2016 IPO REPORT

"Good things come in small packages"

January 2017

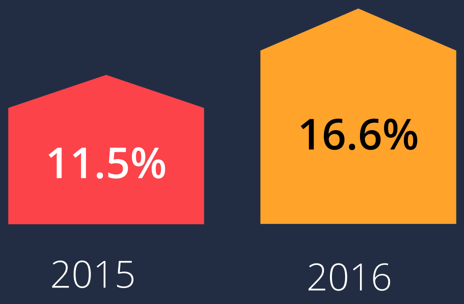
Highlights

OnMarket

More IPOs and better returns

	2015	2016	
Number of IPOs	85	96	↑ 12.9%
Average End of Year Return	21.7%	25.4%	↑ 3.7%

Average First Day IPO Return



IPOs outperformed the ASX200 by **17.9%** in 2016

IPO Return	25.4%
ASX200 Return	7.5%

IT and Materials saw the strongest growth by number of IPOs accounting for **39%** of all IPOs

Information Technology
17 in 2015
25 in 2016
↑ +47%

Materials
3 in 2015
12 in 2016
↑ +300%[2]

Financials
21 in 2015
15 in 2016
↓ -29%

Highlights

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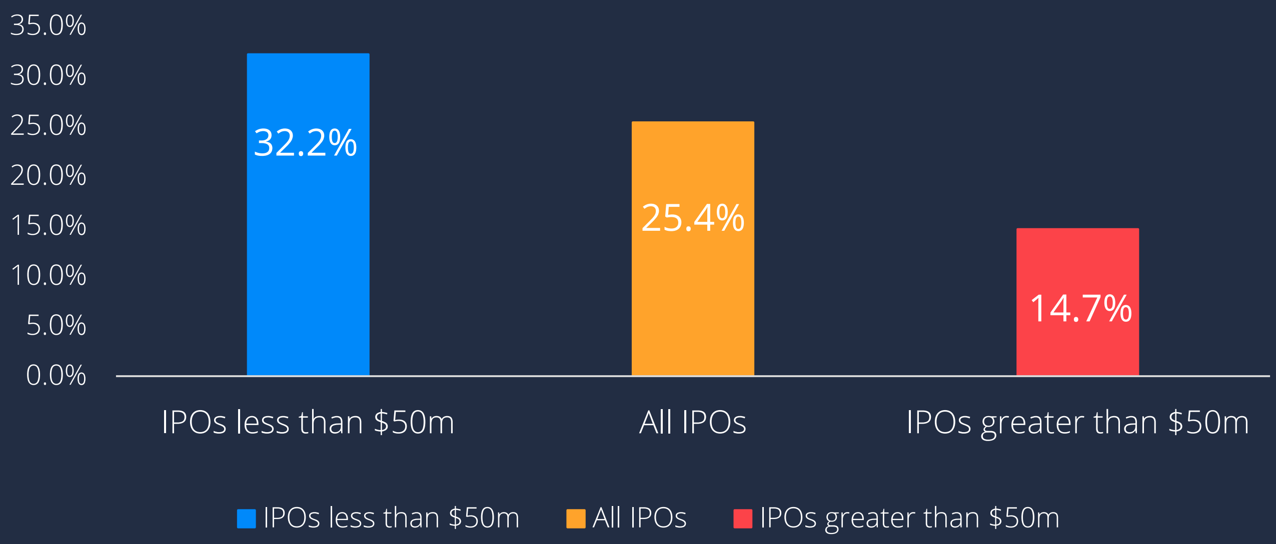
Good things came in small packages in 2016 when it came to price performance at year end



Sectors raising more funds, performed worse on average at year end than sectors raising fewer funds

Raise high | Return low

Real Estate

34.1% — Of total funds raised

0.0% — Average end of year return

Financials

15.6% — Of total funds raised

-8.2% — Average end of year return

Raise low | Return high

Healthcare

0.8% — Of total funds raised

24.2% — Average end of year return

Materials

1.8% — Of total funds raised

16.2% — Average end of year return

A word from the CEO

Ben Bucknell, CEO of OnMarket BookBuilds

Dear Investor,

2016 rounded out a fantastic year for investors looking at IPOs as an asset class: IPOs outperformed the ASX200 by 17.9%.

