

BELL FINANCIAL GROUP LIMITED

ACN 083 194 763

OFFER BOOKLET

Renounceable Entitlement Offer
of 1 New Share for every 5 Existing Shares
at an issue price of \$0.68 per New Share

This is an important document. Please read it carefully.

You should read this document and the accompanying Entitlement and Acceptance Form in their entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Booklet.

Important information

This Offer Booklet is dated 1 June 2018 and it has been prepared by Bell Financial Group Limited (**Bell Financial Group**).

This Offer Booklet is not a prospectus

This Offer is made under section 708AA of the Corporations Act. This Offer Booklet is not a prospectus and it does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Booklet. It has not been and will not be lodged with ASIC. Neither ASIC, the ASX nor their respective officers take any responsibility for the content of this Offer Booklet or for the merits of the investment to which this Offer relates.

As an Eligible Shareholder of Bell Financial Group, this Offer Booklet is important and requires your immediate attention.

You should read the entire Offer Booklet before deciding whether to invest in the New Shares. Please carefully read the instructions in the accompanying Entitlement and Acceptance Form regarding the acceptance of the Offer. If you have any questions regarding your Entitlement or the Offer, please contact your legal, investment or other professional adviser.

No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw the application once it has been accepted.

Professional advice

The information in this Offer Booklet is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. Bell Financial Group is not licensed to provide financial product advice in respect of the New Shares. It is important that you read this Offer Booklet in its entirety before deciding whether to apply for New Shares. In particular, you should consider the risk factors that could affect the performance of Bell Financial Group, some of which are outlined in Section 6. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to apply for New Shares. If you have any questions you should seek professional advice from your legal, investment or other professional adviser.

Foreign jurisdictions

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

The distribution of this Offer in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Offer outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Offer does not constitute an offer or invitation in any place outside Australia or New Zealand where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of the New Shares outside Australia and New Zealand.

New Zealand

The Entitlements and the New Shares being offered under this Offer Booklet are not being offered or sold to the public in New Zealand other than to Shareholders with registered addresses in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Offer Booklet has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United

States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

No guarantee

Neither Bell Financial Group nor any other party makes any representation or gives any guarantee or assurance:

- (a) as to the performance or success of Bell Financial Group;
- (b) as to the rate of income or capital growth from Bell Financial Group; or
- (c) that there will be no capital loss or particular taxation consequence of investing in Bell Financial Group.

An investment in Bell Financial Group does not represent a deposit or any other type of liability of the above parties. An investment in Bell Financial Group is subject to investment risk. These risks are discussed in Section 6.

Investors should note that the past Share price and investment performance of Bell Financial Group provides no guidance as to its future Share price and investment performance.

No representations other than in this Offer Booklet

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Booklet. Any information or representation not contained in this Offer Booklet may not be relied on as having been authorised by Bell Financial Group.

Future performance

Except as required by law, and only to the extent so required, neither Bell Financial Group nor any other person warrants or guarantees the future performance of Bell Financial Group or any return on any investment made under this Offer Booklet.

Privacy

By filling out the Entitlement and Acceptance Form to apply for New Shares, you are providing information to Bell Financial Group (directly and/or via the Share Registry) that may constitute personal information for the purposes of the *Privacy Act 1988* (Cth). Bell Financial Group (and the Share Registry on its behalf) collects, holds and uses personal information provided in an Entitlement and Acceptance Form in order to assess your application and administer your holding of Shares.

If you do not provide the information requested in the Entitlement and Acceptance Form, Bell Financial Group and the Share Registry may not be able to process or accept the form.

Access to your personal information may be provided to other related bodies corporate of Bell Financial Group and to Bell Financial Group's agents and service providers on the basis that they deal with such information in accordance with this privacy disclosure statement. You have a right to request access to the personal information that Bell Financial Group holds about you subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Bell Financial Group's Share Registry:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001.

Defined terms and conditions

Certain terms and abbreviations used in this Offer Booklet are defined in the Glossary in Section 8.

References to **Australian dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Offer Booklet are due to rounding.

All times and dates are a reference to Melbourne time.

Important dates

Event	Date
Announcement of Entitlement Offer	Friday, 1 June 2018
Lodgement of Appendix 3B, Offer Booklet and Cleansing Notice with the ASX	Friday, 1 June 2018
Company sends letters to Shareholders containing the information required by Appendix 3B	Monday, 4 June 2018
'Ex' Date – Shares commence trading without any entitlement to participate in the Offer	Tuesday, 5 June 2018
Entitlement trading commencement date	Tuesday, 5 June 2018
Record Date (at 7:00pm Melbourne time) – to identify Shareholders entitled to participate in the Offer	Wednesday, 6 June 2018
Offer opens	Tuesday, 12 June 2018
Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Shareholders	Tuesday, 12 June 2018
Entitlement trading end date	Tuesday, 19 June 2018
Offer closes (5:00pm Melbourne time)	Tuesday, 26 June 2018
Notification to ASX of under subscription	Friday, 29 June 2018
Issue of New Shares under the Entitlement Offer	Tuesday, 3 July 2018
Expected commencement of normal trading in New Shares on the ASX	Wednesday, 4 July 2018

The above dates and times are indicative only and subject to change.

Bell Financial Group reserves the right to vary any of the above dates and times, including closing the Offer early or extending it subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Bell Financial Group reserves the right to extend the Closing Date of the Offer, to accept late applications either generally or in particular cases, or to withdraw the Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from the ASX.

Key Offer statistics

Issue Price per New Share	\$0.68
Total number of New Shares available under the Offer	53,457,296 ¹
Maximum total Shares on issue following the Offer	320,743,776 ²
Maximum gross proceeds of the Offer (before expenses of the Offer)	\$36,350,961

¹ The total number of New Shares that will be issued under the Entitlement Offer may be higher due to rounding up of Entitlements.

² The maximum total number of Shares that will be on issue following the Entitlement Offer may be higher due to rounding up of Entitlements.

Corporate directory

Issuer

Bell Financial Group Limited
 Level 29, 101 Collins Street
 Melbourne VIC 3000
 Telephone: 1300 023 557 (within Australia)
 + 61 3 9256 8700 (outside Australia)
 Facsimile: 1800 000 101 (within Australia)
 +61 3 9235 1600 (outside Australia)
 Website: www.bellfg.com.au

Directors

Colin Bell (Chairman)
 Alastair Provan
 Craig Coleman
 Graham Cubbin
 Brian Wilson AO
 Brenda Shanahan

Company Secretary

Cindy-Jane Lee

Share Registry

Computershare Investor Services Pty Limited
 GPO Box 2975
 Melbourne VIC 3001
 Telephone: 1300 850 505 (within Australia)
 +61 3 9415 4000 (outside Australia)
 Website: www.computershare.com

Solicitors to the Offer

Watson Mangioni Lawyers Pty Limited
 Level 23, 85 Castlereagh Street
 Sydney NSW 2000
 Telephone: (02) 9262 6666
 Facsimile: (02) 9262 2626
 Website: www.wmlaw.com.au

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1. Chairman's letter

1 June 2018

Dear Shareholder

On behalf of the Board, I am pleased to present this Offer Booklet for Bell Financial Group's Entitlement Offer.

