



MYOB Finance Australia Limited  
ABN 25 161 013 654

Prospectus

# MYOB Subordinated Notes

Prospectus for the offer of MYOB Subordinated Notes to be listed on ASX

#### **Structuring Advisers**

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Deutsche Bank  
Morgan Stanley  
UBS

#### **Joint Lead Managers**

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ANZ Securities  
Deutsche Bank  
Macquarie  
Morgan Stanley  
UBS  
Westpac Institutional Bank

#### **Co-Manager**

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Bell Potter

# Important information

## The Offer

This Prospectus is issued by MYOB Finance Australia Limited ("Issuer"). The offer contained in this Prospectus is an initial public offering by invitation of the Issuer to apply for MYOB Subordinated Notes ("Notes") at \$100 per MYOB Note to raise \$150 million, with the ability to raise more or less ("Offer"). Refer to Section 1 for further information.

This Prospectus is dated 4 December 2012 and was lodged with the Australian Securities and Investments Commission ("ASIC") and the New Zealand Companies Office ("NZCO") on that date. This is a replacement prospectus that replaces the prospectus dated 26 November 2012 ("Original Prospectus"). This Prospectus expires on the date which is 13 months after the date of the Original Prospectus ("Expiry Date") and no Notes will be issued on the basis of this Prospectus after the Expiry Date. Neither ASIC nor ASX nor NZCO take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

## Exposure Period

The Corporations Act prohibits the Issuer from processing applications for Notes in the seven day period after the date of lodgement of the Original Prospectus with ASIC ("Exposure Period"). ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). This period is to enable the Original Prospectus to be examined by market participants prior to the raising of the funds. Applications for Notes received during the Exposure Period were not processed until after the expiry of that period. No preference will be conferred on applications received during the Exposure Period.

## The Prospectus

This Prospectus is available electronically at [www.myobnotesoffer.com](http://www.myobnotesoffer.com). The Offer constituted by this Prospectus in electronic form is available only to persons accessing and downloading or printing it within Australia or New Zealand and is not available to persons in any other jurisdictions (including the United States) without the prior approval of the Issuer and the Joint Lead Managers. Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus. Persons within Australia having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of this Prospectus (and Application Form), free of charge, by contacting the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798.

Applications for Notes may only be made on an Application Form that is attached to or accompanying this Prospectus following the opening of the Offer. A printable version of this Prospectus may be downloaded in its entirety from [www.myobnotesoffer.com](http://www.myobnotesoffer.com).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. If you access an electronic copy of this Prospectus, then you should read "Electronic access to this Prospectus" in Section 7.1.13 for further information.

## Disclosing Entity

Once admitted to the official list of ASX Limited, the Issuer will be a disclosing entity for the purposes of the Corporations Act and as such will be subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Refer to Section 9.1 for further information.

## Restrictions on Distribution

This Prospectus does not constitute an offer of Notes or invitation to apply for Notes in any place in which, or to any person to whom, it would not be lawful to make such offer or invitation. For details of the selling restrictions that apply to Notes in foreign jurisdictions, refer to Section 7.3.6.

## Important Information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities

(Mutual Recognition of Securities Offerings – Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

## Responsibility Statement by Trustee

The Trustee has had no involvement in the preparation of any part of this Prospectus, other than particular references to the Trustee and Trust Deed. The Trustee expressly disclaims and takes no responsibility for any part of this Prospectus. The Trustee makes no statement in this Prospectus and has not authorised or caused the issue of it. The Trustee does not guarantee the success of Notes or the payment of any interest or principal on Notes.

## Financial information and forward looking statements

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Notes are denominated in Australian dollars. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and the sum of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

Any forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Issuer and the MYOB Group. Forward looking statements should be read in conjunction with risk factors as set out in Section 6, and other information contained in this Prospectus. Unless otherwise indicated forward looking statements relate to the beliefs, expectations or intentions of the Issuer (and no other person) as at the date of this Prospectus. The Directors of the Issuer cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward looking statements.

## Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus, the Trust Deed, the Security Trust Deed and the Intercreditor Deed. You should rely only on information in this Prospectus, the Trust Deed, the Security Trust Deed and the Intercreditor Deed. Any information or representation that is not in this Prospectus, the Trust Deed, the Security Trust Deed and the Intercreditor Deed may not be relied on as having been authorised by the Issuer in connection with the Offer.

Except as required by law, and only to the extent so required, neither the Issuer nor any other person warrants or guarantees the future performance of MYOB, or any return on any investment made pursuant to this Prospectus.

This Prospectus is only relevant for investors or potential investors in Notes and should not be used for any other purpose.

## Privacy

You will be asked to provide personal information to the Issuer (directly or via its agents) if you apply for Notes. Please read the privacy statement located at Section 9.8 of this Prospectus for further information on how the Issuer (and its agents) collect, hold and use this personal information. By submitting the Application Form accompanying this Prospectus, you consent to the matters outlined in that statement.

## Diagrams

Diagrams in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

## Defined terms and glossary

Some words and expressions used in this Prospectus have defined meanings, which are explained in the glossary in Appendix C (page 153). The definition of other words and expressions is contained in Clause 17.2 of the Terms of Issue in Appendix B. If there is any inconsistency in definitions between the Prospectus and the Terms of Issue, the definitions in the Terms of Issue prevail.

Unless otherwise stated or implied, a reference to time in this Prospectus is to Sydney time.

## Website

MYOB maintains a website at [www.myob.com.au](http://www.myob.com.au). Information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

## Further queries

If you are considering applying for Notes, this Prospectus is important and should be read in its entirety.

If you have questions in relation to the Offer, please contact your financial or other professional adviser. If you have questions in relation to how to complete the Application Form, please call the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798.

The information provided in this Prospectus is not investment or financial product advice and has been prepared without taking into account your particular objectives, financial situation or needs as an investor. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues). Refer to the risk factors set out in Section 6 for further information.

If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Notes or not, it is recommended that you seek professional guidance from your financial or other professional adviser for advice before deciding whether to invest.

# ASIC guidance for retail investors

ASIC has published guidance which may be relevant to your consideration of MYOB Subordinated Notes — namely, information for retail investors who are considering investing in notes called “Hybrid securities and notes” (under the heading “Complex securities” at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing)) (the “ASIC Guidance”). Free copies of the ASIC Guidance can be obtained from ASIC’s website at [www.moneysmart.gov.au/investing](http://www.moneysmart.gov.au/investing) or by calling ASIC on 1300 300 630 or +61 3 5177 3988.

## **Where can I obtain further information about the Issuer and MYOB Subordinated Notes?**

Once admitted to the official list of ASX Limited, the Issuer will be a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. In addition, the Issuer must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about the MYOB Group that a reasonable person would expect to have a material effect on the price or value of its listed securities, MYOB Subordinated Notes (once issued and listed).

Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from [www.asx.com.au](http://www.asx.com.au).

Further information about the MYOB Group is available at [www.myob.com.au](http://www.myob.com.au).

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# Key dates

Key dates for the Offer	
Lodgement of the Original Prospectus with ASIC	26 November 2012
Bookbuild commenced	3 December 2012
Announcement of Interest Rate and lodgement of this Prospectus with ASIC	4 December 2012
Offer opens	4 December 2012
Closing Date for General Offer	12 December 2012
Closing Date for Broker Firm Offer	19 December 2012
Issue Date of MYOB Subordinated Notes	20 December 2012
MYOB Subordinated Notes expected to commence trading on ASX on a deferred settlement basis	21 December 2012
Holding Statements dispatched	24 December 2012
MYOB Subordinated Notes expected to commence trading on ASX on a normal settlement basis	27 December 2012
Key dates for MYOB Subordinated Notes	
First Interest Payment Date	20 March 2013
Scheduled Interest Payment Dates	20 March, 20 June, 20 September, 20 December
Maturity Date	20 December 2017

## Dates may change

The key dates for the Offer are indicative only and may change without notice.

The Issuer, in consultation with the Joint Lead Managers, may vary the dates and times of the Offer, including extending or setting a later Closing Date, closing the Offer early or later without notice, or accepting late applications, whether generally or in particular cases, or withdrawing the Offer at any time before Notes are issued. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

You are encouraged to lodge your application as soon as possible after the opening of the Offer.

If any interest payment date is not a Business Day, then the interest payment date will occur on the next Business Day. Refer to Section 2.2 for further information.

## Changes in this Prospectus from the Original Prospectus

This Prospectus dated 4 December 2012 differs from the Original Prospectus, including in the following areas: (i) the Bookbuild to determine the Margin was held on 3 December 2012 and the Margin was determined as 6.70%; (ii) the Issuer has increased the size of the Offer to \$150 million with the ability to raise more or less. As a result of the increased size of the Offer, consequential changes have been made in this Prospectus, including changes to the pro forma financial information and ratios in Section 4; and (iii) paragraph (o) in the definition of Covenant EBITDA in clause 17.2 in the Terms of Issue has been amended to read as set out in this Prospectus.

In light of the changes made to the Original Prospectus, you are encouraged to carefully review this Prospectus even if you have read the Original Prospectus.

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## Section 1

# Investment overview

- 1.1. Key Features of the Offer
- 1.2. Overview of MYOB and its Business Model
- 1.3. Key Risks Associated with an investment in MYOB and MYOB Subordinated Notes
- 1.4. Further Information about the Offer
- 1.5. Key Information about People, Interests and Benefits
- 1.6. What You Need To Do

# 1. Investment overview

## 1.1. Key Features of the Offer

This Section provides a summary of information that is key to a decision to invest in Notes.

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>Introduction</b>		
1.1.1 What is the Offer?	<ul style="list-style-type: none"> <li>The Offer is for the issue of MYOB Subordinated Notes (“Notes”) to raise \$150 million, with the ability to raise more or less.</li> </ul>	Section 7
1.1.2 Who is the Issuer?	<ul style="list-style-type: none"> <li>MYOB Finance Australia Limited (“Issuer”) is a special purpose entity established to issue Notes. It is a directly held, wholly-owned subsidiary of MYOB Holdings, the parent entity of the MYOB Group, and is itself a member of the MYOB Group.</li> <li>The MYOB Group operates MYOB, a leading provider of business management, accounting, payroll and tax software in Australia and New Zealand.</li> <li>The MYOB Group, including MYOB Holdings and the Issuer, are currently ultimately owned by funds advised by Bain Capital, members of management and others.</li> </ul>	Sections 1.2 and 3
1.1.3 What are MYOB Subordinated Notes?	<ul style="list-style-type: none"> <li>Notes are subordinated notes that will pay floating rate interest on a quarterly basis, subject to suspension, at a minimum interest rate of 10% per annum for the first 4 interest payments.</li> <li>Notes have a term of 5 years.</li> <li>The issue price is \$100 per Note. This is also the Face Value per Note.</li> <li>Notes are subordinated in that no payment of Face Value, or interest if it is suspended, may be made to Holders until MYOB’s Senior Debt has been repaid in full. This restriction applies while the MYOB Group is a going concern and in any insolvency of the MYOB Group. This means that Notes rank behind all Senior Debt, but ahead of equity, for payment of Face Value and interest at maturity or in any insolvency of the MYOB Group.</li> </ul>	Section 2
1.1.4 MYOB Subordinated Notes are “unsecured notes” under the Corporations Act	<ul style="list-style-type: none"> <li>Notes are unsecured notes for the purposes of section 283BH of the Corporations Act. This is because, while Notes are secured against the assets of MYOB Obligors which comprise approximately 100% of the total assets of the MYOB Group, the claims of Senior Creditors take priority over Notes.</li> <li>At 30 September 2012, MYOB had intangible assets of \$469.1 million and goodwill of \$740.1 million (together 94% of total assets).</li> <li>On an enforcement of security or a winding-up of entities within the MYOB Group, if the MYOB business is unable to be sold as a going concern, it is likely that the book carrying value at 30 September 2012 of its intangible assets and goodwill will not be fully realised, resulting in a shortfall of funds such that Holders will not be repaid part or all of their investment.</li> </ul>	Sections 2.4.1 and 2.4.4  Sections 1.2.5 and 3
1.1.5 Will MYOB Subordinated Notes be quoted on ASX?	<ul style="list-style-type: none"> <li>An application has been made by the Issuer for it to be admitted to the official list of ASX Limited and for Notes to be quoted on ASX under code “MYBG”. After quotation, Holders may offer to sell Notes or buy Notes from other Holders at the prevailing market price, which may go up or down. There may or may not be a liquid market for Notes, which may in turn affect the market price of Notes.</li> </ul>	

TOPIC	SUMMARY	FOR MORE INFORMATION
1.1.6 Why is MYOB issuing MYOB Subordinated Notes?	<ul style="list-style-type: none"> <li>The net proceeds of the Offer will be used to partly repay Senior Debt (\$53.8 million) which was used to finance the acquisition of MYOB and make a return of capital (\$90.2 million) to the Shareholder of MYOB Holdings (who is outside the MYOB Group). If more than \$150 million is raised under the Offer, MYOB intends to increase the amount to be returned to the Shareholder of MYOB Holdings (and to decrease that amount if less than \$150 million is raised).</li> </ul>	Section 4.12
<b>Interest Payments</b>		
1.1.7 What interest is payable on MYOB Subordinated Notes?	<ul style="list-style-type: none"> <li>Interest payments on Notes are floating rate payments payable quarterly in arrears and must be paid to Holders unless subject to suspension.</li> <li>The interest rate for each interest period will be equal to the sum of the 90 day Bank Bill Swap Rate (“BBSW”) on the first business day of the interest period, which is a variable rate, plus the Margin, subject to a minimum interest rate of 10% per annum for the first 4 interest periods.</li> <li>The Margin is 6.70% per annum as determined under the Bookbuild.</li> </ul>	Section 2.2
1.1.8 What does “suspension” of interest mean?	<ul style="list-style-type: none"> <li>Suspension means that the payment of an interest payment will be deferred until a later date but not cancelled. Interest payments could potentially be suspended until the Maturity Date in December 2017. The suspension of interest will not be an Event of Default for Notes. This means that a suspension of interest will not result in Notes becoming due and payable.</li> <li>Interest will accrue (daily and compounded quarterly) on interest which is suspended at a rate equal to the interest rate plus 2.00% per annum.</li> <li>Interest will be suspended if the MYOB Group produces too little cash to satisfy a particular financial ratio requirement (the Cashflow Cover Ratio), a payment on the Senior Debt is due but unpaid, or the Trustee is notified that there is an actual or potential event of default under the Senior Facilities Agreement.</li> <li>If the Cashflow Cover Ratio is equal to or less than 1.10:1 or would be after the payment of interest, then the interest payment will be suspended. This financial ratio seeks to test whether the MYOB Group produces sufficient cash to pay its interest costs.</li> <li>On a pro forma basis, as at 30 September 2012 the Cashflow Cover Ratio was 1.47 times as compared to the threshold of 1.10 times for the suspension of interest, which means that on this basis EBITDA for this ratio would have needed to be 21% lower before interest would have been suspended.</li> <li>If the payment of interest is suspended, the MYOB Obligors must not pay any distribution (including interest, dividends or return of capital) on any shareholder securities that rank behind Notes, subject to limited exceptions. For example, if this restriction applies, MYOB Holdings could not pay dividends or make a return of capital to the Current Owners.</li> <li>This is a high level summary and it is important that you read Sections 2.2 and 4.8 for a further substantive explanation of the matters summarised above.</li> </ul>	<p>Section 2.2.7</p> <p>Sections 2.2.11 and 4.8</p> <p>Sections 2.2 and 4.8</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>Term</b>		
1.1.9 What is the Maturity Date?	<ul style="list-style-type: none"> <li>The Maturity Date is expected to be 20 December 2017.</li> <li>As noted in Section 1.1.3, the Issuer must repay all of the Senior Debt before it may repay Notes. The maturity date of the Senior Debt is currently 30 September 2016, which is before the Maturity Date of Notes, but can be extended to the Maturity Date of Notes.</li> </ul>	
1.1.10 Will MYOB Subordinated Notes be redeemed early?	<p>The Issuer may redeem Notes early at its discretion in certain circumstances. These early redemption rights are subject to the restrictions on repayment of Notes referred to in Section 1.1.9 above. If these restrictions apply, the Issuer would need to obtain the prior consent of the Senior Creditors before exercising the rights below. Early redemption may or may not be advantageous for Holders of Notes.</p> <ul style="list-style-type: none"> <li><b>Early redemption right — Issuer’s discretion</b> The Issuer may redeem all or part of the Notes at any time, with at least 28 days notice, for an amount between 100% and 105% of the Face Value of such Notes depending on the date of redemption. The Issuer has no current intention to redeem Notes early.</li> <li><b>Early redemption right — special circumstances</b> The Issuer may redeem all (but not part only) of the Notes at any time at their Face Value after the occurrence of: <ul style="list-style-type: none"> <li>a Tax Event (for example, if interest on Notes is not deductible); or</li> <li>a Change of Law Event (which, in summary, will occur if a law changes in a way that makes it more expensive for the Issuer to perform its obligations in relation to Notes); or</li> <li>a Clean Up Event (which, in summary, will occur if there is less than \$50 million of Notes outstanding).</li> </ul> </li> <li><b>Early redemption — IPO</b> The Issuer may redeem all or part of the Notes concurrently with an initial public offering (“IPO”) of MYOB for an amount between 102.5% and 100% of the Face Value of such Notes depending on the time of redemption. There is no guarantee that an IPO will occur.  Any Outstanding Interest must also be paid in an early redemption referred to above.</li> </ul>	<p>Section 2.3</p> <p>Section 6.2.11</p> <p>Section 2.3.2</p> <p>Section 2.3.1</p> <p>Section 2.6</p>
<b>Senior Debt and Ranking</b>		
1.1.11 How much Senior Debt is there? How much can MYOB Group borrow?	<ul style="list-style-type: none"> <li>The acquisition of MYOB including refinancing of its existing debt by the Current Owners was funded in part by \$530 million of Senior Debt on 30 September 2011.</li> <li>After the issuance of Notes, MYOB Group will have approximately \$476.6 million of Senior Debt.<sup>1</sup></li> </ul>	Section 5

<sup>1</sup> This comprises \$469.6 million outstanding under the Senior Facilities and \$7 million of hedging liabilities as at 30 September 2012 (assuming close out of hedging on that date).

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> <li>• There are provisions in the Senior Facilities Agreement that restrict the amount of Senior Debt that could be incurred by the MYOB Group. The MYOB Group would currently only be able to incur up to approximately \$62 million of additional Senior Debt in total approximately \$538 million that ranks in priority to Notes on a pro forma 30 September 2012 basis without obtaining consent from senior lenders under the Senior Facilities Agreement or exceeding covenant restrictions under the Senior Facilities Agreement.</li> <li>• The amount of additional Senior Debt that MYOB could incur in the future could change if it were able to obtain consent of senior lenders under the Senior Facilities, or without such consent if, on raising that additional debt, it satisfied all draw down conditions and did not exceed covenant restrictions.</li> <li>• In addition to the Senior Debt referred to above, the MYOB Group may raise additional debt ranking in priority to or equally with Notes (subject to restrictions in the Senior Facilities Agreement), if it could satisfy the Total Net Leverage Ratio restriction in the Terms of Issue. At current relevant borrowings and EBITDA, this ratio would permit the MYOB Group to raise up to \$5 million of additional debt which ranks equally with Notes (to the extent that amount has not already been raised as Senior Debt as permitted above).</li> <li>• Subject to restrictions in the Senior Facilities Agreement, MYOB Obligors may incur debt that ranks behind Notes.</li> </ul>	Section 2.4.9 to 2.4.12
<p>1.1.12 MYOB Subordinated Notes are described as “subordinated” – what does this mean?</p>	<ul style="list-style-type: none"> <li>• This means that Holders currently rank behind Senior Debt.</li> <li>• Accordingly, investors should be aware that an investment in Notes involves risks in that the MYOB Group must: <ul style="list-style-type: none"> <li>– refinance or repay \$476.6 million of Senior Debt (and potentially further amounts, for example the additional \$62 million referred to in Section 1.1.11 above) plus any unpaid interest in respect of that Senior Debt in full before it can repay Notes upon their maturity. In the case of enforcement of security or a winding up of MYOB Group where the assets of the MYOB Obligors were sold, the proceeds would be applied to repay Holders only after Senior Debt plus any due and unpaid interest thereon was repaid in full;</li> <li>– pay interest on the Senior Debt referred to above (interest on Senior Debt being \$40.7 million per annum for the pro forma LTM to 30 September 2012) before it can pay interest on Notes, and interest payments on Notes will be suspended if an amount is due but unpaid on Senior Debt or if the Trustee is notified that there is an actual or potential event of default under the Senior Facilities Agreement; and</li> <li>– comply with financial covenants for the Senior Debt which tighten over time as MYOB is scheduled to pay down some of its Senior Debt and therefore reduce interest costs, and if it does not do so, interest payments on Notes will be suspended.</li> </ul> </li> <li>• Until the Senior Debt has been paid or satisfied in full, the right to accelerate Notes (that is, declare Notes immediately due and payable following an Event of Default) and to enforce the Security to seek payment of principal and outstanding interest is limited.</li> <li>• Refer to Section 2.4.6 for further details and an illustration of how Notes would rank in the enforcement of security or on a winding up of MYOB Group.</li> </ul>	<p>Sections 1.1.11, 2.2 and 2.4</p> <p>Section 2.4.7</p> <p>Section 2.4.6</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>Capacity to meet obligations</b>		
<p>1.1.13 MYOB Subordinated Notes are described as “debt” — what does this mean and what do I need to think about when considering investing?</p>	<ul style="list-style-type: none"> <li>Notes are a form of debt. As a Holder of Notes, you are lending the Issuer money until December 2017, unless the Issuer exercises an early redemption right. The return to Holders of Notes will be determined by MYOB Group and the Issuer’s ability to pay interest to you and repay the Face Value per Note at maturity. You should use this Prospectus to make an assessment of the MYOB Group and the Issuer’s ability to pay interest and repay the Face Value on Notes at maturity to you, and then weigh up the return against the risk of non-payment.</li> </ul>	
<p>1.1.14 What do I need to think about when assessing MYOB’s ability to meet its payment obligations on MYOB Subordinated Notes?</p>	<p>In addition to the factors discussed above, including MYOB’s principal and interest payment obligations on existing and potential Senior Debt, you may also consider the following:</p> <ul style="list-style-type: none"> <li>The MYOB Group’s current liabilities exceed current assets by \$44.5 million at 30 September 2012. This is driven by unearned income of \$52.8 million which is a non cash liability reflecting customers who have paid upfront, non-refundable payments for MYOB products and for which revenue will be recognised over the 12 months to September 2013. At 30 September 2012, the MYOB Group’s current assets exceed its current liabilities that need to be settled in cash.</li> <li>MYOB Group’s pro forma operating cash flow and interest payments for the LTM to 30 September 2012 are described in Section 4.3. That section describes that, after the payment of net interest on Senior Debt for that period, pro forma net operating cash flow of \$45.4 million is available for the payment of interest on Notes of \$15.0 million (leaving excess cash flow of \$30.4 million).</li> <li>As is typical for financing of this type, required repayments under the Senior Facilities will increase as outlined in Section 5.6. After application of proceeds of the Offer to pay down Senior Debt, the MYOB Group will be required to pay down \$14 million of Senior Debt on 31 December 2012 and \$30.5 million in 2013 with further repayments required each year until the maturity date of the Senior Debt (currently 30 September 2016). MYOB intends to pay this balance from existing cash and available cash flow from operations generated over that period. MYOB’s existing cash balance at 30 September 2012 was \$38.1 million and its pro forma net operating cashflow (after servicing Senior Debt and Notes interest) was \$30.4 million for the LTM to 30 September 2012.</li> <li>Consistent with its outlook set out in Section 4.10, assuming no material change in market conditions, the Directors expect MYOB to continue to generate sufficient levels of operating cash flow to enable MYOB to pay the repayments in 2012 and 2013 referred to in the bullet point above, however they do not make any predictions beyond that time.</li> <li>Nevertheless, there is a risk that MYOB suffers a decline in net cash flow during the term of Notes that is significant enough to prevent the MYOB Group from satisfying all of its interest and principal payments on Notes.</li> </ul>	<p>Sections 1.2.11, 4, 5.6 and 6.2.1 to 6.2.4</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> <li>Further, interest payments on Notes may be suspended (potentially until the Maturity Date in December 2017) if, for example, the MYOB Group does not satisfy its Cashflow Cover Ratio test, fails (and does not cure) financial covenants under the Senior Facilities Agreement, fails to pay an amount due under the Senior Facilities, or there subsists another event of default or potential event of default under the Senior Facilities which is notified to the Trustee.</li> <li>On a pro forma basis at 30 September 2012, the MYOB Group was in compliance with all its Senior Facilities and Notes covenants with headroom available.</li> <li>MYOB's financial covenants under the Senior Facilities tighten over time as MYOB is scheduled to pay down some of its Senior Debt and therefore reduce interest costs. This means that MYOB will need to reduce the principal outstanding of the Senior Debt and, or, increase its operating cashflow to remain in compliance with its financial covenants.</li> </ul>	Section 4.8
<b>Other Matters</b>		
1.1.15 Will MYOB Subordinated Notes exchange into ordinary shares in MYOB?	<ul style="list-style-type: none"> <li>Eligible Holders will have a priority right to subscribe in an IPO (which is not guaranteed to occur) in relation to MYOB by "exchanging" all or part of their holding of Notes for the securities being issued pursuant to the IPO.</li> <li>Eligible Holders will receive a discount of 2.5% to the price per security offered to retail investors in an IPO.</li> <li>Eligible Holders are residents in Australia (or such other jurisdictions, if any, determined by the Issuer in its discretion) registered as holding Notes on the applicable record date.</li> <li>Notes do not have a general right to convert into ordinary shares in the Issuer or MYOB, but may only be exchanged if there is an IPO in accordance with the Terms of Issue.</li> </ul>	Section 2.6
1.1.16 What are the other key considerations?	<ul style="list-style-type: none"> <li>Holders have no voting rights at meetings of holders of shares in the Issuer and no formal mechanisms to influence management generally.</li> </ul>	
1.1.17 Comparative table	<p>There are differences between typical ordinary shares, Notes and the Senior Debt of the MYOB Group that is referred to in this Prospectus. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to invest in Notes.</p> <p>The following comparison is a summary only, and does not encompass all of the MYOB Group's existing or potential funding sources. For further information about the indebtedness of the MYOB Group, refer to Section 5.</p>	

TOPIC	SUMMARY			FOR MORE INFORMATION
	TYPICAL ORDINARY SHARES	MYOB SUBORDINATED NOTES	MYOB SENIOR DEBT	
<i>Legal form</i>	Shares	Notes	Loan	
<i>Security</i>	Not applicable	Second ranking and subordinated	First ranking and unsubordinated	
<i>Term</i>	Perpetual (unless bought back)	5 years (anticipated Maturity Date 20 December 2017)	5 years from 30 September 2011 (anticipated maturity date 30 September 2016. One facility is paid down over this term)	
<i>Early redemption dates in Issuer's discretion</i>	Not applicable	Yes, but subject to restrictions (refer Section 2.3.1)	Yes, general right of voluntary prepayment	
<i>Payments</i>	Dividends, payable at the absolute discretion of the Board	Interest payments, subject to suspension	Interest payments, with no ability to suspend or cancel	
<i>Payment amounts</i>	Based on level of profitability and the Board's prevailing dividend policy (though ultimately at the absolute discretion of the Board subject to requirements under the Corporations Act)	Based on a floating interest rate equal to the sum of a 90 day BBSW plus a margin of 6.70%, subject to a minimum interest rate of 10% per annum for the first 4 interest payments	Based on a floating interest rate equal to the sum of a bank bill rate plus a margin	
<i>Payment accumulation</i>	None	Any suspended interest payments are cumulative and compounding	Any unpaid interest payments are cumulative and compounding	
<i>Benefit of financial covenants</i>	No	No	Yes	
<i>Mandatory prepayment events</i>	No	No	Yes	
<i>Events of default?</i>	No	Limited	Extensive	
<i>Non payment triggers an event of default?</i>	No	Yes, but with limited enforcement rights behind Senior Debt. (Suspension of interest is not an Event of Default)	Yes	
<i>Ranking in the event of a winding-up of the Issuer</i>	Ranks behind all other securities and obligations	Ranks ahead of shares and unsecured debt, but behind Senior Debt and claims mandatorily preferred by law	Ranks ahead of shares and other debt (including Notes), but behind claims mandatorily preferred by law	
<i>Participation in profits on a winding-up of the Issuer</i>	Yes	No	No	
<i>Rights to be repaid at end of Term</i>	Not applicable	Yes	Yes	
<i>Voting rights at general meetings of the Issuer's shareholders</i>	Yes	No	No	
<i>Transferability</i>	Yes, quoted on ASX*	Yes, quoted on ASX (or the Offer will not proceed)	Yes, although typically not quoted	
<i>Liquidity</i>	Likely to be more liquid than Notes and bonds	Likely to be less liquid than ordinary shares	Likely to be less liquid than ordinary shares	

\* Shares in MYOB Group members are not quoted on ASX.

**If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Notes or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.**

## 1.2. Overview of MYOB and its Business Model

TOPIC	SUMMARY	FOR MORE INFORMATION
1.2.1 What is MYOB's business?	<p>MYOB is a leading provider of business management, accounting, payroll and tax software in Australia and New Zealand:</p> <ul style="list-style-type: none"> <li>• It provides its software, services and support to small and medium sized enterprises ("SMEs") and public accountants in both Australia and New Zealand.</li> <li>• It employs approximately 860 staff and is headquartered in Melbourne, Australia.</li> </ul>	Section 3.1
1.2.2 Leading market position	<p>MYOB holds leading market positions in both Australia and New Zealand:</p> <ul style="list-style-type: none"> <li>• Business Division (BD) has approximately 60–70% current market share by revenue in the business accounting market for SMEs. MYOB estimates that its revenue in this segment has been approximately two and a half times that of its nearest competitor in each of the last five years.</li> <li>• Accountants Division (AD) has approximately 60–70% current market share by revenue in the software market for public accountants. MYOB estimates that its revenue in this segment has been approximately two to three times that of its nearest competitor in each of the last five years.</li> </ul>	Sections 3.1, 3.5 and 3.6
1.2.3 Competitive advantage	<p>MYOB has several competitive advantages which underpin its strong market position in Australia and New Zealand:</p> <ul style="list-style-type: none"> <li>• MYOB seeks to maintain and grow market share by leveraging its scale and profitability to reinvest in the business: <ul style="list-style-type: none"> <li>— investment in product research and development that improves the quality of its end products;</li> <li>— investment in sales and marketing and brand development; and</li> <li>— employment of the largest network of accounting partner trainers and client service professionals.</li> </ul> </li> <li>• MYOB's extensive network of relationships with public accountants also gives it access to this key referral channel for new and existing SMEs; accountants are the most important factor influencing SME's accounting software purchasing decisions.</li> <li>• The high perceived costs of switching accounting software providers also assists maintaining market share.</li> </ul>	Sections 3.1, 3.5 and 3.6
1.2.4 Recurring revenue and low client churn	<ul style="list-style-type: none"> <li>• MYOB divisions generate revenue through (i) new software; (ii) transactional services; and (iii) annual or monthly subscriptions and maintenance contracts, of which (ii) and (iii) are recurring revenue streams.</li> <li>• Recurring revenues accounted for approximately 87% of the MYOB Group's total revenue base for the 12 months ending 30 September 2012.</li> </ul>	Section 3

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> <li>The BD and AD client base exhibits low client churn as a result of (i) the non-discretionary nature of their products and services (i.e. assisting MYOB's client base to comply with tax changes and reporting requirements); and (ii) the high perceived costs of switching accounting software providers.</li> <li>MYOB's new cloud product offering is intended to provide MYOB's client base with an increasing set of reasons to continue to subscribe to MYOB's services.</li> </ul>	
1.2.5 Strong cashflow generation	<p>MYOB's business model features a high percentage of recurring revenue, and has exhibited stable EBITDA margins and strong cash flow generation:</p> <ul style="list-style-type: none"> <li>For the 12 months ending 30 September 2012 (LTM to 30-Sep-12), the MYOB Group generated: <ul style="list-style-type: none"> <li>\$212.7 million in revenue, \$98.5 million in pro forma EBITDA (\$22.7 million in pro forma NPATA and a pro forma NPAT loss of \$19.2 million)<sup>1</sup>;</li> <li>pro forma EBITDA margin of 46.3%<sup>2</sup>; and</li> <li>cash flow conversion of 87.4%<sup>3</sup> of pro forma EBITDA.</li> </ul> </li> <li>Pro forma Cashflow Cover Ratio LTM to 30 September 2012 is 1.47 times (interest payments are not suspended under this test unless that ratio is equal to or less than 1.10 times).</li> <li>MYOB has had low capital expenditure requirements, with capital expenditure largely confined to internal systems development, plant and equipment, furniture and fittings and leasehold improvements. The MYOB Group incurs significant development costs each year as it invests in its products. These costs are expensed and reflected in its EBITDA result.</li> <li>Currency risk is low as operations are focused on Australia and New Zealand.</li> </ul> <p>When considering the above, investors should also note the following:</p> <ul style="list-style-type: none"> <li>MYOB's Senior Facilities consist of terms facilities of \$530 million to fund the acquisition of the MYOB Group, and a \$50 million revolving facility.</li> <li>The first bullet point above refers to pro forma NPATA profit of \$22.7 million for LTM to 30 September 2012 and a pro forma NPAT loss of \$19.2 million, which reflects \$41.9 million of tax effected amortisation of intangible assets arising on acquisition of MYOB by the Current Owners. NPAT is the statutory measure of after tax profitability. In the circumstances however, the Directors consider NPATA is a more meaningful performance measure since it adds back the tax effected amortisation expense and therefore provides a better indicator of MYOB Group's ability to service interest on Notes.</li> </ul>	<p>Sections 3.1, 4.2 to 4.4</p> <p>Sections 1, 2.10 and 4.8</p> <p>Section 4.11</p> <p>Section 5.2</p> <p>Section 4.2</p>

<sup>1</sup> Pro forma EBITDA is EBITDA before non recurring items and after pro forma adjustments. Pro forma NPAT is net profit before non recurring items and after pro forma adjustments and after tax. Pro forma NPATA is pro forma NPAT after adding back tax effected amortisation expense. Refer to Section 4 for further information on MYOB Group's financial performance.

<sup>2</sup> Pro forma EBITDA margin is pro forma EBITDA divided by revenue.

<sup>3</sup> Cash flow conversion is pro forma operating cash flow as a percentage of pro forma EBITDA. Refer to Section 4.3 for details of its calculation.

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> <li>The MYOB Group's pro forma 30 September 2012 total liabilities were \$714.9 million and its total assets were \$1,284.7 million (of which \$469.1 million were intangible assets and \$740.1 million was goodwill).</li> <li>The carrying value of identifiable intangible assets and goodwill was based on valuations performed as a consequence of the acquisition of MYOB by the Current Owners in September 2011. MYOB's intangible property includes commercialised software, customer relationships and brand. It does not include the recent product development in cloud-based accounting software or the experience of the management team.</li> <li>Investors should also consider MYOB's business model as described in Section 3, MYOB currently derives significant cash flows from its intellectual property, which supports nearly 1 million businesses, rather than from a substantive tangible asset base.</li> </ul>	Section 4.6
1.2.6 What is MYOB's growth strategy?	<p>MYOB has a significant client base of nearly 1 million businesses and 40,000 accounting practitioners, many of whom have been clients for many years, and who have in the past displayed a very low level of churn. 87% of MYOB's revenue for LTM to 30 September 2012 came from servicing the needs of existing clients. MYOB intends to:</p> <ul style="list-style-type: none"> <li>maintain its existing client relationships and grow the total number of clients it serves from increases in numbers of business and accounting professionals;</li> <li>maintain and seek to grow the current level of maintenance and subscription renewal rates by continuing to offer valuable updates to its product suite and investing in new online (cloud) accounting capabilities; and</li> <li>leverage cross business unit synergies, particularly those that exist between the BD and the AD, by making these products work seamlessly with one another and further educating accountants in practice on MYOB's SME solutions.</li> </ul>	Section 3.9
1.2.7 Experienced management team	<ul style="list-style-type: none"> <li>MYOB's senior management team has considerable experience both in the software industry and with MYOB.</li> <li>The senior management team is led by Chief Executive Officer, Tim Reed, who was appointed CEO of MYOB in June 2008.</li> <li>Richard Moore, Chief Financial Officer, has extensive financial management experience as the former CFO of Jetstar and via management positions held at Bankwest and GE Capital.</li> <li>Senior management are incentivised to drive MYOB's performance via their participation in short term and long term incentive plans.</li> </ul>	Section 8.2

TOPIC	SUMMARY	FOR MORE INFORMATION
1.2.8 Bain Capital's industry experience	<ul style="list-style-type: none"> <li>Funds advised by Bain Capital have a majority shareholding in the MYOB Group and have invested approximately \$550 million into the MYOB Group.</li> <li>Bain Capital has a significant history of advising on investments in the software and business services industry globally.</li> </ul>	
1.2.9 What is the impact of the Offer on MYOB and the MYOB Group?	See Section 4.6 for a pro forma consolidated statement of financial position of MYOB Group following the Offer assuming \$150 million is raised.	Section 4.6
1.2.10 What are the key financial metrics?	<p>MYOB's key financial metrics reflect its operating performance and ability to service its debt obligations. Key financial metrics as at LTM to 30 September 2012 calculated on a pro forma basis are set out in Section 4 and include:</p> <ul style="list-style-type: none"> <li><b>EBITDA margin</b> 46.3% EBITDA margin reflects the operating margin MYOB earns on the sale of its products and services. The EBITDA margin has an impact on the amount of cash the MYOB Group generates to invest in the business, pay interest on its debt and general profitability.</li> <li><b>Cash flow conversion</b> 87.4% Cash flow conversion reflects the percentage of pro forma EBITDA that remains to service interest expense and taxation after changes in working capital and capital expenditure. MYOB's cash flow conversion supports its ability to service its debt obligations.</li> <li><b>Cashflow Cover Ratio</b> 1.47 times Cashflow Cover Ratio is a measure of how many times a company could meet its debt service obligations from its cashflow available to service debt. Under the Terms of Issue of Notes if it is less than or equal to 1.10 times, interest payments on Notes will be suspended.</li> <li><b>Total Net Leverage Ratio</b> 5.45 times Total net leverage ratio typically indicates the size of total debt net of cash within the MYOB Group relative to annual earnings. This ratio may restrict the MYOB Group's ability to raise debt as referred to in Section 2.4.9.</li> <li><b>Senior Leverage Ratio</b> 4.04 times Senior leverage ratio typically indicates the size of senior debt net of cash within the MYOB Group relative to annual earnings. Under the Senior Facilities Agreement, if the Trustee is notified that it is greater than the then applicable level (currently 5.60 times), an event of default exists causing interest payments on Notes to be suspended.</li> </ul>	Section 4

### 1.3. Key Risks associated with an investment in MYOB and MYOB Subordinated Notes

TOPIC	SUMMARY	FOR MORE INFORMATION
1.3.1 Insufficient cash flow to meet payments	<ul style="list-style-type: none"> <li>The MYOB Group may not generate sufficient cash flows or may be unable to obtain financing to enable the MYOB Group to meet its commitments to Holders to pay interest and repay principal pursuant to the Terms of Issue.</li> <li>If the Issuer does not pay some or all of the Face Value or interest as and when payable under the Terms of Issue, then you may not receive some or all of the money you invested in Notes or interest that is due to be paid to you.</li> </ul>	Sections 4.14 and 6.2.1
1.3.2 Suspension of interest payments	<ul style="list-style-type: none"> <li>Interest payments on Notes may be suspended in certain circumstances set out in the Terms of Issue (which could be until the Maturity Date in December 2017).</li> <li>While the obligation to pay interest is suspended, not cancelled, it is possible that Holders will be inconvenienced by the suspension of the payment of interest.</li> </ul>	Sections 2.2.7 and 6.2.2
1.3.3 Senior Debt and subordination	<ul style="list-style-type: none"> <li>Notes rank behind and are subordinated to the Senior Debt (refer to Section 1.1.12). In any enforcement of security or winding up of the Issuer, there is a risk that insufficient monies will be available after the Senior Debt has been repaid in full to repay in full, or at all, amounts owed to Holders in relation to Notes, particularly if MYOB is not sold as a going concern and the book carrying value at 30 September 2012 of its intangible assets and goodwill is not fully realised.</li> </ul>	Section 6.2.3
1.3.4 Substantial debt obligations	<ul style="list-style-type: none"> <li>The MYOB Group has a substantial amount of indebtedness through the Senior Debt, and the Issuer will have indebtedness to Holders through Notes (refer to Section 1.1.11). As is typical for financing of this type, required repayments under the Senior Facilities will increase as outlined in Section 5.6. The MYOB Group must meet its Senior Debt obligations as well as obligations to Holders (and other creditors) through a combination of existing cash and sufficient operating cash flows. This indebtedness will require the MYOB Group to devote a substantial portion of its cash flow from operations towards required interest and principal payments. The effect of this may be to limit MYOB's flexibility in planning for, or reacting to, changes in the businesses and industries in which it operates. Such leverage may also detract from its ability to successfully withstand a potential downturn in its businesses.</li> <li>If the operating performance of MYOB deteriorates or MYOB's capital structure changes, this may result in: <ul style="list-style-type: none"> <li>the MYOB Group and/or the Issuer having insufficient cash flow to meet their obligations to satisfy all of its interest payments on Notes or Senior Debt, or to repay Notes, or prepay or refinance Senior Debt on its maturity in full; and/or</li> <li>an adverse change in the underlying credit quality of Notes, which may adversely impact the market price of Notes.</li> </ul> </li> </ul>	Section 6.2.4
1.3.5 Carrying value of goodwill and intangibles	<ul style="list-style-type: none"> <li>Any material impairment of MYOB's goodwill and intangible assets might evidence a reduction in the MYOB Group's future expected cash flow from operations and adversely affect the underlying credit quality, and consequently, market price, of Notes.</li> <li>If on enforcement of security or a winding up of the MYOB Group entities the MYOB business is unable to be sold as a going concern, it is likely the book carrying value at 30 September 2012 of its intangible assets and goodwill will not be fully realised. This means that in this scenario, it is likely Holders will not be repaid all of their investment.</li> </ul>	Section 6.2.5

TOPIC	SUMMARY	FOR MORE INFORMATION
1.3.6 Interest rate changes	<ul style="list-style-type: none"> <li>The Interest Rate is a floating rate, equal to the sum of the 90 day BBSW plus 6.70%, the Margin, subject to a minimum interest rate of 10% per annum for the first 4 interest payments. The 90 day BBSW will fluctuate and therefore the Interest Rate will fluctuate. Over the term of Notes, the Interest Rate may be lower or higher than the initial Interest Rate on the Issue Date. If the Interest Rate decreases, there is a risk that the return on Notes may become less attractive compared to returns on other investments, including investments which carry fixed interest rates. The Issuer does not guarantee any particular rate of return on Notes.</li> <li>Further, the MYOB Group has a substantial amount of indebtedness through the Senior Debt. Interest payments on this indebtedness may be impacted by movements in interest rates, and may increase if interest rates rise.</li> </ul>	Section 6.2.6
1.3.7 Price volatility	<ul style="list-style-type: none"> <li>The Issuer has applied for quotation of Notes on ASX. The market price of Notes on ASX may fluctuate due to various factors. It is possible that Notes may trade at a market price below the Face Value and that the market price of Notes may be more sensitive than that of ordinary shares to changes in interest rates, credit margins and other market prices.</li> <li>If Notes trade at a market price below the amount at which you acquired them, there is a risk that if you sell them prior to the Maturity Date, you may lose some of the money you invested.</li> </ul>	Section 6.2.7
1.3.8 MYOB may incur additional debt	<ul style="list-style-type: none"> <li>The MYOB Group has the right to incur additional debt that ranks in priority to, equally with or behind Notes in certain circumstances (refer to Section 2.4.9 for more information).</li> <li>A holding of Notes does not confer any right to participate in further issues of securities by the Issuer, whether equity, debt, or some other security. In addition, other entities in the MYOB Group may issue securities with the same or different dividend, interest or distribution rates, maturities, or terms and conditions to Notes.</li> <li>The issue of further securities or debt by the Issuer or other MYOB Group entities may have the effect of reducing the amount that Holders would receive on an enforcement of the security, or pursuant to a winding up of the Issuer, and may have an adverse effect on the market price or liquidity of Notes.</li> </ul>	Section 6.2.8
1.3.9 Lack of liquidity	<ul style="list-style-type: none"> <li>The market for Notes may not be liquid. Although the Issuer is seeking to raise \$150 million it does have the ability to raise less. A smaller issue size is likely to result in lower liquidity.</li> <li>If liquidity is low, there is a risk that, if you wish to sell your Notes prior to the Maturity Date, you may not be able to do so at a price acceptable to you, or at all, and there is a risk that the market price will become more volatile in general.</li> </ul>	Section 6.2.9
1.3.10 No IPO	<ul style="list-style-type: none"> <li>No decision has been made regarding an IPO. Stock market and other conditions are subject to change, consequently there is no certainty that an IPO will occur. In the event there is no IPO, there will be no opportunity for eligible Holders to exercise the Exchange Right.</li> </ul>	Section 6.2.10

TOPIC	SUMMARY	FOR MORE INFORMATION
1.3.11 Senior debt refinancing	<ul style="list-style-type: none"> <li>The existing Senior Facilities must be repaid or refinanced by 30 September 2016 or, if extended, by the Maturity Date of Notes. A risk exists that this debt will not be able to be refinanced or will be refinanced on terms less attractive than those that currently apply. This may have a materially adverse effect on the Issuer's ability to pay interest and repay principal on Notes.</li> </ul>	Section 6.2.14
1.3.12 Australian and New Zealand Economy	<ul style="list-style-type: none"> <li>There is a risk that a downturn in the Australian or New Zealand economy could lead to a decrease in the number of SMEs being formed. It could also lead to MYOB's clients closing their businesses or reducing the size of their business, which are both outcomes that would ultimately have an adverse effect on MYOB's financial performance.</li> </ul>	Section 6.3.1
1.3.13 Competition risk	<ul style="list-style-type: none"> <li>There are risks that: <ul style="list-style-type: none"> <li>MYOB's existing competitors could increase their market share through aggressive marketing campaigns, product innovation or price discounting;</li> <li>new competitors could enter the market, particularly as the market moves from desktop accounting to online or cloud accounting;</li> <li>MYOB could seek to implement changes to existing software products that are not well received by clients or that require greater than anticipated product development investment; and</li> <li>MYOB could fail to adapt to technological change.</li> </ul> </li> <li>These factors could in turn reduce MYOB's market share and/or existing profit margins, and have an overall adverse effect on its financial performance.</li> </ul>	Section 6.3.2
1.3.14 Relationships with accountants	<ul style="list-style-type: none"> <li>Accountants may stop recommending MYOB software to new SMEs, or start recommending competing products to current MYOB clients.</li> <li>This could reduce MYOB's overall client base which would have an adverse impact on MYOB's earning capability and its growth strategy or could require more financial investment than anticipated.</li> </ul>	Section 6.3.3
1.3.15 Security breach	<ul style="list-style-type: none"> <li>Failure to protect client data stored or transmitted by MYOB could lead to significant legal action, damage to MYOB's reputation and potential loss of significant numbers of clients.</li> <li>Clients' financial data files stored in centralised servers under cloud-based applications require additional security protection that desktop software does not require, so the potential impact of this risk becomes more significant as the number of users of MYOB's cloud-based applications grows.</li> </ul>	Section 6.3.4

