

# AUSTRALIAN BOND EXCHANGE

OFFERING HIGH YIELD AND HIGH SECURITY INVESTMENTS

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IPO TERM  
SHEET

**ABX**  
Australian Bond Exchange

**PULSE**  
MARKETS

Stock MarketPlace™

## TERM SHEET

Stock MarketPlace™ (“SMP”) and Pulse Markets Pty Ltd (“Pulse”) have been engaged as Joint Lead Managers to the proposed ASX listing (“IPO”) of Australian Bond Exchange Limited (“ABX”). This Term Sheet specifies the indicative timetable and terms and conditions on which the Offer will proceed. This document has been prepared for the general information of investors and not having regard to any particular person’s financial situation, objectives or needs. Accordingly, in so far as any information may constitute advice (whether express or implied), it is general advice and no recipient should rely upon it without having obtained specific advice from their advisor. SMP nor Pulse make no representation, gives no warranty and does not accept any responsibility for the accuracy or completeness of any recommendation, information or advice contained herein.

Company	
Issuer	Australian Bond Exchange Limited (“ABX” or the “Company”).
Joint Lead Managers	Stock MarketPlace™ (“SMP”) – <a href="mailto:timothy@stockmarketplace.com.au">timothy@stockmarketplace.com.au</a> 0466 558 875
	Pulse Markets Pty Ltd (“Pulse”) – <a href="mailto:ssandilands@pulsemarkets.com.au">ssandilands@pulsemarkets.com.au</a> 0412 166 471

Offer	
Securities	ABX is undertaking a IPO placement of \$5.2m - \$10.4m via this issue of listed securities
Pricing	A\$0.65 cents per share
Market capitalisation	Post-IPO \$71.1m - \$76.3m
Proposed ASX Code	ASX: ABE
Sector	Financial Technology (“FinTech”)
Process	The IPO will be completed through Electronic and Manual applications.

### Summary

- Since 2015 ABX has become Australia’s pre-eminent marketplace for private client investment in fixed income
- ABX has developed a financial technology business that offers Bond Trading, Settlement and Custodial services
- Fully operational, interconnected with IRESS, Australian Money Market (AMM) & ABX’s own B2C website
- Broker & other partners already include DNX Solutions, Shaw & Partners, Perpetual, Taylor Collison and ANZ
- Over \$22b in transaction volume to date and over \$5m revenue in FY21
  - FY21 saw 58% increase in transaction volume and 79% increase in revenue - Now ready to scale up
- A clear growth strategy targeting a large, under-served and growing market
- Bulk of funds from the IPO will go towards sales and marketing and enable ABX to grow even faster

*A FinTech with a proven model that is fully built, operating and generating revenue*

Indicative timing	All dates are subject to change
Lodge Prospectus with ASIC	22 October 2021
Offer opens	1 November 2021
Broker Offer & Chairman’s list offer closes	19 November 2021
Public Offer Closes	19 November 2021
Settlement of the Offer	26 November 2021
Expected date for quotation on ASX	6 December 2021



## Established company with a proven business model

### Business Model:

- ABE PL - the AFSL which provides investment advice & trade execution services
- ABE provides advisers & brokers access to an OTC trade execution & settlement service where they can provide their clients with direct, efficient & cost-effective access to the Australian OTC bond market

#### Clients

- ✓ Client base includes Bond Investors such as
  - Individuals
  - SMSFs, and
  - Institutional Investors:
    - Fund managers
    - Financial advisers; and
    - Large local & global financial institutions

#### Revenue

Revenue is generated by charging:

1. A trading spread on each transaction
2. A trading spread or commission on each transaction as part of its institutional trading desk
3. Bond Investor clients brokerage on transactions as part of its financial advice and dealing services division; and
4. Issuers an origination fee for product origination

## An integrated Suite of Products

ABX integrates the Australian OTC bond market into Australian private investors' portfolios via the traditional market frameworks.



#### Transaction Engine

Presents pre trade live bond pricing and accepts orders from a variety of different sources such as Iress, AMM and internal brokers. The transaction engine ensures fair and transparent pricing and trading for all participants

#### Settlement Engine

Integrates the transaction engine, the Australian banking system and the Global Asset Register. It settles the trades processed by the transaction engine by withdrawing the money direct from the client's nominated bank account at the time of settlement (currently T+2). This engine replaces the need for clearing which reduces settlement risk, removes the need for prefunding and lowers processing and transaction costs.