Bell Financial Group is undertaking a fully underwritten renounceable Entitlement Offer of 1 New Share for every 5 Existing Shares held. The issue price of each New Share is \$0.68, representing a discount of approximately 17.1% to the last traded price of the Shares on the ASX on Thursday, 31 May 2018, the trading day prior to the date of announcement of the Entitlement Offer and a discount of approximately 14.6% to the theoretical ex-entitlement price³. The New Shares will be eligible for any dividend payable by Bell Financial Group for the first half of 2018.

If fully subscribed, the Entitlement Offer will result in the issue of 53,457,296 New Shares (subject to rounding) raising approximately \$36,350,961 (before expenses of the Entitlement Offer).

The net proceeds from the Entitlement Offer will be used by Bell Financial Group to acquire the 43.37% of Third Party Platform Pty Ltd it does not already own, increasing its ownership of Third Party Platform to 100%, as approved by Shareholders at the Annual General Meeting held on 30 May 2018. Further details on the acquisition and its impact on Bell Financial Group are set out in the Notice of Meeting which was lodged with the ASX and despatched to Shareholders on 30 April 2018 and is also available at www.bellfg.com.au/#asx-announcements.

The Entitlement Offer provides Eligible Shareholders with an opportunity to benefit from the future growth of Bell Financial Group.

Eligible Shareholders may apply for all or part of their Entitlement under the Entitlement Offer (provided that such allocation does not breach the ASX Listing Rules or any applicable law). Entitlements are renounceable, which means that Eligible Shareholders who do not wish to exercise all or part of their Entitlements may choose to sell their Entitlements on the ASX.

If there is a shortfall in Applications for New Shares under the Entitlement Offer, the Underwriter will subscribe for the New Shares not applied for by Eligible Shareholders.

The Board unanimously supports the capital raising and recommends to Shareholders that they fully participate in the Entitlement Offer. Each of the Directors has shown their support for the Entitlement Offer by indicating that they intend to subscribe for their full Entitlement.

As announced in the Notice of Meeting, the Entitlement Offer is fully underwritten by Bell Group Holdings, Bell Financial Group's largest Shareholder. No underwriting fee or commission is payable to the underwriter in respect of the Entitlement Offer. Information on the terms of the Underwriting Agreement is contained in Section 3.6.

The Offer will close at 5:00pm (Melbourne time) on Tuesday, 26 June 2018 (unless extended). To participate, you need to ensure that you have lodged your Entitlement and Acceptance Form with your Application Monies so that they are received before this time.

The Board urges you to read this Offer Booklet carefully before making a decision with respect to your Entitlement. You should consult your stockbroker, accountant or other professional adviser for advice in relation to the Offer.

On behalf of the Board, I would like to thank you for your continued support of Bell Financial Group.

Yours faithfully

Colin Bell
Chairman

³ The theoretical price at which Bell Financial Group Shares should trade at immediately after the ex-date for the Entitlement Offer. This is a theoretical calculation only and the actual price at which the Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the theoretical ex-entitlement price. The theoretical ex-entitlement price is calculated by reference to Bell Financial Group's closing price of \$0.82 on Thursday, 31 May 2018.

2. Frequently asked questions

Question	Answer	Where to find more information
Who is the issuer?	Bell Financial Group Limited.	Section 3.1
What is the Offer?	A fully underwritten pro rata renounceable Entitlement Offer to raise approximately \$36,350,961 (before expenses of the Entitlement Offer). Eligible Shareholders may apply for all or part of their Entitlement under the Entitlement Offer.	Section 3.2
What are the terms of the Entitlement Offer?	<p>1 New Share for each 5 Existing Shares at an issue price of \$0.68 per New Share.</p> <p>As the issue is renounceable, Eligible Shareholders will have the right to sell their Entitlements on the ASX or privately.</p> <p>Eligible Shareholders who do not take up or sell their Entitlements under the Entitlement Offer in full or in part will not receive any value in respect of those Entitlements.</p>	Section 3.2 and 3.3
Who can participate in the Entitlement Offer?	<p>The Entitlement Offer is being extended to Shareholders with a registered address at the Record Date, being 7.00pm (Melbourne time) on 6 June 2018, in Australia and New Zealand (Eligible Shareholders). Shareholders who are not Eligible Shareholders will not be entitled to participate in the Entitlement Offer (Ineligible Shareholders).</p> <p>Bell Financial Group has received approval from ASIC to appoint a nominee for the purposes of section 615 of the Corporations Act to sell the Entitlements that Ineligible Shareholders would have been entitled to and sell them on their behalf.</p>	Section 3.4
Is the Entitlement Offer underwritten?	<p>As announced in the Notice of Meeting, the Entitlement Offer is fully underwritten by Bell Group Holdings, Bell Financial Group's largest Shareholder.</p> <p>Under the terms of the Underwriting Agreement, the Underwriter will underwrite any Shortfall remaining after acceptances under the Entitlement Offer have been satisfied in full.</p> <p>No underwriting fee will be payable to the Underwriter.</p> <p>See Section 3.6 for further information on the Underwriting Agreement and Section 5.4 for further details of the potential impact on the control of Bell Financial Group.</p>	Section 3.6
What are the rights of New Shares?	<p>New Shares will rank equally in all respects with Existing Shares from their date of issue.</p> <p>New Shares will be eligible for any dividend payable for the first half of 2018.</p>	Section 3.8
What is the purpose of the Entitlement Offer?	<p>The purpose of the Entitlement Offer is to raise approximately \$36,350,961 (before expenses of the Entitlement Offer).</p> <p>The funds raised from the Entitlement Offer will be used to acquire the remaining 43.37% of Third Party Platform which Bell Financial Group does not already own, increasing its ownership of Third Party Platform to 100%, as approved by Shareholders at the Annual General Meeting held on 30 May 2018</p>	Section 5.2
What are the potential significant risks?	<p>Eligible Shareholders of Bell Financial Group are exposed to a number of risks in acquiring and holding Shares. Key risks specific to Bell Financial Group include:</p> <ul style="list-style-type: none"> • market risks and general economic conditions; • regulatory risk and the impact of changes in legislation and policy; • dependence on broking revenues and corporate transactions; • dependence on key personnel; • competition and disintermediation; and • operational risks such as technology and information systems risk, margin lending funding risk, liquidity risk, credit risk and the risk of employee negligence and misconduct. 	Section 6

Question	Answer	Where to find more information
	<p>Specific risks relating to the acquisition of Third Party Platform include:</p> <ul style="list-style-type: none"> • regulatory risk as it relates to online broking; • market risk as it relates to online broking; • that Third Party Platform does not achieve its growth projections and/or cost savings; • competition in the online broking market; • dependence on key personnel; • operational risks such as technology and information systems risk, margin lending funding risk, liquidity risk, credit risk and the risk of employee negligence and misconduct; • termination of a white label contract; and • integration risk. 	
<p>What are the expenses payable by Bell Financial Group?</p>	<p>The expenses of the Offer are expected to be approximately \$100,000 (exclusive of GST).</p>	<p>Section 7.1</p>
<p>What are my alternatives?</p>	<p>You may either:</p> <ul style="list-style-type: none"> • take up all or part of your Entitlement; • do nothing and allow the rights to acquire all of the New Shares representing your Entitlement to lapse; or • sell or transfer all or part of your Entitlement during the Entitlement trading period between 5 June 2018 and 19 June 2018. <p>You should note that if you do not take up all of your Entitlement, your percentage shareholding in Bell Financial Group will be diluted. In addition, if you do not sell or transfer your Entitlement you will receive no value in respect of your Entitlement.</p>	<p>Section 4</p>
<p>How can further information be obtained?</p>	<p>If you require advice as to whether to accept your Entitlement, you should seek professional advice from your legal, investment or other professional adviser.</p>	<p>Section 3.14</p>

3. Details of the Offer

3.1 Description of the issuer

Bell Financial Group is the issuer of New Shares under this Offer Booklet.