TOPIC	SUMMARY	FOR MORE INFORMATION
1.3.16 Cloud computing	<ul style="list-style-type: none"> <li>• There is a risk that the market for cloud computing in which MYOB has invested heavily develops more slowly than MYOB expects, and that cloud computing does not achieve and sustain high levels of client demand and market acceptance.</li> <li>• Even if cloud computing develops rapidly, there is an inherent risk in change management (i.e. migrating MYOB's clients to the cloud), as well as a potential need to increase investment in product development to meet client needs and demands or risk a loss of clients.</li> <li>• A failure of MYOB's cloud product offering on any of these dimensions could impact MYOB's ability to generate revenue growth and maintain market share.</li> </ul>	Section 6.3.5
1.3.17 Other	<ul style="list-style-type: none"> <li>• There are a number of other risks associated with an investment in Notes and risks that MYOB faces which are discussed in more detail in Sections 6.2 and 6.3.</li> </ul>	Sections 6.2 and 6.3

#### 1.4. Further Information about the Offer

TOPIC	SUMMARY	FOR MORE INFORMATION
1.4.1 When is the Offer Period?	<ul style="list-style-type: none"> <li>• The key dates, including details of the Offer Period, are set out on page 2. Further details are included in Section 7.</li> </ul>	Key Dates and Section 7
1.4.2 Is there a minimum amount to be raised?	<ul style="list-style-type: none"> <li>• No. The Offer is for the issue of Notes to raise \$150 million, with the ability to raise more or less.</li> </ul>	
1.4.3 Is the Offer underwritten?	<ul style="list-style-type: none"> <li>• No. However, the Joint Lead Managers have agreed, under the Offer Management Agreement, to provide settlement support for the obligations of confirmed applicants under the Bookbuild.</li> </ul>	Section 9.4
1.4.4 How is the Offer structured and who can apply?	<ul style="list-style-type: none"> <li>• The Offer comprises: <ul style="list-style-type: none"> <li>— an Institutional Offer to Institutional Investors;</li> <li>— a Broker Firm Offer made to Eligible Clients of Syndicate Brokers; and</li> <li>— a General Offer made to members of the general public who are in Australia or New Zealand.</li> </ul> </li> </ul>	Section 7.1
1.4.5 How can I apply?	<ul style="list-style-type: none"> <li>• Broker Firm Applicants should contact their Syndicate Broker.</li> <li>• General Applicants should complete an electronic or paper Application Form and pay the application monies either electronically by BPAY® or by cheque or money order.</li> </ul>	Section 7.2
1.4.6 Is there a minimum application size?	<ul style="list-style-type: none"> <li>• Your application must be for a minimum of 50 Notes (\$5,000). If your application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes — that is, for incremental multiples of \$1,000.</li> </ul>	Section 7.2
1.4.7 What is the allocation policy?	<ul style="list-style-type: none"> <li>• The allocation policy for Broker Firm Applicants will be determined by the Syndicate Brokers.</li> <li>• Allocations under the General Offer will be determined by the Issuer after the Closing Date.</li> <li>• The Issuer does not guarantee any minimum allocation under the General Offer and the extent of any allocation will ultimately depend on the total level of applications under the Offer.</li> </ul>	Section 7.2

TOPIC	SUMMARY	FOR MORE INFORMATION
1.4.8 Is brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> <li>No brokerage, commission or stamp duty is payable by you on your application. You may be required to pay brokerage if you sell your Notes on ASX after Notes have been quoted on ASX.</li> </ul>	Section 7.1
1.4.9 What are the tax implications of investing in Notes?	<ul style="list-style-type: none"> <li>A general description of the Australian taxation consequences of investing in Notes is set out in Section 9.5. That discussion is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position.</li> </ul>	Section 9.5
1.4.10 When will I receive confirmation that my application has been successful?	<ul style="list-style-type: none"> <li>If you are an Applicant in the Broker Firm Offer or General Offer, you will be able to call the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798 (Monday to Friday — 8.30am to 5.30pm) from 20 December 2012 to confirm your allocation.</li> <li>Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate Broker from whom they received their allocation.</li> </ul>	Section 7.2
1.4.11 When will Notes be issued?	<ul style="list-style-type: none"> <li>MYOB expects Notes to be issued on 20 December 2012.</li> </ul>	Key Dates
1.4.12 When will Notes begin trading?	<ul style="list-style-type: none"> <li>MYOB expects that Notes will begin trading on 21 December 2012 on a deferred settlement basis.</li> </ul>	Key Dates
1.4.13 When will Holding Statements be dispatched?	<ul style="list-style-type: none"> <li>MYOB expects that Holding Statements will be dispatched by 24 December 2012.</li> </ul>	Key Dates
1.4.14 Where can I find more information about this Prospectus or the Offer?	<ul style="list-style-type: none"> <li>If you have any questions in relation to the Offer, please call the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798 (Monday to Friday — 8.30am to 5.30pm), or seek professional advice from your financial or other professional adviser.</li> <li>If you are a Broker Firm Applicant, you should contact your Syndicate Broker.</li> </ul>	Section 7

## 1.5. Key Information about People, Interests and Benefits

TOPIC	SUMMARY	FOR MORE INFORMATION
1.5.1 Who are the Directors and Company Secretary?	<ul style="list-style-type: none"> <li>Tim Reed (Chairman);</li> <li>Craig Boyce;</li> <li>Neil Kalvelage;</li> <li>Serge Walid Sarkis;</li> <li>Richard Moore; and</li> <li>Ian Boylan (Company Secretary).</li> </ul>	Section 8.1

TOPIC	SUMMARY	FOR MORE INFORMATION
1.5.3 What significant benefits and interests are payable to Directors and other persons associated with the Offer or MYOB?	<ul style="list-style-type: none"> <li>• Directors are not paid fees by MYOB Group.</li> <li>• The net proceeds of the Offer will partly be used to make a return of capital (\$90.2 million) to the Shareholder of MYOB Holdings (who is outside the MYOB Group).</li> <li>• All of the Joint Lead Managers are lenders to MYOB and, as a result of the \$53.8 million of Senior Debt that will be repaid using proceeds of the Offer, the Joint Lead Managers will receive a partial repayment of the loans they have made to MYOB Borrower. The amount of the repayment will be in proportion to their respective participations as lenders in the facilities being repaid.</li> </ul>	Section 8.4
1.5.4 How will the expenses of the Offer be paid?	<ul style="list-style-type: none"> <li>• The total expenses of the Offer are expected to be approximately \$6.0 million, and will be paid out of the proceeds of the Offer.</li> </ul>	Section 8.5

## 1.6. What You Need To Do

TOPIC	SUMMARY
1.6.1 Read this Prospectus in full	<ul style="list-style-type: none"> <li>• If you are considering applying for Notes under the Offer, this document is important and should be read in its entirety.</li> </ul>
1.6.2 Determine if you are eligible to apply	<ul style="list-style-type: none"> <li>• The Offer is being made to: <ul style="list-style-type: none"> <li>– Institutional Investors;</li> <li>– Eligible Clients of Syndicate Brokers under the Broker Firm Offer; and</li> <li>– the general public who are in Australia or New Zealand under the General Offer.</li> </ul> </li> </ul>
1.6.3 Consider and consult	<ul style="list-style-type: none"> <li>• Consider all risks and other information regarding an investment in Notes in light of your particular investment objectives and circumstances.</li> <li>• If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Notes or not, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.</li> </ul>
1.6.4 Complete and submit your Application Form	<ul style="list-style-type: none"> <li>• The application process varies depending on whether you participate in the Institutional Offer, Broker Firm Offer, or General Offer. See Section 7.2 for more details.</li> <li>• The Offer may close early so you are encouraged to consider submitting your application as soon as possible after the Opening Date.</li> </ul>



## Section 2

# About **MYOB** **Subordinated** **Notes**

- 2.1. General
- 2.2. Interest Payments
- 2.3. Redemption
- 2.4. Ranking and Security
- 2.5. Events of Default
- 2.6. Exchange Right on IPO of MYOB
- 2.7. Other

## 2. About MYOB Subordinated Notes

### 2.1. General

TOPIC	SUMMARY	FOR MORE INFORMATION
2.1.1 Who is the Issuer?	MYOB Finance Australia Limited.	Sections 3 and 4.13
2.1.2 What is the relationship between the Issuer and the MYOB Group?	<ul style="list-style-type: none"> <li>The Issuer is a special purpose entity established to issue Notes. It is a directly held, wholly-owned subsidiary of MYOB Holdings, the parent entity of the MYOB Group, and is itself a member of the MYOB Group.</li> <li>The MYOB Group, including MYOB Holdings and the Issuer, are currently ultimately owned by funds advised by Bain Capital, members of management and others.</li> </ul>	Sections 3 and 4.13
2.1.3 What are Notes?	<p>Notes:</p> <ul style="list-style-type: none"> <li>will pay floating rate interest payments payable quarterly in arrears, unless suspended at a minimum interest rate of 10% per annum for the first 4 interest payments;</li> <li>are second ranking and subordinated to MYOB Group's Senior Creditors;</li> <li>are intended to be quoted on ASX;</li> <li>are required to be redeemed on 20 December 2017, unless redeemed earlier by the Issuer, or exchanged earlier by Holders on an IPO; and</li> <li>may be exchanged by eligible Holders for Listed Securities if an IPO of MYOB occurs (which is not guaranteed),</li> </ul> <p>as further described below in this Section 2.</p>	<p>Section 2.2</p> <p>Section 2.4</p> <p>Section 7.3.2</p> <p>Section 2.3</p> <p>Section 2.6</p>
2.1.4 What am I required to pay?	<p>The Issue Price is \$100 per Note. This is also the Face Value per Note.</p> <p>Applications must be for a minimum of 50 Notes (\$5,000). If your application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes — that is, incremental multiples of \$1,000.</p>	Section 7
2.1.5 What is the purpose of the offer?	The net proceeds of the Offer will be used to partly repay Senior Debt Facilities (\$53.8 million) which was used to finance the acquisition of MYOB and make a return of capital (\$90.2 million) to the Shareholder of MYOB Holdings (who is outside the MYOB Group). The Shareholder of MYOB Holdings may reinvest them in future product development or for acquisitions by MYOB (but is not legally obliged to do so); return it to its ultimate owners; or use the proceeds itself.	Section 4.12
2.1.6 What is the term and maturity of Notes?	<p>Notes will have a five year term and mature on the Maturity Date, which is expected to be 20 December 2017. In certain circumstances, the Issuer may redeem Notes before this date.</p> <p>As noted in Section 2.4, the Issuer must repay all of the Senior Debt before it may repay Notes. The maturity date of the Senior Debt is currently 30 September 2016, before the Maturity Date of Notes, but may be extended until the Maturity Date of Notes.</p>	Appendix B (clause 4.2) and Section 2.3

TOPIC	SUMMARY	FOR MORE INFORMATION
2.1.7 Will Notes be quoted on ASX?	<p>An application has been made by the Issuer to be admitted to the official list of ASX Limited and for Notes to be quoted on ASX under code "MYBG".</p> <p>After quotation, Holders may offer to sell Notes or buy Notes from other Holders at the prevailing market price which may go up or down. There may or may not be a liquid market for Notes, which may in turn affect the market price of Notes.</p>	Section 7.3.2
2.1.8 Will Notes be rated by a credit rating agency?	MYOB has not sought a credit rating for Notes.	

#### Key documents and parties referred to in this Prospectus

The below briefly describes key documents and key parties (in addition to the Issuer and the parent entity of the MYOB Group, MYOB Holdings) that are referred to in this Prospectus.

- Each Note is issued subject to the provisions of the **Trust Deed** and **Terms of Issue**, the **Security Trust Deed** and the **Intercreditor Deed**. These documents contain key terms applicable to Notes. Refer to Appendix B and Sections 5.9 and 9.3.
- A **Trustee** (Trust Company (Australia) Limited) has been appointed as trustee pursuant to the Trust Deed and may enforce all rights in relation to Notes in accordance with that document. Refer to Section 9.3.
- Debt facilities and other financial accommodation (referred to as the **Senior Facilities**) have been made available to the MYOB Group from certain financial institutions under the **Senior Facilities Agreement**. Amounts lent, or otherwise owing under the Senior Facilities and other senior documents such as hedging agreements are referred to as **Senior Debt** and the providers of the Senior Facilities and the hedging are referred to as **Senior Creditors**.
- Certain MYOB Group members, **MYOB Obligors**, have given guarantees and granted security (**Security**) in support of the Senior Debt. Refer to Section 5.8.
- The **Security Trustee** holds the Security as trustee for the Senior Creditors on the terms of the Security Trust Deed and the Intercreditor Deed. From issue, the Security, on a second ranking and subordinated basis, will also secure the Notes, and the Security Trustee will also hold the Security as trustee for the Holders of Notes. Refer to Section 5.9.
- The Intercreditor Deed establishes the Senior Debt as senior to Notes which, while secured by the Security, are subordinated to, and are second ranking behind, the Senior Debt (as more fully described in this Prospectus). Refer to Section 5.9.

## 2.2. Interest Payments

TOPIC	SUMMARY	FOR MORE INFORMATION
2.2.1 When is interest payable?	Interest payments are payable quarterly in arrears, subject to suspension.	Appendix B (clause 2)
2.2.2 Will interest payments be franked or unfranked?	Interest payments on Notes will be payable entirely in cash and will not have any franking credits attached to them.	
2.2.3 How will the Interest Rate be determined?	<p>The Interest Rate for each Interest Period will be equal to the sum of the 90 day BBSW for that Interest Period, which is a variable rate, plus 6.70%, the Margin, subject to a minimum interest rate of 10% per annum for the first 4 interest payments. Interest will accrue on a daily basis.</p> <p>The Margin is 6.70% per annum as determined under the Bookbuild. The 90 day BBSW will be set on the first business day of each Interest Period.</p> <p>The first Interest Rate will be determined on the Issue Date.</p> <p>The 90 day BBSW is a market measure of the bank bill rate, which is the primary benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short term cash to each other over a three month period. It changes to reflect supply and demand in the cash and currency markets.</p> <p>The BBSW on 3 December 2012 was 3.13% per annum.</p> <p><b>Historical 90 day BBSW</b></p> <p>Note: This chart shows historical movements in the 90 day BBSW. Past levels are not necessarily indicative of future levels.</p>	Appendix B (clause 2)
2.2.4 How will interest payments be calculated?	<p>Interest will accrue on each Note on a daily basis at the Interest Rate. Interest will be calculated on the basis of a 365 day year and the number of days elapsed.</p> <p>The interest payment on each Note for each Interest Period can be calculated using the following formula:</p> $\text{Interest payment} = \text{Face Value} \times \text{Interest Rate} \times \frac{\text{number of days in the Interest Period}}{365}$	Appendix B (clause 2)

TOPIC	SUMMARY	FOR MORE INFORMATION
	<p>For example, assuming the 90 day BBSW was 3.13% per annum, the Interest Period was 90 days and the Margin was 6.70%, then the interest payment for the relevant Interest Period on each Note would be calculated as follows:</p> $\$100 \times 9.83\% \times 90/365 = \$2.4238 \text{ per Note}$ <p>The Issuer will announce to ASX the applicable Interest Rate and the amount of each interest payment for each Interest Period. This announcement will be made as soon as practicable after the Issuer determines the Interest Rate.</p> <p>Information about the Interest Rate can also be obtained at <a href="http://www.myob.com.au">www.myob.com.au</a> following the completion of the Offer Period.</p>	
<p>2.2.5 When will interest payments be made?</p>	<p>Based on the current timetable (which may change), the first interest payment is expected to be paid on 20 March 2013.</p> <p>Following the first interest payment, an interest payment is expected to be paid on each 20 March, 20 June, 20 September and 20 December in relation to each Note while it remains on issue as well as on the date it is redeemed or exchanged, subject to suspension.</p> <p>If any of these dates are not Business Days, then the interest payment will occur on the next Business Day.</p>	<p>Appendix B (clauses 2 and 17.2)</p>
<p>2.2.6 How will interest payments be paid to Holders?</p>	<p>Interest payments will be paid to Holders whose details are recorded with the Registry at 7.00pm on the record date, which is 8 calendar days (or such other period as determined by the Directors from time to time in compliance with the Listing Rules) before the interest payment date in respect of the relevant Interest Period.</p> <p>Any amount which is payable to Holders in respect of Notes will, unless the Issuer and the Holder otherwise agree, be paid by direct credit to a nominated Australian dollar account at an Australian financial institution.</p> <p>Information about the Australian tax consequences of receiving payments of Interest (including potential withholdings from such payments on account of tax) is in Section 9.5.</p>	<p>Appendix B (clause 6.1)</p> <p>Appendix B (clause 6.4)</p> <p>Section 9.5</p>
<p>2.2.7 What is "Suspension"?</p>	<p>"Suspension" means that the payment of an interest payment on Notes to Holders will be deferred until a later date but not cancelled. Interest payments could potentially be suspended until the Maturity Date in December 2017. The suspension of interest will not be an Event of Default for Notes. This means that a suspension of interest will not result in Notes becoming due and payable. Interest will accrue (daily and compounded quarterly) on interest which is suspended at a rate equal to the interest rate plus 2.00% per annum.</p> <p>The payment of interest to Holders will be suspended if a Suspension Condition applies on the interest payment date for that interest payment.</p> <p>The Issuer may not elect to suspend interest payments at its discretion if a Suspension Condition does not apply on the relevant interest payment date.</p>	<p>Appendix B (clauses 2 and 17.2)</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
2.2.8 When will interest payments to Holders be suspended?	<p>A Suspension Condition will apply on an interest payment date if:</p> <ul style="list-style-type: none"> <li>• an amount in relation to the Senior Facilities is due but unpaid (this reflects the seniority of the Senior Debt);</li> <li>• the Cashflow Cover Ratio is equal to or less than 1.10:1 or would be after the payment of interest (this financial ratio seeks to test whether the MYOB Group produces sufficient cash to pay its interest costs); or</li> <li>• a payment blockage (for example, there is an actual or potential event of default under the Senior Facilities Agreement and the Trustee is notified), as set out in the Intercreditor Deed, subsists.</li> </ul>	<p>Appendix B (clauses 2.2 and 17.2) Section 2.2.11</p> <p>Sections 2.2.13</p>
2.2.9 When will suspended interest payments be paid?	<p>All suspended interest payments in respect of a Note will be due and payable on the earlier of:</p> <ul style="list-style-type: none"> <li>• the next interest payment date on which no Suspension Condition exists; and</li> <li>• the day on which the Note is redeemed.</li> </ul>	Section 2.3
2.2.10 Does interest accrue on unpaid interest payments? Is any additional interest payable?	<p>Yes. Interest is cumulative, accruing at the Interest Rate plus an additional 2.00% on:</p> <ul style="list-style-type: none"> <li>• any suspended interest payment; and</li> <li>• any interest payment that is due and payable, but remains unpaid.</li> </ul> <p>This additional interest will accrue daily and compound quarterly.</p> <p>Additional interest on a Note will be payable on the earlier of:</p> <ul style="list-style-type: none"> <li>• the next interest payment date on which no Suspension Condition exists; and</li> <li>• the day on which the Note is redeemed.</li> </ul>	Appendix B (clauses 2.3 and 2.4)
2.2.11 What is the Cashflow Cover Ratio?	<p>The Cashflow Cover Ratio compares (A) cash flow which is available to service debt of the MYOB Group to its (B) debt service obligations and is calculated as:</p> <p style="text-align: center;"><i>(A) cash flow : (B) debt service obligations</i></p> <p>The Cashflow Cover Ratio will be calculated in accordance with the Terms of Issue. In summary:</p> <ul style="list-style-type: none"> <li>• <i>(A) cash flow</i>: is the MYOB Group's EBITDA for the purposes of this covenant for the relevant 12 month period adjusted in the manner provided in the Terms of Issue, including for example by: (i) adding any cash tax rebate or credit, dividends or profit distribution received by a member of the MYOB Group and proceeds of business interruption insurance; (ii) deducting capital expenditure not funded by finance leases, cashflow generated in a prior period and other sources and not applied to prepay the Senior Facilities and not applied for any other purpose; tax; and dividends paid to minority shareholders; and (iii) taking into account any change in working capital; and</li> </ul>	Appendix B (clause 17.2) and Section 4.8

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> <li>• <i>(B) debt service</i>: is the aggregate of (i) net interest expense in respect of the Borrowings of the MYOB Group, (ii) scheduled payments of principal under the Senior Debt for the relevant 12 month period of the MYOB Group (adjusted in the manner provided in the Terms of Issue, including for example by excluding capitalised and suspended interest), and (iii) payments in respect of any capitalised lease obligations.</li> </ul> <p>On a pro forma basis, as at 30 September 2012, the Cashflow Cover Ratio was 1.47 times as compared to the threshold of 1.10 times for the suspension of interest, which means that, on this basis, EBITDA for this ratio would have needed to be 21% lower before interest would have been suspended.</p> <p>The Cashflow Cover Ratio will be tested on the last day of each calendar quarter commencing on 31 December 2012 and will be determined when the relevant quarterly consolidated unaudited accounts are prepared. So, for the interest payment due on 20 March 2013 the relevant Cashflow Cover Ratio will be the ratio for 31 December 2012.</p> <p>Refer to Section 4.8 for further information about the Cashflow Cover Ratio.</p>	
2.2.12 Where can I find information on Senior Debt?	<p>After the issuance of Notes, MYOB Group will have approximately \$476.6 million of Senior Debt.<sup>1</sup></p> <p>Information on how much additional debt the MYOB Group may incur is set out in Section 2.4.9. A description of the Senior Facilities, including when interest is payable and how it is calculated, is contained in Sections 5.2–5.7.</p>	Sections 5.2–5.7
2.2.13 When will a payment blockage (or event of default under the Senior Facilities) subsist?	<p>A payment blockage will commence if the agent under the Senior Facilities notifies the Trustee that an event of default, or a potential event of default, under the Senior Facilities subsists.</p> <p>A payment blockage will cease:</p> <ul style="list-style-type: none"> <li>• when the event of default or potential event of default ceases to subsist;</li> <li>• 179 days from the occurrence of the relevant event of default or potential event of default; or</li> <li>• if the agent under the Senior Facilities notifies the Trustee that the payment blockage has ceased to subsist.</li> </ul> <p>An event of default under the Senior Facilities will exist, in summary, if a MYOB Obligor:</p> <ul style="list-style-type: none"> <li>• fails to pay any amount due to be paid by it in relation to the Senior Facilities;</li> <li>• breaches a financial covenant under a Senior Finance Document (including covenants in relation to the Cashflow Cover Ratio, a Senior Leverage Ratio, an Interest Cover Ratio, and capital expenditure restrictions);</li> <li>• fails to perform its obligations or breaches a representations in relation to the Senior Facilities (subject to certain grace and cure period arrangements); or</li> <li>• certain insolvency events occur in relation to a MYOB Obligor.</li> </ul>	<p>Section 5.5</p> <p>Section 5.7</p> <p>Sections 4.8 and 5.5</p>

<sup>1</sup> This comprises \$469.6 million outstanding under the Senior Facilities and \$7 million of hedging liabilities as at 30 September 2012 (assuming close-out of hedging on that date).

TOPIC	SUMMARY	FOR MORE INFORMATION
2.2.14 Is there a distribution restriction if interest payments are suspended or in other circumstances?	<p>Yes. The Issuer must not, and must procure that each other MYOB Obligor does not, announce or make distributions outside the MYOB Group in respect of, or buy back, any ordinary shares or preference shares, or any other securities or similar indebtedness that is subordinated to Notes if any amount in respect of interest on any Note is suspended, except for certain Permitted Distributions under the Terms of Issue. For example, if this restriction applies, MYOB Holdings could not pay dividends or make a return of capital to the Current Owners.</p> <p>These restrictions will also apply in the following circumstances:</p> <ul style="list-style-type: none"> <li>• any amount in respect of interest or principal on any Note is due and payable but unpaid;</li> <li>• the Total Net Leverage Ratio on such day is greater than 5.5 times or would be if such distribution was made; or</li> <li>• an Event of Default exists at that time.</li> </ul>	<p>Appendix B (clause 2.5 and 17.2)</p> <p>Section 2.4.10</p>
2.2.15 How will interest payments on Notes be funded?	Interest payments in respect of Notes will be paid from cash flows generated by the MYOB Group.	Section 4.14

### 2.3. Redemption

TOPIC	SUMMARY	FOR MORE INFORMATION
2.3.1 When can MYOB redeem Notes early?	<p>The Issuer may redeem Notes early at its discretion in certain circumstances. These early redemption rights are subject to the restrictions on repayment of Notes referred to in Section 1.1.9. If these restrictions applied, the Issuer would need to obtain the prior consent of the Senior Creditors before exercising these rights. Early redemption may or may not be advantageous for Holders of Notes.</p> <ul style="list-style-type: none"> <li>• <i>Early redemption right – Issuer’s discretion</i> The Issuer may redeem all or part of the Notes at any time at the Early Redemption Amount. The Issuer must provide at least 28 days notice to the Holders and the Trustee. If the Issuer redeems part of the Notes, it must redeem the same proportion of each Holder’s holding of Notes.</li> <li>• <i>Early redemption right – special circumstances</i> The Issuer may redeem all (but not part only) of the Notes at any time at their Face Value after the occurrence of: <ul style="list-style-type: none"> <li>– a Tax Event; or</li> <li>– a Change of Law Event; or</li> <li>– a Clean Up Event.</li> </ul> </li> <li>• <i>Early redemption – IPO</i> The Issuer may redeem all or part of the Notes concurrently with an IPO of MYOB. The Issuer must provide at least 28 days notice to the Holders and the Trustee of an IPO. The notice may not be given until after the disclosure document for the IPO is lodged with ASIC. If the Issuer redeems part of Notes, it must redeem the same proportion of each Holders’ holding of Notes (after taking into account elections by Holders of Notes to subscribe in the IPO pursuant to their Exchange Right).</li> </ul>	<p>Appendix B (clause 4.3(a))</p> <p>Appendix B (clause 4.3(c), (d) and (e))</p> <p>Section 2.3.3</p> <p>Appendix B (clause 4.3(b)) and Section 2.6.2</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
	<p>The redemption will occur on the later of:</p> <ul style="list-style-type: none"> <li>— the date specified in the Issuer’s notice; and</li> <li>— the date of issue or transfer (as the case may be) of Listed Securities pursuant to the IPO,</li> </ul> <p>or, if the IPO is withdrawn prior to the issue or transfer of Listed Securities (and redemption was not conditional upon the IPO proceeding) the date of announcement of such withdrawal.</p> <p>The Issuer has no current intention to redeem Notes early, and it is not possible to speculate if and when this could occur over a 5 year period. The Issuer will consider a broad range of factors when evaluating the role of Notes in its ongoing capital management strategy, including whether to redeem early. By way of example, MYOB may choose to redeem Notes early if it is considered desirable or necessary as part of refinancing the Senior Facilities.</p>	
<p>2.3.2 What will Holders receive on redemption of Notes?</p>	<p>In the case of a redemption on the Maturity Date, Holders will receive the Face Value of the Notes then outstanding together with any unpaid Outstanding Interest.</p> <p>In the case of the <i>Early redemption right — Issuer’s discretion</i>, Holders will receive an amount between 100% and 105% of the Face Value of such Notes depending on the date of redemption as follows:</p> <ul style="list-style-type: none"> <li>• in respect of any early redemption date occurring from (and including) the Issue Date to (and including) the date that is 12 months after the Issue Date, 105% of the Face Value of such Notes redeemed on such day;</li> <li>• in respect of any early redemption date occurring from (but excluding) the date that is 12 months after the Issue Date to (and including) the date that is 24 months after the Issue Date, 103% of the Face Value of such Notes redeemed on such day;</li> <li>• in respect of any early redemption date occurring from (but excluding) the date that is 24 months after the Issue Date to (and including) the date that is 36 months after the Issue Date, 101% of the Face Value of such Notes redeemed on such day; and</li> <li>• in respect of any early redemption date occurring from (but excluding) the date that is 36 months after the Issue Date to (and including) the Maturity Date, 100% of the Face Value of such Notes redeemed on such day,</li> </ul> <p>in each case, together with any unpaid Outstanding Interest at the time.</p> <p>In the case of a redemption on the <i>Early redemption right — special circumstances</i>, Holders will receive the Face Value of the Notes then outstanding together with any unpaid Outstanding Interest.</p> <p>In the case of the <i>Early redemption right — IPO</i>, Holders will receive:</p> <ul style="list-style-type: none"> <li>• 102.5% of such part of the Face Value of Notes as is being redeemed if the redemption takes place on a date occurring on or prior to 24 months from the Issue Date;</li> <li>• in respect of any early redemption date occurring from (but excluding) the date that is 24 months after the Issue Date to (and including) the date that is 36 months after the Issue Date, 101% of the Face Value of such Notes redeemed on such day; and</li> </ul>	<p>Appendix B (clause 4.2)</p> <p>Appendix B (clause 4.3(a))</p> <p>Appendix B (clauses 4.3(c), (d) and (e))</p> <p>Appendix B (clause 4.3(b))</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
	<ul style="list-style-type: none"> <li>in respect of any early redemption date occurring from (but excluding) the date that is 36 months after the Issue Date to (and including) the Maturity Date, 100% of the Face Value of such Notes redeemed on such day,</li> </ul> <p>in each case, together with any Outstanding Interest at the time.</p>	
2.3.3 What is a “Tax Event”, “Change of Law Event” and a “Clean Up Event”?	<p>A summary of these events, which may give the Issuer the right to redeem Notes, is as follows:</p> <ul style="list-style-type: none"> <li>a “Tax Event” will occur, in summary, if any interest payment would not be deductible for tax purposes as a result of change in law or if the payment of any interest payment would be subject to withholding or deduction in respect of tax or governmental charges for which the Issuer must pay an additional amount;</li> <li>a “Change of Law Event” will occur, in summary, if it becomes illegal or impossible or materially more costly for the Issuer to perform its obligations under the Terms of Issue or the Trust Deed as a result of a change in law; and</li> <li>a “Clean Up Event” will occur, in summary, if on the date of redemption, the aggregate value of Notes on issue is less than \$50 million.</li> </ul>	Appendix B (clause 17.2)
2.3.4 Are Holders able to request early redemption of Notes?	No. Holders have no ability to request an early redemption of their Notes.	Appendix B (clause 4.4)

## 2.4. Ranking and Security

TOPIC	SUMMARY	FOR MORE INFORMATION
2.4.1 Notes are described as “subordinated and second ranking”. What does this mean and how will Notes rank on enforcement of the Security?	<p>The claims of Holders of Notes in relation to the Security are “subordinated and second ranking” in that those claims are subordinated and postponed to, and second ranking behind, the claims of Senior Creditors in respect of the Security.</p> <p>This means that no payment of Face Value or interest if it is suspended may be made to Holders until MYOB’s Senior Debt has been repaid in full. This restriction applies while the MYOB Group is a going concern and in any insolvency of the MYOB Group.</p> <p>This means that Notes rank behind all Senior Debt, but ahead of equity, for payment of Face Value and interest at maturity or in any insolvency of the MYOB Group.</p> <p>Further, the rights of the Holders and the Trustee to enforce the Security are subject to important limitations.</p> <p>The claims of Holders in respect of Notes in relation to the Security, which are subordinated in this way, are “secured” in that the Holders may access assets of MYOB Obligors (who comprised approximately 100% of the MYOB Group’s EBITDA for LTM to 30 September 2012 and 100% of total assets of the MYOB Group as at that date) the subject of the Security in satisfaction of payment of amounts due and payable in relation to Notes, in priority to unsecured creditors (except those whose claims are mandatorily preferred by law).</p>	<p>Section 2.4.7</p> <p>Section 2.4.4</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>2.4.2 Who are the Senior Creditors and how much money is owed to them?</p>	<p>Senior Creditors are the lenders under the Senior Facilities and providers of hedging, and currently consist of banks and financial institutions in Australia and various other countries. Each of the Joint Lead Managers are existing lenders under the Senior Facilities Agreement, part of which will be repaid on completion of the Offer.</p> <p>After the issuance of Notes, the MYOB Group will have approximately \$476.6 million of Senior Debt.<sup>1</sup></p> <p>The MYOB Group would currently only be able to incur up to approximately \$62 million of additional Senior Debt that ranks in priority to Notes on a pro forma 30 September 2012 basis without obtaining consent from Senior Creditors, or exceeding covenant restrictions under the Senior Facilities Agreement. See Section 2.4.9 for information on how much additional debt MYOB may incur.</p>	<p>Section 5.2</p> <p>Section 2.4.9</p>
<p>2.4.3 What are the implications for Holders of subordination?</p>	<p>This means that Holders currently rank behind \$476.6 million of Senior Debt. If the additional Senior Debt of approximately \$62 million referred to above were drawn in full, Holders would rank behind approximately \$538 million of Senior Debt.</p> <p>Investors should be aware that an investment in Notes involves risks in that the MYOB Group must:</p> <ul style="list-style-type: none"> <li>refinance or repay \$476.6 million of Senior Debt (and potentially further amounts, for example, the additional \$62 million referred to above) plus any unpaid interest in respect of that Senior Debt in full before it can repay Notes upon their maturity. In the case of enforcement of Security or a winding up of MYOB Group where the assets of the MYOB Obligors were sold, the proceeds would be applied to repay Holders only after Senior Debt plus any due and unpaid interest thereon was repaid in full;</li> <li>pay interest on the Senior Debt referred to above (interest on Senior Debt being \$40.7 million per annum for the pro forma LTM to 30 September 2012) before it can pay interest on Notes, and interest payments on Notes will be suspended if an amount is due but unpaid on Senior Debt or if the Trustee is notified there is an actual or potential event of default under the Senior Facilities Agreement; and</li> <li>comply with financial covenants for the Senior Debt which tighten over time as MYOB is scheduled to pay down some of its Senior Debt and therefore reduce interest costs, and if it does not do so interest payments on Notes will be suspended.</li> </ul> <p>Suspended Interest may remain suspended potentially until the Maturity Date in December 2017. Refer to Section 2.4.6 for further details and an illustration of how Notes would rank in enforcement of Security or in a winding up of MYOB Group.</p>	<p>Sections 2.2, 2.4.2, 5.4 and 5.5</p> <p>Section 2.4.6</p>

<sup>1</sup> This comprises \$469.6 million outstanding under the Senior Facilities and \$7 million of hedging liabilities as at 30 September 2012 (assuming close-out of hedging on that date).

TOPIC	SUMMARY	FOR MORE INFORMATION
<p>2.4.4 Who are the MYOB Obligors and what is the Security?</p>	<p><b>MYOB Obligors</b></p> <p>The MYOB Obligors (being the entities that provide the Security) are MYOB Holdings and certain wholly owned subsidiaries of MYOB Holdings and members of the MYOB Group.</p> <p>If the Senior Facilities have been repaid, the MYOB Obligors at that time will continue to be MYOB Obligors. While the Senior Facilities remain, MYOB Obligors will generally only be released from the guarantee and the Security if being disposed of, or if following the release the remaining MYOB Obligors represent not less than 90% of the EBITDA and gross assets of the MYOB Group (unless the senior lenders under the Senior Facilities agree otherwise).</p> <p>Accordingly, but without affecting the requirements referred to above, the members of the MYOB Group that comprise the MYOB Obligors may change prior to the maturity of Notes.</p> <p>The MYOB Obligors collectively accounted for approximately 100% of the MYOB Group's EBITDA for LTM to 30 September 2012 and 100% of MYOB Group's total assets as at that date.</p> <p><b>Security</b></p> <p>The Security consists of fixed and floating charges and share mortgages and general security deeds from the MYOB Obligors over all or substantially all of their assets in favour of the Security Trustee.</p> <p>Under the Security Trust Deed and the Intercreditor Deed, each security granted by a MYOB Obligor in securing the Senior Facilities will also secure the Issuer's obligations under Notes on a second ranking and subordinated basis, subject to the following. A MYOB Obligor may be required to grant a specific security to a particular Senior Creditor in certain cases (for example to provide cash cover for a letter of credit issued by a Senior Creditor in support of MYOB) but this is not expected to be material. Consequently, the Security securing Notes will be substantially the same as that of Senior Creditors.</p> <p>In addition to sharing in the Security granted by the MYOB Obligors to Senior Creditors (on a subordinated basis), Holders will have the benefit through the Trustee of a subordinated guarantee from each MYOB Obligor of the performance by the Issuer of its obligations in respect of Notes, and an indemnity on the same terms granted under the Senior Facilities Agreement but on a subordinated basis.</p>	<p>Sections 5.8 and 5.9</p>
<p>2.4.5 Notes are "unsecured notes" for the purposes of the Corporations Act</p>	<p>Section 1.1.4 states that Notes are "unsecured notes" for the purposes of section 283BH of the Corporations Act. This section provides more information on why this is the case.</p> <p>The Corporations Act requires debt instruments that are offered to the public to be described as either "mortgage debentures", "debentures", "secured notes" or "unsecured notes". Such debt instruments may only be described as "mortgage debentures", "debentures" or "secured notes" if certain conditions are met. For example:</p> <ul style="list-style-type: none"> <li>• Debt instruments can only be described as mortgage debentures or debentures if they are secured by a first mortgage given to the trustee over land vested in the borrower or guarantors, which mortgage is registered or has been lodged for registration and the total amount secured by mortgages over that land which rank equal with the mortgage does not exceed 60% of the value of the interest of the borrower or guarantor in that land as shown in a valuation included in the disclosure document.</li> </ul>	

TOPIC	SUMMARY	FOR MORE INFORMATION										
	<ul style="list-style-type: none"> <li>Debt instruments may also be described as debentures if they are secured by a charge in favour of the trustee over the whole or any part of the tangible property of the borrower or guarantors and the tangible property is sufficient and reasonably likely to be sufficient to meet the liabilities of the debt instrument that have been or may be incurred and that rank in priority to or equally with that liability.</li> <li>Debt instruments may be described as secured notes if they are secured by a first ranking security interest in favour of the trustee over the whole or any part of the property of the borrower or guarantors and the security under the security interest is sufficient and is reasonably likely to be sufficient to meet the liabilities of the debt instrument that have been or may be incurred and that rank in priority to or equally with that liability.</li> </ul> <p>Notes do not meet these conditions and must therefore be described as “unsecured notes” for the purposes of section 283BH of the Corporations Act.</p>											
<p>2.4.6 Illustration of enforcement of Security</p>	<p>A trustee (the Security Trustee) holds the Security (including any proceeds derived from the enforcement of the Security) on behalf of the Senior Creditors and, from issue, Holders subject to the terms of the Security Trust Deed and Intercreditor Deed.</p> <p>If the Security Trustee enforces the Security (or part of it), it must apply payments received by it in the following order:</p> <table border="1" data-bbox="367 1182 1117 1662"> <thead> <tr> <th></th> <th style="text-align: right;"><b>PRO FORMA AMOUNT DRAWN AT 30 Sep 2012 (\$ Million)</b></th> </tr> </thead> <tbody> <tr> <td><i>First</i> ↑</td> <td>All amounts which to the extent required by law have priority to payments below</td> </tr> <tr> <td></td> <td>Senior Creditors, until having received all of the Senior Debt owing to them<sup>(1)</sup> 476.6</td> </tr> <tr> <td></td> <td>Holders, towards the satisfaction of the principal and Outstanding Interest on Notes<sup>(2)</sup> 150.0</td> </tr> <tr> <td>↓ <i>Last</i></td> <td>Any surplus to the relevant MYOB Obligor<sup>(3)</sup></td> </tr> </tbody> </table> <p><sup>1</sup> Amount calculated as at 30 September 2012, adjusted to include the items set out in Section 4.1 (including \$150 million to be raised under this Offer). Includes hedging liabilities of \$7.0 million (assuming close-out of hedging on 30 September 2012).</p> <p><sup>2</sup> The amount of \$150 million in respect of Notes assumes there is no Suspended Interest Payments or Outstanding Interest.</p> <p><sup>3</sup> In a winding up of a MYOB Obligor, any surplus would be available for distribution first to remaining unsecured creditors, then to shareholders.</p>		<b>PRO FORMA AMOUNT DRAWN AT 30 Sep 2012 (\$ Million)</b>	<i>First</i> ↑	All amounts which to the extent required by law have priority to payments below		Senior Creditors, until having received all of the Senior Debt owing to them <sup>(1)</sup> 476.6		Holders, towards the satisfaction of the principal and Outstanding Interest on Notes <sup>(2)</sup> 150.0	↓ <i>Last</i>	Any surplus to the relevant MYOB Obligor <sup>(3)</sup>	<p>Section 5.8</p>
	<b>PRO FORMA AMOUNT DRAWN AT 30 Sep 2012 (\$ Million)</b>											
<i>First</i> ↑	All amounts which to the extent required by law have priority to payments below											
	Senior Creditors, until having received all of the Senior Debt owing to them <sup>(1)</sup> 476.6											
	Holders, towards the satisfaction of the principal and Outstanding Interest on Notes <sup>(2)</sup> 150.0											
↓ <i>Last</i>	Any surplus to the relevant MYOB Obligor <sup>(3)</sup>											

TOPIC	SUMMARY	FOR MORE INFORMATION
	<p>The preceding ignores costs, expenses, fees, other outgoings and secured moneys payable personally to the Security Trustee and certain other persons pursuant to the Security Trust Deed, all of which would be applied before all payments above except those taking priority by operation of law (such as employee entitlements).</p> <p>Refer to Section 4.6 for a pro forma balance sheet for the MYOB Group and Section 5 for a description of the MYOB Group's indebtedness including the Senior Facilities. The preceding is a simplified diagram and does not specifically identify every type of security issued by the MYOB Group or every potential claim against any member of the MYOB Group on an enforcement of the Security.</p> <p>Refer to Section 2.4.9 for further information on how much the MYOB Group may borrow.</p>	<p>Sections 4.6 and 5</p> <p>Section 2.4.9</p>
<p>2.4.7 What is the consequence of being subordinated and second ranking on the ability to accelerate and enforce repayment of Notes?</p>	<p>Until the Senior Debt has been paid or satisfied in full, the right to accelerate Notes (that is, declare Notes immediately due and payable) and to enforce the Security to seek payment of principal and Outstanding Interest on Notes, is limited as set out below pursuant to the Security Trust Deed and Intercreditor Deed.</p> <p>If an Event of Default on Notes has occurred, while the Senior Debt is outstanding, Holders may only declare Notes immediately due and payable:</p> <ul style="list-style-type: none"> <li>• if any interest payment due and payable (and not suspended) is not paid within 15 Business Days of written notice from the Trustee to the agent under the Senior Facilities;</li> <li>• if the Senior Creditors accelerate the Senior Debt or enforcement action has been taken by the Security Trustee;</li> <li>• if the Senior Debt has not been repaid with six months of its latest maturity date and the Senior Creditors have not then instructed the Security Trustee to take enforcement action; or</li> <li>• if a MYOB Obligor is insolvent (provided that any action may only be undertaken in respect of that MYOB Obligor).</li> </ul> <p>Even if Notes are declared immediately due and payable, Notes continue to be subordinated and the restrictions on payment described in Section 2.4.1 will continue to apply unless and until the Senior Debt has been repaid. The Intercreditor Deed also restricts the Trustee from taking other action that would be inconsistent with the subordination of Notes.</p> <ul style="list-style-type: none"> <li>• The Trustee may only instruct the Security Trustee to take enforcement action under the Security against a MYOB Obligor if: <ul style="list-style-type: none"> <li>– the Senior Debt has been repaid in full; or</li> <li>– it has not been repaid in full within six months after: <ul style="list-style-type: none"> <li>– the Senior Creditors declaring the Senior Debt immediately due and payable; or</li> <li>– the maturity date of the Senior Debt under the Senior Facilities Agreement (refer to Section 2.4.8 below).</li> </ul> </li> </ul> </li> </ul> <p>Generally only the Trustee (and not a Holder) has the right to enforce any right or remedy under or in respect of Notes (whether or not any Senior Debt is outstanding).</p>	<p>Sections 2.5.1 and 5.9</p> <p>Section 9.3</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
2.4.8 What is the maturity date of the Senior Facilities Agreement	<ul style="list-style-type: none"> <li>• 30 September 2016, but can be extended to the Maturity Date of Notes under the Intercreditor Deed.</li> <li>• The MYOB Group may seek to refinance the Senior Facilities prior to this time and in doing so may elect to redeem Notes early if considered necessary or desirable as part of that refinancing.</li> </ul>	
2.4.9 How much more money can MYOB borrow?	<p>The MYOB Group could borrow additional Senior Debt by:</p> <ul style="list-style-type: none"> <li>• drawing down on its existing \$50 million revolving facility;</li> <li>• obtaining commitments for, and drawing down, an acquisition facility. The facility limit is currently \$70 million, however MYOB must satisfy various conditions to be able to draw down under this facility (including that certain earnings requirements in relation to the target of the acquisition are satisfied and that the Senior Leverage Ratio under the Senior Facilities Agreement would be below an agreed level);</li> <li>• obtaining commitments of up to \$100 million under another facility if it obtained necessary commitments from lenders and the consent of senior lenders under the Senior Facilities Agreement; and</li> <li>• drawing down on any additional facility it may otherwise obtain, but only if following draw down the Total Net Leverage Ratio would not exceed 5.5 times.</li> </ul> <p>The MYOB Group would currently only be able to incur additional Senior Debt under the above facilities of up to approximately \$62 million on a pro forma 30 September 2012 basis without obtaining consent of senior lenders under the Senior Facilities Agreement or exceeding covenant restrictions under the Senior Facilities Agreement.</p> <p>The amount of additional Senior Debt that MYOB could incur in the future could change if it were able to obtain consent of senior lenders under the Senior Facilities, or without such consent if, on raising that additional debt it satisfied all draw down conditions and remained in compliance with its applicable financial covenants.</p> <p>There are certain other circumstances when the MYOB Group may incur additional debt that ranks in priority to or equally with Notes in addition to the examples of Permitted Finance Debt referred to above.</p> <p>For example, MYOB could raise additional debt ranking equally with Notes if the Total Net Leverage Ratio restriction in the Terms of Issue would be 5.5 times or less after the additional debt was incurred. At present, this requirement would permit the MYOB Group to raise up to \$5 million of additional debt which ranks equally with Notes (to the extent that amount has not already been raised as Senior Debt as permitted above).</p> <p>Subject to restrictions in the Senior Facilities Agreement, MYOB could raise additional debt that ranks behind the Notes.</p>	Appendix B (clause 2.6 and “Permitted Finance Debt” in clause 17.2)

TOPIC	SUMMARY	FOR MORE INFORMATION
2.4.10 What is the Total Net Leverage Ratio?	<p>The Total Net Leverage Ratio compares (A) the MYOB Group's borrowings to (B) Adjusted Covenant EBITDA for the relevant 12 month period, and is calculated as:</p> $(A) \text{ Borrowings} : (B) \text{ Adjusted Covenant EBITDA}$ <p>In summary:</p> <ul style="list-style-type: none"> <li>• (A) <i>Borrowings</i> includes obligations of the MYOB Group for or in respect of Borrowings (as defined in the Terms of Issue) less cash held which could be used to discharge those Borrowings; and</li> <li>• (B) <i>Adjusted Covenant EBITDA</i> is the MYOB Group's EBITDA for the purposes of the covenant for the relevant 12 month period, adjusted to account for the equivalent EBITDA of businesses or entities acquired or sold during the relevant 12 month period.</li> </ul>	<p>Appendix B (clause 17.2)</p> <p>Section 4.8</p>
2.4.11 Are there any restrictions on the refinancing of Senior Debt when Notes are on issue?	<p>Yes. In summary, the Intercreditor Deed provides that unless otherwise agreed by the Trustee, a MYOB Obligor may only refinance the Senior Debt with debt proceeds if the new commitments for debt facilities are no greater than for the Senior Debt prior to refinancing (with certain exceptions including associated costs, fees and expenses) and any additional debt facilities that could otherwise be added as Senior Debt.</p>	Section 2.4.9
2.4.12 Are there any restrictions on amending the terms of the Senior Facilities?	<p>Yes. Pursuant to the Intercreditor Deed, the MYOB Obligors and Senior Creditors may not add facilities that would increase Senior Debt other than as described in Section 2.4.9 above; extend the maturity date of the Senior Debt past the Maturity Date for Notes; increase interest and fee amounts payable under the Senior Debt if it would result in the Cashflow Cover Ratio to fall below 1.10 times; or impose additional restrictions on payments of Notes.</p>	

## 2.5. Events of Default

TOPIC	SUMMARY	FOR MORE INFORMATION
2.5.1 What is an Event of Default under the Terms of Issue?	<p>An Event of Default will occur, in summary, if:</p> <ul style="list-style-type: none"> <li>• the Issuer fails to pay within three Business Days after the due date any principal on any Note;</li> <li>• the Issuer fails to pay within 14 Business Days after the due date any interest on any Note;<sup>1</sup></li> <li>• the Issuer fails to comply with any of its other obligations under these Terms of Issue or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;</li> <li>• the occurrence of any Insolvency Event with respect to the Issuer or any other MYOB Obligor; or</li> <li>• any Borrowings greater than \$15 million (or its equivalent in any other currency) of any MYOB Obligor become due and payable or can be made due and payable before its stated maturity due to the occurrence of an event of default (however described).</li> </ul>	<p>Appendix B (clauses 5 and 17.2)</p>

<sup>1</sup> The suspension of any interest payments will not constitute an Event of Default.

