SFGA's underlying net profit after tax for the 12 months ended December 2013 and an implied value per SFGA share of:

- \$0.90, based on IOOF's 90 day VWAP to 15 May 2014;
- \$0.88, based on IOOF's 60 day VWAP to 15 May 2014;

¹ Source: Company filings (FY2013), Money Management top 100 dealer group survey 2013, company website

² The value of the cash equivalent will be calculated based on the VWAP of IOOF shares over the 10 trading days immediately before the Scheme Meeting

³ Based on IOOF's 90 day VWAP to 15 May 2014

- \$0.87, based on IOOF's 30 day VWAP to 15 May 2014; and
- \$0.85, based on IOOF's closing price on 15 May 2014, being the last trading day prior to the announcement of this transaction

This corresponds to an attractive premium for SFGA shareholders of:

- 24.6% to SFGA's 90 day VWAP to 15 May 2014;
- 21.6% to SFGA's 60 day VWAP to 15 May 2014;
- 19.8% to SFGA's 30 day VWAP to 15 May 2014; and
- 15.8% to SFGA's closing price on 15 May 2014

SFGA's Board unanimously recommends that SFGA shareholders vote in favour of the Scheme, and SFGA Directors intend to cause any SFGA shares in which they have a relevant interest to be voted in favour of the Scheme, subject to an independent expert concluding that the offer is in the best interests of SFGA shareholders and in the absence of any superior proposal. SFGA Directors believe that the offer creates an opportunity for SFGA shareholders to own shares in one of Australia's leading financial services companies with diversified earnings, increased scale and liquidity, and a strong track record of delivering significant shareholder returns.

Several SFGA Directors who are also SFGA shareholders, and another SFGA shareholder, have entered into call option deeds giving IOOF the right to purchase, in aggregate, approximately 16% of the issued share capital in SFGA in certain circumstances. The details of the call option deeds will be disclosed in a notice of change of interests of substantial holder to be lodged by IOOF with the ASX in due course.

IOOF expects that in FY16 the proposed transaction will be 8.3% earnings per share ("EPS") accretive including synergies for IOOF on an underlying cash NPAT basis and should generate pre tax synergies by FY16 of approximately \$20 million p.a..

The Managing Director of IOOF, Christopher Kelaher, commented on the proposal as follows:

"This transaction is a continuation of IOOF's ongoing, long-term strategy of pursuing value accretive acquisitions."

"The addition of SFGA will increase IOOF's Financial Advice and Distribution segment considerably. This segment currently accounts for 14% of our revenue which will rise to an expected 30% of revenue after the transaction. The combination of the two businesses will strengthen IOOF's capabilities and will enhance our High Net Worth proposition."

On the direction of the business going forward, he said:

"It will be business as usual for SFGA's clients. Under IOOF's ownership there will be no changes to SFGA's client facing brands, operating model and client proposition. I look forward to welcoming SFGA shareholders, advisers, accountants and employees to IOOF."

Mr. Tony Fenning, Managing Director of SFGA commented:

"SFG Australia is fully committed to establishing a high quality, integrated and independent financial advice, wealth management and accounting services group that offers our clients an alternative to the major banks. At the corporate level it has been our responsibility to find the best resources, best products and services to support our leading advisers and joint

venture partners. Our acquisition last year of Lachlan Partners further strengthened our offer with the addition of accounting, self-managed super funds and tax capabilities for our clients”.

“This potential merger is another positive step in continuing our journey to be the best advice group in Australia and leveraging the scale of IOOF to continue to offer our clients the best advice together with our range of “best of breed” products and services to implement their requirements.”

Tony Fenning will remain with the combined group as a Senior Advisor. In addition, Tony Fenning, Jim Kilkenny and Sam Gannon, all current Board members of SFGA, have agreed to join a new Advisory Forum which will advise the SFGA businesses following the merger.

SFGA is expected to hold a shareholder meeting in early August at which SFGA shareholders will vote on the proposed transaction.

The indicative timetable for implementation of the proposal is as follows:

Action	Date
First Court Hearing	Late June 2014
SFGA dispatch Explanatory Memorandum to SFGA shareholders	Early July 2014
Scheme Meeting	Early August 2014
Second Court Hearing	Early August 2014
Effective Date	Early August 2014
Implementation Date	Mid-to-late August 2014

Nomura Australia and King & Wood Mallesons are advising IOOF.

Merrill Lynch and Clayton Utz are advising SFGA.

-- ends --

Further information

IOOF

SFGA

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About IOOF Holdings Limited

IOOF has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest independent groups in the financial services industry.

With \$123.9 billion in funds under management, administration, advice and supervision as at 31 March 2014, we currently service more than 600,000 customers around Australia.

IOOF provides advisers and their clients with the following:

- **Financial Advice and Distribution** services via our extensive network of financial advisers and stockbrokers;
- **Platform Management and Administration** for advisers, their clients and hundreds of employers in Australia;
- **Investment Management** products that are designed to suit any investor's needs; and
- **Trustee services** including Estate Planning and Corporate Trust services.

Further information about IOOF can be found at www.ioof.com.au

About SFG Australia Limited

SFG Australia is a leading non-aligned client focused financial advice and end-to-end wealth management firm, listed on the Australian Securities Exchange.

As at 31 March 2014, the Group had \$13.7bn in funds under advice, \$9.9bn in funds under administration, \$1.0bn in managed portfolios and \$5.9bn in funds under management.

SFG Australia provides a full range of wealth management services to high net worth and affluent clients, including strategic financial advice, portfolio administration solutions, portfolio construction and management services, insurance (both general and risk) solutions, finance broking, stockbroking, corporate superannuation services, accounting and tax services.

More information about SFG Australia can be found at www.sfgaustralia.com.au

Scheme implementation agreement

SFG Australia Limited
SFG

IOOF Holdings Limited
IOOF

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Scheme implementation agreement dated 16 MAY 2014

Parties

SFG Australia Limited ACN 006 490 259 of Level 18, 50 Bridge Street, Sydney NSW 2000 (**SFG**)

IOOF Holdings Limited ACN 100 103 722 of Level 6, 161 Collins Street, Melbourne VIC 3000 (**IOOF**)

Background

- A. IOOF proposes that it (or a wholly owned Subsidiary of IOOF) will acquire all of the SFG Shares pursuant to a scheme of arrangement under section 411 of the Corporations Act between SFG and the holders of SFG Shares.
- B. SFG has agreed to propose the Scheme and issue the Explanatory Memorandum at the request of IOOF, and SFG and IOOF have agreed to implement the Scheme on the terms and conditions of this agreement.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

In this agreement:

Adjusted Number means the number determined in accordance with the following formula:

$$\text{Adjusted Number} = 0.104 \times \left(1 + \frac{D}{\text{IOOF VWAP}} \right)$$

Where:

D is the cash amount per IOOF Share (expressed in dollars and excluding, for the avoidance of doubt, any franking credit) of any dividend declared or paid by IOOF the record date for which occurs after the date of this agreement and before the Implementation Date.

Announcement means an announcement by SFG in the form provided to IOOF, and in a form acceptable to IOOF (acting reasonably), prior to signing of this agreement.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

Beneficiary means a present or former director or officer of the SFG Group in respect of whom the Policy applies.

Break Fee means \$6,000,000.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Melbourne and Sydney.

Competing Proposal means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) would:

- (a) directly or indirectly acquire a Relevant Interest in, or have the right to acquire, a legal, beneficial or economic interest in, or control of, more than 20% of SFG Shares;
- (b) acquire Control of SFG;
- (c) otherwise acquire (whether directly or indirectly) or become the holder of, or otherwise acquire, have a right to acquire or have an exclusive economic interest in all or a material part of SFG's business or assets or the business or assets of the SFG Group;
- (d) otherwise acquire (whether directly or indirectly) SFG; or
- (e) enter into any agreement, arrangement or understanding requiring SFG to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of takeover bid, scheme of arrangement, security holder approved acquisition, capital reduction or buy back, sale or purchase of shares, securities or assets, global assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), or other transaction or arrangement.

Condition means each condition specified in clause 3.1.

Confidentiality Deed means the Confidentiality Deed between IOOF and SFG dated on or about 16 September 2013.

Control has the meaning given in section 50AA of the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court, New South Wales registry or such other court of competent jurisdiction as SFG and IOOF agree in writing.

Deed Poll means a deed poll to be executed by IOOF in favour of the Scheme Shareholders, substantially in the form set out in Annexure B or in such other form as SFG and IOOF agree in writing.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Overseas Shareholder.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means the latest to occur of:

- (a) 31 December 2014; and
- (b) such other date agreed in writing between SFG and IOOF.

Exclusivity Period means the period commencing on the date of this agreement and ending on the earliest of:

- (a) the End Date;
- (b) the date this agreement is terminated in accordance with its terms; and
- (c) the Implementation Date.

Explanatory Memorandum means the explanatory memorandum to be prepared by SFG pursuant to section 412 of the Corporations Act in respect of the Scheme in accordance with the terms of this agreement and to be dispatched to the SFG Shareholders.

First Court Date means the first day of the hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Implementation Date means the date which is 3 Business Days after the Record Date or such other date as SFG and IOOF agree in writing.

Independent Expert means the independent expert to be engaged by SFG to express an opinion on whether the Scheme is in the best interests of the SFG Shareholders.

Independent Expert's Report means the report from the Independent Expert in respect of the Scheme.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address shown in the SFG Share Register on the Record Date is a place outside Australia and its external territories, unless IOOF determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New IOOF Shares when the Scheme becomes Effective.

Insolvency Event means in relation to an entity:

- (a) the entity resolving that it be wound up or the making of an application or order for the winding up or dissolution of the entity, other than where the application or order (as the case may be) is set aside within 14 days;
- (b) a liquidator or provisional liquidator of the entity being appointed;
- (c) a court making an order for the winding up of the entity;
- (d) an administrator of the entity being appointed;
- (e) the entity ceasing, or threatening to cease to, carry on the business that it conducts as at the date of this agreement;
- (f) the entity being or becoming unable to pay its debts when they fall due;
- (g) the entity executing a deed of company arrangement; or
- (h) a receiver, or a receiver and manager, being appointed in relation to the entity, or a substantial part, of the property of the entity.

Investigating Accountant means an accounting firm to be appointed by IOOF to prepare the Investigating Accountant's Report.

Investigating Accountant's Report means the report from the Investigating Accountant in relation to the financial information regarding the merged group to be included in the Explanatory Memorandum.

IOOF Board means the board of directors of IOOF.

IOOF Due Diligence Material means the written information disclosed by or on behalf of IOOF and its Subsidiaries, including:

- (a) in management presentations and interviews and management discussions with directors and employees of SFG;
- (b) in written responses to requests for information; and
- (c) in written correspondence between IOOF's advisers and SFG's advisers, to SFG and its advisers prior to the date of this agreement.

IOOF FY14 Dividend means a dividend, fully franked or otherwise, for each IOOF Share to be declared by IOOF in respect of the financial year ended 30 June 2014.

IOOF Group means IOOF and each of its Subsidiaries.

IOOF Indemnified Parties means IOOF and its Related Bodies Corporate and their respective directors, officers and employees.

IOOF Information means:

- (a) all information regarding IOOF and its Related Bodies Corporate and the Scheme Consideration that is required by the Corporations Act and the Regulatory Guides to be included in the Explanatory Memorandum including all the information that would be required under sections 636(1)(c), (f), (h), (i), (k), (l) and (m) of the Corporations Act to be included in a bidder's statement if IOOF were offering the Scheme Consideration as consideration under a takeover bid;
- (b) the information to be incorporated in the Explanatory Memorandum with respect to the merged company, including pro forma financial information except to the extent that it comprises information provided by SFG to IOOF for the purposes of IOOF preparing the information with respect to the merged company; and
- (c) any other information that the parties agree is IOOF Information for the purposes of this agreement, but does not include the SFG Information, the Independent Expert's Report and the Investigating Accountant's Report.

IOOF Material Adverse Change means Specified Events which, individually or when aggregated with all such events, have or which could reasonably be expected to have a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of the IOOF Group, and which would include:

- (a) the value of total consolidated Net Assets of the IOOF Group being reduced, or which could reasonably be expected to be reduced, by \$123,300,000 or more; or
- (b) the Underlying NPAT of the IOOF Group being reduced or which could reasonably be expected to be reduced, by \$17,400,000 or more per annum on a recurring basis,

other than an event, occurrence or matter:

- (c) contemplated or required to be done or procured by IOOF pursuant to the Transaction Documents;
- (d) to the extent that it was fairly disclosed in the IOOF Due Diligence Materials;

- (e) to the extent that it was fairly disclosed in documents that were publicly available prior to the date of this agreement from public filings of IOOF with ASX;
- (f) comprising a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Regulatory Authority (whether or not retrospective in effect), including in relation to Tax; or
- (g) relating to any material adverse change or disruption to the existing financial markets or economic conditions of Australia, the United Kingdom, the United States of America, Hong Kong or China.

IOOF Material Subsidiary means any Subsidiary material to the IOOF Group as a whole or any operating Subsidiary.

IOOF Option means an option to acquire an IOOF Share.

IOOF Prescribed Occurrence means the occurrence of, or agreement to do, any of the following events:

- (a) IOOF converts all or any of its securities into a larger or smaller number of securities;
- (b) IOOF or another member of the IOOF Group (other than a wholly-owned Subsidiary of IOOF) resolves to reduce its capital in any way or resolves to re-classify, combine, split, redeem or re-purchase directly or indirectly any of its shares, other than as contemplated in paragraph (f) below;
- (c) IOOF or another member of the IOOF Group (other than a wholly-owned Subsidiary of IOOF):
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the IOOF Group issues shares, or grants an option over its shares or agrees to make such an issue or grant such an option;
- (e) any member of the IOOF Group issues, or agrees to issue, convertible notes or any other security convertible into shares or debt securities;
- (f) any member of the IOOF Group agrees to pay, declares or pays a dividend or any other form of distribution of profits or return of capital to its members, other than:
 - (i) the declaration and payment by IOOF of the IOOF FY14 Dividend; or
 - (ii) the declaration and payment by a member of the IOOF Group of a dividend where the recipient of that dividend is IOOF or a wholly-owned Subsidiary of IOOF;
- (g) any member of the IOOF Group disposes of the whole, or a substantial part, of its business or property;
- (h) any member of the IOOF Group creates any Encumbrance over, or declares itself the trustee of, the whole, or a substantial part, of its business or property;
- (i) an Insolvency Event occurs in relation to IOOF or any IOOF Material Subsidiary;
- (j) any member of the IOOF Group acquires or disposes of, or agrees to acquire or dispose of, any assets, business or shares outside of the ordinary course of

business of the IOOF Group that would require the approval of, or would customarily be referred to, the IOOF Board under existing delegations and practices;

- (k) loss or revocation of any material licence or authorisation held by a member of the IOOF Group which is necessary to enable IOOF to conduct its business;
- (l) any event outside the ordinary course of business of IOOF in respect of:
 - (i) director or executive remuneration or payments to the extent they are material;
 - (ii) capital expenditure by any member of the IOOF Group to the extent it is material; and
 - (iii) any reconstruction or reorganisation of the IOOF Group,

other than an event:

- (m) contemplated or required to be undertaken or procured by the IOOF Group pursuant to the Transaction Documents;
- (n) to which SFG has provided its prior written consent; or
- (o) fairly disclosed in the IOOF Due Diligence Material or any announcement to the ASX made by IOOF regarding the IOOF Group prior to the parties entering into this agreement, except to the extent the parties otherwise agree.

IOOF Share means fully paid ordinary shares in the capital of IOOF.

IOOF VWAP means:

- (a) subject to paragraph (b) below, the average (calculated to 2 decimal places) of the volume weighted average share prices for IOOF Shares traded on ASX (excluding any and all special crossings, crossings made prior to the commencement of normal trading, crossings made during the closing phase or the after hours adjust phase, equity combinations, overseas trades and overnight crossings or trades pursuant to the exercise of options over IOOF Shares, and any other trades which SFG and IOOF reasonably agree to exclude on the basis that they are not representative of the general price at which IOOF Shares are trading on ASX in the context of trading in IOOF Shares on any day on which the trades took place) on each of the Trading Days comprising the IOOF VWAP Period; and
- (b) if after the date of this agreement but before the Implementation Date a dividend is paid on IOOF Shares or the record date for any IOOF dividend occurs, then, for the purpose of calculating the IOOF VWAP, in calculating the volume weighted average share price for IOOF Shares on any Trading Day during the IOOF VWAP Period on which IOOF Shares did not trade ex the entitlement to receive that dividend, the volume weighted average share price for IOOF Shares on that Trading Day will be reduced by the cash amount of that dividend (and, for this purpose, if the ex date for that dividend is after the end of the IOOF VWAP Period, the IOOF Shares will be taken to not have traded ex-dividend during the IOOF VWAP Period).

IOOF VWAP Period means the ten Trading Days immediately preceding the date of the Scheme Meeting (but not including that date).

IOOF Warranties means the warranties made by IOOF set out in clause 11.1.

Listing Rules means the official listing rules of the ASX.

Material Contracts means those contracts which the parties have agreed in writing are material prior to the date of this agreement.

Maximum Cash Consideration means:

- (a) if after the date of this agreement but before the Implementation Date no dividend is paid on IOOF Shares and no record date for any IOOF dividend occurs, the amount calculated as the IOOF VWAP multiplied by 0.104 for each SFG Share held by a Scheme Shareholder electing to receive Maximum Cash Consideration in accordance with the terms of the Scheme; or
- (b) if after the date of this agreement but before the Implementation Date a dividend is paid on IOOF Shares or the record date for any IOOF dividend occurs, the amount calculated as the IOOF VWAP multiplied by the Adjusted Number for each SFG Share held by a Scheme Shareholder electing to receive Maximum Cash Consideration in accordance with the terms of the Scheme.