3.2 Description of the Offer

The Offer consists of a total of 53,457,296 New Shares to be offered by Bell Financial Group by way of a fully underwritten pro rata renounceable Entitlement Offer to raise approximately \$36,350,961 (before expenses of the Offer).⁴ This takes the form of a 1 for 5 Entitlement Offer.

The Offer is explained in more detail in this Section 3.

3.3 Entitlement Offer

If you are an Eligible Shareholder, you are being offered an Entitlement to acquire 1 New Share for every 5 Existing Shares held as at the Record Date. Eligible Shareholders have the opportunity to subscribe for all, part or none of their Entitlement to New Shares, provided that the issue of New Shares will not result in a breach of the ASX Listing Rules or any applicable law. New Shares will be issued on a fully paid basis and will rank equally with Existing Shares on issue.

The Issue Price per New Share is \$0.68.

Your Entitlement is renounceable, meaning the entitlement to participate in the offer is transferable and can be traded on the ASX or transferred privately.

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form. If the result is not a whole number your Entitlement will be rounded up to the nearest whole number. If you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

3.4 Eligible Shareholders

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 1 New Share for every 5 Existing Shares held as at the Record Date, being 7:00pm (Melbourne time) on 6 June 2018, at the Issue Price of \$0.68 per New Share.

Eligible Shareholders are those Shareholders who:

- (a) are registered as holders of Shares as at the Record Date, being 7:00pm (Melbourne time) on 6 June 2018;
- (b) as at the Record Date, have a registered address in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Offer without any requirement for a prospectus or offer document to be lodged or registered.

Nominees and custodians who hold Shares on behalf of other persons will receive a letter from Bell Financial Group and should consider its contents carefully, noting in particular that the Offer is only being made to Eligible Shareholders. Any nominee or custodian holding Shares on behalf of a person in a jurisdiction outside Australia and New Zealand may participate on behalf of that person only if that person is otherwise eligible under applicable securities laws to receive an offer, trade Entitlements and be issued New Shares under the Offer, without any requirement for a prospectus or offer document to be lodged or registered. Nominees and custodians should refer to "Foreign Jurisdictions" contained in the "Important Information" Section of this Offer Booklet. Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent professional advice as to how to proceed.

⁴ The total number of New Shares that will be issued under the Entitlement Offer may be higher due to rounding up of Entitlements.

3.5 Renounceable Offer - Entitlements Trading

The Entitlements are renounceable, which means that Eligible Shareholders who do not wish to exercise all or part of their Entitlements may choose to sell their Entitlements on the ASX or privately. There is no assurance that Eligible Shareholders will be able to sell their Entitlements, or that their Entitlements will sell for no less than, or in excess, of any price.

Entitlements trading is scheduled to commence on the ASX on 5 June 2018 and to end on 19 June 2018. Information on how Entitlements may be sold on the ASX is detailed in Section 4.

3.6 Underwriting

The Entitlement Offer is fully underwritten by the largest Shareholder of Bell Financial Group, Bell Group Holdings. Under the terms of the Underwriting Agreement, the Underwriter will fully underwrite any Shortfall remaining after acceptances under the Entitlement Offer have been satisfied in full.

The obligations of the Underwriter are subject to a number of conditions precedent, including:

- (a) Bell Financial Group lodging all documents relevant to the Entitlement Offer with the ASX;
- (b) the ASX not withdrawing or modifying waivers or approvals in respect of the ASX Listing Rules (if any) necessary for the conduct or completion of the Entitlement Offer; and
- (c) the Underwriter receiving a Shortfall notice from Bell Financial Group in accordance with the Underwriting Agreement.

The Underwriter is obliged to subscribe for the underwritten New Shares within one Business Day of the Shortfall notification date as set out in the Indicative Timetable.

The Underwriting Agreement contains a number of indemnities, representations and warranties from Bell Financial Group to the Underwriter that are considered customary for agreements of this type.

The Underwriter may terminate its obligations under the Underwriting Agreement if any of the events described below occurs at any time prior to the Closing Date:

- (a) unconditional approval to the quotation of all of the New Shares on the ASX is refused;
- (b) approval to the official quotation of all of the Offer Shares on the ASX is withdrawn or qualified on a basis which the Underwriter reasonably considers unacceptable;
- (c) Bell Financial Group ceases to be admitted to the ASX;
- (d) trading in Shares on the ASX is suspended for 2 consecutive trading days without the prior approval of the Underwriter, or the Shares cease to be quoted by the ASX;
- (e) at any time after the issue of the Offer Documents, an event occurs in relation to Bell Financial Group or its controlled entities as set out in Section 652C of the Corporations Act;
- (f) Bell Financial Group withdraws the Offer Documents or fails to lodge the notice required under section 708AA(2)(f) of the Corporations Act within the time required under the Corporations Act and the ASX Listing Rules;
- (g) ASIC issues an order or indicates an intention to hold a hearing arising out of or in connection with the Offer or commences an examination or requires production of documents under Sections 19 or 30 to 33 of the Australian Securities and Investments Commission Act 2001;
- (h) an application is made by ASIC for an order under Section 1324B of the Corporations Act in relation to the Offer;
- (i) an insolvency event occurs in respect of Bell Financial Group or its controlled entities;
- (j) Bell Financial Group is prevented from issuing any of the Offer Shares under the ASX Listing Rules, Corporations Act, or other applicable laws or by the ASX, ASIC or any other government agency or court;

- (k) Bell Financial Group defaults in the performance of any of its obligations under the Underwriting Agreement which is not waived by the Underwriter or remedied by Bell Financial Group within 5 Business Days following receipt of a notice from the Underwriter and such default may have a material adverse on the Offer or price of Shares or may give rise to a liability or contravention by the Underwriter; or
- (l) a statement contained in the Offer Documents is misleading or deceptive and such default may have a material adverse on the Offer or price of Shares or may give rise to a liability or contravention by the Underwriter.

No underwriting fee will be payable to the Underwriter.

As previously announced, Bell Financial Group has chosen Bell Group Holdings to fully underwrite the Offer. Key reasons other parties were not considered include the following:

- (a) capital raisings such as the Offer are typically underwritten by stockbrokers and Bell Financial Group does not want a competitor to underwrite the Offer; and
- (b) Bell Financial Group has entered into the Underwriting Agreement on highly favourable terms compared to a typical underwriting agreement for a capital raising of this type and on terms which it believes would not be offered by an alternate underwriter (including but not limited to no fee being paid to the Underwriter and there being only limited termination rights available to the Underwriter).

