

## Notice of General Meeting

A General Meeting of the shareholders of Trustees Australia Limited (ABN: 42 010 653 862) will be held in the Trustees Australia Office Building at Level 9, 140 Ann Street, Brisbane on Monday 31 July 2017 at 12 noon (AEST).

This Notice of Meeting contains detailed information about the Proposed Transactions, the impacts on Shareholders and Resolutions to be voted on.

Note: This Notice of Meeting includes an Independent Expert's Report (IER) on the Cashwerkz Acquisition, Director Placement and the Voluntary Escrow Arrangements, and a prospectus offering Jimmy Crow Shares (including an Independent Assurance Report).

This Notice of Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Shareholders should carefully consider the Independent Expert's Report prepared by PKF Corporate for the purposes of the shareholder approvals required under section 611 of the Corporations Act (Resolutions 3, 5 and 6). The Independent Expert has determined that the Cashwerkz Acquisition, Director Placement and Voluntary Escrow Arrangements are fair and reasonable to non-associated Shareholders.

Please contact the Company Secretary on +61 7 3020 3020 if you have questions concerning the Meeting.

## Indicative timetable

Event	Date
Dispatch of Notice of Meeting	30 June 2017
Application for listing of Jimmy Crow on NSX lodged	
Lodge prospectus for Jimmy Crow Public Offer	10 July 2017
Open Jimmy Crow Public Offer	17 July 2017
Close Jimmy Crow Public Offer	28 July 2017
Shareholder Meeting	31 July 2017
Satisfaction of conditions for Demerger and Cashwerkz Acquisition (including conditional approval of NSX listing of Jimmy Crow)	
Completion of Cashwerkz Acquisition	1 August 2017
Record Date for Determining entitlements Jimmy Crow Shares under Demerger ( <b>Record Date</b> )	7 August 2017
Effective date of Demerger and issue of holding statements	9 August 2017
Commencement of trading in Jimmy Crow on NSX	16 August 2017
Latest date to issue Shares under the Director Placement (assuming no waiver is granted to extend the period to issue the securities)	1 September 2017

The dates are indicative only and may change, subject to the Corporations Act and Listing Rules of both ASX and NSX.

Dear Shareholder

On behalf of the Board and as a director of Trustees Australia's largest shareholder I am pleased to invite you to participate in voting for an exciting new future for both Trustees Australia Limited and Jimmy Crow Limited, which the directors believe have sound prospects for increasing shareholder value and returns.

Jimmy Crow Limited is the new company name for Queensland Resorts Pty Ltd. The name change was made to reflect the significant change that the Company is undertaking in separating the Tourism focused assets in Jimmy Crow from the Financial Services activities, which will remain and be expanded further in Trustees Australia through the acquisition of Cashwerkz. The Jimmy Crow name will also have greater appeal with the customer base of its underlying tourism business, Magnums Backpackers, and provide an internationally easily recognisable emblem for its future journey.

Assuming the Proposed Transactions as set out in this Notice of Meeting, which are strongly supported by the Directors, are approved and complete, the issued shares in Jimmy Crow will be transferred to Eligible Shareholders, and you will be a direct shareholder in both Trustees Australia and Jimmy Crow, holding an equal number of Trustees Australia New Shares and Jimmy Crow Shares.

The Board has been seeking opportunities for worthwhile investments for the respective companies for some time. The opportunity is as follows:

- divide the existing Trustees Australia Group into two separate activity and investment streams as separately listed entities, being Tourism and Property for Jimmy Crow and Financial Services for Trustees Australia;
- demerge Jimmy Crow, with Eligible Shareholders each receiving an equal number of shares directly in Jimmy Crow as held in Trustees Australia, with Jimmy Crow listing on NSX as a separate entity;
- position Jimmy Crow, which has a successful history in the Tourism and Property sector and a sound asset base with nominal borrowings, as a separately listed entity, to expand its operations in Australian tourism, regarded as a growth sector in coming years.
- facilitate Trustees Australia to continue with its primary business activity of Financial Services and further expand these activities by acquiring Cashwerkz, a developing online fixed interest and term deposit portal.

Together with Trustees Australia's existing Financial Services subsidiaries Rim Securities and Redgate Asset Management, the expanded Trustees Australia Group will jointly develop and expand their combined online and back office fixed interest capabilities, particularly in term deposits and bonds and provide easier transaction solutions for retail and wholesale investors;

Assuming the transactions proposed by this Notice (the **Proposed Transactions**), are approved and completed, Adcock Private Equity will hold approximately 51% of the restructured Trustees Australia and the associated Hackett entities will hold approximately 19%.

The two major shareholders intend to work closely with the restructured Trustees Australia Board of directors, to drive the significant synergistic financial services

opportunity presented by the merged Trustees Australia Group. Currently, and prior to the Jimmy Crow Demerger the Hackett Interests hold approximately 62% of the existing Trustees Australia and will retain the same interest in Jimmy Crow after the Demerger. Adcock Private Equity will not have any holding in Jimmy Crow as a result of the Demerger and Cashwerkz Acquisition.

As part of the process to complete the launch of Jimmy Crow as a publicly listed company in its own right, Jimmy Crow will also make an offer to existing Trustees Australia Shareholders and the public to raise up to \$2 million in new capital.

The proposed structure and details of the Proposed Transactions are set out in the Explanatory Memorandum in the Notice of Meeting. Under the Corporations Act, the invitation to vote at the General Meeting for the Demerger constitutes an offer for the transfer of the Jimmy Crow Shares to existing Eligible Shareholders of Trustees Australia. This requires a prospectus to be lodged with ASIC at the same time as the Notice of Meeting is dispatched to Eligible Shareholders and accompanies this Notice of Meeting.

The Board is genuinely excited by the prospects for both Trustees Australia and Jimmy Crow in pursuing these separate strategies, which the Board believes have many positive attributes including the expectation of improving the liquidity in the respective companies' share registers and listed market activity.

As with any investment and change of direction or structure, including making no change at all, there are always risks associated. Please refer to Annexure 3, which provides information about Risks generally. Please carefully consider this Notice of Meeting and accompanying Prospectus and seek professional advice, if necessary, to make an informed decision.

I encourage Shareholders to support the Proposed Transactions, which I personally believe has the potential to restore value and growth to each of the entities and as a result to Shareholders, of which my family and I are significant holders.

Yours faithfully

Michael Hackett  
Chairman

**Trustees Australia Limited**  
**ABN 42 010 653 862**

**Notice of General Meeting**

Notice is hereby given that a General Meeting of the Shareholders of Trustees Australia Limited (Company) will be held in the Trustees Australia office building at Level 9, 140 Ann Street, Brisbane on 31 July 2017 at 12 noon (AEST) (Meeting).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form are each part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 12 noon (AEST) on 29 July 2017.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

**Agenda**

---

**RESOLUTION 1 - CHANGE TO NATURE AND SCALE OF ACTIVITIES**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, for the purposes of Listing Rules 11.1.2 and 11.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities by disposing of all of the issued share capital of Jimmy Crow Limited, a subsidiary of the Company on the terms and conditions set out in the Explanatory Memorandum.*

A voting exclusion statement is set out below.

---

**RESOLUTION 2 - RETURN OF CAPITAL**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*That, subject to Resolution 1 being passed and for the purposes of section 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro rata distribution in specie of Jimmy Crow Shares to eligible holders of ordinary shares in the Company (Trustees Australia Existing Shares) on the Record Date and on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTION 3 - ACQUISITION OF CASHWERKZ**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That subject to Resolutions 1 and 2 being passed and the Demerger being completed;*

- (a) for the purposes of item 7, section 611 of the Corporations Act and for all other purposes, approval is given for Adcock Private Equity Limited and its associates or nominees to acquire a relevant interest in 42,361,491 Trustees Australia New Shares (being a voting power of approximately 50.18%); and*
- (b) for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 7,303,705 Trustees Australia New Shares to other vendors or their nominees (being a collective voting power of approximately 8.82%),*

*in consideration for the acquisition by the Company of all of the issued units of the Werkz Group Trust on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

PKF Melbourne Corporate Pty Limited has concluded that the acquisition by Adcock Private Equity Pty Limited is fair and reasonable to non-associated Shareholders

---

**RESOLUTION 4 - ISSUE OF SHARES TO MR HACKETT OR HIS NOMINEE**

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, subject to Resolutions 3 and 5 being approved and for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of Trustees Australia New Shares with a total value of \$260,000 to Michael Hackett or his nominee on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTION 5 - ISSUE OF SHARES TO ADCOCK PRIVATE EQUITY OR ITS NOMINEE**

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, subject to Resolutions 3 and 4 being approved and for the purposes of item 7, section 611 of the Corporations Act and for all other purposes, approval is given for the issue of Trustees Australia New Shares with a total value of \$390,000 to Adcock Private Equity Limited or its nominee on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

PKF Melbourne Corporate Pty Limited has concluded that the acquisition by Adcock Private Equity Pty Limited is fair and reasonable to non-associated Shareholders.

---

**RESOLUTION 6 - VOLUNTARY ESCROW ARRANGEMENTS**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, subject to Resolutions 1 to 5 being passed and for the purposes of item 7, section 611 of the Corporations Act and for all other purposes, approval is given for Trustees Australia Limited and its associates or nominees to acquire a relevant interest in up to 51,487,050 Trustees Australia New Shares (being a voting power of approximately 59.85%) on the terms set out in the Explanatory Memorandum.*

A voting exclusion statement is set out below.

PKF Melbourne Corporate Pty Limited has concluded that the acquisition by Trustees Australia Limited is reasonable to non-associated Shareholders.

---

**RESOLUTION 7 - ISSUE OF SHARES TO RAISE UP TO \$10,000,000**

To consider, and if thought fit, to pass with or without amendment the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of Trustees Australia New Shares at an issue price of no less than 80% of the VWAP for Trustees Australia New Shares calculated over the last 5 days on which sales in Trustees Australia New Shares were recorded before the day on which the issue was made to raise up to \$10,000,000 and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTIONS 8 - ELECTION OF BROOK ADCOCK AS A DIRECTOR**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, subject to the approval of Resolution 3 and for the purposes of clause 15.3 of the Constitution and for all other purposes, Brook Adcock who has been nominated as a candidate by a Shareholder in accordance with clause 15.10 of the Constitution, and having consented in writing to act, be elected as a Director, with effect from Completion.”*

---

**RESOLUTIONS 9 - ELECTION OF JOHN NANTES AS A DIRECTOR**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, subject to the approval of Resolution 3 and for the purposes of clause 15.3 of the Constitution and for all other purposes, John Nantes who has been nominated as a candidate by a Shareholder in accordance with clause 15.10 of the Constitution, and having consented in writing to act, be elected as a Director, with effect from Completion.”*

---

**RESOLUTION 10 - APPROVAL OF INCREASE IN DIRECTORS FEES**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That, for the purposes of Listing Rule 10.17, clause 16.1(a) of the Company’s Constitution and for all other purposes, approval is given to increase the level of annual remuneration of Directors to a maximum of \$350,000 on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTION 11 - ISSUE OF SECURITIES UNDER THE TAU INCENTIVE PLAN TO MICHAEL HACKETT**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of up to 2.0 million Performance Options to Michael Hackett or his nominee under the TAU Incentive Plan on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTION 12 - ISSUE OF SECURITIES UNDER THE TAU INCENTIVE PLAN TO NATHAN LEMAN**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of up to 2.0 million Performance Options to Nathan Leman or his nominee under the TAU Incentive Plan on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTION 13 - ISSUE OF SECURITIES UNDER THE TAU INCENTIVE PLAN TO BROOK ADCOCK**

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of up to 2.0 million Performance Options to Brook Adcock or his nominee under the TAU Incentive Plan on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

**RESOLUTION 14 - ISSUE OF SECURITIES UNDER THE TAU INCENTIVE PLAN TO JOHN NANTES**



To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the grant of up to 4.0 million Performance Options to John Nantes or his nominee under the TAU Incentive Plan on the terms and conditions set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

---

## **VOTING PROHIBITION AND EXCLUSION STATEMENTS**

In accordance with item 7 of section 611 of the Corporations Act that no votes are cast in favour of Resolutions 3, 5 and 6 by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution 1 – Disposal and equal capital reduction.	Persons, who might obtain a benefit, accept a benefit solely in their capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of those persons.
Resolution 3 – Issue of Trustees Australia New Shares to the Werkz Group Trust vendors in consideration for acquisition of the Werkz Group Trust.	The vendors of Cashwerkz, being persons who may participate in the proposed issue and persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates.
Resolution 4 – Issue of Trustees Australia New Shares to Mr Hackett	Michael Hackett and persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates.
Resolution 5 – Issue of Trustees Australia New Shares to Adcock Private Equity	Adcock Private Equity and persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates.
Resolution 7 – Placement	A person who may participate in the proposed issue and persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates
Resolution 10 – increase in Directors’ fees	Directors or their associates.

---

Resolution 11 – 14 Approval of Increase in Directors Fees and Issue of Securities under the TAU Incentive Plan to Related Parties	Directors or their associates.
--	--------------------------------

---

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

Trustees Australia Limited

Jerome Jones

Company Secretary

29 June 2017

**Trustees Australia Limited**  
**ABN 42 010 653 862**

**Explanatory Memorandum**

**Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held in the Trustees Australia office building at Level 9, 140 Ann Street, Brisbane on 31 July 2017 at 12 noon (AEST). The purpose of this Explanatory Memorandum is to provide information to assist Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

1	OVERVIEW OF THE PROPOSED TRANSACTIONS	13
2	RESOLUTIONS 1 AND 2 – DEMERGER OF JIMMY CROW	34
3	RESOLUTION 3 – ISSUE OF TRUSTEES AUSTRALIA NEW SHARES TO ACQUIRE CASHWERKZ AND FOR ADCOCK PRIVATE EQUITY TO ACQUIRE A RELEVANT INTEREST OVER 20%	36
4	RESOLUTIONS 4 AND 5 – DIRECTOR PLACEMENT	40
5	RESOLUTION 6 – APPROVAL FOR THE COMPANY TO ACQUIRE A RELEVANT INTEREST OVER 20%	43
6	RESOLUTION 7 – PLACEMENT TO RAISE UP TO \$10,000,000	45
7	RESOLUTIONS 8 AND 9 – ELECTION OF NEW DIRECTORS	46
8	RESOLUTION 10 - APPROVAL OF INCREASE IN DIRECTORS' FEES	46
9	RESOLUTION 11 - 14 – ISSUE OF SECURITIES UNDER THE TRUSTEES AUSTRALIA INCENTIVE PLAN TO DIRECTORS	47
10	ADDITIONAL INFORMATION	49
11	DEFINITIONS	50
12	CORPORATE DIRECTORY	72
13	INDEPENDENT EXPERT'S REPORT	73
 <b>ANNEXURE 1 – FINANCIAL INFORMATION .....</b>		<b>53</b>
<b>ANNEXURE 2 – INDEPENDENT LIMITED ASSURANCE REPORT .....</b>		<b>57</b>
<b>ANNEXURE 3 – RISKS .....</b>		<b>66</b>
<b>ANNEXURE 4 – TERMS OF JIMMY CROW SHARES.....</b>		<b>70</b>
<b>PROSPECTUS</b>		<b>123</b>

A Proxy Form is located at the end of the Explanatory Memorandum.

Please contact the Company Secretary on +61 7 3020 3020 if you wish to discuss any matter concerning the Meeting.

Any forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of both the Company and Jimmy Crow, and their respective boards, which could cause actual results, performance or achievements expressed or implied by forward-looking statements in this Explanatory Memorandum.

Other than statements in this Explanatory Memorandum regarding Cashwerkz and Adcock Private Equity's intentions following Completion, Adcock Private Equity and its directors and the other vendors of units in the Werkz Trust were not responsible for preparing this Explanatory Memorandum, and accept no liability for it.

This Explanatory Memorandum does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional advisor.

### **Action to be taken by Shareholders**

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### **Proxies**

All Shareholders are invited and encouraged to attend the Meeting. Any Shareholder who is unable to attend in person, may appoint a representative (or proxy) to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 12 noon on 29 July 2017. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

By Mail	Trustees Australia Limited GPO Box 6 Brisbane QLD 4001
By Email	<a href="mailto:shareholders@trusteesau.com.au">shareholders@trusteesau.com.au</a>
By Facsimile	+61 7 3020 3080

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting.

### **Corporate representatives**

Any Shareholder which is a body corporate may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An Appointment of Corporate Representative Form is available from our Share Registry on the Boardroom Pty Ltd website at [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au).

### Eligibility to vote

The Directors have determined that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Trustees Australia Existing Shares at 5.00pm (AEST) on 29 July.

---

## 1 OVERVIEW OF THE PROPOSED TRANSACTIONS

### 1.1 Introduction

As first announced on 31 October 2016, the Directors of Trustees Australia propose changes in the structure of Trustees Australia Group of entities to effectively divide it into two separate groups (**Demerger**), by demerging its tourism and property business (**Jimmy Crow**). Existing Shareholders of Trustees Australia with a registered address in Australia or New Zealand (**Eligible Shareholders**) will hold an identical pro-rata interest in both companies immediately after the Demerger.

Trustees Australia will remain listed on the ASX and Jimmy Crow will apply to be listed on the NSX.

Subsequently, on 15 December 2016, Trustees Australia announced that it had entered into a heads of agreement to acquire the Cashwerkz business. On 29 June 2017 the Company announced that it had entered a formal agreement to purchase all of the units in a trust which owns Cashwerkz (**Cashwerkz Acquisition**) for approximately 49.6 million Trustees Australia New Shares in Trustees Australia. Adcock Private Equity Pty Limited (**Adcock Private Equity**), an entity controlled by Brook Adcock, will hold approximately 51.18% of Trustees Australia following the Cashwerkz Acquisition.

Both Michael Hackett and Adcock Private Equity have agreed to subscribe for Trustees Australia New Shares with a total subscription amount of \$650,000 to ensure that, from Completion of the Cashwerkz Acquisition, the Company satisfies the minimum cash and net tangible asset (NTA) backing requirements of the various AFSLs held by the combined Trustees Australia Group (**Director Placement**).

To provide additional working capital, the Company will seek to raise up to \$10 million through a placement of Trustees Australia New Shares (**Placement**). To facilitate the Placement, the Sellers and entities associated with Mr Hackett have agreed to voluntarily escrow 75% of their Trustees Australia New Shares, or up to approximately 59.85% of the Company's issued Trustees Australia New Shares, for 12 months following Completion of the Cashwerkz Acquisition (**Voluntary Escrow Arrangements**).

The Jimmy Crow Demerger, Cashwerkz Acquisition, Director Placement, Placement and Voluntary Escrow Arrangements described above are together referred to as the **Proposed Transactions**.

The Proposed Transactions require Shareholder approval before implementation. As Adcock Private Equity will acquire more than 20% of the Company as a result of the Cashwerkz Acquisition and to comply with the Corporations Act, the Directors appointed PKF Melbourne Corporate Pty Limited (**Independent Expert**) to opine on whether the acquisitions are fair and reasonable to non-associated Shareholders. Furthermore, the Voluntary Escrow Arrangements will result in the Company having a relevant interest in more than 20% of its issued Trustees Australia New Shares and, for that reason, Shareholder approval is sought for the arrangement, and the Independent Expert considered whether it was fair and reasonable for non-associated Shareholders.

The Independent Expert has opined that the Cashwerkz Acquisition and Director Placement are fair and reasonable to the non-associated existing Shareholders of Trustees Australia, and that the Voluntary Escrow Arrangements are reasonable to non-associated Shareholders. The Independent Expert's report accompanies this Notice of Meeting.

The purpose of the Meeting to be convened by this Notice of Meeting is to seek Shareholder approval for the Proposed Transactions and related matters to facilitate the Proposed Transactions.

## **1.2 The Cashwerkz business**

Cashwerkz ([www.cashwerkz.com.au](http://www.cashwerkz.com.au)) is an online term deposit marketplace and cash management platform that facilitates the establishment and management of term deposits and cash management accounts from leading banks and financial institutions. The platform has been developed by its current shareholders and has commenced its commercialisation stage while further development continues.

The strategy is to offer investors at every level from small retail investors through financial planning groups, self-managed superannuation funds (SMSFs) as well as large corporates, public authorities and members of public offer superannuation funds, the opportunity to undertake online term deposit applications and management with minimal paperwork and provides easy switching term deposits between ADIs. The success of this strategy is expected to be materially enhanced by the association and cooperation with Rim Securities which is well established in providing these same target markets with the same services on a direct basis i.e. without the benefit of an on-line platform.

An ADI is an Authorised Deposit Taking Institution, which is regulated by APRA and includes all banks credit unions building societies operating in Australia including branches of foreign banks registered as ADIs with APRA. Depositors with ADIs enjoy an Australian Government guarantee of money a capital return of money deposited up to \$250,000 per depositor per ADI, in the event of the financial failure of the ADI.

Cashwerkz is a start-up "Fintech" company that incorporates the high standards of regulatory privacy and security that are required and expected in the Australian financial marketplace. It is Australian owned and operated as an independent service provider, which has no shareholding or product affiliation with any financial institution, Australian or international.

The platform offers a once only identity verification process that, when accepted by participating ADIs, allows investors to move their maturing investments from one ADI to another without additional identification. Cashwerkz manages the application process with the ADI on the investor's behalf to reduce paperwork and save otherwise tedious processes.

Investors' funds are deposited by direct debit by the ADI if instructed by the investor, or transferred directly by the investor to the selected ADI. Neither Cashwerkz nor Rim Securities, at any time, receives or has access to investors' funds.

Cashwerkz simply provides a reliable and simple to use conduit for investors to:

- access current market information on interest rates and maturity terms published individually by ADIs;
- make new applications with ADIs
- transfer funds securely at their discretion directly from their own bank account or existing term deposit bank account in their own name to other participating ADIs and at any time of the day or night, subject to bank settlement arrangements.

The Cashwerkz platform has been developed over recent years with funding provided primarily by Adcock Private Equity, a company associated with proposed Directors Brook Adcock and John Nantes. The platform is owned through a unit trust, with Adcock Private Equity holding 85.29% of the trust's units on a fully diluted basis.

The platform is currently operational and its development and enhancement will continue over the next two years. A small team of marketing personnel under the guidance of CEO elect Hector Ortiz are progressively on-boarding investors and financial planners and targeting several potential corporate users with significant numbers of cash investor clients with a view to streamlining their internal processes for managing term deposits.

Cashwerkz derives income similar to Trustee Australia's wholly owned subsidiary, Rim Securities Limited, primarily by receiving payment from ADIs for placing funds.

Further information on the Cashwerkz Acquisition is set out in the Independent Expert's Report which accompanies this Notice of Meeting.

Other than as disclosed in this Explanatory Memorandum, Adcock Private Equity does not have any present intention to change the nature or operations of the Company following Completion. The major Shareholders and Directors will however be working diligently to expand the solid base formed by the Completion of the Proposed Transactions.

### **1.3 Cashwerkz and Trustees Australia Synergies**

The Cashwerkz term deposit platform with further development has considerable scope to add to the business activities of each of Trustees Australia which provides Responsible Entity and Custodial services to managed investment schemes and other funds which usually maintain significant holdings of cash which is invested pending other investment in the fund's primary asset class.

The use of the platform in conjunction with the funds and established middle market and institutional and financial advisory customers of Rim Securities presents a level of automation which will significantly streamline the process of placing, moving and managing term deposits, bonds and other cash based securities – particularly where these asset types are not the primary investment activity focus of the investment managers. These are activities that Rim Securities currently manages in a largely manual process.

Cashwerkz' platform enables investment managers, large private investors and superannuation fund managers to speedily and reliably allocate available cash to the most appropriate form of interest earning asset, while maintaining high levels of security and transaction reporting that exchanges data with existing financial management systems.

The combined offer by Trustees Australia post-merger in an automated, on-line facility manner that engages and communicates with a wide range of ADIs and provides automated reporting to investors, is not currently publicly available in the Australian marketplace.

#### **1.4 Interim Funding, the Director Placement and the Placement**

Cashwerkz is still in development stage in several areas of its platform features and will require additional development capital and cash flow support following Completion. During this time, the management and staff of Rim Securities will be working closely with personnel at Cashwerkz to refine the platform's features and reporting, and to bring investors and financial advisers on to the platform.

To fund further development and provide working capital for the merged group, Shareholder approval is sought for the following Trustees Australia New Shares issues:

- (a) To satisfy the NTA requirements of the Company's AFSLs, Mr Hackett and Adcock Private Equity have agreed to subscribe for additional Trustees Australia New Shares with a total subscription amount of \$650,000 (**Director Placement**). It is intended that these Shares will be issued when the Placement is undertaken and at the same issue price as the Placement (or, in the event the Placement does not occur within 3 months following Shareholder approval, the Company's VWAP for that period), subject to a minimum issue price of \$0.20 (being approximately three times the mid-point of the value of each Trustees Australia New Share as determined by the Independent Expert).

The issues to Mr Hackett (as a current director) and to Adcock Private Equity (as Adcock Private Equity may increase its voting power) require Shareholder approval (Resolutions 4 and 5 respectively).

- (b) The Placement, which will raise up to \$10,000,000 through the issue of Trustees Australia New Shares at an issue price no less than 80% of the Company's 5 day VWAP prior to the Share issue (Resolution 6). The placement is targeted to be undertaken in the first quarter of FY 2018.

Adcock Private Equity's voting power in the Company at various stages will be as follows:



	Assuming the Director Placement occurs before the Placement	Following the Placement <sup>1</sup>
\$10,000,000 raised		
0.175 <sup>2</sup>	-	30.95%
0.20	51.51%	32.58%
0.225	51.47%	33.96%
\$7,500,000 raised		
0.175 <sup>2</sup>	-	34.38%
0.20	51.51%	35.87%
0.225	51.47%	37.12%

<sup>1</sup> This assumes no other Trustees Australia New Shares are issued.

<sup>2</sup> In the event the Director Placement occurs before the Placement, the issue price for the Director Placement will be at least \$0.20.

Pending the Placement and to fund both the Company and facilitate the continued development of Cashwerkz capability, Mr Hackett and Adcock Private Equity have agreed to fund the cash flow requirements of Company and Cashwerkz respectively for the first 12 months following Completion through loans up to \$675,000 and \$3.5 million respectively (subject to certain adjustments) (**Interim Funding**).

Funding will be provided as required to meet the estimated cash flow for each quarter. The Interim Funding is unsecured and interest will be payable at the rate 2% above the Commonwealth Bank Corporate overdraft rate.

The Interim Funding will be repaid through the Placement.

To facilitate the Placement, Adcock Private Equity and entities associated with Mr Michael Hackett have agreed to voluntarily escrow 75% of their Trustees Australia New Shares for 12 months from Completion. The Company may, where it is in Shareholders' interests to do so, release some or all of the Trustees Australia New Shares from escrow earlier than the 12 month period. See section 5 for further information.

## 1.5 Jimmy Crow

The Company acquired 100% of the shares in Jimmy Crow (then Queensland Reports Pty Ltd) in 1988. At the time Jimmy Crow owned and operated tourism properties at Airlie Beach, the primary ones being the Whitsunday Terraces Resort and the Whitsunday Village Resort, both of which were centrally located in Airlie Beach, Queensland.

The Whitsunday Terraces was, at the time, a relatively new apartment style property, which the Company “strata-titled” and sold to multiple investors during the first two years following acquisition with proceeds applied to reducing borrowings for the acquisition.

The balance of the land and further adjoining land acquired subsequently was progressively redeveloped with the prominent Magnums Hotel, a full scale Woolworths’s supermarket and a range of specialty stores, all of which, other than Magnums Backpackers and some strategic vacant land, Jimmy Crow sold progressively achieving significant gains. Magnums Backpackers, which has won the Whitsunday Tourism Awards for five consecutive years to 2016, operates as the Airlie Beach region’s largest and most centrally located backpacker hostel and tours retailer.

The property assets and business assets in Jimmy Crow were valued by independent external valuers, Opteon Property Group as at 30 June 2016 and the Directors adopted those valuations in the audited 2016 Annual Report of the Company lodged with ASX on 31 August 2016 and in the financial information contained in this Notice of Meeting. Shareholders should refer to the 2016 Annual Report for further details. A copy of the 2016 Annual Report can be found on the Company’s website at [www.trusteesau.com.au](http://www.trusteesau.com.au) or on the Announcements platform of ASX, or by contacting the Company to obtain a free paper copy.

On 28 March 2017, Cyclone Debbie made landfall in the Airlie Beach region of Queensland causing considerable damage and disruption to tourists and the local population.

Magnums Backpackers suffered considerable damage from strong winds and rain, causing damage to a number of buildings. The clean-up began immediately and when power and water services were restored, Magnums reopened its accommodation and tour services activities.

The damage bill has not been fully assessed, however the Directors believe Jimmy Crow is well insured on a replacement cost “new for old” basis for all related insured costs including loss of gross profit, above an insurance excess of \$100,000.

As Cyclone Debbie was a “named cyclone”, the insurance claim limit for damage is limited to \$4,000,000, which is expected to be more than sufficient for any claims made.

As part of the Jimmy Crow Demerger, Jimmy Crow will seek to raise between \$200,000 and \$2,000,000 in new funds through the issue of up to 10,000,000 Jimmy Crow Shares at an issue price of \$0.20 per Jimmy Crow Share (Public Offer), although the Demerger and listing on NSX is not conditional upon raising any funds being raised under the Public Offer.

The Public Offer will be made under a prospectus, which Jimmy Crow will lodge with ASIC shortly, and will be available by contacting the Company or [www.jimmycrow.com.au](http://www.jimmycrow.com.au). Anyone wishing to acquire Jimmy Crow Shares under the Jimmy Crow Public Offer will need to complete the application form that will accompany the prospectus.

Following the Demerger, the capital structure of Jimmy Crow will be as follows:

	Minimum Subscription		Maximum Subscription	
	Jimmy Crow Shares	%	Jimmy Crow Shares	%
Mr Hackett and associates	15,734,203	46.13	15,734,203	36.50
Other	17,375,928	50.94	17,375,928	40.31
Public Offer	1,000,000	2.93	10,000,000	23.20
Total	34,110,131	100	43,110,131	100.00

Mr Hackett will acquire a relevant interest in 15,661,775 Jimmy Crow Shares, or a voting power of between 36.50% and 46.13% under the Demerger, depending on the amount raised under the Public Offer. Mr Hackett will acquire the Jimmy Crow Shares under the Demerger, and at a time when Jimmy Crow has one shareholder so that the prohibition contained in section 606 of the Corporations Act (known as the “20% rule”) does not apply.

Jimmy Crow has lodged an application to the National Stock Exchange (**NSX**) for admission to NSX following the distribution of Jimmy Crow Shares to Eligible Shareholders.

