

About OnMarket BookBuilds

OnMarket BookBuilds is a financial services technology company which has revolutionised the way in which initial public offerings (IPOs) are made available to retail investors in Australia.

OnMarket BookBuilds' new online investment portal, OnMarket, is the world's first free-access capital raising tool that enables eligible investors to easily access IPOs and placements conducted by ASX-listed companies.

OnMarket is:

- The world's first direct access portal and app for IPOs and equity placements
- Completely free for investors: it's free to sign up, bid and invest
- Built to generate instant notifications and host to free company information and research
- Built with a defined and automated system that ensures all OnMarket bidders are allocated fairly

OnMarket is independent of OnMarket BookBuilds' association with the ASX. In October 2013, the ASX and OnMarket BookBuilds launched the ASX BookBuild facility, the world's first exchange-hosted capital raising platform which gives companies control over pricing and allocations combined with the all-of-market reach of an exchange. ASX BookBuild has been used to raise more than \$180 million since its launch. On-Market BookBuilds Pty Ltd holds an Australian Financial Securities License and is regulated by the Australian Securities & Investments Commission (ASIC).

Key background

Retail investors are not getting access to IPOs. According to the *Australian Financial Review* (2015), only 16% of stock made available in 2014 in IPOs valued at over \$400 million were given to retail investors. In other words, 84% of the largest and most lucrative IPOs in Australia went to institutional investors. Even when retail investors have been able to participate in IPOs, allocations have been significantly scaled back. For example, in the Medibank IPO for bids over \$14,000, retail investors were given just \$0.05 of every \$1 they asked for above their initial \$7,150 allocation. The scale-back applied to institutional investors was never disclosed.

Australia has one of the highest share-ownership rates in the world. According to the ASX 2014 Share Ownership Study, more than 6.5 million Australians are direct shareholders and another 2.5 million are aspiring investors keen to start investing.

There is a trend toward 'DIY' investing. The Self-Managed Superannuation Fund (SMSF) sector now accounts for almost one third of the entire Australian superannuation pool. According to the ATO, and as at September 2015, more than 1 million SMSF members spoke for more than \$575 billion dollars of assets under management.

To put this in perspective, an average of \$40 billion of new equity is issued by Australian companies every year via IPOs and capital raisings conducted by listed companies. That means that just 7% of SMSF balances could fund Australian companies' entire annual new equity capital requirements. Or put another way: today's SMSFs could fund the equity capital requirements of ASX listed companies for the next 14.8 years.

Moreover, retail investors are turning to online brokers to buy and sell shares. According to ASX, more investors traded directly online in 2014 rather than through a broker or advisor of any type. Investors are looking for gateways, not gatekeepers.

ASX estimates that investors require 7.2 sources of information before making an investment decision. OnMarket provides investors with third-party research, from research houses that do not receive any payment in connection with a capital raising via OnMarket. These research houses operate a subscription model and aim to attract subscribers by providing quality research on IPOs and placements.

Before OnMarket, there was little reason for third-party research houses to provide research into IPOs and placements considering the majority of their subscribers did not have the opportunity to invest. The new OnMarket model supports third-party analysis of IPO opportunities for retail investors.

Research shows a steady increase in the number of investors using mobile devices. Data from research house Investment Trends (2015 First Half Australia Trading Behaviour Survey) found that six out of ten Australian online investors now use a mobile device to trade equities – up from 53% year ago.

[The OnMarket BookBuilds management team](#)

For full team profiles and images, click [here](#).

Ben Bucknell

Ben is CEO of OnMarket BookBuilds and has extensive experience in investment banking, private equity and corporate law. Ben founded OnMarket BookBuilds in 2009. Prior to OnMarket BookBuilds, Ben was employed by Macquarie Group in its Equity Capital Markets (ECM) division. Before that, he worked with Washington H Soul Pattinson group of companies advising on venture capital financings, acquisitions, takeovers and equity raisings. He previously spent six years at Allens Arthur Robinson (now Allens Linklaters), giving him an extensive understanding of corporate law.

Rosemary Kennedy

Rosie is Managing Director, OnMarket BookBuilds and works closely with brokers, exchanges and with companies wishing to raise capital. Rosie's extensive experience includes roles as Senior Manager, Exchange Market Operators at ASIC, working on policy and projects at the Australian Financial Markets Association (AFMA) and before that, as National Manager, Trading Market Development at the ASX.

Nick Motteram

Nick is Managing Director, OnMarket BookBuilds and guides companies and their lead managers through the capital raising process. Nick was formerly the Head of Power & Utilities for UBS Investment Bank in Hong Kong where he led some of Asia's largest ECM transactions. Prior to that, Nick worked with UBS Investment Bank in Sydney as a member of UBS's leading Utility & Infrastructure team.

Tim Eisenhauer

Tim is Managing Director, OnMarket BookBuilds and works closely with distribution partners and companies looking to raise capital. Tim was previously Head of Product Development for Asia at Standard & Poor's, leading S&P Indices' expansion into Asia. Before that, Tim spent four years in New York as Global Head of S&P's Strategy Custom Index division and was previously Head of S&P's Indices in Australia where he led a dramatic period of index methodology change and expansion.