The most interesting trend for me, has been the outperformance of the smaller IPOs. While conventional wisdom may say that the larger the company the safer the investment, but companies raising less than $50 million were the clear winners, returning investors 32.2%.

"The most interesting trend for me, has been the outperformance of the smaller IPOs."

The year was also significant from the regulatory perspective. ASX implemented new Listing Rules, slightly lowering the spread requirement to 300 investors per IPO across the board and irrespective of size. OnMarket fought a hard campaign on behalf of thousands of our members to make sure retail investors continued to get access to Australian IPOs.

What can we expect in 2017? Given the strong opening to equity markets in 2017, and the number of IPOs that were pushed back in Q4 last year, we anticipate a strong start to the year.

We offered 1 in 3 ASX IPOs to retail investors last year and saw strong interest – and no fatigue for the right sorts of opportunities as the year came to a close. In 2017, we expect that investors will continue to support companies that are capitalising on strong growth trends in their industries or the broader economy. If the commodity rally continues, the number of resource-based IPOs could pick up after a few lean years. We also expect that more LICs will come to market in 2017 after a strong 2016 where investors continued to take advantage of their comparatively low cost for diversification.

"We offered 1 in 3 ASX IPOs to retail investors last year and saw strong interest."

Happy investing!

Ben Bucknell

2016 IPO Overview

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2016 was a strong year for Australian companies floating on ASX. The number of IPOs rose to 96 (from 85 in 2015), implying an average of eight per month or two a week – certainly enough to keep the most active investors busy.

Though the absolute number of new floats increased, the market capitalisation at listing of these new ASX entrants was lower in 2016 than the prior year. Signalling a return to the smaller end of the market and, in the fourth quarter, a degree of 'deal fatigue' on the part of investors as many of the larger floats planned for this traditionally busiest quarter of the year were pushed into 2017.

On performance, investors had little reason to complain on average: IPOs outperformed the ASX200 index by 18% and returned an average of 25% at year end. And more so because the best performance was seen at the smaller end of the market. New floats that issued less than $50 million outperformed those that issued more than $50 million by 17.5% at year end, an encouraging statistic for investors taking a portfolio approach to IPO investing.

First day returns were also impressive and increased by 5% on the prior year, indicating either strong aftermarket support and a good investor following, or a strategy to leave some room for a price rise in the way new issues have been priced.

"The best performance was seen at the smaller end of the market. New floats that issued less than $50 million outperformed those that issued more than $50 million by 17.5% at year end."

2015 and 2016 IPOs

Year	# of IPOs	Market Cap.	Total Raised	First Day Return	End of Year Return
2016	96	$13.6bn	$8.3bn	16.6%	25.4%
2015	85	$17.2bn	$8.6bn	11.5%	21.7%

Price Performance

IPOs listed in 2016 outperformed the ASX 200 by 18%

Price performance of IPOs was strong in 2016 on average and better than in 2015.

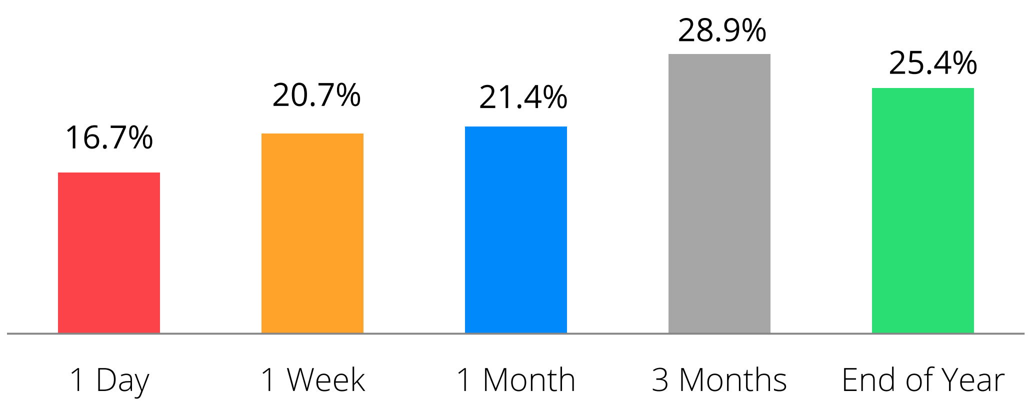
Average first day returns were higher in 2016 than in 2015 by 5% indicating a robust aftermarket for most new floats. CFOAM was the best 1st day performer with a 250% lift on Day 1, followed by Abundant Produce (+175%) and Aurora Labs (+150%).