The Independent Directors have separately considered and approved the terms of the Entitlement Offer and the Underwriting Agreement.

3.7 Effect of underwriting on control

Bell Group Holdings has advised Bell Financial Group that it intends to take up its full Entitlement under the Offer. If no other Shareholders take up any of their Entitlement, the maximum number of Shares that the Underwriter will be required to subscribe for is 53,457,296 New Shares. This would result, on completion of the Underwriting obligations, in the Underwriter having Voting Power of 54.03% in Bell Financial Group.

See Section 5.4 for further details of the potential impact on control of Bell Financial Group.

3.8 Ranking of New Shares

The New Shares will be fully paid and rank equally in all respects with Existing Shares from their date of issue.

The New Shares will be eligible for any dividend payable for the first half of 2018.

3.9 Allotment and ASX quotation

Bell Financial Group expects to allot all New Shares on 3 July 2018. Subject to approval being granted, quotation of the New Shares is expected to commence on a normal basis on 4 July 2018.

Holding statements will be despatched in accordance with the ASX Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. Bell Financial Group disclaims all liability, to the maximum extent permitted by law, to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Bell Financial Group or the Share Registry, or otherwise.

3.10 Application Monies

Until the time of allotment of New Shares, Bell Financial Group will hold all Application Monies in relation to those New Shares in a purpose specific bank account. Interest earned on any Application Monies, whether or not allotment takes place, will remain the property of Bell Financial Group.

Bell Financial Group will apply for quotation of the New Shares on the ASX in accordance with the ASX Listing Rule requirements. If the ASX does not grant quotation of the New Shares, Bell Financial Group will repay all Application Monies, without interest.

3.11 No minimum subscription

There is no minimum subscription for the Offer.

3.12 Ineligible Shareholders

All Shareholders who are not Eligible Shareholders (See Section 3.4) are ineligible Shareholders (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Offer.

Bell Financial Group is of the view that it is unreasonable to make the Offer to the Ineligible Shareholders having regard to:

- (a) the number of Ineligible Shareholders;
- (b) the number and value of New Shares that would be offered to Ineligible Shareholders; and
- (c) the cost of complying with overseas legal requirements.

This Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Bell Financial Group is not required to make offers under this Offer to Ineligible Shareholders. Where this Offer Booklet has been despatched to or has otherwise come into the possession of Shareholders with registered addresses outside Australia or New Zealand, it is for information purposes only.

Shareholders with a registered address in Australia or New Zealand who are holding Shares on behalf of persons who are resident overseas are responsible for ensuring that trading Entitlements and applying for New Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by Bell Financial Group to constitute a representation that there has been no breach of such regulations.

Bell Financial Group is required to appoint a nominee approved by ASIC holding an AFSL (**Nominee**) to sell on-market the Entitlements which would otherwise have been offered to Ineligible Shareholders and to sell them on their behalf.

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) Bell Financial Group will issue to the Nominee the Entitlements that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Rights**);
- (b) the Nominee will then sell the Nominee Rights at prices and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Rights (after deducting the costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the Entitlements are sold in proportion to their shareholdings as at the Record Date.

Bell Financial Group and the Nominee will not be liable for any failure to sell the New Shares at any particular price. If the net proceeds of the sale are less than the reasonable costs that would be incurred by Bell Financial Group for distributing those proceeds, the proceeds may be retained by Bell Financial Group. Accordingly, there is a possibility that Ineligible Shareholders may receive no net proceeds if the costs of the sale of the Nominee Rights are greater than the sale proceeds. Bell Financial Group and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Nominee Rights at any particular price or the timing of such sale.

3.13 Taxation

The taxation consequences of investing in the New Shares will depend on your particular circumstances. It is your responsibility, as a potential investor, to make your own enquiries concerning the taxation consequences of an investment in Bell Financial Group. See Section 7.4 for a general discussion of taxation issues. If you are in doubt as to the consequences of an investment, you should consult with your taxation or other professional adviser before investing.

3.14 Enquiries

If you require advice about what to do with your Entitlement, you should seek professional advice from your legal, investment or other professional adviser.

4. Action required by Eligible Shareholders

4.1 Your Entitlement

Your Entitlement is shown in the accompanying Entitlement and Acceptance Form. Before taking any action in relation to the Offer, you should read this Offer Booklet in its entirety and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

You may:

- (a) take up all or part of your Entitlement;
- (b) do nothing and allow the rights to acquire all of the New Shares representing your Entitlement to lapse;
or
- (c) sell and transfer all or part of your Entitlement.

4.2 What happens if I accept my full Entitlement?

If you take up your full Entitlement under the Entitlement Offer, you will not have your shareholding in Bell Financial Group diluted by the Offer. For further details on how to accept all or part of your Entitlement, see Section 4.5.

4.3 What happens if I do not accept my full Entitlement?

If you do nothing, your Entitlement, to the extent not accepted, will lapse (assuming you do not sell and transfer your Entitlement). Although you will continue to own the same number of Shares in Bell Financial Group your shareholding in Bell Financial Group will be diluted. In addition, if you do not sell or transfer your Entitlement you will receive no value in respect of your Entitlement.

4.4 What happens if I sell and transfer my Entitlement?

The Offer is renounceable. This means that if you are an Eligible Shareholder who does not intend to subscribe for all or part of your Entitlement you may sell your Entitlement on the ASX from 5 June 2018 until the close of ASX trading on 19 June 2018. There is no assurance that you will be able to sell your Entitlement on the ASX or that your Entitlement will sell for no less than, or in excess of, any price.

If you wish to sell all or part of your Entitlement on the ASX, you must provide the appropriate instructions and information to your stockbroker.

If you wish to transfer all or part of your Entitlement to a person other than by trading on the ASX, you must complete a standard renunciation form (available from your stockbroker) and lodge it with your stockbroker together with the applicable transferee's cheque for the acceptance money.

Any New Shares not subscribed for pursuant to the exercise of Entitlements will form part of the Shortfall and will be subscribed for by the Underwriter.

4.5 How do I accept all, or part, of my Entitlement?

You may accept your Entitlement following the despatch of this Offer Booklet (expected to be 12 June 2018). Bell Financial Group will accept Applications until the Closing Date, being 5:00pm (Melbourne time) on 26 June 2018, unless extended.

If you decide to take up all or part of your Entitlement, please:

- (a) complete and return the Entitlement and Acceptance Form with the requisite Application Monies; or
- (b) pay your Application Monies by BPAY® by following the instructions set out in the Entitlement and Acceptance Form.

Bell Financial Group will treat you as applying for as many New Shares as your payment will allow for in full. Any Application Monies received for more than your full Entitlement of New Shares will be refunded as soon as practicable after allotment.

If you are paying by cheque, the relevant Entitlement and Acceptance Form must be accompanied by a cheque or bank draft in Australian dollars drawn on an Australian branch of an Australian bank for the Issue Price of the New Shares for which application is made. All cheques must be made payable to "Bell Financial Group Limited" and crossed "Not Negotiable". Do not forward cash. Receipts for Application Monies will not be issued.