TOPIC	SUMMARY	FOR MORE INFORMATION
2.5.2 What are the consequences of an Event of Default?	If an Event of Default occurs, the Trustee may, subject to the below, by written notice to the Issuer declare the Face Value (together with all Outstanding Interest (if any)) applicable to each Note held by the Holders to be due and payable immediately.	Appendix B (clauses 5.2 and 5.4)
	However, while the Senior Debt is outstanding, rights to accelerate Notes (that is, declare Notes immediately due and payable) and to enforce the Security to seek payment of principal and Outstanding Interest on Notes is limited as described in Section 2.4.7.	Section 2.4.7
	The distribution restrictions referred to in Section 2.2.14 will apply if any amount in respect of interest or principal on any Note is due and payable but unpaid, or an Event of Default otherwise exists, at the relevant testing time.	Section 2.2.14
	Generally, only the Trustee (and not a Holder) has the right to enforce any right or remedy under or in respect of Notes.	Section 9.3

## 2.6. Exchange Right on IPO of MYOB

TOPIC	SUMMARY	FOR MORE INFORMATION
2.6.1 Can Notes be exchanged?	<p>Eligible Holders will have a priority right to subscribe in an IPO (which is not guaranteed to occur) in relation to MYOB and “exchange” all or part of their holding of Notes for the securities being issued pursuant to the IPO (the “Listed Securities”). The price of Listed Securities acquired by Holders on exchange of Notes in an IPO will be equal to 97.5% of the price payable by retail investors in the IPO. Eligible Holders are Holders, registered as holding Notes on the applicable record date, who are residents in Australia (or such other jurisdictions, if any, determined by the Issuer in its discretion).</p> <p>Notes do not have a general right to convert into ordinary shares in the Issuer or MYOB, but may only be exchanged if there is an IPO in accordance with the Terms of Issue.</p> <p>No assurance can be or is given that an IPO will occur.</p>	Appendix B (clause 3)
2.6.2 What constitutes an “IPO” for the purposes of the Exchange Right?	<p>An “IPO” is any initial public offering of:</p> <ul style="list-style-type: none"> <li>• shares in the Issuer, any Related Body Corporate of the Issuer or any other entity in the MYOB Group or any special purpose vehicle established by any such entity; and/or</li> <li>• units in a trust,</li> </ul> <p>that (in either case or together) directly or indirectly owns or will own a significant portion (ie at least 25%) of the business currently conducted by the MYOB Group, for the purposes of seeking admission of that entity to the official list of ASX or any other Australian securities exchange and the quotation of those securities.</p> <p> Holders will not be entitled to exercise the Exchange Right if the IPO is to occur on a securities exchange other than ASX or other Australian securities exchange. Similarly, Holders will not be entitled to exercise the Exchange Right in the event the MYOB Group is sold privately.</p>	Appendix B (clause 3)

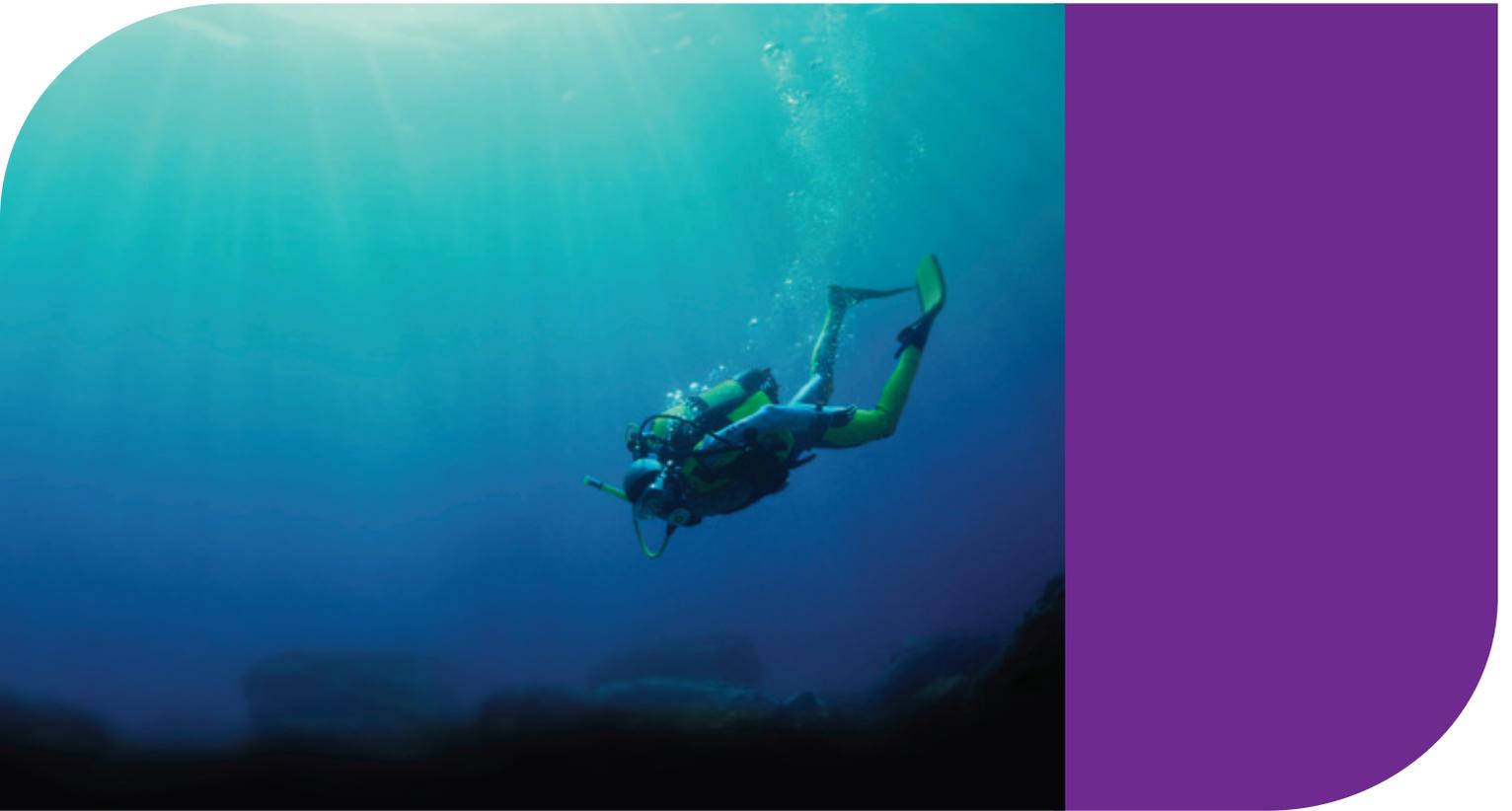
TOPIC	SUMMARY	FOR MORE INFORMATION
2.6.3 Will the ordinary shares of the Issuer or other members of the MYOB Group be quoted on ASX as part of the Offer?	No. The ordinary shares of the Issuer and the members of the MYOB Group will not be quoted on ASX as part of the Offer.	
2.6.4 How will Holders exercise their Exchange Right?	The Issuer is required to provide Holders with notice of an IPO. Eligible Holders will then have the opportunity to submit a notice requesting an exchange of up to 100% of their Notes for Listed Securities in the IPO.	Appendix B (clauses 3.2 and 3.3)
	The price of Listed Securities acquired by Holders on exchange of Notes in an IPO will be equal to 97.5% of the price payable by retail investors in the IPO.	Appendix B (clauses 3.5)
2.6.5 Are there limitations on the Exchange Right?	Holders will not be entitled to exercise the Exchange Right to the extent that this would result in less than 50% of the total amount to be raised from the IPO being raised from investors other than the Holders pursuant to the Exchange Right.	Appendix B (clauses 3.7)
2.6.6 Will Holders be entitled to interest payments on exchange?	Yes. Interest accrued since the previous interest payment date will be paid in cash on Notes that are exchanged unless the Suspension Condition (refer to Section 2.2.8) is then satisfied in which case such amount will be added to the amount that can be exchanged under the IPO.	Appendix B (clause 3.4(d)(ii)) Section 2.2.8
2.6.7 Does the Exchange Right override the Issuer's Early redemption right – IPO?	The Issuer's right to redeem Notes early will not apply to a Holder to the extent that an Exchange Right applies in respect of an IPO and the Holder has validly exercised that Exchange Right. If an IPO is withdrawn or does not proceed, an Exchange Right in respect of that IPO will lapse and the Issuer may be entitled to redeem Notes early.	Appendix B (clause 4.3(b))

## 2.7. Other

TOPIC	SUMMARY	FOR MORE INFORMATION
2.7.1 Do Notes have voting rights?	Holders have no voting rights at meetings of holders of shares in the Issuer.	
2.7.2 Can MYOB amend the Terms of Notes?	The Terms of Issue can be amended if approved by Holders in accordance with the Trust Deed (subject to the Intercreditor Deed which restricts certain amendments to Notes, including increasing the interest rate of Notes or bringing forward the Maturity Date of Notes).	Appendix B (clause 14)
	The Terms of Issue may also be amended without the consent of Holders in certain circumstances set out in the Trust Deed including where the amendments are, in the opinion of an independent law firm appointed by the Issuer, of a formal, minor or technical nature, made to correct any ambiguity or manifest error, made to comply with applicable legal or regulatory requirements, convenient for the purpose of obtaining or maintaining the listing or quotation of Notes or are not likely to be prejudicial to the interests of Holders.	Section 9.3
	While Senior Debt is Outstanding, the Intercreditor Deed restricts the Terms of Issue from being amended in a manner which, in summary, would be adverse to the interests of Senior Creditors without the prior written consent of all Senior Creditors.	

TOPIC	SUMMARY	FOR MORE INFORMATION
2.7.3 Can the Issuer issue further Notes or other instruments?	Yes, subject to the requirements imposed by the restriction referred to in section 2.4.9. The Issuer reserves the right to issue further Notes or other instruments upon such terms as to ranking (including those that rank ahead of Notes), dividends or interest, conversion, redemption and otherwise as the Issuer may determine at the time of issue.	Section 2.4.9
2.7.4 Can the Issuer purchase Notes on ASX?	No MYOB Obligor is permitted to purchase Notes on ASX while the Senior Debt is outstanding pursuant to the Intercreditor Deed.	
2.7.5 What are the taxation consequences of investing?	You should seek professional tax advice that takes into account your particular circumstances before deciding whether to invest in Notes.	Section 9.5
2.7.6 What is the governing law?	New South Wales, Australia.	

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## Section 3

# About MYOB

- 3.1. Who is MYOB and What is its Business?
- 3.2. What is the MYOB Business Model?
- 3.3. What has Changed since Delisting?
- 3.4. What are the Operating Divisions of MYOB?
- 3.5. Business Division (“BD”)
- 3.6. Accountants Division (“AD”)
- 3.7. Enterprise Division (“ED”)
- 3.8. Websites Division (“WD”)
- 3.9. What is MYOB’s Business Growth Strategy?
- 3.10. Experienced Management Team
- 3.11. Majority Shareholder with Significant Industry Experience

## 3. About MYOB

### 3.1. Who is MYOB and What is its Business?

MYOB is a leading provider of business management, accounting, payroll and tax software in Australia and New Zealand. MYOB provides its software, services and support to small and medium sized enterprises (“SMEs”) and public accountants. MYOB estimates that it currently holds a market share of approximately 60–70% for SMEs, and approximately 60–70% for public accountants, by revenue from sales of these products and services in Australia and New Zealand. MYOB believes its clients value the ease of use, reliability, integrated nature, ongoing compliance updates that reflect regulatory changes and client support services that it provides. MYOB commenced operations over 20 years ago and has grown to support nearly 1 million businesses, predominantly SMEs, and over 40,000 accountants across Australia and New Zealand.

MYOB employs approximately 860 staff and is headquartered in Melbourne, Australia. It has four key business divisions described in Section 3.4, which are supported by group functions including finance, strategy, marketing, IT, legal and human resources.

For the 12 months ending 30 September 2012, the MYOB Group generated \$212.7 million in revenue, \$98.5 million in pro forma EBITDA (\$22.7 million pro forma NPATA and a pro forma NPAT loss of \$19.2 million) and a pro forma EBITDA margin of 46.3%.<sup>1</sup>

### 3.2. What is the MYOB Business Model?

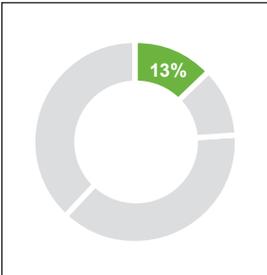
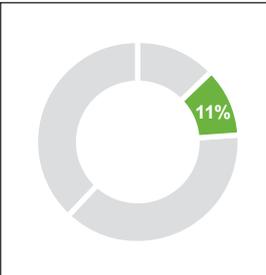
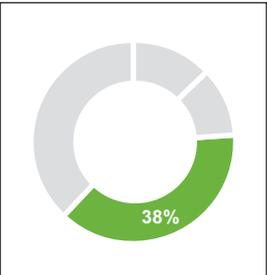
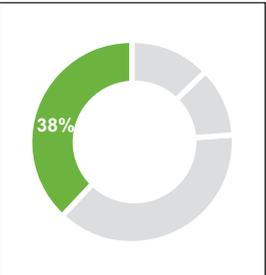
MYOB’s divisions generate revenue through three key areas: new software sales; transactional, training and consulting services; and subscription and maintenance:

Initial revenue is generated through the purchase of software licences by clients (“New Software Sales”).

Recurring revenue is generated from the sale of transactional, training, consulting services, additional software licenses and subscription and maintenance contracts to existing clients:

- assisting clients with financial transactions, and providing training sessions and seminars (“Transactional Services”);
- subscription based memberships (“Subscription”): monthly, quarterly or annual payments (for a minimum 12 months) which continue until such time as the client notifies MYOB that they wish to cancel. This payment plan allows clients to spread the cost of maintenance support (with automatic payments deducted by credit card or direct debit). MYOB is currently in the process of migrating its clients from upfront license purchase payments to monthly subscription payments for its products; and
- annual prepaid memberships (“Maintenance”): a one off payment (made by BPAY®, electronic funds transfer, credit card, direct debit or cheque) for maintenance support from MYOB for 12 months.

<sup>1</sup> Pro forma EBITDA is EBITDA before non recurring items and after pro forma adjustments. Refer to Section 4 for further information on MYOB Group’s financial performance. Pro forma EBITDA margin is pro forma EBITDA divided by revenue. Pro forma NPAT is net profit before non recurring items and after pro forma adjustments and after tax. Pro forma NPATA is pro forma NPAT after adding back tax effected amortisation expense.

	New Software Sales	Recurring Revenue		
	1 New Software Sales	2 Transactional Services	3 Subscription & Maintenance	
Term	> One off	> Ongoing; volume based	> Ongoing	> Annual contract
Revenue Sources	> Payments for initial purchase of software licenses	> Payments for processing of financial transactions > Fees for implementation services, training sessions and seminars	> Fees for providing technical support to existing MYOB clients > Payments for providing compliance and software updates during period of Cover	
Primary Sales Channel	> Retail > Direct to clients > Partners	> Direct to clients > Partners	> Direct to clients	> Direct to clients
% of LTM to 30-Sep-12 Revenue				

Of the MYOB Group's LTM to 30 September 2012 revenue, 13% was attributable to New Software Sales, 11% to Transactional Services, 38% to Subscription and 38% to Maintenance.

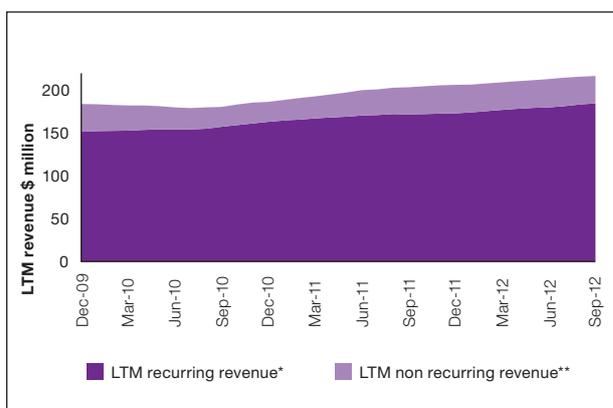
Recurring revenue accounted for approximately 87% of the MYOB Group's total revenue base in LTM to 30 September 2012. The renewal of maintenance contracts and the updating of software is essential for clients who wish to continue optimal use of MYOB products, primarily because of frequent changes in Australia and New Zealand's complex tax and regulatory requirements. Examples of these changes range from the introduction of GST and Business Activity Statements in 2000 to the implementation of the Flood Levy and changes to HECS, HELP and SFSS in 2011–2012.<sup>1</sup> Further changes in the future are also expected, for example the scheduled increase in the superannuation levy by 3% between 2013–2019.

As a result of the non-discretionary nature of these services and ongoing investment in the products, renewals of contracts have been largely unaffected by price increases implemented in recent years. This client loyalty is illustrated by the fact that over 70% of the Cover clients in the Business Division (described further in Section 3.5 below) have been active with MYOB for over three years. MYOB's high client retention rate has delivered stable earnings that have been resilient through recent economic cycles, as illustrated by recurring revenue continuously growing over recent years.

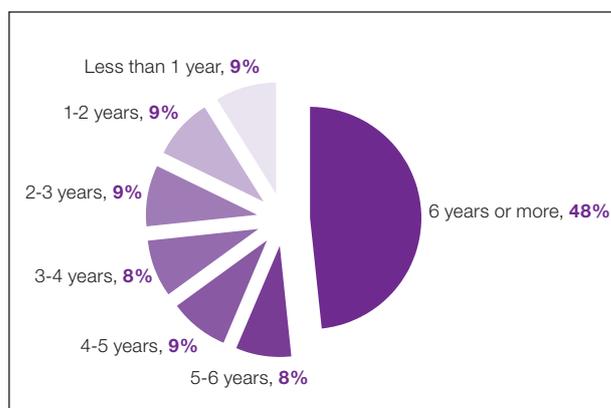
MYOB's strong market position is supported by high barriers to entry which make it hard for new accounting software providers to gain market share. MYOB seeks to stay ahead of its competitors by leveraging its scale and profitability to reinvest in the business. This includes investing in research and development to expand the range of value added features and quality of its end products. MYOB also invests in sales and marketing and brand development, and employs the largest network of accounting partner trainers and client service professionals.

<sup>1</sup> HECS — Higher Education Contribution Scheme, HELP — Higher Education Loan Program, SFSS — Student Financial Supplement Scheme.

### Historical LTM Revenues – MYOB Group



### Number of years Business Division clients have been active



\* Includes maintenance/cover, recurring software, transactional and other services revenues

\*\* New software sales

Past performance is not a reliable indicator of future performance.

### 3.3. What has Changed since Delisting?

The MYOB business (then known as MYOB Limited) was admitted to the official list of ASX between 1999 and 2008. Following de-listing in January 2009, MYOB has operated as an unlisted privately-owned company. Funds advised by Bain Capital became the majority owner of the MYOB Group in September 2011 (refer to the MYOB Group corporate structure chart at Section 4.13).

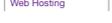
Since de-listing, MYOB's product and service offering has evolved. Importantly, MYOB has refined the geographic areas in which it operates. As a listed company, MYOB operated in Australia, New Zealand, Hong Kong, Singapore, Malaysia, China, UK and North America. Today, its operations are solely focused on the markets in which it has a leading market share, Australia and New Zealand, so as to devote 100% of product development and client service efforts on providing the best client experience in those core markets.

MYOB's product and service offering has been broadened from a one-time or annual desktop software payment model to include an ongoing monthly or annual subscription payment model. Its technology platforms have also advanced to include a wide range of internet-enabled and cloud-based applications. This has resulted in simplified, streamlined and flexible technology solutions that MYOB clients use to manage their businesses.

	MYOB ASX Listed - 2008	MYOB Today - 2012
<b>1</b> Technology Platforms	> Available on desktop computers only	<ul style="list-style-type: none"> <li>&gt; Desktop, cloud and cloud-enabled business management software solutions</li> <li>&gt; Seamlessly operates as a desktop or online solution</li> <li>&gt; Available on mobile devices, in office or at home</li> </ul>
<b>2</b> Connectivity with Business Services	> Limited connectivity with other business services	> Cloud and cloud-enabled platforms that support bank account links, third party applications, connectivity to other businesses, and connectivity with accountants
<b>3</b> Ease of Preparing Financial Accounts	> Limited integration between SME and accountants software	> Deep integration between SME and accountants software
<b>4</b> Selling Geographies	> Australia, New Zealand, Hong Kong, Singapore, Malaysia, China, UK, North America	> Australia, New Zealand

### 3.4. What are the Operating Divisions of MYOB?

MYOB's business encompasses four main operating divisions as summarised in the table below:

MYOB GROUP				
LTM to 30-Sep-12 revenue: \$212.7 million				
LTM to 30-Sep-12 pro forma EBITDA*: \$98.5 million				
	Business Division ("BD")	Accountants Division ("AD")	Enterprise Division ("ED")	Websites Division ("WD")
Target clients and focus	Accounting, payroll and business management software for small businesses (SMEs between 0–20 FTEs)	Practice management, tax and accounts preparation software and services for accounting firms	Fully integrated enterprise resource planning business management software for SMEs with 20–199 FTEs	Web hosting and domain registration services for SMEs with 0–20 FTEs
Market share**	~60-70%	~60-70%	~5-10%	Small in a highly fragmented market
LTM to 30-Sep-12 Revenue	\$116 million	\$73 million	\$18 million	\$5 million
Key Products	 	 	 	   
Key competitors include	Intuit Reckon Xero	CCH / Acclipse Reckon (APS) Sage (HandiSoft)	Arrow Attaché Pay Global	Melbourne IT Netregistry

\* Pro forma EBITDA is EBITDA before non recurring items and after pro forma adjustments. Refer to Section 4 of the Prospectus for further information.

\*\* Market share by revenue.

### 3.5. Business Division ("BD")

#### 3.5.1. What is the Business Division?

The BD is MYOB's largest operating division and provides accounting software products for SMEs in Australia and New Zealand. The BD generates the majority of its revenue from the sale of software maintenance contracts or software subscriptions to its clients (collectively, "Cover" contracts). Approximately 15% of the division's revenue is generated from New Software Sales.

The BD performance is underpinned by recurring revenues from Cover contracts that provide clients with software support services and automatic software upgrades. The division has experienced high rates of client renewal with approximately 84% of the BD revenues in Australia and New Zealand generated from recurring revenue.

The BD employs approximately 380 full time equivalent employees ("FTEs") and generated \$116 million or approximately 55% of total revenues of the MYOB Group for the 12 months ended 30 September 2012.

#### 3.5.2. What is the market size and growth?

The Australian and New Zealand SME segment comprises a combined total of approximately 1.7 million businesses (i.e. 1.4 million in Australia and 0.3 million in New Zealand). Current penetration of SMEs in MYOB's segment using any type of accounting software solution is only 60%, with a significant number of businesses either not adopting

software or using basic spreadsheet software, such as Microsoft Excel. MYOB believes that such low penetration levels indicate the potential for further growth for SME accounting software providers, such as MYOB.

The Australian and New Zealand SME segment has historically grown steadily, driven by both organic growth in the total number of SMEs and increased penetration of SMEs using accounting software solutions. MYOB benefits from net growth of the SME segment as well as the frequent establishment of new small businesses. MYOB's SME client base is not concentrated in a particular industry and is broadly diversified across all sectors. This diversification assists with maintaining earnings by avoiding overreliance on any single industry.

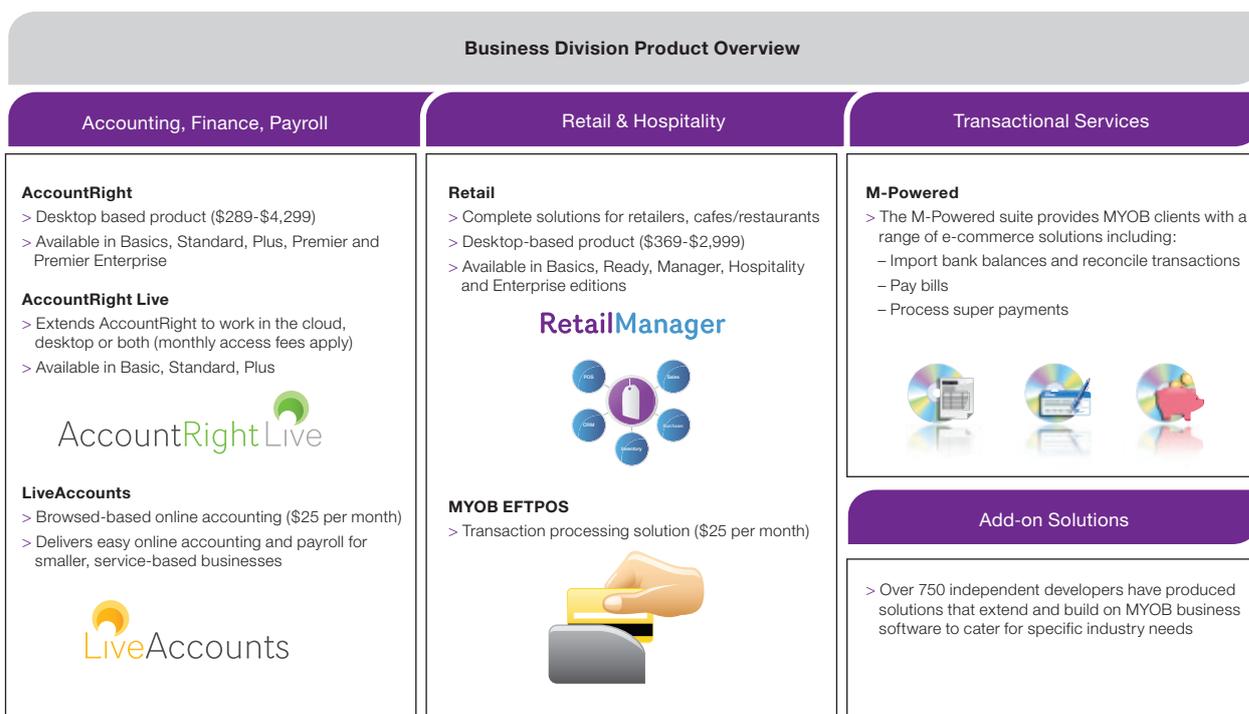
### 3.5.3. What is the competitive landscape?

The accounting software market for SMEs is highly concentrated, with MYOB currently holding approximately a 60–70% market share, which it estimates is approximately two and a half times that of its nearest competitor in each of the last five years. ASX listed Reckon is the only other competitor of comparable size to MYOB. New Zealand Stock exchange and ASX listed Xero is a smaller, newer entrant in Australia, with operations in New Zealand. Intuit, with headquarters in the USA and operations in a number of jurisdictions around the world, is also competing directly in the Australian market.

### 3.5.4. What is the product offering?

The BD provides SMEs with a broad product offering that is tiered by levels of specialisation and sophistication. The intellectual property associated with the AccountRight, LiveAccounts and RetailManager products is developed and owned by MYOB. Each of these products is then sub-segmented into varying degrees of sophistication (such as payroll, inventory and multi-currency). Users can choose the level of product functionality based on the size and complexity of their business. This flexibility allows MYOB to provide a tailored offering to address a broad range of client requirements.

The diagram below summarises the BD's traditional product offering:



The BD launched its latest product offering, AccountRight Live, in November 2012. AccountRight Live is an online or 'cloud' based version of AccountRight that extends MYOB's AccountRight desktop product by adding the functionality of time saving features, e.g. anywhere access, automated updates, online data back-up, integrated bank feeds (supported by a contract which facilitates interaction between clients' bank accounts and MYOB products and integrated payments services). AccountRight Live represents a major upgrade of the BD's technology platform and a significant advancement in functionality and flexibility for clients. The cloud services platform for AccountRight Live is provided by Microsoft.

The diagram below demonstrates the differences between MYOB's traditional AccountRight software and AccountRight Live:

	AccountRight	AccountRight Live
<b>1</b> Ability to Access Accounting Data	> Confined to desktop computers on which the accounting data is stored	> Available anywhere, anytime via a internet connected PC
<b>2</b> Number & Location of Users	> Limited to users with access to installed software (Basics, Plus and Standard only)	> Can be accessed by multiple users simultaneously from different locations
<b>3</b> Location of Back-up Data	> Requires user to manually make and securely store backup files	> Centrally managed online, as well as stored locally on the PC
<b>4</b> Access for Business Advisors	> Accessed periodically when data copies provided through manual process (email or USB drive)	> Trusted advisors can access simultaneously when needed from any internet connected PC
<b>5</b> Provision of Bank Feeds	> Bank statements via M-Powered services	> Live integrated bank feeds from any Australian or New Zealand bank available either on the desktop or in the cloud

### 3.5.5. Who are the clients?

The BD services nearly 900,000 businesses, predominantly SMEs, that have historically exhibited low churn and high rates of renewal largely as a result of the non-discretionary nature of services (refer to Section 3.2) and high perceived costs of switching to other software. MYOB believes that the tax system complexity in Australia and New Zealand, and the frequent changes to tax and reporting requirements, has resulted in Cover clients regularly renewing their contracts with MYOB.

### 3.5.6. What are the primary sales channels?

The BD operates a multi-channel sales model, utilising both direct and indirect sales methods. The majority of the BD's new software sales (approximately 70%) are generated through partner channels (primarily retail but also accountants, bookkeepers and IT consultants). The remainder are sold direct via the MYOB website ([www.myob.com.au](http://www.myob.com.au)). Recurring Cover products are primarily sold directly from MYOB to its existing client base. Accounting practices are also a key channel for the referral of the BD's solutions and the Accountants Division ("AD") complements and supports the value proposition of the BD product offering. There is integration between accountants' MYOB software (provided via the AD) and SMEs' MYOB software (provided via the BD). As part of this relationship, MYOB has a dedicated sales force working with accounting firms to drive referrals to SMEs.

### 3.6. Accountants Division (“AD”)

#### 3.6.1. What is the Accountants Division?

The AD is MYOB’s second largest operating division and provides accounting practice management software solutions to accountants in public practice in Australia and New Zealand. Approximately 96% of the annual revenues generated by the AD are of a recurring nature from existing clients, the bulk of which comprise maintenance fees.

The AD employs approximately 240 FTEs and generated \$73 million or approximately 34% of total revenues of the MYOB Group for the 12 months ended 30 September 2012.

#### 3.6.2. What is the market size and growth?

The Australian and New Zealand accounting practice software market comprised approximately 14,000 accounting practices in 2012. The number of accountants has historically grown with, but at a slower rate, than the economy.

#### 3.6.3. What is the competitive landscape?

The accounting segment in Australia is concentrated among three major players: MYOB, Handisoft (i.e. Sage) and Reckon. MYOB currently has the largest share of the accountant segment in Australia, with approximately 60%–70% market share by revenue. In New Zealand, MYOB competitors include Reckon and Acclipse, and currently has a similar market share. MYOB estimates that its revenue in this segment has been approximately two to three times that of its nearest competitor in each of the last five years.

#### 3.6.4. What is the product offering?

The AD provides accountants in public practice with software that is designed around reliability, scalability and timely delivery of new releases. The software is designed to integrate with MYOB’s BD software and enables accountants in public practice to efficiently manage the accounting and tax affairs of their clients. The AD products are provided in a number of key work modules (practice management, document management, tax, company secretarial, insolvency, client accounting and bank statement importation) and are segmented by size of accounting firm.

MYOB’s Accountants Office product is designed for smaller accounting firms where it is quick to deploy, while MYOB’s Accountants Enterprise product is designed for larger sized accounting firms where it is highly scalable and configurable.

The diagram below summarises the AD’s product offering:



### 3.6.5. Who are the clients?

The AD sells its products to over 40,000 accountants across Australia and New Zealand. Similar to the BD, the AD has high renewal rates as the software must be kept up to date as a result of changes in regulations and AD Cover clients perceive that there are high costs to switching software. In addition, the products typically represent a relatively low cost as a percentage of total IT expenditure in an accounting firm.<sup>1</sup>

### 3.6.6. What are the primary sales channels?

AD sales are made exclusively through a direct sales force. Accountants' sophisticated software requirements make direct sales by a specialised sales team the most appropriate channel to market the products. MYOB also runs a partner club for resellers (Connected Accounting Program (CAP)) which qualifies members to become a reseller of the MYOB BD product suite and earn commission income.

## 3.7. Enterprise Division ("ED")

### 3.7.1. What is the Enterprise Division?

The ED is a leading provider of enterprise resource planning ("ERP") solutions to companies with between 20 and 199 employees in Australia and New Zealand. The ED's software is targeted at businesses that outgrow the BD software and require a software product that is more scalable and customisable. The ED provides software products based around financial & business management systems and payroll & human resource administration systems.

The ED employs 80 FTEs and generated \$18 million in revenue, or approximately 8% of total revenues of the MYOB Group, for the 12 months ended 30 September 2012.

### 3.7.2. What is the market size and growth?

The Australian and New Zealand enterprise market has approximately 94,000 businesses. The ED segment is more fragmented than the BD and AD markets. MYOB is currently focused on the 20–199 FTE segment of the enterprise market, commonly referred to in the industry as Tier 3 ERP solutions. The segment has historically grown steadily, driven by GDP growth and greater use of ERP applications by businesses within this segment.

### 3.7.3. What is the competitive landscape?

MYOB is currently the second largest competitor in the Tier 3 market with approximately 5 to 10% of revenue (behind Attaché). Client usage of Tier 3 applications is still relatively low with a considerable number of potential clients (approximately 50%) still using SME software designed for smaller SMEs (0–20 FTEs). The low usage levels represent growth potential for Tier 3 ERP solution providers, such as MYOB.

### 3.7.4. What is the product offering?

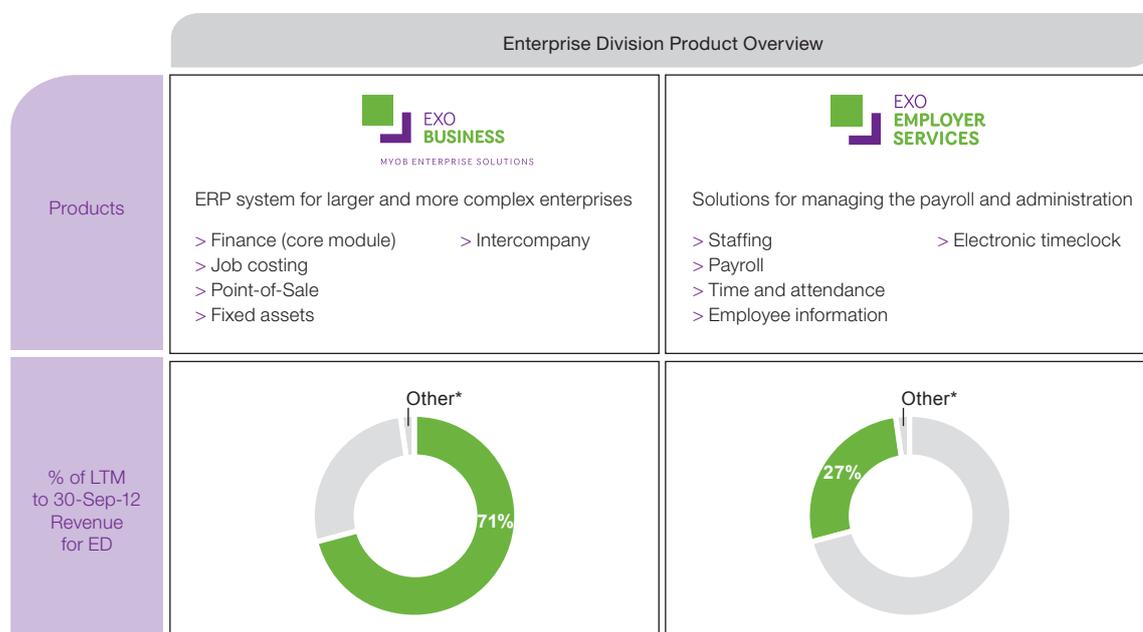
The ED product suite represents a fully integrated management solution that is able to be customised to individual business requirements. The product range is made up of:

- EXO Business: ERP solutions with a fully integrated financial and business management system; and
- EXO Employer Services: payroll and HR administration.

The products are designed for larger businesses and generally require a dedicated finance team for optimal efficiency.

<sup>1</sup> For example, a typical accounting firm may spend approximately 2.5% of its overall costs on IT, with software products generally comprising a small proportion of that IT expense.

The diagram below summarises the ED's product offering:



\* Sundry product sales account for 2% of LTM to 30-Sep-12 revenue.

### 3.7.5. What are the primary sales channels?

New sales in ED are made exclusively through channel partners called EXO Business Partners. These partners are typically mid-sized, IT consulting firms that specialise in MYOB EXO and are able to customise the product as required. MYOB's ED sales and marketing strategy is to generate leads through brand awareness and recommendation of EXO amongst medium-sized businesses, and to recruit the best business partners that can convert those leads into sales.

## 3.8. Websites Division ("WD")

### 3.8.1. What is the Websites Division?

MYOB's WD provides web hosting, website construction (both as a service and a software product) and domain registration services for SMEs with 0–20 employees.

The WD was formed following MYOB's acquisitions of the Ilisys and SmartyHost web hosting businesses in 2008. In March 2011, a strategic arrangement was formed between MYOB and Google to provide websites to SMEs ("MYOB Atlas"), marketed through the "Getting Aussie Business Online" campaign. MYOB Atlas is targeted at businesses that do not yet have a website. This arrangement has allowed MYOB to leverage Google's marketing reach and capability, providing a touch-point with SMEs. MYOB Atlas generated over 26,000 new clients in its first 12 months and currently has over 32,000 clients in Australia.

In June 2012, MYOB formed a similar arrangement with Westpac in New Zealand, marketed through the [getonline.co.nz](http://getonline.co.nz) banner. This has successfully generated over 8,000 new clients in less than five months, well on the way to achieving its first year target of 10,000 new clients.

The WD employs 30 FTEs and generated \$5 million, or approximately 2% of total revenues for the MYOB Group, for the 12 months ended 30 September 2012.

### 3.8.2. What is the product offering?

The WD offers two main product areas:

- MYOB Atlas: a product for easy website building, hosting and domain registration that enables SMEs to configure a website in less than 15 minutes; and
- MYOB Domain Registration and Hosting: a traditional domain name registration service with web and email hosting services.

**Website Division Product Overview**

<b>Products</b>	<div style="text-align: center;"><p>&gt; MYOB Atlas was launched in Australia in March 2011 in conjunction with Google as part of the "Getting Aussie Business Online" initiative</p><p>&gt; Launched in New Zealand in June 2012 in conjunction with Westpac as part of the getonline.co.nz initiative</p></div>	<div style="text-align: center;"><p>&gt; MYOB Domain &amp; Hosting (Ilisys &amp; Smartyhost) offers traditional domain name registration with web and email hosting services</p></div>
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### 3.8.3. What are the primary sales channels?

MYOB Atlas is sold in Australia through a jointly marketed Google and MYOB website that is hosted by MYOB. Google's sophisticated marketing systems have primarily been responsible for driving client acquisition through search words, and radio and local print advertising. MYOB is responsible for undertaking electronic direct marketing. In New Zealand, MYOB's website offering is jointly marketed by Westpac and MYOB.

### 3.9. What is MYOB's Business Growth Strategy?

With nearly 1 million SMEs and over 40,000 accounting practitioners as clients, MYOB is the market leader by revenue in the provision of accounting, payroll, tax and practice management solutions to SMEs and accountants in Australia and New Zealand. MYOB's growth strategy is based on continuing to focus on business productivity software solutions to SMEs and accountants in the Australian and New Zealand markets, and to grow by serving more SMEs and accountants with more advanced solutions that lift revenue per client. MYOB plans to:

- maintain its existing client base by ensuring timely updates to its products when regulatory changes are made, offering high-quality client support and continued channel engagement and training;
- continue to attract new clients and thereby grow total clients as numbers of businesses and accounting practices grow, by:
  - increasing channel management resources and expanding into new channels, including the continued expansion and advancement of MYOB's direct sales capabilities and increased investment in educating accountants in public practice to seek to ensure newly formed SMEs become MYOB clients; and
  - the development and promotion of new offerings/features that will attract existing SMEs that do not use accounting software today into the category, increasing the category penetration of the SME market;
- maintain and seek to grow the percentage of active clients that purchase a maintenance/subscription contract and increase the average value of maintenance/subscription contracts by:
  - continuing to offer timely product updates that reflect changes in the compliance, regulatory and taxation environments;

- developing new, online (cloud) services that deliver ongoing value to clients on top of the core software such as the daily delivery of bankfeeds and collaboration services that allow business owners to work anywhere, anytime and provide access to their accounts to trusted advisors such as accountants and bookkeepers;
- improving client service levels by extending the channels through which support is offered and the hours in which it is available; and
- improved marketing and sales techniques to move client contracts from opt-in to opt-out, and in general increase the number of clients who renew;
- nurture third-party developer network who build add-on applications to MYOB's solutions;
- leverage cross business unit synergies, particularly those that exist between the BD and the AD by upgrading the professional accountant's suites of products (MYOB AE and MYOB AO) so that they directly read and write to MYOB's SME products, thereby eliminating significant data re-entry and offering productivity improvements to accountants in practice.

### **3.10 Experienced Management Team**

Many of MYOB's senior management team have considerable experience both in the software industry and with MYOB. Refer to Section 8.2 for further information on the management team.

### **3.11 Majority Shareholder with Significant Industry Experience**

Funds advised by Bain Capital have a majority shareholding in the MYOB Group and have invested approximately \$550 million into the MYOB Group. Bain Capital has a significant history of advising on investments in the software and business services industry globally.



## Section 4

# Financial Information

- 4.1. Basis of Preparation and Presentation
- 4.2. Pro Forma Historical Consolidated Income Statements for the MYOB Group
- 4.3. Pro Forma Historical Operating Cash Flow Statements for the MYOB Group
- 4.4. Reconciliation of the MYOB Group's Actual EBITDA and NPAT to the MYOB Group's Pro Forma EBITDA and NPAT
- 4.5. Reconciliation of the MYOB Group's Actual Cash Flow to Pro Forma Cash Flow (LTM to 30 September 2012)
- 4.6. Pro Forma Balance Sheet of the MYOB Group
- 4.7. Pro Forma Balance Sheet of the Issuer
- 4.8. Pro Forma Financial Covenant Analysis
- 4.9. Management Discussion and Analysis of the Pro Forma Historical Financial Information
- 4.10. MYOB Group Outlook
- 4.11. Capital Expenditure
- 4.12. Use of Proceeds
- 4.13. MYOB Group Structure
- 4.14. Flow of Funds to Issuer
- 4.15. Investigating Accountant's Report on Historical Financial Information

## 4. Financial Information

### 4.1. Basis of Preparation and Presentation

The Issuer is seeking to raise approximately \$150 million through the issue of 1,500,000 Notes at an Issue Price of \$100 each with the proceeds to be used in the manner described in Sections 1.5.3 and 4.12. The pro forma historical financial information in this Prospectus is calculated on this basis.