End of year average performance was also strong at 25.4% on average. Aurora Labs was the year's best performing IPO returning +1,395% at year end, followed by Abundant Produce (+230%) and Afterpay Holdings (+152%).

Overall strong return numbers indicates a healthy market after the completion of the IPO and possibly an undervaluing of shares at issue, leaving value on the table for investors taking on the risk at the earliest stage in the life of a public company.

> *"Overall strong return numbers indicates a healthy market following the completion of the IPO and possibly an undervaluing of shares at issue."*

2016 Average IPO Returns



Price Performance

IPOs listed in 2016 outperform ASX 200 by 18%

An interesting trend in 2016 was the outperformance of IPOs with smaller offer sizes when compared to the overall IPO returns as well as larger floats.

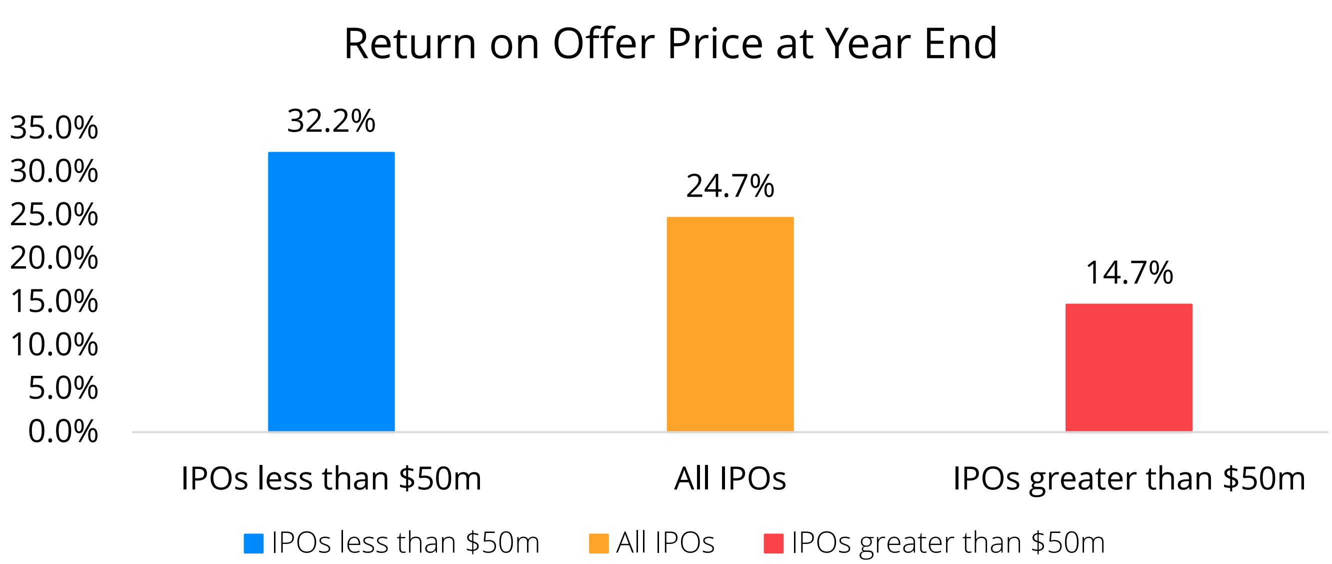
Conventional wisdom would imply that the larger the IPO, the more successful the company, the better the investment.

However, for investors chasing lucrative returns, it appears that these are to be found in the smaller end of the new floats market.

IPOs with issue sizes less than $50 million outperformed the entire IPO universe by 6.8%, and returned 17.5% more at the end of the year than IPOs with issue sizes greater than $50 million.

Why is that smaller IPOs are undervalued on IPO? Perhaps because of the paucity of institutional funds for microcaps, companies need to under-price in order to attract retail investors. Or perhaps it is a case of a higher return is needed to offset the higher risk of companies seeking growth capital.