Net Assets means the net assets for the IOOF Group or the SFG Group (as applicable) calculated in accordance with the accounting policies and practices applied by the IOOF Group or the SFG Group (as applicable) in preparing the financial statements as at 31 December 2013, as stated and disclosed in those financial statements filed with the ASX.

New IOOF Share means a fully paid ordinary share in IOOF to be provided to Scheme Shareholders under the Scheme.

Performance Right means a right granted under SFG's long term incentive plan to acquire an SFG Share subject to the terms of such plan.

Policy means the SFG Group directors and officers insurance policy in effect at the date of this agreement.

Recommendation has the meaning in clause 7.1(a)(i).

Record Date means 5.00 pm (Sydney time) on the date which is 7 Business Days after the Effective Date or such other time and date agreed in writing between IOOF and SFG.

Regulator's Draft has the meaning given in clause 4.1(m).

Regulatory Authority means:

- (a) any government or local authority, any department, minister or agency of any government and any other governmental, administrative, fiscal, monetary or judicial body; and
- (b) any other authority, agency, commission or similar entity having powers or jurisdiction under any law or regulation or the listing rules of any recognised stock or securities exchange,

in Australia.

Regulatory Guides means all regulatory guides published by ASIC and in force at the date of this agreement.

Regulatory Review Period means the period from the date on which SFG provides the Regulator's Draft to ASIC in accordance with clause 4.1(m) to the date on which ASIC provides a letter indicating whether or not it proposes to appear to make submissions, or will intervene to oppose the Scheme, when the application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard.

Related Body Corporate of a corporation means a related body corporate of that corporation within the meaning of section 50 of the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.

Representatives means, in relation to a party, all officers, employees, professional advisers and agents of the party or of its Related Bodies Corporate.

Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between SFG and the Scheme Shareholders substantially in the form set out in Annexure A or in such other form as SFG and IOOF agree in writing.

Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of the Scheme, for the transfer to IOOF of their Scheme Shares, as described in clause 5.

Scheme Meeting means the meeting of SFG Shareholders to be convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act.

Scheme Share means an SFG Share on issue as at the Record Date.

Scheme Share Number means the total number of Scheme Shares on issue as at the Record Date.

Scheme Shareholder means a person who holds SFG Shares as at the Record Date.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Security Interest has the meaning given in section 12 of the Personal Property Securities Act 2009 (Cth).

SFG Board means the board of directors of SFG.

SFG Director means a director of SFG.

SFG Due Diligence Material means the information disclosed by or on behalf of SFG and its Subsidiaries to IOOF and its advisers prior to the date of this agreement in the online data room and physical data room established for the purposes of the Transaction.

SFG FY14 Dividend means a dividend, fully franked or otherwise, for each SFG Share to be declared by SFG in respect of the financial year ended 30 June 2014.

SFG Group means SFG and each of its Subsidiaries.

SFG Information means all information included in the Explanatory Memorandum, other than IOOF Information, the Independent Expert's Report and the Investigating Accountant's Report.

SFG Indemnified Parties means SFG and its Related Bodies Corporate and their respective directors, officers and employees.

SFG Material Adverse Change means Specified Events which, individually or when aggregated with all such events, have or which could reasonably be expected to have a material adverse effect on the assets, liabilities, business, results, operations, trading or financial position of the SFG Group, and which would include:

- (a) the value of total consolidated Net Assets of the SFG Group being reduced, or which could reasonably be expected to be reduced, by \$25,600,000 or more; or

- (b) the Underlying NPAT of the SFG Group being reduced or which could reasonably be expected to be reduced, by \$5,400,000 or more per annum on a recurring basis,

other than an event, occurrence or matter:

- (c) contemplated or required to be done or procured by SFG pursuant to the Transaction Documents;
- (d) to the extent that it was fairly disclosed in the SFG Due Diligence Materials; or
- (e) to the extent that it was fairly disclosed in documents that were publicly available prior to the date of this agreement from public filings of SFG with ASX;
- (f) comprising a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Regulatory Authority (whether or not retrospective in effect), including in relation to Tax; or
- (g) relating to any material adverse change or disruption to the existing financial markets or economic conditions of Australia, the United Kingdom, the United States of America, Hong Kong or China.

SFG Material Subsidiary means any Subsidiary material to the SFG Group as a whole or any operating Subsidiary.

SFG Prescribed Occurrence means the occurrence of, or agreement to do, any of the following events:

- (a) SFG converts all or any of its securities into a larger or smaller number of securities;
- (b) SFG or another member of the SFG Group (other than a wholly-owned Subsidiary of SFG) resolves to reduce its capital in any way or resolves to re-classify, combine, split, redeem or re-purchase directly or indirectly any of its shares, other than as contemplated in paragraph (f) below;
- (c) SFG or another member of the SFG Group (other than a wholly-owned Subsidiary of SFG):
- (i) enters into a buy-back agreement; or
- (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) any member of the SFG Group issues shares, or grants an option over its shares or agrees to make such an issue or grant such an option (other than in satisfaction of Performance Rights granted before the date of this agreement and as described in 3.1(n) or any earn-out in relation to the share acquisition agreement dated 23 February 2013 and entered into by SFG in connection with the acquisition of the Lachlan Partners group);
- (e) any member of the SFG Group issues, or agrees to issue, convertible notes or any other security convertible into shares or debt securities;
- (f) any member of the SFG Group agrees to pay, declares or pays a dividend or any other form of distribution of profits or return of capital to its members, other than:
- (i) if the Implementation Date occurs after the record date in respect of the IOOF FY14 Dividend:
- A. the declaration and payment by SFG of the SFG FY14 Dividend; and

- B. the declaration and payment by SFG of the SFG Special Dividend; or
 - (ii) the declaration and payment by a member of the SFG Group of a dividend where the recipient of that dividend is SFG or a wholly-owned Subsidiary of SFG;
 - (g) any member of the SFG Group disposes of the whole, or a substantial part, of its business or property;
 - (h) any member of the SFG Group creates any Encumbrance over, or declares itself the trustee of, the whole, or a substantial part, of its business or property;
 - (i) an Insolvency Event occurs in relation to SFG or any SFG Material Subsidiary;
 - (j) any member of the SFG Group acquires or disposes of, or agrees to acquire or dispose of, any assets, business or shares for consideration greater than ten million dollars (\$10,000,000) in aggregate;
 - (k) loss or revocation of any material licence or authorisation held by a member of the SFG Group which is necessary to enable SFG to conduct its business;
 - (l) any event outside the ordinary course of business of SFG in respect of:
 - (i) director or executive remuneration or payments to the extent they are material and, for the avoidance of doubt, does not include:
 - A. any accelerated vesting of Performance Rights in connection with this Transaction;
 - B. short term incentive payments materially consistent with SFG's budget; or
 - C. retention bonuses for an amount of up to \$1,500,000 in aggregate in order to retain executives for a period of 12 months from the date of this agreement (and will include compensation to executives for Performance Rights which would otherwise be granted to executives in relation to the financial year ending 30 June 2015, and which will not be granted if the Scheme becomes Effective);
 - (ii) capital expenditure by any member of the SFG Group to the extent it is material; and
 - (iii) any reconstruction or reorganisation of the SFG Group,
- other than an event:
- (m) contemplated or required to be undertaken or procured by the SFG Group pursuant to the Transaction Documents;
 - (n) to which IOOF has provided its prior written consent; or
 - (o) fairly disclosed in the SFG Due Diligence Material or any announcement to the ASX made by SFG regarding the SFG Group prior to the parties entering into this agreement, except to the extent the parties otherwise agree.

SFG Share Register means the register of members of SFG maintained by or on behalf of SFG in accordance with section 168(1) of the Corporations Act.

SFG Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

SFG Shareholder means a person who is registered in the SFG Share Register as a holder of SFG Shares.

SFG Shares means fully paid ordinary shares in the capital of SFG.

SFG Special Dividend means a fully franked dividend being a cash amount per SFG Share equal to the amount given by the following formula:

$$(IOOF\ FY14\ Dividend \times 0.104) - SFG\ FY14\ Dividend$$

provided that the references to the IOOF FY14 Dividend and SFG FY14 Dividend in the formula above will include the value of any franking credits attaching to the respective dividends on the basis that the credits will be valued at 100% of their face value.

SFG Warranties means the warranties made by SFG set out in clause 11.5.

Share Consideration means the New IOOF Shares which a Scheme Shareholder is entitled to receive as part of the Scheme Consideration under clause 5.

Share Offer Consideration means:

- (a) if after the date of this agreement but before the Implementation Date, no dividend is paid on IOOF Shares and no record date for any IOOF dividend occurs 0.104 New IOOF Shares for each SFG Share held by a Scheme Shareholder receiving Share Consideration in accordance with the terms of the Scheme; or
- (b) if after the date of this agreement but before the Implementation Date, a dividend is paid on IOOF Shares or the record date for any IOOF dividend occurs, the Adjusted Number of New IOOF Shares for each SFG Share held by a Scheme Shareholder receiving Share Consideration in accordance with the terms of the Scheme.

Specified Events means an event, occurrence or matter that:

- (a) occurs after the date of this agreement;
- (b) occurs before the date of this agreement but is only announced or publicly disclosed after the date of this agreement; or
- (c) will occur after the date of this agreement and which has not been publicly announced prior to the date of this agreement.

Subsidiary means a subsidiary within the meaning given to that term in the Corporations Act.

Superior Proposal means a bona fide Competing Proposal which in the determination of the SFG Board, acting in good faith, and after receiving advice from its external legal and external financial advisors, would, if it is completed, be more favourable to SFG Shareholders (as a whole) than the Transaction, taking into account all aspects of the Competing Proposal, including:

- (a) the value of the consideration payable to SFG Shareholders under the Competing Proposal (as compared to the consideration available under the Transaction);
- (b) the conditions of the Competing Proposal, the likelihood of those conditions being satisfied and the level of certainty in respect of the funding required for the Competing Proposal; and
- (c) the likely timing required to implement or complete the Competing Proposal.

Tax means any tax, levy, excise, duty, charge, surcharge, contribution, withholding tax (including royalty withholding tax), impost or withholding obligation of whatever nature, whether direct or indirect, (including any tax payable under a country's foreign source income attribution or anti-tax-deferral rules) by whatever method collected or recovered, together with any fees, penalties, fines, interest or statutory charges in any country or jurisdiction but excluding any stamp duty payable on any transfer of the SFG Shares.

Third Party means a person other than IOOF, SFG, or their respective Related Bodies Corporate.

Timetable means the indicative timetable in relation to the Scheme set out in Schedule 1, or such other indicative timetable as SFG and IOOF agree in writing.

Trading Day has the meaning given to that term in the Listing Rules.

Transaction means the acquisition by IOOF of the Scheme Shares for the Scheme Consideration pursuant to the Scheme.

Transaction Documents means:

- (a) this agreement;
- (b) the Scheme; and
- (c) the Deed Poll.

Underlying NPAT means net profit after tax excluding amortisation and one-off, non-operational items for the IOOF Group or the SFG Group (as applicable) calculated in accordance with the accounting policies and practices applied by the IOOF Group or the SFG Group (as applicable) in preparing the financial statements for the period ending 31 December 2013, as stated and disclosed in those financial statements filed with the ASX.

Voting Intention has the meaning in clause 7.1(a)(ii).

1.2 Best and reasonable endeavours

Any provision of this agreement which requires a party to use best endeavours or all reasonable endeavours to procure that something is performed or occurs or does not occur does not include any obligation:

- (a) to pay any money or to provide any financial compensation, valuable consideration or any other incentive to or for the benefit of any person except for payment of any applicable fee for the lodgement or filing of any relevant application with any Regulatory Authority; or
- (b) to commence any legal action or proceeding against any person,

except where that provision expressly specifies otherwise.

1.3 Business Day

If the day on which any act to be done under this agreement is a day other than a Business Day, that act must be done on the immediately preceding Business Day except where this agreement expressly specifies otherwise.

1.4 Interpretation

In this agreement headings are for convenience only and do not affect interpretation and, unless the contrary intention appears:

- (a) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;
- (b) the word **including** or any other form of that word is not a word of limitation;
- (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (d) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;
- (e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (f) a reference to a document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (g) a reference to a party, clause, schedule, exhibit, attachment, or annexure is a reference to a party, clause, schedule, exhibit, attachment, or annexure to or of this agreement, and a reference to this agreement includes all schedules, exhibits, attachments, and annexures to it;
- (h) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;
- (i) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;
- (j) a reference to **\$** or **dollar** is to Australian currency;
- (k) if a word or phrase is not given a defined meaning in clause 1.1 but is defined in or for the purposes of the Corporations Act, it has the same meaning when used in this agreement;
- (l) a reference to a date or time is to that date or time in Sydney, Australia; and
- (m) this agreement must not be construed adversely to a party just because that party prepared it or caused it to be prepared.

2. Obligations in relation to Scheme

2.1 SFG to propose Scheme

SFG agrees to propose the Scheme on and subject to the terms and conditions of this agreement. IOOF agrees to assist SFG to propose the Scheme on and subject to the terms and conditions of this agreement.

2.2 SFG and IOOF to Implement Scheme

SFG and IOOF agree to implement the Scheme on and subject to the terms and conditions of this agreement.

2.3 IOOF may elect a Subsidiary

- (a) SFG agrees that IOOF may elect, under this clause 2.3, a wholly-owned Subsidiary of IOOF to acquire all of the SFG Shares under the Scheme by giving written notice to SFG of that relevant Subsidiary of IOOF on or before the First Court Date.
- (b) IOOF warrants that if it elects a wholly-owned Subsidiary to acquire all of the SFG Shares pursuant to clause 2.3(a), IOOF and the wholly-owned subsidiary will both enter into the Deed Poll and IOOF will continue to be bound by this agreement.
- (c) For the avoidance of doubt, IOOF warrants that if it elects a wholly-owned Subsidiary to acquire all of the SFG Shares pursuant to clause 2.3(a), it will ensure the wholly-owned subsidiary completes the acquisition in accordance with the terms of this agreement and the Deed Poll.

3. Conditions precedent

3.1 Conditions

Subject to this clause 3, the Scheme will not become Effective, and the obligations of the parties under clause 4 are not binding, until each of the conditions listed in the first column of the following table are either satisfied or waived in accordance with clause 3.4:

Condition	Right to benefit & waive	Responsibility to satisfy
(a) (No SFG Material Adverse Change) no SFG Material Adverse Change occurs or becomes known to IOOF between the date of this agreement and 8:00 am on the Second Court Date;	IOOF	SFG
(b) (No IOOF Material Adverse Change) no IOOF Material Adverse Change occurs or becomes known to SFG between the date of this agreement and 8:00 am on the Second Court Date;	SFG	IOOF
(c) (No restraint) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction, no preliminary or final decision, determination, notice of objection, or order issued by any Regulatory Authority or any other legal restraint preventing any of the transactions contemplated by this agreement is in effect as at 8.00 am on the Second Court Date;	IOOF and SFG	IOOF and SFG
(d) (ASIC and ASX consents) before 8.00 am on the Second Court Date, ASIC and ASX issue or provide consents or approvals or have done such other acts which IOOF and SFG agree are reasonably necessary to implement the Scheme. If such consents, approvals or doing of other acts are subject to conditions those conditions must be acceptable to IOOF and SFG, acting	IOOF and SFG	IOOF and SFG

Condition	Right to benefit & waive	Responsibility to satisfy
reasonably;		
(e) (SFG Prescribed Occurrence) no SFG Prescribed Occurrence has occurred or becomes known to IOOF after the date of this agreement and before 8.00 am on the Second Court Date;	IOOF	SFG
(f) (IOOF Prescribed Occurrence) no IOOF Prescribed Occurrence has occurred or becomes known to SFG after the date of this agreement and before 8.00 am on the Second Court Date;	SFG	IOOF
(g) (SFG Warranties) before 8.00 am on the Second Court Date, the SFG Warranties: (i) that are qualified as to materiality, are true and correct; and (ii) that are not so qualified, are true and correct in all material respects, as at the time they are given;	IOOF	SFG
(h) (IOOF Warranties) before 8.00 am on the Second Court Date, the IOOF Warranties: (i) that are qualified as to materiality, are true and correct; and (ii) that are not so qualified, are true and correct in all material respects, as at the time they are given;	SFG	IOOF
(i) (Shareholder approval) SFG Shareholders approve the Scheme by the majorities required under section 411(4)(a)(ii) of the Corporations Act;	None	SFG
(j) (Court approval) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;	None	IOOF and SFG
(k) (Quotation of New IOOF Shares) the New IOOF Shares to be issued to Scheme Shareholders pursuant to the Scheme have been approved for official quotation by ASX (any such approval may be subject to customary conditions and to the Scheme becoming Effective) before 8.00 am on the Second Court Date;	SFG	IOOF
(l) (Independent Expert's Report) before the date the Explanatory Memorandum is lodged	SFG	SFG and IOOF

Condition	Right to benefit & waive	Responsibility to satisfy
with ASIC, the Independent Expert issues a report that concludes that the Scheme is in the best interests of Scheme Shareholders;		
(m) (execution of Deed Poll) before the date of sending the Explanatory Memorandum to relevant SFG Shareholders, IOOF validly signs, seals and delivers the Deed Poll;	SFG	IOOF
(n) (Performance Rights) all outstanding Performance Rights are vested and converted into SFG Shares, cancelled or agreements to acquire or cancel them have been executed by each of the holders of Performance Rights and SFG before 8.00am on the Second Court Date.	IOOF	SFG

3.2 General obligations in relation to Conditions

Without prejudice to any other obligations of the parties under this agreement, in respect of any given Condition:

- (a) if one party is specified in the third column of the table in clause 3.1 opposite that Condition, that party must use its best endeavours to procure that that Condition is satisfied as soon as practicable after the date of this agreement and continues to be satisfied at all times up until the last time it is to be satisfied (as the case may require);
- (b) if both parties are specified in the third column of a table in clause 3.1 opposite that Condition, both parties must, to the extent that it is within their respective control or influence, use their best endeavours to procure that that Condition is satisfied as soon as practicable after the date of this agreement and continues to be satisfied at all times up until the last time it is to be satisfied (as the case may require); and
- (c) each party must, to the extent that it is within its respective control or influence, use its best endeavours to procure that there is no occurrence that would prevent the Condition being satisfied and no party shall take any action that will or is likely to hinder or prevent the satisfaction of the Condition except to the extent that such action is required to be done or procured pursuant to the Transaction Documents or is required by law.