## 1.6 Rationale for the Demerger and Cashwerkz Acquisition

The Company was incorporated in 1986 and was first listed on ASX on 14 January 1987 as a diversified investment company seeking to participate in a range of businesses and property assets. In the intervening period, the Board has investigated and invested in many listed and unlisted investments for the Company.

In later years, the assets and activities of Trustees Australia have developed into two distinct streams, being:

- (a) **Financial Services:** as the primary business focus undertaken through the parent entity Trustees Australia, comprising Trustee and Responsible Entity Services, Custody, Fund Management via investment manager RedgateAM plus Fixed Interest Activities in subsidiary Rim Securities Limited, including dealing and broking bonds and placing term deposits for middle market entities such as charities schools and local councils etc.
- (b) **Tourism / Property:** undertaken primarily through its wholly owned subsidiary entity Jimmy Crow, comprising the ownership and business operations of Magnums Backpackers Resort at Airlie Beach and other adjoining support and development property.

These two asset and activity streams have for several years been undertaken within in the single corporate group with Trustees Australia as the parent entity. Directors believe changes to the way Trustees Australia is structured will allow each corporate group of Trustees Australia and Jimmy Crow to:

- (a) attract new investors; and
  - (b) allow the two activity streams to be further developed separately;
- with management experienced in the separate activities, and focused on the growth and development of each separate company.

The Board believes that undertaking the splitting of the Company into two separate listed activity streams will facilitate the ability to:

- (a) attract new capital from investors to develop each activity stream separately;
- (b) identify and make further investments in complementary businesses and assets;
- (c) potentially reduce the concentration of large associated share shareholdings in the share register to provide greater security trading liquidity;
- (d) attract new management with specialised skills, who can be incentivised to make the entity that employs them significantly more successful.

In summary, it is proposed that Trustees Australia will remain listed on ASX and focus on the financial services activities particularly the expansion of the Rim Securities' extensive experience in term deposit and bond management and reporting systems in conjunction with the online transaction platform developed by Cashwerkz.

Jimmy Crow, which has applied to list on NSX, is in active consideration of opportunities which are compatible with its tourism activities at Airlie Beach.

The Directors believe this will be of long term financial benefit for all Shareholders.

## **1.7 Conditions Precedent**

The Jimmy Crow Demerger is subject to the following conditions precedents:

- (a) Shareholders approving Resolutions 1 and 2.
- (b) NSX providing conditional approval for Jimmy Crow Shares to be quoted on NSX to subject only to conditions acceptable to Jimmy Crow's directors.
- (c) Jimmy Crow raising a minimum of \$200,000 under the Public Offer.
- (d) The release of all encumbrances over Jimmy Crow assets and entities in favour of Trustees Australia.
- (e) The deconsolidation and exit of Jimmy Crow and its subsidiary entities from the Trustees Australia consolidated tax and GST groups.

The Cashwerkz Acquisition is subject to the following conditions precedents:

- (a) The approval by Shareholders at the General Meeting of Resolutions 1 to 7.
- (b) Certain encumbrance affecting the Cashwerkz being removed.
- (c) Obtaining necessary third party approvals and consents.

- (d) Shareholder loans, including convertible securities issued by The Werkz Trust, converting to units.
- (e) Adcock Private Equity and Mr Hackett signing share subscription agreements for the Director Placement.

Subject to completion of the Cashwerkz Acquisition, Messrs Brook Adcock and John Nantes will be appointed as Directors of Trustees Australia.

## **1.8 Outcomes for Shareholders from the proposed changes**

Assuming Resolutions 1 to 7 are approved and the Proposed Transactions complete, Eligible Shareholders will acquire a direct shareholding interest in Jimmy Crow in the same proportional interest as held in Trustees Australia on the Record Date.

Jimmy Crow has applied for admission to NSX. Trustees Australia New Shares will remain listed on ASX.

Cashwerkz will be acquired by Trustees Australia by way of an issue of 49,665,196 Trustees Australia New Shares, which will result in a dilution of existing Shareholders' interests in Trustees Australia from 100% to 40%.

## **1.9 Group structure**

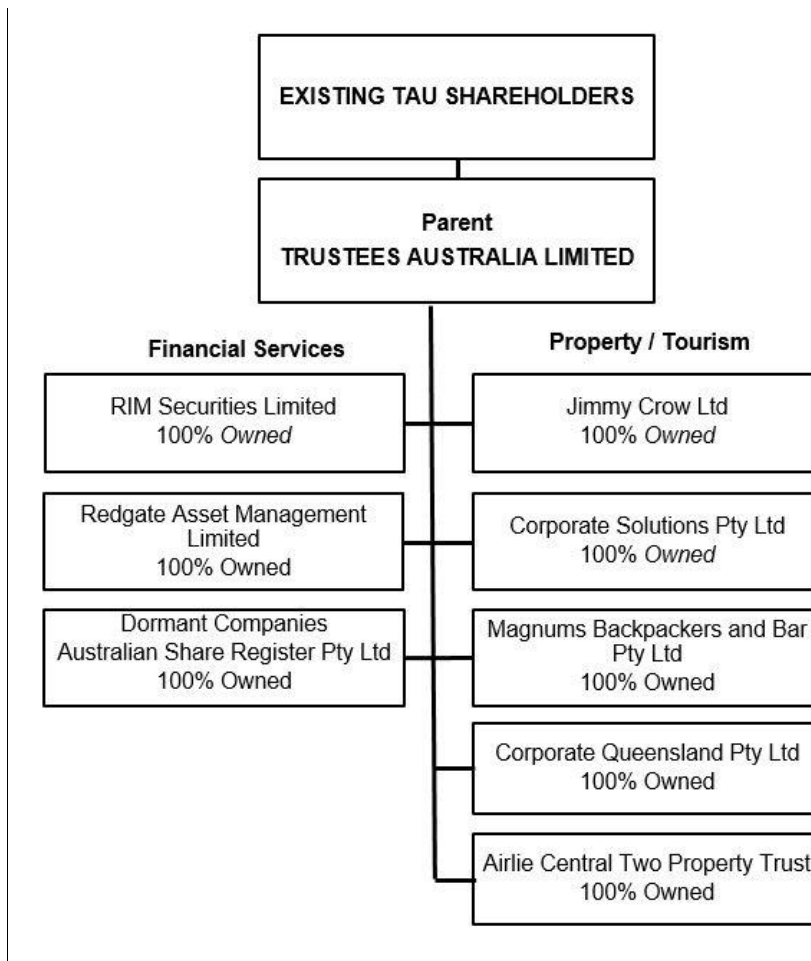
The demerger of the property / tourism stream of activities will include three companies and one trust which are wholly owned subsidiaries of Jimmy Crow. These are:

- (a) Corporate Solutions Pty Ltd ACN 010 620 612, which is the administration company which handles company payroll, accounting and similar internal activities;
- (b) Magnums Backpackers and Bar Pty Ltd ACN 010 746 997 and Corporate Queensland Pty Ltd ACN 081 530 734, both of which are dormant companies used for retaining brand names; and
- (c) Airlie Central Two Property Trust, of which Jimmy Crow will become trustee. The Trust owns part of the assets at Airlie Beach.

The Cashwerkz Acquisition will result in the Company acquiring all of the units in the Werkz Unit Trust, which owns all of the issued shares in Cashwerkz and Werkztech.

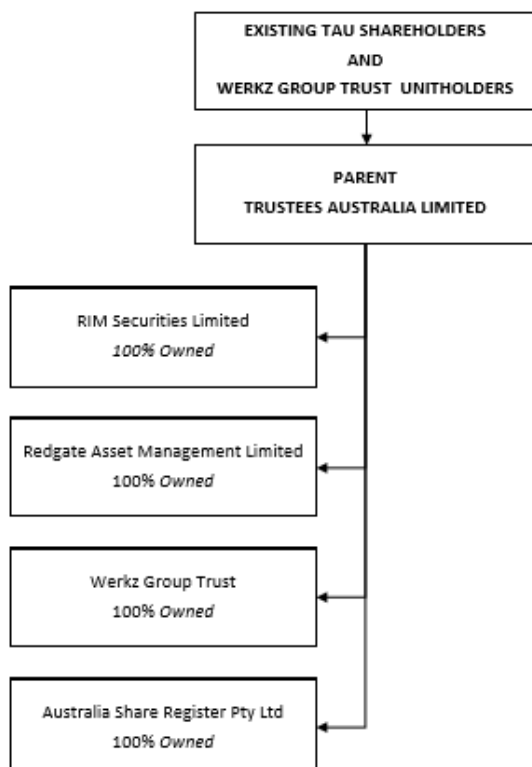
Following are the current and proposed group structures following completion of the Proposed Transactions:

## Current structure

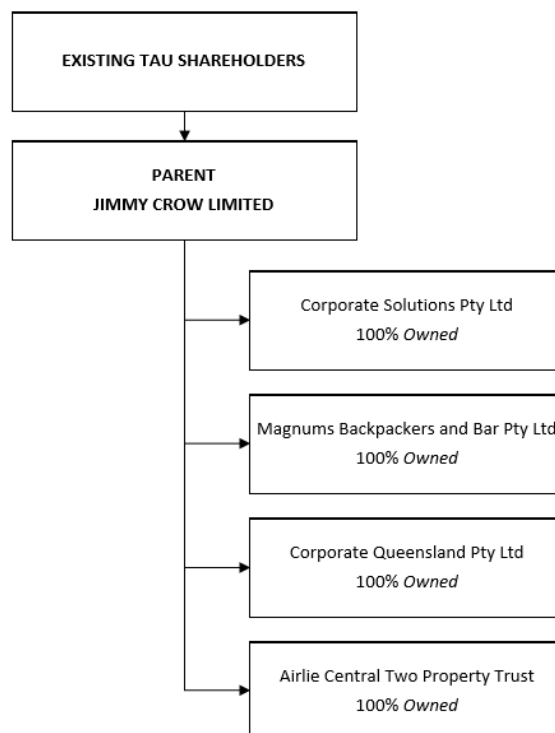


## Post-Demerger and Cashwerkz Acquisition Structures

### Trustees Australia Limited



### Jimmy Crow Limited



## 1.10 Financial Information

### Jimmy Crow Demerger

#### (a) Introduction

The Jimmy Crow Demerger is detailed in sections 1.5 and 1.6 of the Explanatory Memorandum.

Annexure 1 contains a summary of the historical and pro forma financial information regarding the Jimmy Crow Group, the Trustees Australia Financial Services Group and Consolidated Group assuming completion of the proposed Jimmy Crow Demerger. The financial information should be read in conjunction with the summary of significant accounting policies in this section and other information contained in the Notice of Meeting.

The historical and pro forma financial information in Annexure 1 comprises:

- (i) the audited statement of financial position of the Consolidated Group as at 30 June 2015, with a split between the Trustees Australia Financial Services Group and the Jimmy Crow Group, which has been subject to review (as detailed in Annexure 1, Table B);
- (ii) the audited statement of financial position of the Consolidated Group as at 30 June 2016, with a split between the Trustees Australia Financial Services Group and the Jimmy Crow Group, which has been subject to review (as detailed in Annexure 1, Table B);
- (iii) the reviewed statement of financial position of the Consolidated Group as at 31 December 2016 with a split between the Trustees Australia Financial Services Group and the Jimmy Crow Group, which has been subject to review (as detailed in Annexure 1, Table A);
- (iv) pro forma statement of financial position of the Jimmy Crow Group based on the reviewed statement of financial position of the Consolidated Group as at 31 December 2016, adjusted to include the capital raised as part of the Jimmy Crow Public Offer (both Minimum Subscriptions and Maximum Subscriptions) and other adjustments (as detailed in Annexure 1, Table A);
- (v) The historical statement of profit or loss and comprehensive income of the Consolidated Group for the years ended 30 June 2015 and 30 June 2016, (both audited), with a split between the Trustees Australia Financial Services Group and the Jimmy Crow Group, which has been subject to review (as detailed in Annexure 1, Table C); and
- (vi) the historical statement of profit or loss and comprehensive income of the Consolidated Group for the period from 1 July 2016 to 31 December 2016, with a split between the Trustees Australia Financial Services Group and Jimmy Crow Group, which has been subject to review (as detailed in Annexure 1, Table C).

The financial information has been prepared in accordance with the measurement and recognition principles of the applicable Accounting Standards and other mandatory professional reporting requirements in Australia. It is presented in an abbreviated form and does not comply with all the presentation and disclosure requirements of Australian Accounting Standards applicable to annual reports that are prepared in accordance with the Corporations Act.

The background to the Company is set out elsewhere in the Notice of Meeting.

Tables A, B and C have been reviewed by Nexia Brisbane Corporate Finance Pty Limited. Their Independent Limited Assurance Report can be found at Annexure 2 of this Explanatory Memorandum.

(b) Actual and pro forma statement of financial positions

The statement of financial position of the Consolidated Group, the Trustees Australia Financial Services Group and the Jimmy Crow Group as at 31 December 2016 and the pro forma statement of financial position of Jimmy Crow Group are set out in Annexure 1, Table A.

The pro forma statements of financial position are presented on the basis of both Minimum Subscription and Maximum Subscription under the Jimmy Crow Public Offer and assume completion of the capital raised under the Offers and certain other transactions summarised in section 1.10(c). Selected accounting policies supporting this information are also included in this section.

(c) Adjustments to actual and pro forma statements of financial position

The following adjustments have been made to the pro forma statement of financial position of the Jimmy Crow Group, to reflect the impact as if the transactions outlined below had taken place:

- (i) Demerger transaction – The in-specie distribution of the whole of the share capital of Jimmy Crow to Eligible Shareholders in the Company on the basis of one Jimmy Crow Share for each Share held on the Record Date. This adjustment has the impact of changing the nature and scale of the Company and has no impact on the pro-forma statement of financial position.
- (ii) Shares issued under the Jimmy Crow Public Offer – The issue of 10,000,000 Jimmy Crow shares at 20 cents each to raise \$2,000,000 (Maximum Subscription) or 1,000,000 Jimmy Crow shares at 20 cents each to raise \$200,000 (**Minimum Subscription**).
- (iii) Jimmy Crow Group holds 15,194,507 securities in Australian Dairy Farms Group (ASX Code: AHF) which, at 31 December 2016, were recorded at fair value of 17.5 cents per stapled security. Based on a 6 June 2017 closing price of 10.5 cents, an adjustment of \$1,063,615 has been made to reflect the current fair value.



- (iv) Jimmy Crow Group has a 42.92% interest in the Whitsunday Village Property Trust No 1 (WVRPT), an unlisted property trust that holds retail property at Airlie Beach. The WVRPT sold its remaining tenancy at the end of February 2017 and will be wound up before 30 June 2017. An adjustment has been made to reflect the Company receiving distributions of \$545,743.
- (v) As disclosed in section 1.5 of the Explanatory Memorandum, Cyclone Debbie damaged Jimmy Crow's buildings, plant and equipment. The Company is adequately covered under its insurance policies. Consequently the pro forma statement of financial position does not include any adjustments to the reclassification and measurement of the book values for any impact of the cyclone except recognising a \$154,000 (\$100,000 excess deducted) receivable for the first progress claim submitted on the Company's insurance claim.
- (vi) Trading for the 4 months subsequent to 31 December 2016 resulting in significant statement of financial position movements between trade and other payables and cash of \$740,000.
- (vii) Repayment of loans owed by the Company to related parties of Mr Hackett of \$664,976.
- (viii) Final Demerger allocations of the following Consolidated Group assets and liabilities originally allocated to Trustees Australia Financial Services Group:
  - (A) other receivable for recovery of 2016 administration costs of \$169,750;
  - (B) accrued unpaid director salaries of \$512,347;
  - (C) director related leave provisions of \$414,466; and
  - (D) accrued costs on a property related bond recovery of \$30,000.

(d) Summary of significant accounting policies

The significant accounting policies that have been adopted in the preparation of the financial information are summarised below.

(i) Basis of preparation

The financial information has been prepared in accordance with the recognition and measurement (but not all the disclosure) requirements of applicable Australian Accounting Standards and other mandatory financial reporting requirements in Australia, using the accrual basis of accounting including the historical cost convention and the going concern assumption.

The financial information is presented in Australian dollars.

The financial information has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets.

(ii) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Trustees Australia Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(iii) Property, plant and equipment

Land and buildings are recognised at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. A revaluation surplus is credited to other reserves in shareholders' equity. A revaluation decrement is initially applied to reduce any previous revaluation surplus included in other reserves and, thereafter, recognised as an impairment loss which is expensed in statement of profit or loss and comprehensive income. All other property, plant and equipment is recognised at historical cost less depreciation.

(iv) Land for Development

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

(v) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

(vi) Investments in Associates

An associate is an entity over which the Company has significant influence. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate company.

In addition the group's share of the profit or loss of the associate company is included in the Company's profit or loss.

## **Cashwerkz Acquisition**

The Cashwerkz Acquisition is detailed in section 1.1.1 and 1.13 of the Explanatory Memorandum.

Annexure 1 Table D provides a pro-forma summary statement of financial position of the Consolidated Financial Services Group assuming completion of the Jimmy Crow Demerger and the proposed Cashwerkz Acquisition. The following adjustments have been made to reflect the impact as if the transactions outlined above had taken place:

- (a) The following adjustments to Trustees Australia Financial Services Group's 31 December 2016 reviewed statement of financial position:
  - (i) The adjustments set out in section 1.10(c) above.
  - (ii) Raising \$650,000 through the Director Placement.
- (b) The following adjustments to the Cashwerkz Group's 30 April 2017 management (unaudited) accounts:
  - (i) An additional \$500,000 was drawn down on a convertible note facility.
  - (ii) The Cashwerkz software platform is recognised with a carrying value of \$5,500,000.
  - (iii) Expected operating expenses of \$600,730 over the 3 month period prior to Completion.
  - (iv) Recognition of a research and development grant of \$400,000.
  - (v) Convertible notes including interest of \$5,146,103 is converted to units in the Werkz Trust prior to Completion.
  - (vi) Borrowings of \$800,000 converted to units in the Werkz Trust prior to Completion.

Capitalisation of borrowings will not change the number of Trustees Australia New Shares issued to the Sellers under the Cashwerkz Acquisition.

The financial information should be read in conjunction with the summary of significant accounting policies in this section and other information contained in the Notice of Meeting.

### **1.11 Directors and management**

#### **Directors**

The Company's Board currently comprises Messrs Michael Hackett, Kerry Daly and Nathan Leman. At Completion it is intended that Mr Daly will retire from the Trustees Australia Board and remain as a director on the Jimmy Crow board.

The Jimmy Crow Board comprises Elizabeth Hackett, Michael Hackett, Kerry Daly and Nathan Leman. Elizabeth Hackett is appointed as Chair and Managing Director. This board will remain in place after the Jimmy Crow Demerger.

Resolutions 8 and 9 seek Shareholder approval for the appointment of Mr Brook Adcock and Mr John Nantes as Directors of Trustees Australia from Completion.

Profiles on each of the continuing and proposed Directors are set out below.

(a) Michael Hackett (Chairman and Managing Director)

Michael has a Bachelor of Commerce degree from the University of Queensland and is a Fellow of the Institute of Chartered Accountants in Australia. Mr Hackett has considerable experience in managing and operating a wide range of businesses and property interests, including managed funds and has been an executive director and chairman of several listed companies over more than 25 years.

He is a Responsible Manager for AFSLs held by Trustees Australia, Rim Securities and RedgateAM.

Michael is also the Chairman of Australian Dairy Farms Limited.

Other than as disclosed elsewhere in this Explanatory Memorandum, Mr Hackett's interests in the Company consist of the following:

- (i) A relevant interest in 15,734,203 Trustees Australia Existing Shares, giving Mr Hackett and his associates an entitlement to 15,734,203 Jimmy Crow Shares under the Demerger.
- (ii) A right to be paid remuneration of \$150,000 per annum. In the 2 years prior to the date of this Explanatory Memorandum, Mr Hackett has received remuneration and other benefits of \$120,000 (including benefits received from Jimmy Crow).

(b) Nathan Leman Director (Non-executive, Independent)

Nathan Leman was appointed as a Director on 24 November 2010. He is a qualified project manager with approximately 20 years hands-on experience in managing development, construction as well as technology acquisition and implementation. He is responsible for the management of property and related projects for the Trustees Australia entities, including those relating to financial services technology platforms.

As a director of Trustees Australia, Nathan has been appointed to the boards of most of its subsidiary entities and will continue as a Director of Trustees Australia after the Cashwerkz Acquisition.

Other than as disclosed elsewhere in this Explanatory Memorandum, Mr Leman's interests in the Company consist of the following:

- (i) A relevant interest in 2,878,880 Trustees Australia Existing Shares, giving Mr Leman and his associates an entitlement to 2,878,888 Jimmy Crow Shares under the Demerger.
- (ii) A right to be paid remuneration of \$160,000 per annum. In the 2 years prior to the date of this Explanatory Memorandum, Mr Leman has received remuneration and other benefits of \$350,000 (including benefits received from Jimmy Crow).

(c) Brook Adcock (upon completion of the Cashwerkz Acquisition)

Brook is a Director of Adcock Private Equity. He has already had several successful careers and brings with him a vast array of knowledge and

experience. He graduated from The Australian Defence Force Academy in 1986, was a RAAF Pilot until 1996, and a Qantas Pilot until 2008. He founded Pandora Jewelry Australia, a successful on-line and in store jewelry chain, in 2004, and Adcock Private Equity in 2009. His leadership, knowledge of technology, forward thinking, and administrative skills have positioned him at the vanguard of the current technology wave in Australia.

Brook has no other listed entities of which he is a Director.

Other than as disclosed elsewhere in this Explanatory Memorandum, Mr Adcock does not have, and has not had in the last 2 years before the date of this Explanatory Memorandum, any interest in the Company.

(d) John Nantes (upon completion of the Cashwerkz Acquisition)

John is a director of Adcock Private Equity. He holds bachelor degrees in Law, Commerce and Arts, as well as a Diploma of Financial Planning, and has over 20 years' experience in the financial services industry. He managed Australia's largest SMSF business at Crowe Horwath with 10,000+ accounts and has directed businesses with assets of over \$10 billion. He is now the responsible manager and a board director for Cashwerkz. He is currently the Executive Director of ASX listed Direct Money Limited.

Other than as disclosed elsewhere in this Explanatory Memorandum, Mr Nantes does not have, and has not had in the last 2 years before the date of this Explanatory Memorandum, any interest in the Company.

(e) Kerry Daly

As noted above, Mr Daly will resign as a Director with effect from Completion. Other than as disclosed elsewhere in this Explanatory Memorandum, Mr Daly's interests in the Company consist of the following:

- (i) A relevant interest in 460,200 Trustees Australia Existing Shares, giving Mr Daly and his associates an entitlement to 460,200 Jimmy Crow Shares under the Demerger.
- (ii) A right to be paid remuneration of \$50,000 per annum. In the 2 years prior to the date of this Explanatory Memorandum, Mr Daly has received remuneration and other benefits of 100,000 (including benefits received from Jimmy Crow).

Mr Daly is a Responsible Manager under the AFSLs of TA and Rim Securities.

(f) Key Management Personnel

- (i) Hector Ortiz - CEO of Trustees Australia post Completion

Hector is an experienced and effective senior business manager with international experience in financial services. He is currently the director and Responsible Manager for Australian Financial Services Licence (ASFL) of Rim Securities Limited.

Hectors brings 30 years' experience with major financial corporations, such as Reuters Group and Credit Suisse Asset Management, providing management and business development

Hectors holds an MBA, an Associated Degree in Specialised Business and multiple financial market certificates.

(ii) Michael Kowalski

Michael is the Portfolio Manager and a Responsible Manager for ASFL purposes for Redgate Asset Management Limited, a boutique fixed income investment manager. Michael holds an MBA, an Advanced Diploma of Financial Licensing Management, and over 20 years' experience in the financial services industry, working in both domestic and international markets.

(iii) Elizabeth Hackett

Elizabeth has been the General Manager – Operations and Marketing for the Jimmy Crow assets and businesses since 1996, and also handles all marketing activities. She has been in senior management in the hospitality industry in Australia and New Zealand through many years and contributes to the Queensland industry as a judge in Queensland Tourism Awards and other industry activities. Elizabeth was appointed as a director and elected as chair on 30 May 2017.

Other than as disclosed elsewhere in this Explanatory Memorandum, Mrs Hackett's interests in the Company consist of the following:

- (A) A relevant interest in 1,877,962 Trustees Australia Existing Shares, giving Mrs Hackett and her associates an entitlement to 1,877,962 Jimmy Crow Shares under the Demerger.
- (B) A right to be paid remuneration of \$100,000 per annum. In the 2 years prior to the date of this Explanatory Memorandum, Mrs Hackett has received remuneration and other benefits of \$125,000 (including benefits received from Jimmy Crow).

## 1.12 Capital Structure

Trustee Australia's capital structure following the Cashwerkz Acquisition will be as follows:

	Shares	% of issued capital
Trustees Australia Existing Shares	33,110,131	40
Trustees Australia New Shares issued to vendors of Cashwerkz	49,665,197	60
Total	82,775,328	100

In addition, the Company:

- (a) subject to Shareholder approval, has agreed to issue Trustees Australia New Shares with a total subscription price of \$650,000 to Adcock Private Equity and Mr Hackett (or his nominee) under the Director Placement; and
- (b) is seeking Shareholder approval for the Placement, which is intended to raise up to \$10,000,000, at an issue price no less than 80% of the 5 day VWAP prior to the issue.

See section 1.4 for details.

### 1.13 Material terms of the Cashwerkz Acquisition

Cashwerkz operates through a unit trust. The Company and the holders of these units have entered into a securities sale and purchase agreement (**Cashwerkz Acquisition Agreement**), the material terms of which are as follows:

- (a) The Company will issue 49,665,197 Trustees Australia New Shares for all of the units in the trust.
- (b) Completion is conditional upon:
  - (i) Shareholders approving Resolutions 1 to 7 at the Meeting.
  - (ii) The secured party in respect of each encumbrance affecting the assets of the Sale Entities or the Sale Securities (other than a permitted encumbrance) having confirmed in writing that it will provide a release of that encumbrance at Completion on terms satisfactory to the Company.
  - (iii) The necessary approvals having been granted under certain contracts, either without conditions or subject only to conditions which are acceptable to each of the Company and Sellers (both of which must act reasonably in considering such conditions).
  - (iv) Shareholder loans, including convertible securities issued by The Werkz Trust, converting to units.
  - (v) Mr Hackett and Adcock Private Equity each signing a share subscription agreements for the Director Placement, and performed their respective obligations under those agreements.
- (c) The Sellers and the Hackett Entities provide warranties consistent with an agreement on this nature, including as to title to the units acquired, ownership of its assets and Cashwerkz' and Company's respective financial position.

Following completion Adcock Private Equity and Hackett Entities will each provide loans to the Company, as detailed in section 1.4. The Company's independent Directors have determined that the financial benefit given under the loans are reasonable in the circumstances if the Company and the related party were dealing at arm's length or are less favourable to the related party so that Shareholder approval is not required under Chapter 2E of the Corporations Act.

Although the record date to participate in the Demerger is prior to Completion, the Sellers will not be entitled to participate in the Demerger and will not receive any Jimmy Crow Shares under the Demerger.

#### **1.14 Demerger Prospectus**

The invitation to vote at the General Meeting to transfer the Jimmy Crow shares to Eligible Shareholders constitutes an “offer” in accordance with ASIC Regulatory Guide 188 (Reconstructions) and requires a prospectus to be issued to Trustees Australia Shareholders to advise them on the terms of that offer and the Jimmy Crow Shares.

To satisfy ASIC Regulatory Guide 188, a prospectus accompanies this Notice of Meeting.

#### **1.15 Treatment of foreign Shareholders**

Only Shareholders with a registered address in Australia or New Zealand will be eligible to receive Jimmy Crow shares under the Demerger. Foreign Shareholders will have their Jimmy Crow Shares sold and the net proceeds paid to them.

#### **1.16 Risks**

Holding shares in the Company and Jimmy Crow are not risk free and the transactions proposed in this notice may not be successful as the directors expect or may take longer than expected to show positive results. Additionally the Fintech market is rapidly changing many of the traditional practices in the financial services sector in which the Company operates. These changes and other changes by institutions or other Fintech services providers may have positive or negative impacts on the Company’s future businesses. Before deciding to approve the Proposed Transaction, Shareholders should read the Notice and Explanatory Memorandum fully and consider these and at least the risks set out in annexure 3 in light of their personal circumstances and investment objectives (including financial and taxation issues), and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Company and Jimmy Crow, the value of shares in both companies and the amount and timing of any dividends that they may pay (if at all) will be influenced by a range of factors. Many of the risks set out in annexure 3 are beyond the control of the companies and their respective directors. Accordingly, these factors may have a material effect on the companies’ performance and profitability which may cause the market price of their shares to rise or fall over any given period.

Annexure 3 sets out risks relating to the Proposed Transactions.

#### **1.17 Dividend and distribution policy**

Any future dividends by the Company and Jimmy Crow respectively will be at the discretion of each company’s directors, and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the relevant company, future capital requirements, general business and other factors considered relevant by the relevant directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.



### **1.18 Taxation Aspects**

The Income Tax Assessment Act 1997 (ITAA) contains demerger relief provisions that provide for concessionary taxation treatment in respect of demergers that satisfy certain specific eligibility criteria.

Provided those criteria are satisfied in respect of the proposed Jimmy Crow demerger, Trustees Australia Shareholders may be entitled to CGT roll-over relief and/or income tax relief on the transfer of the Jimmy Crow Shares in any dividend component. Required adjustments to Shareholders respective cost bases in both their remaining interests in Trustees Australia and their newly acquired interests in Jimmy Crow are also prescribed.

Similarly, if the transaction is eligible for roll over relief any CGT consequences which may arise for Trustees Australia as a result of the demerger may be ignored for income tax purposes by way of CGT roll-over, and certain cost base adjustments may be required.

The Board's investigation into the taxation implications of this transaction indicates on any reasonable basis, that Trustees Australia satisfies the ITAA requirements as the 'head entity' in a 'demerger Company' and also that of being a 'listed public company'.

Shareholders should obtain their own professional advice if they have any queries regarding the tax implications of the Demerger.

### **1.19 Terms of Jimmy Crow Shares**

The terms of Jimmy Crow Shares are set out in Annexure 4.

### **1.20 Plans for the Company if the Resolutions are not passed or the Proposed Transactions do not complete**

Subject to Shareholder approval, the Company intends to complete the transactions set out in this Notice of Meeting.

In the event Shareholders do not approve the Proposed Transactions or it otherwise does not complete for any reason, the Company will reconsider the Proposed Transactions and review alternative possibilities.