#### Global Asset Register

The central electronic register of all bond ownership on ABE's exchange. The system allows for any registered participant, be it institution, broker or private investor clear and transparent registration and transfer of assets. This system updates connected brokers and financial planners with mark-to-market prices for their clients daily, presents regular holding statements to bond holders and allows for fast and efficient distribution of regular bond coupon payments and other corporate actions.

#### ABE Self Service Portal

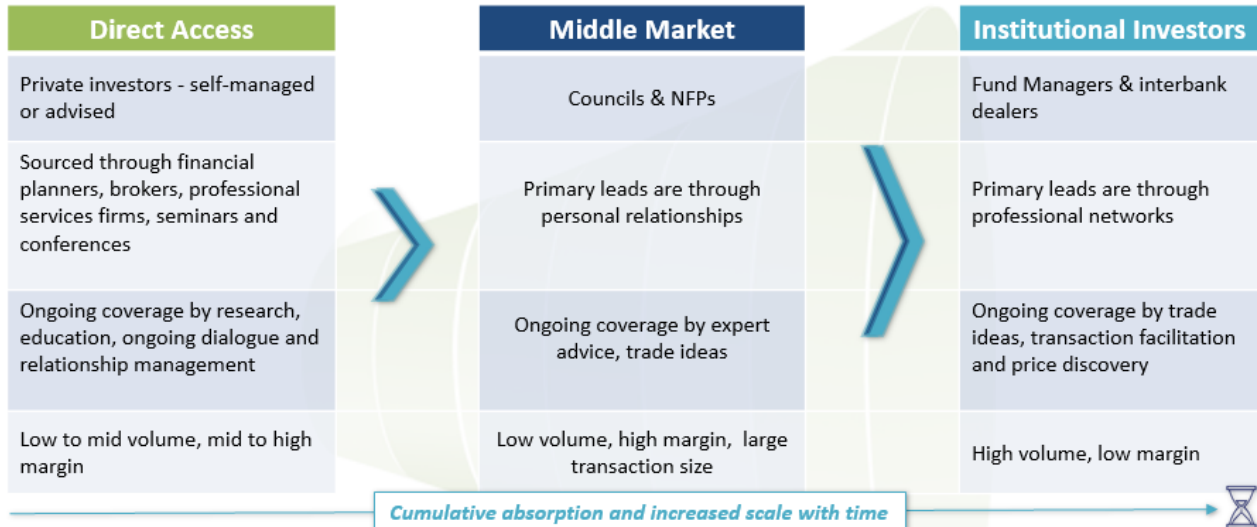
With the aim to allow access for all, this portal allows for Australian private investors that do not have financial advice from brokers or financial planners to trade bonds directly. Using this system private investors receive the same pricing and access as every other participant on the ABE transaction engine and allows them to buy, sell, track and manage their portfolio entirely online.

#### KYC Onboarding

Integrated with the self service portal this provides an efficient quick and easy personal identification process for Australian private investors to prove who they are online to comply with KYC and AML regulation. This shortens the onboarding time for new clients from days to minutes and means new clients can begin trading quickly.



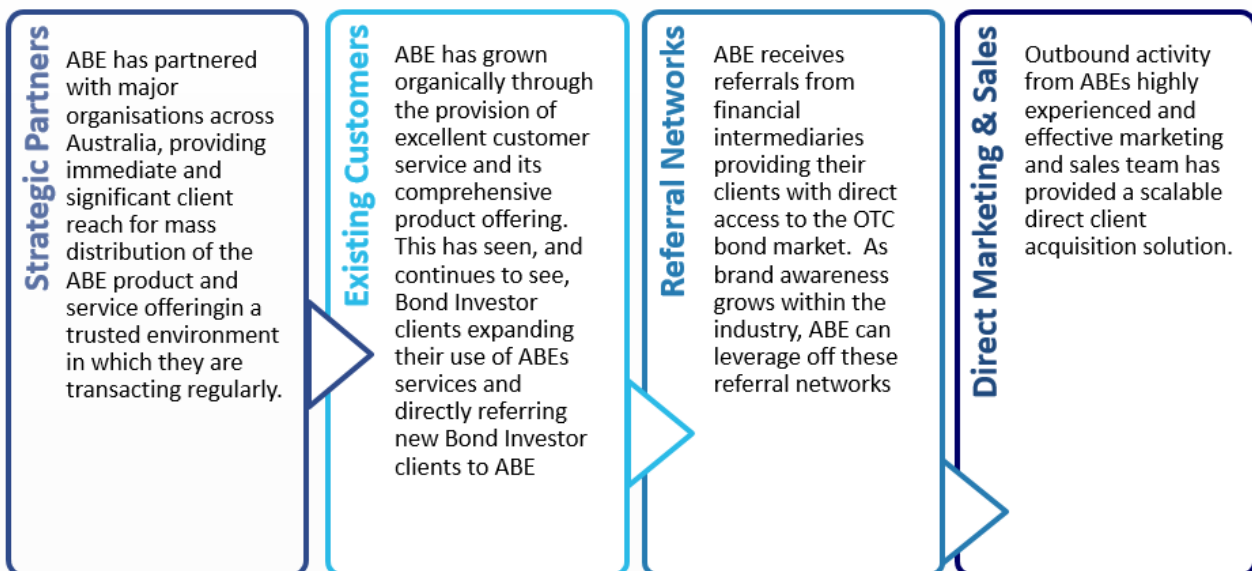
The ABX platform is used by Retail, Wholesale and Institutional investors