3.3 Notice in relation to satisfaction of Conditions

Each party must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) in relation to any Condition, promptly notify the other party in writing upon becoming aware of:
 - (i) the satisfaction of that Condition, in which case the notifying party must also provide reasonable evidence that the Condition has been satisfied;
 - or

- (ii) any fact or circumstance that it becomes aware of which results in, or may result in, that Condition becoming incapable of satisfaction or may result in that Condition not being satisfied in accordance with its terms; and
- (c) in relation to any Condition, immediately notify the other party in writing of a breach or non-fulfilment of a Condition or any occurrence or event that will prevent a Condition from being satisfied and where a party is entitled to waive that Condition upon receipt or delivery of such a notice (as applicable) that party must notify the other party in accordance with clause 3.4 as soon as possible, (in any event before 5.00 pm on the Business Day before the Second Court Date) as to whether the party waives the breach or non-fulfilment of the Condition resulting from the occurrence or event.

If there occurs a breach or non-fulfilment of a Condition or any occurrence or event that will prevent a Condition from being satisfied, the parties will consult in good faith for 5 Business Days to determine whether an alternative solution can be agreed.

3.4 Waiver of Conditions

- (a) A Condition is only for the benefit of:
 - (i) if one party is specified in the second column of the table in clause 3.1 opposite that Condition, that party; or
 - (ii) if both parties are specified in the second column of the table in clause 3.1 opposite that Condition, both parties.
- (b) A Condition may be waived and may only be waived:
 - (i) if one party is specified in the second column of the table in clause 3.1 opposite that Condition, by that party by written notice to the other party; or
 - (ii) if both parties are specified in the second column of the table in clause 3.1 opposite that Condition, by written agreement between the parties.
- (c) A party entitled to waive or to agree to waive a Condition under this clause 3.4 may do so in its absolute discretion subject to the provision of written notice to the other party.
- (d) A party that waives or agrees to waive a Condition is not prevented from bringing a claim against any other party in respect of any breach of this agreement that caused that Condition not to be satisfied.
- (e) Waiver of a breach or non-fulfilment in respect of one Condition does not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition resulting from the same event; or
 - (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event.

3.5 Consultation on failure of Conditions Precedent

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this agreement by the time or date specified in this agreement for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will, or which either party becomes aware will prevent a Condition Precedent being satisfied by the time or date specified in this agreement for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this agreement); or
- (c) the Scheme has not become Effective by the End Date,

then the parties must consult in good faith with a view to determining whether:

- (d) the Scheme may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

3.6 Failure to agree

If the parties are unable to reach agreement under clause 3.5 within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- (a) subject to clause 3.6(b), either party may terminate this agreement (and such termination will be in accordance with termination event (i) in the table in clause 13.1(b)); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party may only waive that Condition Precedent or terminate this agreement (and such termination will be in accordance with termination event (i) in the table in clause 13.1(b)),
- (c) in each case before 8.00am on the Second Court Date.
- (d) A party will not be entitled to terminate this agreement pursuant to this clause 3.6 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of:
 - (i) a breach of this agreement by that party; or
 - (ii) a deliberate act or omission of that party for the purpose of frustrating satisfaction of the Condition Precedent.

4. Implementation of Scheme

4.1 SFG's obligations

SFG must take all steps reasonably necessary to implement the Scheme as soon as is reasonably practicable after the date of this agreement and so as to complete the Transaction substantially in accordance with the Timetable, and in particular SFG must:

- (a) **(Explanatory Memorandum)** as soon as practicable after the date of this agreement, prepare the Explanatory Memorandum (excluding IOOF Information, the Independent Expert's Report and the Investigating Accountant's Report) in accordance with all applicable laws and in particular the requirements of the Corporations Act, the Corporations Regulations, the Listing Rules and the Regulatory Guides;

- (b) **(Review of IOOF Information)** as soon as practicable after receiving a draft of IOOF Information pursuant to clause 4.2(a), review and provide comments on the form and content of IOOF Information to IOOF;
- (c) **(Independent Expert)** promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Explanatory Memorandum;
- (d) **(Investigating Accountant)** promptly provide all assistance and information reasonably requested by the Investigating Accountant to enable it to prepare its report for inclusion in the Explanatory Memorandum;
- (e) **(Provide draft Explanatory Memorandum to IOOF)** provide drafts of the Explanatory Memorandum to IOOF, consult with IOOF in relation to the content of those drafts and (acting reasonably and in good faith) take into account any comments from IOOF and its Representatives on those drafts;
- (f) **(Provide draft Independent Expert's Report)** provide a copy of each draft of the Independent Expert's Report to IOOF as soon as practicable after its receipt and, in any event, provide a copy of the draft of the Independent Expert's Report included in the Regulator's Draft to IOOF no later than 2 Business Days prior to its provision to ASIC;
- (g) **(Directors' Recommendation)** state in the Explanatory Memorandum and the Announcement (on the basis of statements made to SFG by each SFG Director) the Recommendation and Voting Intention of each of the SFG Directors in accordance with clause 7.1;
- (h) **(Directors' votes)** use its reasonable endeavours to procure that:
 - (i) each SFG Director confirms their intention to vote any Scheme Shares in which they have a Relevant Interest in favour of the Scheme and any other resolution submitted to SFG Shareholders for their approval in connection with the Scheme, provided that the SFG Director has not changed or in any way qualified its Recommendation or Voting Intention in accordance with clause 7.1(b) ;
 - (ii) each SFG Director votes any Scheme Shares in which they have a Relevant Interest in favour of the Scheme and any other resolution submitted to SFG Shareholders for their approval in connection with the Scheme, provided that the SFG Director has not changed or in any way qualified its Recommendation or Voting Intention in accordance with clause 7.1(b); and
 - (iii) each SFG Director does not change that Voting Intention, unless:
 - A. a Superior Proposal is made; or
 - B. the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any subsequent update of its report) that the Scheme is not in the best interests of the SFG Shareholders.
- (i) **(Registry details)** subject to the terms of the Scheme:
 - (i) provide all necessary information about the SFG Shareholders to IOOF which IOOF requires in order to assist IOOF to solicit votes at the Scheme Meeting; and

- (ii) provide all necessary directions to the SFG Share Registry to promptly provide any information that IOOF reasonably requests in relation to the SFG Share Register, including any sub-register, and, where requested by IOOF, SFG must provide such information to IOOF in such electronic form as is reasonably requested by IOOF,

subject to all applicable laws;

- (j) **(Meetings with SFG Shareholders)** at the request of IOOF, invite Representatives of SFG to accompany Representatives of IOOF at meetings of SFG Shareholders that have been approved in writing by SFG to convey SFG's recommendation of the Scheme and the rationale for that recommendation;
- (k) **(Approval of draft Explanatory Memorandum)** procure that a meeting of the SFG Board is convened to approve the draft Explanatory Memorandum to be provided to ASIC for its review;
- (l) **(Keep IOOF informed)** from the First Court Date until the Implementation Date, promptly inform IOOF if it becomes aware that the Explanatory Memorandum contains a statement which is misleading or deceptive in a material respect or contains a material omission;
- (m) **(ASIC review)** as soon as reasonably practicable provide an advanced draft of the Explanatory Memorandum (**Regulator's Draft**) to ASIC, for its review and approval for the purposes of section 411(2) of the Corporations Act, and to IOOF and:
 - (i) liaise with ASIC as necessary during the Regulatory Review Period; and
 - (ii) promptly notify, and consult with, IOOF in relation to any matters raised by ASIC in connection with the Explanatory Memorandum or the Scheme and any presentation or submission to, or at any proposed meeting with, ASIC, and co-operate and consult with IOOF to resolve any such matters;
- (n) **(Section 411(17)(b) statement)** apply to ASIC for the production of:
 - (i) an indication of intent letter stating that it does not intend to appear before the Court on the First Court Date; and
 - (ii) a statement in writing pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (o) **(Court documents)** consult with IOOF in relation to the content of the documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith comments on, and suggested amendments to, those documents from IOOF and its Representatives;
- (p) **(First Court hearing)** lodge all documents with the Court and take all other reasonable steps to ensure that an application is heard by the Court for an order under section 411(1) of the Corporations Act directing SFG to convene the Scheme Meeting;
- (q) **(Approval of Explanatory Memorandum)** procure that a meeting of the SFG Board is convened to approve the Explanatory Memorandum for registration with ASIC and despatch to SFG Shareholders;
- (r) **(Due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the Explanatory Memorandum (other than in

relation to the IOOF Information, the Independent Expert's Report and the Investigating Accountant's Report);

- (s) **(Register Explanatory Memorandum)** request to ASIC that the explanatory statement included in the Explanatory Memorandum in relation to the Scheme be registered in accordance with section 412(6) of the Corporations Act;
- (t) **(Compliance with Court orders)** take all reasonable steps necessary to comply with the orders of the Court including, as required, dispatching the Explanatory Memorandum to SFG Shareholders and convening and holding the Scheme Meeting;
- (u) **(Obtain IOOF's consent)** before dispatch of the Explanatory Memorandum to SFG Shareholders, obtain the written consent of IOOF to inclusion of IOOF Information in the Explanatory Memorandum in the form and context in which it appears (such consent not to be unreasonably withheld or delayed);
- (v) **(Send Explanatory Memorandum)** send the Explanatory Memorandum to SFG Shareholders as soon as practicable after the Court orders SFG to convene the Scheme Meeting;
- (w) **(Update Explanatory Memorandum)** if it becomes aware of information after the date of dispatch of the Explanatory Memorandum, which is required to be disclosed to SFG Shareholders under any applicable law (including as may be necessary to ensure that the Explanatory Memorandum is not false, misleading or deceptive in any material respect), as expeditiously as practicable:
 - (i) inform SFG Shareholders of the information in an appropriate and timely manner, and in accordance with applicable law; and
 - (ii) to the extent it is reasonably practicable to do so, provide IOOF with drafts of any documents that it proposes to issue to SFG Shareholders under this clause 4.1(w), consult with IOOF in relation to the content of those drafts and (acting reasonably and in good faith) take into account any comments from IOOF and its Representatives on those drafts;
- (x) **(Scheme Meeting)** convene the Scheme Meeting in accordance with any such orders made by the Court and seek the approval of SFG Shareholders for the Scheme and, for this purpose, the SFG Directors must participate in reasonable efforts to promote the merits of the Scheme, including meeting with key SFG Shareholders at the reasonable request of IOOF. SFG may adjourn or otherwise change the timing of the Scheme Meeting (or actually do so) where the SFG Board considers it is appropriate to do so in the best interests of the SFG Shareholders;
- (y) **(Court approval application)** if the resolution submitted to the Scheme Meeting in relation to the Scheme is passed by the majorities required under section 411(4)(a)(ii) of the Corporations Act and subject to all other Conditions (other than the Condition in clause 3.1(j)) being satisfied or waived in accordance with this agreement, apply (and, to the extent necessary, re-apply) to the Court for orders approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act;
- (z) **(Certificate)** at the hearing on the Second Court Date, provide to the Court a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions (other than the Condition in clause 3.1(j)) have been satisfied or waived in accordance with this agreement. SFG must provide a draft of that certificate to IOOF by 5.00 pm on the Business Day prior to the Second Court Date;
- (aa) **(Implementation of Scheme)** if the Scheme is approved by the Court:

- (i) lodge with ASIC an office copy of the orders approving the Scheme in accordance with section 411(10) of the Corporations Act before 5:00pm on the Business Day on which such office copy is received (or such later date as is agreed between the parties in writing);
 - (ii) close the SFG Share Register as at the Record Date and determine entitlements to the Scheme Consideration in accordance with the Scheme;
 - (iii) provide to IOOF all information about the Scheme Shareholders that IOOF reasonably requires in order for IOOF to provide, or procure the provision of, the Scheme Consideration in accordance with the Scheme;
 - (iv) promptly execute proper instruments for the transfer of, and register all transfers of, Scheme Shares to IOOF in accordance with the Scheme;
 - (v) subject to IOOF satisfying its obligations under clause 5, on the Implementation Date (or as soon as practicable thereafter) register all transfers of Scheme Shares to IOOF in accordance with the Scheme; and
 - (vi) promptly do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the Scheme;
- (bb) **(ASX listing)** must use its best endeavours to ensure that SFG continues to be listed on ASX, and that the SFG Shares continue to be quoted on ASX, until the close of business on the Implementation Date, including by making appropriate applications to ASX and ASIC; and
- (cc) **(Other things necessary)** promptly do all other things reasonably within its power to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

4.2 IOOF's obligations

IOOF must take all steps reasonably necessary to assist SFG to implement the Scheme as soon as is reasonably practicable and so as to complete the Transaction substantially in accordance with the Timetable, and in particular IOOF must:

- (a) **(Draft of IOOF Information)** provide to SFG a draft of IOOF Information as soon as reasonably practicable after the date of this agreement and consult with SFG in relation to the content of drafts of IOOF Information and (acting reasonably and in good faith) take into account any comments from SFG and its Representatives on those drafts;
- (b) **(Final form of IOOF Information)** provide to SFG IOOF Information in a form appropriate for inclusion in the Explanatory Memorandum;
- (c) **(Review Explanatory Memorandum)** review the drafts of the Explanatory Memorandum provided by SFG and provide comments on those drafts promptly and in good faith;
- (d) **(Independent Expert)** promptly provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare its report for inclusion in the Explanatory Memorandum;
- (e) **(Investigating Accountant)** promptly appoint the Investigating Accountant and provide all assistance and information reasonably requested by the Investigating Accountant in connection with the preparation of the Investigating Accountant's Report for inclusion in the Explanatory Memorandum;

- (f) **(Due diligence and verification)** undertake appropriate due diligence and verification processes in relation to IOOF Information and provide to SFG all evidence of such processes as may be reasonably requested;
- (g) **(Approval of IOOF Information)** as soon as reasonably practicable after receipt from SFG of the draft of the Explanatory Memorandum that SFG proposes to dispatch to SFG Shareholders, confirm in writing to SFG that IOOF Information in the form and context in which it appears in the draft of the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission and is in a form appropriate for dispatch to the SFG Shareholders (subject to the approval of the Court);
- (h) **(Keep SFG informed)** promptly inform SFG if it becomes aware from the First Court Date until the Implementation Date that IOOF Information in the form and context in which it appears in the Explanatory Memorandum is or has become misleading or deceptive in any material respect or contains any material omission, and provide such further or new information as is required to ensure that such information is no longer misleading or deceptive in any material respect or contains any material omission;
- (i) **(Deed Poll)** no later than the Business Day prior to the First Court Date, enter into the Deed Poll and deliver the executed Deed Poll to SFG;
- (j) **(Representation)** procure that, if requested by SFG, it is represented by counsel at the Court hearings convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel and, if requested by the Court, IOOF will undertake to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme;
- (k) **(Certificate)** at or before the hearing on the Second Court Date, provide to the Court a certificate (or such other evidence as the court may request) confirming (in respect of matters within its knowledge) whether or not the Conditions (other than the Condition in clause 3.1(j)) have been satisfied or waived in accordance with this agreement. IOOF must provide a draft of that certificate to SFG by 5:00 pm on the Business Day prior to the Second Court Date;
- (l) **(Official quotation)** apply to ASX for official quotation by ASX of the New IOOF Shares to be issued to Scheme Shareholders pursuant to the Scheme and use its best endeavours to obtain the approval of ASX for official quotation (subject to customary conditions and to the Scheme becoming Effective) no later than 8.00am on the Second Court Date;
- (m) **(Second Court Hearing)** procure that it is represented by counsel at the Court hearing convened for the purposes of section 411(4)(b) of the Corporations Act, at which, through its counsel, IOOF will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be reasonably necessary in order to ensure the fulfilment of its obligations under this agreement and the Scheme;
- (n) **(Scheme Consideration)** if the Scheme becomes Effective, provide (or procure the provision of) the Maximum Cash Consideration and Share Offer Consideration on the Implementation Date in accordance with clause 5 and the terms of the Scheme and the Deed Poll;
- (o) **(Despatch of Holding Statements)** despatch holding statements to Scheme Shareholders for the IOOF Shares issued to those Scheme Shareholders pursuant to the Scheme by midday on the Implementation Date;
- (p) **(promote merits of Transaction)** participate in efforts reasonably requested by SFG to promote the merits of the Transaction and the Scheme Consideration,

including meeting with key SFG Shareholders at the reasonable request of SFG;
and

- (q) **(Other things necessary)** promptly do all other things reasonably within its power to lawfully give effect to the Scheme.