Bill Best

Bill has 30 years of experience in investment banking and stockbroking and is a Managing Director of OnMarket Bookbuilds. Bill's experience includes roles as Co-Head ECM for Macquarie Group. Macquarie's ECM business grew to be regularly ranked as first or second in the capital-raising league tables for Australia for the 10 years to 2010. Bill currently serves as a Board Member of the Australian Chamber Orchestra and Chairman of Inala.

[OnMarket BookBuilds art and branding](#)

Full-size images of OnMarket stamp, logo, and mobile phone login and notification screens are available for download on our [website](#).

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Frequently Asked Questions

What are the key unique features of OnMarket?

For the first time, the OnMarket app offers the following features to investors and companies:

1. A platform which is completely free to investors: it's free to sign up and free to invest
2. OnMarket is mobile - instant notifications, company information and research, and bidding via the app
3. Access to IPOs and placements for all eligible investors
4. A defined and automated system ensures all OnMarket bidders will be allocated fairly
5. Campaigns that allow all investors to register their interest in IPOs and placements reported in the media
6. Investment details saved in a member's profile making bidding simple and fast
7. Investors may have their shares allocated into any existing broker account for easy portfolio management
8. Free research from Australia's leading research houses on each offer

How long has the business been in operation?

The OnMarket BookBuilds team started to come together in 2010, and has grown every year since. The ASX BookBuild facility and new OnMarket app reflect the expertise and experience of the entire OnMarket BookBuild team.

OnMarket BookBuilds launched the ASX BookBuild facility with ASX in 2013. It has been used to raise \$180 million by ASX listed companies since launch.

In October 2015, the new OnMarket app was launched.

How does OnMarket BookBuilds make money from OnMarket?

Issuers pay a percentage fee (stamping or broker fee) for successful allocations collected via OnMarket. This fee is the same as the fee that would be paid to any other broker on the successful allocations they bring on an offer.

Investors do not pay any fees for bidding via OnMarket.

What types of capital raisings will be available via OnMarket?

OnMarket can be used for IPOs, placements (the issue of new shares offered by listed companies), and the sale of renounced rights.

How much of the IPO and placement market does OnMarket BookBuilds expect to attract?

On average, around 70 companies list on the ASX every year. In addition, on average, around 450 ASX-listed companies raise new equity every year in Australia. The total amount issued fluctuates from year to year, mainly in line with economic conditions. The ASX BookBuild facility was used by companies and lead managers for more than \$180m of capital raisings over 11 transactions since launch in October 2013.

Is OnMarket BookBuilds regulated?

Yes. On-Market BookBuilds Pty Ltd holds an Australian Financial Securities License (AFS License No 421 355), which means it is supervised and regulated by ASIC.

Is ASX associated with the new OnMarket app and bidding platform?

No, the new OnMarket app and bidding platform is a wholly-owned and operated initiative of OnMarket BookBuilds. The tool is independent of the ASX BookBuild facility, which OnMarket BookBuilds created in association with the ASX.

The ASX continues to operate the ASX BookBuild facility, which provides a different service to OnMarket.

How does the pricing work? Do retail investors pay the same price as institutional investors?

Yes, both institutional and retail investors pay the same price in ASX BookBuild and OnMarket capital raisings.

The price of an OnMarket offer is determined by the lead manager and the company issuing the securities. In a fixed price offer, all investors bid for a number of shares at a price that is set for the duration of the offer. All investors are then allocated at that price.

In a variable price offer, OnMarket (and other) investors are invited to bid for securities at the maximum price they are willing to pay. The company and lead manager will then make a decision on the final price that they wish to close the offer at, and all investors whose bids were at or above that final price will be allocated at that final price.

Do investors need to be Australian residents?

Many IPOs and placements in Australia are restricted to investors who are Australian residents. Some offers are open to Australian residents. As a result, OnMarket is required to abide by the terms of these offers and may restrict bidding to Australian residents only, as per the terms of the offer.

If an investor is not an Australian resident, they are still welcome as an OnMarket member, but will not be able to view company announcements or bid into offers that have a residency requirement.

Does OnMarket BookBuilds guarantee the shares are available? How does the transaction work?

When an offer is made available via OnMarket it means that the lead manager and company have made a portion of that offer available to all investors in the market. This information is made available by the company via the ASX Market Announcements Platform (MAP).

When investors bid for shares through OnMarket, they are guaranteed that their bid (whether they bid at a fixed price for a number of shares, or in a variable price transaction) will be treated the same as every other OnMarket bid. That is, there will be no unfair scale-backs or investors who miss out completely for undisclosed reasons.

However, if there is high investor demand for shares in an offer, OnMarket investors may not receive all of the shares for which they bid. If there is scale-back, all OnMarket investors – retail and institutional – will be scaled back equally.

Does OnMarket offer any education or advice on whether to invest?

OnMarket was conceived and designed to empower investors to directly access companies and to make informed investment decisions. To facilitate this, we have partnered with Australia's leading research houses to provide curated third-party research on each transaction that relates to the sector, company, or competitors.

However, we don't provide any recommendations or investment advice. Before investing in the stock market or the primary market, we have made clear that it is important to know that this constitutes a risk that an investment may

decrease in value and even go to zero. We advise investors to consider share purchases in the broader context of their investment objectives, financial circumstances and risk profile.