**GROWTH STRATEGY**

- 1 Provide **equal access, price transparency, liquidity and technology** with an initial focus on **direct access investors** and **developing the brand**
- 2 Develop and advise corporates to provide **innovative structured products** enhancing yield and attracting more investors to the exchange
- 3 **Promote and facilitate** increasing liquidity to a meaningful scale in order to **accumulate increasingly larger market participants** e.g. institutions

Lead-generation is obtained from Multiple channels





## ABX already has Platform Superiority

Other bond trading platforms do not provide the extent of functionality of ABX

	ABX Australian Bond Exchange	XTB	Cashwerkz	Market Axess	Bloomberg	Tradeweb	MTS
Access for institutional investors	✓	✓	✓	✓	✓	✓	✓
Access for retail investors	✓	✓	✓	✗	✗	✗	✗
Custodial services	✓	✗	✓	✗	✗	✗	✗
Access for equity stockbrokers	✓	✓	✗	✗	✗	✗	✗
Instantaneous settlement	✓	✗	✗	✗	✗	✗	✗

*\*ABX is currently working on building out a NPP with ANZ*

## A disrupter with massive growth opportunity

The fixed-interest market is multiple times larger than the Equities Market, providing **huge opportunity for growth in the ABX**.

Australia – 2020	# of new issues	AUD\$ of new issues	Ave. daily turnover AUD \$b	Ave transaction size
Equity Issues	176	\$41b	\$4b	\$4,376
Bond Issues	689	\$286b	\$63b	\$2,900,000

ABX is the newest exchange and **disrupting a traditional market**. Since the merger of the capital city stock exchanges in the late '80's, all major markets have been disrupted by technology.



— Market Axess<sup>®</sup> *Listed: 2004*

— ASX *Listed: 1998*

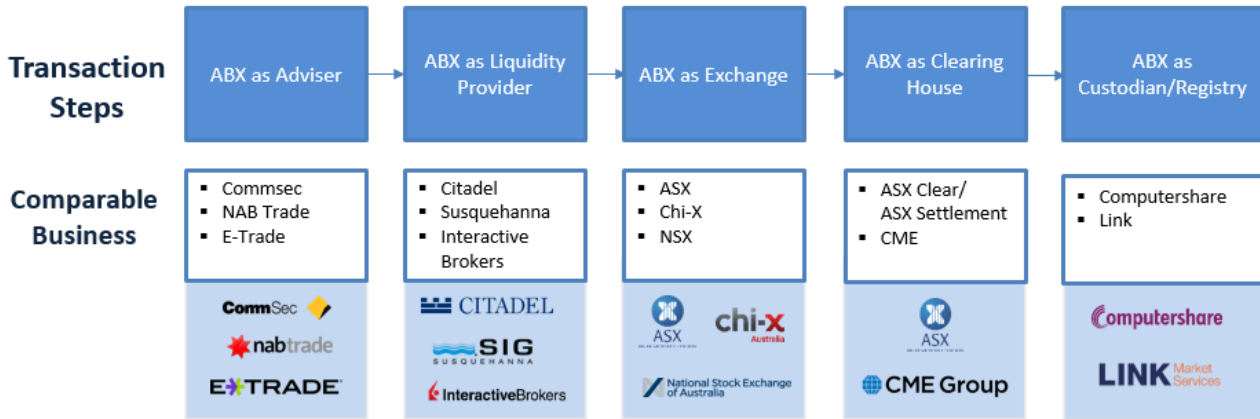
— PEXA

— OFX *Listed: 2013*

— ABX  
Australian Bond Exchange



Pre-trade, trade execution and post-trade services are comparable to the Equities market



