

6 August 2014

**SFG AUSTRALIA LIMITED
ASX RELEASE
(ASX: SFW)**

**SFG AUSTRALIA SCHEME OF ARRANGEMENT
BECOMES EFFECTIVE**

SFG Australia Limited (**SFGA**) announces that the Federal Court of Australia (**Court**) has today approved the Scheme of Arrangement (**Scheme**) under which IOOF Holdings Limited will acquire 100% of the ordinary shares in SFGA. All conditions precedent to the Implementation of the Scheme have now been satisfied.

SFGA confirms that it has lodged a copy of the Court order approving the Scheme with the Australian Securities and Investments Commission (**ASIC**). A copy of the Court order, as lodged with ASIC, is attached to this announcement.

The Scheme is now legally effective and the transaction will be implemented on Wednesday 20 August 2014.

SFGA shares will be suspended from trading on the ASX at the close of trading today.

Elections

SFGA shareholders have until 5pm on Thursday 14 August 2014 to lodge a valid election form in relation to the form of consideration they wish to receive under the Scheme. Details of how to make an election are included in the Explanatory Memorandum, a copy of which can be found in the Shareholder Centre on SFGA's website www.sfgaustralia.com.au

SFGA shareholders (other than Ineligible Overseas Shareholders) who do not lodge a valid election before this date will receive all of their Scheme Consideration in the form of IOOF shares.

The outcome of the election process is expected to be announced on the ASX on Monday 18 August 2014.

Shareholder Information Line

SFGA shareholders who have questions about the Scheme, or making an election, can call the SFGA Shareholder Information Line on 1800 425 578 (within Australia) or on +61 1800 425 578 (outside Australia) on business days between 8.30am and 5.30pm (Sydney time).

Key Dates

The key dates with respect to the implementation of the Scheme are as follows:

Key Dates	
Effective Date	Wednesday 6 August 2014
Last date SFGA shares will trade on the ASX	Wednesday 6 August 2014
Election Date – last date and time to lodge election forms in respect of the Scheme Consideration	5pm Thursday 14 August 2014
Record date for determining entitlements to Scheme Consideration	5pm Friday 15 August 2014
Implementation Date	Wednesday 20 August 2014
Payment of the Scheme Consideration and issue of New IOOF Shares	Wednesday 20 August 2014

This timetable is indicative only. SFGA has the right to vary the timetable set out above subject to the approval of such variation by the Court and the ASX where required. Any variation to the timetable set out above will be announced to the ASX and notified on SFGA's website www.sfgaustralia.com.au.

For shareholder enquiries please contact:

Jodene Jackson

Investor Relations

02 9250 1527

0422 321 558

jodene.jackson@sfgaustralia.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 (ASX: SFW).

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.



No: (P)NSD592/2014

Federal Court of Australia
District Registry: New South Wales
Division: General

SFG AUSTRALIA LIMITED ABN 81 006 490 259
Plaintiff

ORDER

JUDGE: Justice Jacobson

DATE OF ORDER: 6 August 2014

WHERE MADE: Sydney

THE COURT ORDERS THAT:

1. Pursuant to sections 411(4)(b) of the Corporations Act 2001 (Cth) (**Act**) the Scheme of Arrangement between the Plaintiff, SFG Australia Limited (**SFGA**), and its members (**SFGA Shareholders**) in the form of Exhibit 1 in the proceeding, be approved.
2. The Plaintiff lodge with the Australian Securities and Investment Commission a copy of the approved scheme of arrangement at the time of lodging a copy of these Orders.
3. Pursuant to section 411(12) of the Act, SFGA be exempted from compliance with section 411(11) of the Act in relation to the order in paragraph 1 above.
4. These orders be entered forthwith.

Date that entry is stamped: 6 August 2014


Deputy District Registrar

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

Contents

1.	Definitions and interpretation	1
1.1	Definitions	1
1.2	Interpretation.....	5
1.3	Business Day.....	5
2.	Conditions Precedent	5
2.1	Conditions to the Scheme	5
2.2	Certificates in relation to Conditions Precedent	6
2.3	Termination of Implementation Agreement	6
3.	Scheme	6
3.1	Effective Date of the Scheme	6
3.2	End Date.....	6
4.	Implementation of Scheme	6
4.1	Lodgement.....	6
4.2	Transfer of Scheme Shares.....	7
4.3	Provision of Scheme Consideration	7
4.4	Joint holders	8
5.	Scheme Consideration	8
5.1	Election	8
5.2	Election for Share Offer Consideration.....	9
5.3	Election for Maximum Cash Consideration	9
5.4	Scale back	9
5.5	Fractional entitlements and share splitting or division.....	10
5.6	Binding instruction or notifications	11
5.7	Ineligible Overseas Shareholders.....	11
5.8	Status of New IOOF Shares	11
6.	Dealings in SFG Shares	12
6.1	Dealings in SFG Shares by Scheme Shareholders	12
6.2	SFG Share Register	12
6.3	Information to be made available to IOOF	12
6.4	Effect of share certificates and holding statements.....	12
6.5	No disposals after Record Date.....	13
7.	Suspension and termination of quotation	13
8.	General Scheme provisions	13
8.1	Appointment of agent and attorney	13
8.2	Enforcement of Deed Poll.....	13
8.3	Scheme Shareholders' consent.....	13
8.4	Scheme Shareholder's agreements	13
8.5	Warranty by Scheme Shareholders.....	14
8.6	Title to Scheme Shares	14
8.7	Alterations and Conditions.....	14
8.8	Notices.....	14
8.9	Inconsistencies	14
8.10	Further assurance.....	14
8.11	Stamp Duty	14
8.12	Governing Law.....	15

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.

CHES 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:

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

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 5.4(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 Scheme Consideration will, on their issue, rank equally in all respects with all other IOOF Shares, and the New IOOF Shares issued

as Scheme 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 Scheme 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.