### **1.21 Advantages and disadvantages**

The Directors consider that the following advantages and disadvantages of the Proposed Transactions may be relevant to the Company and Shareholders in deciding whether to approve the Resolutions:

#### **Advantages**

- (a) The approval and completion of the Proposed Transactions allow the Company and its Shareholders an opportunity to participate in an industry which has prospects for significant growth; with the synergies between the mature financial services of the existing Company and the activities, continued developments and marketing of the Cashwerkz online platform as a solution for simplifying the currently complex compliance request for customers investing in ADI term deposits.

- (b) The Proposed Transactions provide the Company with a new business activity that may lead to an increase in the Company's security price and the payment of dividends.
- (c) The Demerger provides Eligible shareholders with directly held Jimmy Crow Shares and exposure to the Australian and international visitor tourism market.
- (d) Under the Proposed Transactions the Company will issue additional securities, which may result in increased liquidity for the Company's securities.
- (e) The Proposed Transactions introduce to Trustees Australia's existing term deposit and bonds business in Rim Securities, a sophisticated online platform for managing ADI term deposits - investments which are widely used cash investment instruments - with potential for increasing Shareholder wealth.

### **Disadvantages**

The Directors consider that the following disadvantages to the Company of the Proposed Transactions may be relevant to Shareholders in deciding whether to approve the Resolutions:

- (a) The change of activities involves risks as set out in Annexure 3.
- (b) Shareholders will have their interest in the Company diluted.
- (c) Adcock Private Equity will hold approximately 52% of the Company's issued Trustees Australia New Shares, and have effective control over the Company.

### **1.22 Directors' recommendation**

For the reasons set out above the Directors recommend that Shareholders approve the Proposed Transactions and vote in favour of the Resolutions.

Each Director has advised an intention to vote all Trustees Australia Existing Shares in which they have a relevant interest, in favour of all Resolutions unless excluded.

---

## **2 RESOLUTIONS 1 AND 2 – DEMERGER OF JIMMY CROW**

### **2.1 Introduction**

Resolutions 1 and 2 seeks approval from Shareholders for the disposal of all of the shares in Jimmy Crow through a reduction in the issued capital of the Company in the form of a pro-rata in-specie distribution of the whole of the issued capital in Jimmy Crow to Eligible Shareholders in the Company on the basis of one Jimmy Crow Share for each Trustees Australia Share held on the Record Date. This is referred to as the Jimmy Crow Demerger.

The rationale for the Jimmy Crow Demerger is set out in section 1.6.

## **2.2 ASX Listing Rule requirements**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable.

ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must obtain the approval of Shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

ASX Listing Rule 11.2 provides that an entity must obtain shareholder approval to dispose of its main undertaking. The Company's interest in Jimmy Crow is currently its main undertaking.

ASX Listing Rule 11.4 provides that an entity must not dispose of a major asset or securities in a child entity if it is aware that it is intended that the child entity intend to become listed except where the securities are offered pro rata to holders of its ordinary shares or if Shareholder approval is obtained.

ASX has informed the Company that the Jimmy Crow Demerger amounts to a disposal of the Company's main undertaking under Listing Rule 11.2 and consequently ASX approval is required.

## **2.3 Corporations Act requirements**

The Company proposes under Resolutions 1 and 2 to reduce its issued capital by transferring Jimmy Crow Shares to Eligible Shareholders in the Company on a pro-rata basis, which for the purposes of the Corporations Act is an "equal capital reduction" and requires prior approval by Shareholders.

Section 256B of the Corporations Act provides that a company may reduce its share capital in a way that is not otherwise authorised by law if the reduction:

- (a) is fair and reasonable to the company's shareholders as a whole; and
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by shareholders under section 256C of the Corporations Act.

In addition the Company must give Shareholders all information known to the Company that is material to the decision on how to vote on the Resolution.

The proposed pro rata, in-specie distribution of Jimmy Crow Shares to Eligible Shareholders by way of capital reduction is an equal reduction of capital because:

- (d) it relates only to ordinary shares;
- (e) it is applicable to each Shareholder in proportion to the number of Trustees Australia Existing Shares held; and
- (f) the terms of the reduction are the same for each holder of Trustees Australia Existing Shares.

Pursuant to section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

The proposed equal capital reduction comprises the distribution of one fully paid ordinary share in Jimmy Crow for each fully paid ordinary share in Trustees Australia held by registered Eligible Shareholders on the Record Date.

For the reasons set out in this Explanatory Memorandum, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

In accordance with ASIC Regulatory Guide 188 (Disclosure in Reconstructions), the invitation to vote on the Jimmy Crow Demerger is an offer for the transfer of securities that requires disclosure under the Corporations Act.

Accompanying this Notice of Meeting is the Prospectus, which has been prepared by the Company for the purposes of giving disclosure on the Jimmy Crow Demerger. The Prospectus will allow:

- (a) the Company to invite Shareholders to vote on the Jimmy Crow Demerger; and
- (b) Eligible Shareholders to offer for on-sale Jimmy Crow Shares within 12 months of receiving them under the Jimmy Crow Demerger.

In dispatching this Notice of Meeting, the Company relies upon ASIC [CO 07/10] for certain technical relief, including that no application form is required for the Demerger.

## **2.4 Rights attaching to Jimmy Crow Shares**

A summary of rights and obligations attaching to Jimmy Crow Shares is set out in annexure 4.

## **2.5 Directors' recommendation**

The Board considers that the proposed Demerger is fair and reasonable to the Shareholders as a whole because all Shareholders are treated in the same manner given that the Demerger is on a pro rata basis.

The Directors consider that the proposed Demerger does not materially prejudice the Company's ability to pay its creditors and it will not result in the Company being insolvent at the time of or after the Demerger.

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2. The Chairman intends to vote all undirected proxies in favour of these resolutions.

---

## **3 RESOLUTION 3 – ISSUE OF TRUSTEES AUSTRALIA NEW SHARES TO ACQUIRE CASHWERKZ AND FOR ADCOCK PRIVATE EQUITY TO ACQUIRE A RELEVANT INTEREST OVER 20%**

Resolution 3 seeks Shareholder approval for the Company to issue 49,665,197 Trustees Australia New Shares to vendors of Cashwerkz. Of these 42,361,491 Trustees Australia New Shares will be issued to Adcock Private Equity, the holder of 85.29% of the units in the Werkz Trust (on a fully diluted basis).

ASX has advised the Company that it does not require the Company to re-comply with the admission requirements to ASX as a condition of the Cashwerkz Acquisition.

### 3.1 Requirement for Shareholder approval

(a) Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of the company if, because of the acquisition, that person's or another person's voting power in the company increases to more than 20%, unless an exception applies.

Section 611 of the Corporations Act sets out certain exceptions to the general prohibition, including under an acquisition approved by the company's shareholders.

Section 611 of the Corporations Act and the ASIC Regulatory Guide 74: *Acquisitions Approved by Members* set out the information to be given to shareholders in seeking approval under section 611 of the Corporations Act.

By being issued Trustees Australia New Shares under the Cashwerkz Agreement, Adcock Private Equity will acquire a relevant interest in 42,361,491 Trustees Australia New Shares, or a voting power of approximately 51.18% prior to any issue of further Trustees Australia New Shares as contemplated by Resolutions 4, 5 and 7. Resolution 3 seeks Shareholder approval for the acquisition so as to comply with sections 606 and 611 of the Corporations Act.

(b) Chapter 2E of the Corporations Act

As the Cashwerkz Agreement provides that Mr Adcock will be appointed a Director, Mr Adcock is a related party under the Corporations Act and is subject to the related party requirements (Chapter 2E). This includes the requirement for prior shareholder approval for the giving of any financial benefits except where the benefit is given on arms-length terms.

The Directors consider the issue of Trustees Australia New Shares to Adcock Private Equity to be reasonable in the circumstances as if the parties were dealing at arm's-length, so that Shareholder approval is not required under Chapter 2E of the Corporations Act.

(c) Listing Rules

ASX Listing Rule 7.1 provides that a company must not, without shareholder approval and subject to specified exemptions, issue or agree to issue more equity securities during any 12 months period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

An exception to Listing Rule 7.1 is where an issue of securities is approved for the purposes of section 611 of the Corporations Act. As the Company is seeking approval under section 611, shareholder approval under Listing Rule 7.1 is not required to the extent Trustees Australia New Shares are approved to be issued to Adcock.

Shareholder approval is sought to issue the balance of the consideration Trustees Australia New Shares to the vendors of Cashwerkz (other than Adcock Private Equity), or 7,303,705 Trustees Australia New Shares.

The effect of passing Resolution 3 will be to allow the Directors to issue securities in accordance with the Resolution without those securities being included in the 15% limit.

### **3.2 Information required by item 7 of section 611 of the Corporations Act**

- (a) The identity of the person proposing to make the acquisition and their associates

Adcock Private Equity or its nominees. Adcock Private Equity is controlled by Brook Adcock.

- (b) The maximum extent of the increase in that person's voting power in the entity that would result from the acquisition

Adcock Private Equity's voting power would increase from 0 to a maximum of 51.18%.

- (c) The voting power that person would have as a result of the acquisition  
51.18%.

- (d) The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition

51.18%.

- (e) The voting power that each of that person's associates would have as a result of the acquisition

51.18%.

### **3.3 Additional information required by ASIC Regulatory Guide 74: Acquisitions approved by members**

- (a) An explanation of the reasons for the proposed acquisition

See section 1.

- (b) When the proposed acquisition is to occur

It is anticipated that the acquisition will occur on or about 1 August 2017.

- (c) The material terms of the proposed transaction

See section 1.13 above.

- (d) Details of the terms of any other relevant agreement between the Company and Adcock Private Equity (or its associates) that are conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition

See section 1.

- (e) A statement of Adcock Private Equity's and its associates' intentions regarding the future of the Company if Shareholders approve the acquisition.

See section 1.2 above.

- (f) Any intention of Adcock Private Equity or Mr Adcock to change the financial or dividend distribution policies of the Company

Neither Adcock Private Equity nor its associates (including Mr Adcock) have, based upon circumstances, any intention of changing the financial dividend distribution policies.

- (g) The interests that any Director has in the acquisition or any relevant agreement disclosed in section 3.3(d)

See section 1.11 above.

- (h) The identity, associates (with the subscriber, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a Director if Shareholders approve the acquisition

See section 1.11 above

### **3.4 Independent Expert's Report**

Under ASIC Regulatory Guide 74: Acquisitions Approved by Members, an independent expert's report is required for Resolution 3. The report must analyse whether the transaction is fair and reasonable and state the expert's opinion.

The Company has retained PKF Corporate, who has prepared a report which concludes that the transaction is fair and reasonable to the Company's non-associated Shareholders. A copy of the report accompanies this Explanatory Memorandum. Shareholders should carefully read the Independent Expert's Report and, if required, seek their own advice.

### **3.5 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) The maximum number of Trustees Australia New Shares to be issued (to Sellers other than Adcock Private Equity) is 7,303,706.
- (b) The Trustees Australia New Shares will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue of all Trustees Australia New Shares will occur on the same date.
- (c) The Trustees Australia New Shares will be issued in consideration for the purchase of Cashwerkz and without a deemed issue price. Further information on the relative values of Trustees Australia and Cashwerkz (and hence the relative value of their securities) is set out in the Independent Export's Report which accompanies this Explanatory Memorandum. Shareholders are urged to read this report in full and seek their own advice if they have any queries.
- (d) The Trustees Australia New Shares will be issued to the vendors of Cashwerkz or their nominees.
- (e) The Trustees Australia New Shares to be issued are fully paid ordinary in the capital of the Company and will rank equally for all existing Trustees Australia New Shares on issue.
- (f) No funds will be raised from the issue.

- (g) A voting exclusion statement is included in the Notice of Meeting.

### **3.6 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 3. This will allow the Company to issue Trustees Australia New Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

---

## **4 RESOLUTIONS 4 AND 5 – DIRECTOR PLACEMENT**

As set out in section 1.4, Mr Hackett and Adcock Private Equity have each agreed to the Director Placement; the subscription of Trustees Australia New Shares with a value of \$260,000 and \$390,000 respectively at an the issue price per Share equal to (which will be paid at Completion):

- (a) the Placement; or
- (b) in the event the Placement does not occur within the period required by the Listing Rules to issue the securities (as extended by any waiver), the VWAP for the period between Completion and the second last day on which sales in Shares were recorded before the issue date,

subject to a minimum issue price,

Resolutions 4 and 5 seeks Shareholder approval for the Director Placement.

Shareholders will, as a result of the Director Placement, be diluted by up to:

- (a) 2.72% in the event the Director Placement occurs at the same time as the Placement; and
- (b) 3.49% in the event the Director Placement occurs before the Placement.

An application has been made to ASX for a waiver to extend the period to issue the Trustees Australia New Shares in the event the issue price for the Placement is not finalised within the one month period the Listing Rules allow securities to be issued to related parties. In the event the waiver is not granted, Shares will be issued under the Director Placement within one month of the Meeting.

### **4.2 Requirement for Shareholder approval**

- (a) Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1, and the proposed issue will be included in the 15% annual limit permitted by Listing Rule 7.1.

As Mr Adcock was not a person to whom Listing Rule 10.1 applies when the agreement to subscribe for Trustees Australia New Shares was entered into, Shareholder approval is not required to issue Trustees Australia New Shares to Mr Adcock.

- (b) Chapter 2E of the Corporations Act



Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless either:

- (i) the giving of the financial benefit falls within one of the exceptions to the provision, including where the benefit is given on terms on terms that would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length, or less favourable to the related party; or
- (ii) prior shareholder approval is obtained to the giving of the financial benefit.

Messrs Hackett and Adcock are related parties of the Company.

As the issue price is intended to be the same as under the Placement and subject to a minimum issue price of \$0.20 (being approximately three times the mid-point of the value of each Trustees Australia New Share as determined by the Independent Expert), the independent Directors consider the issue to be reasonable in the circumstances as if the Company and the related party were dealing at arm's length so that Shareholder approval is not required.

- (c) Section 611 of the Corporations Act

Adcock Private Equity will, in the event the Director Placement occurs before the Placement, increase its voting power from 51.18% to a maximum of 51.51%. To comply with sections 606 and 611 of the Corporations Act, Shareholder approval is required.

#### 4.3 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue to Mr Hackett:

- (a) The securities will be issued to Mr Hackett or his nominee.
- (b) The maximum number of securities to be issued will be calculated as follows:

$$\text{Number of Shares to be issued} = \frac{\$260,000}{\text{Issue price}}$$

The issue price will, in the event the Placement does not occur within the period required by the Listing Rules (as extended by any waiver), be equal to the VWAP for the period between Completion and the second last day on which sales in Shares were recorded before the issue date, subject to a minimum issue price of \$0.20 per Share,

- (c) The securities will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (d) Subject to a minimum issue price of \$0.20 per security, the issue price of the securities is intended to be equal to:
  - (i) the issue price under the Placement; or

- (ii) in the event the Placement does not occur within the period required by the Listing Rules to issue the securities (as extended by any waiver), the VWAP for the period between Completion and the second last day on which sales in Shares were recorded before the issue date.

The securities to be issued are fully paid ordinary shares in the capital of the Company.

- (e) A voting exclusion statement is included in the Notice.
- (f) Funds raised under the issue will be used for general working capital.

#### **4.4 Information required by item 7 of section 611 of the Corporations Act**

- (a) The identity of the person proposing to make the acquisition and their associates

Adcock Private Equity or its nominees. Adcock Private Equity is controlled by Brook Adcock.

- (b) The maximum extent of the increase in that person's voting power in the entity that would result from the acquisition

Adcock Private Equity's voting power would increase from 51.18% to 51.51% (assuming an issue price of \$0.20 per Trustees Australia New Share).

- (c) The voting power that person would have as a result of the acquisition

51.51% (assuming an issue price of \$0.20 per Trustees Australia New Share)

- (d) The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition

51.51% (assuming an issue price of \$0.20 per Trustees Australia New Share)

- (e) The voting power that each of that person's associates would have as a result of the acquisition

51.51% (assuming an issue price of \$0.20 per Trustees Australia New Share)

#### **4.5 Additional information required by ASIC Regulatory Guide 74: Acquisitions approved by members**

- (a) An explanation of the reasons for the proposed acquisition

See section 1.

- (b) When the proposed acquisition is to occur

It is anticipated that the acquisition will occur within one month of the Meeting, unless ASX grants a waiver to extend the period.

- (c) The material terms of the proposed transaction

See section 1.4 above.

- (d) Details of the terms of any other relevant agreement between the Company and Adcock Private Equity (or its associates) that are conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition

See section 1.

- (e) A statement of Adcock Private Equity's and its associates' intentions regarding the future of the Company if Shareholders approve the acquisition.

See section 1.2 above.

- (f) Any intention of Adcock Private Equity or Mr Adcock to change the financial or dividend distribution policies of the Company

Neither Adcock Private Equity nor its associates (including Mr Adcock) have, based upon circumstances, any intention of changing the financial dividend distribution policies.

- (g) The interests that any Director has in the acquisition or any relevant agreement disclosed in section 4.5(d).

See section 1.11 above.

- (h) The identity, associates (with the subscriber, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a Director if Shareholders approve the acquisition

See section 1.11 above

#### **4.6 Directors' recommendation**

The Directors, other than Mr Hackett, unanimously recommend that Shareholders vote in favour of Resolution 4, as it will satisfy a condition to the Cashwerkz Acquisition and raise funds at the same price as under the Placement.

Mr Hackett declines to make a recommendation to Shareholders in relation to Resolution 4 as he has a material personal interest in the outcome of Resolution 4. Mr Hackett and his associates will not be entitled to vote on Resolution 4.

The Directors recommend that all Shareholders vote in favour of Resolution 5.

---

## **5 RESOLUTION 6 – APPROVAL FOR THE COMPANY TO ACQUIRE A RELEVANT INTEREST OVER 20%**

Resolution 6 seeks Shareholder approval for the Voluntary Escrow Arrangement, under which Mr Hackett and the Sellers will voluntarily escrow 75% of their Trustees Australia New Shares, or a total of up to 51,487,050 Trustees Australia New Shares or 59.85% of the Company's issued Trustees Australia New Shares, for 12 months from Completion. The Voluntary Escrow Arrangement will assist the Company in undertaking the Placement. The Company may, where it is in Shareholders' interests to do so, release some or all of the Trustees Australia New Shares from escrow.

Under the Corporations Act, a company may have a relevant interest in its own shares. The Voluntary Escrow Arrangement gives the Company a relevant interest in its Trustees Australia New Shares and, as that interest will be greater than 20%, requires prior Shareholder approval.

#### **5.1 Information required by item 7 of section 611 of the Corporations Act**

- (a) The identity of the person proposing to make the acquisition and their associates  
The Company.
- (b) The maximum extent of the increase in that person's voting power in the entity that would result from the acquisition  
The Company's voting power would increase from 0% to a maximum of 59.85%.
- (c) The voting power that person would have as a result of the acquisition  
59.85%
- (d) The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition  
59.85%
- (e) The voting power that each of that person's associates would have as a result of the acquisition  
59.85%

#### **5.2 Additional information required by ASIC Regulatory Guide 74: Acquisitions approved by members**

- (a) An explanation of the reasons for the proposed acquisition  
See sections 1.1 and section 5.
- (b) When the proposed acquisition is to occur  
It is anticipated that the acquisition will occur upon completion of the Cashwerkz Acquisition occurring.
- (c) The material terms of the proposed transaction  
See sections 1.1 and section 5.
- (d) Details of the terms of any other relevant agreement between the Company and Mr Hackett and the Sellers that are conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition  
See elsewhere in this explanatory memorandum for details of any other relevant agreements.
- (e) A statement of the Company's and its associates' intentions regarding the future of the Company if Shareholders approve the acquisition.  
The Company may release the Voluntary Escrow Arrangements where it is in the Company's best interests to do so.

- (f) Any intention to change the financial or dividend distribution policies of the Company  
Not applicable.
- (g) The interests that any Director has in the acquisition or any relevant agreement disclosed in section 5.2(d)  
See section 1.11 above.
- (h) The identity, associates (with the subscriber, purchaser or vendor and with any of their associates) and qualifications of any person who it is intended will become a Director if Shareholders approve the acquisition  
See section 1.11 above

### 5.3 Independent Expert's Report

The Company has retained PKF Corporate, who has prepared a report which concludes that Voluntary Escrow Arrangement is reasonable to the Company's non-associated Shareholders. A copy of the report accompanies this explanatory memorandum. Shareholders should carefully read the Independent Expert's Report and, if required, seek their own advice.

### 5.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6, as it the Voluntary Escrow Arrangement will assist the Company in undertaking the Placement.

---

## 6 RESOLUTION 7 – PLACEMENT TO RAISE UP TO \$10,000,000

Resolution 6 seeks Shareholder approval for the Company to raise up to \$10,000,000 at an issue price no less than 80% of the Company's 5 day VWAP.

The dilutive effect of the Placement, assuming various issue prices is as follows:

Amount raised (\$)	Issue price per Share (\$)	Dilutive effective (%)
10,000,000	0.150	43.66
	0.175	39.91
	0.200	36.76
	0.225	34.06
7,500,000	0.150	36.76
	0.175	33.25
	0.200	30.36
	0.225	27.93

## **6.1 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

- (a) The maximum number of Trustees Australia New Shares to be issued is yet to be determined, however no more than \$10,000,000 will be raised at an issue price no less than 80% of the Company's 5 day VWAP.
- (b) The Trustees Australia New Shares will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The Trustees Australia New Shares will be issued for an issue price as set out above.
- (d) The Trustees Australia New Shares will be issued to unrelated third parties.
- (e) The Trustees Australia New Shares to be issued will be fully paid ordinary shares in the capita of the Company and will rank equally for all existing Trustees Australia New Shares on issue.
- (f) Funds raised from the proposed issue will be used for the purposes set out in section 1.4.
- (g) A voting exclusion statement is included in the Notice of Meeting.

## **6.2 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 7 so that the Placement can be made to raise up to \$10,000,000 without using the Company's 15% placement capacity.

---

## **7 RESOLUTIONS 8 AND 9 – ELECTION OF NEW DIRECTORS**

In accordance with clause 15.3 of the Company's Constitution, Messrs Brook Adcock and John Nantes have consented to being appointed as Directors of the Company with effect from Completion.

Information on Messrs Adcock and Nantes is in section 1.11 above.

---

## **8 RESOLUTION 10 - APPROVAL OF INCREASE IN DIRECTORS' FEES**

Shareholder approval is being sought to increase the total pool of fees available from which to pay fees to Non-Executive Directors. The current maximum aggregate amount which Shareholders have approved to be paid as fees to the Non-Executive Directors is \$150,000 per annum, although for many years the amount paid has approximated \$60,000. However, given the Proposed Transactions and the composition of the Board, it is considered that this level should be increased to \$350,000 per annum with effect from completion of the Meeting, to be divided amongst the Non-Executive Directors and new appointees, if applicable, as the Directors may determine. The increase is in order to attract and retain directors of the calibre required to effectively guide and monitor the

business of the Company and to maintain directors' fees in line with market conditions.

Clause 16.1 of the Company's Constitution and Listing Rule 10.17 provide that the total remuneration of Non-Executive Directors may not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase has been given to Shareholders in the notice convening the meeting. The Company's Constitution also provides that this amount may be divided among the Directors in the manner and in such proportions as they shall from time to time agree, or in default of agreement, equally.

Currently there are 3 Non-Executive Directors on the Board. They are currently not receiving any remuneration although they are entitled to a fixed fee totaling \$150,000 per annum. Details of the Chairman's remuneration are set out in the Company's 2016 annual report.

For the purposes of Clause 16.1 of the Constitution and Listing Rule 10.17, Shareholder approval is sought to increase the maximum aggregate amount which can be paid as fees to the Non-Executive Directors by \$200,000 from \$150,000 to \$350,000 per annum.

In addition to the reasons stated above, the Company considers it necessary to increase the aggregate amount payable to Non-Executive Directors in order to:

- (a) attract and retain the calibre of Director required to ensure the quality of management at Board level is maintained at a high level;
- (b) provide the Company with flexibility within the Shareholder approved amount to increase the number of Non-Executive Directors should suitable and qualified candidates be identified;
- (c) provide the Company with flexibility within the Shareholder approved amount to increase Non-Executive Directors' fees in line with fees for similar companies and market conditions should it be deemed appropriate in the future; and
- (d) ensure that Non-Executive Directors are reasonably remunerated considering the additional legal duties and potential liabilities of Directors of publicly listed entities.

---

## **9 RESOLUTION 11 - 14 – ISSUE OF SECURITIES UNDER THE TRUSTEES AUSTRALIA INCENTIVE PLAN TO DIRECTORS**

### **9.1 Introduction**

To provide a monetary incentive to align interests with Shareholders' interests, the Directors propose to grant up to 7.0 million Performance Options under the TAU Incentive Plan to the Directors and proposed Directors of Trustees Australia with the following performance hurdles and exercise prices:

Vesting hurdle	TSR Period			
	6 months ending 31/12/2017	12 months ending 30/06/2018	18 months ending 31/12/2018	30 months ending 31/12/2019

TSR increase to TSR Base	25%	30%	40%	50%
Exercise Price	\$0.230	\$0.250	\$0.270	\$0.290

#### Number of Options Exercisable for hurdles

Michael Hackett	1,500,000	500,000	-	-
Nathan Leman	1,500,000	500,000	-	-
Brook Adcock	1,500,000	500,000	-	-
John Nantes	1,500,000	1,000,000	1,000,000	500,000

Where:

**5 Day VWAP** means the VWAP for Shares calculated over the 5 trading days on which trades of Trustees Australia New Shares were recorded.

**Dividends** means all dividends and distributions paid by the Company.

**TSR** means Total Shareholder Returns calculated as:

$$= \frac{(\text{Price end} - \text{Price begin} + \text{Dividends})}{\text{Price begin}}$$

**Price begin** means the 5 Day VWAP prior to the date the TSR Period begins.

**Price end** means the 5 Day VWAP prior to the date the TSR Period ends.

**TSR Base** means the 5 Day VWAP prior to the date Performance Options are granted.

As the Directors are each related parties and Shareholder approval is required for the proposed issue.

## 9.2 Information required by Listing Rule 10.15A

For the purposes of Listing Rule 10.15A, the following information is provided about the proposed issue of Performance Options:

- (a) The maximum number of securities to be issued to the directors is 10.0 million Performance Options. Each Performance Option entitles the holder, upon satisfaction of the relevant performance hurdle and payment of exercise price as set out in section 9.1, to be issued one Share.
- (b) The milestones to be satisfied for the issue of Performance Options the exercise price are set out in section 9.1.
- (c) The Directors who are entitled to participate in the Plan are as follows:
  - (i) Michael Hackett;
  - (ii) Nathan Leman
  - (iii) Brook Adcock
  - (iv) John Nantes
- (d) A voting exclusion statement is included in the Notice.
- (e) No loans will be provided in relation to the TAU Incentive Plan.
- (f) Details of any securities issued under the TAU Incentive Plan and a statement that approval for the issue of securities was obtained under



Listing Rule 10.14 will be published in each annual report of the Group relating to the period in which securities have been issued.

- (g) It is intended that 10.0 million Performance Options will be issued to the Directors collectively no later than 1 month after the date of the meeting.

### **9.3 Directors' recommendation**

The Directors recommend that Securityholders vote in favour of Resolution 8 - 11, as it will more closely align the directors' interests with the performance of the Company and interests of its Securityholders and help to reward them for their efforts.

---

## **10 ADDITIONAL INFORMATION**

There is no information material to a decision by a Shareholder whether or not to approve the Proposed Transaction (being information that is known to any of the Directors and which has not previously been disclosed to Shareholders) other than as disclosed in this Explanatory Memorandum, and the Prospectus and Independent Expert's Report which accompany the Notice of Meeting.

Shareholders should seek professional advice in relation to any questions they may have arising out of this Explanatory Memorandum.

---

## 11 DEFINITIONS

In the Notice and Explanatory Memorandum:

<b>Adcock Private Equity</b>	Adcock Private Equity Pty Limited
<b>AEST</b>	means Australian Eastern Standard Time.
<b>ADI</b>	means an Authorised Deposit-taking Institution as defined by the Banking Act 1959 (Cth) and includes banks, building societies and credit unions.
<b>APRA</b>	means Australian Prudential Regulation Authority.
<b>ASIC</b>	means Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Board</b>	means the board of Directors.
<b>Cashwerkz</b>	means Cashwerkz Pty Ltd (ACN: 164 806 357) or where the context requires, the business carried on by Cashwerkz and Werkztech.
<b>Cashwerkz Acquisition</b>	means the acquisition of all of the issued units in the Werkz Trust which owns all of the issued capital in Cashwerkz and Werkztech
<b>Cashwerkz Agreement</b>	the agreement between the Company, Werkz Pty Limited (as trustee for the Werkz Group Trust) and the holders of units in the trust.
<b>Cashwerkz Group</b>	means the Werkz Trust and the controlled entities comprising Cashwerkz Pty Ltd and Werkz Technology Pty Ltd.
<b>Completion</b>	means completion of the Demerger and Cashwerkz Acquisition.
<b>Company or Trustees Australia</b>	means Trustees Australia Limited (ABN: 42 010 653 862).
<b>Consolidated Financial Services Group</b>	means the combined Trustees Australia Financial Services Group and Cashwerkz Group.
<b>Consolidated Group</b>	means the combined Jimmy Crow Group and Trustees Australia Financial Services Group.
<b>Constitution</b>	means the constitution of the Company at the date of this Notice.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth) as amended.
<b>Demerger or Jimmy Crow Demerger</b>	means the demerger of Jimmy Crow Limited from Trustees Australia Limited by way of the <i>in-specie</i> equal capital reduction referred to in Resolution 1.
<b>Director</b>	means a director of the Company.