> *"It appears the best returns are to be found at the smaller end of the new floats market. IPOs with issue sizes less than $50 million outperformed large IPOs by 17.5% at year end."*



1 Overview
2 Price Performance
3 Sector Analysis
4 Listings by Quarter
5 Upcoming Listings

Sector Analysis

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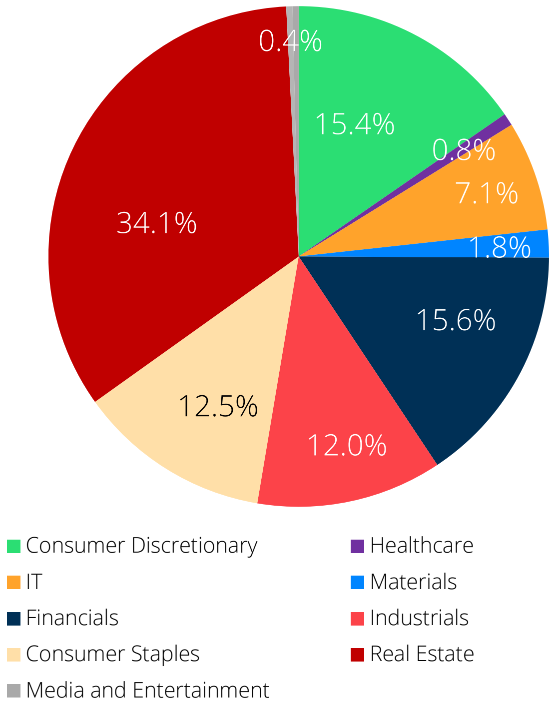
The IT sector returned an average of 70% to investors by end of year

2016 IPO Sector Break-up by Amount Raised (%)



Real Estate, as a sector, finished the year averaging a flat return but was responsible for the largest amount of funds raised – just under 34.1% (or $2.8bn) of all funds raised.

IT floats were on the smaller side – responsible for only 7.1% ($586m) of the dollars raised, but IT was the best performing sector of 2016 with an average 69.5% price increase on listing prices by year end.

The best average performing sectors were IT, Consumer Staples, and Healthcare.

2016 End of Year Price Performance by IPO Sector

Sector	Number	Return
IT	25	+69.5%
Consumer Staples	7	+37.0%
Healthcare	9	+24.2%
Industrials	6	+22.3%
Materials	12	+16.2%
Consumer Discretionary	13	+2.2%
Real Estate	7	0.0%
Media and Entertainment	1	-2.0%
Financials	15	-8.1%
Energy	1	-10%

While, Financials not only dropped in number by just over 29% (from 21 to 15 IPOs) between 2015 and 2016 but also underperformed, losing investors 8.1% by the year end.

“Materials was a surprise outperformer accounting for only 1.8% ($152m) of the funds raised but returning 16.2% at year end.”

Sector Trends

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Real Estate

	2015	2016
Number	2	7
Performance	-7.8%	0.0%

Healthcare

	2015	2016
Number	13	9
Performance	+13.1%	+24.2%

Financials

	2015	2016
Number	21	15
Performance	+7.8%	-8.2%

Materials

	2015	2016
Number	3	12
Performance	+20.0%	+16.2%

Information Technology

	2015	2016
Number	17	25
Performance	+47.9%	+69.5%

Consumer Discretionary

	2015	2016
Number	13	13
Performance	+21.4%	+2.2%

Listings by Quarter

IPOs listed in 2016 outperform those in 2015 by 3.7%

Q1 2016

- IPO activity declined in Q1 2016, with 12 companies raising $86.3m.
- Financials was the pick of the sectors, with Henry Morgan Limited Fund gaining significantly on the first day of listing and returning 51.0% since listing.
- Soon Mining, Henry Morgan, and Global Fortune Investment are the only listings in Q1 with positive returns at year end.

"Financials was the most popular IPO sector in the first quarter."

Q2 2016

- IPO activity significantly increased in Q2, with 21 listings and $2,400.0m raised.
- Abundant Produce was the pick of the stocks, generating 175.0% return for investors on the first day of listing.
- Reliance Worldwide Corp was the biggest issue with an offer size of $918.8m.

"Activity almost doubled from 12 IPOs in Q1 to 21 in Q2."