4.3 Dispute as to Explanatory Memorandum

If, after a reasonable period of consultation, the parties, each acting reasonably and in good faith, are unable to agree on the form or content of the Explanatory Memorandum, then:

- (a) if the disagreement relates to the form or content of IOOF Information (or any information solely derived from, or prepared solely in reliance on, IOOF Information), SFG will, acting in good faith, make such amendments to that information in the Explanatory Memorandum as IOOF may reasonably require; and
- (b) if the disagreement relates to the form or content of the SFG Information (or any information solely derived from, or prepared solely in reliance on, information provided by or on behalf of SFG, or extracted from announcements made by SFG to ASX regarding the SFG Group), SFG will, acting in good faith, decide the final form of that information in the Explanatory Memorandum.

4.4 Payment of dividends

Notwithstanding any other provision of this agreement, if the Implementation Date occurs after the record date in respect of the IOOF FY14 Dividend, SFG may in its discretion declare and pay:

- (a) the SFG FY14 Dividend; and
- (b) the SFG Special Dividend,

to the SFG Shareholders, and the record date for the SFG FY14 Dividend and the SFG Special Dividend must occur on or before the Record Date.

4.5 Reconstitution of SFG Board

On the Implementation Date, but subject to IOOF having provided the Scheme Consideration in accordance with clause 5, SFG must:

- (a) cause the appointment to the SFG Board and to the boards of each Subsidiary of SFG of such number of persons as nominated by IOOF, subject to those persons being appointed having provided a consent to act as directors of the relevant companies; and
- (b) procure that all SFG Directors and the directors of each subsidiary of SFG (other than, in each case, those appointed pursuant to clause 4.5(a)) resign from the SFG Board and the board of each subsidiary of SFG.

4.6 Removal of SFG from official list of ASX

If directed by IOOF, SFG must take all steps necessary for SFG to be removed from the official list of ASX on the day immediately following the Implementation Date, including lodging a request for removal with ASX prior to the Implementation Date and SFG and/or IOOF satisfying any conditions reasonably required by ASX for it to act on that request.

4.7 Responsibility statement

The Explanatory Memorandum will contain a responsibility statement to the effect that:

- (a) IOOF is responsible for IOOF Information contained in the Explanatory Memorandum; and
- (b) SFG is responsible for the SFG Information contained in the Explanatory Memorandum.

5. Scheme Consideration

5.1 Consideration

- (a) Subject to the Scheme becoming Effective and clauses 5.2 and 5.7, IOOF agrees in favour of SFG that, in consideration of the transfer to IOOF of each Scheme Share under the Scheme, IOOF will provide to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by them, in accordance with the election made by the Scheme Shareholder as contemplated by this clause 5 and the terms of the Scheme.
- (b) Subject to clauses 5.6 and 5.7, IOOF will:
 - (i) pay, or procure the payment to each Scheme Shareholder of the Maximum Cash Consideration (if applicable) to which they are entitled, as determined in accordance with clauses 5.2, 5.3, 5.4, 5.5 and 5.6, in respect of each Scheme Share held by that Scheme Shareholder at the Record Date; and
 - (ii) issue to each Scheme Shareholder the Share Offer Consideration to which they are entitled, as determined in accordance with clauses 5.2, 5.3, 5.4, 5.5 and 5.6, in respect of each Scheme Share held by that Scheme Shareholder at the Record Date.

5.2 Election mechanism

- (a) SFG must ensure that the Explanatory Memorandum sent to SFG Shareholders is accompanied by a form of election which provides for the matters set out in clause 5.2(b) under which each Scheme Shareholder is requested to elect one of the following:
 - (i) Share Offer Consideration in respect of all of their SFG Shares; or
 - (ii) Maximum Cash Consideration in respect of all of their SFG Shares.
- (b) The form of election shall provide that:
 - (i) subject to clause 5.2(b)(vi), a Scheme Shareholder may make only one election in relation to a particular holding;
 - (ii) subject to clause 5.2(b)(vi), any valid election by a Scheme Shareholder will apply to all of the SFG Shares of the Scheme Shareholder as at the Record Date;
 - (iii) a valid election may be made by a Scheme Shareholder by returning the election form before the Record Date in writing to an address to be specified by SFG in the Explanatory Memorandum;
 - (iv) once made, a valid election by a Scheme Shareholder may not be varied before the Record Date;
 - (v) if a valid election is not made by a Scheme Shareholder prior to the Record Date, then that Scheme Shareholder will be deemed to have

made an election to receive Share Offer Consideration in respect of all Scheme Shares held by that shareholder; and

- (vi) in the manner considered appropriate by SFG (acting reasonably), a Scheme Shareholder that holds one or more parcels of SFG Shares as trustee or nominee for, or otherwise on account of, another person, may make separate elections in relation to each of those parcels of SFG Shares.
- (c) SFG must ensure that, to the extent reasonably practicable, Scheme Shareholders that have acquired SFG Shares after the date of the despatch of the Explanatory Memorandum can receive an election form on request to SFG.
- (d) In order to facilitate the issue of the IOOF Shares, SFG must provide, or procure the provision, to IOOF, or a nominee of IOOF, of details of the final elections made by each Scheme Shareholder, within 2 Business Days after the Record Date.

5.3 Election for Share Offer Consideration

If a Scheme Shareholder makes a valid election, or is deemed to have made an election, to receive Share Offer Consideration, then subject to the Scheme becoming Effective and subject to clauses 5.6 and 5.7 the Scheme Shareholder will be entitled to receive, for each SFG Share held by that Scheme Shareholder as at the Record Date, the Share Offer Consideration.

5.4 Election for Maximum Cash Consideration

If a Scheme Shareholder makes a valid election to receive Maximum Cash Consideration, then subject to the Scheme becoming Effective and subject to clauses 5.5, 5.6 and 5.7 the Scheme Shareholder will be entitled to receive, for each SFG Share held by that Scheme Shareholder as at the Record Date, the Maximum Cash Consideration, unless clause 5.5 applies in which case the amount of Maximum Cash Consideration paid to the relevant Scheme Shareholder will be determined in accordance with that clause.

5.5 Scale back

- (a) This clause 5.5 applies if the elections made by Scheme Shareholders are such that the aggregate amount of Maximum Cash Consideration that would be required to be paid by IOOF to satisfy the entitlements determined under clause 5.4 exceeds \$100,000,000.
- (b) Where this clause 5.5 applies, the aggregate Maximum Cash Consideration to which each Scheme Shareholder is entitled will be scaled back in accordance with the following formula:

$$tCC = \frac{CCcap}{CCtotal} \times pCC$$

Where:

tCC is the aggregate amount of Maximum Cash Consideration the relevant Scheme Shareholder is entitled to receive as part of the Maximum Cash Consideration for all SFG Shares held by the Scheme Shareholder as at the Record Date;

pCC is the aggregate amount of Maximum Cash Consideration the relevant Scheme Shareholder would have received as part of the Scheme Consideration for all SFG Shares held by that Scheme Shareholder as at the Record Date determined under clause 5.4 (but for this clause 5.5);

CCcap \$100,000,000; and

CC total is the aggregate amount of Maximum Cash Consideration that would be required to be paid by IOOF in payment of the Maximum Cash Consideration to satisfy the entitlements determined under clause 5.4 for all Scheme Shareholders (but for this clause 5.5).

- (c) To the extent that the application of clause 5.5(b) results in an aggregate entitlement of a Scheme Shareholder to Maximum Cash Consideration that is less than would have applied but for this clause 5.5, the Scheme Shareholder will be entitled to Share Consideration in accordance with the following formula:

$$tSC = \frac{pCC - tCC}{VWAP}$$

Where:

tSC is the aggregate amount of New IOOF Shares the relevant Scheme Shareholder is entitled to receive as Share Consideration for all SFG Shares held by that Scheme Shareholder as at the Record Date;

pCC has the meaning given to that term in clause 5.5(b);

tCC is the aggregate amount of Maximum Cash Consideration the relevant Scheme Shareholder is entitled to receive for all SFG Shares held by the Scheme Shareholder as at the Record Date as determined in accordance with clause 5.5(b); and

VWAP is the IOOF VWAP.

5.6 Fractional entitlements and share splitting or division

- (a) If the number of Scheme Shares held by a Scheme Shareholder at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Scheme Consideration:
- (i) comprising IOOF Shares is such that a fractional entitlement to an IOOF Share arises; or
 - (ii) comprising cash is such that a fractional entitlement to a cent arises,
- then the entitlement of that Scheme Shareholder must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of IOOF Shares (or cents, as applicable), and any such fractional entitlement of 0.5 or more will be rounded up to the nearest whole number of IOOF Shares (or cents, as applicable).
- (b) If IOOF is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.6(a)) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, IOOF may give notice to those Scheme Shareholders:
- (i) setting out their names and registered addresses as shown in the SFG Share Register;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares

will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. IOOF in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

5.7 Ineligible Overseas Shareholders

- (a) IOOF will ensure that IOOF Shares to which an Ineligible Overseas Shareholder would otherwise have been entitled (if they were an Eligible Scheme Shareholder) will be issued to a nominee appointed by IOOF.
- (b) IOOF will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:
 - (i) sells on the financial market conducted by ASX all of the IOOF Shares issued to the nominee pursuant to clause 5.7(a) in such manner, at such price and on such other terms as the nominee determines in good faith; and
 - (ii) remits to IOOF the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Promptly after the last sale of IOOF Shares in accordance with clause 5.7(b), IOOF will pay to each Ineligible Overseas Shareholder the proportion of the net proceeds of sale received by IOOF pursuant to clause 5.7(b)(ii) to which that Ineligible Overseas Shareholder is entitled.
- (d) Neither IOOF or SFG gives any assurance as to the price that will be achieved for the sale of New IOOF Shares described in clause 5.7(b). The sale of the New IOOF Shares under this clause 5.7 will be at the risk of the Ineligible Overseas Shareholder.
- (e) IOOF must appoint the nominee at least two weeks prior to the Scheme Meeting.

5.8 New IOOF Shares

IOOF covenants in favour of SFG (in its own right and on behalf of each Scheme Shareholder) that:

- (a) the New IOOF Shares issued as Share Offer Consideration will, on their issue, rank equally in all respects with all other IOOF Shares, and the New IOOF Shares issued as Share Offer Consideration will be entitled to participate in and receive the IOOF FY14 Dividend. If the Implementation Date occurs after the record date in respect of the IOOF FY14 Dividend, SFG may declare and pay the SFG FY14 Dividend and the SFG Special Dividend in accordance with clause 4.4;
- (b) it will use best endeavours to ensure that the New IOOF Shares issued as Share Offer Consideration will be listed for quotation on the official list of the ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary (T+3) settlement basis; and
- (c) on issue, each New IOOF Share will be fully paid and, to the extent within the control of IOOF, free from any Encumbrance.

6. Conduct of business and co-operation

6.1 Conduct of SFG's business

- (a) From the date of this agreement up to and including the Implementation Date, SFG must:
- (i) procure that each member of the SFG Group:
- A. conducts its businesses and operations in the ordinary and usual course and substantially consistent (subject to any material applicable laws, regulations and licence conditions) with the manner in which each such business and operation is conducted prior to the date of this agreement, including to use all reasonable endeavours to in all material respects:
- 1) preserve intact its current business organisation;
 - 2) keep available the service of substantially all of its current officers and employees;
 - 3) preserve its relationship with customers, suppliers licensors, licensees, Regulatory Authorities and others having business dealings with it;
 - 4) comply with all Material Contracts to which a member of the SFG Group is a party; and
 - 5) maintain its business and assets, including maintaining at least its current level of insurance over its business and assets, provided such level of insurance continues to be generally available and at a cost not materially greater than the cost of insurance over its business and assets prior to the date of this agreement; and
- B. conducts its businesses and operations substantially in accordance with all material applicable laws and regulations; and
- (ii) ensure that no SFG Prescribed Occurrence occurs.
- (b) The obligations of SFG under clause 6.1(a) do not apply to any action undertaken by SFG:
- (i) in relation to any matter required to be done or procured by SFG or another member of the SFG Group pursuant to, or which is otherwise expressly permitted by, the Transaction Documents;
 - (ii) for which IOOF has provided its prior written consent (such consent not to be unreasonably withheld or delayed);
 - (iii) which arises as a result of court or Regulatory Authority order, injunction or undertaking or otherwise required in order to comply with applicable law; or
 - (iv) which is in accordance with contractual obligations that existed at the date of this agreement, provided such obligations have been fairly disclosed in the SFG Due Diligence Material.

- (c) For the avoidance of doubt and subject to clause 7, nothing in this clause 6.1 restricts the ability of SFG to respond to a Competing Proposal.

6.2 Conduct of IOOF's business

- (a) From the date of this agreement up to and including the Implementation Date, IOOF must:

- (i) procure that each member of the IOOF Group:

A. conducts its businesses and operations in the ordinary and usual course and substantially consistent (subject to any material applicable laws, regulations and licence conditions) with the manner in which each such business and operation is conducted prior to the date of this agreement, including to use all reasonable endeavours to in all material respects:

- 1) preserve intact its current business organisation;
- 2) keep available the service of substantially all of its current officers and employees;
- 3) preserve its relationship with customers, suppliers licensors, licensees, Regulatory Authorities and others having business dealings with it;
- 4) comply with all material contracts, being any contract material to the IOOF Group as a whole or any operating Subsidiary, to which a member of the IOOF Group is a party; and
- 5) maintain its business and assets, including maintaining at least its current level of insurance over its business and assets, provided such level of insurance continues to be generally available and at a cost not materially greater than the cost of insurance over its business and assets prior to the date of this agreement; and

B. conducts its businesses and operations substantially in accordance with all material applicable laws and regulations; and

- (ii) ensure that no IOOF Prescribed Occurrence occurs.

- (b) The obligations of IOOF under clause 6.2(a) do not apply to any action undertaken by IOOF:

- (i) in relation to any matter required to be done or procured by IOOF or another member of the IOOF Group pursuant to, or which is otherwise expressly permitted by, the Transaction Documents;
- (ii) for which SFG has provided its prior written consent (such consent not to be unreasonably withheld or delayed);
- (iii) which arises as a result of court or Regulatory Authority order, injunction or undertaking or otherwise required in order to comply with applicable law; or

- (iv) which is in accordance with contractual obligations that existed at the date of this agreement, provided such obligations have been fairly disclosed in the IOOF Due Diligence Material.

6.3 Material Contracts

- (a) The parties agree that:
 - (i) SFG must, as soon as practicable after the date of this agreement, apply to the counterparties to certain contracts that the parties have agreed in writing prior to the date of this agreement will apply to this clause 6.3, and to which a member of the SFG Group is a party, for consents in relation to the Scheme; and
 - (ii) each party must use reasonable efforts to obtain the consents referred to in clause 6.3(a) as expeditiously as possible and, in any event, before the Second Court Date and to use reasonable efforts to ensure that once obtained, the consents are not withdrawn, cancelled or revoked.
- (b) For the avoidance of doubt, each party agrees that either party's failure to obtain the consents referred to in clause 6.3(a) and clause 6.3(b) is not a termination event in accordance with clause 13.

7. Recommendation, intentions and announcements

7.1 SFG Board Recommendation and Voting Intention

- (a) SFG must ensure that the Announcement and the Explanatory Memorandum state that each SFG Director:
 - (i) recommends that SFG Shareholders vote in favour of the Scheme Resolutions (**Recommendation**); and
 - (ii) intends to cause any SFG Shares in which they have a Relevant Interest to be voted in favour of the Scheme Resolutions (**Voting Intention**),

which statements must not be qualified in any way other than by words to the effect of "in the absence of a Superior Proposal" and "subject to the Independent Expert concluding that the Scheme is in the best interests of SFG Shareholders".

- (b) IOOF acknowledges that each SFG Director may, subject to the terms of this agreement, publicly (or otherwise) withdraw, change or in any way qualify their Recommendation or Voting Intention if:
 - (i) a Superior Proposal is made; or
 - (ii) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any subsequent update of its report) that the Scheme is not in the best interests of the SFG Shareholders.

7.2 Confirmation

SFG represents and warrants to IOOF that each SFG Director has confirmed their agreement not to do anything inconsistent with their Recommendation and Voting Intention (including withdrawing, changing or in any way qualifying their Recommendation or Voting Intention) other than in the circumstances referred to in clause 7.1

7.3 Announcement

Immediately after the execution of this agreement SFG and IOOF must issue the Announcement to the ASX.

8. Exclusivity arrangements

8.1 No existing discussions

SFG represents and warrants that, other than the discussions with IOOF in respect of the Scheme, it is not currently in negotiations or discussions in respect of any Competing Proposal with any person.

8.2 No shop

During the Exclusivity Period, SFG must not, and must ensure that its Representatives and its Related Bodies Corporate do not, except with the prior written consent of IOOF, directly or indirectly solicit, invite, initiate or encourage any Competing Proposal or any inquiry, expression of interest, offer, proposal, negotiations or discussions by or with any Third Party in relation to, or that may reasonably be expected to encourage or lead to the making of, an actual or potential Competing Proposal, or communicate any intention to any person to do any of those things.