<b>Director Placement</b>	has the meaning given in section 1.4.
<b>Eligible Shareholder</b>	means a Shareholder on the Record Date with a registered address in Australia or New Zealand.
<b>Explanatory Memorandum</b>	means this explanatory memorandum that accompanies the Notice of Meeting.
<b>Independent Expert or PKF Corporate</b>	PKF Melbourne Corporate Pty Limited
<b>Independent Expert's Report</b>	means the report prepared by PKF Corporate.
<b>Ineligible Shareholder</b>	means a Shareholder on the Record Date who is not an Eligible Shareholder.
<b>ITAA</b>	means Income Taxation Assessment Act 1997.
<b>Jimmy Crow</b>	means Jimmy Crow Limited (ABN: 80 010 547 812) (previously Queensland Resorts Limited).
<b>Jimmy Crow Group</b>	means Jimmy Crow and the controlled entities comprising Corporate Solutions Pty Ltd, Magnums Backpackers and Bar Pty Ltd, Corporate Queensland Pty Ltd and Airlie Central Two Property Trust.
<b>Jimmy Crow Shares</b>	means a fully paid ordinary share in the capital of Jimmy Crow.
<b>Listing Rules</b>	means the listing rules of the ASX or NSX (as the context requires).
<b>Meeting</b>	means the meeting of Shareholders convened by this Notice.
<b>Notice or Notice of Meeting</b>	means this notice of meeting, which includes the Explanatory Memorandum and the attached Independent Experts Report.
<b>NSX</b>	means Nationals Stock Exchange of Australia Limited ABN: 11 000 902 063 and where the context requires, the market it operates.
<b>Official List</b>	means the official list of the ASX.
<b>Performance Option</b>	means an Option issued under the Trustees Australia Incentive Plan.
<b>Placement</b>	has the meaning given in section 1.3.
<b>Proposed Transactions</b>	has the meaning given in section 1.1.
<b>Proxy Form</b>	means the proxy form attached to this Notice.
<b>Public Offer</b>	has the meaning given in section 1.5.
<b>Queensland Resorts</b>	is the former name for Jimmy Crow, changed with effect from 13 March 2017.

<b>Record Date</b>	means the date given in the Timetable, and being the date Eligible Shareholders are determined for participation in the Demerger.
<b>Resolution</b>	means a resolution set out in the Notice.
<b>Sellers</b>	means the sellers of units under the Cashwerkz Acquisition.
<b>Share</b>	means a fully paid ordinary share in the capital of Trustees Australia. For clarity throughout this Notice, the following definitions have been used where applicable:  <b>Trustees Australia Existing Share</b> means the Shares on issue at the time of this Notice and prior to Completion.  <b>Trustees Australia New Share</b> means the issued shares in Trustees Australia after Completion.
<b>Shareholder</b>	means a holder of a Share.
<b>Share Registry</b>	mean Link Market Services Limited can 083 214 537.
<b>Timetable</b>	means the timetable in the Notice of Meeting.
<b>TAU Incentive Plan</b>	means the Long Term Incentive Plan approved by Shareholders on 30 November 2016.
<b>Trustees Australia</b>	means Trustees Australia Limited ABN 42 010 653 862.
<b>Trustees Australia Existing Share</b>	means the Shares on issue prior to Completion.
<b>Trustees Australia New Share</b>	means Shares issued after Completion.
<b>Trustees Australia Financial Services Group</b>	means the Company and the controlled entities comprising Rim Securities Limited, Redgate Asset Management Limited and Australian Share Registers Pty Ltd.
<b>Voluntary Escrow Arrangements</b>	has the meaning given in section 1.1.
<b>VWAP</b>	means volume weighed average price (as defined in the Listing Rules).
<b>Werkztech</b>	means Werkz Technology Pty Ltd ACN 164 806 311.
<b>Werkz Trust</b>	means the Werkz Group Trust ABN: 55994 790 201

## ANNEXURE 1 – FINANCIAL INFORMATION

Table A: Historical and Pro-forma Statements of Financial Position – Jimmy Crow Group

	31 December 2016 (reviewed)			Adjustments		Pro-forma	
	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group	Minimum Jimmy Crow Group	Maximum Jimmy Crow Group	Minimum Jimmy Crow Group	Maximum Jimmy Crow Group
<b>Current Assets</b>							
Cash and cash equivalents	60,759	762,948	823,707	257,715	2,057,715	318,474	2,118,474
Trade and other receivables	57,661	446,418	504,079	169,750	169,750	227,411	227,411
Inventories	4,586	-	4,586	-	-	4,586	4,586
Other Assets	195,935	135,696	331,631	-	-	195,935	195,935
<b>Total Current Assets</b>	<b>318,941</b>	<b>1,345,062</b>	<b>1,664,003</b>	<b>427,465</b>	<b>2,227,465</b>	<b>746,406</b>	<b>2,546,406</b>
<b>Non-Current Assets</b>							
Inventories	860,000	-	860,000	-	-	860,000	860,000
Financial Assets	2,677,992	-	2,677,992	(1,063,615)	(1,063,615)	1,614,376	1,614,376
Investments accounted for using the equity method	545,743	-	545,743	(545,743)	(545,743)	-	-
Property, plant & equipment	4,848,344	3,472	4,851,816	-	-	4,848,344	4,848,344
Intangibles	-	857,960	857,960	-	-	-	-
<b>Total Non-Current Assets</b>	<b>8,932,079</b>	<b>861,432</b>	<b>9,793,511</b>	<b>(1,609,358)</b>	<b>(1,609,358)</b>	<b>7,322,720</b>	<b>7,322,720</b>
<b>Total Assets</b>	<b>9,251,020</b>	<b>2,206,494</b>	<b>11,457,514</b>	<b>(1,181,994)</b>	<b>618,106</b>	<b>8,069,126</b>	<b>9,869,126</b>
<b>Current Liabilities</b>							
Trade and other payables	703,142	362,904	1,066,046	(320,000)	(320,000)	383,142	383,142
Borrowings	-	769,507	769,507	-	-	-	-
Provisions	95,040	41,747	136,787	-	-	95,040	95,040
<b>Total Current Liabilities</b>	<b>798,182</b>	<b>1,174,158</b>	<b>1,972,340</b>	<b>(320,000)</b>	<b>(320,000)</b>	<b>478,182</b>	<b>478,182</b>
<b>Non-Current Liabilities</b>							
Trade and other payables	-	512,347	512,347	512,347	512,347	512,347	512,347
Provisions	181,591	414,466	596,057	414,466	414,466	596,057	596,057
<b>Total Non-Current Liabilities</b>	<b>181,591</b>	<b>926,813</b>	<b>1,108,404</b>	<b>926,813</b>	<b>926,813</b>	<b>1,108,404</b>	<b>1,108,404</b>
<b>Total Liabilities</b>	<b>979,773</b>	<b>2,100,971</b>	<b>3,080,744</b>	<b>606,813</b>	<b>606,813</b>	<b>1,586,586</b>	<b>1,586,586</b>
<b>Net Assets</b>	<b>8,271,247</b>	<b>105,523</b>	<b>8,376,770</b>	<b>(1,788,707)</b>	<b>11,293</b>	<b>6,482,541</b>	<b>8,282,541</b>
<b>Total Equity</b>	<b>8,271,247</b>	<b>105,523</b>	<b>8,376,770</b>	<b>(1,788,707)</b>	<b>11,293</b>	<b>6,482,541</b>	<b>8,282,541</b>

Table B: Historical Statements of Financial Position – Jimmy Crow Group and Trustees Australia Financial Services Group

	FY 2015 (audited)			FY 2016 (audited)		
	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group
<b>Current Assets</b>						
Cash and cash equivalents	60,755	447,031	507,786	71,866	425,103	496,969
Trade and other receivables	51,537	586,038	637,515	19,195	606,907	626,102
Inventories	3,327	-	3,327	5,279	-	5,279
Financial Assets	-	-	-	1,623,468	-	1,623,468
Other Assets	176,748	61,839	238,587	189,416	61,499	250,915
<b>Total Current Assets</b>	<b>292,367</b>	<b>1,094,908</b>	<b>1,387,275</b>	<b>1,909,224</b>	<b>1,093,509</b>	<b>3,002,733</b>
<b>Non-Current Assets</b>						
Inventories	1,326,178	-	1,326,178	860,000	-	860,000
Financial Assets	2,359,940	-	2,359,940	1,106,876	-	1,106,876
Investments accounted for using the equity method	1,574,009	-	1,574,009	558,912	-	558,912
Property, plant & equipment	4,335,133	4,190	4,339,323	4,883,459	3,989	4,887,448
Intangibles	-	870,815	870,815	-	896,507	896,507
<b>Total Non-Current Assets</b>	<b>9,595,260</b>	<b>875,005</b>	<b>10,470,265</b>	<b>7,409,247</b>	<b>900,496</b>	<b>8,309,743</b>
<b>Total Assets</b>	<b>9,887,627</b>	<b>1,969,913</b>	<b>11,857,540</b>	<b>9,318,471</b>	<b>1,994,005</b>	<b>11,312,476</b>
<b>Current Liabilities</b>						
Trade and other payables	734,930	386,731	1,121,661	630,503	344,026	974,529
Borrowings	41,017	2,947	43,964	-	47,368	47,368
Provisions	78,663	58,673	137,336	71,240	27,613	98,853
<b>Total Current Liabilities</b>	<b>854,610</b>	<b>448,351</b>	<b>1,302,961</b>	<b>701,743</b>	<b>419,007</b>	<b>1,120,750</b>
<b>Non-Current Liabilities</b>						
Trade and other payables	404,857	-	404,857	539,722	-	539,722
Provisions	565,221	9,225	574,446	597,442	9,834	607,276
<b>Total Non-Current Liabilities</b>	<b>970,078</b>	<b>9,225</b>	<b>979,303</b>	<b>1,137,164</b>	<b>9,834</b>	<b>1,146,998</b>
<b>Total Liabilities</b>	<b>1,824,687</b>	<b>457,576</b>	<b>2,282,264</b>	<b>1,838,907</b>	<b>428,841</b>	<b>2,267,748</b>
<b>Net Assets</b>	<b>8,062,940</b>	<b>1,512,336</b>	<b>9,575,276</b>	<b>7,479,564</b>	<b>1,565,164</b>	<b>9,044,728</b>
<b>Total Equity</b>	<b>8,062,940</b>	<b>1,512,336</b>	<b>9,575,276</b>	<b>7,479,564</b>	<b>1,565,164</b>	<b>9,044,728</b>

Table C: Statements of Profit or Loss and Other Comprehensive Income – Jimmy Crow and Trustees Australia Financial Services Group

	FY 2015 (audited)			FY 2016 (audited)			HY 2017 (reviewed)		
	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group
Revenue	2,259,342	1,438,672	3,698,014	2,399,576	1,547,360	3,946,936	1,277,808	478,461	1,756,269
Business Operating Expenses	(657,942)	(191,927)	(849,869)	(702,097)	(201,204)	(903,301)	(371,126)	(99,412)	(470,538)
Employment Expenses	(1,315,900)	(864,501)	(2,183,401)	(1,426,041)	(833,752)	(2,259,793)	(754,050)	(401,405)	(1,155,455)
Finance Costs	(12,955)	(16,897)	(29,852)	(10,928)	(17,400)	(28,328)	(2,394)	(13,955)	(16,349)
Property Operating Expenses	(652,805)	(74,367)	(727,172)	(628,135)	(211,484)	(839,619)	(338,547)	(110,144)	(448,691)
Impairment Adjustments	-	-	-	182,730	-	182,730	-	-	-
Other Expenses	(206,080)	(203,589)	(409,669)	(187,070)	(363,999)	(551,069)	(101,200)	(148,996)	(250,196)
Share of net profit/(loss) from associate	357,145	-	357,145	169,954	-	169,954	5,370	-	5,370
Profit/(loss) before income tax	(229,195)	84,391	(144,804)	(202,011)	(80,480)	(282,490)	(284,139)	(295,451)	(579,590)
Income tax benefit/ (expense)	-	-	-	-	-	-	-	-	-
<b>Net profit/(loss) from continuing operations</b>	(229,195)	84,391	(144,804)	(202,011)	(80,480)	(282,490)	(284,139)	(295,451)	(579,590)
<b>Discontinued operations</b>									
Profit/(loss) from discontinued operations after tax	-	709,426	709,426	-	-	-	-	-	-
<b>Net profit/ (loss) for the year</b>	(229,195)	793,817	564,622	(202,011)	(80,480)	(282,490)	(284,139)	(295,451)	(579,590)
<b>Other comprehensive income</b>									
<b>Items that will not be reclassified to profit or loss</b>									
Net gain/(loss) on revaluation of financial assets	428,563	-	428,563	(248,058)	-	(248,058)	(88,368)	-	(88,368)
	428,563	-	428,563	(248,058)	-	(248,058)	(88,368)	-	(88,368)
<b>Items that may be reclassified subsequently to profit or loss</b>									
Other comprehensive income for the year	428,563	-	428,563	(248,058)	-	(248,058)	(88,368)	-	(88,368)
<b>Total comprehensive income for the period</b>	199,368	793,817	993,185	(450,068)	(80,480)	(530,548)	(372,507)	(295,451)	(667,958)

Table D: Pro-forma Statements of Financial Position – Consolidated Financial Services Group

	Trustees Australia 31 December 2016 (reviewed)			Trustees Australia		Management Accounts 30.04.2017	Cash in	Software Platform	Cashwerkz Group Adjustments					Pro-forma	Pro-forma
	Jimmy Crow Group	Trustees Australia Financial Services Group	Consolidated Group	Adjustments	Pro-forma				3mth OPEX	R&D Refund	Interest Con Note	Debt Conversion			
													Trustees Australia Financial Services Group		
Current Assets															
Cash and cash equivalents	60,759	762,948	823,707	(112,948)	650,000	98,230	500,000	-	(598,230)	-	-	-	-	650,000	
Trade and other receivables	57,661	446,418	504,079	(169,750)	276,668	11,203	-	-	(2,500)	400,000	-	-	408,703	685,371	
Inventories	4,586	-	4,586	-	-	-	-	-	-	-	-	-	-	-	
Other Assets	195,935	135,696	331,631	-	135,696	42,661	-	-	-	-	-	-	42,661	178,357	
Total Current Assets	318,941	1,345,062	1,664,003	(282,698)	1,062,364	152,094	500,000	-	(600,730)	400,000	-	-	451,364	1,513,728	
Non-Current Assets															
Inventories	860,000	-	860,000	-	-	-	-	-	-	-	-	-	-	-	
Financial Assets	2,677,992	-	2,677,992	-	-	-	-	-	-	-	-	-	-	-	
Investments accounted for using the equity method	545,743	-	545,743	-	-	-	-	-	-	-	-	-	-	-	
Property, plant & equipment	4,848,344	3,472	4,851,816	-	3,472	57,925	-	-	-	-	-	-	57,925	61,397	
Intangibles	-	857,960	857,960	-	857,960	-	-	5,500,000	-	-	-	-	5,500,000	6,357,960	
Total Non-Current Assets	8,932,079	861,432	9,793,511	-	861,432	57,925	-	5,500,000	-	-	-	-	5,557,925	6,419,357	
Total Assets	9,251,020	2,206,494	11,457,514	(282,698)	1,923,796	210,019	500,000	5,500,000	(600,730)	400,000	-	-	6,009,289	7,933,085	
Current Liabilities															
Trade and other payables	703,142	362,904	1,066,046	(110,000)	252,904	100,290	-	-	-	-	-	-	100,290	353,194	
Borrowings	-	769,507	769,507	(664,976)	104,531	4,604,768	500,000	-	-	-	41,335	(5,146,103)	-	104,531	
Provisions	95,040	41,747	136,787	-	41,747	53,084	-	-	-	-	-	-	53,084	94,831	
Total Current Liabilities	798,182	1,174,158	1,972,340	(774,976)	399,182	4,758,142	500,000	-	-	-	41,335	(5,146,103)	153,374	552,556	
Non-Current Liabilities															
Trade and other payables	-	512,347	512,347	(512,347)	-	-	-	-	-	-	-	-	-	-	
Borrowings	-	-	-	-	-	800,000	-	-	-	-	-	(800,000)	-	-	
Provisions	181,591	414,466	596,057	(414,466)	-	-	-	-	-	-	-	-	-	-	
Total Non-Current Liabilities	181,591	926,813	1,108,404	(926,813)	-	800,000	-	-	-	-	-	(800,000)	-	-	
Total Liabilities	979,773	2,100,971	3,080,744	(1,701,789)	399,182	5,558,142	500,000	-	-	-	41,335	(5,946,103)	153,374	552,556	
Net Assets	8,271,247	105,523	8,376,770	1,419,091	1,524,614	(5,348,122)	-	5,500,000	(600,730)	400,000	(41,335)	5,946,103	5,855,915	7,380,530	
Total Equity	8,271,247	105,523	8,376,770	1,419,091	1,524,614	(5,348,122)	-	5,500,000	(600,730)	400,000	(41,335)	5,946,103	5,855,915	7,380,530	





29 June 2017

The Directors  
Trustees Australia Limited  
GPO Box 6  
BRISBANE QLD 4001

Dear Sirs

## **INDEPENDENT LIMITED ASSURANCE REPORT**

### **- JIMMY CROW LIMITED DEMERGER**

### **- HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

We have been engaged by Trustees Australia Limited ("**TAU**" or "**the Company**") to report on the historical financial information and the pro forma financial information regarding TAU, Jimmy Crow Limited ("**Jimmy Crow**") and Trustees Australia Limited and Controlled Entities ("**Consolidated Group**") which is included in Section 1.10 of the Explanatory Memorandum accompanying the Notice of General Meeting scheduled for 31 July 2017.

We have been advised that TAU will restructure as follows:

- Demerging from TAU will be Jimmy Crow and Controlled Entities which will comprise Jimmy Crow Limited, and wholly owned subsidiaries Corporate Solutions Pty Ltd, Magnum Backpackers and Bar Pty Ltd, Corporate Queensland Pty Ltd, and Airlie Central Two Property Trust. For the purposes of this report Jimmy Crow and Controlled Entities will be known as the "**Jimmy Crow Group**".
- The proposed Jimmy Crow issue of ordinary shares (minimum subscription 1,000,000 shares ranging to maximum subscription 10,000,000 shares, at \$0.20 per share). Jimmy Crow intends to apply for listing on the National Stock Exchange of Australia ("NSX").
- After the demerger TAU, will comprise Trustees Australia Limited and wholly owned subsidiaries RIM Securities Limited, Redgate Asset Management Limited and Australian Share Registers Pty Ltd. For the purposes of this report the post demerger TAU entities will be known as the "**Trustees Australia Financial Services Group**".

Expressions and terms defined in the Notice of General Meeting have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (AFSL) under the *Corporations Act 2001*, Nexia Brisbane Corporate Finance Pty Ltd holds the appropriate licence.

#### **Nexia Brisbane Corporate Finance Pty Ltd**

AFSL 478534

Level 28, 10 Eagle Street  
Brisbane QLD 4000  
GPO Box 1189

Brisbane QLD 4001

**p** +61 7 3229 2022

**f** +61 7 3229 3277

**e** email@nexiabrisbane.com.au

**w** nexia.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Nexia Brisbane Corporate Finance Pty Ltd (ABN 67 603 962 429) is an independent firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd, deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes NEXIA) are not part of a worldwide partnership.

The trademarks NEXIA INTERNATIONAL, NEXIA and the NEXIA logo are owned by Nexia International Limited and used under licence.

## **Scope**

You have requested our firm to review the following financial information, as set out in Section 1.10 and Annexure 1 of the Explanatory Memorandum:

### ***Historical Financial Information***

The Historical Financial Information comprises the following:

- An extract of the consolidated statement of financial position of the Consolidated Group as at 31 December 2016 which has been subject to audit review (refer Annexure 1, Table A).
- An extract of the audited consolidated statement of financial position of the Consolidated Group as at 30 June 2015 and 30 June 2016 (refer Annexure 1, Table B).
- An extract of the audited consolidated statement of profit or loss and other comprehensive income of the Consolidated Group for the financial years ended 30 June 2015, and 30 June 2016 (refer Annexure 1, Table C).
- An extract of the consolidated statement of profit or loss and other comprehensive income of the Consolidated Group for the six months ended 31 December 2016 which has been subject to audit review (refer Annexure 1, Table C).

(hereafter, the 'Historical Financial Information').

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Consolidated Group's adopted accounting policies (outlined in Section 1.10 (d)).

The Historical Financial Information has been extracted from the financial reports of the Consolidated Group for the years ended 30 June 2015 and 2016, which were audited by Nexia Brisbane Audit Pty Ltd and the Interim Financial Report of the Consolidated Group for the 6 months ended 31 December 2016 which was reviewed by Nexia Brisbane Audit Pty Ltd. Nexia Brisbane Audit Pty Ltd issued unqualified audit opinions and conclusions on these financial reports.

The Historical Financial Information is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### ***Pro forma Financial Information***

The Pro forma Financial Information comprises:

- The pro forma statement of financial position for each of the Jimmy Crow Group and the Trustees Australia Financial Services Group, and which together reconcile to the Consolidated Group's consolidated statement of financial position as at 31 December 2016, prepared to also illustrate the effects of the Jimmy Crow Group pro forma adjustments described in Section 1.10 (c) of the Explanatory Memorandum of the Notice of General Meeting, as if they had occurred on 31 December 2016 (refer Annexure 1, Table A).

- The pro forma statements of financial position of the Jimmy Crow Group and the Trustees Australia Financial Services Group and which together reconcile to the Consolidated Group's consolidated statements of financial position, as at 30 June 2015 and 30 June 2016 (refer Annexure 1, Table B).
- The pro forma statements of profit or loss and other comprehensive income for each of the Jimmy Crow Group and the Trustees Australia Financial Services Group, and which together reconcile to the Consolidated Group's consolidated statements of profit or loss and other comprehensive income, for the financial years ended 30 June 2015, 30 June 2016, and for the 6 months ended 31 December 2016 (refer Annexure 1, Table C).

(hereafter, the 'Pro forma Financial Information')

(collectively the 'Financial Information').

The Pro forma Financial Information for the Jimmy Crow Group has been prepared on the basis that the demerger transaction had occurred as at the date of the historical information. Due to its nature, the Pro forma Historical Financial Information does not represent the Jimmy Crow Group's actual or prospective financial position, and financial performance.

The Pro forma Financial Information has been prepared in accordance with the stated basis of preparation being the recognition and measurement principles contained in Australian Accounting Standards and the Consolidated Group's adopted accounting policies (outlined in Section 1.10 (d)). The Financial Information is also presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### **Directors' responsibility**

The directors of TAU are responsible for the preparation of the Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to Historical Financial Information and included in the Pro forma Financial Information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of the Financial Information, that is free from material misstatement, whether due to fraud or error.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro forma Financial Information, based on our review. We have conducted our review engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## **Conclusions on the Financial Information**

### *Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company, as described in Section 1.10 of the Explanatory Memorandum, and comprising:

- An extract of the consolidated statement of financial position of the Consolidated Group as at 31 December 2016 which has been subject to audit review (refer Annexure 1, Table A).
- An extract of the audited consolidated statement of financial position of the Consolidated Group as at 30 June 2015 and 30 June 2016 (refer Annexure 1, Table B).
- An extract of the audited consolidated statement of profit or loss and other comprehensive income of the Consolidated Group for the financial years ended 30 June 2015, and 30 June 2016 (refer Annexure 1, Table C).
- An extract of the consolidated statement of profit or loss and other comprehensive income of the Consolidated Group for the six months ended 31 December 2016 which has been subject to audit review (refer Annexure 1, Table C).

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 1.10 of the Explanatory Memorandum.

### *Pro Forma Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Financial Information, as described in Section 1.10 of the Explanatory Memorandum, and comprising:

- The pro forma statement of financial position for each of the Jimmy Crow Group and the Trustees Australia Financial Services Group, and which together reconcile to the Consolidated Group's consolidated statement of financial position as at 31 December 2016, prepared to also illustrate the effects of the Jimmy Crow Group pro forma adjustments described in Section 1.10 (c) of the Explanatory Memorandum of the Notice of General Meeting, as if they had occurred on 31 December 2016 (refer Annexure 1, Table A).

- The pro forma statements of financial position of the Jimmy Crow Group and the Trustees Australia Financial Services Group and which together reconcile to the Consolidated Group's consolidated statements of financial position, as at 30 June 2015 and 30 June 2016 (refer Annexure 1, Table B).
- The pro forma statements of profit or loss and other comprehensive income for each of the Jimmy Crow Group and the Trustees Australia Financial Services Group, and which together reconcile to the Consolidated Group's consolidated statements of profit or loss and other comprehensive income, for the financial years ended 30 June 2015, 30 June 2016, and for the 6 months ended 31 December 2016 (refer Annexure 1, Table C).

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 1.10 of the Explanatory Memorandum.

### **Restriction on Use**

Without modifying our conclusions, we draw attention to the Explanatory Memorandum, which describes the purpose of the Financial Information, being for inclusion in the Notice of General Meeting. As a result, the Financial Information may not be suitable for use for another purpose.

### **Consent**

Nexia Brisbane Corporate Finance Pty Ltd has consented to the inclusion of this limited assurance report in the Notice of General Meeting in the form and context in which it is included.

### **Liability**

The liability of Nexia Brisbane Corporate Finance Pty Ltd is limited to the inclusion of this report in the Notice of General Meeting. Nexia Brisbane Corporate Finance Pty Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Notice of General Meeting.

This report has been prepared for inclusion in the Notice of General Meeting. Nexia Brisbane Corporate Finance Pty Ltd disclaims any assumption of responsibility for any reliance on this report or on the Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Notice of General Meeting.

### **Independence and Disclosure of Interest**

Nexia Brisbane Corporate Finance Pty Ltd does not have any interest in the outcome of this offer other than the preparation of this report for which normal professional fees will be received.

Nexia Brisbane Audit Pty Ltd, a firm associated with Nexia Brisbane Corporate Finance Pty Ltd, is the auditor of the Company for which normal professional fees are received.

**Financial Services Guide**

The Financial Services Guide for Nexia Brisbane Corporate Finance Pty Ltd follows this document.

Yours faithfully

*Nexia Brisbane Corporate Finance Pty Ltd*

**Nexia Brisbane Corporate Finance Pty Ltd**

*Ann-Maree Robertson*

**Ann-Maree Robertson  
Director**

## **FINANCIAL SERVICES GUIDE Dated 29 June 2017**

### **What is a Financial Services Guide (FSG)?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Brisbane Corporate Finance Pty Ltd (ABN 67 603 962 429), Australian Financial Services Licence Number 478 534 ("NBCF").

This FSG includes information about:

- NBCF and how they can be contacted;
- the services NBCF is authorised to provide;
- how NBCF are remunerated;
- any relevant associations or relationships of NBCF;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NBCF has in place.

This FSG forms part of an Independent Limited Assurance Report ("Report") which has been prepared for inclusion in an Explanatory Memorandum accompanying a Notice of General Meeting. The purpose of the disclosure document is to help an investor make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits, and costs of acquiring the financial product.

### **Financial services that NBCF is authorised to provide**

NBCF holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to this type of financial product.

### **NBCF's responsibility to you**

NBCF has been engaged by the Directors of Trustees Australia Limited to prepare this Report for inclusion in an Explanatory Memorandum accompanying the Notice of General Meeting in relation to offering of shares in Jimmy Crow Limited on the NSX ("Offer").



**FINANCIAL SERVICES GUIDE Dated 29 June 2017 (continued)****Complaints resolution**

If you have a complaint in relation to the preparation or completion of this Report, please let NBCF know. In the first instance, formal complaints should be sent in writing to:

The Complaints Officer  
Nexia Brisbane Corporate Finance Pty Ltd  
GPO Box 1189  
BRISBANE QLD 4001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, on (07) 3229 2022 for assistance.

Written complaints are recorded, acknowledged within 5 days and investigated as soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing within this timeframe.

**External complaints resolution process**

NBCF is a member of the Financial Ombudsman Service (FOS) (member number 362 03). If NBCF cannot resolve the complaint to your satisfaction within 45 days, you may refer the matter to FOS. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne Victoria 3001  
Telephone: 1300 78 08 06  
Facsimile (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

**Compensation arrangements**

NBCF has professional indemnity insurance cover as required by the *Corporations Act 2001(Cth)*.

---

## **ANNEXURE 3 – RISKS**

Holding shares in the Company is not risk free and the transactions proposed in this notice may not be successful as the Directors expect or may take longer than expected to show positive results. Additionally the Fintech market is rapidly changing many of the traditional practices in the financial services sector in which the Company operates. These changes and other changes by institutions or other Fintech services providers maybe positive or negative on the Company's future businesses. Furthermore, there are risks associated with Jimmy Crow listing as a stand-alone entity.

Before deciding to approve the Proposed Transactions, Shareholders should read the Notice and Explanatory Memorandum fully and consider these and at least the following risks in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Company, the value of shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of the risks set out below are beyond the control of the Company and the Directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of shares to rise or fall over any given period.

The below risks are not intended to be exhaustive of the risk factors to which the Company is exposed.

### **11.1 Implementation risk**

Assuming Shareholders approve Resolutions 1 to 7, there remains a risk that a default by a party to the various agreements or some similar event may occur which prevents or delays the Completion of the transactions approved by shareholders or present circumstances which are onerous or disadvantageous to existing Shareholders.

### **11.2 Specific risks relating to the Company**

Following are certain risks specific to an investment in the Company following implementation of the Proposed Transactions:

(a) Limited track record

The Company is adopting a new business model in the operation of the Cashwerkz as a single corporate unit. There are risks in investing in new venture businesses.

(b) Management risks, including reliance on key management

The responsibility of the day-to-day operations and the strategic management of the Company depends substantially on its experienced, full-time, financial services managers and its key supervisory team. The Company has access to consultants to provide specific operational oversight services and advice on specialist areas of financial services. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees or consultants cease their engagement with the Company.

(c) Control

Following completion of the Cashwerkz Acquisition, Adcock Private Equity will hold approximately 50% of the Company's issued Trustees Australia New Shares, and will practicably be able to determine the outcome of Shareholder meetings (unless excluded from voting). Adcock Private Equity can act in its own interests, and there is a risk that this may not always align with the interests of all Shareholders.

(d) Availability of appropriately skilled labour

Notwithstanding that the management team engaged by the Company will devote considerable effort to identifying and engaging high quality and experienced personnel, there is a risk that the Company will not be able to source the required skilled labour in order to fully staff its planned operations from time to time.

(e) Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government licensing and operations policies may adversely affect the financial performance of the Company. In order to perform its financial services activities, the Company financial services must comply with the financial services legislation and regulatory environments of Federal, State and Local governments, which may include changes to the conditions of or further obligations under current licences and other regulated entitlements.

(f) Additional requirements for capital

The Company's capital requirements depend on numerous factors however there will be a need for significant capital raising in the short term after Completion to fund further platform and technology development as well as providing for operating costs including new business development to enable the Company to reach profitability. Depending on the Company's ability to generate income from its operations, the Company may require further financing in the longer term future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to limit the scope of its operations and scale back its expansion program as the case may be.

(g) Competition risk / consumption trends / new supply to market

The financial services industry is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(h) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover and in some circumstances appropriate insurance cover may not be available or financially

viable for certain risks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

### **11.3 Specific risks relating to Jimmy Crow**

Following are certain risks specific to an investment in Jimmy Crow following implementation of the Proposed Transactions:

(a) Damage from Cyclone Debbie

As noted in section 1.5, Cyclone Debbie caused considerable damage to Jimmy Crow's Magnums Backpackers. Whilst Jimmy Crow's directors believe that there is sufficient insurance on a replacement cost basis, there is a risk that the insurance may not be sufficient or available.