Interest payable to Holders of Notes will ultimately be paid by the cash flows generated by the MYOB Group. The pro forma historical financial information (as described below) for the MYOB Group, as well as the Issuer, has been presented in order to assist investors to understand the state of affairs and results of the MYOB Group from which the cash flows to service the interest payments on Notes will be derived.

The pro forma historical financial information included in this Section is prepared on a pro forma basis in order to:

- present historical financial information for the MYOB Group on a consistent basis;
- adjust this historical information to reflect the financial effects of the Offer and to eliminate non-recurring items as set out in Section 4.4; and
- present pro forma financial information of the Issuer (which is a newly incorporated special purpose entity).

The pro forma information for the financial years ended 31 December 2009, 2010 and 2011 has been derived from audited financial statements on which unqualified audit opinions were given. The pro forma information for LTM to 30 September 2012 has been prepared on a consistent basis with the prior years using the MYOB Group's unaudited financial information.

The pro forma historical financial information included in this Section has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act. The principal accounting policies of the MYOB Group relevant to the financial information are set out in Appendix A. The Directors are responsible for the preparation of the pro forma historical financial information.

The pro forma historical financial information presented consists of:

- pro forma historical income statements for the MYOB Group for the financial years ended 31 December 2009, 2010 and 2011 and for the 12 months ended 30 September 2012 (Section 4.2);
- pro forma historical operating cash flow statements for the MYOB Group for the financial years ended 31 December 2009, 2010 and 2011 and the 12 months ended 30 September 2012 (Section 4.3)
- pro forma balance sheet of the MYOB Group as at 30 September 2012 (Section 4.6); and
- pro forma balance sheet of the Issuer as at 30 September 2012 prepared to reflect the issue of Notes (Section 4.7)

(together the "pro forma historical financial information").

The MYOB Group is ultimately owned by funds advised by Bain Capital, members of management and others. Prior to its acquisition by these Current Owners, MYOB Group operated under a different corporate structure with different leverage, income tax and intangible asset profiles. Whilst the Directors considered a number of alternative calculation and presentation scenarios, they do not believe there is a reasonable basis for presenting meaningful, comparable or appropriate pro forma net interest, amortisation and income tax expenses for the period prior to the acquisition by the Current Owners. In light of these circumstances, financial information below EBITDA is not presented in this Prospectus for the financial years ended 31 December 2009, 2010 and 2011.

The pro forma historical financial information has not been audited. The pro forma historical financial information has been reviewed by PricewaterhouseCoopers Securities Ltd. Its Investigating Accountant's Report is set out in Section 4.15. Investors should note the scope and limitations of the Investigating Accountant's Report.

Investors should note that past results are not a guarantee of future performance. The information in this Section should also be read in conjunction with the risk factors set out in Section 6 and other information contained in this Prospectus.

#### 4.2. Pro Forma Historical Consolidated Income Statements for the MYOB Group

Set out below is a summary of the MYOB Group historical results for the financial years ended 31 December 2009, 2010, and 2011 as adjusted for non-recurring items; and for the 12 months ended 30 September 2012 as adjusted for the pro forma and non-recurring items set out in Section 4.4 and as if the Notes issue had occurred on 1 October 2011.

\$ MILLION	FY09	FY10	FY11	LTM TO 30-SEP-12	CHANGE FY09 LTM to 30-SEP-12 (%)
<b>Revenue</b>	<b>175.1</b>	<b>196.5</b>	<b>204.3</b>	<b>212.7</b>	<b>21.5%</b>
Business Division	94.5	109.7	111.8	116.2	
Accountants Division	63.2	66.0	70.7	73.3	
Enterprise Division	12.6	15.2	16.1	17.5	
Websites Division	4.8	4.8	4.9	4.8	
Other	0.0	0.8	0.8	0.9	
COGS	(15.3)	(17.0)	(16.5)	(16.9)	
<b>Gross Profit</b>	<b>159.8</b>	<b>179.5</b>	<b>187.8</b>	<b>195.8</b>	<b>22.5%</b>
Customer Care	(13.7)	(13.0)	(12.4)	(12.0)	
Sales & Marketing	(27.1)	(24.0)	(24.6)	(26.0)	
General & Administration	(6.9)	(5.8)	(7.6)	(7.9)	
Product Development / Management	(22.2)	(26.4)	(26.5)	(24.1)	
Shared Services	(24.7)	(28.4)	(25.1)	(27.3)	
<b>EBITDA</b>	<b>65.2</b>	<b>81.9</b>	<b>91.6</b>	<b>98.5</b>	<b>51.1%</b>
Depreciation				(3.0)	
Amortisation				(59.8)	
<b>EBIT</b>				<b>35.7</b>	
Net Interest (Senior Debt)				(40.7)	
Interest (Notes)				(15.0)	
Debt transaction costs amortised				(6.2)	
Notes issue costs amortised				(1.2)	
<b>Profit Before Tax</b>				<b>(27.4)</b>	
Tax (30%)				8.2	
<b>NPAT</b>				<b>(19.2)</b>	
<b>NPATA</b>				<b>22.7</b>	

Note: Pro forma NPAT is net profit before non recurring items and after pro forma adjustments and after tax. Pro forma NPATA is pro forma NPAT after adding back tax effected amortisation expense.

### 4.3. Pro Forma Historical Operating Cash Flow Statements for the MYOB Group

Set out below are statements of pro forma cash flow from operating activities (referred to as pro forma operating cash flow) for the MYOB Group for the financial years ended 31 December 2009, 2010 and 2011 and the 12 months ended 30 September 2012.

MYOB Group's NPAT includes significant amortisation and other non cash expenses. Consequently, the Directors believe that pro forma operating cash flow is a better metric to consider when assessing the ability of the MYOB Group to pay interest on Notes.

Pro forma operating cash flow was \$86.1 million for LTM to 30 September 2012, representing a cash flow conversion of 87.4% of pro forma EBITDA.

\$ MILLION, UNLESS OTHERWISE NOTED	FY09	FY10	FY11	LTM TO 30-SEP-12
<b>Pro forma EBITDA</b>	<b>65.2</b>	<b>81.9</b>	<b>91.6</b>	<b>98.5</b>
Change in net working capital	(7.4)	10.5	0.2	(0.9)
Capital expenditure	(4.2)	(5.2)	(6.0)	(11.5)
<b>Net cash flow before financing, interest and taxation (Pro forma operating cash flow)</b>	<b>53.6</b>	<b>87.2</b>	<b>85.8</b>	<b>86.1</b>
Net interest (Senior Debt)				(40.7)
Interest (Notes)				(15.0)
<b>Net cash flow before financing and taxation</b>				<b>30.4</b>
<i>Cash flow conversion (Pro forma operating cash flow as a % of pro forma EBITDA)</i>	<i>82.2%</i>	<i>106.5%</i>	<i>93.7%</i>	<i>87.4%</i>

Note: The calculation of pro forma EBITDA is set out in Section 4.2.

After the payment of net interest on Senior Debt for the LTM to 30 September 2012, pro forma net operating cash flow of \$45.4 million is available for the payment of interest on Notes, representing a Notes Interest Cover Ratio of 3.03 times, being pro forma net operating cash flow before Notes interest and taxation of \$45.4 million divided by Notes interest of \$15.0 million.

### 4.4. Reconciliation of the MYOB Group's Actual EBITDA and NPAT to the MYOB Group's Pro Forma EBITDA and NPAT

Set out below is a summary of the adjustments made to the MYOB Group's actual EBITDA to derive MYOB Group's pro forma EBITDA for the financial years ended 31 December 2009, 2010 and 2011 and LTM to September 2012.

In presenting the pro forma EBITDA in Section 4.2, the following adjustments have been made to exclude certain non-recurring items which impacted underlying performance.

\$ MILLION	FY09	FY10	FY11	LTM TO 30-SEP-12
<b>Actual EBITDA</b>	<b>56.8</b>	<b>82.1</b>	<b>63.1</b>	<b>81.4</b>
Transaction related debt costs	—	—	25.5	13.4
Acquisition and restructuring costs	8.4	(0.2)	3.0	3.7
<b>Pro forma EBITDA</b>	<b>65.2</b>	<b>81.9</b>	<b>91.6</b>	<b>98.5</b>
<i>Pro forma EBITDA margin (pro forma EBITDA divided by revenue)</i>	<i>37.2%</i>	<i>41.7%</i>	<i>44.8%</i>	<i>46.3%</i>

Set out below is a summary of the adjustments made to the MYOB Group's actual NPAT to derive the MYOB Group's pro forma NPAT for the 12 months ended 30 September 2012.

In presenting the pro forma NPAT in Section 4.2, the following adjustments have been made to exclude certain non-recurring items which impacted underlying performance and to adjust for pro forma adjustments to reflect the MYOB Group's operations following completion of the Offer.

\$ MILLION	FY09	FY10	FY11	LTM TO 30-SEP-12
<b>Actual NPAT</b>				<b>(24.3)</b>
<b>Non recurring items</b>				
Transaction related debt costs				13.4
Acquisition and restructuring costs				3.7
<b>Pro forma adjustments</b>				
Net interest adjustment				(8.6)
Notes issue costs amortised				(1.2)
Tax adjustment				(2.2)
<b>Pro forma NPAT</b>				<b>(19.2)</b>

Details of the above adjustments are as follows:

**Transaction related debt costs** relate to debt raising costs expensed on acquisition of MYOB by the Current Owners as a consequence of the resulting change in capital structure and the write-off of previously capitalised debt raising costs that arose on the acquisition of MYOB by the previous owners in FY09.

**Acquisition and restructuring costs** relate to one-off costs and expenses, including staff redundancy, incurred by the MYOB Group specifically in relation to the acquisition of MYOB by the previous owners during FY09, and its subsequent acquisition by the Current Owners during FY11.

**Net interest adjustment** to the LTM to 30 September 2012 period reflects a full year interest expense on Notes, partly offset by lower Senior Debt interest expense due to the pay down of \$53.8 million of Senior Debt from the proceeds of the Offer.

**Notes issue costs amortised** relate to the amortisation of capitalised debt raising costs in relation to the Notes.

**Tax adjustment** reflects the tax impact of the items noted above.

#### 4.5. Reconciliation of the MYOB Group's Actual Cash Flow to Pro Forma Cash Flow (LTM to 30 September 2012)

Set out below is a summary of the pro forma adjustments to the cash flow before financing of the MYOB Group for the 12 months to 30 September 2012 set out in Section 4.3. These adjustments are made to better reflect the MYOB Group's anticipated funding structure assuming completion of the Offer.

\$ MILLION	ACTUAL LTM TO 30-SEP-12	ADJUSTMENTS	PRO FORMA LTM TO 30-SEP-12
<b>Net cash flow before financing, interest and taxation (Operating cash flow)</b>	<b>82.4</b>	<b>3.7</b>	<b>86.1</b>
Net interest paid on Senior Debt	(45.8)	5.1	(40.7)
Interest on Notes issued	—	(15.0)	(15.0)
<b>Net operating cash flow after interest</b>	<b>36.6</b>	<b>(6.2)</b>	<b>30.4</b>
Income tax paid	—	—	—
Dividends paid	—	—	—
<b>Net cash flow before financing</b>	<b>36.6</b>	<b>(6.2)</b>	<b>30.4</b>

Details of the above adjustments are as follows:

The adjustment between actual and pro forma net cash flow before financing interest and taxation represents cash acquisition and restructuring costs.

**Interest on Notes issued** is based on the expected interest charge if Notes were issued on 1 October 2011.

**Net interest paid on Senior Debt** is adjusted to reflect the pay down of \$53.8 million of Senior Debt from the proceeds of the Offer. Refer to Section 4.13 for further information.

No tax or dividends have been paid during LTM to 30 September 2012.

#### 4.6. Pro Forma Balance Sheet of the MYOB Group

The pro forma balance sheet of the MYOB Group shown below represents the balance sheet of MYOB Holdings as at 30 September 2012, adjusted to reflect:

- Completion of the Offer as if it had occurred on 30 September 2012, resulting in a \$144.0 million increase in Notes debt, partly offset by a \$53.8 million repayment of Senior Debt, as well as a \$90.2 million return of capital to the shareholder of MYOB Holdings, which is a company outside the MYOB Group. The net impact of this is a \$90.2 million increase in total non-current liabilities and an \$90.2 million decrease in contributed equity; and
- The capitalisation of \$173.2 million of loans from the MYOB Group to the shareholder of MYOB Holdings between 30 September 2012 and the date of this Prospectus. The impact of this is a \$173.2 million reduction in current trade and other payables and a \$173.2 million increase in contributed equity.

\$ MILLION	BALANCE SHEET AS AT 30-SEP-12	NET ADJUSTMENTS	PRO FORMA BALANCE SHEET AS AT 30-SEP-12
<b>Current assets</b>			
Cash and cash equivalents	38.1	—	38.1
Trade and other receivables	7.3	—	7.3
Other current assets	10.6	—	10.6
<b>Total current assets</b>	<b>56.0</b>	<b>—</b>	<b>56.0</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.6	—	5.6
Deferred tax assets	13.9	—	13.9
Intangible assets and goodwill	1,209.2	—	1,209.2
<b>Total non-current assets</b>	<b>1,228.7</b>	<b>—</b>	<b>1,228.7</b>
<b>TOTAL ASSETS</b>	<b>1,284.7</b>	<b>—</b>	<b>1,284.7</b>
<b>Current liabilities</b>			
Trade and other payables	185.7	(173.2)	12.5
<i>Interest-bearing loans and borrowings</i>	29.3	—	29.3
<i>Capitalised borrowing costs</i>	(6.0)	—	(6.0)
Net interest-bearing loans and borrowings	23.3	—	23.3
Unearned revenue	52.8	—	52.8
Tax liabilities	2.6	—	2.6
Provisions	9.3	—	9.3
<b>Total current liabilities</b>	<b>273.7</b>	<b>(173.2)</b>	<b>100.5</b>
<b>Non-current liabilities</b>			
Non-current payables	—	—	—
<i>Interest-bearing loans and borrowings</i>	494.1	(53.8)	440.3
<i>Capitalised borrowing costs</i>	(18.9)	—	(18.9)
Net interest-bearing loans and borrowings	475.2	(53.8)	421.4
<i>Notes Issue</i>	—	150.0	150.0
<i>Capitalise issue costs</i>	—	(6.0)	(6.0)
Net Notes Issue	—	144.0	144.0
Deferred tax liabilities	40.9	—	40.9
Financial instruments	7.0	—	7.0
Provisions	1.1	—	1.1
<b>Total non-current liabilities</b>	<b>524.2</b>	<b>90.2</b>	<b>614.4</b>
<b>TOTAL LIABILITIES</b>	<b>797.9</b>	<b>(83.0)</b>	<b>714.9</b>
<b>NET ASSETS</b>	<b>486.8</b>	<b>83.0</b>	<b>569.8</b>
<b>Equity</b>			
Contributed equity	532.7	83.0	615.7
Retained earnings	(42.8)	—	(42.8)
Reserves	(3.1)	—	(3.1)
<b>TOTAL EQUITY</b>	<b>486.8</b>	<b>83.0</b>	<b>569.8</b>

#### 4.7. Pro Forma Balance Sheet of the Issuer

The pro forma balance sheet of the Issuer shown below has been prepared to reflect the issue of Notes (net of costs) and subsequent loan of the proceeds to MYOB Borrower as if those transactions had occurred on 30 September 2012.

\$ MILLION		MYOB FINANCE AUSTRALIA LIMITED PRO FORMA AS AT 30-Sep-12
<b>Current assets</b>		
Cash and cash equivalents		–
<b>Non-current assets</b>		
Other receivables		150.0
<b>Total assets</b>		<b>150.0</b>
<b>Current liabilities</b>		
Other payables		6.0
<b>Non-current liabilities</b>		
<i>Notes issue</i>		150.0
<i>Capitalised issue costs</i>		(6.0)
Net Notes issue		144.0
<b>Total liabilities</b>		<b>150.0</b>
<b>Net assets</b>		<b>–</b>
<b>Total shareholders' funds – issued shares</b>		<b>–</b>

Other receivables relate to the loan of Notes proceeds to MYOB Borrower.

Other payables relates to a non-interest bearing loan from MYOB Borrower to fund the issue costs of Notes.

#### 4.8. Pro Forma Financial Covenant Analysis

The table below contains information on key ratios relevant to an investment in Notes:

\$ MILLION, UNLESS OTHERWISE NOTED	PRO FORMA LTM TO 30-SEP-12	SENIOR FACILITIES COVENANTS	NOTE COVENANTS	
			SUSPENSION OF INTEREST CONDITION	RESTRICTION ON ADDITIONAL DEBT AND DISTRIBUTIONS <sup>(1)</sup>
<b>Covenant EBITDA &amp; Adjusted Covenant EBITDA</b>	<b>106.7</b>			
<b>Covenant cashflow available to service debt</b>	<b>92.9</b>			
Cashflow Cover Ratio (times)	1.47	Not less than 1.05	Not less than or equal to 1.10	
Senior Leverage Ratio (times)	4.04	Not greater than 5.60		
Interest Cover Ratio (times)	1.92	Not less than 1.70		
Total Net Leverage Ratio (times)	5.45			Not greater than 5.50

<sup>(1)</sup> Refer to Section 2.4.9 for information about how much the MYOB Group may borrow and Section 2.2.14 for information when distributions outside the MYOB Group will be restricted.

Note: Ratios are calculated periodically over time and may change. Refer to Section 5.

An explanation of the relevance and calculation of each of the covenants in the preceding table is set out below.

### Cashflow Cover Ratio

A cashflow cover ratio is a measure of how many times a company could meet its debt service obligations from its cashflow available to service debt. Further information in relation to the calculation of the Cashflow Cover Ratio for the purposes of Notes is set out in Section 2.2.11. The pro forma Cashflow Cover Ratio above is calculated by dividing the \$92.9 million covenant cashflow by the \$63.2 million in LTM debt service obligations (which is made up of \$40.7 million interest on Senior Debt, \$7.5 million Senior Debt repayments and \$15.0 million pro-forma interest on Notes issued).

### Total Net Leverage Ratio

A total net leverage ratio typically indicates the size of total net debt relative to annual earnings. Further information in relation to the calculation of the Total Net Leverage Ratio for the purposes of Notes is set out in Section 2.4.10. The pro forma Total Net Leverage Ratio above is calculated by dividing the total net debt (including Notes) of \$581.6 million by the \$106.7 million Adjusted Covenant EBITDA.

### Senior Leverage Ratio

A senior leverage ratio typically indicates the size of senior debt relative to annual earnings. Further information in relation to the calculation of the MYOB Group's Senior Leverage Ratio is set out in Section 5.5. The pro forma Senior Leverage Ratio above is calculated by dividing the total net debt (excluding Notes) of \$431.5 million by the \$106.7 million Adjusted Covenant EBITDA.

### Interest Cover Ratio

An interest cover ratio is a measure of how many times a company could meet the interest payments on its debt from its earnings. Further information in relation to the calculation of the MYOB Group's Interest Cover Ratio is set out in Section 5.5. The pro forma Interest Cover Ratio above is calculated by dividing the \$106.7 million covenant EBITDA by the \$55.7 million interest paid (which is made up of \$40.7 million interest paid on Senior Debt and \$15.0 million pro-forma interest on Notes issued).

For the purposes of assessing compliance with the financial covenants under the terms of Notes and the Senior Facilities, certain adjustments are required to be made to pro forma EBITDA in order to calculate the Covenant EBITDA and Adjusted Covenant EBITDA which is used in the calculation of the financial covenants outlined above. The table below summarises the calculation of Covenant EBITDA and Adjusted Covenant EBITDA for the LTM to 30 September 2012 from the pro forma EBITDA for that period.

\$ MILLION	LTM TO 30-SEP-12
<b>Pro forma EBITDA</b>	<b>98.5</b>
<i>Exclude:</i>	
Advisory fee and out of pocket expenses payable to Bain Capital	2.3
Other costs	0.9
Product development / marketing one-off costs	5.0
<b>Total adjustments</b>	<b>8.2</b>
<b>Covenant EBITDA &amp; Adjusted Covenant EBITDA</b>	<b>106.7</b>

Set out below is a statement of covenant cashflow available to service debt for the MYOB Group for the 12 months ended 30 September 2012.

<b>\$ MILLION</b>	<b>LTM TO 30-SEP-12</b>
<b>Covenant EBITDA &amp; Adjusted Covenant EBITDA</b>	<b>106.7</b>
Change in net working capital	(0.9)
Capital expenditure	(11.5)
Change in non-operating provisions (excluded from pro-forma operating cashflow)	(1.4)
<b>Covenant cashflow available to service debt</b>	<b>92.9</b>

#### **4.9. Management Discussion and Analysis of the Pro Forma Historical Financial Information 12 months ended 30 September 2012 compared to the 12 months ended 31 December 2011**

Revenue for the 12 months ended 30 September 2012 increased from \$204.3 million to \$212.7 million, which represents an increase of 4%. The increase in revenue was driven largely by Business Division Cover price rises whilst maintaining a consistent number of contract users, slightly offset by the short-term impact of the sales shift from perpetual licenses to subscriptions. Both the Accountants Division and Enterprise Division delivered increased revenue with strong retention of contract users.

Pro forma EBITDA for the 12 months to 30 September 2012 increased from \$91.6 million to \$98.5 million (\$22.7 million pro forma NPATA and a pro forma NPAT loss of \$19.2 million for LTM to 30 September 2012), which represents an increase of 8%. This growth and improvement in MYOB's profitability was driven by the revenue growth noted above, together with control of operating costs.

#### **12 months ended 31 December 2011 compared to the 12 months ended 31 December 2010**

Revenue for the 12 months ended 31 December 2011 increased from \$196.5 million to \$204.3 million, which represented an increase of 4%. In Business Division the increase in revenue was driven by Cover price rises and whilst volumes of Cover contract users were maintained, new software sales were marginally down due to the challenging economic and retail environment. Accountants Division and Enterprise Division increased price and maintained their customer bases.

Pro forma EBITDA for the 12 months to 31 December 2011 increased from \$81.9 million to \$91.6 million, which represented an increase of 12%. Pro forma EBITDA growth and improvement in MYOB's profitability was driven by revenue growth, high client retention across all products and managing the cost base with savings across the business units and shared services.

#### **12 months ended 31 December 2010 compared to the 12 months ended 31 December 2009**

Revenue for the 12 months ended 31 December 2010 increased from \$175.1 million to \$196.5 million, which represented an increase of 12%. In the Business Division, the increase in revenue was driven by Cover price rises and volume growth in Cover contract users of 9%, along with a 11% increase in new software volumes. A review of the pricing structure for the Enterprise Division's new products and compulsory maintenance resulted in a 20% increase in its divisional revenue.

Pro forma EBITDA for the 12 months to 31 December 2010 increased from \$65.2 million to \$81.9 million, which represented an increase of 26%. EBITDA growth and improvement in MYOB's profitability was driven by revenue growth and cost savings across the business units and shared services, somewhat offset by increased product development spend as AccountRight Live development increased.

#### **4.10. MYOB Group Outlook**

From FY10 to LTM to 30 September 2012, the MYOB Group experienced a compounded annual growth rate of 4.6% in revenue and 11.1% in pro forma EBITDA. MYOB Group has achieved a \$45 million reduction in net debt over the past 12 months since the acquisition of MYOB by the Current Owners with net debt reducing from \$530 million to \$485 million as at 30 September 2012 before the Notes issue. Assuming no material change in market conditions, the Directors expect MYOB to continue to generate sufficient levels of operating cash flow to enable a reduction of the MYOB Group's net debt for the period to 31 December 2013, following the issue of Notes, however they do not make any predictions beyond that time.

MYOB Group's management team continues to implement growth strategies across all divisions. These include the continual improvement of its software and services suite to enhance functionality, respond to tax and legislative changes, and enhance the Company's recurring revenue base and earnings. Assuming no material change in market conditions, the Directors believe that MYOB's growth strategies and broader attractive industry fundamentals continue to support a positive outlook in the MYOB Group's revenue and EBITDA.

This Section 4.10 should also be read in conjunction with other disclosures in this Prospectus, in particular the risk factors that may have a material impact on the financial and operational performance of the MYOB Group set out in Section 6.3.

#### 4.11. Capital Expenditure

MYOB Group's capital expenditure relates to internal systems development, plant and equipment, furniture and fittings and leasehold improvements. The majority of software development expenditure is expensed rather than capitalised to the MYOB Group's balance sheet, as disclosed within Product Development / Management expenses in Section 4.2.

The table below summarises capital expenditure incurred for 31 December 2009, 2010 and 2011 and for the 12 months ended 30 September 2012.

\$ MILLION	FY09	FY10	FY11	LTM TO 30-SEP-12
Total capital expenditure	4.2	5.2	6.0	11.5 <sup>1</sup>

#### 4.12. Use of Proceeds from Notes

The proceeds of the Offer will be used to:

- repay approximately \$53.8 million of the Senior Debt which was incurred to finance the acquisition of MYOB by the Current Owners; and
- distribute the balance of approximately \$90.2 million (net of costs, fees and expenses incurred in connection with the issue of Notes of approximately \$6.0 million) by a return of capital to the Shareholder of MYOB Holdings (who is outside the MYOB Group).

If more than \$150 million is raised under the Offer, MYOB intends to increase the amount to be returned to the Shareholder of MYOB Holdings (and to decrease that amount if less than \$150 million is raised).

The Issuer will loan the proceeds of the Offer to MYOB Borrower to enable MYOB Borrower to make the repayment on the Senior Debt referred to above. MYOB Borrower will pay the balance of the proceeds referred to above to its shareholder, MYOB Holdings, which will make a return of capital to its shareholder, MYOB Group Pty Limited, a company outside the MYOB Group. These payments are expected to be made by way of a return of capital of MYOB Borrower and MYOB Holdings respectively. Further details regarding this internal loan and MYOB Borrower are set out in Section 4.14.

#### 4.13. MYOB Group Structure

The following section provides an overview of the structure of the MYOB Group and outlines how the Issuer relates to the other entities within the MYOB Group.

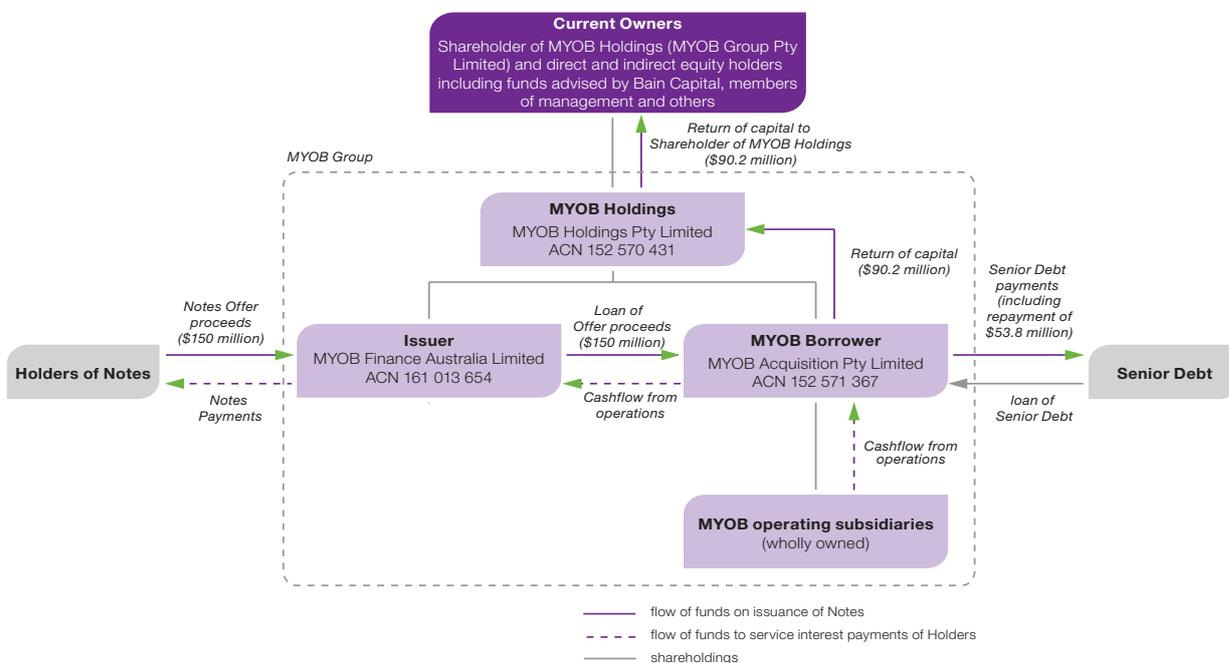
MYOB Finance Australia Limited is a special purpose entity established to issue Notes. It is a directly held, wholly-owned subsidiary of MYOB Holdings, the parent entity of the MYOB Group, and is itself a member of the MYOB Group.

The MYOB Group, including MYOB Holdings and the Issuer, are currently ultimately owned by funds advised by Bain Capital, members of management and others.

Holders of Notes will have Security over all or substantially all of the assets of the MYOB Obligor, who are members

<sup>1</sup> Includes a one-off capital expenditure of \$4.7 million by the Business Division in relation to the launch of AccountRightLive.

of the MYOB Group, on a subordinated and second ranking basis to the Senior Debt. The MYOB Obligors comprised approximately 100% of the MYOB Group's EBITDA for LTM to 30 September 2012 and 100% of the total assets of the MYOB Group as at that date.



Note: The above chart is a summary only. It does not show expenses of the Offer, all the entities in the MYOB Group, all of the Current Owners, or the capital structure of the Current Owners including their indebtedness or other liabilities.

#### 4.14. Flow of Funds to Issuer

Interest payable to Holders of Notes will ultimately be paid by the cash flows generated by the MYOB Group. The MYOB Group will forward funds derived from its operations to MYOB Borrower periodically, through a combination of dividends, loans and interest payments.

Under the internal loan agreement between MYOB Borrower and the Issuer, MYOB Borrower will be required to make quarterly interest payments to the Issuer on each interest payment date in such amount as is required to enable the Issuer to pay all of the interest payment on Notes on the relevant interest payment date in accordance with the Terms of Issue. The obligations of MYOB Borrower to pay interest under the loan will be suspended while the Suspension Condition is satisfied.

The loan will also require MYOB Borrower to repay to the Issuer an amount of principal to the extent the Issuer is obliged to repay that amount in accordance with the Terms of Issue.

Arrangements will also be made to fund the Issuer to enable it to pay for costs of the Offer and its administration costs.

It is as a result of these arrangements that the Issuer considers that it will have sufficient working capital to carry out its role as a special purpose entity established to issue Notes.

There are a number of risks which may affect the MYOB Group's future operating and financial performance and the cash flows received by MYOB Borrower. Some of the key risks are outlined in Section 1.6 and Section 6.3.

## 4.15. Investigating Accountant's Report on Historical Financial Information



The Directors  
MYOB Finance Australia Limited  
12 Wesley Court  
BURWOOD EAST VIC 3151

4 December 2012

Dear Directors

### **Investigating Accountant's Report on Historical Financial Information and Financial Services Guide**

We have prepared this report on certain historical financial information of MYOB Finance Australia Limited (the **Issuer**) and MYOB Holdings Pty Limited and its Subsidiaries (**MYOB Group**) for inclusion in a replacement prospectus dated on or about 4 December 2012 (the **Prospectus**) relating to the initial public offering by invitation of the Issuer to apply for MYOB Subordinated Notes at \$100 per MYOB Note to raise \$150 million, with the ability to raise more or less (the **Offer**).

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it should be given by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

### **1. Scope**

The Issuer has requested PricewaterhouseCoopers Securities Ltd to prepare this investigating accountant's report (the **Report**) covering the following information:

#### **Historical Financial information**

- (i) the pro forma historical income statements of the MYOB Group for the financial years ended 31 December 2009, 2010, and 2011 and for the 12 months ended 30 September 2012 (Section 4.2);
- (ii) the pro forma historical operating cash flow statements for the MYOB Group for the financial years ended 31 December 2009, 2010 and 2011 and the 12 months ended 30 September 2012 (Section 4.3);
- (iii) the pro forma balance sheet of the MYOB Group as at 30 September 2012 (Section 4.6); and
- (iv) the pro forma balance sheet of the Issuer as at 30 September 2012 prepared to reflect the issue of Notes (Section 4.7)

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**PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617,  
Holder of Australian Financial Services Licence No 244572  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)**



(collectively the **Historical Financial Information** referred to as the **Financial Information**)

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared.

## **2. Scope of review of Historical Financial Information**

The Historical Financial Information set out in Section 4 of the Prospectus has been extracted from the audited financial statements of MYOB Group. For the years ended 31 December 2009 and 31 December 2010 the financial statements for MYOB Cayman Holdings Ltd were audited and had unqualified audit opinions given. The financial statements of MYOB Group Pty Limited for the period ended 31 December 2011 were audited by PricewaterhouseCoopers that issued an unqualified audit opinion on them. The information for the last twelve months (LTM) 30 September 2012 has been prepared on a consistent basis with the prior years using the MYOB Group's unaudited financial information.

The Historical Financial Information incorporates such Pro Forma Transactions and adjustments as the Directors considered necessary to present the Historical Financial Information on a basis consistent with the pro forma historical income statement of the MYOB Group for the 12 months ended 30 September 2012. The Directors are responsible for the preparation of the Historical Financial Information, including the determination of the Pro Forma Transactions and adjustments (Section 4 of the Prospectus).

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standards applicable to review engagements. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the audited financial performance of the Issuer and the MYOB Group for the relevant historical period;
- a review of work papers, accounting records and other documents;
- a review of the adjustments made to the Historical Financial Information;
- a review of the assumptions (which include the Pro Forma Transactions) used to compile the Pro Forma Balance Sheet (refer to section 4.6) and Pro Forma Historical Income Statements (refer to section 4.2);
- a comparison of consistency in application of the recognition and measurement principles under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Issuer and the MYOB Group as disclosed in Section 4 of the Prospectus; and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.



### **3. Review statement on Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Pro Forma Balance Sheet and the Pro Forma Historical Income Statements have not been properly prepared on the basis of the Pro Forma Transactions;
- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheet and the Pro Forma Historical Income Statements;
- the Historical Financial Information, as set out in Section 4 of the Prospectus, does not present fairly:
  - (i) the pro forma historical income statements of the MYOB Group for the financial years ended 31 December 2009, 2010 and 2011 and for the 12 months ended 30 September 2012 (Section 4.2);
  - (ii) the pro forma historical operating cash flow statements for the MYOB Group for the financial years ended 31 December 2009, 2010 and 2011 and the 12 months ended 30 September 2012 (Section 4.3);
  - (iii) the pro forma balance sheet of the MYOB Group as at 30 September 2012 (Section 4.6); and
  - (iv) the pro forma balance sheet of the Issuer as at 30 September 2012 prepared to reflect the issue of Notes (Section 4.7)

in accordance with the recognition and measurement principles prescribed under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Issuer and the MYOB Group as disclosed in Section 4 of the Prospectus.

### **4. Subsequent events**

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary course of business of the Issuer have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive or likely to mislead or deceive, including by omission.

### **5. Independence or disclosure of interest**

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Offer other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.



## 6. Liability

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this Report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

## 7. Financial Services Guide

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Dodd', written in a cursive style.

**Chris Dodd**  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd

A handwritten signature in black ink, appearing to read 'Mark Haberlin', written in a cursive style.

**Mark Haberlin**  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd



## Appendix A – Financial Services Guide

### PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

**This Financial Services Guide is dated 4 December 2012**

#### **1. About us**

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by MYOB Finance Australia Limited to provide a report in the form of an Independent Accountant's Report in relation to the initial public offering by invitation of the Issuer to apply for MYOB Subordinated Notes at \$100 per MYOB Note to raise \$150 million, with the ability to raise more or less (the Offer) (**the "Report"**) for inclusion in the Prospectus dated on or about 4 December 2012.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### **2. This Financial Services Guide**

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### **3. Financial services we are licensed to provide**

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

#### **4. General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### **5. Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are \$450,000.



Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

#### **6. Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers is the auditor of the client.

#### **7. Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (“**FOS**”), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

#### **8. Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Charles Humphrey  
Darling Park, Tower 2  
201 Sussex Street,  
Sydney, NSW2000



## Section 5

# Description of Indebtedness

- 5.1. Introduction
- 5.2. Senior Facilities
- 5.3. Purpose of Senior Facilities
- 5.4. Interest and Fees
- 5.5. Senior Facilities Financial Covenants
- 5.6. Senior Debt Repayment
- 5.7. Events of Default under the Senior Facilities Agreement
- 5.8. Security
- 5.9. Security Trust Deed and Intercreditor Deed

# 5. Description of Indebtedness

## 5.1. Introduction

The acquisition of MYOB by the Current Owners was funded by both equity and debt on 30 September 2011 (Financial Close). The debt funding comprised drawn Senior Debt of \$530 million (under Facility A and Facility B as identified in Section 5.2 below) which was used to fund in part the acquisition and the refinancing of MYOB's then existing debt.

## 5.2. Senior Facilities

Senior Facilities (described below) have been made available under the Senior Facilities Agreement. The Senior Facilities Agreement establishes two members of the MYOB Group, MYOB Borrower and MYOB New Zealand Pty Ltd (the "Senior Borrowers"), as the primary borrowing entities of the MYOB Group. The MYOB Obligors have given guarantees and granted security in support of the Senior Debt.

The Senior Facilities consist of Facilities A, B and a revolving facility (as described below). Facility B is sub-divided into Tranches B1 and B2, which are drawn in Australian dollars and New Zealand dollars respectively. The Senior Facilities Agreement also currently provides for an ancillary facility with any of the lenders of an amount up to all of that lender's unutilised commitment under the revolving facility, and an undrawn and currently uncommitted acquisition facility of an amount up to \$70 million, subject to terms and conditions prescribed in the Senior Facilities Agreement. Refer also to Section 2.4.9.

The Senior Facilities A and B were fully drawn down at the acquisition date. Balances drawn at 30 September 2012 comprised the following:

SENIOR FACILITIES	DESCRIPTION	MATURITY DATE	COMMITMENT (\$ million equivalent)	DRAWN AT 30 SEPTEMBER 2012 (\$ million equivalent)
Facility A	Amortising term loan in AUD	30 Sept 2016	212.0	204.5
Facility B (Tranche B1)	Bullet term loan in AUD	30 Sept 2016	305.1	305.1
Facility B (Tranche B2)	Bullet term loan in NZD	30 Sept 2016	12.9	13.4 <sup>1</sup>
Revolving facility	Revolving working capital facility	30 Sept 2016	50.0	5.1 <sup>2</sup>

<sup>1</sup> NZ bullet term loan drawn balance unchanged. Increase from \$12.9 million to \$13.4 million driven by change in AU/NZ FX rate.

<sup>2</sup> This amount represents support from MYOB Obligors in respect of letters of credit provided by Senior Creditors to landlords of properties leased by members of the MYOB Group.

## 5.3. Purpose of Senior Facilities

Facility A and Facility B were both fully drawn on acquisition of MYOB and used for the purpose of funding the payment of part of the purchase price for MYOB and the refinancing of part of MYOB's existing debt.

The revolving facility must only be used to finance the general corporate and working capital purposes of the MYOB Group (including capital expenditure, permitted acquisitions and permitted joint ventures).

## 5.4. Interest and Fees

The interest payable on each advance made under each Senior Facility accrues daily. The rate of interest payable in connection with each Senior Facility is equal to the aggregate of the base rate determined at the beginning of each interest period and the margin for the particular Senior Facility as set out below.

The relevant fees for the Senior Facilities are also outlined below.

## Base rate

The base rate will be the bid rates displayed on Reuters page “BBSY” for the relevant interest period (for Australian dollar drawings), the bank bill bid settlement rate displayed on Reuters page “BKBM” for the relevant interest period (for New Zealand dollar drawings), or the British Bankers’ Association Interest Settlement Rate for the relevant currency and interest period (for other currency drawings). If the base rate is not available on Reuters then the base rate is determined by quotes from reference banks. By way of illustration, if the relevant interest period under Facility A (which is only denominated in Australian dollars) was 6 months, as at 3 December 2012, the base rate would be 3.18%.

An interest rate equal to the base rate (using interest periods selected by the agent for the lenders under the Senior Facilities), the applicable margin plus 2% applies to any amounts that are not paid when due.

MYOB Borrower has agreed to enter into agreements to hedge at least 75% of their exposure to floating interest rate movements under Facilities A and B until the third anniversary of Financial Close (30 September 2014), and thereafter to hedge at least 50% of their exposure to floating interest rate movements under those facilities until their maturity date. The obligations of the Senior Borrowers under this hedging is included in the Senior Debt.

In certain circumstances the base rate may be set (and therefore the interest rate increased) for a loan due to a disruption in the relevant interbank market (e.g. if the applicable screen page is not available and insufficient reference banks provide a rate or if the cost to senior lenders under the Senior Facilities of funding their participation in that loan in the relevant interbank market exceeds what would otherwise have been the base rate (subject to certain exceptions)).

The margin will be determined pursuant to the table below with reference to the Senior Leverage Ratio (as described in Section 5.5 below) as most recently determined under the Senior Facilities Agreement:

SENIOR LEVERAGE RATIO	FACILITY A (% PER ANNUM)	FACILITY B (% PER ANNUM)	REVOLVING FACILITY (% PER ANNUM)
Greater than 4.50:1	4.50	4.75	4.50
Greater than 4.00:1 but less than or equal to 4.50:1	4.25	4.50	4.25
Greater than 3.50:1 but less than or equal to 4.00:1	4.00	4.25	4.00
Greater than 3.00:1 but less than or equal to 3.50:1	3.50	3.75	3.50
Greater than 2.75:1 but less than or equal to 3.00:1	3.25	3.50	3.25
Less than or equal to 2.75:1	2.75	3.00	2.75

The applicable margins at the date of this Prospectus are indicated by shading in the table above.

## Senior debt fees

A commitment fee equal to 50% of the current applicable margin for the revolving facility is payable on the undrawn commitment under the revolving facility. The commitment fee is payable quarterly in arrears.

An issuance fee equal to the applicable margin for loan drawings under the revolving facility for amounts drawn under that facility as letters of credit is payable quarterly in arrears from the date of issue of that letter of credit.

## 5.5. Senior Facilities Financial Covenants

Under the terms of the Senior Facilities Agreement, MYOB Borrower has undertaken to ensure that the following financial covenants are met. Failure to meet the following financial covenants will be an event of default under the Senior Facilities Agreement and will cause interest payments on Notes to be suspended if a payment blockage subsists (refer to Sections 2.2.8–2.2.13).

### Cashflow Cover Ratio

MYOB Borrower must ensure that the Cashflow Cover Ratio for the purpose of the Senior Facilities for the relevant period on each calculation date after the Issue Date of Notes is not less than 1.05. For further information on the Cashflow Cover Ratio refer to Section 2.2.11 and Section 4.8.

### Senior Leverage Ratio and Interest Cover Ratio

MYOB Borrower must ensure that the Senior Leverage Ratio on each calculation date after the Issue Date of Notes is not above the ratio for that period set out in the table below.

MYOB Borrower must also ensure that the Interest Cover Ratio on each calculation date after the Issue Date of Notes is not below the ratio for that period set out in the table below.

TEST DATE	SENIOR LEVERAGE RATIO	INTEREST COVER RATIO
31 December 2012	5.60	1.70
31 March 2013	5.50	1.60
30 June 2013	5.00	1.60
30 September 2013	4.60	1.60
31 December 2013	4.40	1.60
31 March 2014	4.25	1.70
30 June 2014	3.75	1.80
30 September 2014	3.50	1.90
31 December 2014	3.25	2.00
31 March 2015	3.15	2.10
30 June 2015	3.00	2.20
30 September 2015	2.75	2.30
31 December 2015	2.50	2.40
31 March 2016	2.50	2.50
30 June 2016	2.50	2.50
30 September 2016	2.50	2.50

#### *Senior Leverage Ratio*

The Senior Leverage Ratio is the ratio of the aggregate amount of the borrowings of the MYOB Group (excluding intra-group loans, subordinated shareholder debt, shareholder loans or subordinated debt, derivative transactions for hedging purposes and less the aggregate amount of cash and cash equivalent investments held by members of the MYOB Group, but including the capitalised value of the capitalised rental obligations), to Adjusted Covenant EBITDA.

For the purpose of calculating the Senior Leverage Ratio under the Senior Facilities Agreement, certain adjustments are entitled to be made to Covenant EBITDA, to determine Adjusted Covenant EBITDA. These adjustments include, but are not limited to, the following:

- including EBITDA for the period of any person, property, business or material fixed asset acquired and not subsequently sold, transferred or otherwise disposed of by any member of the MYOB Group during such period; and
- excluding EBITDA for the period of any person, property, business or material fixed asset sold, transferred or otherwise disposed of by any member of the MYOB Group during that period.

#### *Interest Cover Ratio*

The Interest Cover Ratio is the ratio of Covenant EBITDA for the 12 month period ending on the calculation date, to the aggregate net interest expense (excluding capitalised, discount amortised and other non-cash interest or suspended interest).

#### Capital Expenditure

MYOB Borrower must ensure that the capital expenditure (as described below) spent in a financial year until and including the year ended 31 December 2016 does not exceed \$10 million per year.

Capital expenditure for the purpose means any expenditure or obligation in respect of expenditure (including any costs, expenses and capitalisation associated with that expenditure) which, in accordance with the applicable accounting principles, is treated as capital expenditure (other than any acquisitions or investments in companies or businesses).

Up to 100% of the unspent capital expenditure of the MYOB Group for any financial year based on the maximum amount permitted for that financial year may be carried forward into the immediately following financial year, provided that such amount of unspent capital expenditure could have been spent in the original financial year without breaching any financial covenant. The carried forward amount is deemed to be spent first in the year to which it was carried forward.

There are a number of exceptions to the restriction on incurring capital expenditure, including capital expenditure:

- funded from excess cash flow or cash proceeds of certain excluded acquisition, disposal or insurance proceeds or an IPO, in each case not required to be applied in the prepayment of the Senior Facilities;
- on finance or capital leases of vehicles, plant, equipment or computers, for an aggregate value as at the completion of the acquisition of MYOB and a further \$3 million; or
- funded from the proceeds of an equity contribution to MYOB Holdings or subordinated shareholder debt that is subordinated on the terms approved by the agent for the lenders under the Senior Facilities (excluding any such proceeds used for an equity cure described below).