8.3 No talk and no due diligence

During the Exclusivity Period, SFG must not, and must ensure that its Representatives and its Related Bodies Corporate do not, except with the prior written consent of IOOF, directly or indirectly:

- (a) enter into, continue or participate in any negotiations or discussions with, or accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding with, any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal;
- (b) make available to any Third Party, or permit any Third Party to receive, any non-public information relating to any member of the SFG Group in connection with such Third Party formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Proposal; or
- (c) communicate to any person an intention to do anything referred to in this clause 8.3,

unless the SFG Board determines, in good faith, after taking advice from the SFG Board's external legal and financial advisors that such Competing Proposal could reasonably be considered to become a Superior Proposal, failing to do so would be reasonably likely to constitute a breach of their fiduciary or statutory duties and provided that the Competing Proposal was not encouraged, solicited, invited or initiated by SFG or its Representatives in contravention of clause 8.1.

8.4 Notice of Competing Proposal

During the Exclusivity Period, SFG must promptly, and in any event no later than the Business Day following the relevant event:

- (a) notify IOOF if it or any of its Representatives or Related Bodies Corporate:
 - (i) receives a bona fide expression of interest, offer or proposal from any person which is or may reasonably be expected to lead to a Competing

Proposal and must disclose to IOOF the identity of the acquirer, proposed price or implied value, form of consideration and conditions; or

- (ii) provides any information relating to SFG or any of its Related Bodies Corporate or any of their businesses or operations to any person for a purpose which SFG knows or would reasonably expect to relate to a current or future Competing Proposal; and
- (b) provide IOOF with any information provided by any of its Representatives or Related Bodies Corporate to any person as contemplated in clause 8.4(a)(ii).

8.5 IOOF's right of last offer

- (a) Without limitation to any other part of this agreement, SFG must not enter into a binding implementation agreement which relates to a Competing Proposal (or any other agreement in relation to a Competing Proposal which provides for the payment of a break fee (or similar payment) to a Third Party) and ensure that each member of the SFG Board does not change its Recommendation or Voting Intention as a consequence of receiving a Competing Proposal, unless:
 - (i) SFG has complied with its obligations under this clause 8;
 - (ii) SFG has determined that the Competing Proposal would be a Superior Proposal and has notified IOOF of this determination; and
 - (iii) SFG has provided IOOF with 3 clear Business Days to submit a written proposal to revise the Transaction. If IOOF submits a written proposal to revise the Transaction in this period (Revised Proposal), SFG must ensure that the SFG Board considers in good faith, and receives advice from SFG's external legal and financial advisers in relation to, whether the proposed revisions would make the Transaction at least as favourable to SFG Shareholders as the Competing Proposal. If it would, the parties must each use best endeavours to, as soon as practicable, agree the necessary amendments to this agreement, and take all other necessary steps, to give effect to the change to the Transaction subject to any Superior Proposal.
- (b) For the avoidance of doubt:
 - (i) IOOF's right to submit a Revised Proposal will continue to apply until SFG enters into a binding implementation agreement in relation to a Competing Proposal in accordance with clause 8.5(a); and
 - (ii) each successive modification of any offer of proposal for a Competing Proposal will constitute a new offer or proposal for a Competing Proposal for the purposes of the requirement under clause 8.4 and will initiate an additional 3 Business Day period under clause 8.5(a)(iii).

8.6 Normal provision of information

Nothing in this clause 8 prevents SFG from:

- (a) providing information to its Representatives;
- (b) providing information to any Regulatory Authority;
- (c) providing information to its auditors, advisers, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;

- (d) providing information to its advisers acting in that capacity in connection with the Transaction or a Competing Proposal;
- (e) providing information to be required to be provided by law or any Regulatory Authority; or
- (f) making presentations to brokers, portfolio investors, analysts and other Third Parties in the ordinary course of business.

9. Break Fee

9.1 Rationale

SFG acknowledges and agrees for the purposes of this clause 9 as follows:

- (a) IOOF has required the inclusion of this clause 9 in the absence of which it would not have entered into this agreement or otherwise agreed to implement the Scheme, subject to the terms and conditions in this agreement;
- (b) SFG and the SFG Board believe that the Scheme will provide significant benefits to it and the SFG Shareholders, and that it is reasonable and appropriate that SFG agrees to the inclusion of this clause 9 in order to secure IOOF's execution of this agreement and its agreement to implement the Scheme, subject to the terms and conditions in this agreement; and
- (c) the amount payable by SFG pursuant to clause 9.2 is to be purely and strictly compensatory in nature and represents a reasonable estimate of the compensation so as to compensate IOOF for the following:
 - (i) reasonable advisory costs relating to the Scheme;
 - (ii) costs of management and directors' time;
 - (iii) reasonable out-of-pocket expenses relating to the Scheme;
 - (iv) reasonable opportunity costs incurred by IOOF in pursuing the Scheme or in not pursuing other alternative acquisitions or strategic initiatives which IOOF could have developed to further its business and objectives; and
 - (v) commitment fees and other financing costs relating to the financing of the Scheme.

Both parties have received legal advice on this agreement and the operation of this clause 9.

9.2 Payment of Break Fee

SFG agrees to pay IOOF the Break Fee without set-off or withholding if, at any time after the date of this agreement, the Scheme does not become Effective because:

- (a) (**Competing Proposal**) an actual, proposed or potential Competing Proposal of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and within 12 months of such announcement, the Third Party proposing the Competing Proposal or any Associate of that Third Party:
 - (i) completes a Competing Proposal of a kind referred to in any of the paragraphs (b), (c) or (d) of the definition of Competing Proposal; or

- (ii) enters into an agreement, arrangement or understanding with SFG or SFG Directors of the kind referred to in paragraph (e) of the definition of Competing Proposal;
- (b) **(change of recommendation)** a majority of SFG Directors fail to recommend the Scheme or publicly change, withdraw or in any way qualify their Recommendation or Voting Intention or publicly recommend a Competing Proposal, except if a majority of the SFG Directors change their Recommendation following the receipt of the Independent Expert's Report which states that, in the opinion of the Independent Expert, the Scheme is not in the best interests of SFG Shareholders; or
- (c) **(breach of clause 8)** SFG is in breach of its obligations under clause 8 and does not cease the conduct which caused the breach within 2 Business Days following written notice from IOOF outlining the nature of the breach.

9.3 Timing of payment

- (a) A demand by IOOF for payment of the Break Fee under clause 9.2 must:
 - (i) be in writing;
 - (ii) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (iii) state the circumstances which give rise to the demand; and
 - (iv) nominate an account in the name of IOOF or a Subsidiary into which SFG is to pay the Break Fee; and
- (b) SFG must pay the Break Fee into the account nominated by IOOF, without set-off or withholding, within 5 Business Days after receiving a demand for payment where IOOF is entitled under clause 9.2 to the Break Fee.

9.4 Compliance with law

- (a) This clause 9 does not impose an obligation on SFG to pay the Break Fee to the extent (and only to the extent) that the obligation to pay the Break Fee:
 - (i) is declared by the Takeovers Panel to constitute "unacceptable circumstances" within the meaning of the Corporations Act;
 - (ii) is determined to be unenforceable or unlawful by a Court; and
 - (iii) after all proper avenues of appeal and review, judicial and otherwise, have been exhausted.
- (b) The parties must not make or cause to be made, any application to the Takeovers Panel or a Court for or in relation to a declaration referred to in this clause 9.4.

9.5 SFG's limitation of liability

Notwithstanding any other provision of this agreement:

- (a) the maximum liability of SFG to IOOF under or in connection with a breach of this clause 9 will be the amount of the Break Fee; and
- (b) the maximum liability of SFG under or in connection with this agreement other than under clause 9.5(a) will be \$2,000,000,

and, other than under clauses 9.5(a) and 9.5(b), no further damages, fees, expenses or reimbursements of any kind will be payable by SFG under or in connection with this agreement.

9.6 No Break Fee if Scheme Effective

Despite anything to the contrary in this agreement, the Break Fee will not be payable to IOOF if the Scheme becomes Effective, notwithstanding the occurrence of any event in clause 9.2 and, if the Break Fee has already been paid, it must be refunded by IOOF.

9.7 Survival

Any accrued obligations under this clause 9 survive termination of this agreement.

10. Liability of directors and employees

10.1 Liability of directors and employees

To the maximum extent permitted by law, each party (**first party**) releases all rights against, and agrees that it will not make any claim against, each past or present director and employee of the other party of this agreement (**other party**) in relation to information provided to the first party in relation to the transactions contemplated by this agreement to the extent that such director or employee has acted in good faith and has not engaged in wilful misconduct.

10.2 Directors' and officers' insurance

IOOF acknowledges that SFG will:

- (a) arrange for the cover provided under the Policy for a further period until the End Date; and
- (b) by no later than the Implementation Date, arrange for the cover provided under the Policy to be amended so as to provide run off cover in accordance with the terms of the Policy for a 7 year period from the end of the term of the Policy, and pay all premiums required so as to ensure that insurance cover is provided under the Policy on those terms until that date.

10.3 Obligations in relation to directors' and officers' insurance

From the Implementation Date, SFG must not:

- (a) vary or cancel the Policy; or
- (b) unless required under the Policy, commit any act or omission that may prejudice any claim by a Beneficiary under the Policy as extended pursuant to clause 10.2(b) above.

10.4 Directors' and officers' indemnities

- (a) Without limiting any other term of this agreement, from the Effective Date for the Scheme, IOOF undertakes that it will, in respect of each deed of indemnity, access and insurance (**Relevant Deed**) made by an SFG Group entity (**Relevant Entity**) in favour of a director or officer of any SFG Group entity (**Indemnified Person**) from time to time procure that:
 - (i) the Relevant Entity complies with the Relevant Deed; and
 - (ii) to the extent that the Relevant Entity ceases to exist after the Implementation Date, each Indemnified Person has the benefit of an

indemnity from IOOF on terms no less favourable than those contained in the Relevant Deed as at the Effective Date.

- (b) This clause 10.4 applies to the maximum extent permitted by the Corporations Act and will be read down accordingly.

10.5 Benefit

IOOF acknowledges that SFG holds the benefit of this clause 10 to the extent it relates to each director and officer of an SFG Group entity as trustee for them, and, as such, each such director or officer of an SFG Group entity may enforce this clause 10 against IOOF.

11. Representations, warranties and indemnities

11.1 Representations and warranties by IOOF

IOOF represents and warrants to SFG (on its own behalf and separately as trustee or nominee for each of the SFG Indemnified Parties):

- (a) on each date from the date of this agreement until (and including) the Second Court Date that each of the below statements is true and correct:
- (i) IOOF is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery by IOOF of the Transaction Documents to which IOOF is party has been properly authorised by all necessary corporate action and IOOF has full corporate power and lawful authority to execute and deliver such Transaction Documents and to perform or cause to be performed its obligations under such Transaction Documents;
 - (iii) subject to laws generally affecting creditors' rights and the principles of equity, the Transaction Documents to which IOOF is party constitute legal, valid and binding obligations on it and do not conflict with or result in a breach of or default under:
 - A. the constitution or equivalent constituent documents of IOOF or any of its Subsidiaries; or
 - B. any writ, order or injunction, judgment, law, rule or regulation to which IOOF or any of its Subsidiaries is party, or by which IOOF or any of its Subsidiaries is bound and which could reasonably be expected to have a material adverse effect on IOOF's ability to perform its obligations under this agreement; and
 - (iv) other than as expressly contemplated by clause 3, no shareholder or Regulatory Authority approvals are required to be obtained by the IOOF Group in order for it to execute and perform the Transaction Documents to which it is a party;
- (b) as at the date of this agreement there are:
- (i) 232,118,034 IOOF Shares on issue; and
 - (iii) 649,044 IOOF Options on issue;

and IOOF has not issued (and is not required to issue) any other securities or instruments which are still outstanding (or may become outstanding) and which may

convert into IOOF Shares other than in connection with a dividend reinvestment plan (including pursuant to any underwriting of that plan), an employee incentive arrangement (including any security issued upon conversion or exercise of rights attaching to any security issued under an employee incentive arrangement);

- (c) on the date of this agreement there is no material Encumbrance over all or any of its (or any of its Subsidiaries) material assets or revenues (other than assets which are held in a fiduciary capacity for third parties;
- (d) on the date of this agreement and other than as disclosed by IOOF to SFG in writing, neither it nor any of its Subsidiaries is in default under any material contract, being any contract material to the IOOF Group as a whole or any operating Subsidiary, to which a member of the IOOF Group is a party nor has anything occurred which is or would be with the giving of notice or lapse of time constitute an event of default, prepayment or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such material contract with such an effect;
- (e) on the date of this agreement, the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date, IOOF is not aware of any material information relating to the IOOF Group's business, liabilities, assets, financial or trading position, prospects or profitability of as a whole that has not been disclosed to SFG and is objectively necessary for SFG to make an informed decision as to whether to enter into this agreement or proceed with the Scheme;
- (f) on the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date:
 - (i) the IOOF Information has been prepared and included in the Explanatory Memorandum in good faith and on the understanding that:
 - A. SFG and the SFG Indemnified Parties have relied on that information for the purposes of considering and approving the SFG Information in the Explanatory Memorandum;
 - B. the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report; and
 - C. the Investigating Accountant has relied on the information for the purposes of preparing the Investigating Accountant's Report;
 - (ii) the IOOF Information complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant Regulatory Guides);
 - (iii) the IOOF Information (other than to the extent that it consists of information relating to SFG that was provided by or on behalf of SFG, or has been extracted from public announcements made by SFG to ASX regarding the SFG Group) in the form and context in which it appears in the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission;
 - (iv) IOOF has complied with its obligations under clause 4.2(h); and
 - (v) all information provided by or on behalf of IOOF to the Independent Expert or the Investigating Accountant to enable the Independent Expert's Report and the Investigating Accountant's Report, respectively, to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert and the Investigating

Accountant have relied on the information for the purposes of preparing the Independent Expert's Report and the Investigating Accountant's Report, respectively;

- (g) on the date of this agreement, the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date, following the making by IOOF of the Announcement to ASX pursuant to clause 7.3, IOOF has complied in all respects with its continuous disclosure obligations under Listing Rule 3.1 and is not withholding any information pursuant to Listing Rule 3.1A;
- (h) on each date from the date of this agreement until (and including) the Implementation Date that none of the following events has occurred in relation to IOOF:
 - (i) a receiver, receiver and manager, liquidator, provisional liquidator, administrator or trustee is appointed in respect of IOOF or any of its assets or anyone else is appointed who (whether or not as agent for IOOF) is in possession, or has control, of any of IOOF's assets for the purpose of enforcing an Encumbrance;
 - (ii) an application is made to court or a resolution is passed or an order is made for the winding up or dissolution of IOOF;
 - (iii) IOOF proposes or takes any steps to implement a scheme of arrangement or other compromise or arrangement with its creditors or any class of them; or
 - (iv) IOOF stops paying its debts when they become due or is declared or taken under any applicable law to be insolvent or IOOF's board of directors resolves that it is, or is likely to become at some future time, insolvent;
- (i) as at 8:00am on the Second Court Date, IOOF will have sufficient cash on its balance sheet, or financial commitments available to it on an unconditional basis (other than conditions relating to the approval of the Court and related procedural matters or documentary requirements which, by their terms or nature, can only be satisfied or performed after the Second Court Date), to ensure that the Maximum Cash Consideration is paid to Scheme Shareholders in accordance with the terms of this agreement, the Scheme and the Deed Poll;
- (j) IOOF will have available to it on the Implementation Date sufficient cash amounts (including debt facilities) to ensure that the Maximum Cash Consideration is paid to Scheme Shareholders in accordance with the terms of this agreement, the Scheme and the Deed Poll; and
- (k) any statement of opinion or belief contained in IOOF Information is honestly held and there are reasonable grounds for holding the opinion or belief.

11.2 Qualification of IOOF Warranties

The IOOF Warranties and the indemnity under clause 11.7, are subject to matters which have been fairly disclosed in the IOOF Due Diligence Material or IOOF's announcements to the ASX regarding the IOOF Group prior to entry into this agreement.

11.3 IOOF indemnity

- (a) IOOF acknowledges that in entering into this agreement SFG and the SFG Indemnified Parties have relied on IOOF Warranties.

- (b) IOOF indemnifies SFG (on its own behalf and separately as trustee for each of the SFG Indemnified Parties) against any loss suffered or incurred by reason of any breach of any of IOOF Warranties.