(b) Increased compliance costs.

Jimmy Crow will list on NSX. Whilst Jimmy Crow's board has budgeted for increased costs as a result of listing, there is a risk that additional unforeseen costs may arise.

(c) Market changes

Jimmy Crow's primary source of income is generated through tourism. There is a risk that changes in tourism visitation and preferences from Australian and international traveller may change because of changes for a wide range of factors including because of the environment, terrorism and fear of travel, geo-political reasons. If the visitation by international backpackers significantly declined then Jimmy Crow's revenues could be materially adversely impacted.

Furthermore, there is a risk of unforeseen events which may reduce tourism and revenue, such as the Australian Airlines pilots' strike in 1989 which lasted for approximately eight months and which greatly reduced flights throughout Australia. A similar but business specific risk is the risk of cyber-attacks which prevented reservations and other bookings, and in doing so causing disruption and an adverse impact on Jimmy Crow's operations and earnings.

(d) Town planning and environmental laws

Jimmy Crow's property assets are subject to town planning and environmental laws. There is a risk that these may change, with an adverse impact on the value of Jimmy Crow's assets

(e) Competition

There is a risk that a major competitor may secure a dominant presence in the Airlie Beach region or that there may be material changes in the online booking methodology.

(f) Employee costs

A significant cost of Jimmy Crow's operations is labour. There is a risk that employee costs may rise, with an adverse impact on Jimmy Crow's profit.

(g) Business location

Jimmy Crow's business is located in a beachfront area in the Queensland tropics. This is open to the effects of cyclones which can cause major damage and insurers may increase premiums or refuse to insure risks.

(h) Adverse marketing events

There is a risk that Jimmy Crow may suffer an adverse marketing or reporting on social media, either through events within Jimmy Crow or otherwise, which may dissuade potential customers from booking.

#### **11.4 General investment risks**

In addition to the above specific risks associated with the Company's proposed operations there are also general risks associated with an investment in securities. These include:

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The price at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Economic risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(c) Legal proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Notice of Meeting, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

(d) Implementation risk

Assuming Shareholders approve the Proposed Transaction, there remains a risk that a default by a party to the various agreements or some similar event may occur which prevents or delays the Completion of the transactions approved by shareholders or present circumstances which are onerous or disadvantageous to existing Shareholders.

---

## **ANNEXURE 4 – TERMS OF JIMMY CROW SHARES**

Full details of the rights and liabilities attaching to Jimmy Crow Shares are detailed in Jimmy Crow's constitution, a copy of which can be inspected, free of charge, at the registered office of Jimmy Crow during normal business hours; and in certain circumstances, are regulated by the Corporations Act, the NSX Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to Jimmy Crow Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Jimmy Crow Shares, at a general meeting of members every member has one vote on a show of hands and one vote per Jimmy Crow Share on a poll. The person who holds a share which is not fully paid shall be entitled to a fraction of a vote equal to that proportion of a vote that the amount paid on the relevant Jimmy Crow Share bears to the total issue price of a Jimmy Crow Share. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of Jimmy Crow Shares issued with any special rights (at present there are none), Jimmy Crow's board may from time to time determine that a dividend is payable and fix the amount of the dividend. All Jimmy Crow Shares currently on issue and which will be distributed under the Demerger are fully paid ordinary shares.

(c) Future issues of securities

Subject to the Corporations Act, the Constitution and the NSX Listing Rules, Jimmy Crow's directors may issue, grant options over, or otherwise dispose of unissued shares in Jimmy Crow at the times and on the terms that Jimmy Crow's directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of shares

A shareholder may transfer Jimmy Crow Shares by a market transfer in accordance with any recognized or electronic system established or recognized by NSX for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by NSX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for Jimmy Crow and to receive all notices, accounts and other documents required to be sent to shareholders under Jimmy Crow's constitution, the Corporations Act or the NSX Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of directors

There must be a minimum of 3 directors. At every annual general meeting one third of the directors (rounded up if necessary, to the nearest whole number) must retire from office. Any other director who, if they do not retire, will at the conclusion of the meeting have been in office for 3 or more years and for 3 or more annual general meetings since he or she was last elected to office must also retire. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law Jimmy Crow must indemnify each past and present director and secretary against any liability incurred by that person as an officer of Jimmy Crow and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If Jimmy Crow is wound up, the liquidator may, with the sanction of a special resolution of the shareholders:

- (i) divide the assets of Jimmy Crow among the members in kind;
- (ii) determine how the division is to be carried out as between the members or different classes of members.

(i) Shareholder liability

Jimmy Crow Shares distributed under the Demerger are fully paid shares, and are not subject to any calls for money by Jimmy Crow's directors and will therefore not become liable for forfeiture.

(j) Alteration to Jimmy Crow's constitution

Jimmy Crow's constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

While the Company is admitted to the Official List of NSX, then despite anything in Jimmy Crow's constitution, if the NSX Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the NSX Listing Rules require to be done. If the NSX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the NSX Listing Rules require the constitution to contain a provision and it does not contain such a provision, the constitution is deemed to contain that provision. If the NSX Listing Rules require the constitution not to contain a provision and it contains such a provision, the constitution is deemed not to contain that provision. If a provision of the constitution is inconsistent with the NSX Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

**Directors**

Mr Michael Hackett  
Mr Nathan Leman  
Mr Kerry Daly  
Mr Brook Adcock (proposed Director)  
Mr John Nantes (proposed Director)

**Registered and Business Office**

Level 3, 140 Ann Street  
Brisbane, Queensland 4000  
**T:** +61 7 3020 3020  
**F:** +61 7 3020 3080

**Auditor**

Nexia Brisbane Audit Pty Ltd  
Level 28, 10 Eagle Street  
Brisbane QLD 4000  
**T:** 07 3229 2022  
**F:** 07 3229 3277  
**E:** [email@nexiabrisbane.com.au](mailto:email@nexiabrisbane.com.au)

**Independent Expert**

Paul Lom Director  
PKF Melbourne Corporate Pty Limited  
Level 12, 440 Collins Street, Melbourne  
3000, Australia  
**P:** 03 9679 2350  
**M:** 0408 586 672  
**E:** [plom@pkf.com.au](mailto:plom@pkf.com.au)  
**W:** [www.pkf.com.au](http://www.pkf.com.au)

**Chief Financial Officer and Company Secretary**

Mr Jerome Jones

**Website**

<http://www.trusteesau.com.au>  
[www.jimmycrow.com.au](http://www.jimmycrow.com.au)

**Share Registry**

Boardroom Pty Ltd  
GPO Box 3993,  
Sydney NSW 2001  
**E:** [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)  
**W:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

**Independent Accountant**

Nexia Corporate Finance Pty Ltd  
Level 28, 10 Eagle Street  
Brisbane QLD 4000  
**T:** 07 3229 2023  
**F:** 07 3229 3277  
**E:** [arobertson@nexiabrisbane.com.au](mailto:arobertson@nexiabrisbane.com.au)

**Solicitor to the Proposed Transactions**

Julian Atkinson





29 June 2017

The Directors  
Trustees Australia Limited  
Level 3, 140 Ann Street  
Brisbane QLD 4000

Dear Directors

**Re: Independent Expert's Report**

**1. Introduction**

The directors of Trustees Australia Limited ("TAU" or "the Company") have requested PKF Melbourne Corporate Pty Ltd ("PKF Corporate") to prepare an Independent Expert's Report ("IER") in respect of the proposed acquisition of The Werkz Group Trust ("Werkz"), which owns Cashwerkz Pty Ltd ("Cashwerkz") and Werkz Technology Pty Ltd ("Werkztech"), and related transactions.

Cashwerkz and Werkztech are wholly owned subsidiaries of Werkz Pty Ltd as trustee for Werkz. Cashwerkz has developed an online facility described as an online term deposit marketplace and cash management platform, which is at an advanced development stage and operational for retail investors. Werkztech is a dormant entity.

**2. The Proposed Transaction**

TAU has entered into a Unit Sale Agreement with the unit holders of Werkz ("the Agreement") to purchase all of the issued units of Werkz, subject among other things to TAU shareholders' approval.

**2.1 The Consideration Payable**

The consideration payable by TAU is to be satisfied by the issue of a total of 49,665,196 fully paid TAU ordinary shares, of which 42,361,491 will be issued to Adcock Private Equity Pty Ltd ("Adcock Private Equity"). The issue of shares to Adcock Private Equity will result in Adcock Private Equity holding 51.18% of TAU's voting power, increasing to up to 51.51% following the Director Placement. Section 611 of the Corporations Act 2001 ("the Act") permits the increase in Adcock Private Equity's voting power in TAU, provided TAU obtains prior shareholder approval.

**2.2 Proposed Resolutions to be Approved by Shareholders**

TAU intends to seek shareholder approval of the Proposed Transaction at the forthcoming Extraordinary General Meeting ("EGM"). The Notice of Extraordinary General Meeting ("the Notice") includes the following resolutions:

Resolutions 1 & 2: Change of nature and scale of activities by disposal of the main undertaking and return of capital. These resolutions seek approval to dispose of TAU's main business undertaking by way of a pro-rata in-specie distribution of all of the shares on issue of Jimmy Crow Limited ("Jimmy Crow"), formerly Queensland Resorts Limited.

- Resolution 3: That subject to approval of Resolutions 1 and 2, Shareholders approve the acquisition by Adcock Private Equity and its associates or nominees of a relevant interest in 42,361,491 shares in TAU and the issue of 7,303,705 shares in TAU to other non-associated vendors in consideration for the acquisition by TAU of all of the issued units of Werkz on the terms set out in the Explanatory Memorandum.
- Resolutions 4 & 5: That subject to approval of Resolution 3, Shareholders approve the issue of new shares in TAU to Michael Hackett or his nominee with a total value of \$260,000 and to Adcock Private Equity or its nominee with a total value of \$390,000 ("Director Placement").
- Resolution 6: Following the completion of the Proposed Transaction, Michael Hackett, Adcock Private Equity and the other vendors of the Werkz units have agreed to voluntarily escrow 75% of their shares in TAU for 12 months ("Proposed Escrow Arrangements"). As a result and subject to approval of Resolutions 1 to 5, TAU will have a deemed relevant interest in 51,487,050 TAU shares representing 59.85% of TAU's voting power.
- Resolution 7: Issue of new shares to raise up to \$10,000,000 ("Placement").
- Resolution 8: Election of Brook Adcock as a director of TAU.
- Resolution 9: Election of John Nantes as a director of TAU.
- Resolution 10: Approval to increase Directors' fees.
- Resolution 11: Grant of up to 413,876 performance options to Michael Hackett.
- Resolution 12: Grant of up to 413,876 performance options to Nathan Leman.
- Resolution 13: Grant of up to 413,876 performance options to Brook Adcock.
- Resolution 14: Grant of up to 827,752 performance options to John Nantes.

We have been requested to provide an opinion on whether Resolutions 3 to 5 are fair and reasonable to Non-Associated Shareholders. As Resolutions 4 and 5 are conditional on the approval of Resolution 3, we have treated these three resolutions as forming part of the one transaction and in the balance of this report we refer to these three resolutions as the Proposed Transaction. As Resolution 3 is subject to approval of Resolutions 1 and 2, in the balance of this report we have assumed that Resolutions 1 and 2 have been approved and implemented.

We have also been requested to provide an opinion as to whether Resolution 6 is fair and reasonable. We have provided a separate opinion in respect of this resolution.

## 2.3 Impact of the Proposed Restructure

TAU's current business activities comprise of financial service activities and tourism and property activities (these activities are fully described in Section 6.1 below). TAU also holds a substantial investment in Australian Dairy Farms Group Limited ("ADFG"), a company listed on the ASX.

The tourism and property activities are conducted through Jimmy Crow. As part of a recent internal restructure the shares in ADFG are also held by Jimmy Crow. Approval of Resolutions 1 and 2 will result in the shares in Jimmy Crow being distributed on a pro-rata basis to the eligible shareholders of TAU.

Approval of Resolution 3 will result in TAU acquiring all of the units in Werkz.

Following the acquisition of Werkz (Resolution 3) and the Director Placement (Resolutions 4 and 5), TAU will have 86,025,327 shares on issue, with the existing shares representing 38.49% of the issued capital.

As such, the proposed restructure will result in the current TAU shareholders continuing to hold all of the equity in Jimmy Crow and the investment in ADFG, though this investment will be held via shares in a company listed on the National Stock Exchange of Australia. The TAU shareholders will also continue to hold a 38.49% interest in the current financial service activities and 38.49% interest in Werkz.

The vendors of the issued units in Werkz will emerge with a 60% interest in TAU and, as such the existing TAU shareholders will become minority shareholders in TAU, with a combined interest of 40%. Adcock Private Equity will emerge with a 51.51% interest in TAU and Michael Hackett and his associated entities will emerge with a 19.80% interest in TAU, after the issue of shares under Resolutions 4 and 5.

The directors have requested PKF Corporate to prepare an IER in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether the Proposed Transaction is fair and reasonable, when considered in the context of the interests of the Non-Associated Shareholders (all shareholders entitled to vote on the Proposed Transaction).

### 3. Summary opinions

#### 3.1 Proposed Transaction

In our opinion, the Proposed Transaction is **fair and reasonable**. Our principal reasons for reaching this opinion are:

##### **Fairness**

- a) in section 11.1, we valued the TAU minority shares that will be held by the Non-Associated Shareholders after the Proposed Transaction in a range of \$0.059 to \$0.071 per share.
- b) in section 7.9, we concluded that the value of the TAU shares on a control basis before the Proposed Transaction but after the demerger of Jimmy Crow (Resolutions 1 and 2) is in a range of \$0.021 to \$0.045 per share; and
- c) as the value of the minority shares held by the Non-Associated Shareholders in TAU after the Proposed Transaction (\$0.059 to \$0.071) is greater than the control value of their shares in TAU before the Proposed Transaction (\$0.021 to \$0.045), we have concluded that the Proposed Transaction is **fair**.

##### **Reasonableness**

The key reasons for assessing the Proposed Transaction as reasonable are:

- we assessed the Proposed Transaction as being fair and therefore it is reasonable;
- the Proposed Transaction will see the emergence of the vendors of Werkz as significant investors on the Company's share register, including Adcock Private Equity, and this may support the future development and activities of TAU both operationally and financially;
- immediately following the completion of the Proposed Transaction the vendors of Werkz will collectively control 60% of TAU's voting power, including Adcock Private equity who will control 51.51% of TAU's voting power, and they will have effective control over TAU with the existing TAU shareholders retaining all of the shares on issue in Jimmy Crow but becoming minority shareholders in TAU. Michael Hackett's relevant interest in the Company will be diluted from 47.52% to 19.80% of TAU's voting power; and

- the Proposed Transaction provides TAU with a merger opportunity of complementary assets and skills in the fixed interest, financial services market with the effective combination of the market and transaction experience of personnel and management in TAU's subsidiaries, Rim and RedGate, linked with the financial technology of Cashwerkz. The combination of the automated term deposit transaction capacity of Cashwerkz and the market experience of TAU, Rim and RedGate will establish a new online transaction engine with fixed interest product distribution capability.

### 3.2 Proposed Escrow Arrangements

In our opinion, the Proposed Escrow Arrangements are **reasonable** as the advantages outweigh the disadvantages for the Non-Associated Shareholders. Our principal reasons for reaching this opinion are:

- this resolution is a technicality to comply with the Act and TAU gains the support of two significant shareholders, Adcock Private Equity and Michael Hackett;
- the vendors of the Werkz units (including Adcock Private Equity), and Michael Hackett give up their ability to trade their equity interests for a period of 12 months and this will help facilitate the Placement (refer to explanatory notes in the notice of meetings for Resolution 7); and
- there is no other impact on TAU or its Non-Associated Shareholders.

## 4. Structure of this report

The remainder of this report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the report	5
6	TAU - key information	8
7	Valuation of TAU before the Proposed Transaction	14
8	Werkz – key information	25
9	Valuation of Werkz	35
10	Valuation of TAU after the Proposed Transaction	42
11	Assessment as to Fairness	43
12	Assessment as to Reasonableness	43
13	Assessment as to Fairness and Reasonableness	45
14	Financial Services Guide	46
<u>Appendix</u>		
A	Sources of Information	48
B	Declarations, Qualifications and Consents	49

## 5. Purpose of the report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

TAU is seeking shareholder approval for the Proposed Transaction under Section 611 of the Act, as the voting power of Adcock Private Equity of up to 51.51% will increase from nil to beyond the 20% limit imposed by Section 606 of the Act.

Section 606 of the Act contains a prohibition on a person acquiring a “relevant interest” in issued voting shares in a listed company through a transaction, which results in the person’s voting power in the Company increasing from a starting point that is above 20% and below 90%. For this reason, TAU is also seeking shareholder approval for Resolution 6.

In preparing an IER for the purposes of a Section 611 approval, we are required to comply with ASIC Regulatory Guides and in particular with Regulatory Guide RG 111 (“RG 111”), and the relevant paragraphs are set out below.

- **ASIC Regulatory Guides**

RG 111.24 An issue of shares by a company otherwise prohibited under s606 may be approved under item 7 of s611 and the effect on the company’s shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of s611 that are comparable to takeover bids under Ch 6 include:

- (a) a company issues securities to the vendor of another entity or to the vendor of a business and, as a consequence, the vendor acquires over 20% of the company incorporating the merged businesses. The vendor could have achieved the same or a similar outcome by launching a scrip takeover for the company.

RG111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is ‘reasonable’ if it has assessed the issue price as being ‘not fair’ applying the test in RG 111.11.

RG111.10 It has long been accepted in Australian mergers and acquisitions practice that the words ‘fair and reasonable’ in s640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

That is, 'fair and reasonable' is not regarded as a compound phrase.

- RG111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer<sup>1</sup>. This comparison should be made:
- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
  - (b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.
- RG111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- RG111.41 Approval for a sale of securities that would otherwise contravene s606 may be sought under item 7 of s611. Item 7 of s611 envisages that security holders not associated with such a transaction may approve it. In doing so, these security holders may be foregoing:
- (a) the opportunity of receiving a takeover bid; and
  - (b) sharing in any premium for control.
- RG111.42 The expert should identify the advantages and disadvantages of the proposal to security holders not associated with the transaction. In contrast with the analysis for an issue of shares approved under item 7 of s611, the expert should provide an opinion either:
- (a) that the advantages of the proposal outweigh the disadvantages; or
  - (b) that the disadvantages of the proposal outweigh the advantages.
- RG111.43 A specific issue the expert should determine is whether the vendor is to receive a premium for control.
- RG111.44 The greater the control premium, the greater the advantages of the transaction to the non-associated holders would need to be to support a finding that the advantages of the proposal outweighed the disadvantages. These other advantages may come, for example, from better long-term profit outlook as the incoming security holder offers superior management skills.

ASIC Regulatory Guide 111 requires that the Proposed Transaction be assessed as if it was a takeover of TAU. In assessing a takeover bid, Regulatory Guide 111 states that the expert should consider whether the Proposed Transaction is both "fair" and "reasonable".

---

<sup>1</sup> In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC has expressed the view that transactions pursuant to item 7 of Section 611 should be assessed by "comparing the fair market value of the company's shares pre-transaction on a control basis, with the fair market value of the company's shares post-transaction on a minority basis."

- **General**

The terms “fair” and “reasonable” are not defined in the Act, however guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

- |                |  |
|----------------|--|
| Fairness       | - the Proposed Transaction is “fair” if the value of the minority shares held by the Non-Associated Shareholders in TAU after the Proposed Transaction is equal to or greater than the control value of their shares in TAU before the Proposed Transaction.                             |
| Reasonableness | - the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received. |

What is fair and reasonable for the Non-Associated Shareholders should be judged in all the circumstances of the proposal.

### **Proposed Transaction**

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as follows:

- (i) In determining whether the Proposed Transaction is fair, we have:
  - assessed the value of TAU before the Proposed Transaction but after the demerger of Jimmy Crow (Resolution 1) and determined the control value of one TAU share;
  - assessed the value of TAU after the Proposed Transaction and determined the minority value of one TAU share; and
  - compared the control value of one TAU share before the Proposed Transaction (but after the demerger) with the minority value of one TAU share after the Proposed Transaction.
- (ii) In determining whether the Proposed Transaction is reasonable, we have analysed other significant factors that the Non-Associated Shareholders should review and consider prior to accepting or rejecting the Proposed Transaction.

### **Proposed Escrow Arrangements**

The Proposed Escrow Arrangements do not directly involve TAU or impact on the Non-Associated Shareholders and pursuant to RG111.42, we have considered the reasonableness of Resolution 6 by comparing the advantages and disadvantages of this resolution from the point of view of the Non-Associated Shareholders.



## 6. TAU - key information

### 6.1 Background

TAU was listed on the ASX in 1987 and is based in Brisbane, Queensland.

TAU's current business activities comprise:

#### **Financial Services activities**

- custody, funds management, trustee and responsible entity services offered by TAU.
- fixed interest broking and advisory services offered by Rim Securities Limited ("Rim"), a wholly owned subsidiary of TAU. Rim operates as a dealer of money market and fixed interest securities. It offers access to various Australian fixed income products, including cash deposits, bank bills and negotiable certificates of deposits, term deposits and call accounts, government bonds and securities, debentures, treasury notes and corporate bonds to wholesale investors. Rim specializes in providing distribution services for regular fixed income investments, as well as in matching fixed income issuers with investors through a combination of in house and broker assisted channels. It also offers various services, including buying new issues, secondary market trading, market information, portfolio construction and valuations, clearance and settlement of executed transactions, and advice on fixed income products.

Rim was founded in 2004 and is based in Brisbane. Rim became a subsidiary of TAU in August 2007.

- investment management offered by RedGate Asset Management Limited ("RedGate"), a wholly owned subsidiary of TAU. RedGate offers a range of simple and easy to understand fixed interest investment products to retail and wholesale investors and has experience in managing mandates for larger investors seeking an outsourced fixed income specialist. The RedGate Cash Fund established on 22 June 2016 is currently being marketed to institutional investors, financial planning groups and the self-managed superannuation fund markets.

#### **Tourism and Property Activities**

- TAU currently holds all of the shares on issue in Jimmy Crow. Jimmy Crow in turn:
  - owns and operates the Magnums Backpackers Resort in Airlie Beach, Queensland;
  - holds a development property adjacent to the Magnums Backpackers Resort; and
  - holds a significant equity interest in ADFG, which owns dairy farms and dairy livestock in Victoria's South West district, and a dairy processing plant at Camperdown.

TAU now proposes to dispose of the shares in Jimmy Crow by way of an in-specie distribution of its shares to the eligible TAU shareholders. The proposed acquisition of Werkz is subject to shareholders approving the disposal of Jimmy Crow (the "demerged operations" and referred to in the financial statements of TAU as the "discontinued operations"). As the acquisition of Werkz will not proceed unless shareholders approve the disposal of Jimmy Crow, in the balance of this report we have assumed that disposal of Jimmy Crow has been approved.

## 6.2 Directors

TAU's Board of Directors at the date of this report comprises:

Table 1

TAU Board of Directors	
Name	Position
Michael Hackett	Managing Director / Acting Chairman
Kerry Daly	Non-Executive Director
Nathan Leman	Non-Executive Director

Source: 31 December 2016 Half-Year Accounts

## 6.3 Share capital

As at the date of this report, TAU had on issue 33,110,131 fully paid ordinary shares. The major shareholders of TAU on 29 May 2017 are presented in the following table. As at that date, the top 10 shareholders, as recorded on the share register, held 81.40% of the issued ordinary capital of TAU.

Table 2

Shareholder name - per share register	Number of shares held	Percentage interest
Costine Pty Ltd ATF The Hackett Super Fund	10,604,207	32.03%
EJ Anderson ATF the Extra Incentive Fund	4,921,559	14.86%
Mikko Constructions Pty Ltd ATF the Mikko SMSF	2,878,880	8.69%
Fiduciary Nominees Pty Ltd	2,569,719	7.76%
Ms Elizabeth Lillian Mersh ATF the Mersh SMSF	1,877,962	5.67%
G. Echo Pty Ltd	1,529,323	4.62%
Book Now Online Pty Ltd	958,526	2.89%
Mr David Scicluna	621,003	1.88%
Mr Milton Yannis	531,413	1.60%
Kreskin Pty Ltd	460,200	1.39%
	<b>26,952,792</b>	<b>81.40%</b>

Source: TAU Holdings Report – 29 May 2017

TAU has no options on issue or other securities that are convertible into ordinary shares of TAU.

## 6.4 Statements of financial position

TAU's audited consolidated statements of financial position as at 30 June 2015 and 2016 together with the reviewed consolidated statements of financial position as at 31 December 2016 are as follows:

Table 3

<b>Trustees Australia Limited</b>	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
<b>Consolidated statement of financial position</b>	<b>30-Jun-15</b>	<b>30-Jun-16</b>	<b>31-Dec-16</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	507,786	496,969	762,948
Trade and other receivables	637,575	626,102	446,418
Assets held for distribution	-	-	9,251,020
Inventories	3,327	5,279	-
Other financial assets	-	1,623,468	-
Other current assets	238,587	250,915	135,696
<b>Total current assets</b>	<b>1,387,275</b>	<b>3,002,733</b>	<b>10,596,082</b>
<b>Non-current assets</b>			
Inventories	1,326,178	860,000	-
Other financial assets	2,359,940	1,106,876	-
Intangibles	870,815	896,507	857,960
Investments in associates	1,574,009	558,912	-
Property, plant & equipment	4,339,323	4,887,448	3,472
<b>Total non-current assets</b>	<b>10,470,265</b>	<b>8,309,743</b>	<b>861,432</b>
<b>Total assets</b>	<b>11,857,540</b>	<b>11,312,476</b>	<b>11,457,514</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	1,121,661	974,529	362,901
Borrowings	43,964	47,368	769,507
Provisions	137,336	98,853	41,747
Liabilities associated with assets held for distribution	-	-	979,776
<b>Total current liabilities</b>	<b>1,302,961</b>	<b>1,120,750</b>	<b>2,153,931</b>
<b>Non-current liabilities</b>			
Trade and other payables	404,857	539,722	512,347
Provisions	574,446	607,276	414,466
<b>Total non-current liabilities</b>	<b>979,303</b>	<b>1,146,998</b>	<b>926,813</b>
<b>Total liabilities</b>	<b>2,282,264</b>	<b>2,267,748</b>	<b>3,080,744</b>
<b>Net assets</b>	<b>9,575,276</b>	<b>9,044,728</b>	<b>8,376,770</b>
<b>Equity</b>			
Issued capital	4,058,525	4,058,525	4,058,525
Reserves	445,323	197,265	108,897
Retained Earnings	5,067,017	4,788,938	4,209,348
Non-controlling Interest	4,411	-	-
<b>Total equity</b>	<b>9,575,276</b>	<b>9,044,728</b>	<b>8,376,770</b>

Source: TAU Annual Report – 30 June 2016 & 31 December 2016 Half-Year Accounts

## 6.5 Operating performance

TAU's audited consolidated statements of comprehensive income for the financial years ended 30 June 2015 and 2016 are as follows:

Table 4

<b>Trustees Australia Limited</b>	<b>Audited</b>	<b>Audited</b>
<b>Consolidated Statement of profit or loss</b>	<b>2015</b>	<b>2016</b>
<b>and other comprehensive income</b>	<b>\$</b>	<b>\$</b>
<b>Continuing operations</b>		
<b>Revenue</b>		
Rendering of services	2,040,900	2,132,814
Financial services income	1,421,924	1,540,032
Sale of goods	72,051	66,403
Interest received	77,952	113,972
Other revenue	85,187	93,715
	<u>3,698,014</u>	<u>3,946,936</u>
<b>Expenses</b>		
Business operating expenses	(849,869)	(903,301)
Employment expenses	(2,183,401)	(2,259,793)
Finance costs	(29,852)	(28,328)
Property operating expenses	(727,172)	(839,619)
Impairment adjustments	-	182,730
Other expenses	(409,669)	(551,069)
Share of net profit from associate	357,145	169,954
	<u>(144,804)</u>	<u>(282,490)</u>
<b>Loss before income tax</b>	(144,804)	(282,490)
Income tax benefit / (expense)	-	-
<b>Net loss from continuing operations</b>	<u>(144,804)</u>	<u>(282,490)</u>
<b>Discontinued operations</b>		
Profit / (loss) from discontinued operations after tax	709,426	-
<b>Net profit / (loss) for the year</b>	<u>564,622</u>	<u>(282,490)</u>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Net gain / (loss) on revaluation of financial assets	428,563	(248,058)
<b>Other comprehensive income / (loss) for the year</b>	<u>428,563</u>	<u>(248,058)</u>
<b>Total comprehensive income / (loss) for the year</b>	<u>993,185</u>	<u>(530,548)</u>
<b>Profit / (loss) attributable to:</b>		
Members of the parent entity	570,567	(278,079)
Non-controlling interest	(5,945)	(4,411)
	<u>564,622</u>	<u>(282,490)</u>
<b>Total comprehensive income / (loss) attributable to:</b>		
Members of the parent entity	999,130	(526,137)
Non-controlling interest	(5,945)	(4,411)
	<u>993,185</u>	<u>(530,548)</u>

Source: TAU Annual Report – 30 June 2016

TAU's reviewed consolidated statements of comprehensive income for the half years ended 31 December 2015 and 2016 are as follows:

Table 5

<b>Trustees Australia Limited</b>	<b>Reviewed</b>	<b>Reviewed</b>
<b>Consolidated Statement of profit or loss</b>	<b>31-Dec-15</b>	<b>31-Dec-16</b>
<b>and other comprehensive income</b>	<b>\$</b>	<b>\$</b>
<b>Continued operations</b>		
Revenue	677,688	478,461
Business operating expenses	(94,889)	(99,412)
Employment expenses	(464,471)	(483,530)
Finance costs	(8,416)	(13,955)
Property operating expenses	(78,299)	(110,144)
Other expenses	(173,299)	(148,996)
<b>Loss before income tax</b>	<b>(141,686)</b>	<b>(377,576)</b>
Income tax benefit / (expense)	-	-
<b>Loss for the period from continuing operations</b>	<b>(141,686)</b>	<b>(377,576)</b>
<b>Discontinued operations</b>		
Profit / (loss) from discontinued operations after tax	2,114,336	(290,382)
<b>Net profit / (loss) for the year</b>	<b>1,972,650</b>	<b>(667,958)</b>
<b>Other comprehensive income</b>		
<b>Items that may be classified subsequently to profit or loss:</b>	-	-
<b>Items that will not be reclassified to profit or loss</b>	-	-
<b>Other comprehensive income / (loss) for the year</b>	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>1,972,650</b>	<b>(667,958)</b>
<b>Profit / (loss) attributable to:</b>		
Members of the parent entity	1,976,589	(667,958)
Non-controlling interest	(3,939)	-
	<b>1,972,650</b>	<b>(667,958)</b>

Source: TAU 31 December 2016 Half-Year Accounts

## 6.6 Cash flow statements

TAU's audited consolidated statement of cash flows for the financial years ended 30 June 2015 and 2016 together with the reviewed consolidated statement of cash flows for the six months ended 31 December 2016 are as follows:

Table 6

<b>Trustees Australia Limited</b>	<b>Audited</b>	<b>Audited</b>	<b>Reviewed</b>
<b>Consolidated Statement of cash flows</b>	<b>2015</b>	<b>2016</b>	<b>31-Dec-16</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	4,044,047	4,208,776	1,991,360
Payments to suppliers and employees	(4,385,098)	(4,655,695)	(2,303,957)
Trust distributions	27,809	1,185,053	18,539
Interest received	10,922	7,534	1,502
Finance costs	(29,852)	(28,328)	(11,373)
Net cash from/(used) in operating activities	(332,172)	717,340	(303,929)
<b>Cash flows from investing activities</b>			
Payment for property, plant & equipment	(17,607)	(41,577)	(37,622)
Payment for intangible assets - software	(200,780)	(177,960)	(48,873)
Payment for financial assets	-	(512,025)	-
Payment for capital development - investment property	(2,909)	-	-
Proceeds from disposal of subsidiary	985,638	-	-
Payment for biological assets	(129,250)	-	-
Net cash from/(used) in investing activities	635,092	(731,562)	(86,495)
<b>Cash flows from financing activities</b>			
Proceeds from related party	136,505	-	660,000
Net proceeds from borrowings	(46,743)	3,405	57,162
Net cash from financing activities	89,762	3,405	717,162
Net increase/(decrease) in cash and cash equivalents	392,682	(10,817)	326,738
Cash and cash equivalents at the beginning of the financial year	115,104	507,786	496,969
Cash and cash equivalents at the end of the financial year	507,786	496,969	823,707

Source: TAU Annual Report – 30 June 2016 & 31 December 2016 Half-Year Accounts

## 7. Valuation of TAU before the Proposed Transaction

### 7.1 Value definition

PKF Corporate's valuation of TAU has been made on the basis of 'fair market value', defined as:

*'the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length'.*

### 7.2 Valuation methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- capitalisation of future maintainable earnings;
- net present value of future cash flows;
- asset based methods;
- comparable market transactions; and
- alternate acquirer.