### Other ABX product offerings

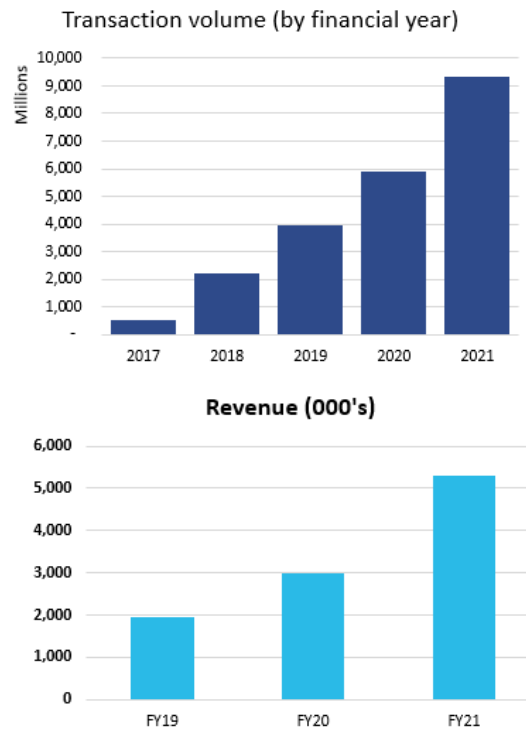
In addition, ABX will also originate new issues and manufacture and distribute multiple bond & synthetic bond products to meet demand. This includes co-investment opportunities, yield enhancement products, direct loans & other non-exchange traded opportunities for investors

ABX has experienced continual growth in both Transactions and Revenue

79% revenue growth to \$5.3m in FY21

A 58% increase in transaction volume to \$9.3 billion in FY 21  
(across a range of OTC bonds, including govt, semi-govt, supranational and corporate bonds in several currencies)

Since its inception ABE has grown rapidly- generating transaction volumes of over \$22B





## Funds will be applied to scale up, increase client acquisition and extend revenue growth

The bulk of funds will be applied to revenue generating activities. Refer table in Key Details below for more information



- 01 Revenue generation: Sales and Marketing:**
  - Allow ABE to increase the size of its sales and marketing team, to facilitate the growth of its current business, and to support the marketing of its new technology
- 02 Trading platform & IP: Trading platform dev & IP protection:**
  - Fund the costs of seeking patent protection for its new technology and fund continued development of the technology
- 03 Product Development: Operational expenses**
  - Fund the costs of employing support staff in operational risk and regulatory compliance functions to support business expansion
- 04 Run the business: Working Capital:**
  - Provide increased working capital to allow for growth in ABE's current business, and regulatory costs
- 05 Inventory and Liquidity funding: Bond Trading**
  - Fund real time gross settlement (RTGS) of bond transactions allowing ABE to trade with a greater number of counterparties in larger transaction sizes.
  - ABE's transaction size can be significant for any single trade and therefore ABE needs significant cash at hand to settle these transactions.

## Directors

### Allan Farrar | Non-Executive Chairman

- Last role Head of the Corporate Finance business of PKF in Sydney
- Previous Chairman & NED of the ASX listed: Balmoral Corporation Ltd, Sabre Group Ltd, HarTec Ltd, Datadot Tech Ltd & Longreach Group Ltd. Previous NED of ASX listed Amalgamated Equities Ltd, Signature Leisure Ltd, Lasseters Corp Ltd & Cypress Lakes Gro Ltd Also NED of Shanghai Electric Power's Australian subsidiary Rosecorp (Rose Property Group).
- Co-founder of ABX in 2015

### Brad McCosker | Chief Executive Officer and Managing Director

- 25 years of experience in investment banking and in the financial markets, specifically with firms such as Deutsche Bank, Macquarie Bank, ABN Amro, and Citibank.
- Former Americas Head of the Client Coverage Group for Deutsche Bank in New York & Senior Advisor at APRA and Senior Manager for Risk Policy at ASX.
- Co-founder of ABX in 2015

### Michael Vanderdonk | Chief Technical Officer and Non-Executive Director

- Overseen the technical and engineering design of the infrastructure and systems of ABE since 2015 & heads ABE's evaluation of new technology, manages internal systems testing, and handles technical interface with key vendors.
- Prior to ABE worked at EMC (now DellEMC) Asia on Infrastructure, Cloud based computing, Big Data, Artificial Intelligence (machine learning) & Data Science for companies such as ANZ bank, Singapore Government, Intel, AXIS Bank, CSC Australia, KPMG Consulting, and Credit Suisse.
- Co-founder of ABX in 2015

