

IRESS ANNOUNCES STRATEGIC UK ACQUISITIONS

Proquote – a leading provider of trading, market data and connectivity

**Pulse – a leading provider of portfolio management software
for private asset managers**

Total purchase price of £37.6 million; EPS accretive in 2016

Strategic additions for IRESS in the UK

Appointment of new Group Executive to lead integrations

Transactions funded through new and refinanced debt

Transactions bring deep knowledge and expertise

IRESS (IRE.ASX) today announced it has entered into separate agreements to acquire two leading, established financial technology businesses, further developing its operations in the United Kingdom in line with its strategy. The two businesses are **Proquote Limited**, a leading provider of trading, market data and connectivity solutions in the United Kingdom, owned by the London Stock Exchange Group since 2003; and **Pulse Software Systems Ltd**, a leading provider of portfolio management software for private asset managers who manage investments for clients on a discretionary basis.

Strategic focus

IRESS chief executive Andrew Walsh said: “The acquisitions of Proquote and Pulse support our strategic objectives in the United Kingdom. Having established substantial operations there in 2013, we have identified, and have been responding to, additional opportunities in complementary client segments and where our integrated product suite has proved attractive.

“These acquisitions will accelerate our position in the areas of retail trading and portfolio management, order routing and connectivity, by broadening IRESS’ client base, product suite and capability.

“Regulatory change and market demands in the United Kingdom means there is an increasing need for unified, flexible and reliable technology solutions. These acquisitions allow us to expand capability and our client base as well as deepen our local expertise.”

The acquisitions are in line with IRESS’ strategy to grow and diversify its business organically and inorganically and will provide further sources of quality, predictable revenue.

Proquote acquisition

Proquote plays an important and select role in retail trading and connectivity in the United Kingdom. Its solutions include multi-venue trading systems, market data terminals, risk management and best execution services. The Proquote acquisition also includes the LSE Hub, a FIX order routing business which provides trade order connectivity between institutional investors and brokers.

Proquote also operates a significant request for quote trading connectivity network to Retail Service Providers, known as the Proquote RSP network, representing a material portion of retail equity trading in the United Kingdom. Proquote's clients include retail brokers, market makers, wealth managers, and institutional investment managers.

"Proquote is a highly regarded and established business and will significantly expand IRESS' financial markets activities in the United Kingdom, and complement our international offering. The acquisition will allow IRESS to offer broader functionality and integrated solutions to clients of Proquote and IRESS."

Pulse acquisition

Pulse is an established provider of portfolio management software solutions to private asset managers, those who manage investments for clients on a discretionary basis.

"Private asset management is an established, diverse market in the United Kingdom and focused on meeting the investment needs of private clients. Increasingly, the technology needs in this segment are growing to support consolidation, regulatory change and digital engagement with investors. This is an area where we have seen strong demand for technology strategies and unification to support the growth of diversified asset managers.

"We believe the combined solutions of Pulse and IRESS will respond directly to this demand, and, together with expertise and experience with investment management workflow in the United Kingdom, will support our strong pipeline of opportunities."

Management and employees

"The capability and expertise that the Proquote and Pulse teams bring to IRESS is an important part of these transactions."

As part of these transactions, a total of 55 people from Proquote and Pulse will join IRESS, including Proquote's Managing Director, David Tibbetts, and Pulse's Managing Director and Founder, Mike Nicholls.

"The teams from Proquote and Pulse will be a core part of the IRESS team in the United Kingdom. They have deep product and technology knowledge, and strong and highly relevant expertise. The transition of all employees to IRESS reflects our long-standing, differentiated practice of maintaining expert local teams in the markets in which we operate."

Group Executive appointed

IRESS has identified the opportunity for additional group executive capability to support its chief executive and the development of organic and inorganic strategies across regions.

To this end, IRESS has appointed a new Group Executive – Strategy, Simon New. Mr New will be based in the United Kingdom and will report directly to IRESS chief executive Andrew Walsh.

Simon was most recently a Director, Wealth and Asset Management at EY in London and was the lead partner for IRESS' business integration of Avelo in 2013. Mr New's initial focus will include overseeing the successful integration of the Proquote and Pulse acquisitions.

"Simon has a strong background in providing technology and business insight to wealth and asset managers. He will have a particular focus on ensuring our strategic progress in private wealth management in the United Kingdom in addition to his initial integration responsibilities."

Financial considerations

Both transactions are expected to complete in the last quarter of 2015 for a combined purchase price of £37.61m, payable in cash, and including a performance-contingent amount in respect of Pulse. Net of acquired surplus cash, the combined purchase price is £35.61m.

IRESS has refinanced existing debt facilities and established additional funding for these acquisitions, bringing total borrowing capacity to \$300m, with an expanded banking group on enhanced pricing and terms. At completion of these acquisitions, on current exchange rates IRESS will have net debt of \$195m, and interest cover in excess of 11 times Segment Profit.

On a pro-forma 2015 calendar year basis, the acquisitions represent combined revenue of approximately £15m and EBITDA of £2.5m. At these levels, Group Segment Profit generated from outside Australia will be over 30%.

The transactions will add to existing recurring revenue with 90% of acquired revenue recurring in nature.

The transactions are expected to be EPS accretive in 2016, assuming constant exchange rates. No significant day one net synergies are assumed.

Transaction costs of £0.7m are expected to be expensed in 2015. Both business will be integrated into IRESS' UK operations with approximately £2.1m in separation and integration costs occurring over 2015 and 2016, that will be largely capitalised.

Approvals

Regulatory approvals are not required for these transactions and they are subject to normal transaction completion terms. In the case of Pulse, IRESS has voluntarily notified the Competition & Markets Authority (CMA) of this transaction, and a review process will run for around eight weeks. Completion of Pulse will be subject to clearance by the CMA.

For further information, please contact:

Andrew Walsh

Chief Executive Officer

Telephone +61 2 8273 7000

awalsh@iress.com

Matt Rady

Group Executive, Financial Markets

Telephone +61 2 8273 7000

matt.rady@iress.com

John Harris

Chief Financial Officer

Telephone +61 3 9018 5800

john.harris@iress.com

About IRESS

IRESS is a principal supplier of financial markets, wealth management, and mortgage systems in Australia, New Zealand, the United Kingdom, Asia, Canada, and South Africa.

All product streams support a diverse range of roles and offer front, middle and back-office functionality for clients that range from financial service institutions through to independent operators.

IRESS is a progressive, service-based organisation that employs over 1340 staff globally, with local knowledge and industry experience.

IRESS strives for excellence in relationships with clients and industry bodies alike. IRESS is client-driven, responsive and promotes a culture that supports working with customers and the industry to face challenges and keep pace with industry developments.

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