Completed Entitlement and Acceptance Forms and accompanying cheques must be returned to the following address and received no later than 5:00pm (Melbourne time) on 26 June 2018 (unless extended).

Mailing Address:

Bell Financial Group Limited
C/- Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001.

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required.

For payment by BPAY®, please follow the instructions in the Entitlement and Acceptance Form. You can only make a payment by BPAY® if you have an account with an Australian financial institution that supports BPAY® transactions.

Please note that if you choose to pay by BPAY®:

- (a) you do not need to submit your Entitlement and Acceptance Form but are taken to have made the declarations set out in Section 4.8 and the declarations on your Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares as is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than the Closing Date, being 5:00pm (Melbourne time) on 26 June 2018, unless extended. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded as soon as practicable following the Closing Date. No interest will be paid on any Application Monies received or refunded.

You should read this Offer Booklet in its entirety before deciding to take up your Entitlement.

4.6 Acceptance of Applications under the Offer

Completing and lodging an Entitlement and Acceptance Form for the Offer or using the BPAY® facility referred to in the Entitlement and Acceptance Form for the Offer is an offer by you to Bell Financial Group to subscribe for the number of New Shares specified in the Entitlement and Acceptance Form, or the number of New Shares equal to the amount paid using the BPAY® facility divided by the Issue Price, at the Issue Price on the terms and conditions set out in this Offer and in the Entitlement and Acceptance Form.

An Application for New Shares may be accepted in respect of the full amount applied for, or any amount less than that amount, without further notice to the relevant Eligible Shareholder. Acceptance of an Application will give rise to a binding contract with acceptance to take place after the quotation of the New Shares on the ASX.

4.7 No duty, brokerage or commission

No stamp duty, brokerage or commission is payable by applicants.

4.8 Effect of participating in the Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Offer, you are deemed to represent to Bell Financial Group that you are an Eligible Shareholder and:

- (a) declare that:
 - (i) all details provided and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;

- (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Offer;
 - (iii) you were the registered holder at the Record Date of the Shares indicated in the personalised Entitlement and Acceptance Form as being held by you at the Record Date;
- (b) acknowledge that:
- (i) once Bell Financial Group receives the Entitlement and Acceptance Form with the requisite Application Monies or payment by BPAY®, you may not withdraw it except as allowed by law;
 - (ii) you have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form in their entirety;
 - (iii) the information contained in this Offer Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation and particular needs;
 - (iv) you have read the statement of risks in Section 6 of this Offer Booklet;
 - (v) investments in Bell Financial Group are subject to risks;
- (c) agree to:
- (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Issue Price of \$0.68 per New Share; and
 - (ii) be bound by the terms of this Offer Booklet;
- (d) authorise Bell Financial Group to register you as the holder of New Shares and authorise Bell Financial Group and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on the instructions of the Share Registry by using the contact details set out in the personalised Entitlement and Acceptance Form;
- (e) authorise Bell Financial Group to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (f) represent and warrant that the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Offer Booklet or making an application for New Shares;
- (g) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any other information relating to the Offer to any such person; and
- (h) will be treated as having represented and warranted:
- (i) that you are not in the United States and are not applying for New Shares on behalf of, or for the account or benefit of, a person in the United States;
 - (ii) that you and each person on whose account you are acting are not engaged in the business of distributing securities;
 - (iii) that you and each person on whose account you are acting have not and will not send any materials relating to the Offer, including this Offer Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
 - (iv) on your own behalf and on behalf of each person on whose account you are acting that: (A) neither the Entitlements nor the New Shares offered in the Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction outside Australia or New Zealand; (B) the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of a person in the United States); and (C) the New Shares to be offered and sold in the Offer may

only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

5. Purpose and effect of the Offer

5.1 Overview

On completion of the Offer:

- (a) the New Shares issued under the Offer will constitute approximately 16.7% of the total number of issued Shares immediately after the allotment of the New Shares; and
- (b) the total number of Shares on issue after the allotment will be 320,743,776.⁵

The Offer will provide Bell Financial Group with net proceeds of approximately \$36,250,961 after issue expenses of approximately \$100,000. Please refer to Section 5.3 for further information regarding the effect of the Offer on the capital structure.

5.2 Use of funds

The proceeds raised from the Entitlement Offer will be used to acquire the remaining 43.37% of Third Party Platform which Bell Financial Group does not already own, increasing its ownership of Third Party Platform to 100%, as approved by Shareholders at the Annual General Meeting held on 30 May 2018. Further details on the acquisition and its impact on Bell Financial Group is set out in the Notice of Meeting which was lodged with the ASX and despatched to Shareholders on 30 April 2018 and which is also available at www.bellfg.com.au/#asx-announcements.

5.3 Impact on capital structure

The table below shows the capital structure of Bell Financial Group on completion of the Offer:

	Number of Shares	Percentage of post-Offer Shares
Existing Shares	267,286,480	83.3%
New Shares ⁶	53,457,296	16.7%
Total immediately after Offer ⁷	320,743,776	100.0%

5.4 Impact on control

The Entitlement Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements, the existing Voting Power of all Eligible Shareholders will remain the same.

If you do not take up all of your Entitlement, your percentage shareholding in Bell Financial Group will be diluted. In addition, if you do not sell or transfer your Entitlement you will receive no value in respect of your Entitlement.

The largest Shareholder of Bell Financial Group is Bell Group Holdings, which currently has Voting Power of 44.83%. Bell Group Holdings has advised Bell Financial Group that it intends to take up its full Entitlement under the Offer. In addition, and as set out in the Notice of Meeting, Bell Group Holdings has agreed to underwrite the Offer and has entered into the Underwriting Agreement.

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's Voting Power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%). The table below indicates that, as a result of taking up its own Entitlement and any Entitlements taken up in accordance with the Underwriting Agreement, the Entitlement Offer will result in Bell Group Holdings increasing its Voting Power from a starting point that is above 20% and below 90%. There are certain exceptions to section 606 of the Corporations Act. Item 10 of section 611 of the Corporations Act

⁵ The total number of New Shares that will be issued under the Entitlement Offer may be higher due to rounding up of Entitlements.

⁶ See above.

⁷ The total number of Shares that will be on issue following the Entitlement Offer may be higher due to rounding up of Entitlements.

(Rights Issue Exception) provides an exception for an acquisition pursuant to a rights issue if the following conditions are satisfied:

- (a) the company offers to issue securities to every person who holds securities in a particular class on a pro-rata basis;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them;
- (c) agreements to issue are not entered into until the closing date of the offer; and
- (d) the terms of all offers are the same.

The Rights Issue Exception extends to any underwriter of a rights issue. If the Rights Issue Exception is to be relied upon then under section 615 of the Corporations Act, Bell Financial Group is required to appoint a nominee approved by ASIC to sell the Entitlements which would otherwise have been offered to Ineligible Shareholders and to sell them on their behalf.