11.4 IOOF warranty certificate

IOOF must provide to SFG by 8.00am on the Second Court Date a certificate signed by a director of IOOF and made in accordance with a resolution of the IOOF Board stating, as at that date, that the representations or warranties given by IOOF in clause 11.1 remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

11.5 Representations and warranties by SFG

SFG represents and warrants to IOOF (on its own behalf and separately as trustee or nominee for each of the IOOF Indemnified Parties):

- (a) on each date from the date of this agreement until (and including) the Second Court Date that each of the below statements is true and correct:
- (i) SFG is a validly existing corporation registered under the laws of its place of incorporation;
 - (ii) the execution and delivery by SFG of the Transaction Documents to which SFG is party has been properly authorised by all necessary corporate action and SFG has full corporate power and lawful authority to execute and deliver such Transaction Documents and to perform or cause to be performed its obligations under such Transaction Documents;
 - (iii) subject to laws generally affecting creditors' rights and the principles of equity, the Transaction Documents to which SFG is party constitute legal, valid and binding obligations on SFG and do not conflict with or result in a breach of or default under:
 - A. the constitution or equivalent constituent documents of SFG or any of its Subsidiaries; or
 - B. any writ, order or injunction, judgment, law, rule or regulation to which SFG or any of its Subsidiaries is party, or by which SFG or any of its Subsidiaries is bound and which could reasonably be expected to have a material adverse effect on SFG's ability to perform its obligations under this agreement;
 - (iv) other than as expressly contemplated by clause 3, no shareholder or Regulatory Authority approvals are required to be obtained by the SFG Group in order for it to execute and perform the Transaction Documents to which it is a party;
- (b) as at the date of this agreement there are:
- (i) 734,531,160 SFG Shares on issue; and
 - (ii) 6,501,913 Performance Rights on issue,

and SFG has not issued (and is not required to issue) any other securities or instruments which are still outstanding (or may become outstanding) and which may convert into SFG Shares other than in connection with a dividend reinvestment plan (including pursuant to any underwriting of that plan), an employee incentive

arrangement (including any security issued upon conversion or exercise of rights attaching to any security issued under an employee incentive arrangement) or any earn-out in relation to the share acquisition agreement dated 23 February 2013 and entered into by SFG in connection with the acquisition of the Lachlan Partners group;

- (c) on the date of this agreement there is no material Encumbrance over all or any of its (or any of its Subsidiaries) material assets or revenues (other than assets which are held in a fiduciary capacity for third parties);
- (d) on the date of this agreement and other than as disclosed by SFG to IOOF in writing, neither it nor any of its Subsidiaries is in default under any Material Contract to which a member of the SFG Group is a party nor has anything occurred which is or would be with the giving of notice or lapse of time constitute an event of default, prepayment or similar event, or give another party thereto a termination right or right to accelerate any right or obligation, under any such Material Contract with such an effect;
- (e) on the date of this agreement and as far as SFG is aware, no information has been deliberately omitted from, or included in, the SFG Due Diligence Materials that SFG acting reasonably consider would render the SFG Due Diligence Materials taken as a whole misleading in any material respect. For the purposes of this warranty, the SFG Due Diligence Materials do not include:
 - (i) any information, document, representation, statement, view or opinion to the extent that it contains or expresses a forecast, prediction or projection or is otherwise forward looking after the date of this agreement; and
 - (ii) any information, document, representation, statement, view or opinion to the extent that the same was not prepared, made or expressed by SFG, a member of the SFG Group or their Representatives;
- (f) on the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date;
 - (i) the SFG Information has been prepared and included in the Explanatory Memorandum in good faith and on the understanding that:
 - A. IOOF and the IOOF Indemnified Parties have relied on that information for the purposes of considering and approving the IOOF Information in the Explanatory Memorandum;
 - B. the Independent Expert has relied on the information for the purposes of preparing the Independent Expert's Report; and
 - C. the Investigating Accountant has relied on the information for the purposes of preparing the Investigating Accountant's Report;
 - (ii) the SFG Information complies in all material respects with relevant laws (including the Corporations Act, Listing Rules and relevant Regulatory Guides);
 - (iii) the SFG Information (other than to the extent that it consists of information relating to IOOF that was provided by or on behalf of IOOF, or has been extracted from public announcements made by IOOF to ASX regarding the IOOF Group) in the form and context in which it appears in the Explanatory Memorandum is not misleading or deceptive in any material respect and does not contain any material omission;

- (iv) SFG has complied with its obligations under clause 4.1(l); and
 - (v) all information provided by or on behalf of SFG to the Independent Expert or the Investigating Accountant to enable the Independent Expert's Report and the Investigating Accountant's Report, respectively, to be prepared has been prepared and provided in good faith and on the understanding that the Independent Expert and the Investigating Accountant have relied on the information for the purposes of preparing the Independent Expert's Report and the Investigating Accountant's Report, respectively;
- (g) on the date of this agreement, the First Court Date, the date the Explanatory Memorandum is despatched, the date of the Scheme Meetings and the Second Court Date, following the making by SFG of the Announcement to ASX pursuant to clause 7.3, SFG has complied in all respects with its continuous disclosure obligations under Listing Rule 3.1 and is not withholding any information pursuant to Listing Rule 3.1A; and
- (h) on each date from the date of this agreement until (and including) the Implementation Date that none of the following events has occurred in relation to SFG:
- (i) a receiver, receiver and manager, liquidator, provisional liquidator, administrator or trustee is appointed in respect of SFG or any of its assets or anyone else is appointed who (whether or not as agent for SFG) is in possession, or has control, of any of SFG's assets for the purpose of enforcing an Encumbrance;
 - (ii) an application is made to court or a resolution is passed or an order is made for the winding up or dissolution of SFG;
 - (iii) SFG proposes or takes any steps to implement a scheme of arrangement or other compromise or arrangement with its creditors or any class of them; or
 - (iv) SFG stops paying its debts when they become due or is declared or taken under any applicable law to be insolvent or SFG's board of directors resolves that it is, or is likely to become at some future time, insolvent; and
- (i) any statement of opinion or belief contained in SFG Information is honestly held and there are reasonable grounds for holding the opinion or belief.

11.6 Qualification of SFG Warranties

The SFG Warranties and the indemnity under clause 11.7, are subject to matters which have been fairly disclosed in the SFG Due Diligence Material or SFG's announcements to the ASX regarding the SFG Group prior to entry into this agreement.

11.7 SFG indemnity

- (a) SFG acknowledges that in entering into this agreement IOOF and IOOF Indemnified Parties have relied on the SFG Warranties.
- (b) SFG indemnifies IOOF (on its own behalf and separately as trustee for each of IOOF Indemnified Parties) against any loss suffered or incurred by reason of any breach of any of the SFG Warranties.

11.8 SFG warranty certificate

SFG must provide to IOOF by 8.00am on the Second Court Date a certificate signed by a director of SFG and made in accordance with a resolution of the SFG Board stating, as at that date, that the representations or warranties given by SFG in clause 11.5 remain true and correct or, if any such representation or warranty is not true and correct as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or incorrect.

11.9 Notifications

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under this clause 11.

11.10 Status of representations and warranties

Each representation and warranty in this clause 11:

- (a) is severable;
- (b) will survive the termination of this agreement; and
- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this agreement.

11.11 Status and enforcement of indemnities

- (a) Each indemnity in this agreement is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this agreement; and
- (b) it is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this agreement.

12. Confidentiality and communications**12.1 Confidentiality Deed**

- (a) Each party acknowledges and agrees that it continues to be bound by the Confidentiality Deed after the date of this agreement.
- (b) The parties acknowledge and agree that the terms of this agreement will prevail over the terms of the Confidentiality Deed to the extent of any inconsistency.

12.2 Survival of obligations

The rights and obligations of the parties under the Confidentiality Deed survive termination of this agreement.

12.3 Disclosure on termination of agreement

The parties agree that, if this agreement is terminated under clause 13, any party may disclose:

- (a) the fact that this agreement has been terminated, where such disclosure is required by the relevant listing rules or is in the reasonable opinion of that party required to ensure that the market in its securities is properly informed; and

- (b) the fact that this agreement has been terminated to ASIC.

13. Termination

13.1 Termination

- (a) This agreement may only be terminated if:
- (i) the parties agree in writing to terminate this agreement; or
 - (ii) a termination event described in the following table occurs; and :
 - A. if one party is specified in the second column of the following table opposite the termination event, by that party providing written notice to each other party at any time before 8.00 am on the Second Court Date;
 - B. if more than one party is specified in the second column of the following table opposite the termination event, by any of those parties providing written notice to the other party at any time before 8.00 am on the Second Court Date.
- (b) A party (Terminating **Party**) may only terminate this agreement in reliance on the termination event (other than the termination event described in item (i) of the table below):
- (i) if that Terminating Party has first given the other parties written notice of the occurrence of the termination event, including relevant details of the facts, matters and circumstances giving rise to the termination event (**First Notice**); and
 - (ii) the termination event has not been remedied to the reasonable satisfaction of that Terminating Party by the earlier of 5 Business Days from the date on which the First Notice was given and 8.00 am on the date one Business Day before the Second Court Date.

Termination event	Who may terminate
(i) if a party terminates this agreement in accordance with and pursuant to clauses 3.6(a) or 3.6(b);	IOOF or SFG
(ii) if SFG is in material breach of any clause of this agreement (other than clauses 6.3, 7, the SFG Warranties or in relation to an SFG Prescribed Occurrence);	IOOF
(iii) if IOOF is in material breach of any clause of this agreement (other than the IOOF Warranties or in relation to an IOOF Prescribed Occurrence);	SFG
(iv) if SFG is in breach of clause 7;	IOOF
(v) if the SFG Warranties <ul style="list-style-type: none"> A. that are qualified as to materiality, are not true and correct; and 	IOOF

	B. that are not so qualified, are not true and correct in all material respects, as at the time they are given;	
(vi)	if the IOOF Warranties: A. that are qualified as to materiality, are not true and correct; and B. that are not so qualified, are not true and correct in all material respects, as at the time they are given;	SFG
(vii)	if an SFG Prescribed Occurrence occurs;	IOOF
(viii)	if an IOOF Prescribed Occurrence occurs;	SFG
(ix)	if a majority of SFG Directors publicly change, withdraw or in any way qualify their Recommendation or Voting Intention or publicly recommend a Competing Proposal, for any reason, whether or not permitted to do so under this agreement;	IOOF
(x)	if a majority of SFG Directors publicly change, withdraw or in any way qualify their Recommendation or Voting Intention or publicly recommend a Superior Proposal, but only where such change, withdrawal or recommendation occurs or is made in accordance with the rights and obligations of SFG and the SFG Board pursuant to the terms of this agreement; or	SFG
(xi)	if agreed to in writing by SFG and IOOF.	SFG and IOOF

13.2 Effect of termination

If this agreement is terminated:

- (a) the provisions of this agreement shall cease to have effect except for the provisions of clauses 1, 9, 11, 12, 13.2, and 14 to 16 (inclusive), 17.1 to 17.6 (inclusive), 17.8 to 17.12 (inclusive) and 18 which will survive termination; and
- (b) each party retains the rights it has against the others in respect of any breach of this agreement occurring before termination.

13.3 Remedies

- (a) The parties acknowledge that damages may not be a sufficient remedy for breach of this agreement. Specific performance, injunctive relief or any other remedies

which would otherwise be available in equity or law are available as a remedy for a breach or threatened breach of this agreement by any party, notwithstanding the ability of the other party to terminate this agreement or seek damages for such a breach or threatened breach .

- (b) Neither party (Restrained Party) will be considered to be in breach of this agreement (including for the purposes of items (ii), (iii) or (iv) of the table in clause 13.1) and no party may make a claim against the Restrained Party for breach of this agreement, in circumstances where the Restrained Party is prevented by an order of an Australian court from performing an obligation under this agreement.

14. Notices

14.1 How notice to be given

Each communication (including each notice, consent, approval, request and demand) under or in connection with this agreement:

- (a) may be given by personal service, post or facsimile or email;
- (b) must be in writing;
- (c) must be addressed as follows (or as otherwise notified by that party to each other party from time to time):
- (i) if to SFG: SFG Australia Limited
- Address: Level 18, 50 Bridge Street, Sydney NSW 2000
- Fax number: +61 2 9919 8899
- Attention: Tony Fenning
- with a copy in each case to:
- Email: jalgar@claytonutz.com
- (ii) if to IOOF: IOOF Holdings Limited
- Address: Level 6, 161 Collins Street, Melbourne VIC 3000
- Attention: Gary Riordan, General Counsel
- (d) (in the case of personal service, post or facsimile) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party; and
- (e) (in the case of email) must be in pdf or other format that is a scanned image of the original of the communication, including a handwritten signature, and be attached to an email that states that the attachment is a communication under this agreement; and
- (f) must be delivered by hand or posted by prepaid post to the address, sent by fax to the number, or sent by email to the email address, of the addressee, in accordance with this clause 14.1.

14.2 When notice taken to be received

Each communication (including each notice, consent, approval, request and demand) under or in connection with this agreement is taken to be received by the addressee:

- (a) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
- (b) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting by airmail;
- (c) (in the case of fax) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the fax machine from which it was sent; and
- (d) (in the case of delivery by hand) on delivery; and
- (e) (in the case of email) unless the party sending the email knows or reasonably ought to suspect that the email and the attached communication were not delivered to the addressee's domain specified in the email address notified for the purposes of clause 14.1, 4 hours after the email was sent.

but if the communication would otherwise be taken to be received on a day that is not a working day or after 5.00 pm, it is taken to be received at 9.00 am on the next working day ("working day" meaning a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally, in the place to which the communication is posted, sent or delivered).

15. GST

15.1 Interpretation

- (a) Except where the context suggests otherwise, and subject to clause 15.1(b), terms used in this clause 15 have the meanings given to those terms by the A New Tax System (Goods and Services Tax) Act 1999 (as amended from time to time).
- (b) "Input tax credit" has the meaning given by the A New Tax System (Goods and Services Tax) Act 1999 and a reference to an input tax credit entitlement of an entity includes an input tax credit for an acquisition made by that entity but to which another member of the same GST group is entitled.
- (c) Any part of a supply that is treated as a separate supply for GST purposes (including attributing GST payable to tax periods) will be treated as a separate supply for the purposes of this clause 15.
- (d) Any consideration for a supply that is specified to be inclusive of GST must not be taken into account in calculating the GST payable in relation to that supply for the purpose of this clause 15.

15.2 Reimbursements and similar payments

Any payment or reimbursement required to be made under this agreement that is calculated by reference to a cost, expense, or other amount paid or incurred will be limited to the total cost, expense or amount less the amount of any input tax credit to which an entity is entitled for the acquisition to which the cost, expense or amount relates.

15.3 GST payable

- (a) If GST is payable in relation to a taxable supply made under or in connection with this agreement then any party (**Recipient**) that is required to provide consideration to another party (**Supplier**) for that supply must, subject to clause 15.1(d), pay an additional amount to the Supplier equal to the amount of that GST at the same times as other consideration is to be provided for that supply.
- (b) No payment of any amount pursuant to clause 15.3(a) is required until the Supplier has provided a valid tax invoice to the Recipient.
- (c) Where additional amounts are payable between parties to this agreement pursuant to clause 15.3(a), amounts so payable, to the extent they are equivalent in amount, shall be set off against each other as if paid and each party shall be obliged only to provide the tax invoice referred to in clause 15.3(b) no later than the time at which any consideration is to be first provided for that supply.
- (d) If the GST payable in relation to a supply made under or in connection with this agreement varies from the additional amount paid by the Recipient under clause 15.3(a) then the Supplier must promptly issue an adjustment note to the Recipient and will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this clause 15.1(d) is deemed to be a payment, credit or refund of the additional amount payable under clause 15.3(a).

16. Entire agreement

The Transaction Documents and the Confidentiality Deed constitute the entire agreement between the parties in relation to their subject matter and supersede all previous agreements and understandings between the parties in relation to their subject matter.

17. General

17.1 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this agreement, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement.
- (c) Clauses 17.1(a) and 17.1(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

17.2 Amendments

This agreement may only be varied by a document signed by or on behalf of each party.

17.3 Assignment

Subject to clause 2.3, a party may not assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior written consent of the other party.

17.4 Consents

Unless this agreement expressly provides otherwise, a consent under this agreement may be given or withheld in the absolute discretion of the party entitled to give the consent and to be effective must be given in writing.

17.5 Costs

Except as otherwise provided in this agreement, each party must pay its own costs and expenses in connection with negotiating, preparing, executing and performing each Transaction Document.

17.6 Counterparts

This agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart constitutes an original of this agreement, and all together constitute one agreement.

17.7 Further acts and documents

Each party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by another party to give effect to this agreement.

17.8 Remedies

The parties acknowledge that damages may not be a sufficient remedy for breach of this agreement. Specific performance, injunctive relief, or any other remedies which would otherwise be available in equity or in law are available as a remedy for a breach or threatened breach of this agreement by any party, notwithstanding the ability of any party to terminate this agreement or seek damages for such a breach or threatened breach.

17.9 No merger

A party's rights and obligations do not merge on completion of any transaction under this agreement.

17.10 Severance

If any provision or part of a provision of this agreement is held or found to be void, invalid or otherwise unenforceable (whether in respect of a particular party or generally), it will be deemed to be severed to the extent that it is void or to the extent of violability, invalidity or unenforceability, but the remainder of that provision will remain in full force and effect.

17.11 Stamp duties

IOOF:

- (a) must pay all stamp duties and any related fines and penalties in respect of this agreement, the performance of this agreement and each transaction effected by or made under this agreement;
- (b) must pay to SFG on demand the amount of any loss suffered or incurred by SFG arising out of or in connection with any failure to comply with clause 17.11(a); and
- (c) is authorised to apply for and retain the proceeds of any refund due in respect of stamp duty paid under this clause 17.11.

17.12 Waivers

Without limiting any other provision of this agreement, the parties agree that:

- (a) failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this agreement by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this agreement;
- (b) a waiver given by a party under this agreement is only effective and binding on that party if it is given or confirmed in writing by that party; and
- (c) no waiver of a breach of a term of this agreement operates as a waiver of another breach of that term or of a breach of any other term of this agreement.

17.13 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise.

17.14 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

17.15 No liability for loss

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

17.16 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

17.17 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

17.18 Indemnities

The indemnities in this agreement are continuing obligations, independent from the other obligations of the parties under this agreement and continue after this agreement ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this agreement.

17.19 Enforceability

For the purpose of this agreement:

- (a) SFG is taken to be acting as agent and trustee on behalf of and for the benefit of all SFG Indemnified Parties; and
- (b) IOOF is taken to be acting as agent and trustee on behalf of and for the benefit of all IOOF Indemnified Parties,

and all of those persons are to this extent taken to be parties to this agreement.