#### Equity cure

Breaches of any of the financial covenants described above may be prevented or cured if additional equity contributions (including by way of subordinated shareholder debt) are made in an amount sufficient to cure the breach if that contribution is treated as having been applied as a prepayment of the Senior Facilities on the first day of the relevant test period, provided that there shall be no more than three cures during the entire duration of the Senior Facilities and at least 12 months between successive cures.

### 5.6. Senior Debt Repayment

#### Final repayment

The Senior Facilities must be repaid in full on the maturity date for the Senior Facilities (currently being 30 September 2016) and otherwise as required under the Senior Facilities Agreement.

There are restrictions under the Intercreditor Deed on the Senior Facilities being extended or refinanced. Refer to Sections 2.4.7–2.4.12 for more information.

### Repayment under Facility A

The Senior Borrowers must make scheduled principal repayments of the principal outstanding under Facility A as follows:

REPAYMENT DATE	AMOUNT OF REPAYMENT (\$ million)	AMOUNT OF REPAYMENT (\$ million) AFTER NOTES ISSUE
31 December 2012	14.0	14.0
30 June 2013	15.0	15.0
31 December 2013	17.0	15.5
30 June 2014	22.5	19.9
31 December 2014	25.0	22.1
30 June 2015	25.0	22.1
31 December 2015	25.0	22.1
30 June 2016	30.0	26.5
30 September 2016	31.0	27.4

The \$53.8 million senior debt repayment from the issue of Notes is allocated between Facilities A and B. Repayments on Facility A are reduced by \$20.1 million, as noted above, and Facility B by \$33.7 million.

### Repayment under Facility B

The Senior Borrowers must repay the principal outstanding under Facility B in full on the maturity date relating to Facility B.

### Repayment under the Revolving Facility

The Senior Borrowers must repay the principal outstanding under the revolving facility in full on the maturity date relating to the revolving facility.

### Mandatory prepayment

Certain prepayments are mandatory under the terms of the Senior Facilities Agreement and must be applied against the Senior Facilities. In most cases, mandatory prepayments must be applied first to Facility A and Facility B on a pro rata basis until repaid in full, and second to the revolving facility. Proceeds of the following events must be applied (subject to certain exceptions) as prepayments of amounts outstanding under the Senior Facilities:

- the net proceeds from an IPO, flotation or other public offering of a member of the MYOB Group or any direct or indirect holding company which does not constitute a change in control (see below) in an amount set out in the Senior Facilities Agreement;
- net proceeds from certain claims related to the acquisition of MYOB by the Current Owners in excess of \$2 million (subject to certain exclusions);
- net proceeds from certain disposals of assets in excess of \$5 million in aggregate in any financial year (subject to certain exclusions);
- net proceeds from certain insurance claims in excess of \$2 million (excluding, among other things, proceeds received from any public or third party liability policy or business interruption insurance);

- net proceeds from issue of Notes in the amount set out in Sections 4.6 and 4.12; and
- certain amounts of “excess cash flow” of the MYOB Group as determined under the Senior Facilities Agreement in any financial year in excess of \$3.5 million for that financial year determined by reference to the percentage set out in the following table:

APPLICABLE SENIOR LEVERAGE RATIO FOR THE FINANCIAL YEAR	PERCENTAGE OF EXCESS CASH FLOW (%)
Greater than 3.50:1	75
Greater than 3.00:1 but equal to or less than 3.50:1	50
Greater than 2.50:1 but equal to or less than 3.00:1	25
Equal to or less than 2.50:1	0

The Senior Facilities will be cancelled and all outstanding amounts under the Senior Finance Documents become immediately due and payable if any of the following events occur:

- certain change of control events in MYOB Holdings; or
- the sale of all or substantially all of the MYOB Group’s assets.

## 5.7. Events of Default under the Senior Facilities Agreement

Each of the following events constitute an event of default under the Senior Facilities Agreement:

- a MYOB Obligor fails to pay any amount due by it under a Senior Finance Document (after any applicable grace period);
- breach of any financial covenants subject to any equity cure right;
- a MYOB Obligor fails to perform its obligations under a Senior Finance Document (after any applicable cure period);
- any representation or warranty made by a MYOB Obligor in any Senior Finance Document is incorrect or misleading in any material respect (after any applicable cure period);
- any member of the MYOB Group fails to pay any financial indebtedness due or any creditor of any member of the MYOB Group becomes entitled to declare any financial indebtedness due and payable prior to its specified maturity as a result of an event of default or any commitment for any financial indebtedness of any member of the MYOB Group is cancelled or suspended as a result of an event of default, subject to certain exceptions including if in aggregate such financial indebtedness or commitments is less than \$10 million;
- any member of the MYOB Group becomes insolvent;
- a moratorium is declared in respect of any indebtedness of any MYOB Obligor or member of the MYOB Group;
- any corporate action, legal proceedings or other procedure or step is taken in relation to the suspension of payments, a moratorium of any indebtedness, a composition, assignment or arrangement with any creditor, the appointment of a liquidator, receiver, administrator, the enforcement of a security interest and various other customary insolvency proceedings, or any analogous event occurs in any jurisdiction, in relation to a MYOB Obligor, subject to exceptions;

- any expropriation, attachment, sequestration, distress or execution affects assets of a MYOB Obligor having an aggregate value of more than \$10 million;
- the MYOB Group (taken as a whole) ceases to carry on all, or substantially all, of its business;
- it is or becomes unlawful for a MYOB Obligor to perform any of its material obligations under the Senior Finance Documents which is materially adverse to the interest of the senior lenders under the Senior Facilities Agreement as a whole;
- a material provision of the Senior Finance Documents is or becomes void, voidable, illegal or unenforceable and the same is materially adverse to the interests of the senior lenders under the Senior Facilities;
- a MYOB Obligor repudiates or rescinds a transaction document (including, amongst others, the Senior Finance Documents and Subordinated Note Documents) in a way that is materially adverse to the interests of the senior lenders under the Senior Facilities;
- any party other than the agent for the senior lenders under the Senior Facilities or the Security Trustee fails to comply with any material provision of any subordination agreement in relation to any subordinated shareholder debt;
- any governmental or other regulatory expropriation in relation to any member of the MYOB Group or any of its assets which has or would have a material adverse effect;
- any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or dispute against any member of the MYOB Group which has a material adverse effect;
- a judgment in an amount exceeding \$15 million is obtained against a MYOB Obligor which is not satisfied or stayed within 15 Business Days or appealed in good faith;
- a MYOB Obligor reduces its share capital or authorises a share-buyback (subject to certain permitted exceptions);
- the auditors of the MYOB Group qualify the audited annual consolidated financial statements of the MYOB Group and which has or would have a material adverse effect; and
- an event or circumstance occurs which is or is reasonably likely to be materially adverse to:
  - the business, assets or financial condition of the MYOB Group (taken as a whole);
  - the ability of the MYOB Obligors (taken as a whole) to perform any of their payment obligations under any Finance Documents; or
  - subject to reservations in legal opinions accepted by the agent to the Senior Facilities, and certain perfection requirements, the validity or the enforceability of the whole or any material part of any of the Senior Finance Documents or any material rights or remedies of any finance party under the Senior Finance Documents.

For a description of Events of Default under the Terms of Issue of Notes, refer to Section 2.5.1 and Clause 17.2 of Appendix B.

## 5.8. Security

The security currently granted in support of the obligations under the Senior Facilities include fixed and floating charges and share mortgages and general security deeds from the MYOB Obligors over all or substantially all of their assets in favour of the Security Trustee.

These securities have been (or will be) granted in favour of the Security Trustee, on a first ranking basis with respect to the Senior Debt and when Notes are issued, these securities will also secure Notes on a subordinated and second ranking basis.

Further information in relation to these securities and guarantees, who the MYOB Obligors are, and how Notes will rank on enforcement of the security is contained in Section 2.4.

Notwithstanding the above, Notes are described as “unsecured notes” for the purposes of section 283BH of the Corporations Act for the reason described in Section 2.4.5.

### **5.9. Security Trust Deed and Intercreditor Deed**

The Security Trustee and certain members of the MYOB Group, the lenders under the Senior Facilities Agreement and others are parties to the Security Trust Deed. Under that deed, the Security Trustee was appointed to hold the Security, and any proceeds derived from the enforcement of that security, on behalf of the beneficiaries under that Security Trust Deed, including Senior Creditors. Upon the issue of Notes, the Issuer and Trustee become parties to the Security Trust Deed, and the Intercreditor Deed becomes effective.

Each Holder will be a beneficiary for the purpose of the Security Trust Deed and a “subordinated secured party” for the purpose of the Intercreditor Deed. Accordingly, the amounts owing to Holders under Notes will be secured by, and have the benefit of, the Security, subject to the Intercreditor Deed.

Pursuant to the Security Trust Deed, if the Security Trustee receives moneys after appointing a controller (as defined in the Corporations Act) under a Security or otherwise enforces a Security, it must apply that money in the order described in Section 2.4.6. Further information relevant to Holders about the Security Trust Deed and certain circumstances in which it may affect Notes is contained in Section 2.

The Intercreditor Deed establishes that Notes will be subordinated to and rank in priority behind the Senior Debt on the terms of that deed. It also includes provisions which limit circumstances in which Holders may declare Notes due and payable, make demands or require the enforcement of the Security. Further key information relevant to Holders about the Intercreditor Deed and circumstances in which it may affect Notes is contained in Section 2.

The Issuer has lodged with ASIC the Security Trust Deed, the Intercreditor Deed (and the Trust Deed — refer to Section 9.3) and the information in each deed is incorporated by reference into this Prospectus. You may obtain a copy of these documents free of charge by calling 1800 868 464 or +61 2 8280 7798 during the Offer Period (Monday to Friday — 8:30am to 5:30pm). The documents are otherwise available on the MYOB Subordinated Notes Offer website ([www.myobnotesoffer.com](http://www.myobnotesoffer.com)) or they may be obtained from, or inspected at any office of ASIC.

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## Section 6

# Investment Risks

- 6.1. Introduction
- 6.2. Key Risks associated with MYOB Subordinated Notes
- 6.3. Key Industry and Business Risks associated with MYOB

# 6. Investment Risks

## 6.1. Introduction

This Section describes the potential risks associated with MYOB's business and risks associated with an investment in Notes and MYOB. It does not purport to list every risk that may be associated with an investment in Notes now or in the future, and the occurrence of consequences of some of the risks described in this Section of the Prospectus are partially or completely outside the control of MYOB, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Before applying for Notes, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Notes are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Notes, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser before deciding whether to invest.

## 6.2. Key Risks associated with MYOB Subordinated Notes

### 6.2.1 Insufficient cash flow to meet payments

MYOB may not generate sufficient cash flows or may be unable to obtain appropriate finance to enable MYOB Borrower to meet its commitments to the Issuer, which would in turn prevent the Issuer meeting its commitments to Holders to pay interest and repay principal pursuant to the Terms of Issue.

If the Issuer does not pay some or all of the interest or principal as and when payable under the Terms of Issue, then you may not receive some or all of the money you invested in Notes or interest that is due to be paid to you.

### 6.2.2 Suspension of interest payments

Interest payments on Notes may be suspended in certain circumstances set out in the Terms of Issue.

While the obligation to pay interest is suspended, not cancelled, and is cumulative, it is possible that Holders will be inconvenienced by the suspension of the payment of interest.

There is also a risk that the suspension will continue for an extended period, potentially until the Maturity Date.

### 6.2.3 Senior Debt and subordination

Members of the MYOB Group have entered into the Senior Facilities, the details of which are set out in Section 5. These facilities contain a number of provisions and covenants, a breach of which may cause MYOB Group to default on the Senior Debt and entitle the Senior Creditors to exercise certain rights, including to demand immediate repayment of any amounts outstanding on the Senior Debt and the enforcement of their security interests.

Notes rank behind, and are subordinated to, the Senior Debt. As at the date of this Prospectus, MYOB has \$528.1 million drawn under its Senior Facilities. MYOB would currently only be able to incur additional Senior Debt of up to \$62 million under the Senior Facilities on a pro forma 30 September 2012 basis without obtaining consent of senior lenders under the Senior Facilities or exceeding covenant restrictions under the Senior Facilities Agreement (refer to Section 5.2). In any enforcement of Security or winding up of the Issuer or on a distribution of the proceeds of enforcement of the Security, Holders will rank behind the Senior Creditors and will not have a right to receive repayment of principal or interest until the Senior Creditors have been repaid in full. There is a risk that insufficient monies will be available after the Senior Debt has been repaid in full to repay in full, or at all, amounts owing to Holders in relation to Notes.

### 6.2.4 Substantial debt obligations

The MYOB Group has a substantial amount of indebtedness through the Senior Debt and the Issuer will have indebtedness to Holders through Notes (refer to Section 1.1.11). Through the various financing arrangements in place within the MYOB Group, MYOB will periodically forward funds derived from its operations, investments and financing activities to MYOB Borrower which, in turn, will periodically forward funds to the Issuer.

As is typical for financing of this type, required repayments under the Senior Facilities will increase as outlined in Section 5.6. The MYOB Group must meet its Senior Debt obligations as well as obligations to Holders (and other creditors) through a combination of existing cash and sufficient operating cash flows. This indebtedness will require the MYOB Group to dedicate a substantial portion of its cash flow from operations towards required interest and principal payments.

The effect of this may be to limit MYOB's flexibility in planning for, or reacting to, changes in the businesses and industries in which it operates. It may also detract from MYOB's ability to withstand successfully a potential downturn in the business.

MYOB Group's pro forma operating cash flow and interest payments for the LTM to 30 September 2012 are described in Section 4.3. That section describes that, after the payment of net interest on Senior Debt for that period, pro forma net operating cash flow of \$45.4 million is available for the payment of interest on Notes of \$15.0 million (leaving excess cash flow of \$30.4 million).

After application of proceeds of the Offer to pay down Senior Debt, the MYOB Group will be required to make regular repayments of Senior Debt until the maturity date of the Senior Debt. A summary of repayments required under the Senior Facilities is set out in Section 5.6.

There is a risk that MYOB suffers a decline in net cash flow during the term of Notes that is significant enough to prevent the MYOB Group from satisfying all of its interest payments on Notes or Senior Debt or to repay Notes, or prepay or refinance Senior Debt on its maturity in full.

If the operating performance of MYOB deteriorates or MYOB's capital structure changes, this may result in:

- the MYOB Group and/or the Issuer having insufficient cash flow to meet their obligations (see above); and/or
- an adverse change in the underlying credit quality of Notes, which may adversely impact the market price of Notes.

### 6.2.5 Carrying value of goodwill and intangibles

MYOB Group has a significant level of goodwill and intangible assets (approximately \$469.1 million of intangible assets and \$740.1 million of goodwill compared with tangible assets of approximately \$75.5 million) which are impairment tested on at least an annual basis. Any material impairment of goodwill and intangible assets in future periods might evidence a reduction in MYOB Group's future expected net cash flow from operations and result in an adverse change in the underlying credit quality of Notes. This may adversely impact the market price of Notes.

Further, if on a winding-up of entities within the MYOB Group, MYOB is unable to sell the MYOB business as a going concern and realise the fair value of its intangible assets and goodwill, it is likely that there will be a shortfall of funds and Holders will not be repaid part or all of their investment.

### 6.2.6 Interest rate changes

The Interest Rate is a floating rate, equal to the sum of the 90 day BBSW rate plus 6.70%, the Margin, subject to a minimum interest rate of 10% per annum for the first 4 interest payments. The 90 day BBSW rate will fluctuate and therefore the Interest Rate will fluctuate. Over the term of Notes, the Interest Rate may be lower or higher than the initial Interest Rate on the Issue Date.

If the Interest Rate decreases, there is a risk that the return on Notes may become less attractive compared to returns on other investments, including investments which carry fixed interest rates.

The Issuer does not guarantee any particular rate of return on Notes.

Further, the MYOB Group has a substantial amount of indebtedness through the Senior Debt. Interest payments on this indebtedness may be impacted by movements in interest rates, and may increase if interest rates rise. The amount of this impact is, however, partially offset by hedging agreements into which the MYOB Group has agreed to enter. Refer to Section 5.

### 6.2.7 Price volatility

The Issuer has applied for quotation of Notes on ASX. The market price of Notes on ASX may fluctuate due to various factors, including:

- changes in Australian and international economic conditions, interest rates, credit margins, inflation rates and foreign exchange rates;
- the performance or financial position of MYOB;
- movements in the market price of equity and/or other debt issued by MYOB or by other issuers;
- changes in investor perceptions and sentiment in relation to MYOB or the industry in which it operates; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

The market price for Notes may also be negatively impacted by interest rate fluctuations and low liquidity as described below.

It is possible that Notes may trade at a market price below the Face Value and that the market price of Notes may be more sensitive than that of ordinary shares to changes in interest rates, credit margins and other market prices.

If Notes trade at a market price below the amount at which you acquired them, there is a risk that if you sell them prior to the Maturity Date, you may lose some of the money you invested.

In recent years, markets have become more volatile. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market. You should carefully consider this volatility risk before deciding whether to make an investment in Notes.

#### 6.2.8 MYOB may incur additional debt

The MYOB Group has the right to incur additional debt that ranks in priority to, equally with or behind Notes in certain circumstances. Refer to Section 2.4.9 for more information.

A holding of Notes does not confer any right to participate in further issues of securities by the Issuer, whether equity, debt, or some other security. In addition, other entities in the MYOB Group may issue securities with the same or different dividend, interest or distribution rates, maturities, or terms and conditions to Notes.

The issue of further securities or debt by the Issuer or other MYOB Group entities may have the effect of reducing the amount that Holders would receive on an enforcement of the Security or pursuant to a winding up of the Issuer, and may have an adverse effect on the market price or liquidity of Notes.

#### 6.2.9 Lack of liquidity

The market for Notes may not be liquid. Although the Issuer is seeking to raise \$150 million it does have the ability to raise less. A smaller issue size is likely to result in lower liquidity.

If liquidity is low, there is a risk that, if Holders wish to sell their Notes prior to the Maturity Date, they may not be able to do so at a price acceptable to them, or at all, and there is a risk that the market price will become more volatile in general.

#### 6.2.10 No IPO

No decision has been made regarding an IPO. The stock market and other conditions are subject to change, consequently there is no certainty that an IPO will occur. In the event there is no IPO, there will be no Exchange Right for Holders.

#### 6.2.11 No right of redemption

Holders have no general rights to require the Issuer to redeem their Notes.

#### 6.2.12 Early Redemption

The Issuer has a right to redeem Notes on the occurrence of certain events. Consequently, Holders may be required to accept a redemption of their Notes at a time or price which they do not wish to accept and which may disadvantage Holders in light of market conditions or individual circumstances. If Notes are redeemed or exchanged before the Maturity Date, interest will only be paid up until the date of such redemption or exchange.

#### 6.2.13 Cessation of ASX listing

The liquidity of Notes is dependent on Notes remaining quoted on ASX. The Terms of Issue contain certain obligations on the Issuer to use reasonable endeavours to ensure that quotation of Notes on ASX is maintained. There is a risk that trading in Notes could be suspended or Notes could cease to be quoted in certain circumstances, including if the Issuer fails to comply with the Listing Rules.

#### 6.2.14 Senior Debt refinancing

The existing Senior Facilities must be repaid or refinanced by 30 September 2016 or, if extended, by the Maturity Date of Notes. A risk exists that this debt will not be able to be refinanced or will be refinanced on terms less attractive than those that currently apply. This may have a material adverse effect on the Issuer's ability to pay interest and repay principal on Notes.

#### 6.2.15 Limited Holder rights

In the event that the Issuer defaults on the payment of Face Value or interest, only the Trustee is able to take action directly against the Issuer; Holders' rights are limited to voting in meetings of Holders to request the Trustee to take action. Refer to Section 9.3 for more information.

#### 6.2.16 Taxation

The financial performance of MYOB relies on certain existing taxation treatments and interpretation of applicable fiscal arrangements in Australia and offshore jurisdictions. Such tax rules or their interpretation in relation to MYOB may change over time. In particular, both the level and basis of taxation may change. Furthermore, an investment in Notes may involve tax considerations which could differ for each investor. Prospective investors should seek independent advice in relation to their own individual taxation position. Future changes in Australian taxation law may affect the taxation treatment of acquiring, holding (including the receipt of interest payments) and disposing of Notes.

### 6.2.17 New Zealand investors' currency and tax risk

The denomination and currency for payment for Notes is Australian dollars and not New Zealand dollars. If you are a New Zealand resident, the Offer may involve a currency exchange risk. The value of the securities will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant. Payments to Holders will be made in Australian dollars and Holders may incur fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

New Zealand resident Holders should seek their own advice for the New Zealand taxation consequences of investing in Notes.

### 6.2.18 General economic and financial market conditions

General economic conditions (both domestically and internationally), long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities may adversely impact the Issuer's ability to pay interest and repay principal and may affect the price of Notes. As a result of the above-mentioned factors, the Issuer is unable to forecast the market price for Notes and they may trade on ASX at a price that is below their Issue Price.

### 6.2.19 Acceleration of Senior Facilities following change of control or claim

A direct or indirect shareholder in the MYOB Group, or a liquidator, administrator, receiver or other controller of that shareholder appointed by the shareholder, or following enforcement of rights by financiers to that shareholder, may sell its interest in MYOB Holdings which owns the MYOB Group. Such a sale may result in a change of control under the Senior Facilities Agreement which in turn would result in the Senior Facilities becoming immediately due and payable.

If a liquidator is appointed by a financier to the Shareholder of MYOB Holdings to commence a winding up of that entity, that liquidator may seek to claim against certain MYOB Group members pursuant to a deed of cross guarantee to which those group members are parties (unless by then revoked pursuant to deeds of revocation lodged with ASIC on 23 November 2012). Such a claim would be likely to result in the Senior Facilities and Notes becoming immediately due and payable (although such claim would rank behind Notes and Senior Debt).

The above may occur at a time which may not be to the advantage of Holders. Refer also to Section 6.2.3.

## 6.3. Key Industry and Business Risks associated with MYOB

Set out below are investment risks associated with MYOB. These are relevant to an investment in Notes as the value of your investment will depend on the financial performance and position of MYOB.

### 6.3.1 Australian and New Zealand economy

MYOB provides software and services to nearly 1 million businesses, predominantly SMEs, and over 40,000 accounting practitioners in Australia and New Zealand who are susceptible to changes in economic conditions in Australia and New Zealand. New unit volumes are tied closely to the number of new SMEs that register for GST. There is a risk that a downturn in the Australian or New Zealand economy could lead to a decrease in the number of SMEs being formed. It could also lead to MYOB's clients closing their businesses or reducing the size of their business, which are both outcomes that would ultimately have an adverse effect on MYOB's financial performance.

### 6.3.2 Competition risk

MYOB competes against other providers of software and services and any change in the competitive landscape may impact MYOB's ability to deliver its growth strategy. There are risks that:

- existing competitors could increase their market share through aggressive marketing campaigns, product innovation or price discounting;
- new competitors could enter the market, particularly as the market moves from desktop accounting to online or cloud accounting;
- MYOB could seek to implement changes to existing software products that are not well received by clients or that require greater than anticipated product development investment; and
- MYOB could fail to adapt to technology change.

These factors could in turn reduce MYOB's market share and/or existing profit margins, and have an overall adverse effect on its financial performance.

### 6.3.3 Relationships with accountants

Accountants have the ability to influence an SME's selection of accounting software and the demand for MYOB software for SMEs is significantly influenced by accountants. Accountants may stop recommending MYOB software to new SMEs, or start recommending competing products to current MYOB clients. This may occur for a number of reasons, including failure by MYOB to deploy sufficient resources to obtain accountant recommendations or the introduction of a

competing product that is perceived by accountants to be superior. This could reduce MYOB's overall client base which would have an adverse impact on MYOB's earning capability and its growth strategy or could require more financial investment than anticipated.

#### 6.3.4 Security breach

MYOB's applications involve the storage and transmission of its clients' proprietary information, including personal or identifying information regarding their employees, clients and suppliers, as well as their finance and payroll data.

Failure to protect this data could lead to significant legal action, damage to MYOB's reputation and potential loss of significant clients.

Clients' financial data files stored in centralised servers under cloud-based applications require additional security protection that desktop software does not require so the potential impact of this risk becomes more significant as the number of users of MYOB's cloud-based applications grows.

#### 6.3.5 Cloud computing

MYOB has invested heavily in developing cloud-based applications. There is a risk that the market for cloud computing develops more slowly than MYOB expects, and that cloud computing does not achieve and sustain high levels of client demand and market acceptance. Even if cloud computing develops rapidly, there is an inherent risk in change management (i.e. migrating MYOB's clients to the cloud), as well as a potential need to increase investment in product development to meet client needs and demands or risk a loss of clients. A failure of MYOB's cloud product on any of these dimensions could impact MYOB's ability to generate revenue growth and maintain market share.

#### 6.3.6 Loss of key personnel

MYOB's success depends upon the continued services of its key executive officers and senior leadership team. While MYOB strives to retain key personnel, the loss of a number of key personnel may adversely affect the financial performance, product development or growth prospects of MYOB.

#### 6.3.7 Changing payment methods

MYOB is currently in the process of migrating its clients from upfront license purchase payments to monthly subscription payments for its products. This could potentially impact MYOB's near term cash flow more than anticipated as clients spread payments throughout the year instead of paying lump sums upfront.

#### 6.3.8 Damage to brand name

The MYOB brand is important in attracting and maintaining clients. Negative publicity associated with MYOB, for example as a result of poor client service or a poor product release or functionality, may damage its reputation, potentially reducing MYOB's client base and overall financial performance.

#### 6.3.9 Changes in government regulation

MYOB's business is influenced and affected by laws and government policy in Australia and New Zealand. Whilst changes to laws and regulations typically generate revenue opportunities for MYOB, if MYOB does not remain abreast of these and deliver software that accurately responds to relevant changes, MYOB may not be able to maintain its market share which could impact its operations and overall profitability.

#### 6.3.10 Breach of intellectual property rights

MYOB relies on innovation in order to ensure its products remain competitive. There is a risk that in pursuing product innovations, MYOB may breach the intellectual property rights of one or more of its competitors. This could result in litigation which could cause delays, increases in costs or otherwise impact MYOB's assets, operations, prospects or profitability.

#### 6.3.11 Reliance on supplier contracts

MYOB relies on certain contracts with third parties in order to conduct its daily operations. For instance, MYOB has a significant contract with BankLink which facilitates the interaction between clients' bank accounts and MYOB's LiveAccounts and AccountRight Live products. MYOB also has a significant contract with Microsoft for the provision of the datacenter for its AccountRight Live products. If either of these contracts were terminated unexpectedly, this could impact MYOB's operations and overall profitability.

#### 6.3.12 Product development

MYOB's business relies on continued investment in its product suite. There is a risk that in upgrading current products or introducing new products, MYOB may need to spend more on product development than anticipated. This could lead to insufficient cash flow or reduced returns on new products as well as delays in taking products to market. There is also a chance that MYOB does not offer adequate support in change management as clients move from old to new systems and that this impacts the client experience using MYOB products, and ultimately, MYOB's brand.



## Section 7

# About the Offer

- 7.1. The Offer
- 7.2. How to Apply and Pay
- 7.3. Other Information

# 7. About the Offer

Information about the Offer including the Offer key dates and the Offer Period is included in Section 1. This Section provides further information about the Offer, including how to apply.

## 7.1. The Offer

TOPIC	SUMMARY
7.1.1 What is the Offer?	<ul style="list-style-type: none"> <li>The Offer is for the issue of Notes with an Issue Price of \$100 each to raise approximately \$150 million with the ability to raise more or less.</li> <li>All Notes will be issued under and subject to the disclosures made in this Prospectus.</li> </ul>
7.1.2 How is the Offer structured?	<ul style="list-style-type: none"> <li>The Offer comprises:               <ul style="list-style-type: none"> <li>an Institutional Offer to certain Institutional Investors;</li> <li>a Broker Firm Offer made to Eligible Clients of Syndicate Brokers; and</li> <li>a General Offer made to members of the general public who are in Australia or New Zealand.</li> </ul> </li> <li>The allocation of Notes between the Institutional Offer, the Broker Firm Offer and the General Offer has been determined by agreement between the Issuer and the Joint Lead Managers and the Issuer reserves the right to withdraw the Offer or a part of it, including the General Offer. Refer to Section 7.2.10 for further information on the allocation policy in respect of each component of the Offer.</li> </ul>
7.1.3 How to obtain a copy of the Prospectus and Application Form?	<ul style="list-style-type: none"> <li>During the Exposure Period, an electronic version of the Original Prospectus (without an Application Form) was available at <a href="http://www.myobnotesoffer.com">www.myobnotesoffer.com</a>. Application Forms were not available until after the Exposure Period.</li> <li>During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at <a href="http://www.myobnotesoffer.com">www.myobnotesoffer.com</a> and may be available through your Syndicate Broker.</li> </ul> <p><b>Electronic access to this Prospectus</b></p> <ul style="list-style-type: none"> <li>The following conditions apply if this Prospectus is accessed electronically:           <ul style="list-style-type: none"> <li>you must download the entire Prospectus; and</li> <li>the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia or New Zealand.</li> </ul> </li> </ul> <p><b>Access to hardcopy of this Prospectus</b></p> <ul style="list-style-type: none"> <li>During the Offer Period, if you are in Australia or New Zealand you can also request a free paper copy of this Prospectus and an Application Form by calling the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798 (Monday to Friday – 8:30am to 5:30pm).</li> <li>The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.</li> <li>Your application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have provided your application monies.</li> </ul>

TOPIC	SUMMARY
7.1.4 Is any brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> <li>No brokerage, commission or stamp duty is payable by applicants on applications. You may be required to pay brokerage if you sell your Notes on ASX after Notes have been quoted on ASX.</li> </ul>
7.1.5 Will application monies be held on trust?	<ul style="list-style-type: none"> <li>All application monies received before Notes are issued will be held by the Issuer on trust in an account established solely for the purpose of depositing application monies received. Any interest that accrues in that account will be retained by the Issuer. After Notes are issued to successful applicants, the application monies held on trust will be payable to the Issuer.</li> </ul>
7.1.6 How will refunds (if any) be made?	<ul style="list-style-type: none"> <li>If you are not issued any Notes or you are issued fewer Notes than the number that you applied and paid for as a result of a scale back, all or some of your application monies (as applicable) will be refunded to you (without interest) as soon as practicable after the Issue Date.</li> <li>If the Offer does not proceed for any reason, all applicants will have their application monies refunded (without interest) as soon as practicable.</li> </ul>
7.1.7 Do I need to provide my bank account details to receive Interest Payments?	<ul style="list-style-type: none"> <li>The Issuer will pay your interest payments by direct credit into an Australian dollar account of a financial institution nominated by you. MYOB will not issue cheques to pay your interest payments.</li> <li>If you do not provide your relevant details to the Registry, or the transfer of any interest payment does not complete, a notice will be sent to your email address, or if no email address has been supplied, will be posted to the address notified by you advising you of the amount of the interest payment. In that case the funds will be held in a special purpose account maintained by the Issuer as a non-interest bearing deposit or paid by the Issuer under legislation relating to unclaimed monies.</li> </ul>
7.1.8 Do I need to provide my TFN or ABN?	<ul style="list-style-type: none"> <li>You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, the Issuer may be required to withhold Australian tax at the maximum marginal tax rate including the Medicare Levy (currently 46.5%) on the amount of any interest payment unless you provide one of the following: <ul style="list-style-type: none"> <li>TFN;</li> <li>TFN exemption number (if applicable); or</li> <li>ABN (if Notes are held in the course of an enterprise carried on by you).</li> </ul> </li> <li>The collection and quotation of TFNs and ABNs are authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act.</li> </ul>

## 7.2. How to Apply and Pay

	BROKER FIRM OFFER	GENERAL OFFER
7.2.1 Who can apply?	<p><b>Broker Firm Applicant</b></p> <ul style="list-style-type: none"> <li>Eligible Clients, that is, a retail client in Australia or New Zealand, of a Syndicate Broker or a client of a Syndicate Broker to whom an Offer can be made having regard to the restrictions on distribution in Section 7.3.6, invited to participate through the Broker Firm Offer.</li> </ul>	<p><b>General Applicant</b></p> <ul style="list-style-type: none"> <li>That is, a member of the general public who is in Australia or New Zealand applying through the General Offer.</li> </ul>
7.2.2 How many Notes can be applied for?	<ul style="list-style-type: none"> <li>Your application must be for a minimum of 50 Notes (\$5,000).</li> <li>If your application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes — that is, for incremental multiples of \$1,000.</li> </ul>	

	BROKER FIRM OFFER	GENERAL OFFER
7.2.3 When can I apply?	<ul style="list-style-type: none"> <li>• Applications will only be accepted after the Offer Period opens, which is expected to occur on 4 December 2012.</li> <li>• The Closing Date for the Broker Firm Offer is expected to be 10:00am on 19 December 2012.</li> <li>• Your completed Application Form and application monies must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.</li> </ul>	<ul style="list-style-type: none"> <li>• Applications will only be accepted after the Offer Period opens, which is expected to occur on 4 December 2012.</li> <li>• The Closing Date for the General Offer is expected to be 5:00pm on 12 December 2012.</li> <li>• Your completed paper Application Form or online Application Form and application monies must be received by the Registry by the Closing Date.</li> </ul>
7.2.4 How to apply online?	<ul style="list-style-type: none"> <li>• Contact your Syndicate Broker for instructions.</li> </ul>	<ul style="list-style-type: none"> <li>• You can apply online at <a href="http://www.myobnotesoffer.com">www.myobnotesoffer.com</a>.</li> <li>• Instructions on how to complete your application are provided online.</li> <li>• When applying online, you will be required to pay for Notes using BPAY®.</li> </ul>
7.2.5 How to pay online?	<ul style="list-style-type: none"> <li>• Contact your Syndicate Broker for instructions.</li> </ul>	<ul style="list-style-type: none"> <li>• If you apply using an online Application Form, you must complete your application by making a BPAY® payment.</li> <li>• Once you have completed your online Application Form, you will be given a BPAY® biller code and unique Customer Reference Number for that application. Follow the BPAY® instructions below to complete your application.</li> <li>• If you do not make a BPAY® payment, your application will be incomplete and will not be accepted by the Issuer. Your completed online Application Form and application monies must be received by the Registry by the Closing Date.</li> </ul>
7.2.6 How to use BPAY®?	N/A	<p>Using the BPAY® details provided, you need to:</p> <ul style="list-style-type: none"> <li>• access your participating BPAY® financial institution either through telephone banking or internet banking;</li> <li>• select BPAY® and follow the prompts;</li> <li>• enter the biller code supplied;</li> <li>• enter the unique Customer Reference Number supplied for each application;</li> <li>• enter the total amount to be paid which corresponds to the number of Notes you wish to apply for under each application (that is, a minimum of \$5,000 — 50 Notes, and incremental multiples of \$1,000 — 10 Notes). Note that your financial institution may apply limits on your use of BPAY® and that you should make enquiry about the limits that apply in your own personal situation;</li> </ul>

BROKER FIRM OFFER	GENERAL OFFER
	<ul style="list-style-type: none"> <li>• select the account you wish your payment to be made from;</li> <li>• schedule your payment for the same day that you complete your online Application Form since applications without payment cannot be accepted; and</li> <li>• record your BPAY® receipt number and date paid. Retain these details for your records.</li> </ul> <p>BPAY® payments must be made from an Australian dollar account of an Australian financial institution.</p>
<p>7.2.7 How to apply using a paper Application Form?</p>	<ul style="list-style-type: none"> <li>• There are paper Application Forms in the back of this Prospectus that may be used by Broker Firm Applicants.</li> <li>• General instructions on how to complete the paper Application Form are set out on the Application Form.</li> <li>• You must contact your Syndicate Broker for their specific instructions on how to submit the Application Form and your application monies to your Syndicate Broker.</li> <li>• You must not return your paper Application Form to the Registry.</li> <li>• Your Syndicate Broker must have received your completed paper Application Form and application monies in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer — expected to be 10:00am on 19 December 2012; and will act as your agent in processing your paper Application Form and providing your application details and application monies to the Issuer.</li> </ul> <ul style="list-style-type: none"> <li>• There are paper Application Forms in the back of this Prospectus that should be used by General Applicants.</li> <li>• You can request a paper copy of this Prospectus and paper Application Form by calling the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798 (Monday to Friday — 8:30am to 5:30pm).</li> <li>• Instructions on how to complete the paper Application Form are set out on the Application Form.</li> <li>• If applying using the Application Form, you will be required to pay for Notes using cheque(s) and/or money order(s) by the Closing Date, expected to be 5.00pm on 12 December 2012.</li> <li>• You will be required to post your completed paper Application Form to the Registry. If you wish to pay by BPAY® you need to make an online application.</li> <li>• You can complete an online application form via the MYOB Subordinated Notes Offer website at <a href="http://www.myobnotesoffer.com">www.myobnotesoffer.com</a> and pay application monies by cheque or money order. You will need to print your application receipt and send this with your cheque or money order to the Registry by 5.00pm on 12 December 2012.</li> </ul>
<p>7.2.8 How to pay using a paper Application Form?</p>	<ul style="list-style-type: none"> <li>• You must contact your Syndicate Broker for information on how to submit the paper Application Form and your application monies to your Syndicate Broker.</li> <li>• If you apply under the General Offer using a paper Application Form, your completed Application Form must be accompanied by application monies in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of a financial institution and made payable to “MYOB Notes Offer”.</li> </ul>

	BROKER FIRM OFFER	GENERAL OFFER
		<ul style="list-style-type: none"> <li>• Cheque(s) should be crossed “Not Negotiable”. Cash payments will not be accepted.</li> <li>• You cannot pay by BPAY® if you apply under the General Offer using a paper Application Form. If you wish to pay by BPAY®, you need to make an online application.</li> <li>• Your completed paper Application Form and application monies must be received by the Registry by the Closing Date.</li> </ul>
7.2.9 Where to return your paper Application Form?	N/A	<ul style="list-style-type: none"> <li>• <b>Mailing address:</b> MYOB Notes Offer C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235</li> <li>• <b>Hand delivery address:</b> MYOB Notes Offer C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2135 <i>(please do not use this address for mailing purposes)</i></li> <li>• Please note that paper Application Forms and application monies will not be accepted at any other address or office and will not be accepted at the Issuer’s registered office or any other MYOB office or at other offices or branches of the Registry.</li> </ul>
7.2.10 What is the allocation policy?	<ul style="list-style-type: none"> <li>• Allocations to Syndicate Brokers were agreed by the Joint Lead Managers and the Issuer following completion of the Bookbuild.</li> <li>• Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.</li> </ul>	<ul style="list-style-type: none"> <li>• Allocations for the General Offer will be determined by the Issuer after the Closing Date. There is no specified proportion of the Offer that may be allocated to the General Offer.</li> <li>• The Issuer has absolute discretion to determine the method and extent of the allocation.</li> <li>• The Issuer (at its discretion) reserves the right to scale back applications from General Applicants. Any scale back will be announced on ASX on the day Notes commence trading on a deferred settlement basis — expected to be 21 December 2012.</li> <li>• The Issuer (at its discretion) reserves the right to: <ul style="list-style-type: none"> <li>– allocate to any General Applicant all Notes for which they have applied;</li> <li>– reject any application by a General Applicant; or</li> <li>– allocate to any General Applicant a lesser number of Notes than that applied for, including less than the minimum application of Notes or none at all.</li> </ul> </li> <li>• No assurance is given that any General Applicant will receive an allocation.</li> </ul>

	BROKER FIRM OFFER	GENERAL OFFER
7.2.11 How will the final Allocation policy be announced?	<ul style="list-style-type: none"> <li>• Allocations to Syndicate Brokers were advised to those brokers following the Bookbuild.</li> <li>• Applicants under the Broker Firm Offer will also be able to confirm their firm allocation through the Syndicate Broker from whom they received their allocation.</li> <li>• However, if you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.</li> </ul>	<ul style="list-style-type: none"> <li>• If you are an applicant in the General Offer, you will be able to call the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798 (Monday to Friday – 8:30am to 5:30pm) to confirm your allocation from on or about 20 December 2012. It is expected that the basis of allocation will be advertised in The Sydney Morning Herald, The Melbourne Age, The Australian and The Australian Financial Review on or about 21 December 2012.</li> <li>• However, if you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding from the MYOB Subordinated Notes Offer Information Line.</li> </ul>
7.2.12 Who should I contact with an enquiry?	<ul style="list-style-type: none"> <li>• If you have further questions about the Offer or your Broker Firm application, please call your Syndicate Broker.</li> </ul>	<p>You can call the MYOB Subordinated Notes Offer Information Line on 1800 868 464 or +61 2 8280 7798 (Monday to Friday – 8:30am to 5:30pm) if you:</p> <ul style="list-style-type: none"> <li>• have further questions on how to apply for Notes;</li> <li>• require assistance to complete your Application Form;</li> <li>• require additional copies of this Prospectus and Application Forms; or</li> <li>• have any other questions about the Offer.</li> </ul> <p>If you are unclear in relation to any matter relating to the Offer or are uncertain whether Notes are a suitable investment for you, you should consult your financial adviser or other professional adviser.</p>

### Institutional Offer

The Institutional Offer is open to those Institutional Investors who are invited by a Structuring Adviser to bid for Notes in the Bookbuild.

Further details of the Institutional Offer, including application and settlement procedures for Institutional Investors have been advised by the Structuring Advisers. Allocations to Institutional Investors were agreed by the Issuer and the Joint Lead Managers following completion of the Bookbuild and advised to those investors following the Bookbuild.

If you are an Institutional Investor and you have an enquiry, you should contact one of the Structuring Advisers.

### 7.3. Other Information

#### 7.3.1. Bookbuild

The Joint Lead Managers conducted a Bookbuild to determine the Margin and firm allocations of Notes to Bookbuild participants. The Bookbuild was conducted on 3 December 2012 in accordance with the terms and conditions agreed by the Issuer and the Joint Lead Managers. As part of the Bookbuild, certain Institutional Investors and Syndicate Brokers were invited to lodge bids for Notes. On the basis of those bids, the Issuer and the Joint Lead Managers determined the Margin and the firm allocations of Notes to Syndicate Brokers. The Joint Lead Managers and the Issuer determined the firm allocations to certain Institutional Investors. A total of \$150 million was allocated under the Bookbuild.

The Margin of 6.70% was set by the Bookbuild and announced on 4 December 2012 to ASX and is included in this Prospectus.

Further information in relation to the Institutional Offer and Bookbuild, including application and settlement procedures for the Bookbuild has been notified to Syndicate Brokers by the Joint Lead Managers.

#### 7.3.2. Application to ASX for quotation of MYOB Subordinated Notes

The Issuer has applied for admission to the official list of ASX Limited and for quotation of Notes on ASX under the code "MYBG". ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may quote Notes is not to be taken as an indication of the merits of Notes offered for subscription.

If permission is not granted for the official quotation of Notes on ASX within three months after the date of the Original Prospectus, Notes will not be issued, and all application monies received by the Issuer will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

#### 7.3.3. CHES and issuer sponsored holdings

The Issuer has applied to participate in ASX's Clearing House Electronic Sub-register System ("CHES") and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in

securities quoted on ASX under which transfers are effected in an electronic form. When Notes become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHES sub-register or an issuer sponsored sub-register. For all successful applicants, Notes of a Holder who is a participant in CHES or a Holder sponsored by a participant in CHES will be registered on the CHES subregister. All other Notes will be registered on the Issuer sponsored sub-register.

Following completion of the Offer, Holders will be sent a Holding Statement that sets out the number of Notes that have been allocated to them. This statement will also provide details of a Holder's HIN for CHES holders or, where applicable, the SRN of issuer sponsored holders. It is expected that Holding Statements for issuer sponsored Holders and confirmations for CHES holders will be dispatched to successful applicants by 24 December 2012. Certificates will not be issued.

Holders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Holder's sponsoring broker in the case of a holding on the CHES sub-register or through the Registry in the case of a holding on the Issuer sponsored sub-register. The Issuer and the Registry may charge a fee for these additional issuer sponsored statements.

#### 7.3.4. Deferred settlement trading and selling MYOB Subordinated Notes on market

It is expected that trading of Notes on ASX will commence on or about 21 December 2012 on a deferred settlement basis.

It is the responsibility of each person who trades in Notes to confirm their holding before trading. If you sell Notes before receiving a Holding Statement, you do so at your own risk. The Issuer, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Notes before receiving your Holding Statement, even if you obtained details of your holding from the MYOB Subordinated Notes Offer Information Line or confirmed your firm allocation through a Syndicate Broker.

Notes are expected to commence trading on ASX on or about 27 December 2012 on a normal settlement basis.

### 7.3.5. Discretion regarding the Offer

The Issuer reserves the right not to proceed with the Offer or any part of it at any time before the issue of Notes to successful applicants.

If the Issuer withdraws the Offer, or any part of it does not proceed, all relevant application monies will be refunded (without interest).

The Issuer and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or issue to any applicant or bidder fewer Notes than applied or bid for.

You should also note that no cooling off rights (whether by law or otherwise) apply to an investment in Notes. This means that, in most circumstances, applicants may not withdraw their applications once submitted.

### 7.3.6. Restrictions on distribution

No action has been taken to register or qualify this Prospectus, Notes or the Offer or otherwise to permit a public offering of Notes in any jurisdiction outside Australia or New Zealand.

This Prospectus does not constitute an offer or invitation to subscribe for Notes in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed by you in the United States, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

#### **Hong Kong**

Notes may not be offered or sold by means of any document other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (b) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (c) in other circumstances which do not result in the document being a “prospectus” within the

meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

#### **Singapore**

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes, may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an “institutional investor” as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “Securities and Futures Act”) and in accordance with the conditions specified in section 274 of the Securities and Futures Act, (b) to a “relevant person” as defined in section 275(2) of the Securities and Futures Act, or any person pursuant to section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. Where Notes are subscribed or purchased under section 275 of the Securities and Futures Act by a relevant person which is:

- A corporation (which is not an “accredited investor” (as defined in section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

equity shares, debentures and units of equity shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust, shall not be transferred for 6 months after that corporation or that trust has acquired Notes pursuant to an offer under section 275 of the Securities and Futures Act except: (i) to an institutional investor or to a relevant person defined in section 275(2) of the Securities and Futures Act or (in the case of such corporation) where the transfer arises from an offer referred to in section 276(3)(i)(B) of the Securities and Futures Act or (in the case of such trust) where the transfer arises from an offer referred to in section 276(4)(i)(B) of the Securities and Futures Act; or (ii) where no consideration is or will be given for the transfer; or (iii) where the transfer is by operation of law; or (iv) as specified in section 276(7) of the Securities and Futures Act.