The impact on the shareholdings of Bell Group Holdings and its associates is set out below on the assumptions that:

- (a) Bell Group Holdings and all other Shareholders exercise their Entitlements; and
- (b) only Bell Group Holdings exercises its Entitlements.

	As at the date of the Offer booklet		Following the Offer				
	Current number of Shares	%	Assuming Bell Group Holdings and all other Shareholders exercise their Entitlements	%	Assuming only Bell Group Holdings exercises its Entitlements	%	Notes
Bell Group Holdings	119,827,345	44.83%	143,792,814	44.83%	173,284,641	54.03%	1
Colin Bell	123,430,978	46.18%	148,117,174	46.18%	176,888,274	55.15%	1,2
Alastair Provan	123,743,236	46.30%	148,491,884	46.30%	177,200,532	55.25%	1,3
Lewis Bell	122,668,813	45.89%	147,202,576	45.89%	176,126,109	54.91%	1,4

Notes:

1. Bell Group Holdings holds 117,967,345 Shares. Bell Group Holdings' wholly owned subsidiary, Bell Securities Pty Limited holds 1,860,000 Shares. Colin Bell, Alastair Provan and Lewis Bell each hold more than 20% of Bell Group Holdings and therefore under the Corporations Act they are each deemed to have a relevant interest in the 119,827,345 Shares held by Bell Group Holdings and Bell Securities Pty Limited.
2. Colin Bell has a relevant interest in 3,603,633 Shares.
3. Alastair Provan has a relevant interest in 3,915,891 Shares.
4. Lewis Bell has a relevant interest in 2,841,468 Shares.

The Rights Issue Exception is being relied on in the present circumstances and accordingly, Bell Financial Group is required to appoint a nominee. See Section 3.12 for further details.

5.5 Pro forma balance sheet

Set out below is a pro forma balance sheet of Bell Financial Group on successful completion of the Offer. It is based upon Bell Financial Group's balance sheet as at 31 December 2017 contained in its Annual Report for the financial year ended 31 December 2017, lodged with the ASX on 21 February 2018.

The balance sheet has been prepared in accordance with the Corporations Act, the Corporations Regulations 2001, Accounting Standards and other mandatory financial reporting requirements in Australia.

The pro forma balance sheet reflects the impact of the Offer and the acquisition of 43.37% of Third Party Platform as if these transactions had occurred on 31 December 2017.

Pro forma balance sheet as at 31 December 2017

\$000's	Bell Financial Group	Entitlement Offer ¹	Third Party Platform Share Acquisition ²	Pro Forma
Cash and cash equivalents	197,976	36,251	(36,867)	197,360
Trade and other receivables	101,360			101,360
Loans and advances	286,188			286,188
Deferred tax assets	9,492			9,492
Property, plant and equipment	731			731
Goodwill	130,413			130,413
Other intangibles	8,738			8,738
Other assets	4,651			4,651
Total Assets	739,549	36,251	(36,867)	738,933
Trade and other payables	185,850			185,850
Deposits and borrowings	317,380			317,380
Employee benefits	31,463			31,463
Other liabilities	3,006	(30)		2,976
Total Liabilities	537,699	(30)	0	537,669
Net Assets	201,850	36,281	(36,867)	201,264
Contributed equity	167,886	36,351		204,237
Other equity	1,806		(31,041)	(29,235)
Reserves	(693)			(693)
Non-controlling interests	5,826		(5,826)	0
Retained earnings	27,025	(70)		26,955
Total equity attributable to equity holders of Bell Financial Group	201,850	36,281	(36,867)	201,264

Notes:

- Net Offer proceeds are expected to be approximately \$36.3 million, net of fees.
- Bell Financial Group acquires the remaining 43.37% of Third Party Platform shares it does not currently own for \$36.867 million cash consideration.

5.6 Directors' intentions

Each of the Directors has shown their support for the Entitlement Offer by indicating that they intend to subscribe for their full Entitlement. The Directors' direct and indirect interests in Bell Financial Group as at the date of the announcement of the Entitlement Offer are as follows:

Director	Shares held (directly and indirectly)	Percentage holding	Entitlement (New Shares)
Colin Bell*	3,603,633	1.35%	720,727
Alastair Provan*	3,915,891	1.47%	783,179
Craig Coleman	1,772,283	0.66%	354,457
Graham Cubbin	180,000	0.07%	36,000
Brenda Shanahan	401,000	0.15%	80,200
Brian Wilson	1,000,000	0.37%	200,000

Note:* Excludes deemed relevant interest in Shares held by Bell Group Holdings and Bell Securities Pty Limited, see Section 5.4.

5.7 Intention of Bell Group Holdings in relation to Bell Financial Group

Prior to the Offer, Bell Group Holdings holds Voting Power of 44.83% in Bell Financial Group. As set out in Section 5.4, this could increase to a maximum of approximately 54.03% as a result of the Offer.

Regardless of the level of Bell Group Holdings' shareholding following the Offer, its intentions remain the same as they are currently. Associates of Bell Group Holdings currently have senior Board and executive positions within Bell Financial Group and they intend to continue acting in those roles. Bell Group Holdings has no intention to change the business of Bell Financial Group, make any changes to key management personnel or redeploy Bell Financial Group's assets in any way that has not been previously announced.

6. Risk factors

6.1 Overview

There are a number of factors, both specific to Bell Financial Group and of a general nature, which may affect the future performance of Bell Financial Group and the outcome of an investment in Bell Financial Group. There can be no guarantees that Bell Financial Group will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section 6 describes certain, but not all, risks associated with an investment in Bell Financial Group. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offer Booklet or of which they are otherwise aware. Directors emphasise that the risk factors set out in this Section are not the only risk factors that could affect the operations of Bell Financial Group, its financial position and the value of Shares.

Nothing in this Offer Booklet is financial product advice and this document has been prepared without taking into account your investment objectives, financial situation or particular needs. You should also consider consulting your financial or legal adviser so as to ensure you understand fully the terms of the Offer and the inherent risks associated with Bell Financial Group and stockbroking businesses before applying for New Shares.

6.2 Specific risks associated with your holding of Shares

The specific risks associated with a holding of Shares include the following:

(a) Market risks

Bell Financial Group is highly exposed to the Australian and international financial markets and changes in market prices, such as interest rates, equity prices and foreign exchange rates can affect Bell Financial Group's income by reducing the volume of transactions it executes or the value of its holdings of financial instruments. A long-term downturn in the Australian financial markets and in volumes would negatively impact Bell Financial Group's business performance, particularly if it is unable to reduce costs to match any decrease in revenues.

(b) General economic conditions

The operating and financial performance of Bell Financial Group is influenced by a variety of general economic and business conditions including the level of inflation, interest and exchange rates and government fiscal, monetary and regulatory policies.

(c) Revenue dependence

The performance of Bell Financial Group is heavily dependent upon three factors: broking revenues, corporate transaction revenues and the successful execution of growth initiatives. A decrease in any of the above or a combination of these may have a material and adverse impact on Bell Financial Group's performance, profitability, cash flow, ability to pay dividends and Share price.