### Nina Vanneck | Non-Executive Director

- Over 25 years of experience in media & technology in the UK and Australia. Worked at Google since 2010, and she sits on the Google Australia & NZ management team and is Country Manager of the Publisher Ad Tech division. Represents Google on the Executive Technology Council of IAB Australia.
- Career a mixture of commercial roles in technology sales (at Google), product (at AOL Europe), channel management (News UK), business development (Fairfax), media research (ACNielsen, Virgin Television) & advertising strategy (Yahoo!7)



## Key Details

### DIRECTORS

Allan Farrar	Non-Exec Chairman
Bradley McCosker	CEO & Managing Director
Michael Vanderdonk	CTO & Exec Director
Nina Vanneck	Non-Exec Director

### MAJOR SHAREHOLDERS (Post IPO on min. subscription)

Fieldrock P/L (B McCosker)	46.1%
Anex Industrial Corp P/L (A Farrar)	6.7%
Lannali P/L (M Mueller)	6.6%
Toach P/L (M Vanderdonk)	6.6%
Anticipate 71%/ 24m escrow subject to ASX	

### INDICATIVE TIMETABLE

Lodge Prospectus with ASIC	22 October 21
Offer Opens	1 November 21
Offer Closes	19 November 21
Settlement	26 November 21
Expected date for quotation on ASX	6 December 21

### APPLICATION OF FUNDS

	MIN ('000)	MAX ('000)
Funds raised from the Offer	5,200	10,400
Sales & Marketing	1,000	4,000
Further development of ABE technology & intellectual property protection	400	500
Operational Expenses	500	1,000
Working Capital	1,630	2,300
Inventory & Liquidity Funding	750	1,330
Expenses to the Offer	920	1,270

### INDICATIVE CAPITAL STRUCTURE AT LISTING

	Min	Max
Existing Shares on issue	101.4m	
Existing Options on issue	2.1m	
Public offer shares	8.0m	16.0m
Options (\$1.95/ 5 years)	1.3m	2.6m
Total value of shares offered under the Prospectus	\$5.2m	\$10.4m
TOTAL SHARES ON ISSUE POST IPO	112.8m	122.1m
Indicative Market cap @ \$0.65c	\$71.1m	\$76.3m

Dates and details indicative and subject to change

## Corporate Directory

### Company Secretary

Steve Alperstein

### Registered and Principal Office

c/- RBW Accountants  
Suite 501, 83 York Street  
Sydney NSW 2000

### Auditor

Kreston Stanley Williamson  
Level 1, 34 Burton Street  
Kirribilli NSW 2061

### Share Registry

#### Computershare

Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067

Phone: 1300 395 841 (within Australia)  
or +61 3 9415 4393 (outside Australia)  
between 8:30am and 5:00pm (Sydney Time),  
Monday to Friday

Email: [support@bondexchange.com.au](mailto:support@bondexchange.com.au)

Website: [www.bondexchange.com.au](http://www.bondexchange.com.au)

Prospectus can be obtained from

[www.bondexchange.com.au/prospectus](http://www.bondexchange.com.au/prospectus)

### Investigating Accountant

KrestonSW Audit Pty Ltd  
Level 134 Burton Street  
Kirribilli NSW 2061

### Patent Attorney

Adams Pluck  
Suite 4, Level 3, 20 George Street  
Hornsby NSW 2077  
Australia

### Legal Advisors

Thomson Geer  
Sixty Martin Place  
Level 14, 60 Martin Place  
Sydney, NSW 2000

### Tax Advisor

PKF  
Level 8, 1 O'Connell St  
Sydney NSW 2000

## JOINT LEAD MANAGERS

### Stock MarketPlace™

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Contact: Timothy Sylvester

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[timothy@stockmarketplace.com.au](mailto:timothy@stockmarketplace.com.au)



### Pulse Markets Pty Ltd

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Sydney, NSW 2000





## AUSTRALIAN BOND EXCHANGE LIMITED BINDING AND IRREVOCABLE BROKER FIRM BID

**FIRM OFFER DUE:**

**19 November 2021**

This timetable is indicative only and is subject to change without notice.

Email to:

<b>AFSL organisation</b>	
<b>AFSL number</b>	
<b>Contact name</b>	
<b>Email</b>	
<b>Phone number</b>	
<b>Quantity</b>	
<b>Value</b>	A\$0.65 (65 cents)
<b>Authorising name</b>	
<b>Position</b>	
<b>Signature</b>	
<b>Date</b>	







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#### Not an offer

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#### Financial information

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