#### **United States of America**

The Offer is being pursuant to Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Notes have not been, and will not be, registered under the Securities Act or the securities law of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Each Broker Firm Applicant, each General Applicant, and each person to whom the Institutional Offer is made, will be taken to have represented, warranted and agreed as follows:

- they understand that Notes have not been, and will not be, registered under the Securities Act or the securities law of any state of the United States and may not be offered, sold or resold in the United States or to, or for the account or benefit of US persons, except in accordance with the Securities Act and any other applicable securities laws;

- if a person in a jurisdiction (outside Australia) referred to in this Section, they are a person to whom this Prospectus may be distributed, or Notes offered or sold, in accordance with this Section without lodgement, filing or registration of this Prospectus or Notes with any government authority of that jurisdiction;
- they are not in the United States or a US person, and each purchaser of Notes is making such purchase outside the United States in an offshore transaction (as defined in Regulation S) meeting the requirements of Regulation S;
- they have not and will not send this Prospectus or any other material relating to the Offer to any person in the United States or a US person; and
- they will not offer or sell Notes in the United States or in any other jurisdiction outside Australia except in accordance with an exception from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable law and in compliance with all applicable laws in the jurisdiction in which Notes are offered and sold.

This Prospectus does not constitute and is not an offer to sell, or a solicitation of an offer to buy, securities of the Issuer in the United States.



## Section 8

# Key People, **Interests** and **Benefits**

- 8.1. Issuer Board of Directors and Company Secretary
- 8.2. MYOB Senior Management Team
- 8.3. Corporate Governance
- 8.4. Interests and Benefits
- 8.5. Expenses of the Offer

# 8. Key People, Interests and Benefits

## 8.1. Issuer's Board of Directors and Company Secretary

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### Craig Boyce (Non-executive Director)

- Craig Boyce became a director of a number of the companies within the MYOB Group in September 2011, when funds advised by Bain Capital acquired MYOB.
  - Craig joined Bain Capital in 1998 and is a Managing Director. He leads Bain Capital's South East Asia and Australian business. He has been involved in managing a number key investments by funds advised by Bain Capital in addition to MYOB, including China Fire & Security, Contec, Fleetcor, Houghton Mifflin, SuperPages — Canada and Uniview. Before joining Bain Capital, Craig was a consultant at Bain & Company, providing strategic and operational advice to companies in the financial services, technology and consumer sectors.
  - Craig has an MBA from Harvard Business School, an MS in Chemical Engineering from Massachusetts Institute of Technology, and a BSE magna cum laude in Chemical Engineering from Princeton University.
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### Neil Kalvelage (Non-executive Director)

- Neil Kalvelage became a director of a number of the companies within the MYOB Group in February 2012.
  - Neil joined Bain Capital in 2006 and is an Operating Partner. In addition to MYOB, Neil was actively involved with and served on the Board of Applied Systems, a software investment by funds advised by Bain Capital. Before joining Bain Capital, Neil worked at The Hershey Company, starting and leading the U.S. Commercial Strategy department. Before that, Neil worked in the Corporate Strategy department at PepsiCo, spent 5 years at Bain & Co. in Boston, and held various financial roles at PPG Industries.
  - Neil has an MBA with highest distinction from Carnegie Mellon and has a BS in Finance from The Pennsylvania State University.
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### Serge Walid Sarkis (Non-executive Director)

- Serge Walid Sarkis became a director of a number of the companies within the MYOB Group in September 2011, when funds advised by Bain Capital acquired MYOB.
  - He joined Bain Capital in 1997 and is a Managing Director. He was the founder of Bain Capital's European business and leads its South East Asia and Australian business. He has been involved in managing a number of key investments by funds advised by Bain Capital in addition to MYOB, including Novacap, SigmaKalon, FCI, Boart Longyear, Shoppers Drug Mart, Ideal Standard, Toys R Us. Before joining Bain Capital, he was a consultant at the Boston Consulting Group, providing strategic and operational advice to companies in the consumer products and industrial goods sectors.
  - He has an MBA from Harvard Business School, an MS in Industrial Engineering from Stanford University and is a graduate from Ecole Polytechnique in France.
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#### Tim Reed (Executive Director, CEO)

- Tim Reed joined MYOB in July 2004 when it acquired Solution 6. Tim was appointed CEO in 2008 after spending over five years in management roles including Managing Director of MYOB Australia and MYOB Group Product Executive. Throughout his time with MYOB, Tim has overseen the Australian business's growth and its expansion into online services. He also led the creation of the Enterprise Division (refer to Section 3.7) via the acquisition of Commac and Exonet in 2007, and established the Websites Division (refer to Section 3.8) in 2008 through the acquisition of Ilysis and Smartyhost. Prior to joining Solution 6, Tim worked in Silicon Valley within a number of companies in global technology and internet markets.
- Tim has an MBA from Harvard Business School, graduating as a Baker Scholar and a Bachelor of Commerce (Honours) from the University of Melbourne.



#### Richard Moore (Executive Director, CFO)

- Richard Moore joined MYOB in April 2012 in the role of CFO and General Manager, Shared Services. Prior to joining MYOB he held multiple senior finance roles across a diverse range of industries, including most recently CFO of Jetstar Airways and CFO of Bankwest Business. Prior to that he spent 8 years at GE Capital in various finance roles across a number of divisions in both Europe and Australia, and worked for PricewaterhouseCoopers in Edinburgh, Scotland.
- Richard has a MA (Honours) — Economics from the University of Edinburgh and a CA from the Institute of Chartered Accountants of Scotland.



#### Ian Boylan (General Counsel and Company Secretary)

- Ian joined MYOB in June 2006 as Corporate Counsel and has held the positions of General Counsel and Company Secretary since January 2011. Prior to joining MYOB, Ian was a legal counsel at IAG. Ian is a solicitor and was admitted to practice whilst working for Eversheds LLP in Nottingham, England. He was admitted to practice in Australia whilst working for Minter Ellison in Melbourne.
  - Ian has a Bachelor of Laws (Honours) from Nottingham Trent University, England.
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## 8.2. MYOB Senior Management Team

**Tim Reed – (CEO)**



See Section 8.1 for more detail

**Richard Moore – (CFO)**



See Section 8.1 for more detail



### **James Scollay (General Manager – Business Division)**

- James Scollay joined MYOB in April 2012 as General Manager, Business Division. Before joining MYOB, James led the evolution of Macquarie Telecom’s sales and marketing function. He also spent several years at MessageLabs, building and leading their Asian operations. During his tenure at MessageLabs, it was acquired by Symantec where he ran the Asia-Pacific hosted services division. James brings to MYOB more than 20 years of experience managing technology companies around the globe.



### **Adam Ferguson (General Manager – Accountants Division)**

- Adam Ferguson joined MYOB in July 2004 when it acquired Solution 6. He was appointed General Manager, Accountants Division in 2006. Prior to the acquisition, Adam had worked with Solution 6 for 9 years, holding a variety of roles including Client Management, Sales Management, Product Management and General Management.
- Adam has a Masters in Business and IT Management from the University of Technology, Sydney and a Bachelor of Commerce from the University of Newcastle.



### **Andrew Birch (General Manager – Enterprise and Websites Divisions)**

- Andrew Birch joined MYOB in 2009 as General Manager, Enterprise Division, also becoming General Manager, Websites Division in 2010. Before joining MYOB he held a number of senior management positions within the technology, telecommunications and software sectors, particularly in the leadership and growth of significant technology companies, including Honeywell Pacific and Vodafone Australia, as well as mid-size technology businesses within Australia and New Zealand.
- Andrew has a Bachelor of Engineering (Mechanical) from Swinburne Institute of Technology and an MBA from RMIT.



#### Caroline Ruddick (General Manager – Marketing)

- Caroline Ruddick joined MYOB in January 2012 as General Manager, Marketing. Before joining MYOB she held a senior brand marketing position at Seek Ltd in Melbourne, and senior marketing roles at Grey Worldwide in New York and George Paterson Partners in Melbourne. She has also previously held brand marketing positions at Procter & Gamble and Mars Confectionery of Australia (Masterfoods) and worked as an associate lecturer for the Faculty of Economics at the University of Sydney, and as a business analyst and accountant at PwC in Sydney.
- Caroline has a Masters in Commerce (Marketing & Organisational Behaviour) from the University of New South Wales and a Bachelor of Commerce (Accounting & Business Law) from the University of Melbourne.



#### John Moss (Chief Strategy Officer)

- John Moss joined MYOB in January 2007 and has held the positions of Corporate Development Manager and General Manager, Business Division before taking on his current role of Chief Strategy Officer in February 2012. He previously held senior strategy and consulting roles with Sensis, Arthur Andersen and Booz Allen & Hamilton. John also spent 10 years in Europe working in the oil industry for Schlumberger and Shell in engineering and commercial roles.
- John has a MBA from Melbourne Business School and a MA (Honours) in Engineering Science from the University of Oxford.



#### Simon Raik-Allen (Chief Technology Officer)

- Simon Raik-Allen joined MYOB in January 2010 as Chief Technology Officer. He is responsible for driving the underpinnings of MYOB's digital vision in helping clients make the most of technology. Simon has more than 15 years of industry experience and a background in computer science. He has worked the majority of his career based in Silicon Valley in areas such as trading exchanges, e-commerce, business intelligence, communications, banking, government, media and entertainment. Simon has also worked with companies such as Sony, eBay, AOL, Bank of America, Fosters, Telstra, NAB, & ANZ.
- Simon has a Bachelor of Science (Honours) and a Bachelor of Computing from Monash University.



#### Ben Ross (General Manager – User Experience and Design)

- Ben Ross joined MYOB in September 2012 as the General Manager of User Experience & Design. He previously worked in Europe for ServiceMagic, managing their European product management, technology and business development, as well as their UK business. Ben was also formerly a Product Management Leader at Intuit in San Francisco. Ben has over five years of experience as a management consultant with the Boston Consulting Group and Intuit after beginning his career as a lawyer with Allens Arthur Robinson.
  - Ben has a Bachelor of Laws (Honours) and a Bachelor of Commerce from Monash University.
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### 8.3. Corporate Governance

The Board of the Issuer monitors the operational and financial position and performance of the Issuer. The Board recognises that for it to fulfill its responsibilities, sound and effective corporate governance is crucial. To this end, the Board has created a framework for managing the Issuer including putting in place relevant internal controls and a risk management process appropriate for the Issuer's business.

#### 8.3.1 Board of Directors

##### *Composition of the Board*

The Directors of the Issuer are Craig Boyce, Neil Kalvelage, Serge Walid Sarkis, Tim Reed and Richard Moore. The Directors bring wide and varied operational and financial experience to the Board. Details on each of the Directors are provided in Section 8.1.

The board of MYOB Holdings is comprised of the Directors, as well as Michael Ward. Michael became a director of a number of companies within MYOB Group at about the time when funds advised by Bain Capital acquired MYOB. Michael is a Managing Director and Chief Operating Officer and Chief Financial Officer at Bain Capital.

The Board has determined, having regard to the Issuer being a special purpose funding vehicle rather than the main operating vehicle of the MYOB Group and the size of the Board, that it is appropriate that the Board not delegate its functions to committees, rather the full Board will be responsible for the governance of the Issuer. As such the Issuer will not have an Audit Committee (although as set out below, the Issuer will have in place audit and risk policies) or a Remuneration or Nomination Committee as the Issuer only has Directors who are not remunerated by the Issuer. Funds advised by Bain Capital, through their indirect controlling interest in the MYOB Group have the ability to appoint directors and therefore senior management of the MYOB Group.

The Board may establish committees from time to time if it considers it appropriate.

The Board will adopt corporate governance and management policies which it considers appropriate for its business.

##### *Board Charter*

The Board has adopted a written charter to provide a framework for the effective operation of the Board.

The charter addresses the following matters and responsibilities of the Board:

- overseeing the establishment and implementation, and reviewing the effectiveness of a risk management framework;
- assessing that principal risks are being managed;
- approving and monitoring internal and external financial and non-financial reporting of the Issuer; and
- evaluating the Issuer's compliance with all laws, governmental regulations and accounting standards.

##### *Audit Policies*

The Board has adopted a policy regarding the services that the Issuer may obtain from the external auditor. It provides that the Issuer's external auditing firm must be independent of the Issuer and the Directors and senior executives of the MYOB Group and includes the following procedures and policies:

- before the Board approves the half-year and full-year accounts, the external auditor will be asked to declare their independence in relation to the financial period in question;
- the Board will review and assess the independence of the external auditor on an annual basis;
- the external audit engagement partner will be required to rotate at least once every five years; and
- the external auditor may not provide services to the Issuer that are perceived to be materially in conflict with the role of the external auditor. Services which involve the external auditor acting in a managerial or decision-making capacity, or processing or originating transactions, are not appropriate. However, the external auditor may be permitted to provide additional services which are

not perceived to be materially in conflict with the role of the auditor if those additional services have been approved by the Board. Such additional services may include financial audits, audits or reviews undertaken for regulatory purposes, completion audits, tax compliance, advice on accounting standards and due diligence in certain acquisition or sale transactions.

The Board will assess the performance of the external auditors on an annual basis after completion of the year-end audit.

#### *Risk Management Policy*

The identification and proper management of the Issuer's risk is an important priority of the Board. As set out in the Board Charter, the Board will be responsible for establishing and overseeing a risk management framework and policies, systems of internal compliance and control, risk management and legal compliance and determining the integrity and effectiveness of those systems.

#### *Diversity Policy*

The MYOB Group values a strong and diverse workforce and is committed to developing measurable objectives to achieve gender diversity in its workplace. The MYOB Group has implemented a diversity policy with the commitment to develop a culture and business model that values and achieves diversity in its workforce.

### **8.3.2 Continuous disclosure policy**

The Issuer is committed to providing timely, direct and equal access to information issued by the Issuer. The Issuer's continuous disclosure policy aims to make sure that the Issuer complies with its continuous disclosure obligations under the Corporations Act and the Listing Rules. The policy requires that the Issuer immediately notify ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of Notes in accordance with the requirements of the Listing Rules.

### **8.3.3 Communications with Holders**

The Issuer is committed to ensuring that Holders are kept informed of all major developments affecting the Issuer's state of affairs relevant to Holders. Information will be communicated to Holders through the lodgement

of all required financial and other information with ASX and the posting of all relevant information provided to ASX on MYOB's website [www.myob.com.au](http://www.myob.com.au).

In particular, the Issuer's website will contain information about the Issuer, including all announcements and releases to ASX, other media releases, copies of the Issuer's annual and half yearly reports and related financial information, and copies of the Issuer's codes, key policies and charters. All relevant announcements made to the market will be posted on the Issuer's website as soon as practicable after it has been released to ASX.

### **8.3.4 Guidelines for dealing in Notes**

The MYOB Group has policies and procedures in place to help make sure Directors and officers and employees of the MYOB Group:

- do not trade in Notes in breach of the Corporations Act prohibitions on insider trading; or
- do not compromise confidence in the Issuer's practices in relation to securities dealings.

Insider trading is prohibited at all times. The policy specifically prohibits Directors and officers and employees of the MYOB Group from trading in Notes during "prohibited periods" before the announcements of the half-yearly and annual consolidated results of the MYOB Group. Trading at other times will be allowed — unless the Director or officer or employee of the MYOB Group is aware of price sensitive information in respect of Notes which information that is not generally available. Directors and officers and certain restricted employees of the MYOB Group will also need to advise the Issuer and request written clearance before trading in Notes.

### **8.3.5 Code of conduct**

The MYOB Group has established a code of conduct and the Issuer will comply with that code of conduct to the extent to which it applies to the Issuer's business.

### **8.3.6 Policy for directors to take Independent professional advice**

The Issuer has a formal policy in its Board Charter that any Director can seek independent professional advice at the Issuer's expense.

## 8.4. Interests and Benefits

### 8.4.1. Directors interests

Other than as set out in this Prospectus, no Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Issuer;
- the Offer; or
- any property acquired or proposed to be acquired by the Issuer in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no amount (whether in cash, securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given, or agreed to be given to any Director or proposed director:

- to induce a person to become, or qualify as, a director; or
- for services provided by a director or proposed director in connection with the formation or promotion of the Issuer or the Offer.

#### *Interests in the Issuer*

Directors are not required under the Issuer's constitution to hold any shares in the Issuer or any Notes. As at the date of this Prospectus, no Director is the direct or indirect beneficial owner of any shares or options in the Issuer or any Notes.

#### *Interests in the MYOB Group*

Craig Boyce and Serge Walid Sarkis are employed by Bain Capital Asia, LLC. Neil Kalvelage is employed by Portfolio Company Advisors Australia Pty Limited, an affiliate of Bain Capital. They do not receive remuneration from the Issuer for their services as Directors of the Issuer (or directors of other companies in the MYOB Group) and they do not hold any security interests in the MYOB Group.

Tim Reed and Richard Moore are employed by members of the MYOB Group. They receive a salary for services as employees of the MYOB Group and may benefit from participation in a MYOB short term incentive plan. As at the date of this Prospectus,

Tim holds approximately 1.83% and Richard holds approximately 0.03% of the ordinary shares on issue in the Shareholder of MYOB Holdings. In addition, Tim and Richard together with certain other members of management hold a class of securities in the Shareholder of MYOB Holdings which have hurdles based on time and the performance of the Shareholder of MYOB Holdings to be met prior to receipt of any returns. Tim and Richard do not receive remuneration from the Issuer for their services as Directors of the Issuer.

#### *Participation in the Offer*

Directors and their associates and related parties may participate in the Offer.

### 8.4.2. Advisory services fee

The Shareholder of MYOB Holdings and certain members of the MYOB Group entered into an agreement with Bain Capital in September 2011. Under this agreement, those companies agreed to pay an aggregate fee of \$2 million (plus expenses) per annum to Bain Capital in exchange for consultancy, financial and other advisory services provided to the MYOB Group.

### 8.4.3. Professionals

ANZ Securities, Deutsche Bank, Macquarie, Morgan Stanley, UBS and Westpac Institutional Bank are acting as Joint Lead Managers for the Offer, in respect of which they will receive the fees described in Section 9.4. The Joint Lead Managers will be responsible for paying to the Syndicate Brokers a broker fee of 1.00% of the value of Notes allocated to them in the Bookbuild.

All of the Joint Lead Managers are lenders to MYOB and, as a result of the \$53.8 million of Senior Debt that will be repaid using proceeds of the Offer, the Joint Lead Managers will receive a partial repayment of the loans they have made to MYOB Borrower. The amount of the repayment will be in proportion to their respective participations as lenders in the facilities being repaid.

PricewaterhouseCoopers has acted as MYOB's tax adviser in relation to the Offer. In respect of this work, PricewaterhouseCoopers will be paid approximately \$15,000 (excluding GST) for work performed by it up

until the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers in accordance with its time-based charges.

PricewaterhouseCoopers Securities Ltd has prepared the Investigating Accountant's Report on pro forma Historical Financial Information in Section 4.15 of this Prospectus and has provided due diligence services on certain financial disclosures in relation to the Offer. In respect of this work PricewaterhouseCoopers Securities Ltd will be paid approximately \$550,000 (excluding disbursements and GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its time-based charges.

Clayton Utz has acted as MYOB's Australian legal adviser. In respect of this work Clayton Utz will be paid approximately \$650,000 (excluding GST) for work performed by it up until the date of this Prospectus. Further amounts may be paid to Clayton Utz in accordance with its time-based charges.

Ropes & Gray has acted as MYOB's United States legal adviser. In respect of this work Ropes & Gray will be paid approximately \$130,000 for work performed by it up until the date of this Prospectus. Further amounts may be paid to Ropes & Gray in accordance with its time-based charges.

The Trust Company (Australia) Limited will be paid the fees as described in Section 9.3 in respect of acting as Trustee in respect of Notes.

Except as set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of this Prospectus; or
- Joint Lead Manager or Co-Manager,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the last two years before lodgement of this Prospectus with ASIC, an interest in:

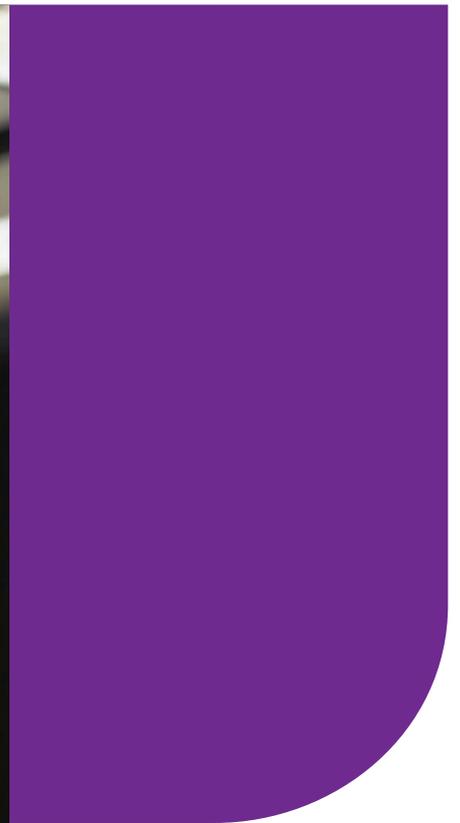
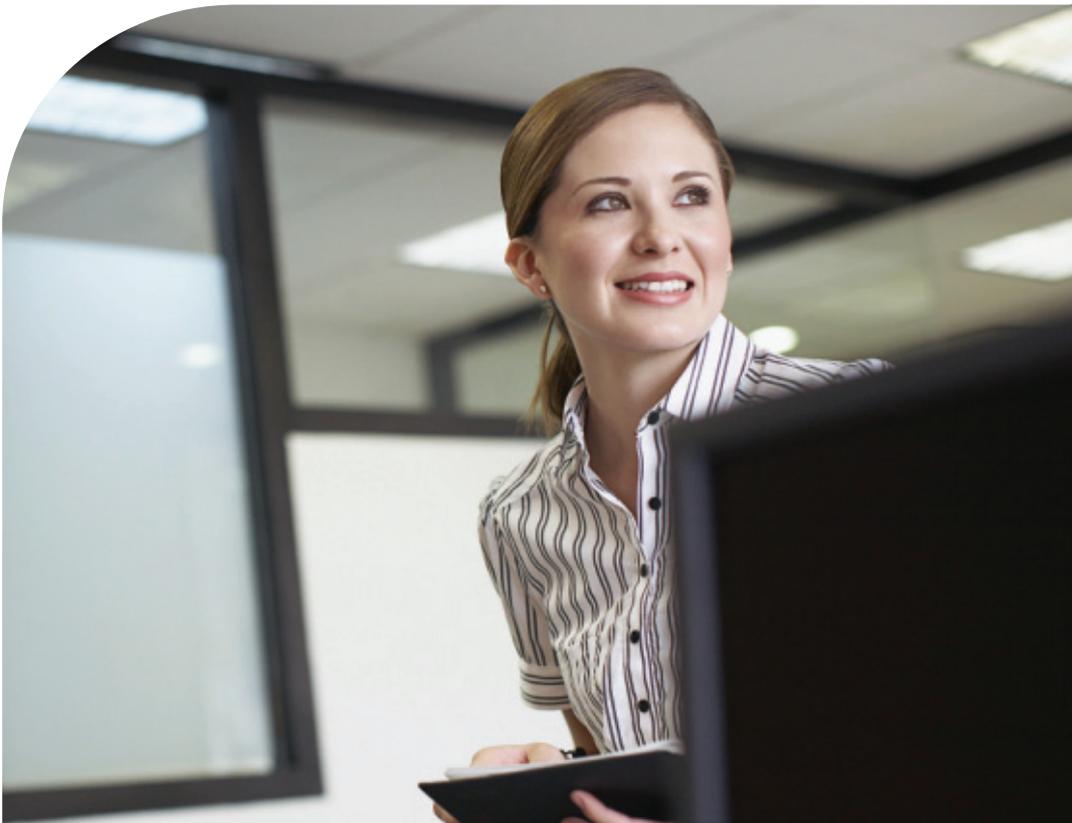
- the formation or promotion of the Issuer;
- the Offer; or
- any property acquired or proposed to be acquired by the Issuer in connection with the formation or promotion of the Issuer or the Offer,

nor has anyone paid or agreed to pay or given or agreed to give any benefit to such persons in connection with the formation or promotion of the Issuer or the Offer.

### 8.5. Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$150 million, then the net proceeds of the Offer are expected to be \$144.0 million and the total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, tax, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be \$6.0 million. All of these expenses have been, or will be, borne by the Issuer.

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## Section 9

# Additional Information

- 9.1. Issuer's Reporting and Disclosure Obligations
- 9.2. Terms of Issue
- 9.3. Summary of Trust Deed
- 9.4. Summary of Offer Management Agreement
- 9.5. Australian Taxation Implications
- 9.6. Consents to be Named
- 9.7. ASX Confirmations
- 9.8. Privacy Statement
- 9.9. Governing Law
- 9.10. Statement of Directors

# 9. Additional Information

## 9.1 Issuer's Reporting and Disclosure Obligations

The Issuer has applied for admission to the official list of ASX Limited and the quotation of Notes. The ordinary shares in the Issuer are not and will not be quoted.

Once admitted to the official list of ASX Limited, the Issuer will be a disclosing entity for the purposes of the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Broadly, these obligations require the Issuer to prepare both yearly and half yearly financial statements and to report on its operations during the relevant accounting period and to obtain an audit or review report from its auditor. Copies of these and other documents lodged with ASIC may be obtained from or inspected at any office of ASIC.

In addition, the Issuer must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purposes of ASX making the information available to the Australian securities market. The Issuer has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which the Issuer is aware which a reasonable person might expect to have a material impact on the price or value of its quoted securities.

The Issuer also proposes to prepare half year and full year consolidated financial reports for the MYOB Group. These financial reports will be released on ASX on a half year and annual basis. These financial reports will be prepared as general purpose financial reports in accordance with the Australian Accounting Standards and will include for the MYOB Group, a statement of financial performance, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and accompanying note on significant accounting policies and relevant notes to the financial statements.

Refer to Section 8.3 for information on the Issuer's continuous disclosure policy and overview of its approach to communications with Holders.

## 9.2 Terms of Issue

The rights and obligations attached to Notes are contained in the Terms of Issue annexed as Appendix B. Rights and liabilities attaching to Notes may also

arise under the Trust Deed (refer to Section 9.3 below), the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law.

## 9.3 Summary of Trust Deed

The Trust Deed is between the Issuer and the Trustee. The Trustee acts as trustee for the Holders under the Trust Deed and holds the benefit of the Trust Deed on trust for the Holders. All Holders are bound by the terms of the Trust Deed. Any provision in the Trust Deed which is inconsistent with the provision in the Security Trust Deed or Intercreditor Deed will not operate to the extent of the inconsistency (and the Trustee will become party to these documents as trustee on behalf of Holders). Investors should note that it is a condition of the Holders receiving rights and benefits under the Intercreditor Deed and Security Trust Deed (including sharing on a subordinated basis in the security) that the Holders are bound by the Intercreditor Deed and the Security Trust Deed and perform all obligations and comply with all subordinations, restrictions and limitations under those documents (without needing to become party to those documents).

The rights of the Trustee and Holders to take action against the Issuer, including upon the occurrence of an event of default, are subject to restrictions set out in the Intercreditor Deed, the Security Trust Deed and the Trust Deed. Refer to Sections 2.4 and 5.9 for a summary of these restrictions and the Security Trust Deed and Intercreditor Deed.

No Holder shall be entitled to proceed directly against the Issuer to enforce any rights or remedies unless the Trustee, having become bound to proceed against the Issuer under the Trust Deed, fails to do so within a reasonable period and such failure is continuing, in which case a Holder may, upon giving an indemnity satisfactory to the Trustee, institute proceedings against the Issuer.

To the extent the Trustee is permitted under the Security Trust Deed and the Intercreditor Deed, and provided that the Trustee: (i) is indemnified to its reasonable satisfaction; (ii) is not of the view that the relevant breach or default is unlikely to materially prejudice the interests of the Holders; and (iii) holds sufficient Trust assets to enforce the deed in the manner contemplated, the Trustee must take action to enforce the Trust Deed if it is directed by Holders who

hold 10% or more of Notes, or a resolution of Holders is passed at a meeting of Holders directing the Trustee to take such action to enforce the Trust Deed.

Although the Trustee may be empowered to do certain things under the Trust Deed, or may be directed by Holders to undertake certain actions, the Trustee and Holders may be restrained from doing so by the terms of the Intercreditor Deed and the Security Trust Deed.

Further, the Trustee has no obligation to exercise its rights, powers or discretions under the Trust Deed unless it is directed to do so by a meeting of Holders, its liability is limited, it is indemnified to its satisfaction against any expense or liability and it holds sufficient trust assets to exercise the right, power or discretion contemplated.

The Trust Deed provides, however, that:

- a provision of the deed which is inconsistent with the Trustee's statutory obligations (including a provision of the Corporations Act) does not operate to the extent of the inconsistency;
- to the extent a provision ('infringing provision') breaches or contravenes, or if complied with would result in a breach or contravention of (1) the statutory obligations of the Trustee; or (2) a right, power, authority, discretion or remedy conferred on the Trustee by the trust deed or by law, the trust deed is taken not to contain that provision.

These overriding provisions prevail over all other provisions of the Trust Deed including any infringing provision of the Intercreditor Deed or Security Trust Deed that purports to override the Trust Deed.

The Trust Deed provides for the following:

#### *Issue of Notes*

The Issuer may issue Notes to any person on and subject to the terms of the Trust Deed and the Terms of Issue.

The Trustee directs the Issuer to pay any monies owing to the Holders directly to the Holders in accordance with their rights and entitlements, unless the Issuer is being liquidated or the Issuer is otherwise directed by the Trustee, in which case the payment must be made to the Trustee.

Notes are obligations of the Issuer, secured and subordinated in accordance with the provisions of the Security Trust Deed and the Intercreditor Deed and rank equally without any preference among themselves.

The Issuer must, in accordance with the Trust Deed and the Terms of Issue, repay each Holder the principal amount of Notes and interest in respect of Notes.

#### *Cleared funds*

If the Issuer issues Notes and the Issuer has not received any moneys due on application for Notes in accordance with the Terms of Issue or any payment for Notes is not cleared, those Notes are void as from their date of issue or such other date as the Issuer determines.

#### *Covenants*

The Issuer covenants with the Trustee that it will:

- pay to the Trustee for the account of Holders, all amounts due on or in respect of Notes as and when due in accordance with the Trust Deed and Terms of Issue;
- comply with the terms of the Trust Deed including the Terms of Issue;
- comply with its obligations under the Corporations Act (including Chapter 2L), the Listing Rules and the ASX Settlement Operating Rules;
- promptly notify the Trustee after it becomes aware of a breach by the Issuer of any obligation of the Trust Deed, Chapter 2L of the Corporations Act or the Terms of Issue;
- do all things which are required to be done to enable the Trustee to comply with the Trustee's obligations under the Trust Deed, the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules;
- provide to the Trustee the Issuer's annual and semiannual financial statements as well as all information and documents provided to ASX and/or Holders;
- provide the Trustee with written details of any newly created charge within 21 days of it being created;
- ensure that any financial statements provided to the Trustee comply with current accounting practice and give a true and fair view of the matters with which they deal;

- carry on and conduct its business in a proper and efficient manner; and
- where there exists any recurring obligation on the Trustee or the Issuer and the Trustee to furnish to any governmental agency any information, furnish to the Trustee such information as would be reasonably required by the Trustee to properly discharge its obligations.

The Issuer must comply with its reporting obligations to the Trustee and to the Holders under the Corporations Act, including section 283BF.

#### *Trustee's powers*

The Trustee must act honestly and in good faith and comply with all laws in performing its duties and in the exercise of its discretions under the Trust Deed.

The Trustee may delegate to its related bodies corporate or any other person (including, without limitation, the Issuer and persons associated with the Issuer), to do anything which the Trustee may lawfully do (on such terms and conditions as the Trustee may think fit) including, without limitation, holding any trust property and executing documents on its behalf.

The Trustee may determine as between itself and the Holders, all questions and matters of doubt arising in relation to the Trust Deed. Such determination shall be conclusive unless a court determines otherwise.

The Trustee may hold Notes and may contract with Holders and deal in any capacity with the Issuer. The Trustee may act in any capacity in relation to any other trusts.

Except where provided by the Corporations Act, the Trustee is not required to:

- provide to any person any information concerning the business, financial condition, status or affairs of the Issuer;
- investigate the adequacy, accuracy or completeness of any information provided by the Issuer;
- assess, investigate or keep under review the business, financial condition, status or affairs of the Issuer; or

- monitor compliance by the Issuer of its obligations under the Trust Deed.

#### *Amendments*

The Issuer may, subject to the Intercreditor Deed, by instrument in writing and without the authority, assent, or approval of Holders, alter the Trust Deed if the alteration is, in the opinion of an independent law firm appointed by the Issuer, of a formal, minor or technical nature, made to correct a manifest error or convenient for the purpose of obtaining, or maintaining the listing or quotation of Notes, or made to comply with any law, the Listing Rules or the listing or quotation requirements on any stock exchange or is not likely to be prejudicial to the interests of the Holder if the Company has provided the Trustee with a copy of the proposed alteration and a legal opinion for the benefit of the Trustee attesting to these matters.

The Issuer may by an instrument in writing alter the Trust Deed if the alteration has been approved by Holders by a special resolution and provided the alteration does not alter or conflict with, without the consent of the Trustee, any of the rights and obligations of the Trustee.

The Intercreditor Deed limits rights of the Trustee to amend the Trust Deed without the approval of all Senior Creditors in certain circumstances where those amendments would be adverse to the Senior Creditors.

#### *Fees and expenses*

The Issuer must pay to the Trustee a fee as agreed from time to time in respect of the Trustee's services under the Trust Deed. If the Trustee takes any enforcement action in relation to the Trust Deed, the Issuer must pay to the Trustee on demand such additional remuneration as is commensurate with any additional duties and responsibilities performed by the Trustee. Unless otherwise agreed, such payment is to be calculated on a time basis at hourly rates. The Issuer must pay all costs and expenses incurred by the Trustee in connection with the negotiation, preparation and performance of the Trust Deed.

#### *Liability of the Trustee and indemnity*

The Trustee is indemnified by the Issuer in respects of all costs, liabilities and expenses except in circumstances where the Trustee has been negligent or

fraudulent or has acted in willful default of the terms of the trust. The Issuer and the Holders may only enforce any rights they have against the Trustee arising from the breach or non performance of its obligations to the extent it can be satisfied out of the assets of the trust against which the Trustee is actually indemnified in respect of the relevant liability incurred by the Trustee. These provisions do not apply to any obligation or liability arising as a result of the Trustee's fraud, negligence or willful default.

#### *Retirement of Trustee*

The Trustee may retire at any time by giving 60 days notice to the Issuer. The power to appoint a new Trustee is vested in the Issuer. If, however, the Issuer has not appointed a new Trustee within 60 days of the Trustee having given notice, the retiring Trustee may appoint a new trustee.

#### *Replacement of Trustee*

The Issuer may by written notice remove the Trustee if the Trustee is in material breach of the Trust Deed and has not rectified the breach within 10 Business Days of receiving written notice from the Issuer, if the Trustee ceases to carry on business, is wound up, cannot be an eligible trustee or has failed or refused to act as trustee.

#### *Register*

The Issuer will establish and maintain a register in respect of Notes.

#### *Meetings of Holders*

Meetings of Holders must be carried out in accordance with the provisions of the Trust Deed and the Corporations Act. A meeting of Holders may be called at any time by the Trustee or the Issuer, and must be convened by the Issuer where a request has been made by the Holders who together hold 10% or more of Notes.

At least 10 Business Days notice (15 Business Days notice for a special resolution) must be given to the Trustee, the Issuer and the Holders, by the party convening the meeting. The quorum for any meeting is at least 5 persons holding, or represented by attorney or proxy, at least 10% of Notes. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting will be adjourned to such day and time as the chairperson directs. At an adjourned

meeting the Holders with at least 5% of Notes who are present either in person or by proxy constitute a quorum and are entitled to pass the resolution.

At any meeting a resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is required by law or demanded by the chairperson, the Trustee, the Issuer or at least 5 persons holding or represented by attorney or proxy, at least 5% of Notes.

On a show of hands every Holder who is present shall have one vote and on a poll every Holder who is present shall have one vote for every Note held. In the case of equality of votes, the chairperson of a meeting has a casting vote in addition to their votes (if any) as a Holder both on a show of hands and on a poll.

A resolution passed at a meeting shall be binding on all the Holders.

#### *Discharge and release*

The Trust Deed terminates on the earlier of:

- (a) the day the last of the following occur:
  - the redemption or conversion of all Notes;
  - payment of all amounts of principal and distributions due on Notes;
  - payment of all costs reasonably and properly incurred by the Trustee; and
  - the satisfaction or waiver of all other obligations or liabilities of the Issuer to the Trustee and Holders; or
- (b) on the date on which Holders unanimously determine that the trust be wound up; or
- (c) the date required by law.

The Trustee or the Issuer must, if requested by the other, execute a confirmation or release in favour of the Trustee or Issuer (as appropriate). If the Trust Deed is terminated, the Trustee will distribute the balance of the capital and income (if any) of the trust in accordance with the provisions set out in the Trust Deed.

As noted in Section 9.3 the Trust Deed is incorporated by reference into this Prospectus. The Issuer will provide a copy of the Trust Deed free of charge to any person who requests a copy during the Offer Period.

## 9.4 Summary of Offer Management Agreement

The Joint Lead Managers, the Issuer and the “Guarantors” (MYOB Acquisition Pty Limited, MYOB Holdings and MYOB New Zealand Group Limited) signed the Offer Management Agreement on 26 November 2012. Under the Offer Management Agreement, the Joint Lead Managers were appointed to manage the Offer, including the Bookbuild and allocation processes for the Offer and provide settlement support in connection with the issue of Notes allocated under the Bookbuild.

### *Commission, fees and expenses*

Based on an Offer size of \$150 million, the estimated aggregate fees payable by the Issuer to the Joint Lead Managers are approximately \$4.5 million (exclusive of GST) making certain assumptions as to the allocations of Notes between the General Offer, Broker Firm Offer and Institutional Offer. The actual amount payable will not be known until the issue of Notes.

The Issuer has also agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

### *Representations and Warranties*

The Offer Management Agreement contains certain standard representations, warranties and undertakings provided by the Issuer to the Joint Lead Managers. The warranties relate to matters such as the conduct of the parties and information provided by the parties in relation to the Prospectus and the Offer. The Issuer’s undertakings include that it will not, during the period following the date of the Offer Management Agreement until 60 days after the date of allotment of Notes, issue or agree to issue any debt securities (as defined in the Listing Rules but which will not include the drawdown of any financial accommodation available to the Issuer as the date of the Offer Management Agreement under the Senior Facilities) or equity linked securities of the Issuer or any member of the MYOB Group, other than pursuant to the Offer or the Offer Management Agreement.

### *Indemnity*

Subject to certain exclusions relating to, among other things, fraud, recklessness, willful misconduct or negligence by an indemnified party, the Issuer and the

Guarantors agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

### *Termination events*

A Joint Lead Manager may at any time by notice to the Issuer, the Guarantors and the other Joint Lead Managers, immediately without any cost or liability to that Joint Lead Manager, terminate the Offer Management Agreement if any of the following occurs:

- the Joint Lead Managers require (acting reasonably) the Issuer lodges a supplementary prospectus (other than the Margin Prospectus), or the Issuer lodges a supplementary prospectus with ASIC without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed; or
- any material adverse change occurs in the business, assets, prospects or financial condition or performance of the MYOB Group (taken as a whole) from those existing as at the date of the Offer Management Agreement; or
- approval is refused or approval is not granted which is unconditional or conditional only on customary listing conditions which would not, in the opinion of the Joint Lead Managers, have a material adverse effect on the success of the Offer, to the admittance of the Issuer to the official list of ASX or the official quotation of all of Notes on ASX, on or before the date specified in the Offer Management Agreement, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- any of the following notifications are made:
  - ASIC gives notice of intention to hold a hearing in relation to the Prospectus under section 739(1) or issues an order or interim order under section 739;
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Prospectus or Application Form as defined in the Offer Management Agreement or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or the Prospectus or Application Form;

- any person (other than a Joint Lead Manager) gives a notice under section 733(3) or any person who has previously consented to the inclusion of its name in the Prospectus (or any supplementary prospectus) or to be named in the Prospectus (or any supplementary prospectus) (other than a Joint Lead Manager) withdraws that consent; or
- any person (other than a Joint Lead Manager) gives a notice under section 730 in relation to the Prospectus; or
- the Issuer withdraws the Prospectus or invitations to apply for Notes under the Prospectus or the Offer; or
- the S&P/ASX200 Index of ASX falls by an amount that is 12.5% or more of the level as at the close of trading on the Business Day before the date of the Offer Management Agreement, and remains at or below that level for a period of at least 2 consecutive Business Days or at the close of trading on the Business Day before the date of settlement under the Offer; or
- the average mid-rate for the iTraxx Australia Index of a term of 5 years increases by an amount that is 45% above the level as at the close of trading on the Business Day before the date of the Offer Management Agreement, and remains at or above that level for a period of at least 2 consecutive Business Days.

If a Joint Lead Manager has reasonable grounds to believe and does believe that the event has or is likely to have a materially adverse effect on the outcome, success or settlement of the Offer or could give rise to a liability of that Joint Lead Manager under any law or regulation, then a Joint Lead Manager may at any time, by notice to the Issuer, the Guarantors and to the other Joint Lead Managers, immediately without any cost or liability to that Joint Lead Manager terminate the Offer Management Agreement if any of the following occurs:

- a statement contained in the Prospectus or Application Form is or becomes misleading or deceptive or likely to mislead or deceive (including, without limitation, misleading representations within the meaning of section 728(2)), or otherwise fails to comply with the Corporations Act or a matter is omitted from the

Prospectus or Application Form that is required to be included under Part 6D.2 of the Corporations Act; or

- a director of the Issuer or director of a member of the MYOB Group is charged with a criminal offence relating to any financial or corporate matter or any governmental agency commences any public action against a director of the Issuer or director of a member of the MYOB Group or a director of the Issuer or a member of the MYOB group is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- the due diligence report or any other information in its final and aggregate form supplied by or on behalf of the Issuer to a Joint Lead Manager in relation to MYOB or the Offer is misleading or deceptive; or
- there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Offer Management Agreement), any of which does or is likely to prohibit or materially adversely regulate the Offer, capital issues or stock markets or materially adversely affect the taxation treatment of Notes; or
- any Senior Finance Document is terminated, breached or rescinded or a condition precedent to performance of the Finance Documents in whole or in part (in the reasonable opinion of the Joint Lead Managers) becomes incapable of being satisfied, or a condition or obligation is waived by the Issuer, or the Senior Finance Documents are amended in a material respect, without the prior written consent of the Joint Lead Managers or an “event of default” under the Senior Facilities occurs; or
- a default by the Issuer in the performance of any of its obligations under the Offer Management Agreement or the Trust Deed occurs; or
- a representation or warranty contained in the Offer Management Agreement on the part of the Issuer or a Guarantor is not true or correct in any respect, or is misleading or deceptive or inaccurate; or

- any certificate given under the Offer Management Agreement by the Issuer or a Guarantor is false, misleading, deceptive or inaccurate; or
- a change to the chief executive officer or chief financial officer or board of the Issuer; or
- a contravention by the Issuer or any entity in the MYOB Group of the Corporations Act, the Competition and Consumer Act 2010, its constitution, or any of the Listing Rules or any other applicable law or regulation or any requirement, order or request made by or on behalf of ASIC, ASX or any governmental agency; or
- the Prospectus or Application Form or public Information does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation; or
- hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, Hong Kong, Japan, Russia or a member state of the European Union, Indonesia, North Korea, South Korea or the People's Republic of China or a major terrorist attack is perpetrated in any of these countries;
- either of the following occurs: a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading.

## 9.5 Australian Taxation Implications

The following is a general summary of the taxation treatment under *the Income Tax Assessment Act 1936*, *the Income Tax Assessment Act 1997* and *the Taxation Administration Act 1953* (collectively, the "Tax Act") and

*A New Tax System (Goods and Services Tax) Act 1999*, having regard to any relevant regulations, rulings or judicial or administrative pronouncements, at the date of this Prospectus, of payments of interest and certain other amounts on Notes and certain other matters.

This summary does not consider the taxation implications for investors who:

- are in the business of trading or dealing in securities or otherwise hold interest bearing securities on revenue account; or
- are exempt from income tax in Australia.

This summary is not exhaustive and is not intended to be, nor should it be construed as, legal or tax advice to any particular investor. Prospective investors should consult their professional advisers on the tax implications of an investment in Notes in their particular circumstances.

### 9.5.1 Australian income tax

#### **Interest Payments – Australian residents**

Interest payments made in respect of Notes should be included in the assessable income of the Holders of Notes. The year of income in which the interest payments should be included in each Holder's income tax returns will depend on whether the Taxation of Financial Arrangements ("TOFA") rules in Division 230 of the Tax Act provisions apply to them.

TOFA will generally not apply to:

- Individuals;
- Superannuation funds and managed investment schemes if the value of their assets is less than \$100 million; or
- Other entities (not individuals) who are below all of the following thresholds in a previous income year:
  - aggregated turnover of less than \$100 million;
  - assets of less than \$300 million; and
  - financial assets of less than \$100 million.

#### *Holders who are subject to TOFA*

For Holders who are subject to TOFA, the default position should be to include the interest payments in

their income tax returns on a compounding accruals basis over the life of Notes. However, Holders may elect to be taxed pursuant to various elective regimes under TOFA. Due to the complexities within TOFA, Holders should seek tax advice specific to their circumstances in relation to the application of the elective regimes.

#### *Holders who are not subject to TOFA*

Where the TOFA rules do not apply, the interest payments should generally be recognised in the Holder's income tax returns in the year of income in which the Interest Payments are received.

#### **Interest Payments – Non-residents**

Where:

- A Holder is a non-resident of Australia; and
- The Holder does not hold Notes through a permanent establishment in Australia, the Interest Payments received in respect of Notes should not be included in the Australian assessable income of the Holder.

Normally, interest payments made to such non-residents would be subject to Australian withholding tax at the rate of 10%. However, it is anticipated that Notes will be issued in a manner that will cause the interest payments to be exempt from Australian withholding tax under section 128F of the Tax Act. In particular, the Issuer has applied for Notes to be quoted on ASX and Notes are not expected to be issued or sold to an associate of the Issuer in a manner that would cause the failure of the public offer test in the section 128F exemption.