17.20 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

18. Governing law, jurisdiction and service of process

18.1 Governing law

This agreement is governed by the law applying in New South Wales.

18.2 Jurisdiction

Each party irrevocably:


- (a) submits to the non exclusive jurisdiction of the courts of New South Wales, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this agreement; and
- (b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 18.2(a).

Schedule 1 Timetable

Event	Date
First Court Date	Friday 27 June 2014
Scheme Meeting	Friday 1 August 2014
Second Court Date	Wednesday 6 August 2014
Effective Date	Wednesday 6 August 2014
Implementation Date	Wednesday 20 August 2014

Executed as an agreement.

Executed by **SFG Australia Limited ACN 006 490 259** in accordance with section 127 of the Corporations Act 2001 (Cth):



Signature of director


ANTHONY KEVIN FENWICK

Full name of director

Executed by **IOOF Holdings Limited ACN 100 103 722** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Full name of director



Signature of company secretary/director

LINDA WING YEUNG FOX

Full name of company secretary/director

Signature of company secretary/director

Full name of company secretary/director


Executed as an agreement.

Executed by **SFG Australia Limited ACN 006 490 259** in accordance with section 127 of the Corporations Act 2001 (Cth):

Signature of director

Full name of director

Executed by **IOOF Holdings Limited ACN 100 103 722** in accordance with section 127 of the Corporations Act 2001 (Cth):



Signature of director

CHRIS KRAEMER

Full name of director

Signature of company secretary/director

Full name of company secretary/director



Signature of company secretary/director

Danielle Corcoran

Full name of company secretary/director

Annexure A Scheme

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

SFG Australia Limited
SFG

The registered holders of fully paid ordinary shares in the capital of SFG as
at the Record Date

Clayton Utz
Lawyers
Level 15 1 Bligh Street
Sydney NSW 2000
GPO Box 9806
Sydney NSW 2001
Tel +61 2 9353 4000
Fax +61 2 8220 6700
www.claytonutz.com

Our reference 13530/14604/80147410

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Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)

Date

Parties **SFG Australia Limited ACN 006 490 259** of Level 18, 50 Bridge Street, Sydney NSW 2000 (**SFG**)

The registered holders of fully paid ordinary shares in the capital of SFG as at the Record Date

Background

- A. SFG is a public company incorporated in the state of New South Wales and is admitted to the official list of ASX.
- B. IOOF Holdings Limited ACN 100 103 722 (**IOOF**) is a public company incorporated in the state of Victoria and is admitted to the official list of ASX.
- C. SFG and IOOF have entered into the Implementation Agreement pursuant to which, amongst other things, SFG has agreed to propose this Scheme to SFG Shareholders, and each of SFG and IOOF have agreed to take certain steps to give effect to the Scheme.
- D. If the Scheme becomes Effective, then:
- (a) all the Scheme Shares will be transferred to IOOF and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of the Scheme; and
- (b) SFG will enter the name and address of IOOF in the SFG Share Register as the holder of the Scheme Shares.
- E. IOOF has entered into the Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to perform the obligations contemplated of it under the Scheme.

1. Definitions and interpretation

1.1 Definitions

In this document, unless the contrary intention appears or the context requires otherwise:

Adjusted Number means the number determined in accordance with the following formula:

$$\text{Adjusted Number} = 0.104 \times \left(1 + \frac{D}{\text{IOOF VWAP}} \right)$$

Where:

D is the cash amount per IOOF Share (expressed in dollars and excluding, for the avoidance of doubt, any franking credit) of any dividend declared or paid by IOOF the record date for which occurs after the date of the Implementation Agreement and before the Implementation Date.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Melbourne and Sydney.

CHESS means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.

Condition means each condition to this Scheme set out in clause 2.1.

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Federal Court, New South Wales registry or such other court of competent jurisdiction as SFG and IOOF agree in writing.

Deed Poll means the deed poll dated [*] May 2014 executed by IOOF in favour of the Scheme Shareholders (subject to any amendments permitted by its terms).

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Eligible Scheme Shareholder means a Scheme Shareholder other than an Ineligible Overseas Shareholder.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means the latest to occur of:

- (a) 31 December 2014; and
- (b) such other date agreed in writing between SFG and IOOF.

Explanatory Memorandum means the explanatory memorandum to be prepared by SFG pursuant to section 412 of the Corporations Act in respect of the Scheme in accordance with the terms of the Implementation Agreement and to be dispatched to the SFG Shareholders.

Implementation Agreement means the scheme implementation agreement dated [*] May 2014 between SFG and IOOF under which, amongst other things, SFG has agreed to propose the Scheme to Scheme Shareholders, and each of IOOF and SFG has agreed to take certain steps to give effect to the Scheme.

Implementation Date means the date which is 3 Business Days after the Record Date or such other date as SFG and IOOF agree in writing.

Ineligible Overseas Shareholder means a Scheme Shareholder whose address shown in the SFG Share Register on the Record Date is a place outside Australia and its external territories, unless IOOF determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New IOOF Shares when the Scheme becomes Effective.

IOOF FY14 Dividend means a dividend, fully franked or otherwise, for each IOOF Share to be declared by IOOF in respect of the financial year ended 30 June 2014.

IOOF Share means fully paid ordinary shares in the capital of IOOF.

IOOF Share Register means the register of members of IOOF maintained by or on behalf of IOOF in accordance with section 168(1) of the Corporations Act.

IOOF VWAP means:

- (a) subject to paragraph (b) below, the average (calculated to 2 decimal places) of the volume weighted average share prices for IOOF Shares traded on ASX (excluding any and all special crossings, crossings made prior to the commencement of normal trading, crossings made during the closing phase or the after hours adjust phase, equity combinations, overseas trades and overnight crossings or trades pursuant to the exercise of options over IOOF Shares, and any other trades which SFG and IOOF reasonably agree to exclude on the basis that they are not representative of the general price at which IOOF Shares are trading on ASX in the context of trading in IOOF Shares on any day on which the trades took place) on each of the Trading Days comprising the IOOF VWAP Period; and
- (b) if after the date of the Implementation Agreement but before the Implementation Date a dividend is paid on IOOF Shares or the record date for any IOOF dividend occurs, then, for the purpose of calculating the IOOF VWAP, in calculating the volume weighted average share price for IOOF Shares on any Trading Day during the IOOF VWAP Period on which IOOF Shares did not trade ex the entitlement to receive that dividend, the volume weighted average share price for IOOF Shares on that Trading Day will be reduced by the cash amount of that dividend (and, for this purpose, if the ex date for that dividend is after the end of the IOOF VWAP Period, the IOOF Shares will be taken to not have traded ex-dividend during the IOOF VWAP Period).

IOOF VWAP Period means the ten Trading Days immediately preceding the date of the Scheme Meeting (but not including that date).

Maximum Cash Consideration means:

- (a) if after the date of the Implementation Agreement but before the Implementation Date no dividend is paid on IOOF Shares and no record date for any IOOF dividend occurs, the amount calculated as the IOOF VWAP multiplied by 0.104 for each SFG Share held by a Scheme Shareholder electing to receive Maximum Cash Consideration in accordance with the terms of the Scheme; or
- (b) if after the date of the Implementation Agreement but before the Implementation Date a dividend is paid on IOOF Shares or the record date for any IOOF dividend occurs, the amount calculated as the IOOF VWAP multiplied by the Adjusted Number for each SFG Share held by a Scheme Shareholder electing to receive Maximum Cash Consideration in accordance with the terms of the Scheme.

Listing Rules means the official listing rules of ASX.

New IOOF Share means a fully paid ordinary share in IOOF to be provided to Scheme Shareholders under the Scheme.

Record Date means 5.00 pm (Sydney time) on the date which is 7 Business Days after the Effective Date or such other time and date agreed in writing between IOOF and SFG.

Scheme means the scheme of arrangement under part 5.1 of the Corporations Act between SFG and SFG Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by IOOF and SFG.

Scheme Consideration means the consideration to be provided to Scheme Shareholders under the terms of this Scheme, for the transfer to IOOF of their Scheme Shares, ascertained in accordance with clause 5.

Scheme Meeting means the meeting of SFG Shareholders ordered by the Court in relation to the Scheme to be convened under section 411(1) of the Corporations Act.

Scheme Shares means a SFG Share on issue as at the Record Date.

Scheme Shareholder means a person who holds SFG Shares as at the Record Date.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

SFG Board means the board of directors of SFG.

SFG FY14 Dividend means a dividend, fully franked or otherwise, for each SFG Share to be declared by SFG in respect of the financial year ended 30 June 2014.

SFG Share Register means the register of members of SFG maintained by or on behalf of SFG in accordance with section 168(1) of the Corporations Act.

SFG Share Registry means Computershare Investor Services Pty Limited (ACN 078 279 277).

SFG Shareholder means a person who is registered in the SFG Share Register as a holder of SFG Shares.

SFG Shares means fully paid ordinary shares in the capital of SFG.

SFG Special Dividend means a fully franked dividend being a cash amount per SFG Share equal to the amount given by the following formula:

$$(IOOF\ FY14\ Dividend \times 0.104) - SFG\ FY14\ Dividend$$

provided that the references to the IOOF FY14 Dividend and SFG FY14 Dividend in the formula above will include the value of any franking credits attaching to the respective dividends on the basis that the credits will be valued at 100% of their face value.

Share Consideration means the New IOOF Shares which a Scheme Shareholder is entitled to receive as part of the Scheme Consideration under clause 5.

Share Offer Consideration means:

- (a) if after the date of the Implementation Agreement but before the Implementation Date, no dividend is paid on IOOF Shares and no record date for any IOOF dividend occurs, 0.104 New IOOF Shares for each SFG Share held by a Scheme Shareholder receiving Share Consideration in accordance with the terms of the Scheme; or
- (b) if after the date of the Implementation Agreement but before the Implementation Date, a dividend is paid on IOOF Shares or the record date for any IOOF dividend occurs, the Adjusted Number of New IOOF Shares for each SFG Share held by a Scheme Shareholder receiving Share Consideration in accordance with the terms of the Scheme.

Trading Day has the meaning given in the Listing Rules.

1.2 Interpretation

In this document, unless the contrary intention appears or the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) each gender includes each other gender;
- (c) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;
- (d) references to paragraphs or clauses are to a paragraph or clause of this document;
- (e) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;
- (f) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to any time is a reference to that time in Melbourne, Australia;
- (j) a reference to "\$" or "A\$" is to the lawful currency of the Commonwealth of Australia;
- (k) a reference to a document is that document as varied, novated, ratified or replaced from time to time;
- (l) the interpretation of a substantive provision is not affected by any heading; and
- (m) "includes" in any form is not a word of limitation.

1.3 Business Day

Except where otherwise expressly provided, where under this document the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing shall be done on the immediately preceding Business Day.

2. Conditions Precedent

2.1 Conditions to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions, and the provisions of clauses 3, 4 and 5 will not come into effect unless and until each of these conditions have been satisfied:

- (a) as at 8.00 am on the Second Court Date each of the conditions set out in clause 3.1 of the Implementation Agreement (other than the condition relating to the approval of the Court set out in clause 3.1(j) of the Implementation Agreement) have been satisfied or waived in accordance with the terms of the Implementation Agreement;
- (b) as at 8.00 am on the Second Court Date the Implementation Agreement has not been terminated;

- (c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act with or without modification;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to IOOF and SFG have been satisfied; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme.

2.2 Certificates in relation to Conditions Precedent

On the Second Court Date:

- (a) SFG must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8.00 am on the Second Court Date the conditions set out in clauses 3.1 (other than clause 3.1(j)) of the Implementation Agreement have been satisfied or waived in accordance with the Implementation Agreement; and
- (b) IOOF must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8.00 am on the Second Court Date the conditions set out in clauses 3.1 (other than clause 3.1(j)) of the Implementation Agreement have been satisfied or waived in accordance with the Implementation Agreement.

2.3 Termination of Implementation Agreement

Without limiting any rights under the Implementation Agreement, in the event that the Implementation Agreement is terminated in accordance with its terms before 8.00 am on the Second Court Date, SFG, IOOF and IOOF are each released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

3. Scheme

3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

3.2 End Date

The Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the End Date, or such later date as SFG and IOOF agree in writing.

4. Implementation of Scheme

4.1 Lodgement

If the Conditions are satisfied, SFG must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving the Scheme as soon as possible after, and in any event by no later than 5.00 pm on the Business Day following, the date on which the Court approves the Scheme or such other Business Day as SFG and IOOF agree in writing.

4.2 Transfer of Scheme Shares

On the Implementation Date, subject to the provision of the Scheme Consideration in the manner contemplated by clauses 4.3, 4.4 and 5 and IOOF having provided SFG with written confirmation thereof, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares, be transferred to IOOF without the need for any further act by any Scheme Shareholder (other than acts performed by SFG or its directors as attorney or agent for Scheme Shareholders under this Scheme), by SFG effecting a valid transfer or transfers of the Scheme Shares to IOOF under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) SFG delivering to IOOF a completed share transfer form or forms (which may be a master transfer form) to transfer all of the Scheme Shares to IOOF duly executed by SFG as the attorney and agent of each Scheme Shareholder under clause 8.1 of this Scheme;
- (b) IOOF executing and delivering the share transfer form or forms to SFG; and
- (c) SFG immediately after receipt of the share transfer form or forms under clause 4.2(b), entering, or procuring the entry of, the name and address of IOOF in the SFG Share Register as the holder of all of the Scheme Shares.

4.3 Provision of Scheme Consideration

- (a) On the Implementation Date, in consideration for the transfer to IOOF of each Scheme Share:
 - (i) IOOF will issue to each Eligible Scheme Shareholder such number of New IOOF Shares as that Eligible Scheme Shareholder is entitled to as Share Consideration under clause 5;
 - (ii) IOOF will issue to a nominee appointed by IOOF in accordance with clause 5.6 such number of IOOF Shares as are attributable to the Ineligible Overseas Shareholders;
 - (iii) IOOF will procure the entry in the IOOF Share Register:
 - A. of the name and address of each Eligible Scheme Shareholder in respect of the IOOF Shares issued to them; and
 - B. of the name and address of the nominee appointed by IOOF in respect of those IOOF Shares that would otherwise be issued to each Scheme Shareholder who is an Ineligible Overseas Shareholder; and
 - (iv) IOOF will pay to each Scheme Shareholder such amount of Maximum Cash Consideration (if applicable) as that Scheme Shareholder is entitled to under clause 5 for each Scheme Share registered in the name of that Scheme Shareholder in Australian currency by:
 - A. sending or procuring the despatch to each such Scheme Shareholder by prepaid ordinary post (or, if the address of the Scheme Shareholder in the SFG Share Register is outside Australia, by pre-paid airmail post) to his or her address recorded in the SFG Share Register as at the Record Date, a pre-printed cheque for the amount of Maximum Cash Consideration due to that Scheme Shareholder (if applicable), as determined in accordance with the Scheme; or

- B. depositing that the amount of Maximum Cash Consideration due to that Scheme Shareholder (if applicable), as determined in accordance with the Scheme into an account with an Australian ADI (as defined in the Corporations Act) notified to IOOF by an appropriate authority from the Scheme Shareholder.
- (b) Within 5 Business Days after the Implementation Date, IOOF will send or procure the despatch to each Scheme Shareholder whose IOOF Shares are held on the issuer sponsored subregister of IOOF or the nominee appointed by IOOF (as the case may be) by prepaid post to their address (as recorded in the SFG Share Register as at the Record Date, except in the case of the nominee appointed by IOOF) of uncertificated holding statements for IOOF Shares issued to the Scheme Shareholder or the nominee appointed by IOOF (as the case may be) in accordance with this Scheme.

4.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be payable to the joint holders; and
- (b) any holding statements for IOOF Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the SFG Share Register as at 5:00pm on the Record Date.

5. Scheme Consideration

5.1 Election

- (a) SFG must ensure that the Explanatory Memorandum sent to SFG Shareholders is accompanied by a form of election which provides for the matters set out in clause 5.1(b) under which each Scheme Shareholder is requested to elect one of the following:
- (i) the Share Offer Consideration in respect of all of their SFG Shares; or
- (ii) the Maximum Cash Consideration in respect of all of their SFG Shares.
- (b) The form of election shall provide that:
- (i) subject to clause 5.1(b)(vi), a Scheme Shareholder may make only one election in relation to a particular holding;
- (ii) subject to clause 5.1(b)(vi), any valid election by a Scheme Shareholder will apply to all of the SFG Shares of the Scheme Shareholder as at the Record Date;
- (iii) a valid election may be made by a Scheme Shareholder by returning the election form before the Record Date in writing to an address to be specified by SFG in the Explanatory Memorandum;
- (iv) once made, a valid election by a Scheme Shareholder may be varied before the Record Date;
- (v) if a valid election is not made by a Scheme Shareholder prior to the Record Date, then that Scheme Shareholder will be deemed to have

made an election to receive Share Offer Consideration in respect of all Scheme Shares held by that shareholder; and

- (vi) in the manner considered appropriate by SFG (acting reasonably), a Scheme Shareholder that holds one or more parcels of SFG Shares as trustee or nominee for, or otherwise on account of, another person, may make separate elections in relation to each of those parcels of SFG Shares.
- (c) SFG must ensure that, to the extent reasonably practicable, Scheme Shareholders that have acquired SFG Shares after the date of the despatch of the Explanatory Memorandum can receive an election form on request to SFG.
- (d) In order to facilitate the issue of the IOOF Shares, SFG must provide, or procure the provision, to IOOF, or a nominee of IOOF, of details of the final elections made by each Scheme Shareholder, within 2 Business Days after the Record Date.