(d) Dependence on key personnel

Bell Financial Group relies on key staff, including executive management and client advisers, and the ability of Bell Financial Group to attract and retain key staff is a fundamental driver of its performance. As Bell Financial Group's business is centred around adviser/client relationships, the loss of client advisers or the inability to attract client advisers or executives may adversely affect Bell Financial Group's performance.

(e) Compliance and changes in legislation and policy

Bell Financial Group and its related bodies corporate conduct their businesses in highly regulated sectors and must comply with the requirements of a range of regulators. Changes to laws, regulations or policies (including in relation to taxation, financial services law, ASX operating rules or accounting standards) that apply to Bell Financial Group from time to time could adversely impact Bell Financial Group's earnings and financial performance. In addition, any added complexity to Bell Financial Group's regulatory regime will increase its costs of compliance and the risk of non-compliance.

(f) Operational risks

Bell Financial Group faces a number of operational risks which could constrain Bell Financial Group's growth or otherwise adversely impact its business. The key operational risks include the following:

- (i) **Technology and information systems.** Bell Financial Group relies on the effective and efficient operation of communications and information technology equipment and software systems. If any of these systems failed to operate effectively, Bell Financial Group could suffer financial loss and damage to its reputation. This may be as a result of issues including hardware, software or system failures, computer viruses, third party service failures, cyber attacks or other cyber incidents.
- (ii) **Margin lending funding risk.** There is a risk Bell Financial Group may be required to repay facilities used to fund its margin lending book and that replacement funding may not be available, which could require the liquidation or refinancing of some margin loan assets thereby reducing revenues in the margin loan business.
- (iii) **Liquidity risk.** Liquidity risk refers to the risk that Bell Financial Group will not be able to meet its financial obligations as they fall due. Bell Financial Group's subsidiaries are governed by the ASX capital requirements, which require capital to cover the sum of individual risks including operational risk, counterparty risk, large exposure risk and position risk. These capital requirements are largely dependent on the volume of business transacted on behalf of clients. Given the typical volatility in volumes traded, stockbrokers such as Bell Financial Group may face difficulties in planning their working capital needs on an ongoing basis.
- (iv) **Credit risk.** Bell Financial Group and its subsidiaries accept credit risk when dealing with clients and counterparties, being the risk that clients or counterparties may not fulfil their contractual obligations in a timely manner or at all, causing Bell Financial Group financial loss. These obligations may include the settlement of trades, the repayment of advances or the maintenance of margins.
- (v) **Employee negligence and misconduct.** Negligence and misconduct by employees could result in regulatory sanctions and reputational or financial harm. Bell Financial Group has put in place certain processes to prevent employee misconduct but it is not always possible to avoid employee misconduct and the precautions taken to prevent and detect this activity may not be effective in all cases.

(g) Loss of key business relationships

Bell Financial Group has a number of key business and supply relationships governed by contracts and agreements and the termination of any of these contracts or agreements may be disruptive to operations and may adversely affect its financial condition and results of operations.

(h) Competition and disintermediation

Bell Financial Group's businesses operate in markets which are highly competitive. In addition, there are many companies that offer new financial and technology services that may compete against the services provided by Bell Financial Group including by way of disintermediation.

(i) Litigation

Given the nature of Bell Financial Group's activities, and the large number of clients that it deals with, Bell Financial Group may be exposed to potential claims or litigation from parties including regulators or clients.

(j) Loss of reputation

Bell Financial Group's core businesses rely on Bell Financial Group's strong reputation which has been built on good client relationships and core branding. Damage to Bell Financial Group's reputation may impact Bell Financial Group's revenues and, in the case of litigation, may expose Bell Financial Group to potential liability or increased insurance premiums.

(k) Underwriting

Bell Potter Securities Limited, a subsidiary of Bell Financial Group, makes underwriting commitments in the ordinary course of business by underwriting in capital raisings but generally has sub-underwriters in place to manage this risk. If there is a shortfall in demand for an underwritten offer that has not been sub-underwritten or where the sub-underwriters become insolvent or otherwise unable to take up the shortfall, Bell Financial Group could be required to purchase the Shortfall.

(l) Shares held by controlling Shareholder

Assuming no Shareholders other than Bell Group Holdings take up their Entitlements, Bell Group Holdings' shareholding will be greater than 50% which will allow it to pass ordinary resolutions (and potentially special resolutions depending on Shareholder turnout at general meetings) of Bell Financial Group without the need for any additional Shareholder support. This will, among other things, enable Bell Group Holdings to control the appointment and removal of Directors of Bell Financial Group, and consequently, the financial and operating policies and the strategic direction of Bell Financial Group. Bell Group Holdings would also solely be able to control the approval of certain transactions involving Bell Financial Group including the issue of Shares beyond the limits set under the ASX Listing Rules, and Shareholders may be diluted as a result.

(m) Large shareholdings and liquidity

Following completion of the Offer, the liquidity of the shares may be reduced. This may increase the volatility of the price of the Shares, and may also affect the prevailing price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a price for their Shares that is less than the price that Shareholders paid. As set out in Section 5.4, following the Offer, Bell Group Holdings will own between 44.8% and 54.03% of the total Shares on issue. Accordingly, ownership of Bell Financial Group's Shares may be more concentrated which may further affect the liquidity of the Shares after completion of the Offer.

6.3 Risks associated with the acquisition of Third Party Platform**(a) Regulatory environment**

There is a risk that the regulatory environment, as it relates to Third Party Platform, impacts Bell Financial Group including increasing costs of compliance, or breaches that may result in financial penalties, additional expense or reputation damage.

(b) Adverse market conditions

A change in market conditions may lower online broking volumes for Third Party Platform and therefore impact on the financial performance of Bell Financial Group.

(c) Third Party Platform does not achieve its growth projections and/or cost savings

Bell Financial Group has had regard to financial projections provided by Third Party Platform in undertaking due diligence on the proposed acquisition of 43.37% of Third Party Platform. The Independent Expert has also considered these projections in its assessment of whether the acquisition is fair and reasonable to Shareholders. Financial projections are, by their nature, uncertain and there is a risk that these projections may not be achieved and that this may have a financial impact on Bell Financial Group. Bell Financial Group has estimated cost savings it expects to achieve as a result of the acquisition of Third Party Platform and there is a risk that these cost savings may not be achieved or that there may be a reduced quantum of cost savings.

(d) Competition in the online broking market

Online broking is a competitive industry and there is a risk that competitive forces, including the entry of a new competitor or competing technology, could impact Third Party Platform's financial performance and may result in reduced profitability because of lower fees or margins.

(e) White label contracts

Third Party Platform has a number of white label contracts under which its platform is used by other operators in the financial services industry. These form a material portion of Third Party Platform's revenues. There is a risk that one or more of these contracts may be terminated or not renewed upon expiry, which could adversely impact Third Party Platform's financial performance.

(f) Integration risk

Bell Financial Group intends to undertake a process of integration between Third Party Platform and its other businesses in order to achieve a range of financial synergies. There is a risk that this integration may take longer than anticipated, or may not be as successful as anticipated, or may cause business disruption, or may not be achieved.