### 7.3 Share price history

7.3.1 The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the Proposed Transaction.

7.3.2 The share price history of TAU from 1 January 2016 to 14 December 2016 (the day immediately prior to the announcement of the Proposed Transaction) is presented in the table below:

Table 7

Date	TAU share price			TAU shares traded	
	High \$	Low \$	Close \$	Volume No	Value \$
08-Feb-16	0.200	0.200	0.200	4,000	800
11-Mar-16	0.170	0.170	0.170	2,500	425
15-Mar-16	0.170	0.170	0.170	4,000	680
31-Mar-16	0.175	0.175	0.175	5,000	875
01-Apr-16	0.170	0.170	0.170	21,878	3,719
11-May-16	0.180	0.180	0.180	31,622	5,692
13-May-16	0.180	0.180	0.180	43,378	7,808
07-Jun-16	0.160	0.160	0.160	8,900	1,424
23-Jun-16	0.150	0.145	0.150	40,000	6,000
02-Aug-16	0.155	0.155	0.155	3,500	543
03-Aug-16	0.155	0.155	0.155	37,756	5,852
05-Sep-16	0.150	0.150	0.150	50,000	7,500
20-Oct-16	0.130	0.130	0.130	10,000	1,300
				<b>262,534</b>	<b>42,618</b>

Source: ASX & PKF Corporate analysis

### 7.3.3 We comment on the above table below:

#### Share volumes

Shares held by the strategic shareholders, directors and employees total 28,652,797 shares or 86.8% of the issued capital<sup>2</sup>. The balance of the issued capital is 4,357,334 shares or 13.2% of the issued capital and this represents the 'free float' that is readily tradeable on market.

The turnover in the period 1 January 2016 to 14 December 2016 was 262,534 shares or 6.6% of the free float. As can be seen from the above table, the shares only traded on 13 days during this period and we believe that only one trade took place on each of those dates. Accordingly, we consider that the market in TAU shares is illiquid.

#### Share prices

The share price during the period depicted has ranged from a low of \$0.13 to a high of \$0.20 per share. The table shows that the price has been gradually declining.

The volume weighted average price ("VWAP"), based on closing prices, for the period covered by the above table was \$0.16 per share.

### 7.3.4 ASX market sensitive announcements and non-market sensitive announcements issued by TAU during 2016 up to the announcement of the Proposed Transaction are summarised below:

Table 8

Date	TAU headline announcement
11-Jan-16	Ceasing to be a substantial holder for TOT
16-Feb-16	Ceasing to be a substantial holder for AQZ
16-Feb-16	Change in substantial holding for PMP
26-Feb-16	Half Yearly Report and Accounts
04-Apr-16	Change in substantial holding for BSA
21-Jul-16	Change in substantial holding for ACK
03-Aug-16	Ceasing to be a substantial holder for GAP
05-Aug-16	Change in substantial holding
05-Aug-16	Becoming a substantial holder
05-Aug-16	Change of Director's Interest Notice - Michael Hackett
17-Aug-16	Ceasing to be a substantial holder for FLK
31-Aug-16	Annual Report to Shareholders
31-Aug-16	Preliminary Final Report - Appendix 4E
01-Sep-16	Appendix 4G - Corporate Governance Statement
31-Oct-16	Proposed Corporate Restructure in TAU
31-Oct-16	Notice of General Meeting/Proxy Form
10-Nov-16	Becoming a substantial holder for AHF
22-Nov-16	Notice of Extraordinary General Meeting/Proxy Form
30-Nov-16	Results of Meeting - AGM 30.11.2016
15-Dec-16	Becoming a substantial holder for GCS
15-Dec-16	TAU Executes Heads of Agreement to Acquire Cashwerkz

Source: ASX

<sup>2</sup> sourced from S&P Capital IQ on 23 May 2017



### 7.3.5 Summary – share price history

After reviewing the above information, we have concluded that the share price valuation methodology cannot be used to assess the value of the TAU shares for the purpose of the Proposed Transaction. Our reasons for this conclusion are:

- a) the very small number of transactions and the small value of those transactions means that only limited reliance could be placed on the past trading in TAU shares; and
- b) the historical trades in TAU shares incorporate the value of Jimmy Crow, however it is a condition precedent to the Proposed Transaction that shares in Jimmy Crow are to be distributed in-specie to the TAU shareholders.

Whilst it would be theoretically possible to assess the value of Jimmy Crow using other valuation methodologies and reduce this value from the value of TAU based on the share price history, we have concluded that due to a combination of a) above and the fact that the share price history is a minority valuation and any valuation of Jimmy Crow would be a control value, the resultant value would not be a reliable guide to the separate value of the TAU shares after the demerger of Jimmy Crow.

## 7.4 Capitalisation of future maintainable earnings

7.4.1 Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

7.4.2 As TAU will be seeking shareholder approval at its EGM to consider the demerger of Jimmy Crow, the operating results of the financial services business activities (“the continued operations”) and the operating results of the discontinued operations have been separated and the operating results of the continued operations are summarised in the table below.

Table 9

<b>Trustees Australia Limited</b>	<b>Reviewed</b>	<b>Reviewed</b>
<b>Consolidated Statement of profit or loss</b>	<b>6 months to</b>	<b>6 months to</b>
<b>and other comprehensive income</b>	<b>31-Dec-15</b>	<b>31-Dec-16</b>
	<b>\$</b>	<b>\$</b>
<b>Continued operations</b>		
Revenue	677,688	478,461
Business operating expenses	(94,889)	(99,412)
Employment expenses	(464,471)	(483,530)
Finance costs	(8,416)	(13,955)
Property operating expenses	(78,299)	(110,144)
Other expenses	(173,299)	(148,996)
<b>Loss before income tax</b>	<b>(141,686)</b>	<b>(377,576)</b>
Income tax benefit / (expense)	-	-
<b>Loss for the period from continuing operations</b>	<b>(141,686)</b>	<b>(377,576)</b>

Source: TAU 31 December 2016 Half-Year Accounts

- 7.4.3 TAU has prepared segment information in its 2016 annual report and the financial services segment performance is summarised in the table below.

Table 10

<b>Trustees Australia Limited</b>	<b>Audited</b>	<b>Audited</b>
<b>Financial services</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Segment performance</b>		
External sales	1,453,200	1,550,032
Interest revenue	77,779	113,766
Expenses	(1,088,999)	(1,179,885)
Depreciation and amortisation	(78,840)	(165,496)
<b>Net profit before tax &amp; before unallocated items</b>	<b>363,140</b>	<b>318,417</b>
<b>Unallocated items</b>		
Corporate charges	(1,218,374)	(1,333,142)
Finance costs	(2,924)	(4,863)
	<b>(1,221,298)</b>	<b>(1,338,005)</b>

Source: TAU Annual Report – 30 June 2016 & PKF Corporate analysis

- 7.4.4 We have been provided with a breakdown of the unallocated items for the financial years ended 30 June 2015 and 2016, which relate to the financial services segment. These amounts total \$611,950 (2015) and \$658,070 (2016). When these amounts are applied to the net profit before tax & before unallocated items generated by the financial services segment (table 10), this results in net losses totalling \$248,810 (2015) and \$339,653 (2016). These amounts represent the continued operations of TAU following the proposed demerger.
- 7.4.5 As the continued operations of TAU have not traded profitably for the financial years ended 30 June 2015 and 2016 as well as the six months to 31 December 2015 and 2016, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value the TAU shares.

## 7.5 Net present value of future cash flows

- 7.5.1 An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.
- 7.5.2 Whilst TAU has been cash flow positive, budgets for the financial services business segment on a standalone basis have not been prepared beyond 30 June 2017 and in the absence of longer-term cash flow forecasts, we have concluded that we are unable to apply this valuation methodology.

## 7.6 Asset based methods

7.6.1 This methodology is based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses that periodically revalue their assets to market. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realization costs.

The net assets of TAU as at 31 December 2016 as per the reviewed half-yearly financial statements were \$8,376,770 (refer to section 6.4 above), however, this includes the net assets of Jimmy Crow, which will not form part of the value of TAU that will remain following the demerger subject to Resolution 1 as set out in the Notice.

The assets and liabilities which will form part of the demerger are classified in the reviewed financial statements as at 31 December 2016 as "Assets held for distribution" (\$9,251,020) and "Liabilities associated with assets held for distribution" (\$979,776). We have set out the pro-forma statement of net assets of TAU following the demerger in the table below.

Table 11

Trustees Australia Limited Pro-forma statement of net assets	Reviewed 31-Dec-16 \$	Jimmy Crow 31-Dec-16 \$	TAU Pro-forma 31-Dec-16 \$
notes		1	2
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	762,948	-	762,948
Trade and other receivables	446,418	-	446,418
Assets held for distribution	9,251,020	9,251,020	-
Other current assets	135,696	-	135,696
<b>Total current assets</b>	<u>10,596,082</u>	<u>9,251,020</u>	<u>1,345,062</u>
<b>Non-current assets</b>			
Intangibles	857,960	-	857,960
Property, plant & equipment	3,472	-	3,472
<b>Total non-current assets</b>	<u>861,432</u>	<u>-</u>	<u>861,432</u>
<b>Total assets</b>	<u>11,457,514</u>	<u>9,251,020</u>	<u>2,206,494</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	362,901	-	362,901
Borrowings	769,507	-	769,507
Provisions	41,747	-	41,747
Liabilities associated with assets held for distribution	979,776	979,776	-
<b>Total current liabilities</b>	<u>2,153,931</u>	<u>979,776</u>	<u>1,174,155</u>
<b>Non-current liabilities</b>			
Trade and other payables	512,347	-	512,347
Provisions	414,466	-	414,466
<b>Total non-current liabilities</b>	<u>926,813</u>	<u>-</u>	<u>926,813</u>
<b>Total liabilities</b>	<u>3,080,744</u>	<u>979,776</u>	<u>2,100,968</u>
<b>Net assets</b>	<u>8,376,770</u>	<u>8,271,244</u>	<u>105,526</u>

Source: TAU 31 December 2016 Half-Year Accounts & PKF Corporate analysis

Note 1: Jimmy Crow assets and liabilities to be demerged

Note 2: TAU pro-forma assets and liabilities following approval of Resolutions 1 and 2

Note 3: Intangible assets are subject to impairment testing and relate to goodwill on acquisition of Rim, the development of software systems utilised within the financial services business segment, which are recorded at cost, as well as any trademarks and patents recorded at cost. As such, the book value of TAU's net assets may not reflect the market value of these assets.

The pro-forma net assets of TAU following the demerger and as at 31 December 2016 as per the half-year accounts will be \$105,526 (refer to table 11). Accordingly, we have concluded that the net asset backing of TAU following the demerger will be \$105,526. However, we do not consider this to be a valid valuation of the TAU shares as it does not reflect the market value of TAU's listed corporate shell, or the market value of TAU's intangible assets, including its AFSL licence.

(b) Orderly realisation of assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

In an orderly realisation, the TAU shareholders would be left with cash and a listed corporate shell, which could be utilised to acquire a new business.

Table 12

Trustees Australia Limited		Reviewed 31-Dec-16 \$	Estimated net asset values Low High \$	
	notes	1		
<b>Net assets (post demerger)</b>	2	105,526	(10,897)	105,526
Add: Shell value	3		400,000	600,000
Less: Realisation costs	4		(30,000)	(25,000)
<b>Net assets (orderly realisation methodology)</b>		<b>105,526</b>	<b>359,103</b>	<b>680,526</b>
		<b>say</b>	<b>\$359,000</b>	<b>\$681,000</b>
		<b>TAU shares on issue</b>	<b>33,110,131</b>	<b>33,110,131</b>
		<b>TAU value per share</b>	<b>\$0.011</b>	<b>\$0.021</b>

Source: TAU 31 December 2016 Half-Year Accounts & PKF Corporate analysis

Note 1: All assets and liabilities disclosed on TAU's reviewed balance sheet (table 11) as at 31 December 2016 at book value adjusted for those assets and liabilities subject to the demerger in order to value TAU's continuing operations.

Note 2: We have considered the recoverable amount of all non-cash assets as at 31 December 2016. We are of the opinion that the recoverable amount of 'trade and other receivables' and 'other current assets' to be 80% of the book value at the low range and 100% of the book value at the high range. As at 31 December 2016, TAU had \$857,960 of intangible assets on its balance sheet. The intangible assets primarily consist of costs incurred in developing new software systems across the financial services business segment as well as goodwill relating to the acquisition of Rim.

We have retained the book value of intangible assets as this represents the Auditor's reviewed value of the intangible assets owned by TAU as part of its financial services business segment. In our opinion, the value of the intangible assets is supported by other factors including Rim's commercialized software platform and should be considered an appropriate value on the assumption that it captures some value of the potential scalability of the software through an increase in market share as well as the know-how and customer database incorporated within TAU's financial services business segment.

Note 3: There is currently no reliable market data on the value of a listed corporate shell that can be used for a change of business activity with new large shareholder(s). Our experience together with discussions with several entrepreneurs, our review of similar recent transactions and the values attributed to shells by corporate advisors would indicate that the value is in a range of \$100,000 to \$1 million depending on the following factors:

- the spread of shareholders with marketable parcels;
- whether all statutory obligations in respect of audited accounts, tax returns etc are current;
- whether there is outstanding litigation or contingent liabilities;
- whether all outstanding creditors have been paid or legal agreements are in place to satisfy settlement of all of their claims; and
- the amount of cash that is held in the entity at the date of the proposed restructure.

After considering all of the above factors, we have placed a value in a range of \$400,000 to \$600,000 on the TAU listed corporate shell.

Note 4: We do not consider that there would be substantial realisation costs in completing an orderly realisation of TAU's residual assets. Accordingly, we have allowed for costs in a range of \$25,000 to \$30,000.

Based on the orderly realisation of assets valuation methodology in table 12, TAU is valued in the range of \$359,000 to \$681,000, or in a range of \$0.011 to \$0.021 per share. As this value range reflects the value of the net assets of TAU on a realisation basis and this value can only be extracted by a controlling shareholder, it is by definition a control value (as opposed to a minority value).

#### (c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

We consider that this methodology is an inappropriate valuation methodology to use as TAU has existing cash resources and support from its major shareholders.

## 7.7 Comparable market transactions

Industry specific methods estimate market values using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

7.7.1 In considering the application of this methodology, we have considered TAU's financial services business segments and recent market transactions within Australia. From our experience, financial services businesses can transact on a multiple of revenues. We have identified several private companies, which are comparable to the continuing operations of TAU. These companies include FIIG Securities, Laminar Capital and Curve Securities. As these are private companies, there is no publicly available information to rely on in valuing TAU's financial services business segments.

- 7.7.2 Prior to the recently announced merger of ASX listed Hunter Hall International Limited (ASX:HHL) (“HHL”) and Pengana Holdings Pty Ltd on 9 March 2017, HHL was subject to takeover negotiations from two other ASX listed companies, Pinnacle Investment Management Group Limited (“PNI”) for 100% of the issued capital of HHL and Washington H. Soul Pattinson and Company Limited (“SOL”) for the remaining 80.01% of the issued capital of HHL. Although HHL is not directly comparable to TAU's financial services business segment, it has similar industry risk exposures. The subject takeover negotiations provide a guide to the business value multiples of HHL, which are summarised in the table below.

Table 13

<b>Hunter Hall International Limited</b>	<b>PNI</b>	<b>SOL</b>
Revenue multiple	2.5	2.1
EBITDA multiple	4.8	4.1
EBIT multiple	4.8	4.2

Source: S&P Capital IQ

- 7.7.3 We have also summarised the historical and future revenue trading multiples of comparable ASX listed companies to the financial services business segment of TAU, which operate in the diversified financials sector. These multiples are based on the observed share prices of minority parcels of shares as at 27 March 2017.

Table 14

<b>Comparable Companies</b>	<b>Stock</b>	<b>Market</b>	<b>Enterprise</b>	<b>Revenue</b>	<b>Actual</b>	<b>Revenue</b>	<b>Forecast</b>
<b>Company name</b>	<b>Code</b>	<b>Cap</b>	<b>Value</b>	<b>LTM<sup>1</sup></b>	<b>Revenue</b>	<b>FY17E<sup>3</sup></b>	<b>Revenue</b>
		<b>AUD m</b>	<b>AUD m</b>	<b>AUD m</b>	<b>multiple</b>	<b>AUD m</b>	<b>multiple</b>
Centuria Capital Limited	CNI	254.46	667.74	62.45	10.69	n/a	n/a
Pinnacle Investment Management Group Limited	PNI	367.95	353.22	9.59	36.85	n/a	n/a
EQT Holdings Limited	EQT	357.00	316.80	80.60	3.93	81.12	3.91
Fiducian Group Limited	FID	129.75	121.30	38.09	3.19	40.60	2.99
OneVue Holdings Limited	OVH	136.94	118.08	32.98	3.58	43.35	2.72
Hunter Hall International Limited	HHL	69.69	87.65	33.83	2.59	n/a	n/a
Prime Financial Group Limited	PFG	23.87	36.13	15.26	2.37	n/a	n/a
Managed Accounts Holdings Limited	MGP	40.24	36.34	6.18	5.88	6.80	5.34
InvestSMART Group Limited	INV	39.48	33.13	13.75	2.41	n/a	n/a
Advanced Share Registry Limited	ASW	35.48	31.38	6.44	4.87	n/a	n/a
Sequoia Financial Group Limited	SEQ	16.10	16.36	29.63	0.55	n/a	n/a
Mejority Capital Limited	MJC	3.11	3.11	3.25	0.96	n/a	n/a
<b>Average<sup>2</sup></b>					<b>3.42</b>		<b>3.74</b>
<b>Median<sup>2</sup></b>					<b>3.19</b>		<b>3.45</b>

Source: S&P Capital IQ & PKF Corporate analysis

Note 1: Revenue for the last twelve months to 31 December 2016

Note 2: Our calculation of average and median multiples excludes ‘outliers’ which we have considered and highlighted in grey

Note 3: Estimated revenue for the 2017 financial year

7.7.4 In assessing an appropriate range of revenue multiples to apply in valuing the continuing operations of TAU on a control basis, we have considered the following:

- The trading multiples presented above are derived from the market capitalisation that is based on recent share prices. Share prices reflect trades of minority parcels on a daily basis and therefore are exclusive of a control premium. This is inconsistent with our valuation approach under which we are considering the value of TAU on a control basis before the Proposed Transaction.

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 27% to 34.5%<sup>3</sup> above the value of a minority share.

The relevant matrix from the RSM Control Premium Study applicable to TAU is summarised in the table below:

Table 15

Analysis by	Criteria	Control premium	
		20 days pre-announcement Average	Median
All transactions		34.50%	27.00%
Industry	Banks & Diversified Financials	23.40%	19.10%
Consideration type	Scrip	30.70%	19.70%
Size	< = \$25m	46.80%	34.20%
Toehold	0%	29.85%	22.81%

Source: RSM Control Premium Study 2017

The actual control premium paid is transaction specific and depends on a range of factors, such as the level of synergies available to the purchaser, the level of competition for the assets and the strategic importance of the assets.

After considering the above and the level of revenue of the continuing operations of TAU to the comparable companies, we consider that a control premium in a range of 25% to 33% should be applied to the market capitalisation of the comparable companies to determine the multiple on a 'control basis'. The results are set out below:

Table 16

Control premium	Revenue multiples			
	Actual Average	Actual Median	Forecast Average	Forecast Median
0%	3.42	3.19	3.74	3.45
25%	4.17	4.04	4.78	4.40
33%	4.41	4.31	5.12	4.70

Source: PKF Corporate Analysis

<sup>3</sup> RSM Control Premium Study - 20137

- Although not all the comparable companies in table 14 provide all of the services as the continuing operations of TAU, they do however provide one or more of these services. The revenue multiples of these companies ranged from 0.55 to 36.85. Of the comparable companies, only Mejority Capital Limited generated revenues less than \$5 million. This company traded on a multiple of revenue of 0.96. When a control premium range of 25% to 33% is applied to the market capitalisation of this company the resulting trading revenue multiple is in a range of 1.20 to 1.27.
- The implied revenue multiples in table 13 are the result of owning 100% stakes and therefore include a control premium. Although HHL cannot be considered directly comparable to the continuing operations of TAU, due to differences in size and the breadth of services, it has exposure to the broader financial services sector.

Based on the above factors, we have selected a multiple of 1.5 on a control basis to apply to the selected maintainable revenue of the continuing operations of TAU on a standalone basis.

- 7.7.5 In selecting an appropriate maintainable revenue to be applied to the multiple range determined above, we have considered the financial performance of the continuing operations of TAU (tables 9 and 10). Having regard to historical revenues and the downward trend of these revenues, we have considered maintainable revenues to be in a range of \$1 million to \$1.5 million.
- 7.7.6 Based on our assessed earnings and selected multiple, we summarise our fair market valuation of TAU's continuing operations on a control basis below. We do not consider that there are any significant surplus assets or liabilities, which require inclusion within the valuation of TAU's continuing operations.

Table 17

Valuation summary		Low	High
	reference		
Maintainable revenue	7.7.5	1,000,000	1,500,000
Revenue multiple	7.7.4	1.50	1.50
<b>Enterprise value</b>		<b>1,500,000</b>	<b>2,250,000</b>
Add: cash	Table 11	762,948	762,948
Less: debt	Table 11	(769,507)	(769,507)
<b>Equity value - control basis</b>		<b>1,493,441</b>	<b>2,243,441</b>
<b>say</b>		<b>\$1,500,000</b>	<b>\$2,200,000</b>
<b>TAU shares on issue</b>		<b>33,110,131</b>	<b>33,110,131</b>
<b>TAU value per share</b>		<b>\$0.045</b>	<b>\$0.066</b>

Source: PKF Corporate analysis

## 7.8 Alternate acquirer

- 7.8.1 The value that an alternative offeror may be prepared to pay to acquire TAU is a relevant valuation methodology to be considered.
- 7.8.2 We are not aware of any offers for the TAU shares or any of TAU's financial services business segments and we can see no reason as to why an offer would be initiated at this time without the consent and support of the major shareholders.



## 7.9 Conclusion

7.9.1 The applicable valuation methodologies that we have considered are summarised in the table below.

Table 18

<b>TAU</b>			
<b>Valuation methodology</b>	<b>section</b>	<b>Low</b>	<b>High</b>
		<b>\$</b>	<b>\$</b>
Orderly realisation of assets	7.6.1 (b)	0.011	0.021
Comparable market transactions	7.7	0.045	0.066

Source: PKF Corporate analysis

As can be seen from table 18, there is a disconnect between the valuation of the continuing operations of TAU shares derived from the orderly realisation of assets methodology and the comparable market transactions methodology.

The orderly realisation of assets methodology is based on a detailed analysis of the assets owned by TAU's continuing operations as well as the value attributed to a corporate listed shell, however, it does not reflect the market value of intangible assets of TAU's continuing operations.

The comparable market transactions approach relies on trading and transaction revenue multiples which include features that are unique to specific companies and transactions and it is often difficult to establish sufficient details of all the material factors that contributed to the trading and implied transaction multiples.

After considering the results of the applicable valuation methodologies, we have concluded that the value of one TAU share after the disposal of Jimmy Crow (Resolution 1) lies in a range of \$0.021 to \$0.045. As TAU has 33,110,131 shares on issue, we have placed a value on TAU of \$695,313 to \$1,489,956 before the Proposed Transaction, **say \$700,000 to \$1,500,000**.

## 8. Werkz - key information

### 8.1 Background

Werkz is majority owned by Adcock Private Equity as trustee for the Adcock Private Equity Trust. Werkz holds all of the shares on issue in Cashwerkz, which has 7,546,609 Ordinary shares on issue and all of the shares on issue in Werkztech, which has 200 Ordinary shares on issue.

Cashwerkz was incorporated on 15 July 2013 as a proprietary company, with the aim of developing a platform that can efficiently offer cash and term deposit products to investors.

Currently, consumers have no automated way to efficiently switch term deposit funds between financial institutions and either manually make transfers or pay someone to do it on their behalf. This is expensive as it is time consuming and has a high administrative burden. The result is consumers losing hundreds of millions per year in lost interest.

Since incorporation, Cashwerkz has developed a platform for product offerings in the cash and Term Deposits (TD) market, with the ambition of providing a fully automated and intuitive system to provide investors with optimum investment decisions and minimal paperwork. The objective is to provide a next generation execution tool which monitors, analyses and reports developments in the cash and TD market to provide investors with the best investment opportunities. The Cashwerkz platform operates as a cloud service and utilises a multi-tenant architecture that supports real-time cloud distribution, automated business rules and the option for automated Straight-Through Processing (STP) for transactions.

The Cashwerkz online platform features are presented as:

### An online marketplace that ticks all the boxes



In attempting to automate this process, the practical reality is that the integration points of banks are legacy designs, with each bank having a different interface. Unsurprisingly, these interfaces are often very low level, error prone and unreliable. Cashwerkz can switch billions of dollars of funds annually. In the event errors occur, potential for significant exposures thus arises. To minimise this risk, a fully auditable evidence chain that enables third party financial and technical auditors to sign off that errors did not occur due to faults in Cashwerkz systems forms part of the Cashwerkz platform.

Key areas of development for the Cashwerkz platform are as follows:

- Client Identification APIs – new API algorithms to extract information from different database types and in different data formats (e.g. typed information, facial recognition). Cashwerkz developed the capability to allow it to verify the information it received against government databases. 'Know Your Client' (KYC) capabilities and anti-money laundering (AML) rules developed within the platform are critical to allow investors and banks to ensure that the money to be invested does not flow from illegal sources. Traditionally, banks are responsible for KYC and this project involved Cashwerkz taking on this role and developing the technology from first principles. The KYC processes were automated for intuitive searching and matching of data across databases for different entity types (individual, corporate, trusts etc.).
- Security and Database Development – developed a database and security structure which was transactional and highly secure. Transactional capabilities are vital as they allow investors to accurately account for the order and show a client's holdings. Developing this capability was exceptionally complex as Not Only Structured Query Language (NoSQL) databases are not traditionally designed to be transactional. Cashwerkz' database structure is designed to work in multiple jurisdictions and multiple currencies as a cloud system.
- Third Party Integration – development of logic and algorithms to link to banks for particular products and ensure that the process is automated. This was made particularly difficult due to the fact that many banks operate off legacy systems which are 20 to 30 years old and data formats and types across banks all differed. The legacy systems are designed to keep information internally and are not designed to facilitate access by intermediaries. Cashwerkz needed to develop processes for integration with investment platforms for accurate real-time reporting.
- Pricing and Transactions – Cashwerkz needed to develop algorithms to compare 'like for like' when it came to third party pricing (for instance when comparing rates on term deposits it was necessary to ensure that each option was for the same term). In addition, there were no existing solutions capable of automatically processing bulk orders or transacting cash through the different processes required by different financial institutions.
- Automation of settlement and payments - as part of the automation of investing in term deposits and cash management, Cashwerkz is required to make payments on behalf of their clients at settlement for the purchase of TDs and investments in cash management accounts. This requirement is necessary for domestic and international payments in different currencies. Cashwerkz sought to develop a new architectural framework to automate this process with various stakeholders in the domestic payments system, with plans to further integrate for international requirements.
- Speed – system architecture had to be developed in such a way that the above functions could be carried out as quickly as possible. For instance, Cashwerkz was aiming at a turnaround time of sub 1 second when calculating the best investment options for its clients.

The directors of Werkz Pty Ltd and Cashwerkz at the date of this report were:

Table 19

<b>Cashwerkz Directors</b>	
<b>Name</b>	<b>Position</b>
Brook Adcock	Director
Rodney Austin	Director
Greg Bartlett	Director
Richard Cansick	Director
John Nantes	Director

Source: Cashwerkz

The shareholders of Werkz Pty Ltd and unit holders of Werkz at the date of this report were:

Table 20

<b>Werkz Share/Unit holder</b>
G&N Investment Trust
Austin Hird Trust
Adcock Private Equity Trust
Rustica Pty Ltd

Source: Werkz unit registry

## 8.2 Overview of the target market

In November 2016, PWC published their DeNovo<sup>4</sup> Q3 FinTech Review titled “Banks head for the cloud for reasons other than expected”. The following information has been extracted from this publication.