5.2 Election for Share Offer Consideration

If a Scheme Shareholder makes a valid election, or is deemed to have made an election, to receive Share Offer Consideration, then subject to clauses 5.5 and 5.6, the Scheme Shareholder will be entitled to receive for each Scheme Share held by that Scheme Shareholder at the Record Date, the Share Offer Consideration.

5.3 Election for Maximum Cash Consideration

If a Scheme Shareholder makes a valid election, to receive Maximum Cash Consideration, then subject to the Scheme becoming Effective and subject to clauses 5.4, 5.5 and 5.6 the Scheme Shareholder will be entitled to receive, for each SFG Share held by that Scheme Shareholder as at the Record Date, the Maximum Cash Consideration, unless clause 5.4 applies in which case the amount of Maximum Cash Consideration paid to the relevant Scheme Shareholder will be determined in accordance with that clause.

5.4 Scale back

- (a) This clause 5.4 applies if the elections made by Scheme Shareholders are such that the aggregate amount of Maximum Cash Consideration that would be required to be paid by IOOF to satisfy the entitlements determined under clause 5.3 exceeds \$100,000,000.
- (b) Where this clause 5.4 applies the aggregate Maximum Cash Consideration to which each Scheme Shareholder is entitled will be scaled back in accordance with the following formula:

$$tCC = \frac{CCcap}{CCtotal} \times pCC$$

Where:

tCC is the aggregate amount of Maximum Cash Consideration the relevant Scheme Shareholder is entitled to receive as part of the Maximum Cash Consideration for all SFG Shares held by the Scheme Shareholder as at the Record Date;

pCC is the aggregate amount of Maximum Cash Consideration the relevant Scheme Shareholder would have received as part of the Scheme Consideration for all SFG Shares held by that Scheme Shareholder as at the Record Date determined under clause 5.3 (but for this clause 5.4);

CCcap \$100,000,000; and

CC total is the aggregate amount of Maximum Cash Consideration that would be required to be paid by IOOF in payment of the Maximum Cash Consideration to satisfy the entitlements determined under clause 5.3 for all Scheme Shareholders (but for this clause 5.4).

- (c) To the extent that the application of clause 5.4(b) results in an aggregate entitlement of a Scheme Shareholder to Maximum Cash Consideration that is less than would have applied but for this clause 5.4, the Scheme Shareholder will be entitled to Share Consideration in accordance with the following formula:

$$fSC = \frac{pCC - tCC}{VWAP}$$

Where:

fSC is the aggregate amount of New IOOF Shares the relevant Scheme Shareholder is entitled to receive as Share Consideration for all SFG Shares held by that Scheme Shareholder as at the Record Date;

pCC has the meaning given to that term in clause 5.4(b);

tCC is the aggregate amount of Maximum Cash Consideration the relevant Scheme Shareholder is entitled to receive for all SFG Shares held by the Scheme Shareholder as at the Record Date as determined in accordance with clause 5.4(b); and

VWAP is the IOOF VWAP.

5.5 Fractional entitlements and share splitting or division

- (a) If the number of Scheme Shares held by a Scheme Shareholder at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Scheme Consideration:

- (i) comprising IOOF Shares is such that a fractional entitlement to a IOOF Share arises; or
- (ii) comprising cash is such that a fractional entitlement to a cent arises,

then the entitlement of that Scheme Shareholder must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of IOOF Shares (or cents, as applicable), and any such fractional entitlement of 0.5 or more will be rounded up to the nearest whole number of IOOF Shares (or cents, as applicable).

- (b) If IOOF is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 5.5(a)) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, IOOF may give notice to those Scheme Shareholders:

- (i) setting out their names and registered addresses as shown in the SFG Share Register;
- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares

will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. IOOF in complying with the other provisions of the Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

5.6 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and SFG relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from SFG) will, from the Record Date, be deemed (except to the extent determined otherwise by IOOF in its sole discretion) to be a similarly binding instruction or notification to, and accepted by IOOF, in respect of the IOOF Shares issued to the Scheme Shareholder until that instruction or notification is revoked or amended in writing addressed to IOOF at the IOOF share registry, provided that any such instructions or notifications accepted by IOOF will apply to and in respect of the issue of IOOF Shares as part of the share component of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

5.7 Ineligible Overseas Shareholders

- (a) IOOF will ensure that IOOF Shares to which an Ineligible Overseas Shareholder would otherwise have been entitled (if they were an Eligible Scheme Shareholder) will be issued to a nominee appointed by IOOF.
- (b) IOOF will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:
 - (i) sells on the financial market conducted by ASX all of the IOOF Shares issued to the nominee pursuant to clause 5.7(a) in such manner, at such price and on such other terms as the nominee determines in good faith; and
 - (ii) remits to IOOF the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Promptly after the last sale of IOOF Shares in accordance with clause 5.7(b), IOOF will pay to each Ineligible Overseas Shareholder the proportion of the net proceeds of sale received by IOOF pursuant to clause 5.7(b)(ii) to which that Ineligible Overseas Shareholder is entitled.
- (d) Neither IOOF or SFG gives any assurance as to the price that will be achieved for the sale of New IOOF Shares described in clause 5.7(b)(ii). The sale of the New IOOF Shares under this clause 5.6 will be at the risk of the Ineligible Overseas Shareholder.
- (e) IOOF must appoint the nominee at least two weeks prior to the Scheme Meeting.

5.8 Status of New IOOF Shares

IOOF covenants in favour of SFG (in its own right and on behalf of each Scheme Shareholder) that:

- (a) the New IOOF Shares issued as Share Offer Consideration will, on their issue, rank equally in all respects with all other IOOF Shares, and the New IOOF Shares issued

as Share Offer Consideration will be entitled to participate in and receive the IOOF FY14 Dividend. If the Implementation Date occurs after the record date in respect of the IOOF FY14 Dividend, SFG may declare and pay the SFG FY14 Dividend and the SFG Special Dividend in accordance with clause 4.4 of the Implementation Agreement;

- (b) it will use best endeavours to ensure that the New IOOF Shares issued as Share Offer Consideration will be listed for quotation on the official list of the ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary (T+3) settlement basis; and
- (c) on issue, each New IOOF Share will be fully paid and, to the extent within the control of IOOF, free from any Encumbrance.

6. Dealings in SFG Shares

6.1 Dealings in SFG Shares by Scheme Shareholders

For the purposes of establishing who are Scheme Shareholders, dealings in SFG Shares will be recognised by SFG provided that:

- (a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the SFG Share Register as the holder of the relevant SFG Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the place where the SFG Share Register is kept by 5:00 pm on the day which is the Record Date (in which case SFG must register such transfers before 7:00 pm on that day),

and SFG will not accept for registration, or recognise for the purpose of establishing who are Scheme Shareholders, any transmission application or transfer in respect of SFG Shares received after such times on the Record Date.

6.2 SFG Share Register

SFG will, until the Scheme Consideration has been paid and IOOF has been entered in the SFG Share Register as the holder of all of the Scheme Shares, maintain the SFG Share Register in accordance with the provisions of this clause 6 and the SFG Share Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

6.3 Information to be made available to IOOF

SFG must procure that as soon as practicable following the Record Date, details of the names, registered addresses and holdings of SFG Shares of every Scheme Shareholder shown in the SFG Share Register at the Record Date are made available to IOOF in such form as IOOF may reasonably require.

6.4 Effect of share certificates and holding statements

As from the Record Date (and other than for IOOF following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title, and each entry on the SFG Share Register at that date will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

6.5 No disposals after Record Date

If the Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.

7. Suspension and termination of quotation

- (a) SFG must apply to ASX for suspension of trading of the SFG Shares on ASX with effect from the close of business on the Effective Date.
- (b) SFG must apply to ASX for termination of official quotation of the SFG Shares on ASX and the removal of SFG from the official list of ASX with effect from the Business Day immediately following the Implementation Date.

8. General Scheme provisions

8.1 Appointment of agent and attorney

Each Scheme Shareholder, without the need for any further act, irrevocably appoints SFG as its agent and attorney for the purpose of:

- (a) executing any document or form or doing any other act necessary to give effect to the terms of the Scheme including, without limitation, the execution of the share transfer(s) to be delivered under clause 4.2(a) and the giving of the Scheme Shareholders' consent under clause 8.3; and
- (b) enforcing the Deed Poll against IOOF,

and SFG accepts such appointment. SFG, as agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.1 to all or any of its directors and officers (jointly, severally, or jointly and severally).

8.2 Enforcement of Deed Poll

SFG undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against IOOF (as applicable on behalf of and as agent and attorney for the Scheme Shareholders).

8.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably:

- (a) consents to SFG and IOOF doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of the Scheme; and
- (b) acknowledges that the Scheme binds SFG and all of the SFG Shareholders from time to time (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the Scheme).

8.4 Scheme Shareholder's agreements

Under the Scheme:

- (a) each Scheme Shareholder to whom IOOF Shares are to be issued in accordance with the Scheme:

- (i) agrees to become a member of IOOF and to have their name entered in the IOOF Share Register; and
- (ii) accepts the IOOF Shares issued under the Scheme on the terms and conditions of the constitution of IOOF and agrees to be bound by the constitution of IOOF as in force from time to time in respect of the IOOF Shares,

without the need for any further act by a Scheme Shareholder; and

- (b) each Scheme Shareholder agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to IOOF in accordance with the terms of the Scheme.

8.5 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to IOOF that all their Scheme Shares (including any rights and entitlements attaching to those shares) will, at the date of the transfer of them to IOOF, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares together with any rights and entitlements attaching to such shares.

8.6 Title to Scheme Shares

IOOF will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by SFG of IOOF in the SFG Share Register as the holder of the Scheme Shares.

8.7 Alterations and Conditions

SFG may, by its counsel or solicitors, and with the consent of IOOF, consent on behalf of all persons concerned, including a Scheme Shareholder, to any modification of or amendment to the Scheme which the Court thinks fit to impose.

8.8 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to SFG, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at SFG's registered office or at the SFG Share Registry as the case may be.

8.9 Inconsistencies

This Scheme binds SFG and all SFG Shareholders, and to the extent of any inconsistency, overrides the SFG constitution.

8.10 Further assurance

SFG will execute all documents and do all acts and things as may be necessary or expedient for the implementation of, and performance of its obligations under, the Scheme.

8.11 Stamp Duty

IOOF will pay any stamp duty payable on the transfer by Scheme Shareholders of the Scheme Shares to IOOF.

8.12 Governing Law

This Scheme is governed by the law applying in New South Wales. The parties submit to the non-exclusive jurisdiction of the courts of New South Wales, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings in connection with the Scheme.

Annexure B Deed Poll

Deed Poll

(in respect of the Scheme)

IOOF Holdings Limited
IOOF

In favour of each registered holder of fully paid ordinary shares in the capital of SFG Australia Limited as at the Record Date

Clayton Utz
Lawyers
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Our reference 13530/14604/80147410

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Deed poll made on

2014

Parties **IOOF Holdings Limited ACN 100 103 722** of Level 6, 161 Collins Street, Melbourne VIC 3000 (**IOOF**)

In favour of **Each registered holder of fully paid ordinary shares in the capital of SFG Australia Limited ACN 006 490 259 (SFG)** on issue as at the Record Date (**Scheme Shareholders**)

Background

- A. SFG and IOOF have entered into the Implementation Agreement.
- B. SFG has agreed in the Implementation Agreement to propose a scheme of arrangement between IOOF and the Scheme Shareholders, the effect of which will be that IOOF acquires all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration, subject to the satisfaction of certain conditions.
- C. In accordance with clause 4.2(i) of the Implementation Agreement, IOOF is entering into this deed poll to covenant in favour of the Scheme Shareholders that it will observe and perform its obligations under the Scheme.

1. Definitions and interpretations

1.1 Definitions

In this deed poll:

- (a) **Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between SFG and the Scheme Shareholders, a copy of which is annexed to this deed poll, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to by IOOF and SFG.
- (b) **Implementation Agreement** means the scheme implementation agreement dated [*] May 2014 between SFG and IOOF under which, amongst other things, SFG has agreed to propose the Scheme to Scheme Shareholders, and each of IOOF and SFG has agreed to take certain steps to give effect to the Scheme.
- (c) capitalised terms have the meaning given to them in the Scheme, unless the context requires otherwise.

1.2 Interpretation

In this deed poll, unless the contrary intention appears or the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) each gender includes each other gender;
- (c) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;
- (d) references to paragraphs or clauses are to a paragraph or clause of this deed poll;
- (e) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;

- (f) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to any time is a reference to that time in Melbourne, Australia;
- (j) a reference to "\$" or "A\$" is to the lawful currency of the Commonwealth of Australia;
- (k) a reference to a document is to that document as varied, novated, ratified or replaced from time to time;
- (l) the interpretation of a substantive provision is not affected by any heading; and
- (m) "includes" in any form is not a word of limitation.

1.3 Nature of deed poll

IOOF acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder appoints SFG as its agent and attorney to enforce this deed poll against IOOF.

2. Conditions

2.1 Conditions Precedent

IOOF's obligations under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

If the Implementation Deed is terminated or the Scheme does not become Effective on or before the End Date, the obligations of IOOF under this deed poll automatically terminate and the terms of this deed poll will be of no further force or effect, unless SFG and IOOF otherwise agree in accordance with the Implementation Agreement.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then in addition and without prejudice to any other rights, powers or remedies available to it, IOOF is released from its obligations to further perform this deed poll except those obligations under clause 6.1 and any other obligations which by their nature survive termination.

3. Compliance with Scheme obligations

3.1 Scheme Consideration

Subject to clause 2, in consideration for the transfer to IOOF of each Scheme Share, on the Implementation Date:

- (a) IOOF will pay to each Scheme Shareholder such amount of Maximum Cash Consideration (if applicable) as that Scheme Shareholder is entitled to for each Scheme Share held by them in accordance with the terms of the Scheme; and
- (b) IOOF will issue to each Eligible Scheme Shareholder such number of IOOF Shares as that Eligible Scheme Shareholder is entitled to as Share Consideration for each Scheme Share held by them in accordance with the terms of the Scheme.

3.2 Manner and timing of satisfaction

Pursuant to and subject to the Scheme and subject to clause 2 of this deed poll:

- (a) the obligations of IOOF to provide Share Consideration to each applicable Eligible Scheme Shareholder will be satisfied by SFG complying with its obligations under clauses 4.2 and 5 of the Scheme; and
- (b) the obligations of IOOF to provide the Maximum Cash Consideration to each applicable Scheme Shareholder will be satisfied by IOOF complying with its obligations under clauses 4.2 and 5 of the Scheme.

3.3 Provision of Scheme Consideration to Ineligible Overseas Shareholders

In the case of each Scheme Shareholder that is an Ineligible Overseas Shareholder, IOOF must comply with clause 5.7 of the Scheme.

3.4 Official quotation of IOOF Shares

IOOF will seek confirmation from ASX that, as from the Business Day after the Effective Date, the IOOF Shares will be listed for quotation on the official list of ASX, initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary settlement basis.

3.5 Other obligations of IOOF

Subject to clause 2, IOOF:

- (a) must procure that all obligations of IOOF to pay the Scheme Consideration to each Scheme Shareholder in accordance with clauses 4.2 and 5 of the Scheme are met; and
- (b) covenants in favour of the Scheme Shareholders to perform all other obligations that are attributed to it under the Scheme, as if named as a party to the Scheme

4. Warranties

IOOF represents and warrants that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) the execution and delivery by it of this deed poll has been properly authorised by all necessary corporate action and it has full corporate power and lawful authority to perform or cause to be performed its obligations under this deed poll and to carry out or cause to be carried out the transactions contemplated by this deed poll; and
- (c) this deed poll will constitute legally, valid and binding obligations on it enforceable in accordance with its terms (subject to any necessary stamping) and does not conflict with or result in a breach of or default under:

- (i) the constitution or equivalent constituent documents of it or any of its Related Bodies Corporate (as defined in the Implementation Agreement); or
- (ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party, or by which it is bound.

5. Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) IOOF has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

6. General

6.1 Stamp duty

IOOF will:

- (a) pay or procure the payment of all stamp duties and any related fines and penalties in respect of this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 6.1(a).

6.2 Waiver

- (a) Waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
 - (i) a right arising from a breach of this deed poll; or
 - (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,
 does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to the exercise of a right, power, authority, discretion or remedy by that other party.
- (e) This clause 6.2 may not itself be waived except in writing.

6.3 Variation

A provision of this deed poll may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by SFG and IOOF; or

- (b) on or after the Second Court Date, the variation is agreed to in writing by SFG and IOOF, and is approved by the Court,

in which event IOOF will enter into a further deed poll in favour of the Scheme Shareholders giving effect to such amendment or variation.

6.4 Cumulative rights

The rights, powers and remedies of IOOF and each Scheme Shareholder under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by the law independently of this deed poll.

6.5 Assignment

The rights and obligations of IOOF and the rights of each Scheme Shareholder under this deed poll are personal and must not be assigned, charged or otherwise dealt with at law or in equity.

6.6 Further action

IOOF will promptly do all things and execute and deliver all further documents required by law to give effect to this deed poll.

7. Governing law and jurisdiction

- (a) This deed poll is governed by the law applying in New South Wales.
- (b) IOOF irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales, Commonwealth courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to for any proceedings in connection with this deed poll.

Executed as a deed poll.

Executed by IOOF Holdings Limited ACN 100 103 722 by or in the presence of:

Signature of Director

Signature of Secretary/other Director

Name of Director in full

Name of Secretary/other Director in full