Q3 2016

- IPO activity slightly increased in Q3 with 24 listings and a total of $2,712.6m raised.
- Viva Energy REIT was the biggest listing in the quarter, with an offer size of $911.0m.
- Aurora Labs was the pick of the IPOs, generating 150.0% return on the first and total return of 1,395.0% at year end.

"Viva Energy REIT was the biggest listing in the quarter, with an offer size of $911.0m."

Q4 2016

- IPO activity significantly increased in Q4 with 39 listings and a total of $3,074.8m raised.
- Charter Hall Long WALE REIT was the biggest listing in the quarter with an offer size of $1,120.8m.
- CFOAM limited was the pick of the IPOs, generating a 250.0% return on the first day of listing.

"IPO activity significantly increased in the fourth quarter with 39 listings."

Listings by Quarter

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	Offer Size ($m)	Market Cap. ($m)	Day 1 Return	Year End Return
Q1 2016 New Listings				
January	18.0	63.3	15.8%	-17.5%
February	36.3	130.0	7.0%	-1.1%
March	32.0	356.2	8.1%	6.8%
Quarterly Total / Average	86.3	549.5	9.6%	-2.6%
Q2 2016 New Listings				
April	1,215.6	3,730.9	37.9%	56.7%
May	761.5	1,553.4	8.7%	17.5%
June	422.9	1,219.9	19.4%	33.5%
Quarterly Total / Average	2,400.0	6,504.2	23.0%	37.4%
Q3 2016 New Listings				
July	994.5	1,415.1	11.9%	-3.3%
August	1,643.0	2,787.7	24.2%	138.1%
September	75.1	146.3	16.0%	-6.3%
Quarterly Total / Average	2,712.6	4,349.0	17.9%	55.0%
Q4 2016 New Listings				
October	515.9	1,264.5	36.8%	16.2%
November	2,242.0	3,343.8	3.0%	-0.4%
December	316.9	928.2	8.1%	11.7%
Quarterly Total / Average	3,074.8	5,536.4	14.6%	9.3%
Year Total / Average	8,273.7	16,939.2	16.6%	25.4%

Upcoming Listings

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The listing pipeline looks strong with 25 proposed listings

2017 is off to a strong start with 25 proposed listing intended to raise a total of $226.8m, many deferred from Q4 2016 after a very busy quarter.

The materials sector dominates the list with 12 upcoming IPOs and a collective offer size of $65.1m.

"The materials sector dominates the list with 12 upcoming IPOs and a total size of $65.1m."

Listings in the Pipeline

Proposed Listing Date	Issuer Name	Sector	Issue Price Per Share ($)	Total Funds to be Raised ($m)
30-Jan-17	MetalsTech	Materials	0.2	4.0
31-Jan-17	Cobalt Blue Holdings	Energy	0.2	10.0
02-Feb-17	Eildon Capital	Financials	1.1	10.0
21-Feb-17	Huntsman Resources	Materials	0.2	17.5
24-Feb-17	Raptor Resources	Materials	0.2	4.0
28-Feb-17	Tianmei Beverage Group	Consumer staples	0.2	10.0
28-Feb-17	Nelson Resources	Materials	0.2	5.0
01-Mar-17	ServTech Global Holdings	IT	0.2	6.0
02-Mar-17	Metador Mining	Materials	0.2	3.4
03-Mar-17	Jiajiafu Modern Agriculture	Consumer staples	0.3	9.0
09-Mar-17	Retech Technology Co.	Industrials	0.5	22.5
09-Mar-17	Marquee Resources	Materials	0.2	3.5
TBA	Roto-Gro International	Industrials	0.2	3.6
TBA	Ardea Resources	Materials	0.2	3.5
TBA	Secure2Go Group	IT	0.3	5.0
TBA	eSense-Lab	Healthcare	0.2	3.5
TBA	Velocity Property Group	Real estate	0.2	20.0
TBA	Blackstone Minerals	Materials	0.2	4.0
TBA	Davenport Resources	Materials	0.2	5.0
TBA	E2 Metals	Materials	0.2	8.0
TBA	I Synergy Group	Communications	0.2	8.0
TBA	India Fund	Financials	1.0	50.0
TBA	Lithium Cons. Mineral Exploration	Materials	0.2	0.8
TBA	Majestic Horizon Holdings	Energy	0.2	4.0

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- Generates instant notifications and host company information and research
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