“Banks are seeing a fundamental change in the way consumers use core systems, and this is a strong reason for banks to consider public cloud environments. An underappreciated by-product of FinTech is the way new competition is reshaping consumers’ use of financial services and the competitive disadvantage many financial institutions face when relying on legacy core systems. Financial services firms need to evolve and innovate beyond just responding to new forms of competition, and a more flexible cloud infrastructure provides this opportunity.”

“Migration to a public cloud infrastructure also carries the promise of lower costs. Following years of expense reduction activities, additional head count and cost reductions will be more difficult to achieve and now pose a risk in negatively impacting future growth ... Public cloud infrastructure provides an alternative means to lower costs – even if over a multiyear time frame – along with new opportunities for innovation, which are major reasons financial institutions should pursue a fundamental shift in their IT strategy.”

“Financial institutions must consider this action in order to keep pace with changing consumer expectations, as well as with emerging FinTech, or “cloud-native”, competition.”

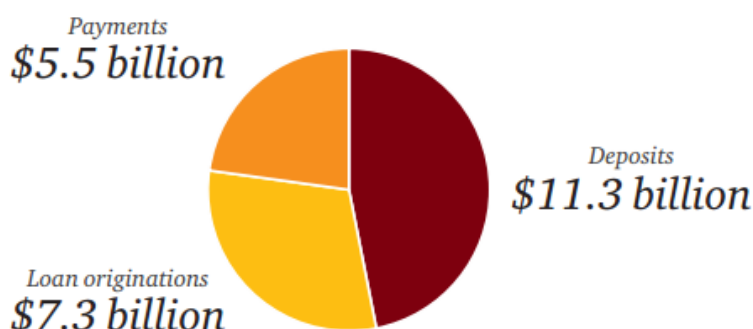
“Aside from internal processes, core banking has three distinct areas: deposit products, loan originations, and payments. Each of these segments is significant in size and faces revenue pressure from FinTech companies (in addition to capital constraints and regulation).”

<sup>4</sup> DeNovo: A platform to aid in understanding how disruption affects business strategy and what actions to take

Cashwerkz offers a simple and secure online marketplace to transact and manage term deposits, amongst other investments and the publication identifies deposit products as representing approximately 47% of the traditional banking revenue sources affected by FinTech.

*Exhibit 1*

**Traditional banking revenue sources affected by FinTech**



Source: Federal Reserve;  
the Nilson Report

PWC in their DeNovo Q3 FinTech Review also state:

“Emerging companies are better addressing customer demands in ways that incumbents did not seem to need in the past. In response, banks increasingly will need to consider moving aspects of core functions to the cloud in order to leverage a platform that will better enable a more flexible new product and/or service delivery and reallocate maintenance-based costs toward innovation reinvestment.”

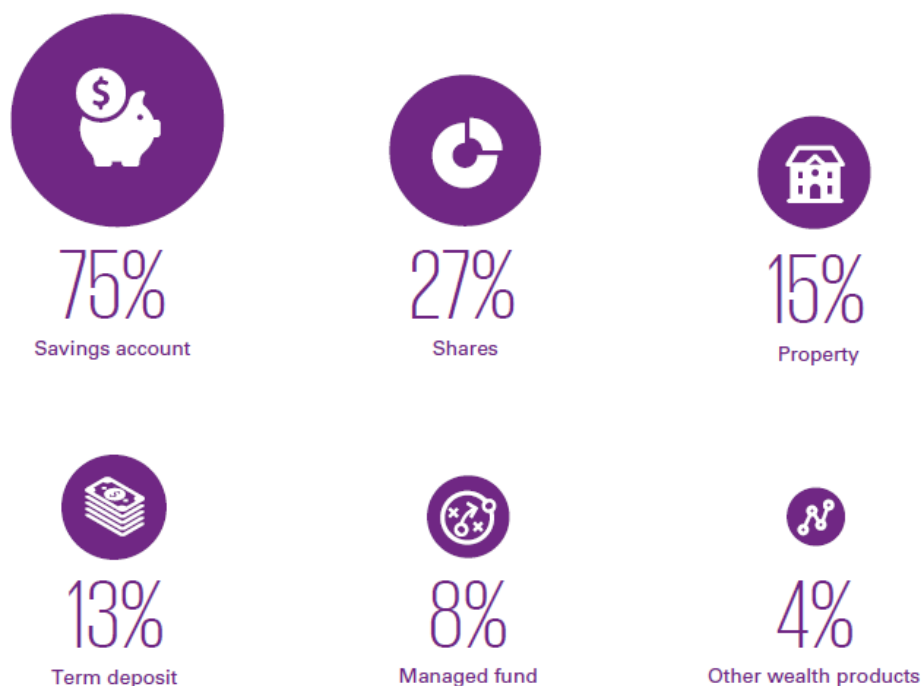
“FinTech companies may be the first to market in many instances and are definitely providing viable models for competition over market share; yet incumbents still have ample room to rediscover their economies of scale. Public cloud-based solutions offer banks opportunities to cut costs, reallocate spend toward innovation, forge partnerships with cloud-based providers, increase system efficiencies, and position themselves to address the unforeseeable future, such as new competing innovations and an ever-changing regulatory landscape.”

“Financial institutions should look to decouple costly, but commodity-like, compliance functions from their internal operations, which could bring an overhaul to digital identity approaches. The average cost to comply with know your customer (KYC) and customer due diligence rules ranges from US\$60 million to US\$500 million per financial institution, yet the operational functions behind these requirements are identical at each firm. New approaches to digital identity could untether these costly and duplicative functions from each individual bank to a quasi “industry shared service”, which would result in significant cost reductions and improvements in the customer experience.”

In 2017, KPMG published their 3<sup>rd</sup> Edition of the “Banking on the future”<sup>5</sup> report. The following information has been extracted from this publication.

“... the vast majority of Gen Y<sup>6</sup> professionals [are] using savings accounts as their primary investment tool. This is driven by their desire for liquidity to support their lifestyle and the perceived complexity of the current range of investment products available to them.”

### Investments held by Gen Y professionals



“The propensity for Gen Y professionals to cherry pick products is continuing to come through, with the trend towards holding financial products at multiple financial institutions increasing. 28 percent of Gen Y professionals surveyed hold financial products with three or more financial institutions compared to 11 percent last year.”

“The primary reason young professionals stay with their banks remains the same as last year – it’s too much trouble to change. This suggests that no financial institution has worked out how to remove the pain from the process and assist customers in switching to their organization. There is value in complementing new customer acquisition campaigns with services to make it easy to redirect direct debits and deposits to the new bank.”

<sup>5</sup> To help pinpoint what drives the next generation of affluent Australians, KPMG surveyed and studied over 1,400 KPMG Gen Y professionals to better understand the key needs of this important cohort.

<sup>6</sup> The KPMG report defines Gen Y professionals as “those between the ages of 18 and 30, university educated, relatively well paid, tech savvy and more globally minded”.

### 8.3 Cashwerkz business model

Cashwerkz value proposition is that it offers a one stop platform to transact and manage term deposits, bonds and other fixed interest investments for investors, offering access to the latest interest rates offered by Authorised Deposit-taking Institutions (“ADI’s”) with ease.

Cashwerkz planned distribution channels include:

- Dealer Groups;
- Direct – (Self-Managed Super Funds and high net worth individuals);
- Rim Securities; and
- Entities requiring a custom solution for term deposits.

#### Dealer Groups

According to Money Management<sup>7</sup>, the top 100 financial planning groups employ between them in excess of 15,000 financial planners. Cashwerkz is actively seeking to enter into agreements with these groups that will enable individual planners to utilise the Cashwerkz platform to manage their client’s fixed interest investments. To date, six significant dealer groups have signed such access agreements.

#### Direct - Self-Managed Super Funds (“SMSF”) and high net worth individuals

These can open an online account directly on the Cashwerkz web site and manage their own fixed interest investments.

The Australian Taxation Office published “Self-managed super funds: a statistical overview 2014-2015<sup>8</sup>” on 20 December 2016. According to this publication, SMSFs held 26% of their total assets in cash and term deposit balances at 30 June 2015. The total of these assets amounted to \$154,534 million, with an average balance of approximately \$300,000.

#### Rim Securities

Rim Securities manages fixed interest investments for a range of middle market clients such as local government bodies. Rim Securities plans to migrate customers to and transact these investments using the Cashwerkz platform.

#### Entities

Cashwerkz aims to provide customised solutions for entities that require ways to better manage term deposit investments. It is estimated that this segment has combined term deposits of almost \$900 billion across Financial corporations and Non-financial corporations<sup>9</sup>.

<sup>7</sup> Money Management 13 October 2016

<sup>8</sup> An annual statistical overview of the self-manager super fund sector for 2014-15. The data is collected from the SMSF annual return, SMSF registrations and auditor contravention reports

<sup>9</sup> APRA publication titled “Monthly Banking Statistics” for the month of January 2017 released 28 February 2017

#### 8.4 Statements of financial position

Werkz's statement of financial position as at 30 April 2017 is as follows:

Table 20

<b>Werkz Group Trust Statement of financial position</b>	<b>Management 30-Apr-17 \$</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	47
<b>Total current assets</b>	<u>47</u>
<b>Non-current assets</b>	
Loan - Cashwerkz Pty Ltd	1,037,007
Shares - Cashwerkz Pty Ltd	7,546,610
<b>Total non-current assets</b>	<u>8,583,616</u>
<b>Total assets</b>	<u>8,583,664</u>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Adcock Trust Convertible Note	4,200,000
Interest Accrual - Adcock Group	404,768
Secured Loan - Adcock Group	800,000
<b>Total non-current liabilities</b>	<u>5,404,768</u>
<b>Total liabilities</b>	<u>5,404,768</u>
<b>Net assets</b>	<u>3,178,896</u>
<b>Equity</b>	
Current year earnings	(280,752)
Unit capital	3,460,000
Retained earnings	(353)
<b>Total equity</b>	<u>3,178,896</u>

Source: Werkz financial statements



Cashwerkz's statements of financial position as at 30 June 2015, 30 June 2016 and 30 April 2017 were as follows:

Table 21

<b>Cashwerkz Pty Ltd</b>	<b>Audited</b>	<b>Audited</b>	<b>Management</b>
<b>Statement of financial position</b>	<b>30-Jun-15</b>	<b>30-Jun-16</b>	<b>30-Apr-17</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	38,944	291,977	98,183
Trade and other receivables	74,402	90,683	13,394
Current tax asset	940,418	1,354,323	-
<b>Total current assets</b>	<b>1,053,764</b>	<b>1,736,983</b>	<b>111,577</b>
<b>Non-current assets</b>			
Trade and other receivables	52,709	40,470	40,470
Property plant and equipment	53,184	54,799	57,925
<b>Total non-current assets</b>	<b>105,893</b>	<b>95,269</b>	<b>98,395</b>
<b>Total assets</b>	<b>1,159,657</b>	<b>1,832,252</b>	<b>209,972</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	444,125	793,371	100,289
Provisions	71,629	37,546	53,084
<b>Total current liabilities</b>	<b>515,754</b>	<b>830,917</b>	<b>153,373</b>
<b>Non-current liabilities</b>			
Trade and other payables	162,540	-	1,037,007
Provisions	-	30,667	-
<b>Total non-current liabilities</b>	<b>162,540</b>	<b>30,667</b>	<b>1,037,007</b>
<b>Total liabilities</b>	<b>678,294</b>	<b>861,584</b>	<b>1,190,380</b>
<b>Net assets</b>	<b>481,363</b>	<b>970,668</b>	<b>(980,408)</b>
<b>Equity</b>			
Contributed equity	3,234,500	7,546,609	7,546,609
Accumulated losses	(2,753,137)	(6,575,941)	(8,527,017)
<b>Total equity</b>	<b>481,363</b>	<b>970,668</b>	<b>(980,408)</b>

Source: Cashwerkz financial statements

## 8.5 Operating performance

Werkz's profit and loss statement for the ten months ended 30 April 2017 were as follows:

Table 22

<b>Werkz Pty Ltd</b>	<b>Management</b>
<b>Statement of profit or loss</b>	<b>30-Apr-17</b>
	<b>\$</b>
<b>Trading income</b>	
Interest income	58,774
	<u>58,774</u>
<b>Operating expenses</b>	
Bank fees	(100)
Interest expense	(339,426)
<b>Net profit</b>	<u><u>(280,752)</u></u>

Source: Werkz management statements

Cashwerkz's profit and loss statement for the financial years ended 30 June 2015 and 2016 and for the ten months ended 30 April 2017 were as follows:

Table 23

<b>Cashwerkz Pty Ltd</b>	<b>Audited</b>	<b>Audited</b>	<b>Management</b>
<b>Statement of profit or loss</b>	<b>2015</b>	<b>2016</b>	<b>30-Apr-17</b>
<b>and other comprehensive income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales	-	22	1,249
Interest income	3,138	2,152	1,693
Disposal of assets	-	3,364	-
Lease incentive	20,000	-	-
Other revenue	-	-	2,516
R&D tax refund	940,418	1,354,323	-
	<u>963,556</u>	<u>1,359,861</u>	<u>5,458</u>
<b>Expenses</b>			
Depreciation	(16,005)	(28,489)	-
Occupancy expenses	(90,902)	(138,845)	(149,376)
General and administration expenses	(158,912)	(285,132)	(14,115)
Sales & marketing expenses	(245,321)	(1,453,868)	(309,777)
Professional and compliance fees	(243,312)	(201,972)	(338,239)
Employee expenses	(1,090,605)	(2,074,674)	(947,651)
Development expenses	(976,624)	(898,269)	(151,476)
Finance costs	(9,905)	(94,367)	(37,578)
Other expenses	(4,383)	(7,049)	(8,323)
<b>Loss before income tax</b>	<u>(1,872,413)</u>	<u>(3,822,804)</u>	<u>(1,951,077)</u>
Income expense	-	-	-
<b>Loss attributable to the company</b>	<u>(1,872,413)</u>	<u>(3,822,804)</u>	<u>(1,951,077)</u>
Other comprehensive income	-	-	-
<b>Total comprehensive loss</b>	<u><u>(1,872,413)</u></u>	<u><u>(3,822,804)</u></u>	<u><u>(1,951,077)</u></u>

Source: Cashwerkz financial statements

## 8.6 Cash flow statements

Cashwerkz's statement of cash flows for the financial years ended 30 June 2015 and 2016 were as follows:

Table 24

<b>Cashwerkz Pty Ltd</b>	<b>Audited</b>	<b>Audited</b>
<b>Statement of cash flows</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(2,422,432)	(4,987,145)
Income tax received	502,452	945,934
Net cash used in operating activities	(1,919,980)	(4,041,211)
<b>Cash flows from investing activities</b>		
Refund (payment) of deposit	(33,940)	12,239
Acquisition of property plant & equipment	(37,812)	(30,103)
Net cash used in investing activities	(71,752)	(17,864)
<b>Cash flows from financing activities</b>		
Share capital issued	1,634,500	4,312,109
Loans from/(to) related parties	162,540	-
Net cash from financing activities	1,797,040	4,312,109
Net increase/(decrease) in cash and cash equivalents	(194,692)	253,034
Cash and cash equivalents at the beginning of the financial year	233,635	38,943
Cash and cash equivalents at the end of the financial year	38,943	291,977

Source: Cashwerkz financial statements

## 9. Valuation of Werkz

### 9.1 Value definition and valuation methodologies

9.1.1 The definition of value and the valuation methodologies considered in the valuation of Werkz are as set out in sections 7.1 and 7.2 of this report.

### 9.2 Unit price history

9.2.1 Werkz is an unlisted unit trust and its only substantial assets are the shares held in Cashwerkz and a loan to Cashwerkz. Cashwerkz is an unlisted proprietary company and there have not been any arm's length transfers of Cashwerkz shares. Cashwerkz issued 1,634,500 shares during the financial year ended 30 June 2015 and a further 4,312,109 shares during the financial year ended 30 June 2016. All of these shares were issued at \$1.00 per share, however, as Cashwerkz is a wholly owned subsidiary of Werkz, we do not believe that the past issue of shares provides any relevant evidence as to the value of Cashwerkz's shares.

9.2.2 We have been provided with details of historical capital raisings and convertible note issues in Werkz and, as such, we have assessed the value of Werkz by reference to these raisings. We have summarised these past security issues by Werkz in the table below.

Table 25

Werkz Capital raising/Convertible note issue Date			Issued units	Total units on issue	Cumulative holding acquired	Funds raised \$	Issue price \$	Implied Market cap \$
notes				1	2		5	6
07-July-2013		capital raising	140	140	100.00%	-	-	-
28-August-2013	3	capital raising	60	200	30.00%	800,000	13,333.33	2,666,667
09-February-2015	3	capital raising	31	231	13.42%	1,085,000	35,000.00	8,085,000
19-June-2015	3	capital raising	109	340	32.06%	1,575,000	14,449.54	4,912,844
December-2015	4	convertible note	147	487	30.18%	1,500,000	10,204.08	4,969,388
10-March-2016	4	convertible note	167	654	25.54%	1,700,000	10,179.64	6,657,485
01-July-2016	4	convertible note	65	719	9.04%	500,000	7,692.31	5,530,769

Source: Werkz & PKF Corporate analysis

Note 1: Units on issue are shown on a fully diluted basis assuming conversion of all convertible notes held by Adcock Private Equity in Werkz.

Note 2: Cumulative holding acquired represents the effective ownership percentage acquired for each transaction and, we note that in some instances more than one unit holder participated in the capital raising. The percentages acquired represent minority trades on a standalone basis.

Note 3: Adcock Private Equity amassed a 54.41% ownership following the capital raisings on 28 August 2013 (60 units – 30% total holding), 9 February 2015 (25 units – 35.55% total holding) and 19 June 2015 (100 units – 54.41% total holding). These trades reflect minority trades on a standalone basis, however, as Adcock Private Equity has effectively acquired a controlling position, we consider the 9 February 2015 and 19 June 2015 transactions to be on a control basis.

Note 4: Adcock Private Equity participated in convertible note issues and on a fully diluted basis, these transactions are on a control basis. No other unit holder participated in the convertible note issues.

Note 5: Issue price is calculated as the funds raised divided by the number of units issued.

Note 6: Implied market capitalisation is reflective of actual transactions in Werkz securities and is calculated by multiplying the total number of units on issue at any point in time by the latest unit issue price.

- 9.2.3 We are not aware of any other market transactions in Werkz units that can be relied upon. As we consider the more recent transactions in Werkz to be on a control basis, based on the share price valuation methodology we consider the control value of Werkz to be approximately \$5,500,000.

### **9.3 Earnings based valuation**

- 9.3.1 Werkz does not have an operating business and, as such, the capitalisation of maintainable earnings cannot be applied in valuing Werkz.
- 9.3.2 Cashwerkz is a start-up business, which is yet to start generating anything other than trivial amounts of operating revenue from its technology and has incurred net losses. For this reason, we consider that the capitalisation of maintainable earnings cannot be applied in valuing Cashwerkz.

### **9.4 Net present value of future cash flows**

- 9.4.1 Werkz does not have an operating business and, as such, it does not prepare any forecast cash flows.
- 9.4.2 We have reviewed and considered the Cashwerkz forecast model prepared and reviewed by Cashwerkz, Rim and TAU. The forecast cash flows have been prepared on an integration basis between Cashwerkz and Rim and, as such, the model assumes a smooth and efficient integration of Rim and Cashwerkz. Following our review of the Cashwerkz forecast model, we have concluded that there is insufficient evidence available to support the critical assumptions on which the forecasts are based. Accordingly, Cashwerkz cannot be valued using the net present value of the future cash flows methodology.

### **9.5 Asset based methods**

- 9.5.1 This methodology is based on the realisable value of a company's identifiable net assets and we have considered the following asset based valuation methodologies:

#### **(a) Net assets**

Werkz's statement of financial position as at 30 April 2017 disclosed net assets of \$3,178,896. As can be seen from the statement of financial position (table 20), this includes the book value of the shareholding in Cashwerkz of \$7,546,610. In order to adopt the net assets valuation methodology, we have assessed the value of the shareholding in Cashwerkz by reference to the value of its net assets as at 30 April 2017.

Cashwerkz's statement of financial position as at 30 April 2017 disclosed a deficiency of net assets of \$980,408. As can be seen from the statement of financial position (table 21), total assets are only \$209,972 and accumulated losses total \$8,527,017. This is partially due to Cashwerkz's financial statements being prepared as a special purpose report. In preparing the report, Cashwerkz did not adopt all approved accounting standards and in particular, Cashwerkz adopted a policy of not capitalising research and development costs. As such, all the costs of developing the Cashwerkz platform have been expensed.

Since its incorporation, Cashwerkz's only activity has been the development of its platform. As such, its accumulated losses effectively represent the cost of developing its platform and obtaining protection for its intellectual property, net of research and development grant funding received from the Australian Government.

As can be seen from table 23, Cashwerkz has spent a total of approximately \$2 million on sales & marketing. These costs form part of the accumulated losses of Cashwerkz. Excluding these costs, the accumulated costs of developing the platform and bringing it to its current state of development total approximately \$6.5 million.

Whilst the book net assets of Cashwerkz do not reflect the cost of developing its technology, the amount of accumulated losses (excluding the sales & marketing costs) does reflect the cost that anyone wishing to develop a similar business would be required to outlay. The accumulated losses (less sales & marketing) of \$6.5 million include any inefficiency in the development process and, as such, it is possible that a competitor could develop an identical product at a lower cost. On the other hand, the Cashwerkz platform has been developed over a period of in excess of three years and hence an acquirer would avoid this developmental period and the risk that a competitor could emerge and gain the advantage of being first to the market. Avoidance of this risk justifies the premium over development costs that can be observed in the market.

In order to identify the level of premium that the Cashwerkz platform may attract we have reviewed publicly available information in respect of recent technology floats. This research identified that iSignthis Limited ("iSignthis") is a relevant transaction to consider. iSignthis issued a Prospectus dated 22 December 2014. We have set out below the key facts and consideration of the iSignthis Prospectus:

- At the time of the Prospectus, iSignthis was an unlisted company that had developed patented technology to provide a simple, fast and secure online process for authenticating a customer's identity to assist clients with satisfying legal requirements. iSignthis was a start-up company focused on research and development of its software applications and, as such, this is similar to the history of Cashwerkz.
- The funds raised from the Prospectus were to be used to further fund and commercialise the iSignthis platform through sales and marketing and, as such, this is similar to the stage of development of Cashwerkz.
- The Prospectus set out the market capitalisation of iSignthis, post the capital raising, to total \$16,841,194. The intangible assets of iSignthis were capitalised on the balance sheet at \$7,895,173. As iSignthis did not generate any revenues from a commercialised product, we consider that the enterprise value of iSignthis was reflective of the value of its intangible assets. We have observed and calculated the premium placed by the market on the intangible assets of iSignthis in the table below as a guide to valuing the development costs incurred by Cashwerkz.

Table 26

<b>iSignthis Limited</b>	
<b>Market capitalisation</b>	\$16,841,194
Less: cash	\$4,305,105
Add: debt	-
<b>Enterprise value</b>	\$12,536,089
Intellectual property	\$7,895,173
<b>Premium</b>	<b>158.78%</b>

Source: iSignthis Prospectus & PKF Corporate analysis

In table 26 above, we calculated that the float of iSignthis placed a premium of 159% on the cost of developing the iSignthis technology. After applying a premium of 159% to the development costs of \$6.5 million estimated to have been incurred by Cashwerkz, this places a value of approximately \$10.3 million on the Cashwerkz platform.

As can be seen from table 21, Cashwerkz's total assets at 30 April 2017 were \$209,972 and its current liabilities were \$153,373. In addition, Cashwerkz had a non current liability of \$1,037,007. As can be seen from table 20, this amount is owing to Werkz.

Table 20 shows that Werkz's assets, apart from an insignificant cash balance, comprised of shares in Cashwerkz and a loan to Cashwerkz. Table 20 also shows that Werkz had liabilities of \$5,404,768 as at 30 April 2017. Under the Agreement, these liabilities are to be discharged in full prior to the completion of the Proposed Transaction.

Having regard to the above, we have prepared a consolidated pro forma statement of financial position for Werkz in the table below, including Cashwerkz and the value of its intangible assets assessed to be \$10.3 million.

Table 27

<b>Werkz</b>	<b>Werkz</b>	<b>Cashwerkz</b>		<b>Proforma</b>
<b>Statement of financial position</b>	<b>30-Apr-17</b>	<b>30-Apr-17</b>	<b>Adjustments</b>	<b>30-Apr-17</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	47	98,183		98,230
Trade and other receivables	-	13,394		13,394
Current tax asset	-	-		-
<b>Total current assets</b>	<b>47</b>	<b>111,577</b>	<b>-</b>	<b>111,624</b>
<b>Non-current assets</b>				
Loan - Cashwerkz Pty Ltd	1,037,007	-	(1,037,007)	-
Shares - Cashwerkz Pty Ltd	7,546,610	-	(7,546,610)	-
Trade and other receivables	-	40,470		40,470
Property plant and equipment	-	57,925		57,925
Intangible assets - Cashwerkz	-	-	10,300,000	10,300,000
<b>Total non-current assets</b>	<b>8,583,616</b>	<b>98,395</b>	<b>1,716,384</b>	<b>10,398,395</b>
<b>Total assets</b>	<b>8,583,664</b>	<b>209,972</b>	<b>1,716,384</b>	<b>10,510,019</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	-	100,289		100,289
Provisions	-	53,084		53,084
<b>Total current liabilities</b>	<b>-</b>	<b>153,373</b>	<b>-</b>	<b>153,373</b>
<b>Non-current liabilities</b>				
Adcock Trust Convertible Note	4,200,000	-	(4,200,000)	-
Interest Accrual - Adcock Group	404,768	-	(404,768)	-
Secured Loan - Adcock Group	800,000	-	(800,000)	-
Trade and other payables	-	1,037,007	(1,037,007)	-
<b>Total non-current liabilities</b>	<b>5,404,768</b>	<b>1,037,007</b>	<b>(6,441,775)</b>	<b>-</b>
<b>Total liabilities</b>	<b>5,404,768</b>	<b>1,190,380</b>	<b>(6,441,775)</b>	<b>153,373</b>
<b>Net assets</b>	<b>3,178,896</b>	<b>(980,408)</b>	<b>8,158,159</b>	<b>10,356,646</b>

Source: Werkz, Cashwerkz & PKF Corporate Finance

After adjusting for the loans in Werkz and the value of intangible assets of Cashwerkz, this produces a net asset value of Werkz of say \$10.4 million. In our opinion, the provision of a single value does not appropriately reflect the uncertainty inherent in any valuation. To allow for this uncertainty, we have used a range of plus and minus 10% around the value of \$10.4 million to develop a fair value range. Hence, we have estimated the value of Werkz to be in a range of \$9,360,000 to \$11,440,000.

(b) Orderly realisation of assets

As Werkz is a holding entity and its only substantial asset is its shareholding in Cashwerkz, any realisation of the assets of Werkz will include Cashwerkz. As Cashwerkz is on the cusp of reaching the revenue generation phase and has funding available from the shareholders of Werkz that can enable it to advance its business plans, we do not consider that an orderly realisation of its assets is an appropriate valuation methodology to use in assessing the value of Werkz.

## 9.6 Comparable market transactions

9.6.1 As Werkz is a holding entity and its only substantial asset is its shareholding in Cashwerkz, we have considered the application of this methodology with regard to the value of the shareholding in Cashwerkz. We have considered the transaction metrics of comparable global companies to Cashwerkz, which have a developed financial software. We have searched the transaction database of Petsky Prunier Investment Bankers<sup>10</sup> for those global transactions within the financial software subsector since January 2015. We have summarised the revenue multiples implied by these transactions in the table below.

Table 28

Comparable Companies	Month	Enterprise Value USD m	Actual Revenue USD m	Revenue Multiple
Tangoe, Inc.	Apr-17	260	240	1.08
BI-SAM Technologies S.A.	Mar-17	205	28	7.33
DH Corporation	Mar-17	3,459	1,251	2.77
RDM Corporation	Feb-17	67	21	3.17
Rubik Financial Limited	Feb-17	51	32	1.58
Primacy Corporate	Feb-17	4	2	2.87
PitchBook Data, Inc	Oct-16	225	31	7.23
Financial Synergy Pty Ltd	Sep-16	68	21	3.32
Enric AB	Sep-16	35	22	1.59
OptionsHouse LLC	Jul-16	725	104	7.00
Higher One Holdings, Inc	Jun-16	260	152	1.71
4Sight Financial Software Limited	Jun-16	40	12	3.33
Target Group Limited	May-16	164	75	2.18
The Property Software Group	Apr-16	108	23	4.70
Benaissance LLC	Oct-15	80	13	6.02
Primatics Financial	Sep-15	122	51	2.39
Yodlee, Inc	Aug-15	504	99	5.11
Insseco Ltd	Jul-15	9	12	0.76
Orga Systems GmbH	Jun-15	43	73	0.59
Procserve Holdings Limited	Apr-15	28	12	2.41
IBEXI Solutions Pvt Ltd	Apr-15	6	4	1.67
ActivateClients Ltd	Mar-15	7	1	6.45
b-pack	Mar-15	13	5	2.89
CDRator A/S	Mar-15	23	19	1.20
Advent Software, Inc	Feb-15	2,550	398	6.40
<b>Minimum</b>				<b>0.59</b>
<b>Median</b>				<b>2.87</b>
<b>Average</b>				<b>3.43</b>
<b>Maximum</b>				<b>7.33</b>

Source: Petsky Prunier & PKF Corporate analysis

<sup>10</sup> Petsky Prunier is one of the leading investment banks to the technology, media, marketing, eCommerce, and healthcare industries. Petsky Prunier publishes monthly research on M&A and Investment Activity in the technology, media, marketing, eCommerce, and healthcare industries.



9.6.2 We have also summarised the historical and future revenue trading multiples of comparable ASX listed companies to Cashwerkz, which operate in the internet software and services sector. These multiples are based on the observed share prices of minority parcels of shares as at 27 March 2017.