The exemption will not apply in respect of Notes if, at the time of issue, MYOB knows or has reasonable grounds to suspect that Notes, or interests in Notes, are being or will be, acquired directly or indirectly by an associate of MYOB that is not a resident of Australia (or who is a resident of Australia acting through a permanent establishment outside Australia), other than in the capacity of a dealer, manager or underwriter in relation to a placement of Notes or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (an "Offshore Associate"). MYOB will take all reasonable steps to ensure that no Notes are acquired by an Offshore Associate.

If a non-resident Holder does hold Notes through a permanent establishment in Australia, then Interest Payments will be included in the assessable income of the Holder for Australian taxation purposes. Interest withholding tax will not apply to Interest Payments paid to such a Holder.

For these purposes interest includes amounts in the nature of interest. A premium on redemption of a security would generally be treated as an amount in the nature of interest. In addition, a payment in consideration of the transfer of certain securities can be deemed to be interest:

- where the transfer price of a 'qualifying security' exceeds the issue price; or
- where the security is disposed of to an Australian resident prior to the payment of interest with the sole or dominant purpose of avoiding withholding tax on that interest (a 'washing arrangement').

#### **Disposal or redemption of Notes – Australian residents**

##### *Holders who are subject to TOFA*

Holders who are subject to TOFA should treat Notes as financial arrangements pursuant to TOFA. TOFA requires a balancing adjustment be made when the Holders disposes or redeems Notes to bring to account any outstanding gains or losses from Notes.

If the proceeds received in respect of disposal or redemption of Notes exceed the cost of Notes and taking into account any past assessable amounts, an assessable balancing adjustment may be included in the assessable income of the Holder in the year of income in which the disposal, redemption or transfer takes place and will not be a capital gain. Accordingly, the Holder will not be entitled to apply the capital gains discount in respect of the gain and will not be entitled to apply any capital losses against the gain.

Conversely, a deductible balancing adjustment should arise if the interest and proceeds of disposal or redemption received in respect of Notes are less than the cost of Notes.

A number of considerations should be made when calculating the balancing adjustment including,

amongst other things, whether the Holder has made a choice to be taxed under the elective regimes under TOFA. Due to the complexities within TOFA, Holders should seek tax advice specific to their circumstances.

#### *Holders who are not subject to TOFA*

Notes should be treated as “traditional securities” pursuant to Australian tax law for Holders who are not subject to TOFA. Accordingly, Notes will be subject to those specific provisions relating to the taxation of gains and deduction of losses arising from the disposal or redemption of traditional securities.

If an Australian resident Holder disposes of or redeems Notes, and the proceeds of disposal or redemption exceed the cost of Notes, the resulting gain should generally be included in assessable income of the Holder in the income year in which the sale takes place and will not be a capital gain. Accordingly, the Holder will not be entitled to apply the capital gains discount in respect of the gain and will not be entitled to apply any capital losses against the gain.

Conversely, if the proceeds received on disposal or redemption are less than the cost of Notes, the resulting loss may be deductible to the Holder in the income year in which the sale takes place.

For a Holder that acquires Notes under this Prospectus, the cost of a Note will include its Issue Price.

#### **Disposal or redemption of Notes – Non-residents**

Any gain arising to a non-resident Holder from disposal or redemption of Notes should only be subject to Australian tax if:

- The non-resident Investor is a resident of a country with which Australia has concluded a comprehensive double tax treaty and Notes are held through a permanent establishment in Australia; or
- The non-resident Holder is not a resident of a country with which Australia has concluded a comprehensive double tax treaty and the gain has an Australian source. The source of a gain on disposal of a security is determined by weighing all of the relevant factors including the location of the security, the place at which the contract to sell the security is concluded and the place at

which the decision to sell the security is made. For example, the Commissioner of Taxation has concluded in a non-binding Interpretative Decision that the source of a gain arising from the sale of securities listed on the Australian Stock Exchange is in Australia on the basis that contracts for the sale of such securities are made in Australia by the relevant stock broker on behalf of the vendor.

Generally, the proceeds received on disposal or redemption would include the gross amount received by the Holder in respect of the disposal of Notes. If the gain is subject to Australian tax, it will be included in the non-resident’s Australian assessable income and will not be a capital gain. The Australian tax implications will depend on whether the non-resident Holder is subject to TOFA.

#### *Holders who are subject to TOFA*

Due to the complexities with the TOFA rules, non-resident Holders who are subject to TOFA should seek tax advice specific to their circumstances where they dispose or redeem Notes and either of the conditions listed above apply to them.

#### *Holders who are not subject to TOFA*

Where one of the conditions outlined above applies such that the non-resident Holder is subject to Australian tax, any gain arising on disposal or redemption should generally be included in the Australian assessable income of the non-resident Holder in the income year in which the sale takes place and will not be a capital gain. Accordingly, the non-resident Holder will not be entitled to apply the capital gains tax exemption which applies to non-residents.

Conversely, if the proceeds of disposal are less than the cost of Notes, the resulting loss may be deductible to the non-resident Holder in the income year in which the sale takes place and could be offset against any other Australian sourced income it derives in that year or carried forward as a loss for utilisation in future years (subject to satisfying the loss utilisation rules).

#### **Exchange of Notes**

In the event of an IPO only, Holders have a right (the “IPO Exchange Right”) to exchange their Notes into Listed Securities at a 2.5% discount to the issue price payable by retail investors in the IPO.

### *Australian residents*

#### *Holders who are subject to TOFA*

There should be no assessable or deductible balancing adjustment arising on the exercise of the IPO Exchange Right if Notes are exchanged into ordinary shares of the Issuer or a 'connected entity' of the Issuer. In addition, any capital gain or loss which can also arise on the exchange of Notes should be disregarded.

The capital gains tax cost base of the Listed Securities received on an exchange should be equal to the Holder's cost base of Notes, plus any amounts paid by the Holders in relation to the exchange.

In respect of a future disposal of the Listed Securities, a number of considerations should be made when calculating the Australian tax implications of the gain arising on disposal, including, amongst other things, whether the Holder has made a choice to be taxed under the elective regimes under TOFA. Due to the complexities within TOFA, Holders should seek tax advice specific to their circumstances.

If the Listed Securities received on an exchange of Notes are not ordinary shares, the exchange should be a taxable event. The assessable gain should equal the market value of the Listed Securities received on exchange less the cost base of Notes exchanged. The capital gains tax cost base of the Listed Securities (in circumstances where the Listed Securities are not ordinary shares) should be equal to the market value of Notes at the time of the exchange, plus any amounts paid by Holders in relation to the exchange.

#### *Holders who are not subject to TOFA*

There should be no assessable gain or deductible loss arising on the exercise of the IPO Exchange Right if Notes are exchanged into ordinary shares of the Issuer or a 'connected entity' of the Issuer. In addition, any capital gain or loss which can also arise on the exchange of Notes should be disregarded.

The capital gains tax cost base of the Listed Securities received on an exchange of Notes should be equal to the Holder's cost base of Notes, plus any amounts paid by the Holders in relation to the exchange.

The Holder should be subject to capital gains tax at the time they dispose of the Listed Securities in the future.

A capital gain should arise where the consideration received for the disposal exceeds the tax cost base of the Listed Securities. Conversely, a capital loss should arise where the consideration received on disposal is less than the tax cost base of the Listed Securities.

If the Holder is an individual, the trustee of a trust, or a complying superannuation entity, the Holder should be entitled to the capital gains tax discount where they have held the Listed Securities for at least 12 months following the date of the exchange. Where the capital gains tax discount applies, the Holder will be entitled to reduce their taxable capital gain realised on disposal of the Listed Securities by 50% (for individuals and trustees) or 33.33% (for complying superannuation entities).

The CGT discount is applied only after available capital losses have been applied to reduce the capital gain. The CGT discount does not apply to capital losses. The CGT discount will not be available to a Holder if it is an Australian company.

If the Listed Securities received on an exchange of Notes are not ordinary shares, the exchange should be a taxable event. The assessable gain should equal the market value of the Listed Securities received on exchange less the cost base of Notes exchanged. The capital gains tax cost base of the Listed Securities (in circumstances where the Listed Securities are not ordinary shares) should be equal to the market value of Notes at the time of the exchange, plus any amounts paid by Holders in relation to the exchange.

### *Non-residents*

There should be no assessable or deductible balancing adjustment arising on the exercise of the IPO Exchange Right if Notes are exchanged into ordinary shares of the Issuer or a 'connected entity' of the Issuer. In addition, any capital gain or loss which can also arise on the exchange of Notes should be disregarded.

#### *Holders who are subject to TOFA*

Any gain arising to a non-resident Holder from a future disposal of the Listed Securities should only be subject to Australian tax if:

- The non-resident Holder is a resident of a country with which Australia has concluded

a comprehensive double tax treaty and the Listed Securities are held through a permanent establishment in Australia; or

- The non-resident Holder is not a resident of a country with which Australia has concluded a comprehensive double tax treaty and the gain has an Australian source. The source of a gain on disposal of a security is determined by weighing all of the relevant factors including the location of the security, the place at which the contract to sell the security is concluded and the place at which the decision to sell the security is made. For example, the Commissioner of Taxation has concluded in a non-binding Interpretative Decision that the source of a gain arising from the sale of securities listed on ASX is in Australia on the basis that contracts for the sale of such securities are made in Australia by the relevant stock broker on behalf of the vendor.

If the gain is subject to Australian tax, it will be included in the non-resident Holder's Australian assessable income and will not be a capital gain. Due to the complexities with the TOFA rules, non-resident Holders who are subject to TOFA should seek tax advice specific to their circumstances where they are subject to Australian tax on disposal of the Listed Securities.

#### *Holders who are not subject to TOFA*

The non-resident Holder should be exempt from Australian capital gains tax on disposal of a future disposal of the Listed Securities unless:

- the non-resident Holder has a non-portfolio interest (i.e. holds 10% or more of the Australian listed company at the time of disposal or for at least 12 months in the last 24 month period) and;
- the underlying value of the shares is predominantly "taxable Australian real property".

## 9.5.2 Other Australian tax matters

### *Debt interests*

Notes should be 'debt interests', rather than 'equity interests', for the purposes of Australia's debt/equity tax provisions. Accordingly, interest paid on Notes

should not be treated as dividends for the purposes of Australia's dividend imputation (franking) system and dividend withholding tax rules.

The Terms of Issue allow the terms of Notes to be subsequently changed. Where an amendment to the Terms of Issue results in Notes satisfying the definition of an 'equity interest' and ceasing to qualify as 'debt interest' for the purposes of Division 974 of the Tax Act, Notes would be treated as equity interests from the time of the amendment.

If Notes ceased to be 'debt interests' and instead became 'equity interests' for the purposes of the Tax Act, payments made by the Issuer in respect of Notes after either of these events would effectively be treated as dividends. The Issuer will advise Holders of any change in the tax treatment of Notes that arise as a consequence of either:

- an amendment to the Terms of Issue of Notes; or
- the Issuer entering into a new arrangement that was related to the issue of Notes.

### *No Tax File Number or Australian Business Number Withholding tax*

A Holder that does not provide their tax file number, Australian Business Number or exemption category may have an amount of tax deducted from any interest in respect of Notes equal to the top marginal tax rate for individuals plus the Medicare levy (currently 46.5%). A Holder that is a non resident and does not hold Notes through a permanent establishment in Australia is exempt from quoting a tax file number.

### *Supply withholding tax*

Payments in respect of Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Tax Act.

### *Additional withholdings from certain payments to non-residents*

Section 12-315 of Schedule 1 to the Tax Act gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents of Australia. However, section 12-315 expressly states that the regulations will not apply to interest and other payments which are already subject to Division 11A

of Part III of the Tax Act or specifically exempt from those rules. The existing regulations made pursuant to section 12-315 are not relevant to any payments in respect of Notes and it is not anticipated that any future regulations would apply in respect of such payments.

#### *Garnishee notices*

The Commissioner of Taxation may issue a notice requiring any person who owes, or who may later owe, money to a taxpayer who has a tax-related liability, to pay to him the money owed to the taxpayer. If the Issuer is served with such a notice in respect of an Investor, then the Issuer will comply with that notice.

#### *Death duties*

No Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

#### *Goods and Services Tax ("GST")*

The issue, disposal, redemption or exchange of Notes are in most cases financial supplies and, consequently, no GST will be payable in respect of these events.

Holders are unlikely to be able to obtain a full input tax credit for GST paid on acquisitions relating to Notes. However, this will depend on the particular Holder's circumstances.

## 9.6 Consents to be Named

Each of the parties referred to in the following table (except as discussed below it):

- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based; and
- does not cause or authorise the issue of the Prospectus, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

Role	Consenting Party
Structuring Advisers and Joint Lead Managers	Deutsche Bank
	Morgan Stanley
	UBS
Joint Lead Managers	ANZ Securities
	Macquarie
	Westpac Institutional Bank
Co-manager	Bell Potter
Australian Legal Adviser	Clayton Utz
Legal Adviser	Ropes & Gray
Investigating Accountant	PricewaterhouseCoopers Securities Ltd
Tax Adviser	PricewaterhouseCoopers
Auditor (from and including FY11)	PricewaterhouseCoopers
Auditor (FY09, FY10)	Ernst & Young
Trustee	The Trust Company (Australia) Limited
Registry	Link Market Services

PricewaterhouseCoopers Securities Ltd has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Investigating Accountant and for the inclusion of its Investigating Accountant's Report on pro forma Historical Financial Information in Section 4.15 of this Prospectus in the form and context in which it appears in Section 4.15.

## 9.7 ASX Confirmations

The Issuer has received in principle confirmation from ASX that ASX will classify Notes as equity securities.

## 9.8 Privacy Statement

The Issuer collects personal information from you in order to process your application, administer your investment and keep in touch with you about your investment.

The Issuer may disclose this information on a confidential basis to its subsidiaries and companies, as well as agents, contractors and third party service providers that provide services on its behalf (for example, the Registry and a printing firm or mailhouse engaged to print and mail statements to you).

If you used a financial adviser who recommended your investment in Notes, then details of your investment may be provided to that adviser. The Issuer will also disclose your information if required to do so by law or if you consent to or request the disclosure.

If you think the Issuer's records of your personal information are incorrect or out of date, it is important that you contact the Issuer so that your records can be corrected. You may (subject to permitted exceptions) access the personal information the Issuer holds on you at any time by contacting the Registry in writing. The Issuer is permitted to charge a fee for such access but does not intend to do so.

You may choose not to give your personal information or to limit the information you provide to the Issuer. Depending on the type of information you withhold, the Issuer may not be able to process your application efficiently (if at all), or make payments to you.

### **9.9 Governing Law**

This Prospectus, the Offer and the contracts that arise from the acceptance of applications and bids under the Offer are governed by the laws in force in New South Wales and the Issuer and each applicant for Notes under the Offer and each bidder submits to the non-exclusive jurisdiction of the courts of New South Wales.

### **9.10 Statement of Directors**

This Prospectus is authorised by each Director who consents to its lodgement with ASIC and its issue.



# Appendices

- A. Summary of Key MYOB Group Accounting Policies
- B. MYOB Subordinated Notes Terms
- C. Glossary

# A. Summary of Key MYOB Group Accounting Policies

## Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred, and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

## Foreign currency translation

### Transactions in foreign currency

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to statement of comprehensive income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the statement of comprehensive income.

### Translation of functional currencies to presentation currency

New Zealand operation: New Zealand dollar

Malaysian operation: Malaysian ringgit

The assets and liabilities of these overseas subsidiaries are translated into the presentation currency of MYOB Group at the rate of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation of non-monetary items are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss.

### Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### Trade and other receivables

Trade receivables which generally have 30 day terms are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debt more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

### Inventories

Inventories are valued at the lower of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials — purchase cost on an average cost basis, and
- Finished goods — cost of direct materials and labour, other direct costs and related production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

### Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

<b>Class of fixed asset</b>	<b>Depreciation period</b>
Leasehold improvement	3–8 years
Plant and equipment	3–5 years
Leased plant and equipment	4–5 years
Leased fit-outs	7 years

### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

# A. Summary of Key MYOB Group Accounting Policies

## Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised, instead it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## Intangible assets

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash generating unit level. Such intangibles are not amortised.

Where amortisation is charged on assets with finite lives, this expense is taken to the profit or loss.

## Research and development costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

	Commercialised software	Internally generated software	Customer relationships	Intellectual Property
Method used	8 years straight line	5 years — straight line	9.25 to 15.25 years — reducing balance	5 years — straight line
Internally generated/ acquired	Acquired	Internally generated	Acquired	Acquired
Impairment test/ Recoverable amount testing	Tested only if there is an indication of impairment			

Gains or losses arising from sales of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is sold.

### Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount.

Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets. The recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Borrowings are classified as non current liabilities when the Group has an unconditional right to defer settlement for at least twelve months from reporting date.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

# A. Summary of Key MYOB Group Accounting Policies

## **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

## **Employee entitlements**

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to the reporting date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Defined contributions are made by the group to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made by the Group in accordance with the statutory requirements of each jurisdiction.

In accordance with the requirements of AASB2, the issue of equity instruments and associated non-recourse loans have been treated as option arrangements and the shares funded by non-recourse loans are not recognised as equity. The parent intends to recover all amounts relating to the outstanding non-recourse loans in line with their contractual terms.

## **Leases**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

## Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

### Sale of goods (new and recurring software)

Revenue is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer. In the case of product, the physical stock must have been shipped to the customer.

### Maintenance and cover support

Unearned income is recognised upon receipt of payment for maintenance/support contracts. Revenue is brought to account over time as it is earned.

However, to the extent that the MYOB group has fulfilled all its obligations under the contract, the income is recognised as being earned at the time when all the MYOB group's obligations under the contract have been fulfilled.

### Transactional and other services

Services revenue such as seminar fees is recognised when the service is provided.

However, where customers are no longer able to obtain a refund or credit note on cancellation before the service is conducted, the revenue is recognised on the first day where refund or credit note would not be available.

### Other revenues

Other revenue is mainly the royalties derived from sale of copyrighted forms and product sales under licence. Revenue is recognised on an accruals basis.

### Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

## Income tax

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

# A. Summary of Key MYOB Group Accounting Policies

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

## Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables which are stated with the amount of GST included, and
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

### Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

### Make good provisions

A provision has been made for the value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with closure, removal of internal partitioning and general clean up. The calculation of this provision includes estimates around the current market cost per square metre to make good the premises. These estimates may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each location is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

### Impairment of goodwill

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

### Derivative financial instruments and hedging

The Group uses derivative financial instruments (interest rate swaps) to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months. The fair values of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or to a forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on a bi-annual basis both retrospectively and prospectively using regression analysis. A minimum of 30 data points is used for regression analysis and if the testing falls within the 80:125 range, the hedge is considered highly effective and continues to be designated as a cash flow hedge. At each balance date, the Group measures ineffectiveness using the ratio offset method.

For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the statement of comprehensive income. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

### Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

# B. MYOB Subordinated Notes Terms

## Terms of Issue

### 1. General

#### 1.1. Form

The Notes are subordinated notes. Holders are entitled to the benefit of, and are bound by the provisions of, the Trust Deed. The Trust Deed has been lodged with ASIC, and is available for inspection by Holders at the office of the Trustee.

#### 1.2. Issue price

Each of the Notes to be issued by the Issuer:

- (a) will have a face value of \$100; and
- (b) must be paid for in full on or before issue.

#### 1.3. Ranking and subordination

The Notes are subordinated debt obligations of the Issuer which rank behind the Senior Debt as set out in the Intercreditor Deed, and rank equally without any preference among themselves.

Under the Security Trust Deed and the Intercreditor Deed, Holders will have the benefit of substantially the same security as secures the Senior Debt (being the Security) but will rank second in respect of that security behind the Senior Creditors.

In the event of the Issuer being wound up, Holders will be entitled to receive a repayment of the issue price of the Notes plus any accrued interest after the Senior Creditors have been paid in full but before any distributions are made to preference or ordinary shareholders of the Issuer. The obligations of the Issuer in respect of the Notes rank in priority (by virtue of being secured under the Security) ahead of all its unsecured and unsubordinated payment obligations other than claims mandatorily preferred by law.

#### 1.4. Security

The Notes are secured over the key operating assets of the Group in accordance with the provisions of the Security Trust Deed, the Intercreditor Deed and each Security. Each Holder is taken to have acknowledged and agreed that it is bound by the Security Trust Deed and the Intercreditor Deed. The Security Trust Deed and the Intercreditor Deed have been lodged with ASIC, and are available for inspection by Holders at the office of the Company.

### 2. Interest

#### 2.1. Interest

Subject to these Terms of Issue, interest will accrue on each Note on a daily basis at the Interest Rate.

#### 2.2. Payment of Interest

Subject to clause 6.5, interest is due and payable by the Issuer on the Notes in arrears on each Interest Payment Date and each Redemption Date (in respect of the amount redeemed or exchanged, as the case may be) for the relevant Interest Period, unless the Suspension Condition is satisfied in respect of an Interest Payment Date (other than the Maturity Date or a Redemption Date), in which case the Issuer's obligation to pay interest will be suspended in accordance with clause 2.3(a).

#### 2.3. Suspension of Interest

- (a) Interest on a Note which is otherwise due and payable on any Interest Payment Date (other than the Maturity Date or any Redemption Date) (including any Suspended Interest arising as a consequence of any prior operation of this clause 2.3(a)) that is not due and payable by the Issuer on that date as a result of the provisions of clause 2.2 or clause 2.4 is automatically suspended and will fall due for payment on the earlier of:
  - (i) the next Interest Payment Date on which the Suspension Condition is not satisfied; and
  - (ii) the date that any principal in respect of the Notes is due and payable in accordance with the provisions of these Terms of Issue or on which such interest is deemed to be repaid under clause 3.4(d)(i).
- (b) The Issuer will give notice to the Trustee and the Holders that payment of interest will be suspended under clause 2.3(a) as soon as practicable after it makes such determination.

- (c) The suspension of any interest payment under clause 2.3(a) will not constitute a default by the Issuer for any purpose.

#### 2.4. *Cumulative Interest*

Interest accrues on any Suspended Interest and any other interest that is due and payable but unpaid on a daily basis and compounds on a quarterly basis from (and including) the relevant Interest Payment Date to (but excluding) the date of actual payment at a rate equal to the sum of the Interest Rate and 2.00% per annum. Interest accrued under this clause 2.4 is due and payable on the next Interest Payment Date (unless on an Interest Payment Date other than the Maturity Date, the Suspension Condition is satisfied in respect of that date, in which case the Issuer's obligation to pay interest will be suspended in accordance with clause 2.3(a) or Redemption Date after the suspension or non-payment (as applicable) of the relevant interest.

#### 2.5. *Restrictions on distributions*

While any Notes are outstanding, the Issuer must not, and shall procure that each other Obligor does not, announce the payment of, or make any distribution to, its ordinary shareholders or to holders of preference shares, in each case in their capacity as holder of such security, or in respect of other securities or any similar indebtedness, the right to which, by the terms of its creation or issue or law, is or is expressed to be subordinated to the Notes, or buy-back any ordinary shares or preference shares or such other security or indebtedness (in each case other than a Permitted Distribution), if on such day:

- (a) any amount in respect of interest on any Note is due and payable but unpaid;
- (b) any amount in respect of interest on any Note is suspended in accordance with clause 2.3(a);
- (c) any amount in respect of principal on any Note is due and payable but unpaid;
- (d) the Total Net Leverage Ratio on that day is greater than 5.5 times or would be greater if such distribution was made; or
- (e) an Event of Default is subsisting.

#### 2.6. *Restrictions on Finance Debt*

While any Notes are outstanding, the Issuer must not, and shall procure that each other Obligor does not, incur any Finance Debt which ranks senior in priority to or pari passu with the Notes (other than Permitted Finance Debt), if incurring such Finance Debt (other than Permitted Finance Debt) would cause the Total Net Leverage Ratio on the date such Finance Debt is incurred to exceed 5.5 times.

#### 2.7. *Testing of Interest Suspension Financial Covenant*

The Interest Suspension Financial Covenant, will be tested for each Ratio Testing Date and will be determined on the date of the quarterly consolidated, unaudited financial statements of the Group for the relevant Ratio Testing Date.

The test shall be determined by reference to the quarterly consolidated, unaudited financial statements of the Group which have been prepared for the relevant period, unless annual consolidated, audited financial statements for the Group for all or any part of the relevant period are available on the date on which the Interest Suspension Financial Covenant is determined, in which case those annual accounts shall be used instead.

#### 2.8. *Payment of Outstanding Interest*

Subject to clause 2.9, the Issuer may pay all or any Outstanding Interest on all, but not some, of the Notes to the Holders at any time, provided the Suspension Condition is not then satisfied and subject to the Issuer notifying the Holders at least 5 Business Days prior to any such payment of the date of payment and the amount of such interest to be paid in respect of each Note.

#### 2.9. *Priority of Interest payments*

Any payment of interest by the Issuer must be applied:

- (a) first, in payment of any interest accrued on any Suspended Interest under clause 2.4 which has not been paid or otherwise satisfied in full at that time;
- (b) secondly, in payment of any Suspended Interest; and
- (c) lastly, in payment of any other Outstanding Interest.

## B. MYOB Subordinated Notes Terms

### 2.10. Calculation of Interest

Interest will be calculated on the basis of a 365 day year and the number of days elapsed. All calculations of interest will be rounded to four decimal places. Any fraction of a cent in the payment of any interest in respect of a Holder's aggregate holding of the Notes will be disregarded.

## 3. Exchange Right

### 3.1. Grant of Exchange Right

The Issuer grants each Holder resident in Australia the right described in this clause 3 ("Exchange Right") in respect of any IPO. The Issuer may, at its discretion, extend the Exchange Right to Holders with registered addresses in any jurisdiction outside Australia where the Issuer reasonably believes that it is not prohibited or it is not unduly onerous or impractical to implement the Exchange Right to Holders in that jurisdiction.

### 3.2. Notice to Eligible Holders

The Issuer must:

- (a) if a disclosure document in respect of an IPO is lodged with ASIC that is not a supplementary or replacement disclosure document (an "IPO Disclosure Document"), send to each Holder that is on the Notes Register at the Notes Record Date that has, or will be extended by the Issuer, an Exchange Right ("Eligible Holder") within three Business Days of lodgment of the IPO Disclosure Document with ASIC, notice of the IPO together with a form of exercise of the Exchange Right ("Exchange Notice"); and
- (b) ensure that:
  - (i) the Application Form in respect of any IPO specifically contemplates and allows for the priority application by Eligible Holders for Listed Securities in respect of the IPO Exchange Amount on the basis described in clause 3.4, and otherwise in accordance with these Terms of Issue;
  - (ii) copies of Exchange Notices and the relevant IPO Disclosure Document (including an Application Form) are obtainable by Eligible Holders on request from the Issuer or any other person appointed by the Issuer; and
  - (iii) the close of the retail offer of the IPO will be no sooner than 15 Business Days after the lodgment of the relevant IPO Disclosure Document with ASIC.

### 3.3. Exercise of Exchange Right

To exercise the Exchange Right under any Note in respect of any IPO, an Eligible Holder must, at its own expense:

- (a) complete and execute:
  - (i) an Exchange Notice stating the number of Notes in respect of which the Exchange Right is exercised ("Exercised Holding") which number must not be greater than the number of Notes held by the relevant Eligible Holder on the Final Deposit Date that the Eligible Holder continues to hold immediately prior to their redemption in exchange for Listed Securities pursuant to clause 3.4; and
  - (ii) in accordance with the directions on the form, an application form under the IPO applying for Listed Securities in respect of the Exercised Holding ("Application Form"); and
- (b) deposit the Exchange Notice, the Application Form and other documents required under the terms of the IPO to accompany the Application Form, at the address specified in the Exchange Notice (or if no address is specified, the registered office of the Issuer) during normal business hours on or before the date (the "Final Deposit Date") which is three Business Days prior to the close of the offer period for retail investors for the IPO (or such different date advised by or on behalf of the Issuer to Eligible Holders in the Issuer's discretion, including by way of an announcement to ASX, in the applicable disclosure document, or in a newspaper widely circulated in Australia).
- (c) The Issuer and the Trustee will have no responsibility for any error, omission or misstatement by a person on an Exchange Notice or an Application Form and the Issuer is not bound to act on an Exchange Notice or Application Form which contains an error, omission or misstatement.

### 3.4. *Obligations of the Issuer*

Subject to Completion of the IPO, upon the exercise of the Exchange Right by an Eligible Holder in accordance with the provisions of these Terms of Issue:

- (a) the Issuer must ensure that the Application Form in respect of the IPO is delivered to the issuer or vendor (as the case may be) of the Listed Securities under the IPO before the closing date of the IPO;
- (b) the Issuer must procure that the issuer or vendor (as the case may be) of the Listed Securities under the IPO accepts the Holder's application in the Application Form in respect of the IPO Exchange Amount;
- (c) the Issuer must apply on behalf of the Holder the IPO Exchange Amount in application for the subscription or purchase, as the case may be, of the Listed Securities in respect of the IPO, on or before the due date for payment under the terms of the IPO;
- (d) upon issue or transfer of the Listed Securities to the Holder under the IPO, the Issuer will redeem the Exercised Holding, and:
  - (i) the IPO Exchange Amount shall be deemed to be repaid by way of the application of that amount on behalf of the Holder under clause 3.4(c); and
  - (ii) any interest accrued under clauses 2.1 or 2.4 from the previous Interest Payment Date to (but excluding) the date of issue or transfer will be due and payable to the Holder (unless the Suspension Condition is then satisfied in which case such accrued interest will be added to the IPO Exchange Amount); and
- (e) in application of the IPO Exchange Amount in accordance with clause 3.4(c) (including through the operation of clause 3.4(d)), the Issuer will not apply any amount in respect of a fraction of a Listed Security. Any amount remaining after the application in accordance with clause 3.4(c) will be disregarded by the Issuer and the Issuer is discharged of its obligations to either apply such amount in accordance with clause 3.4(c) or deliver such amount to the Holder.

### 3.5. *Price of Listed Securities*

The Issuer must procure that the subscription or purchase price of any Listed Securities to be issued or transferred to an Eligible Holder on exercise of any Exchange Right is 97.5% of the price of such securities to retail investors pursuant to the general retail offer, or if there is no general retail offer, the broker firm retail offer.

### 3.6. *Issue or transfer of securities*

For the avoidance of doubt, nothing in these provisions requires any securities to be issued or transferred to any Holder in accordance with this clause 3 other than pursuant to and in accordance with the terms of an IPO.

### 3.7. *Limitations on Exchange Right*

Holder will not be entitled to exercise the Exchange Right to the extent that this would result in less than 50% of the total amount to be raised from the IPO (being the aggregate amount received by all persons issuing and/or transferring securities pursuant to the IPO) being raised from investors other than the Holders pursuant to the Exchange Right.

### 3.8. *Reduction of Exercised Holding*

If, in relation to any IPO, Eligible Holders exercise the Exchange Right in respect of an aggregate amount which will exceed the total amount available for subscription and/or purchase by Holders under the IPO pursuant to clause 3.7, then the Exercised Holding of each Eligible Holder to receive Listed Securities will be deemed to have been reduced by a proportionate amount of such excess.

### 3.9. *General*

For the avoidance of doubt, Holders are not required to subscribe for or acquire Listed Securities in any IPO and may, subject to clause 4, choose instead to continue to hold all or any part of their holdings in the Notes (and receive any relevant premium upon redemption of such Notes).

## 4. **Redemption**

### 4.1. *Subordination*

The redemption by the Issuer of any Note is subject to the provisions of the Security Trust Deed and the Intercreditor Deed.

## B. MYOB Subordinated Notes Terms

### 4.2. Final Redemption

The Issuer must redeem all the Notes on issue on the Maturity Date at their then outstanding principal amount plus any Outstanding Interest on those Notes as at such date.

### 4.3. Early Redemption by Issuer

- (a) **(Early Redemption Issuer call option)** The Issuer may, on any date after the Issue Date, redeem all or part (pro rata across Holders) of the Notes at the Early Redemption Amount by giving not less than 28 days notice of the call to the Holders and the Trustee. For the avoidance of doubt, the Issuer may make more than one redemption in accordance with the provisions of this clause 4.3(a). If the redemption notice given under this clause 4.3(a) states that the redemption is conditional on completion of an event, including an exit or refinancing event, then if the event does not proceed and the Issuer advises Holders that the event will not proceed, the notice of redemption issued by the Issuer will lapse. However, if the relevant event does proceed then the redemption notice will be valid. A redemption pursuant to this clause 4.3(a) will take effect on the later of the date specified in the Issuer's notice, and completion of the event stated in the redemption notice (if any).
- (b) **(Early Redemption in connection with IPO)** If on any date after the Issue Date, a disclosure document for an IPO (not being a supplementary or replacement disclosure document) is lodged with ASIC, the Issuer may, by giving not less than 28 days notice to the Holders and the Trustee (which notice will be irrevocable), redeem all or any part of the Notes, other than Notes which are to be exchanged in accordance with clause 3.4 unless such Notes are not actually redeemed in accordance with clause 3.4(d) in which event:
- (i) the redemption will take effect on the later of the date specified in the Issuer's notice and the date of issue or transfer (as the case may be) of Listed Securities pursuant to the relevant IPO (or, if the IPO is withdrawn prior to the issue or transfer of Listed Securities, the date of announcement of such withdrawal);
  - (ii) the redemption amount will be:
    - (A) 102.5% of such part of the principal amount of the Notes as is being redeemed if the redemption takes effect on a date falling on or prior to 24 months from the Issue Date together with any Outstanding Interest at that time; or
    - (B) the Early Redemption Amount if the redemption takes effect on a date falling after 24 months from the Issue Date; and
  - (iii) if the proposed redemption relates to part only of the Notes, the Issuer must redeem the Notes pro rata across Holders (after taking into account elections by Holders of the Notes to subscribe in the IPO pursuant to the Exchange Right),

For the avoidance of doubt, if the redemption notice given under this clause 4.3(b) states that the redemption is conditional on Completion of the IPO then if the relevant securities under the IPO are not issued or transferred due to the IPO not proceeding or being withdrawn and the Issuer advises Holders that the IPO will not proceed, the notice of redemption issued by the Issuer will lapse. However, if the IPO proceeds and the Listed Securities are issued and/or transferred, then the redemption notice will be valid and the redemption will be subject to the Exchange Right.

- (c) **(Early Redemption for Tax Event)** The Issuer may redeem the Notes for the principal amount outstanding plus any Outstanding Interest at any time after the occurrence of a Tax Event.
- (d) **(Early Redemption for Change of Law Event)** The Issuer may redeem the Notes for the principal amount outstanding plus any Outstanding Interest at any time after the occurrence of a Change of Law Event.
- (e) **(Clean-up call for small value of Notes)** The Issuer may at any time redeem the Notes for the principal amount outstanding plus any Outstanding Interest on the date of redemption if the aggregate value of Notes on issue is less than \$50 million.
- (f) **(Interaction with Senior Finance Documents)** No early redemption will occur unless it is permitted under the Senior Finance Documents.
- (g) **(Multiple redemption rights)** Where the Issuer is entitled to exercise a right of redemption pursuant to more than one sub-paragraph in clause 4.3, the Issuer can elect, in its absolute discretion, pursuant to which sub-paragraph or sub-paragraph(s) it exercises such right.

#### 4.4. *Early redemption by Holders*

A Holder of a Note has no rights of redemption except as at the Maturity Date and under the Exchange Right.

### 5. **Events of Default and Enforcement**

#### 5.1. *Restrictions on actions*

The rights of the Trustee and each Holder to take action against the Issuer upon the occurrence of an Event of Default are subject to the restrictions set out in the Security Trust Deed, the Intercreditor Deed and the Trust Deed. For the avoidance of doubt, in the case of any inconsistency between the Trust Deed and either of the Security Trust Deed or Intercreditor Deed (as applicable), the Security Trust Deed or Intercreditor Deed (as applicable) will prevail.

#### 5.2. *Consequences*

If an Event of Default occurs and continues, the Trustee may call a meeting of the Holders in accordance with the Trust Deed as soon as is reasonably practicable and:

- (a) the Trustee may; and
- (b) if directed by the Holders in accordance with the Trust Deed (and subject to the Trustee being indemnified pursuant to the Trust Deed), the Trustee must,

give notice to the Issuer declaring the Notes to be due and payable at their principal amount outstanding.

#### 5.3. *Enforcement*

At any time that the Notes have become due and payable in accordance with a notice given by the Trustee pursuant to clause 5.2, the Trustee may, subject to the restrictions set out in the Security Trust Deed and the Intercreditor Deed, direct the Security Trustee to take such proceedings against the Issuer as the Security Trustee may think fit to enforce payment in respect of the Notes.

#### 5.4. *Trustee not bound to take action*

The Trustee shall not in any event be bound to take any action referred to in clause 5.3 unless the Trustee shall have been so directed by the Holders pursuant to the Trust Deed and the requirements of clause 8.2 of the Trust Deed have been met.

#### 5.5. *Holdings' right to take action*

No Holder shall be entitled to proceed directly against the Issuer to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound to proceed under clause 8.2 of the Trust Deed, fails to do so within a reasonable period and such failure is continuing, in which case a Holder may, upon giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise) and subject to clause 9.3 of the Trust Deed, itself institute proceedings against the Issuer pursuant to clause 8.1 of the Trust Deed.

### 6. **Payments**

#### 6.1. *Record Dates*

For the purposes of determining a Holder's entitlement to payments of interest on the Notes in respect of any Interest Period, only those persons who are registered as Holders at 7:00 p.m. on the Record Date in respect of such Interest Period shall be entitled to receive the payment.

#### 6.2. *Deductions*

- (a) The Issuer may deduct from any interest or other amount payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by the Issuer to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by the Issuer.
- (b) The Issuer shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without unreasonable delay after it is received by the Issuer.

## B. MYOB Subordinated Notes Terms

### 6.3. *No Set-off*

A Holder has no right to set off any amounts owing by it to the Issuer against claims owing by the Issuer to the Holder.

### 6.4. *Payment method*

Any amount which is payable to Holders in respect of the Notes in accordance with these Terms of Issue will, unless the Issuer and the Holder otherwise agree, be paid by direct credit to a nominated account at an Australian financial institution.

### 6.5. *Payment days*

If an amount is due and payable in respect of any Note on a day on which is not a Business Day, that amount will be due and payable on the next Business Day. For the avoidance of doubt, such delay in payment will not constitute a default by the Issuer for any purpose, and no additional amount of interest will be payable with respect to such delayed payment.

## 7. General

### 7.1. *Quotation*

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to:

- (a) procure commencement of official quotation of the Notes on a stock market conducted by ASX; and
- (b) maintain such quotation for so long as any Notes remain on issue.

### 7.2. *Reporting requirements*

The Issuer will observe the reporting requirements set out in the Trust Deed, which include requirements to furnish reports on the financial performance of the Issuer.

### 7.3. *Notes redeemed*

All the Notes redeemed by the Issuer in accordance with these Terms of Issue will thereupon be cancelled and may not be reissued.

## 8. Holding Statements

A Holder is entitled to receive such statements of the holdings of the Notes of the Holder as the Issuer is required to give pursuant to the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules.

## 9. Transfer of Notes

### 9.1. *Forms of transfer*

A Holder may transfer any Notes the Holder holds by:

- (a) a Proper ASTC Transfer or any other method of transferring or dealing in the Notes introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or the Listing Rules and, in any such case, recognised under the Corporations Act; or
- (b) a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX, that is otherwise permitted by law.

### 9.2. *Registration of transfer*

A transferor of any Notes remains the owner of such Notes transferred until the transfer is registered and the name of the transferee is entered in the Notes Register in respect of the Notes, and the transferee of the Notes on being entered on the Notes Register shall have all the rights and obligations which the transferor had and all the rights and obligations of a Holder under the Trust Deed and these Terms of Issue.

### 9.3. *Transfers which are not Proper ASTC Transfers*

The following provisions apply to instruments of transfer referred to in clause 9.1(b):

- (a) unless the instrument of transfer is otherwise a sufficient transfer under the Corporations Act, the instrument must be signed by, or executed by or on behalf of:
  - (i) the transferor; and

- (ii) if required by the Issuer, the transferee;
- (b) the instrument of transfer duly stamped will be left at the place where the Notes Register is kept; and
- (c) the instrument of transfer must be endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the Notes subject to the terms and conditions on which the transferor held them, to become a Holder and to be bound by the Trust Deed and these Terms of Issue.

#### 9.4. *Directors to register transfers*

Subject to clauses 9.3 and 9.5, for so long as the Notes Register is maintained by the Issuer, the Directors will not refuse to register or fail to register or give effect to a transfer of the Notes.

#### 9.5. *Refusal to register transfers other than Proper ASTC Transfer*

- (a) The Directors may refuse to register any transfer of the Notes (other than a Proper ASTC Transfer) where the Listing Rules permit the Issuer to do so.
- (b) The Directors will refuse to register any transfer of the Notes (other than a Proper ASTC Transfer) where the Corporations Act or the Listing Rules require the Issuer to do so, or the transfer is in breach of the Listing Rules.

#### 9.6. *Notice of refusal to register*

- (a) Where the Directors refuse to register a transfer of the Notes under clause 9.5, the Issuer will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with the Issuer.
- (b) Failure by the Issuer to give notice under clause 9.6(a) will not invalidate the refusal to register the transfer in any way.

#### 9.7. *Clearing systems*

Notes or interests in Notes held through a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. The rules and regulations of that Clearing System prevail over this clause 9 with respect to those Notes, or interest in Notes, to the extent of any inconsistency.

#### 9.8. *Registrar*

If the Issuer appoints a registrar to maintain the Notes Register in accordance with the Trust Deed, then the Issuer will procure the registrar to comply with the provisions of this clause 9 as if references to 'the Issuer' or 'the Directors' were references to 'the Registrar'.

## 10. **Joint Holders**

#### 10.1. *Payment to one Holder effective discharge*

If several persons are entered in the Notes Register as joint Holders in respect of a Note, the payment to any one of such persons of any monies from time to time payable to the joint Holders will be an effective discharge to the Issuer for the monies so paid.

#### 10.2. *More than three joint Holders*

Subject to the ASX Settlement Operating Rules, the Issuer will not be bound to register more than 3 persons as the joint Holders of any Notes. A Note registered in the name of more than one person is held by those persons as joint tenants.

#### 10.3. *Actions of joint Holders*

All of the joint Holders in respect of any Note must join in any transfer of the relevant Note.

## 11. **Non resident Holders**

- (a) Where the Notes are held by, or on behalf of, a person resident outside Australia, then, despite anything to the contrary contained in or implied by these Terms of Issue, it is a condition precedent to any right of the Holder to receive payment of any monies in respect of those Notes that all necessary authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Holder and satisfied.

## B. MYOB Subordinated Notes Terms

- (b) For the purposes of clause 11(a), authorisation includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any governmental agency.

### 12. Indemnity to the Issuer

- (a) Whenever in consequence of:
  - (i) the death of a Holder;
  - (ii) the non-payment of any Tax payable by a Holder;
  - (iii) the non-payment of any stamp or other duty by the legal personal representatives of a Holder or their estate; or
  - (iv) any other act or thing in relation to a Note or a Holder, any law for the time being of any country or place, in respect of a Note, imposes or purports to impose any liability of any nature whatever on the Issuer to make any payments to any governmental agency,

the Issuer will in respect of that liability be indemnified by that Holder and his legal personal representatives and any monies paid by the Issuer in respect of that liability may be recovered from that Holder and/or the Holders legal personal representative as a debt due to the Issuer and the Issuer shall have a lien in respect of those monies upon the Notes held by that Holder or his legal personal representatives and shall be entitled to set off those monies against any monies payable by it in respect of those Notes.

- (b) Nothing in clause 12(a) will prejudice or affect any right or remedy which any such law may confer or purport to confer on the Issuer.

### 13. Death or Legal Disability

#### 13.1. *Death or Legal Disability*

If a Holder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated, the survivor (in the case of joint Holders), the legal personal representative or the person entitled to the Notes as a result of the death, disability, bankruptcy or liquidation of the Holder or the making of vesting orders by a court or other judicial or quasi judicial body or authority will be recognised, on providing such evidence of that person's title as the Issuer thinks sufficient, as having an enforceable claim to the Notes registered in the Holders name.

#### 13.2. *Transfer, Transmission under clause 13.1*

Subject to the Listing Rules, the Issuer need not register any transfer or transmission under clause 13.1 unless the transferee provides an indemnity in favour of the Issuer in a form determined by or satisfactory to the Issuer in respect of any consequence arising from the transfer or transmission.

#### 13.3. *Two or More Persons Jointly Entitled*

Where two or more persons are jointly entitled to any Note in consequence of the death of the registered holder of that Note, for the purpose of these Terms of Issue, they will be deemed to be joint holders of that Note.

#### 13.4. *Monies Payable in Respect of the Notes*

The Directors will be at liberty to retain any monies payable in respect of any of the Notes which any person under this clause 13 is entitled to until such person is registered or has duly transferred the Notes in accordance with these Terms of Issue.

### 14. Amendments to these Terms of Issue

These Terms of Issue may only be amended in accordance with the provisions of the Trust Deed.

### 15. Governing Law and Jurisdiction

#### 15.1. *Governing Law*

The Notes and these Terms of Issue are governed by the laws of New South Wales, Australia.

#### 15.2. *Jurisdiction*

The Issuer and each Holder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, Australia in connection with matters concerning the Notes or these Terms of Issue. The Issuer and each Holder

waives any right they have to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

## 16. Notices

### 16.1. Service of Notices

- (a) Without limiting anything else in these Terms of Issue, a notice may be given by the Issuer to any Holder, or in the case of joint Holders to the Holder whose name appears first in the Notes Register, personally, by leaving it at the Holder's registered address or by sending it by prepaid post (airmail if posted to a place outside Australia) or facsimile transmission addressed to the Holder's registered address or, in any case, by other electronic means determined by the Directors. If the notice is signed, the signature may be original or printed.
- (b) A notice given by a Holder to the Issuer must:
- (i) be in writing; and
  - (ii) be left at, or sent by prepaid post (airmail if posted from a place outside Australia) to the address below or the address last notified by the Issuer, or sent by email transmission to the email address below or the email address last notified by the Issuer:

12 Wesley Court, Burwood East VIC 3151  
Attention: Ian Boylan/Richard Moore  
Email: retailnotes@myob.com

With a copy to:

Ropes & Gray  
41st Floor, One Exchange Square  
8 Connaught Place, Central  
Hong Kong  
Attention: Michael Nicklin  
Email: Michael.Nicklin@ropesgray.com

### 16.2. When Notice Considered to be Received Any notice is taken to be given:

- (a) if served personally or left at the intended recipient's address, when delivered;
- (b) if sent by post, on the second Business Day after it is mailed in a prepaid envelope to the intended recipient's address (or the fifth Business Day if mailed to a place outside Australia); and
- (c) if sent by electronic transmission, on production of a report by the machine or other system by which the transmission is sent indicating that the transmission has been made in its entirety to the correct transmission address and without error.