6.4 General risk factors

(a) Share market conditions

The market price of Bell Financial Group Shares may rise or fall between the date that the Offer opens and the date that the New Shares are issued under the Offer. This means that the Issue Price that you pay for the New Shares under the Offer may be either higher or lower than the Share price at the time you apply for the New Shares under the Offer or at the time the New Shares are issued to you under the Offer. There can be no guarantee that the price of the New Shares will increase.

The price at which the New Shares will trade on the ASX may be affected by the financial performance of Bell Financial Group and by external factors over which Bell Financial Group has no control. Bell Financial Group does not warrant the future performance of the New Shares or any return on investments in the New Shares.

(b) Dilution risks

You should note that if you do not take up all of the Shares offered to you under the Entitlement Offer, then your percentage shareholding in Bell Financial Group will be diluted. By not participating to the full extent in the Entitlement Offer you will not be exposed to future increases or decreases in the Share price of those New Shares which would have been issued to you had you taken up all of your Entitlement. Shareholders may also be diluted in the event that Bell Financial Group undertakes future capital raisings.

7. Additional information

7.1 Expenses of the Offer

The approximate expenses of the Offer including legal fees, ASX and ASIC fees, Share Registry fees, printing fees and other general costs are estimated to be \$100,000 (exclusive of GST).

7.2 Disclosure

This Offer Booklet contains an Offer to subscribe for continuously quoted securities (as defined in the Corporations Act) of Bell Financial Group and the Offer has been made in accordance with Section 708AA of the Corporations Act.

In broad terms, section 708AA relates to rights issues by certain listed companies that do not require the provision of a prospectus or other disclosure document to investors under Part 6D.2 of the Corporations Act. Accordingly, the level of disclosure in this Offer Booklet is significantly less than that required in a prospectus. This document does not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in Bell Financial Group. It does not contain all the information which would be required to be disclosed in a prospectus. Eligible Shareholders should therefore rely upon their own knowledge of Bell Financial Group, refer to disclosures already made by Bell Financial Group to the ASX, and consult their stockbroker, accountant or other professional adviser before deciding to accept the Offer.

Neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC.

This Offer Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Bell Financial Group is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives, financial situation and particular needs, and having regard to the merits or risks involved. If, after reading the Offer Booklet, you have any questions about the Offer, you should contact your stockbroker, accountant or other professional adviser.

7.3 Continuous disclosure and documents available for inspection

Bell Financial Group is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half-yearly reports.

Bell Financial Group is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, Bell Financial Group has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Shares. That information is available to the public from the ASX and is also available at www.bellfg.com.au.

7.4 Taxation

Set out below is a summary of the Australian tax implications of the Offer for Eligible Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets.

The summary below does not take account of any individual circumstances of any particular Eligible Shareholder. Eligible Shareholders should seek specific advice applicable to their own particular circumstances from their own financial or tax adviser.

The summary below does not necessarily apply to Eligible Shareholders who hold their Shares as assets used in carrying on a business or who may carry on the business of security trading, banking or investment. The summary below does not necessarily apply to Eligible Shareholders whose Shares are held as revenue assets or trading stock. The summary below is based on the law in effect as at the date of this Offer Booklet.

(a) Issue of Entitlements

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Shareholder.

(b) Exercise of Entitlements

Eligible Shareholders who exercise their Entitlements and subscribe for the New Shares will acquire those Shares with a cost base for capital gains tax (CGT) purposes equal to the Issue Price payable by them for those Shares plus any non-deductible incidental costs they incur in acquiring those Shares, but will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Shares.

(c) New Shares

Eligible Shareholders who exercise their Entitlements will acquire New Shares. Any future dividends made in respect of those New Shares will be subject to the same taxation treatment as dividends made on Shares held in the same circumstances.

On any future disposal of the New Shares, Eligible Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares. The cost base of those Shares is described above.

New Shares will be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercised the Entitlement to subscribe for them. Accordingly, in order to benefit from the CGT discount in respect of a disposal, the New Shares must have been held for at least 12 months from the date the Entitlements are exercised.

(d) Other Australian taxes

No GST or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of the New Shares.

7.5 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by Bell Financial Group or any of its related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required, none of Bell Financial Group or any other person, warrants or guarantees the future performance of Bell Financial Group or any return on any investment made pursuant to this Offer Booklet.

7.6 Withdrawal of Offer

Bell Financial Group reserves the right to withdraw all or part of the Offer and this Offer Booklet at any time, subject to applicable laws, in which case Bell Financial Group will refund Application Monies without payment of interest in relation to New Shares not already issued, in accordance with the Corporations Act.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Bell Financial Group will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Bell Financial Group.

7.7 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

7.8 Governing law

This Offer Booklet, the Offer and the contracts formed on acceptance of the Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

8. Glossary

AFSL	Australian Financial Services Licence
Application	a valid application by way of an Entitlement and Acceptance Form made to subscribe for a specified number of New Shares under the Offer
Application Monies	monies received from applicants for New Shares in accordance with this Offer Booklet
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 and the securities exchange operated by it
ASX Listing Rules	the listing rules of the ASX
Bell Financial Group	Bell Financial Group Limited ABN 59 083 194 763
Bell Group Holdings	Bell Group Holdings Pty Limited ABN 35 004 845 710
Board	the board of Directors of Bell Financial Group
Business Day	a day on which the ASX is open for trading
Closing Date	5:00pm (Melbourne time) on 26 June 2018, unless extended by Bell Financial Group
Constitution	the constitution of Bell Financial Group as amended from time to time
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Directors	the directors of Bell Financial Group
Eligible Shareholder	a person who is eligible to participate in the Offer and satisfies the requirements set out in Section 3.4
Entitlement	the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 New Share for every 5 Existing Shares held at the Record Date
Entitlement Offer	the pro rata renounceable entitlement offer of 1 New Share for every 5 Existing Shares held at the Record Date at the Issue Price
Entitlement and Acceptance Form	the personalised form attached to or accompanying this Offer Booklet
Existing Shares	Shares on issue immediately before the Record Date
GST	goods and services tax
Independent Directors	mean: <ul style="list-style-type: none"> • Brian Wilson AO • Graham Cubbin; and • Brenda Shanahan
Independent Expert	PKF Melbourne Corporate Pty Ltd ACN 063 564 045
Indicative Timetable	the indicative timetable on page ii of this Offer Booklet
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder

Issue Price	the issue price of \$0.68 per New Share
New Shares	the Shares offered under this Offer Booklet
Notice of Meeting	the Notice of Annual General Meeting dated 30 April 2018
Offer	the Entitlement Offer
Offer Booklet	this document and any supplementary or replacement document to it
Record Date	the date for determining Entitlements under the Entitlement Offer, being 7:00pm (Melbourne time) on 6 June 2018
Section	a section of this Offer Booklet
Shareholder	a registered holder of Shares
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277
Share	a fully paid ordinary share in Bell Financial Group
Shortfall	the shortfall in Applications for New Shares under the Entitlement Offer (if any)
Third Party Platform	Third Party Platform Pty Limited ABN 74 121 227 905
Underwriter	Bell Group Holdings
Underwriting Agreement	the underwriting agreement between Bell Financial Group and the Underwriter in which the Underwriter has underwritten the Entitlement Offer
Voting Power	has the meaning given in section 610 of the Corporations Act