Table 29

Comparable Companies	Stock Code	Market Cap AUD m	Enterprise Value AUD m	Revenue LTM <sup>1</sup> AUD m	Actual Revenue multiple	Revenue FY17E <sup>3</sup> AUD m	Forecast Revenue multiple
Aconex Limited	ACX	687	648	144.70	4.48	161.16	4.02
Praemium Limited	PPS	163	155	31.47	4.93	34.88	4.44
iSignthis Limited	ISX	98	92	0.69	131.89	n/a	n/a
Firstwave Cloud Technology Limited	FCT	90	87	6.65	13.10	n/a	n/a
Dubber Corporation Limited	DUB	34	30	0.45	65.06	n/a	n/a
Decimal Software Limited	DSX	12	10	1.26	8.27	n/a	n/a
Connexion Media Limited	CXZ	9	13	3.20	4.09	n/a	n/a
Invigor Group Limited	IVO	7	14	8.50	1.62	18.70	0.74
Real Estate Investar Group Limited	REV	3	2	5.18	0.38	8.25	0.24
<b>Average</b>					<b>5.27</b>		<b>2.36</b>
<b>Median</b>					<b>4.48</b>		<b>2.38</b>

Source: S&P Capital IQ & PKF Corporate analysis

Note 1: Revenue for the last twelve months to 31 December 2016

Note 2: Our calculation of average and median multiples excludes 'outliers' which we have considered and highlighted in grey

Note 3: Estimated revenue for the 2017 financial year

9.6.3 In assessing an appropriate range of revenue multiples to apply in valuing Cashwerkz on a minority basis, we have considered the following:

- The trading multiples presented above are based on share prices that reflect trades of minority parcels and therefore are exclusive of a control premium. This is inconsistent with our valuation approach under which we considered the value of TAU on a controlling basis.

We refer to our comments in paragraph 7.7.4 of this report and provide a summary of the relevant matrix from the RSM Control Premium Study applicable to Cashwerkz below:

Table 30

Analysis by	Criteria	Control premium	
		20 days pre-announcement Average	Median
All transactions		34.50%	27.00%
Industry	Other	31.00%	22.00%
Consideration type	Scrip	30.70%	19.70%
Size	< = \$25m	46.80%	34.20%
Toehold	0%	29.85%	22.81%

Source: RSM Control Premium Study 2017

After considering the above and the level of revenue of Cashwerkz to the comparable companies, we consider that a control premium in a range of 25% to 35% should be applied to the market capitalisation of the comparable companies to determine the multiple on a 'control basis'. The results are set out in the table below.

Table 31

Control premium	Revenue multiples			
	Actual Average	Actual Median	Forecast Average	Forecast Median
0%	5.27	4.48	2.36	2.38
25%	6.59	5.66	2.96	2.96
35%	7.12	6.14	3.20	3.19

Source: PKF Corporate Analysis

- Although not all the comparable companies in table 29 provide online services to the financial services sector, they do however provide online and cloud based services. The revenue multiples of these companies ranged significantly. Decimal Software Limited, iSignthis Limited and Praemium Limited provide online services to the financial services sector, which we consider to be more comparable to Cashwerkz. Of these companies, iSignthis Limited and Decimal Software Limited had revenues sub \$2 million.
- All transactions in table 28 involved the acquisition of 100% stakes and therefore include a control premium, which is consistent with our valuation approach under which we considered the value of TAU on a controlling basis. Although the companies above cannot be considered directly comparable to Cashwerkz due to differences in markets, products and end users, they reflect implied transaction multiples attributed to companies exposed to the financial software subsector.

Based on the above factors, we have selected a multiple in a range of 3.0 to 3.5 on a control basis to apply to the selected maintainable revenue of Cashwerkz.

- 9.6.4 In selecting an appropriate maintainable revenue to be applied to the multiple range determined above, we have considered the Cashwerkz forecast provided to us. As Cashwerkz does not currently generate any revenues, we have considered and relied on the forecast revenue for the 2018 financial year of \$1.2 million (the revenue is forecast to increase substantially beyond that period).
- 9.6.5 Based on our assessed revenues and range of multiples, we summarise our fair market valuation of Cashwerkz on a control basis below. We have adjusted the enterprise value for surplus assets (cash) and liabilities (Werkz loan), which require inclusion within the valuation of Cashwerkz. As all liabilities are to be discharged in full prior to the completion of the Proposed Transaction, we have eliminated the Werkz loan from the balance sheet of Cashwerkz and Werkz accordingly.

Table 32

Valuation summary		Low	High
Forecast revenue	reference 9.6.4	1,200,000	1,200,000
Revenue multiple	9.6.3	3.00	3.50
<b>Enterprise value</b>		<b>3,600,000</b>	<b>4,200,000</b>
Add: cash	9.6.6	98,183	98,183
Less: debt	9.6.6	-	-
<b>Equity value - control basis</b>		<b>3,698,183</b>	<b>4,298,183</b>
<b>say</b>		<b>\$3,700,000</b>	<b>\$4,300,000</b>

Source: PKF Corporate analysis

- 9.6.6 After adjusting for the book value of the shareholding in Cashwerkz on the balance sheet of Werkz for the valuation range of Cashwerkz assessed in table 32 above as well as the discharge of the non current liabilities before the completion of the Proposed Transaction, we have estimated the value of Werkz to be in a range of \$3,700,000 to \$4,300,000.

## 9.7 Alternate acquirer

- 9.7.1 We are not aware of any offers for Werkz or any other offers for Cashwerkz and we can see no reason as to why any offers would be initiated at this time pending the Proposed Transaction.

## 9.8 Conclusion

- 9.8.1 The applicable valuation methodologies that we have considered are summarised in the table below.

Table 33

<b>Werkz</b>			
<b>Valuation methodology</b>	<b>section</b>	<b>Low</b>	<b>High</b>
		<b>\$</b>	<b>\$</b>
Share price history - control value	9.2	5,500,000	5,500,000
Net assets	9.5.1 (a)	9,360,000	11,440,000
Comparable market transactions - control value	9.6	3,700,000	4,300,000

Source: PKF Corporate analysis

- 9.8.2 After considering the results of the applicable valuation methodologies we have concluded that the share price history provides the best evidence as to the value of Werkz and consequently we have assessed the current value of Werkz at **\$5,500,000**.

## 10. Valuation of TAU after the Proposed Transaction

- 10.1 The value of TAU after the Proposed Transaction will comprise of its value before the Proposed Transaction together with the value of Werkz and the cash funding of \$650,000 to be provided by Michael Hackett (\$260,000) and Adcock Private Equity (\$390,000) (refer to explanatory notes in the notice of meeting for Resolution 4). We have assumed that at completion of the Proposed Transaction, \$650,000 in funding will be injected into the merged entities.
- 10.2 In section 7, we assessed the value of TAU before the Proposed Transaction to be in a range of \$700,000 to \$1,500,000 and in section 9, we assessed the value of Werkz at approximately \$5,500,000. Using this information, we have expressed the value of TAU after the Proposed Transaction in the table below which does not include any adjustment for potential synergies or cost savings that may arise following the successful completion of the Proposed Transaction.

Table 34

<b>TAU</b>			
	<b>section</b>	<b>Low</b>	<b>High</b>
		<b>\$</b>	<b>\$</b>
Value of TAU before the Proposed Transaction	7.9	700,000	1,500,000
Value of Werkz	9.8	5,500,000	5,500,000
Additional Cash Funding	10.1	650,000	650,000
<b>Value of TAU after the Proposed Transaction</b>		<b>6,850,000</b>	<b>7,650,000</b>

Source: PKF Corporate analysis

- 10.3 In our opinion, after completion of the Proposed Transaction the value of TAU on a control basis will be in a range of **\$6,850,000 to \$7,650,000**.

## 11. Assessment as to Fairness

- 11.1 In section 10.3, we assessed the value of TAU on a control basis after the Proposed Transaction to be in the range of \$6,850,000 to \$7,650,000, however as the vendors of Werkz will collectively control 60% of TAU's voting power after the Proposed Transaction, the existing TAU shareholders will become minority shareholders. For this reason, we have estimated the minority value of TAU after the Proposed Transaction by eliminating the premium for control in table 35 below. In section 9.6.3, we selected a control premium in a range of 25% to 35% and the equivalent minority discount is in a range of 20% and 25.93%.

Table 35

TAU	Low	High
TAU value after the Proposed Transaction - control basis	\$6,850,000	\$7,650,000
Control premium elimination to obtain minority value	25.93%	20.00%
TAU value after the Proposed Transaction - minority basis	\$5,073,795	\$6,120,000
TAU shares on issue - after the Proposed Transaction	86,025,327	86,025,327
<b>TAU share value after the Proposed Transaction - minority basis</b>	<b>0.059</b>	<b>0.071</b>

Source: PKF Corporate analysis

- 11.2 In section 7.9, we concluded that the value of the TAU shares on a control basis before the Proposed Transaction is in a range of \$0.021 to \$0.045 per share and this value takes into account the demerger of Jimmy Crow (Resolution 1).
- 11.3 As the minority value of a TAU share after the Proposed Transaction (\$0.059 to \$0.071) is greater than the control value of a TAU share before the Proposed Transaction (\$0.021 to \$0.045), we have concluded that the Proposed Transaction is **fair**.

## 12. Assessment as to Reasonableness

### 12.1 Proposed Transaction

- 12.1.1 Prior to deciding whether to approve or reject the Proposed Transaction the TAU shareholders should also consider the following significant factors:
- In section 11 above, we assessed the Proposed Transaction as being fair and therefore it is reasonable.
  - The Proposed Transaction will see the emergence of the vendors of Werkz as significant investors on the Company's share register, including Adcock Private Equity and this may support the future development and activities of TAU both operationally and financially.
  - Immediately following the completion of the Proposed Transaction, the vendors of Werkz will control approximately 60% of TAU's voting power and they will have effective control over TAU with the existing TAU shareholders retaining all of the shares on issue in Jimmy Crow but becoming minority shareholders in TAU.
  - The Proposed Transaction will result in the dilution of Michael Hackett's relevant interest in TAU from 47.52% to 19.80% and Adcock Private Equity will subsequently hold an interest in TAU of 51.51%. Accordingly, these two parties will emerge as significant shareholders in the Company.

- The Agreement between TAU and Werkz provides that TAU is to raise sufficient capital to ensure that the continued software development and commercialization of the Cashwerkz platform can be funded for a minimum of 12 months and the financial services licensing requirements for capital adequacy can be maintained. We understand that the Placement required is up to \$10 million. Should shareholders approve the Proposed Transaction, we believe that such a Placement (if successful) would add a large number of shares to the TAU share register and increase investor interest in TAU as well as improve the liquidity in the market for TAU's shares.
- The Proposed Transaction provides TAU with a merger opportunity of complementary assets and skills in the fixed interest, financial services market with the effective combination of the market and transaction experience of personnel and management in TAU's subsidiaries, Rim and RedGate, linked with the financial technology of Cashwerkz. The combination of the automated term deposit transaction capacity of Cashwerkz and the market experience of TAU, Rim and RedGate will establish a new online transaction engine with fixed interest product distribution capability.
- Until TAU completes the Placement, an entity associated with Michael Hackett and Adcock Private Equity have agreed to fund the cash flow requirements of TAU and Cashwerkz respectively for a 12 month period following completion of the Proposed Transaction up to \$675,000 and \$3.5 million respectively, subject to adjustments. The funding will be provided for amounts equal to the estimated cash flow for each quarter. This is to provide TAU with short-term funding and sufficient working capital to advance the Cashwerkz operations whilst it undertakes the Placement. The loan is unsecured, will carry interest at a rate 2% above the Commonwealth Bank Corporate overdraft rate and will be repaid through the Placement.
- The acquisition of Werkz will inject a fintech start-up, which complements the continuing operations of TAU and has significant future prospects. Although we have not considered any speculative upside in our valuation of TAU post completion of the Proposed Transaction, we recognize that investors may place speculative value on the integration between the continuing operations of TAU and the Cashwerkz fintech product. This may be attractive to investors who have an appetite for speculative gains and may result in greater coverage by analysts, resulting in improved liquidity of the market in TAU's shares.
- 100% of the consideration is being paid for with scrip and there are no cash payments to the vendors.
- If shareholders approve the Proposed Transaction, TAU will operate in the financial services sector with a focus on the integration of the continuing operations with Cashwerkz as well as the development of the Cashwerkz's platform. The shareholders of TAU will be exposed to the risks associated with an investment in a fintech based new venture business that seeks to radically alter the way established financial services are delivered. Shareholders will be exposed to an investment with a higher risk profile, which may not be consistent with shareholder investment objectives.
- Cashwerkz is developing a technology and it does not currently generate revenue or have a commercial product that services all targeted segments. As such, there is no certainty that Cashwerkz's software will be adopted in the market and if it were adopted whether it will be commercially successful.
- After the completion of the Proposed Transaction, TAU will focus on the financial services activities, particularly the expansion of Rim via the online transaction and reporting platform developed by Cashwerkz. The divestment of TAU's tourism and property activities may facilitate the ability to attract new capital from investors and reduce the concentration of the issued capital of TAU, which will widen the share register of TAU and subsequently increase the free float and may improve the liquidity of the market in TAU's shares.

- Should TAU's shareholders approve Resolution 1 and 2 and not approve the Proposed Transaction, we believe that TAU's financial position as a standalone financial services business is weak and may need to seek an alternative proposal and may find it difficult to raise any future funds. Any alternative proposal may be on substantially less advantageous terms than the Proposed Transaction.

12.1.2 Based on the above, we consider that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction, and for this reason, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of TAU.

## 12.2 Proposed Escrow Arrangements

12.2.1 Subject to receiving shareholder approval for Resolutions 1 to 5, the vendors of the Werkz units and Michael Hackett have entered into an escrow arrangement to voluntarily escrow 75% of their interests in TAU after the Proposed Transaction ("Escrowed Shares") for a period of 12 months from the completion date of the Proposed Transaction.

12.2.2 The Proposed Escrow Arrangements will give TAU a relevant interest in the Escrowed Shares held by the vendors of the Werkz units and Michael Hackett, which will represent in excess of 20% of TAU's voting power. Item 7 of section 611 of the Act provides an exception to the statutory prohibition under section 606(1) of the Act to acquire voting power in over 20% of a public company. Shareholder approval under item 7 of section 611 of the Act is therefore required for Resolution 6 to permit TAU to obtain a relevant interest in more than 20% of its own issued capital.

12.2.3 We have been requested to opine on the fairness of the Proposed Escrow Arrangements and advise the Non-Associated Shareholders whether Resolution 6 is fair and reasonable.

- When we value escrowed securities we normally factor in a discount to the market value of the securities to allow for the non-negotiability of the securities subject to the escrow arrangements. In this instance, we consider that Michael Hackett and the vendors of the Werkz units are entering into the escrow arrangements to assist TAU facilitate the Placement whilst at the same time they are reducing the value of their interests in TAU in the short term;
- There is no financial benefit provided by TAU nor is there any consideration or benefit provided to TAU. The impact of the Escrowed Shares is that the sale of shares into the market by the vendors of the Werkz units and Michael Hackett may now be deferred by 12 months and this may enhance the value of the shares held by the Non-Associated Shareholders during the 12 month escrow period; and
- The resolution is a technicality to comply with the Act.

12.2.4 Based on the above, we consider that the advantages of the Proposed Escrow Arrangements outweigh the disadvantages of the Proposed Escrow Arrangements, and for this reason, we consider that the Proposed Escrow Arrangements are **reasonable** for the Non-Associated Shareholders of TAU.

## 13. Assessment as to Fairness and Reasonableness

After considering the above matters, we have concluded that:

- the Proposed Transaction is **fair and reasonable**; and
- the Proposed Escrow Arrangements are **reasonable**.

## **14. Financial Services Guide**

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

### **14.1 PKF Corporate**

PKF Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

### **14.2 Financial Services Offered by PKF Corporate**

PKF Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by PKF Corporate are provided by the Entity to its members.

All reports prepared by PKF Corporate include a description of the circumstances of the engagement and of PKF Corporate's independence of the Entity commissioning the report and other parties to the transactions.

PKF Corporate does not accept instructions from retail investors. PKF Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. PKF Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

### **14.3 General Financial Product Advice**

In the report, PKF Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

### **14.4 Independence**

At the date of this report, none of PKF Corporate, Mr Paul Lom, Mr Steven Perri nor Mr Stefan Galbo have any interest in the outcome of the Proposed Transaction, nor any relationship with TAU, Werkz, Cashwerkz, Werkztech or any of their directors.

Drafts of this report were provided to and discussed with the management of TAU and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by PKF Corporate.

PKF Corporate and its related entities do not have any shareholding in or other relationship with TAU that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

PKF Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

PKF Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.



#### **14.6 Remuneration**

PKF Corporate is entitled to receive a fee of approximately \$60,000 for the preparation of this report. With the exception of the above, PKF Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

#### **14.7 Complaints Process**

As the holder of an Australian Financial Services Licence, PKF Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement PKF Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

PKF Corporate is also required to have a system for handling complaints from persons to whom PKF Corporate provides financial services. All complaints must be in writing and sent to PKF Corporate at the above address.

PKF Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

**PKF Melbourne Corporate Pty Ltd**



**Paul Lom**  
Director



**Steven Perri**  
Director



**Trustees Australia Limited****Sources of Information**

The key documents we have relied upon in preparing this report are:

- Non-binding Heads of Agreement between TAU, Werkz and Cashwerkz dated 14 December 2016;
- Draft Unit Sale Agreement between Werkz, the unit holders of Werkz and TAU;
- TAU's 2016 Annual Report;
- TAU's Interim Financial Report for the half-year ended 31 December 2016;
- TAU's announcements to the ASX for the 2016 calendar year;
- TAU draft resolutions relating to the Proposed Transaction for the purpose of the Notice of Extraordinary General Meeting and Explanatory Memorandum;
- TAU's share register as at 14 March 2017;
- TAU's ASX share price and trade volumes for the period from 1 January 2016 to 14 December 2016 supplied by ASX;
- Werkz's management accounts for the period 1 July 2016 to 30 April 2017;
- Cashwerkz's 2015 and 2016 financial statements;
- Cashwerkz's management accounts for the period 1 July 2016 to 30 April 2017;
- PWC 'DeNovo Q3 FinTech Review' November 2016 publication;
- KPMG 'Banking on the future' 3<sup>rd</sup> edition publication;
- Money Management 13 October 2016 publication;
- Australian Taxation Office publication titled "Self-managed super funds: a statistical overview 2014-15";
- APRA publication titled 'Monthly Banking Statistics' for the month of January 2017 released 28 February 2017;
- Research data from S&P Capital IQ, Petsky Prunier Investment Bankers and other publicly accessible web sites; and
- Discussions with the management of TAU and Cashwerkz.

**Trustees Australia Limited****Declarations, Qualifications and Consents****1. Declarations**

This report has been prepared at the request of the Directors of TAU pursuant to Section 611 of the Act to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

**2. Qualifications**

Mr Paul Lom, director of PKF Corporate, and Mr Stefan Galbo, prepared this report. They have been responsible for the preparation of expert reports and are involved in the provision of advice in respect of valuations, takeovers, capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist) with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

Mr Galbo is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist). He has been responsible for the preparation of valuation reports relating to shares, businesses, options and performance rights and intellectual property for the purpose of acquisitions, divestments, litigation, taxation and capital reconstruction.

Mr Steven Perri, a director of PKF Corporate reviewed this report. Mr Perri is a Member of Chartered Accountants Australia and New Zealand (CAANZ) and an Accredited Business Valuation Specialist (CA BV Specialist).

**3. Consent**

PKF Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

## **Trustees Australia Limited**

ABN 42 010 653 862 (Trustees Australia or the Company)

## **Jimmy Crow Limited**

ABN: 80 010 547 912 (Jimmy Crow)

# **Prospectus**

For an offer to transfer Jimmy Crow Shares to Eligible Shareholders on Trustees Australia Limited pursuant to a capital reduction by way of in specie distribution contained in Resolution 2 in the Notice of Meeting dated 29 June 2017 and to facilitate secondary trading of those shares.

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional advisers in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus in accordance with Section 712 of the *Corporations Act 2001*. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to other documents, the information of which is deemed to be incorporated in this Prospectus.

The Directors consider the Jimmy Crow Shares which will be offered under this Prospectus to be speculative.

### **Important Notice**

This Prospectus is dated 29 June 2017 and a copy of the Prospectus was lodged with ASIC on that date. Application will be made to NSX for quotation of the Jimmy Crow Shares offered under this Prospectus within 7 days of this date.

Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Prospectus. No securities will be issued or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### **Nature of this Prospectus**

The Company has lodged the Notice of Meeting with ASIC. By reason of section 712 of the Corporations Act, certain information included in the Notice of Meeting is taken to be included in this Prospectus. This Prospectus identifies the part of the Notice of Meeting that contains, and describes, that information.

The Notice of Meeting is available from the Company's website <http://www.trusteesau.com.au/>, or by contacting the Company.

### **Foreign jurisdictions**

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

### **Disclaimer of representations**

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

### **Forward looking statements**

This Prospectus (including information included by reason of section 712 of the Corporations Act) contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

### **Definitions**

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

### **Enquiries**

If you have any questions please call the Company Secretary on +61 7 3020 3021 at any time between 8.00am and 5.00pm (AEST) Monday to Friday. Alternatively, consult your broker, accountant or other professional adviser.

## 1 THE DEMERGER

---

### 1.1 Terms and conditions of the Demerger

The terms and conditions of the Demerger are set out in the Notice of Meeting accompanying this Prospectus. Resolution 2 of the Notice of Meeting is as follows:

*That, subject to Resolution 1 being passed and for the purposes of section 256B and 256C of the Corporations Act and for all other purposes, the issued share capital of the Company be reduced by the Company making a pro rata distribution in specie of Jimmy Crow Shares to eligible holders of ordinary shares in the Company (Trustees Australia Existing Shares) on the Record Date and on the terms and conditions set out in the Explanatory Memorandum.*

Pursuant to Resolution 2, the Company is inviting Shareholders to vote on a reduction of capital by way of an in-specie distribution of 33,110,131 Jimmy Crow Shares to Shareholders on a pro rata 1 for 1 basis held on the Record Date.

The conditions to the Demerger are set out in section 1.7 of the Explanatory Memorandum.

Based on ASIC Regulatory Guide 188 *Disclosure in reconstructions*, the invitation to vote on Resolution 2 constitutes an offer to transfer Jimmy Crow Shares for the purposes of section 707(3) of the Corporations Act and for which a prospectus is required. Accordingly the Company has prepared this Prospectus.

Distribution of Jimmy Crow Shares to any Shareholder with the registered address outside Australia under Resolution 2 will be subject to the legal and regulatory requirements in the relevant jurisdiction of those Shareholders.

If the requirements of any jurisdiction where a Shareholder is resident restrict or prohibit the distribution of Jimmy Crow Shares as proposed or would impose on the Company an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on the Company an undue burden, the Jimmy Crow Shares to which the relevant Shareholder is entitled will be sold by the Company on the Ineligible Shareholder's behalf, with the net proceeds (after deducting the expenses of the sale) paid to the Ineligible Shareholder.

Security prices may vary from time to time (assuming that a liquid market is available), and the net proceeds of sale for Ineligible Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdiction in which they are resident.

### 1.2 Effect of the distribution on the Company

The effect of the distribution on the Company will be as follows:

- (a) The Company will cease to hold 33,110,131 Jimmy Crow Shares.

- (b) The Company's share capital account and total and net assets will be reduced by approximately \$6,282,541. This figure will vary slightly depending on the fair market value of the assets being disposed.
- (c) Shareholders that are registered on the Record Date will receive one Jimmy Crow Share for every Trustees Australia Existing Share held.

### **1.3 Effective the offer on Jimmy Crow**

The effect of the Demerger on Jimmy Crow will be that 33,110,131 Jimmy Crow Shares held by the Company at Completion will be either transferred to Eligible Shareholders or sold and the net proceeds paid to Ineligible Shareholders.

### **1.4 Action required by shareholders**

In respect of the Demerger, no action is required by Shareholders under this Prospectus.

Should Shareholder approval be obtained for the Demerger, then the Jimmy Crow Shares will be transferred to Eligible Shareholders in accordance with the terms set out in the Notice of General Meeting. No application is required to be completed by Eligible Shareholders for the transfer of Jimmy Crow Shares.

### **1.5 Enquiries**

Any questions concerning the Demerger and Offer should be directed to the Company Secretary of Trustees Australia on 07 3020 3020 or email [companysecretary@trusteesau.com.au](mailto:companysecretary@trusteesau.com.au)

## **2 INFORMATION INCORPORATED INTO THIS PROSPECTUS**

---

### **2.1 Short form prospectus**

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that rather than setting out all the information that is required to be included in a document of this type, this Prospectus incorporates by reference, information contained in documents that have been lodged with ASIC.

The Notice of Meeting contains all the information that Shareholders require in relation to the Proposed Transaction, and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarized below in section 2.2 of this Prospectus and will primarily be of interest to Shareholders and their professional advisors.

A copy of the Notice of Meeting has been sent to Shareholders with this Prospectus. However, Shareholders and their professional advisors may also obtain, free of charge, a copy of the Notice of Meeting from the Company's website

([www.trusteesau.com.au](http://www.trusteesau.com.au)) or by contacting the Company at its registered office during normal business hours.

## **2.2 Summary of material provisions of Notice of Meeting**

The material provisions of the Notice of Meeting are summarized below. The sections referred to below are references to sections in the Explanatory Memorandum to the Notice of Meeting:

- (a) Introduction
- (b) The Cashwerkz business
- (c) Cashwerkz and Trustees Australia Synergies
- (d) Interim Funding, the Director Placement and the Placement
- (e) Jimmy Crow
- (f) Rationale for the Demerger and Cashwerkz Acquisition
- (g) Conditions Precedent
- (h) Outcomes for Shareholders from the proposed changes
- (i) Group structure
- (j) Financial Information
- (k) Directors and management
- (l) Capital Structure
- (m) Material terms of the Cashwerkz Acquisition
- (n) Demerger Prospectus
- (o) Treatment of foreign Shareholders
- (p) Risks
- (q) Dividend and distribution policy
- (r) Taxation Aspects
- (s) Terms of Jimmy Crow Shares
- (t) Advantages and disadvantages
- (u) Directors' recommendation

## **3 ADDITIONAL INFORMATION**

---

### **3.1 Interests of promoters and named persons**

Except as disclosed in this Prospectus (including the Notice of Meeting), no expert, promoter or other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or

distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the past two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Distribution; or
- (c) the Distribution,

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (d) to a Director or proposed Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Distribution.

PKF Melbourne Corporate Pty Limited has prepared the Independent Expert's Report in the Notice of Meeting. In respect of this work, the Company has paid or will pay a sum of A\$60,000 (excluding GST) for these services. Further amounts may be paid to PKF Melbourne Corporate Pty Limited for other work in accordance with its normal time based charges. PKF Melbourne Corporate Pty Limited has not provided any services to the Company in the last two years.

Nexia Brisbane Corporate Finance Pty Limited has prepared the Independent Limited Assurance Report in the Notice of Meeting. In respect of this work, the Company has paid or will pay a sum of A\$ 6,000.00 (excluding GST) for these services. Further amounts may be paid to Nexia Brisbane Corporate Finance Pty Limited for other work in accordance with its normal time based charges. Nexia Brisbane Corporate Finance Pty Limited has provided services to the Company totaling A\$ nil excluding GST and disbursements in the last two years.

Nexia Brisbane Audit Pty Limited was auditor with respect to the Company's historical financial information which was referred to in the Notice of Meeting. Nexia Brisbane Audit Pty Limited has provided services to the Company totaling A\$ 164,525 excluding GST and disbursements for the financial years ended 30 June 2015 and 30 June 2016 and the 6 months ended 31 December 2016. Further amounts may be paid to Nexia Brisbane Audit Pty Limited for other work in accordance with its normal time based charges.

Julian Atkinson has provided legal advice in relation to the Proposed Transaction. In respect of this work, the Company has paid or will pay a sum of approximately A\$50,000 (excluding GST) for these services. Further amounts may be paid to Julian Atkinson for other work in accordance with his normal time based charges. Julian Atkinson has not provided other professional services to the Group during the last 2 years.



### 3.2 Consents of experts and others

Other than, as set out below, each of the parties referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC, withdrawn their consent:
  - (i) to be named in this Prospectus in the form and context which it is named; and
  - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorized the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
PKF Melbourne Corporate Pty Limited	Independent Expert
Nexia Corporate Finance Pty Limited	Independent Accountant
Nexia Brisbane Audit Pty Limited	Auditor
Julian Atkinson	Lawyer
Adcock Private Equity Limited	

### 3.3 Expenses of the Demerger

The total expenses of the Demerger are estimated to be \$40,000, consisting of the following:

Cost	\$
ASIC, share registry and other expenses	9,000
Independent Limited Assurance Report	6,000
Legal fees	25,000

---

<b>Total</b>	<b>40,000</b>
--------------	---------------

---

These expenses have or will be paid by the Company.

### **3.4 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## **4 DIRECTOR'S STATEMENT**

---

Each Director has consented to the lodgment of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Julian Atkinson  
under a power of attorney dated 29 June 2017  
29 June 2017

## TRUSTEES AUSTRALIA LIMITED

FOR ALL ENQUIRIES CALL: +61 7 3020 3020

Security Holder Name and Address

NAME

ADDRESS 1

ADDRESS 2

CITY STATE POSTCODE

Security Holding No : **x**

ALL CORRESPONDENCE TO:  
Company Secretary  
GPO Box 6  
Brisbane QLD 4001

The Meeting will be held at:

Level 9

140 Ann Street Brisbane QLD

31 July 2017 at 12:00pm (AEST-Brisbane Time)



### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an 'X' and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. Please note, you cannot change ownership of your securities using this form.

## YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 12 NOON (AEST), 29 JULY 2017

## TO VOTE BY COMPLETING THE PROXY FORM

### STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an 'Appointment of Corporate Representative' prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

### STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### STEP 3 Sign the Form

The form must be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders must sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

### STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below at least 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - GPO Box 6 Brisbane QLD 4001

BY FAX - +61 7 3020 3080

BY EMAIL - [shareholder@trusteesau.com.au](mailto:shareholder@trusteesau.com.au)

### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Shareholder Details - SECURITY HOLDING NO: xxxxxxxxxxxx

Name: .....

Address: .....

Contact Telephone No: .....

Contact Name (if different from above):.....

STEP 1 - Appointment of Proxy

I/We being a member/s of Trustees Australia Limited and entitled to attend and vote hereby appoint

☐

the Chairman of the Meeting (mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **General Meeting** of Trustees Australia Limited to be held at the Trustees Australia office building at level 9, 140 Ann Street, Brisbane on 31 July 2017 at 12 noon (AEST) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

STEP 2 - Voting directions to your Proxy - please mark ☒ to indicate your directions

		For	Against	Abstain
Resolution 1	Change to nature and scale of activities by disposal of main undertaking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Return of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Acquisition of Cashwerkz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Mr Hackett or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Adcock Private Equity or its nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Voluntary escrow arrangements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to raise up to \$10,000,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Election of Brook Adcock as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Election of John Nantes as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of increase in Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of securities under TAU Incentive Plan to Michael Hackett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of securities under TAU Incentive Plan to Nathan Leman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Issue of securities under TAU Incentive Plan to Brook Adcock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Issue of securities under TAU Incentive Plan to John Nantes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 3 - Please sign here

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Date:        /        / 2017