### 16.3. Notice to Transferor Binds Transferee

Every person who, by operation of law, transfer or any other means, becomes entitled to be registered as the holder of any of the Notes is bound by every notice which, prior to the person's name and address being entered in the Notes Register, was properly given to the person from whom the person derived title to those Notes.

### 16.4. Service on Deceased Holders

A notice served in accordance with this clause 16 is (despite the fact that the Holder is then dead and whether or not the Issuer has notice of the Holder's death) considered to have been properly served in respect of any of the Notes, whether held solely or jointly with other persons by the Holder, until some other person is registered in the Holder's place as the Holder or joint Holder. The service is sufficient service of the notice or document on the Holder's legal personal representative and any person jointly interested with the Holder in the Notes.

## 17. Interpretation and defined terms

### 17.1. Interpretation

In these Terms of Issue, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;

## B. MYOB Subordinated Notes Terms

- (c) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (d) a reference to \$ or dollars is to Australian currency;
- (e) a reference to time is to Sydney, Australia time;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally; and
- (k) subject to clause 6.5, if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

### 17.2. Defined Terms

The following defined terms apply in these Terms of Issue:

Term	Meaning
<b>Accounting Standards</b>	The equivalent to the International Financial Reporting Standards in the jurisdiction of incorporation of a member of the Group or, absent those, generally accepted accounting standards in the jurisdiction of incorporation of that member of the Group.
<b>Acquisition Facility</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Adjusted Covenant EBITDA</b>	Covenant EBITDA: <ul style="list-style-type: none"> <li>(a) <b>including</b> the earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Covenant EBITDA, mutatis mutandis) for the period, of any person, property, business or material fixed asset acquired and not subsequently sold, transferred or otherwise disposed of by any member of the Group during such period (each such person, property, business or asset acquired and not subsequently disposed of an "Acquired Entity or Business") and (unless, in relation to any adjustment which could be made as a result of net cost savings, the parent of the Issuer elects not to include such net cost savings in the determination of Covenant EBITDA) an adjustment in respect of each Acquired Entity or Business acquired during such period equal to the amount of the Pro Forma Adjustment (as defined below) with respect to such Acquired Entity or Business for such period; and</li> <li>(b) <b>excluding</b> the earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Covenant EBITDA, mutatis mutandis) of any person, property, business or material fixed asset sold, transferred or otherwise disposed of by any member of the Group during such period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion) (each such person, property, business or asset so sold or disposed of, a "Sold Entity or Business").</li> </ul>

Term	Meaning
	<p>For the purposes of this definition “Pro Forma Adjustment” shall mean, for any relevant period that includes any of the four financial quarters first following the acquisition of or investment in an Acquired Entity or Business, with respect to the Covenant EBITDA of that Acquired Entity or Business, the pro forma increase or decrease in such Covenant EBITDA projected by the Issuer in good faith as a result of reasonably identifiable and supportable net cost savings or additional net costs, as the case may be, realisable during such period by combining the operations of such Acquired Entity or Business with the operations of the Group, provided that so long as such net cost savings or additional net costs will be realisable at any time during such period, it may be assumed, for purposes of projecting such pro forma increase or decrease to such Covenant EBITDA, that such net cost savings or additional net costs will be realisable during the entire such period, provided further that any such pro forma increase or decrease to such Covenant EBITDA shall be without duplication for net cost savings or additional net costs actually realised during such period and already included in such Covenant EBITDA and provided also that where in any Relevant Period the aggregate adjustment under this paragraph would exceed A\$2,000,000 it has been certified by two directors of the Issuer and where it exceeds A\$5,000,000 in such relevant period, it has been certified by one of the “big 4” accountancy firms selected by the Issuer (unless firms of accountants of international repute have adopted a general policy of not providing such certification).</p>
<b>Ancillary Facility</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Application Form</b>	Has the meaning given to it in clause 3.3(a)(ii).
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the market it operates.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	The settlement rules of ASX Settlement as amended or replaced from time to time.
<b>Authorisations</b>	<p>(a) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a Government Agency or stock exchange; or</p> <p>(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Government Agency or stock exchange intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.</p>
<b>BBSW</b>	<p>(Expressed as a percentage per annum) for an Interest Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page which replaces that page) on:</p> <p>(i) in the case of the first Interest Period, the Issue Date; and</p> <p>(ii) in the case of any other Interest Period, the first Business Day of that Interest Period, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) on that date, the rate specified in good faith by the Issuer at or around that time on that date having regard, to the extent possible, to:</p> <p>(A) the rates otherwise bid and offered for bills of that term or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or</p> <p>(B) if bid and offer rates for bills of that term are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.</p>
<b>Bookbuild</b>	<p>The process conducted by, or on behalf of, the Issuer prior to the opening of the offer of the Notes whereby certain institutional investors and brokers who wish to obtain a firm allocation of the Notes (whether for themselves or their clients) lodge bids for the Notes and, on the basis of those bids, the Issuer (or another party on its behalf) determines the Margin and announces its determination prior to the opening of such offer.</p>

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<b>Term</b>	<b>Meaning</b>
<b>Borrowings</b>	<p>Finance Debt other than:</p> <ul style="list-style-type: none"> <li>(i) indebtedness owed by one member of the Group to another member of the Group;</li> <li>(ii) all liabilities (direct or indirect) of the Group to its direct or indirect shareholders, their affiliates or managers or the funds managed or advised by them (including any redeemable preference shares issued by the Issuer); and</li> <li>(iii) any obligations arising under derivative transactions (taking into account the marked to market value of any net payments).</li> </ul>
<b>Business Day</b>	Has the same meaning as in the Listing Rules.
<b>Capital Expenditure</b>	Any expenditure or obligation in respect of expenditure (including any costs, expenses and capitalisation associated with that expenditure) which, in accordance with the Accounting Standards, is treated as capital expenditure (other than any acquisitions or investments in companies or businesses).
<b>Capitalised Lease Obligations</b>	With respect to any person, any rental obligation (including any hire purchase payment obligation) which in accordance with the Accounting Standards is a finance lease or otherwise capitalised in the audited financial statements of that person, but only to the extent of that treatment.
<b>Cashflow Cover Ratio</b>	<p>On any date, the ratio of A:B where:</p> <p>A = Covenant EBITDA of the Group in respect of the 12 month period ending on that date (without double counting):</p> <ul style="list-style-type: none"> <li>(a) plus (to the extent not included in Covenant EBITDA) the amount of any rebate or credit in respect of any tax on profits, gains or income actually received in cash by any member of the Group during such period;</li> <li>(b) plus (to the extent not included in Covenant EBITDA) the amount of any dividends or other profit distributions or loan repayments received in cash by any member of the Group during such period from any entity which is not itself a member of the Group;</li> <li>(c) minus all Capital Expenditure actually funded by members of the Group during such period except to the extent funded from: <ul style="list-style-type: none"> <li>(i) finance leases which are permitted by the Senior Facilities Agreement (and to avoid doubt this paragraph (c)(i) shall not include any Capital Expenditure funded from the Revolving Facility);</li> <li>(ii) proceeds from asset disposals or insurance or other claims to which the mandatory prepayment provisions in the Senior Facilities Agreement apply and which were not required to be applied as a mandatory prepayment in accordance with the mandatory prepayment provisions of the Senior Facilities Agreement, to the extent not otherwise utilised for a purpose permitted by the Senior Finance Documents and to the extent relating to any previous period;</li> <li>(iii) the cash proceeds of an initial public offering of the shares (or similar equity or convertible securities) in the Group relating to any previous periods which are not required to be applied in prepayment of the Senior Facilities, to the extent not otherwise utilised for a purpose permitted by the Senior Finance Documents;</li> <li>(iv) the proceeds of shares issued by, or an equity contribution to, MYOB Holdings Pty Limited or the proceeds of any loan made to MYOB Holdings Pty Limited that is subordinated to the Senior Facilities; or</li> <li>(v) Excess Cashflow relating to any previous periods not required to be applied in prepayment of the Senior Facilities, to the extent not otherwise utilised for a purpose permitted by the Senior Finance Documents;</li> </ul> </li> <li>(d) minus all amounts of Tax on profits, gains or income actually paid or payable in respect of such relevant period or any prior period (without double counting);</li> <li>(e) plus any decrease and minus any increase of working capital between the beginning and end of such relevant period;</li> <li>(f) plus, to the extent not already taken into account in calculating Covenant EBITDA for such period, the proceeds of business interruption insurance received in cash net of any costs and associated tax impost; and</li> </ul>

Term	Meaning
	<p>(g) minus (to the extent not otherwise deducted) the amount of any dividends or other profit distributions paid in cash by any member of the Group to a minority shareholder of a member of the Group;</p> <p>and</p> <p>B = the aggregate of:</p> <p>(a) Net Interest Expense;</p> <p>(b) the aggregate of all scheduled payments of principal of any borrowings of the Group under the Senior Facilities (as reduced as the result of any voluntary prepayments made during the 12 month period ending on the last day of the previous calendar quarter or mandatory prepayments) falling due during that period but excluding any amounts falling due under any overdraft or revolving facility (including, without limitation, any Ancillary Facility) which were available for simultaneous redrawing according to the terms of such facility but for any voluntary cancellation; and</p> <p>(c) the amount of the capital element of any payments in respect of that period payable by any member of the Group under any Capitalised Lease Obligations,</p> <p>in each case, for the same period.</p>
<b>Change of Law Event</b>	The introduction of, or a change in, any law, official directive, ruling or request or a change in its interpretation or application that materially increases the costs to the Issuer of the Notes than that existed prior to such event or which makes it illegal or impossible for the Issuer to perform its obligations under these Terms of Issue or the Trust Deed. If such event does not have the force of law, it must be one with which responsible Australian banks would comply.
<b>Clearing System</b>	<p>(a) the Clearing House Electronic Subregister System (CHES) operated by ASTC;</p> <p>(b) the Austraclear system owned and operated by Austraclear Limited (ABN 94 002 060 773); or</p> <p>(c) any other securities trading and/or clearance system.</p>
<b>Completion of the IPO</b>	The issue and/or transfer of Listed Securities as contemplated by the relevant IPO Disclosure Document.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth).
<b>Covenant EBITDA</b>	<p>The consolidated operating profits (or loss) of the Group from ordinary activities without double counting:</p> <p>(a) <b>before deducting</b> Interest Expense (but for the purpose of this deduction only including capitalised and suspended interest);</p> <p>(b) <b>before deducting</b> any amount of tax on profits, gains or income paid or payable by any member of the Group (including pursuant to a tax funding arrangement);</p> <p>(c) <b>after adding back</b> (to the extent otherwise deducted) any amount attributable to amortisation of intangible assets (including amortisation of any goodwill arising on the acquisition of the Group by MYOB Acquisition or any other acquisition permitted by the Senior Facilities Agreement), depreciation of tangible assets and any impairments of tangible or intangible assets and any non-cash costs or provisions relating to any share option schemes or any management equity programme of any member of the Group implemented on or after the date of the Senior Facilities Agreement;</p> <p>(d) <b>excluding</b> (to the extent included) interest income;</p> <p>(e) <b>excluding</b> any items (positive or negative) in respect of individually significant (and one off or non-recurring) or extraordinary items during the relevant period;</p> <p>(f) <b>after deducting</b> the amount of profit (or adding back the loss) of any member of the Group which is attributable to any third party (not being a member of the Group) which is a shareholder in such member of the Group and after deducting all net profits or losses attributable to equity interests in non-controlling entities but adding back dividends received from a non-controlling entity that has been equity accounted;</p> <p>(g) <b>before taking into account</b> any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);</p>

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Term	Meaning
	<p>(h) <b>after</b> adjusting for business interruption insurance received by the Group in that period net of any associated costs and tax impost;</p> <p>(i) <b>after adding back</b> (to the extent otherwise deducted) any fees, costs or charges in each case related to any actual or attempted equity or debt offering, financing, investments (including any investment in a joint venture), acquisitions or Permitted Finance Debt incurred by the Group in the period not exceeding A\$2,000,000 in any financial year;</p> <p>(j) <b>before taking into account</b> and without any double counting any gains or losses against book value arising on disposals or write downs of non-current assets, litigation settlements net of any associated costs and tax impost or the disposal of assets associated with discontinued operations;</p> <p>(k) <b>before taking into account</b> the amount of any loss or gain against book value arising on a disposal of any asset (other than stock disposed of in the ordinary course of trading) and any loss or gain through the profit and loss account on any revaluation of any asset during that relevant period;</p> <p>(l) <b>before taking into account</b> any fees paid in respect of any borrowings, or to the direct or indirect shareholders of the Group, their affiliates or managers or the funds managed or advised by them permitted to be paid under the Senior Facilities Agreement;</p> <p>(m) <b>before taking into account</b> any restructuring charges related to employee terminations, closings of facilities and relocations of plant, property and equipment;</p> <p>(n) <b>before taking into account</b> any adjustments arising from fair value adjustments or step up depreciation or other non-cash impacts of acquisition accounting following an acquisition; and</p> <p>(o) <b>before taking into account</b> (and giving pro forma effect to any of the following to the extent relating only to the period to 30 June 2012) (i) any applicable product development costs required to complete AccountRight Live consistent with the base case model under the Senior Facilities Agreement, and (ii) any other one-off or non-recurring product development costs up to a maximum aggregate amount of \$3,000,000,</p> <p>in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the operating profits of the Group during the relevant period and provided that the aggregate of all adjustments under paragraphs (e) and (m) shall not exceed A\$5,000,000 in any financial year.</p>
<b>Director</b>	A Director of the Issuer.
<b>Early Redemption Amount</b>	<p>In respect of any Note</p> <p>(a) in respect of any Early Redemption Date falling from (and including) the Issue Date to (and including) the date that is 12 months after the Issue Date, 105% of the principal amount of such Note on such day;</p> <p>(b) in respect of any Early Redemption Date falling from (but excluding) the date that is 12 months after the Issue Date to (and including) the date that is 24 months after the Issue Date, 103% of the principal amount of such Note on such day;</p> <p>(c) in respect of any Early Redemption Date falling from (but excluding) the date that is 24 months after the Issue Date to (and including) the date that is 36 months after the Issue Date, 101% of the principal amount of such Note on such day; and</p> <p>(d) in respect of any Early Redemption Date falling from (but excluding) the date that is 36 months after the Issue Date to (and including) the Maturity Date, 100% of the principal amount of such Note on such day,</p> <p>in each case, together with any Outstanding Interest at the time.</p>
<b>Early Redemption Date</b>	Any day on which Notes are redeemed prior to the Maturity Date in accordance with clause 4.3 or clause 4.4.
<b>Eligible Holder</b>	Has the meaning given in clause 3.2(a).
<b>Event of Default</b>	<p>Any of the following:</p> <p>(a) the Issuer fails to pay within three Business Days after the due date any principal on any Note;</p>

<b>Term</b>	<b>Meaning</b>
	<ul style="list-style-type: none"> <li>(b) the Issuer fails to pay within 14 Business Days after the due date any interest on any Note;</li> <li>(c) the Issuer fails to comply with any of its other obligations under these Terms of Issue or the Trust Deed and such failure remains unremedied for a period of 30 Business Days after the Issuer has received written notice from the Trustee in respect of the failure;</li> <li>(d) the occurrence of an Insolvency Event with respect to the Issuer or any other Obligor; or</li> <li>(e) any Borrowings greater than \$15,000,000 (or its equivalent in any other currency) of any Obligor becomes due and payable or can be made due and payable before its stated maturity due to the occurrence of an event of default (however described).</li> </ul>
<b>Excess Cashflow</b>	Has the meaning given to it in the Senior Facilities Agreement.
<b>Exchange Notice</b>	Has the meaning given to it in clause 3.2(a).
<b>Exchange Right</b>	Has the meaning given to it in clause 3.1.
<b>Exercised Holding</b>	Has the meaning given to it in clause 3.3(a)(i), subject to reduction pursuant to clause 3.8.
<b>Final Deposit Date</b>	Has the meaning given to it in clause 3.3(b).
<b>Finance Debt</b>	<p>At any time, the aggregate amount of all indebtedness of the Group (including the principal and capital amount of any indebtedness) for or in respect of (without double counting):</p> <ul style="list-style-type: none"> <li>(a) moneys borrowed and debit balances at banks or other financial institutions;</li> <li>(b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalents);</li> <li>(c) moneys raised under or pursuant to bonds (other than a performance bond or advance payment bond issued in respect of the obligations of any member of Group incurred in the ordinary course of business), notes, debentures, loan stock or any similar instrument;</li> <li>(d) any finance or capital lease or hire purchase contract which would, in accordance with accounting principles, be treated as a finance or capital lease but only to the extent of such treatment;</li> <li>(e) receivables sold or discounted (other than to the extent they are sold on a non-recourse basis);</li> <li>(f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group which would fall within one of the other paragraphs of this definition other than trade or other performance obligations;</li> <li>(g) the acquisition cost of any asset where the deferred payment (including deferred consideration) is arranged primarily as a method of raising finance and/or in circumstances where the due date for payment is more than 180 days after the expiry of the period customarily allowed by the relevant supplier (save where the payment deferral results from non or delayed satisfaction of contract terms by the supplier or from contract terms establishing payment schedules tied to total or partial contract completion and/or to the results of operational testing procedures);</li> <li>(h) the sale price of any asset to the extent paid by the person liable before the time of sale or delivery where such advance payment is arranged primarily as a method of raising finance unless such arrangements are entered into customarily by customers of the Group;</li> <li>(i) any amount raised by the issue of redeemable preference shares (other than redeemable preference shares which by their terms are not (otherwise than at the option of the issuer) redeemable prior to the date at least 6½ years from the date of the Trust Deed);</li> <li>(j) any amount raised under any other transaction which would be treated as borrowing in accordance with accounting principles; and</li> <li>(k) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (taking into account the marked to market value only);</li> </ul>

## B. MYOB Subordinated Notes Terms

Term	Meaning
	<p>(l) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in the paragraphs above, but</p> <p>(m) excluding:</p> <p>(i) any such obligations owed by one member of the Group to another member of the Group; and</p> <p>(ii) all liabilities (direct or indirect) of the Group to its direct or indirect shareholders, their affiliates or managers or the funds managed or advised by them (including any redeemable preference shares issued by any member of the Group).</p>
<b>Government Agency</b>	Has the meaning given to it in the Intercreditor Agreement.
<b>Group</b>	MYOB Holdings Pty Limited and its Subsidiaries.
<b>Guarantee</b>	Has the meaning given to it in the Security Trust Deed.
<b>Holder</b>	In relation to any Note, a person whose name is for the time being registered in the Notes Register as the holder of that Note.
<b>Insolvency Event</b>	Has the meaning given in the Intercreditor Deed.
<b>Intercreditor Deed</b>	The Intercreditor Deed dated on or about 23 November 2012 made between, among others, MYOB Acquisition, the Senior Agent and the Security Trustee.
<b>Interest Expense</b>	<p>Interest and amounts in the nature of interest in respect of any Borrowings paid or payable in respect of that relevant period including, without limitation:</p> <p>(a) the interest element of Capitalised Lease Obligations;</p> <p>(b) discount and acceptance fees payable (or deducted) in respect of any Borrowings;</p> <p>(c) fees payable in connection with the issue or maintenance of any bond, letter of credit, guarantee or other assurance against financial loss which constitutes Borrowings and is issued by a third party on behalf of a member of the Group;</p> <p>(d) commitment, utilisation and non-utilisation fees payable or incurred in respect of Borrowings,</p> <p>(e) interest or other amounts in the nature of interest, or having a similar purpose or effect to interest, which is capitalised; and</p> <p>(f) difference payments paid or payable under a hedging agreement;</p> <p>but excluding all arrangement, underwriting and participation fees and similar one-off non-recurring fees and costs, acquisition costs, costs relating to any acquisition, any capitalised interest or other non-cash return, any withholding tax on interest received or paid, any amounts that are payable in respect of any Borrowings that is repaid as part of an acquisition, any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis).</p>
<b>Interest Payment Dates</b>	<p>In relation to a Note:</p> <p>(a) 20 March, 20 June, 20 September and 20 December, commencing on 20 March 2013 and ending on the Maturity Date; and</p> <p>(b) the Maturity Date,</p> <p>unless earlier redeemed or exchanged in accordance with these Terms of Issue.</p>
<b>Interest Period</b>	<p>In respect of a Note:</p> <p>(a) the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date; and</p> <p>(b) thereafter, the period from (and including) each Interest Payment Date to (but excluding) the first to occur of:</p> <p>(i) the next Interest Payment Date; and</p> <p>(ii) the final Redemption Date in respect of that Note.</p>
<b>Interest Rate</b>	<p>For any Interest Period, means the percentage rate per annum which is the sum of:</p> <p>(a) the Margin; and</p> <p>(b) BBSW for that Interest Period;</p> <p>provided that for each of the first 4 Interest Periods starting with the Interest Period that commences on the Issue Date, the Interest Rate will be not less than 10.0% per annum.</p>

<b>Term</b>	<b>Meaning</b>
<b>Interest Suspension Financial Covenant</b>	In respect of any payment, the Cashflow Cover Ratio for the most recent Ratio Testing Date was greater than 1.10:1 and would remain so after making that payment.
<b>IPO</b>	A public offering of: <ul style="list-style-type: none"> <li>(a) of the shares in the Issuer, or any Related Body Corporate of the Issuer or any other entity in the Group, or any special purpose vehicle established by any such entity; and/or</li> <li>(b) units in a trust,</li> </ul> that (in either case, or together) owns or will own directly or indirectly a Significant Portion of the business currently conducted by the Group, for the purposes of the quotation of the relevant shares and/or units on ASX (or any other Australian securities exchange).
<b>IPO Disclosure Document</b>	Has the meaning given to it in clause 3.2(a).
<b>IPO Exchange Amount</b>	In respect of an Exercised Holding, the principal amount outstanding, plus interest as referred to in clause 3.4(d)(ii) if applicable pursuant that clause, subject to reduction pursuant to clauses 3.7 and 3.8.
<b>Issue Date</b>	The date of issue of the Notes.
<b>Issuer</b>	MYOB Finance Australia Limited (ACN 161 013 654).
<b>Listed Securities</b>	In respect of any IPO, the securities issued or transferred (or to be issued or transferred) pursuant to such IPO that are (or will be quoted).
<b>Listing Rules</b>	The listing rules of ASX, as amended or replaced from time to time.
<b>Margin</b>	The rate per annum determined by the Issuer having regard to the Bookbuild.
<b>Maturity Date</b>	The date being 5 years after the Issue Date.
<b>MYOB Acquisition</b>	MYOB Acquisition Pty. Limited ACN 152 571 367.
<b>Net Interest Expense</b>	For a period, an amount equal to the aggregate of Interest Expense, commission and other recurrent financial expenses paid or payable (whether or not paid or capitalised) in respect of any Borrowings of any member of the Group during that period but excluding any capitalised Interest Expense and any Suspended Interest, the amount of any discount amortised and other non-cash interest charges during the relevant period, and calculated on the basis that: <ul style="list-style-type: none"> <li>(a) the amount of Interest Expense accrued will be increased by an amount equal to any amount payable by members of the Group under hedging agreements in relation to that period, but for the avoidance of doubt does not include any unrealised hedging arrangements; and</li> <li>(b) the amount of Interest Expense accrued will be reduced by an amount equal to any amount payable to members of the Group under hedging agreements in relation to that period, but for the avoidance of doubt does not include any unrealised hedging arrangements,</li> </ul> less, the amount of Interest Expense received or receivable (whether or not received) due to members of the Group during such period.
<b>Notes</b>	The subordinated notes to be issued by the Issuer on these Terms of Issue.
<b>Notes Record Date</b>	7.00pm on the Business Day immediately prior to the lodgement of the relevant IPO Disclosure Document with ASIC, or such other date to be determined by the Issuer.
<b>Notes Register</b>	The register of Holders (established and maintained in accordance with the Trust Deed) and, where appropriate, includes: <ul style="list-style-type: none"> <li>(a) a sub-register conducted by or for the Issuer pursuant to the Corporations Act, the Listing Rules or ASX Settlement Operating Rules; and</li> <li>(b) any branch register.</li> </ul>
<b>Obligor</b>	A member of the Group which grants Security and includes each 'Obligor' as defined in the Intercreditor Deed.
<b>Outstanding Interest</b>	In relation to a Note at any time, the aggregate of: <ul style="list-style-type: none"> <li>(a) any Suspended Interest in respect of that Note at that time; and</li> <li>(b) any other unpaid interest which is due and payable in respect of that Note at that time (including any interest accrued or compounded under clause 2.4).</li> </ul>

## B. MYOB Subordinated Notes Terms

Term	Meaning
<b>Payment Blockage</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Permitted Distribution</b>	<p>(a) any distribution from the proceeds of the Notes contemplated by the Prospectus if made before the quarterly consolidated unaudited financial statements of the Group for 31 December 2012 have been prepared;</p> <p>(b) a distribution by one member of the Group to another member of the Group;</p> <p>(c) (provided no Event of Default has occurred and is continuing) the payment of fees under monitoring or advisory arrangements or other payments, provided that the aggregate amount payable under this paragraph (c) does not exceed A\$2,500,000 in any financial year;</p> <p>(d) payments for corporate finance, mergers and acquisitions and transaction advice actually provided to the Group with respect to completed transactions on bona fide arms' length commercial terms of up to 1.50% of the aggregate consideration for the relevant transaction; and</p> <p>(e) any payments to fund withholding tax in an aggregate amount not to exceed A\$4,500,000 in any financial year (and provided further that the Issuer has procured that all reasonable endeavours are used to utilise any available exemptions for any such interest withholding tax).</p>
<b>Permitted Finance Debt</b>	<p>Finance Debt:</p> <p>(a) arising under any of the Senior Finance Documents (including any Acquisition Facility), and any agreements in relation to subordinated shareholder debt owed to the direct or indirect shareholders of the Group, their affiliates or managers or funds managed or advised by them, the Subordinated Note Funding Documents and any loan documents in relation to any Structural Adjustment;</p> <p>(b) to the extent covered by a letter of credit, guarantee or indemnity issued under an Ancillary Facility;</p> <p>(c) arising under a foreign exchange transaction for spot or forward delivery entered into in the ordinary course of business and in connection with protection against fluctuation in currency or interest rates and not for investment or speculative purposes;</p> <p>(d) of any person or in any business or undertaking acquired which is incurred under arrangements in existence at the date of acquisition, but not incurred or the principal amount increased (otherwise than by the capitalisation of interest) or its maturity date extended in contemplation of, or since, that acquisition;</p> <p>(e) under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed the aggregate of the value of all such capital leases as at the Issue Date and a further A\$6,000,000 (or its equivalent) at any time;</p> <p>(f) raised by the issue of redeemable shares which are either:</p> <p>(i) held by another member of the Group; or</p> <p>(ii) are not redeemable at the option of their holder until after the date which is not less than 12 months after the Maturity Date;</p> <p>(g) factoring of receivables on a non-recourse basis to the extent the amount raised thereby does not exceed A\$4,000,000 (or its equivalent in other currencies) at any time;</p> <p>(h) raised under local facilities provided that the aggregate amount of that indebtedness does not exceed A\$4,000,000;</p> <p>(i) arising under any cash pooling or management arrangement in the ordinary course of banking arrangements for the purpose of netting debit and credit balances between members of the Group provided that the aggregate net indebtedness arising from exposure under such arrangements does not exceed A\$4,000,000 or between non-Security Providers at any time;</p> <p>(j) not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed A\$10,000,000 (or its equivalent) in aggregate for the Group at any time other than to a member of the Group, an equity investor or their affiliates;</p>

<b>Term</b>	<b>Meaning</b>
	(k) any deferred consideration up to a maximum amount at time outstanding of A\$4,000,000;
	(l) under (i) a loan made by a Security Provider to another Security Provider or made by a member of the Group which is not a Security Provider to another member of the Group or (ii) any loan made by the Issuer or Security Provider to a member of the Group which is not a Security Provider so long as the aggregate amount of the Finance Debt under any such loans does not exceed A\$10,000,000 (or its equivalent) at any time;
	(m) any Finance Debt that is subordinated to the Senior Facilities, provided that incurring such Finance Debt does not cause the Total Net Leverage Ratio on such day to exceed 5.5 times;
	(n) any other Finance Debt in the ordinary course of business where the total amount outstanding does not exceed \$10,000,000 (or its equivalent) in aggregate for the Group;
	(o) any other additional Finance Debt not exceeding A\$10,000,000 (or its equivalent) in aggregate at any time which is incurred if there is no Senior Event of Default (as defined in the Intercreditor Deed) subsisting;
	(p) any Finance Debt for the purposes of refinancing any other Permitted Finance Debt on terms consistent with the Intercreditor Deed;
	(q) any existing Finance Debt of a Group member agreed by the Senior Agent in writing;
	(r) a Guarantee pursuant to Part 2M.6 of the Corporations Act or its equivalent;
	(s) any guarantees or indemnities or similar in respect of any of the Finance Debt set out in the paragraphs above;
	(t) any other Finance Debt incurred with the prior written consent of the Senior Agent, provided that incurring such Finance Debt would not cause the Total Net Leverage Ratio to exceed 5.5 times; or
	(u) any other Finance Debt permitted to be incurred by the Senior Facilities Agreement.
<b>Proper ASTC Transfer</b>	Has the meaning given in regulation 1.0.02 of the Corporations Regulations 2001 (Cth).
<b>Ratio Testing Date</b>	The last day of each calendar quarter commencing on 31 December 2012.
<b>Record Date</b>	In relation to an Interest Period, the date that is 7 days (or such other period as determined by the Directors from time to time in compliance with the Listing Rules) before the Interest Payment Date in respect of that Interest Period.
<b>Redemption Date</b>	In respect of any Note, the date for redemption of that Note in accordance with the Terms of Issue, including any Early Redemption Date and any date of exchange determined in accordance with clause 3.
<b>Related Body Corporate</b>	Has the meaning given to it in the Corporations Act.
<b>Revolving Facility</b>	Has the meaning given to it in the Senior Facilities Agreement.
<b>Security</b>	Has the meaning given to it in the Security Trust Deed.
<b>Security Trust Deed</b>	The Security Trust Deed dated 29 September 2011 made between, among others, MYOB Acquisition and the Security Trustee (as amended or restated from time to time).
<b>Security Trustee</b>	The security trustee pursuant to the Security Trust Deed, being initially National Australia Bank Limited.
<b>Senior Agent</b>	The agent for the senior lenders appointed under the Senior Facilities Agreement, being initially National Australia Bank Limited.
<b>Senior Creditor</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Senior Debt</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Senior Facilities</b>	The facilities under the Senior Facilities Agreement.
<b>Senior Facilities Agreement</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Senior Finance Documents</b>	Has the meaning given to it in the Intercreditor Deed.
<b>Significant Portion</b>	At least 25% of the assets of the Group.
<b>Subordinated Note Funding Documents</b>	Has the meaning given to it in the Intercreditor Deed.

## B. MYOB Subordinated Notes Terms

Term	Meaning
<b>Structural Adjustment</b>	Has the meaning given to it in the Senior Facilities Agreement.
<b>Subsidiary</b>	Has the meaning given in the Corporations Act 2001, but as if body corporate includes any entity. It also includes an entity required by current accounting practice to be included in the consolidated annual financial statements of that entity or which would be required if that entity were a corporation.
<b>Suspended Interest</b>	At any time, any interest deferred under clause 2.3(a) which has not been paid at that time.
<b>Suspension Condition</b>	In respect of any payment of interest on any Interest Payment Date or any Redemption Date: <ol style="list-style-type: none"> <li>the Interest Suspension Financial Covenant in relation to that payment is not satisfied;</li> <li>an amount of Senior Debt (other than any amount of Excess Cashflow payable as mandatory prepayment of the Senior Facilities) is due but unpaid; or</li> <li>a Payment Blockage subsists.</li> </ol>
<b>Tax</b>	Any charge, deduction, duty (including stamp duty, financial institutions duty, transaction duty and bank account debt tax), fee, impost, levy, tax (including any consumption tax, goods and services tax and value added tax) and withholding (together with any interest, penalties, fines and expenses in connection with any of them).
<b>Tax Act</b>	The Income Tax Assessment Act 1936 of Australia.
<b>Tax Event</b>	Occurs where, on or after the Issue Date, the Issuer receives an opinion of a nationally recognised legal counsel or other tax adviser in a relevant tax jurisdiction, experienced in such matters that, as a result of a Tax Event: <ol style="list-style-type: none"> <li>any payment of interest, the principal amount outstanding or the Early Redemption Amount is, or may be, subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which the Issuer must pay an additional amount; or</li> <li>payment of interest is not, or may not, be allowed as a deduction for the purposes of the Issuer's Australian tax purposes or the tax purposes of any other relevant tax jurisdiction.</li> </ol>
<b>Terms of Issue</b>	These terms and conditions of issue.
<b>Total Net Leverage Ratio</b>	On any date, the ratio calculated as follows: Total Net Leverage Ratio = A divided by B, where: A = the aggregate amount of all obligations of the Group for or in respect of Borrowings (without double counting) but: <ol style="list-style-type: none"> <li>including, in the case of Capitalised Lease Obligations, only the capitalised value thereof; and;</li> <li>deducting the aggregate amount of cash and cash equivalent investments held by any member of the Group at such time which can be freely applied to discharge the obligations of members of the Group in relation to Borrowings service without restrictions and without breaching any law or exchange control regulation and without incurring any Tax or other costs;</li> </ol> so that no amount shall be included or excluded more than once; and B = Adjusted Covenant EBITDA of the Group in respect of the 12 month period ending on the most recent Ratio Testing Date for which quarterly consolidated unaudited financial statements of the Group have been prepared. Adjusted Covenant EBITDA shall be determined by reference to the quarterly consolidated, unaudited financial statements of the Group which have been prepared for the relevant period, unless annual consolidated, audited financial statements for the Group for all or any part of the relevant period are available, in which case those annual accounts shall be used instead.
<b>Trust Deed</b>	The Trust Deed dated on or about 23 November 2012 between the Issuer and the Trustee as amended from time to time.
<b>Trustee</b>	The Trust Company (Australia) Limited (ACN 000 000 993)

# C. Glossary

This Appendix provides a glossary of key terms and abbreviations used throughout this Prospectus. For defined terms not listed below, refer to clause 17.2 of the Terms of Issue in Appendix B or the Security Trust Deed, the Intercreditor Deed and the Trust Deed which are incorporated into this Prospectus by reference.

<b>ABN</b>	Australian business number.
<b>ANZ Securities</b>	ANZ Securities Limited (ABN 16 004 997 111)
<b>Application Form</b>	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility).
<b>Australian Accounting Standards</b>	Accounting principles and practices applying by law or otherwise generally accepted in Australia consistently applied.
<b>Bain Capital</b>	Bain Capital Partners, LLC.
<b>BBSW</b>	Bank bill swap rate.
<b>Bell Potter</b>	Bell Potter Securities Limited (ABN 25 006 390 772).
<b>Board</b>	The board of Directors of the Issuer.
<b>Bookbuild</b>	The process described in Section 7.3.1 to determine the Margin.
<b>Broker Firm Applicant</b>	An Eligible Client who applies for Notes under the Offer.
<b>Broker Firm Offer</b>	The Offer of Notes under this Prospectus to Eligible Clients, of Syndicate Brokers who have received a firm allocation from their broker.
<b>Cashflow Cover Ratio</b>	Has the meaning given to it in Section 2.2.11 and Section 4.8.
<b>CHES</b>	Clearing House Electronic Subregister System operated in accordance with the Corporations Act.
<b>Closing Date</b>	The last day by which applications must be lodged for the Offer, being: <ul style="list-style-type: none"> <li>– 19 December 2012 for the Broker Firm Offer (unless varied); and</li> <li>– 12 December 2012 for the General Offer (unless varied).</li> </ul>
<b>cloud computing</b>	The use of computing resources (hardware and software) that are delivered as a service over a network (typically the internet).
<b>Covenant EBITDA and Adjusted Covenant EBITDA</b>	The measures of EBITDA applied in the calculation of financial covenants in Notes and Senior Facilities as further described in Sections 4.8 and 5.5.
<b>Cover</b>	Includes free software updates and access to MYOB technical support as well as other benefits and discounts, refer to section 3.4.1.
<b>Current Owners</b>	The Shareholder of MYOB Holdings (MYOB Group Pty Limited), funds advised by Bain Capital, members of management and others.
<b>Deutsche Bank</b>	Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162).
<b>Director</b>	A director of the Issuer.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation expense and excluding impairment gains or losses.
<b>Eligible Client</b>	A retail client in Australia or New Zealand of a Syndicate Broker or a client of a Syndicate Broker to whom an Offer can be made having regard to the restrictions on distribution in Section 7.3.6, invited to participate through the Broker Firm Offer.
<b>ERP</b>	Enterprise resource planning.
<b>Expiry Date</b>	The date of expiry of this Prospectus, which is 13 months from the date of the Original Prospectus.
<b>Exposure Period</b>	The seven day period (unless otherwise extended by ASIC) after the date the Original Prospectus was lodged with ASIC during which the Corporations Act prohibits the acceptance of applications.
<b>Face Value</b>	The principal amount of each Note, that is \$100 per Note.
<b>FTE</b>	Full time equivalent.
<b>General Applicant</b>	A member of the general public who is in Australia or New Zealand and who applies for Notes under the General Offer.
<b>General Offer</b>	The invitation to the general public in Australia or New Zealand to apply for Notes under this Prospectus.

<b>GST</b>	The Goods and Services Tax as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>HIN</b>	Holder Identification Number for Notes (when issued) held on the CHESSE sub-register.
<b>Insolvency Event</b>	Has the meaning given to it in the Intercreditor Deed, which, in summary includes any corporate action, legal proceedings or other procedure or step taken in relation to the suspension of payments, a moratorium of any indebtedness, a composition, assignment or arrangement with any creditor, the appointment of a liquidator, receiver, administrator, the enforcement of a security interest and various other customary insolvency proceedings, or any analogous event occurring in any jurisdiction, in relation to a MYOB Obligor, subject to exceptions.
<b>Institutional Investor</b>	An investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality which the Issuer is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act and who were invited by the Structuring Advisers to bid for Notes in the Bookbuild.
<b>Institutional Offer</b>	The invitation by the Structuring Advisers to Institutional Investors to bid for Notes in the Bookbuild.
<b>Intercreditor Deed</b>	The intercreditor deed described in Section 5.9.
<b>Interest Cover Ratio</b>	Has the meaning given to it in Section 5.5 and Section 4.8.
<b>Investigating Accountant</b>	PricewaterhouseCoopers Securities Limited (ACN 003 311 617).
<b>Issue Date</b>	20 December 2012, the intended date of issue for Notes.
<b>Issue Price</b>	The issue price for Notes, being \$100 per Note.
<b>Issuer</b>	MYOB Finance Australia Limited (ABN 25 161 013 654).
<b>Joint Lead Managers</b>	ANZ Securities, Deutsche Bank, Macquarie, Morgan Stanley, UBS, and Westpac Institutional Bank.
<b>LTM</b>	Last 12 months, for example LTM to 30 September 2012.
<b>Macquarie</b>	Macquarie Capital (Australia) Limited (ABN 79 123 199 548).
<b>Maturity Date</b>	20 December 2017.
<b>Morgan Stanley</b>	Morgan Stanley Australia Securities Limited (ACN 078 652 276).
<b>MYOB</b>	The business conducted by the MYOB Group.
<b>MYOB Borrower</b>	MYOB Acquisition Pty Limited (ABN 87 152 571 367), a direct wholly owned subsidiary of MYOB Holdings and a borrower under the Senior Facilities.
<b>MYOB Group</b>	MYOB Holdings and each of its subsidiaries, including the Issuer.
<b>MYOB Holdings</b>	MYOB Holdings Pty Limited (ACN 152 570 431), the parent entity of the MYOB Group.
<b>MYOB Obligors</b>	The entities that provide guarantees and security in respect of the Senior Debt and Notes (a subset, not all of, the MYOB Group). Refer to Section 2.4.2.
<b>MYOB Subordinated Notes or Notes</b>	The subordinated notes issued by the Issuer on the Terms of Issue set out in Appendix B.
<b>MYOB Subordinated Notes Offer Information Line</b>	The information line 1800 868 464 or +61 2 8280 7798 between the hours of 8:30am to 5:30pm, Monday to Friday.
<b>Offer</b>	The offer by the Issuer of Notes to raise \$150 million, with the ability to raise more or less.
<b>Offer Management Agreement</b>	The offer management agreement entered into between the Issuer and the Joint Lead Managers, a summary of which is set out in Section 9.4.
<b>Offer Period</b>	The period when applications for the Offer can be accepted, which ends on the Issue Date.

<b>Opening Date</b>	The date the Offer opens, being 4 December 2012.
<b>Original Prospectus</b>	The prospectus lodged with ASIC on 26 November 2012, which was replaced by this Prospectus.
<b>Privacy Act</b>	Privacy Act 1998 (Cth).
<b>Pro forma historical financial information</b>	Means the financial information in this Prospectus presented on a pro form basis as described in Section 4.1, with for example the <b>pro forma EBITDA</b> and <b>pro forma NPAT</b> of the MYOB Group set out in Section 4.2, <b>pro forma operating cash flow</b> of the MYOB Group set out in Section 4.3, and the <b>pro forma balance sheet</b> of the MYOB Group and the Issuer set out in Section 4.6 and 4.7 respectively, calculated in each case as described in Section 4.
<b>Prospectus</b>	This document (including the electronic form of this Prospectus), as supplemented or replaced.
<b>Registry</b>	Link Market Services (ABN 54 083 214 537) or any other registry that the Issuer appoints to maintain the Register.
<b>Security</b>	The security granted by the MYOB Obligors in support of the Senior Debt and from the Issue Date, Notes on a second ranking and subordinated basis.
<b>Security Trust Deed</b>	The security trust deed described in Section 5.9.
<b>Senior Creditors</b>	Means the senior beneficiaries under, and as defined in, the Security Trust Deed, including the providers of Senior Facilities and hedging described in Section 5.
<b>Senior Debt</b>	Has the meaning given to it in the Intercreditor Deed (and includes the amounts drawn under the Senior Facilities and liabilities under hedging agreements).
<b>Senior Facilities</b>	The debt facilities provided under the Senior Facilities Agreement, as summarised in Section 5.
<b>Senior Facilities Agreement</b>	The syndicated facility agreement dated 28 September 2011 between MYOB Acquisition Pty Limited, National Australia Bank as “Agent” and “Security Trustee” and others.
<b>Senior Finance Documents</b>	Has the meaning given to it in the Intercreditor Deed and includes the Senior Facilities Agreement and hedging agreements.
<b>Senior Leverage Ratio</b>	Has the meaning given to it in Section 5.5 and Section 4.8.
<b>Shareholder of MYOB Holdings</b>	MYOB Group Pty Limited (ACN 153 094 958), the shareholder of MYOB Holdings and not a member of the MYOB Group.
<b>SRN</b>	Securityholder reference number.
<b>Structuring Advisers</b>	Deutsche Bank, Morgan Stanley and UBS.
<b>Syndicate Broker</b>	The Joint Lead Managers, Co-Manager and any other participating organisation of ASX selected by the Joint Lead Managers to participate in the Bookbuild (including any affiliate of the Joint Lead Managers).
<b>Terms of Issue</b>	The terms of issue of Notes set out in Appendix B.
<b>TFN</b>	Tax file number.
<b>Trust Deed</b>	The deed dated 23 November 2012 (as amended by deed of amendment dated 4 December 2012) between the Issuer and the Trustee governing the issue of Notes described in Section 9.3.
<b>Trustee</b>	The Trust Company (Australia) Limited (ACN 000 000 993).
<b>UBS</b>	UBS AG, Australia Branch (ABN 47 088 129 613).
<b>US\$</b>	United States dollar currency.
<b>Westpac Institutional Bank</b>	Westpac Institutional Bank, a division of Westpac Banking Corporation (ABN 33 007 457 141).

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# Corporate directory

## ISSUER'S REGISTERED OFFICE

MYOB Finance Australia Limited  
12 Wesley Court  
Burwood East, VIC 3151, Australia

## JOINT STRUCTURING ADVISERS & JOINT LEAD MANAGERS

Deutsche Bank  
Level 16, Corner of Hunter and Phillip Streets  
Sydney, NSW 2000, Australia

Morgan Stanley  
Level 39, Chifley Tower, 2 Chifley Square  
Sydney, NSW 2000, Australia

UBS  
Level 16, Chifley Tower, 2 Chifley Square  
Sydney, NSW 2000, Australia

## JOINT LEAD MANAGERS

ANZ Securities  
Level 9, 833 Collins Street,  
Docklands, VIC 3008, Australia

Macquarie  
Level 9, No.1, Martin Place  
Sydney, NSW 2000, Australia

Westpac Institutional Bank  
Level 2, 275 Kent Street  
Sydney, NSW 2000, Australia

## CO-MANAGER

Bell Potter Securities Limited  
Level 29, 101 Collins Street  
Melbourne, VIC 3000, Australia

## AUSTRALIAN LEGAL ADVISER

Clayton Utz  
Level 15, 1 Bligh Street  
Sydney, NSW 2000, Australia

## LEGAL ADVISER

Ropes & Gray  
Level 41, One Exchange Square  
8 Connaught Place  
Central, Hong Kong

## INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd  
Darling Park Tower 2, 201 Sussex Street  
Sydney, NSW 2000, Australia

## REGISTRY

Link Market Services  
Level 12, 680 George Street  
Sydney, NSW 2000, Australia

## TRUSTEE

The Trust Company (Australia) Limited  
Level 3, 530 Collins Street  
Melbourne, Victoria 3000, Australia

## MYOB SUBORDINATED NOTES OFFER INFORMATION LINE

1800 868 464 or +61 2 8280 7798  
(Monday to Friday from 8:30am to 5:30pm)

## MYOB SUBORDINATED NOTES OFFER WEBSITE

[www.myobnotesoffer.com](http://www.myobnotesoffer.com)

## CORPORATE WEBSITE

[www.myob.com.au](http://www.myob.com.au)



**How to contact us**

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